



Individuals Released From Prison or Workers with a Relative in Prison

According to U.S. Department of Justice reports, approximately 650,000 former state and federal prisoners reenter society each year. Individuals with criminal records often have trouble finding employment and since they may be “starting over”, their resources are extremely limited. When they do obtain a job, it is often low-wage or intermittent employment, making it difficult for them to achieve financial stability.

Another ten million individuals are released from local jails each year and experience similar barriers to employment. The EIC and CTC can provide additional support for eligible former prisoners which improves their ability to obtain long-term employment and reduce the risk of recidivism.

In addition, the Department of Justice reports that more than half of the 1.4 million adults incarcerated in state and federal prisons are parents of minor children. When a parent is incarcerated a relative often steps in to care for the child. Since these relative caretakers are likely to not have budgeted for raising a child, the EIC and CTC can help family members who become the caregivers of the child of a person who is incarcerated.



University of Missouri Extension (UME) in Forsyth, Missouri

partners with Church Army USA's recovery program to provide three-hour life skills classes each month for individuals recently released from prison and/or coping with addictions. During the tax season, UME shares information with 120 participants each month about the availability of refundable tax credits and schedules appointments at UME's five VITA sites. The life skills classes also discuss financial management and present tips for obtaining employment. In addition to helping individuals file their current year taxes, UME refers people who owe back taxes or child support payments to the Missouri State University Tax Clinic. In 2010, UME's VITA sites helped taxpayers claim \$812,499 in refunds, including \$343,283 in EIC refunds.

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Strategies

- Enlist state and local prisoner reentry programs, including rehabilitative programs and post-release transitional programs. These programs often provide job training and job placement assistance for former prisoners to secure employment upon their return to the community. Outreach Campaigns can train staff working with prisoner reentry programs about the tax credits so that they can incorporate information into their services.
- Work with parole agencies to help ensure individuals who are approaching release from prison are aware of the EIC, CTC, and free tax filing assistance upon their reentry into the community. Some parole agencies help link parolees to job training programs.
- Establish partnerships with corrections officials to include EIC and CTC information in financial education classes. Some new inmates may be eligible to claim these tax credits based on work completed prior to entering prison. The tax credits can provide an opportunity for prisoners to have some funds available upon their release or to help support their families.

- Educate local public defender and legal aid office staff. In addition to providing legal representation, such offices may appoint case managers to assist clients in finding community resources. These legal offices can provide information about the tax credits and where to find free tax filing assistance.
- Ensure that relatives caring for children of a parent who is in prison are aware of their eligibility for the EIC and CTC. Work with organizations that serve relatives of inmates. Some communities operate programs for children of incarcerated parents, such as emergency childcare, day care, and part-time summer camps. *Family and Corrections Network is a national organization that provides support for families of prisoners. Visit: www.fcnetwork.org.*
- Encourage groups that advocate for individuals released from prison and/or workers with a relative in prison — such as local community and faith-based organizations — to display tax credit posters in highly visible areas, such as laundry mats, gas stations and convenience stores. Groups can also host an event to highlight the support systems needed for former prisoners reentering society.

The National HIRE (Helping Individuals with Criminal Records Reenter through Employment) Network provides a clearing-house of information about state and federal government agencies and community-based organizations across the country that may assist former prisoners reentering the community. To find such groups in your area, visit the resource page: www.hirenetwork.org/resource.html.

Glad You Asked That!

Q: Can individuals be eligible for the EIC or CTC based on working in prison?

A: Individuals cannot receive the EIC or the CTC based on their earnings in prison. However, if individuals work and earn income during the same year that they enter prison, they may qualify to claim these tax credits if otherwise eligible.

Q: Some employers are hesitant to employ people who have spent time in prison. Are there any tax credits to encourage employers to hire individuals recently released from prison?

A: Yes, the *Work Opportunity Tax Credit (WOTC)* can reduce employers' federal income tax liability by as much as \$2,400 for every qualified new worker hired from one of nine categories, including former prisoners. New employees must be hired within one year of the last date on which he or she was released from prison. *For additional information, visit: www.doleta.gov/business/Incentives/opptax.*

