



Strategies for Promoting Free Tax Filing Assistance

A basic goal for any Tax Credit Outreach Campaign is to get the word out to low-wage workers that they may qualify for significant tax benefits. But, the outreach job is not done until they file their tax returns and obtain the tax credits they've earned. That's why a critical element of a successful campaign is the effort to link workers with free tax filing assistance, through the IRS-sponsored Volunteer Income Tax Assistance (VITA) program. While VITA is the largest such program serving working families, workers also use the AARP Tax Aide program or other separate free tax preparation programs.



United Way Howard County's (UWHC) Information and Referral

Hotline in Kokomo, Indiana refers callers to local free tax filing assistance sites each year during the tax season. In 2009, UWHC expanded this role by opening its own VITA site to help more people in the community take advantage of tax refunds. UWHC is one of only three 2-1-1 centers in the state that sees walk-in clients as part of its customary services, making the transition to provide free tax filing assistance much easier. UWHC began this service late in the tax season and therefore helped only 35 tax filers. Next year, UWHC plans to bring together a coalition of community leaders — including local government, the IRS, faith-based organizations, and banks and credit counselors — to better fulfill the community's need for tax credit outreach efforts. UWHC will also focus on increasing media coverage and training more volunteer tax preparers.

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Strategies

Hotlines

Set up a hotline to publicize free tax assistance sites, precluding the need for tax filers to rely on the IRS toll-free number which is often busy during the height of tax season. A local hotline can provide callers basic information about eligibility rules and locations for nearby VITA site. In areas where large numbers of residents speak languages other than English, a local hotline with bilingual operators can be critical to an Outreach Campaign's ability to help workers claim the EIC and CTC.

- Link up with an existing information hotline, such as information and referral (I&R) services (commonly run by United Way agencies) that already receive calls from individuals likely to be eligible for the EIC and the CTC. Operators may be able to answer tax credit questions during tax filing season. The United Way of America coordinates a popular I&R service known as "2-1-1" which enables callers in forty-six states plus D.C. and Puerto to dial 2-1-1 to find information on local human services programs. Many local Tax Credit Outreach Campaigns now use "2-1-1" as their hotlines. *Visit www.211us.org to learn more.*
- Help prepare for the extra volume of calls a hotline can expect to receive by contributing staff, volunteers or funds. Another possibility is to add tax credit information to Child Care Resource and Referral (CCRR) agency hotlines which help families in search of affordable child care. CCRR phone counselors can discuss tax credits with callers and point out that tax refunds can be used to cover the out-of-pocket costs of child care. Large employers may have companywide hotline services to assist employees with concerns about transportation, child care, and other needs. Adding tax credit information makes sense.

- Establish a new hotline by hiring an answering service or engaging volunteers or a voicemail system. Your hotline can help callers determine if they are likely to be eligible for the EIC and the CTC or it can simply refer them to VITA sites. *The Legal Aid Society of Orange County coordinates a national EIC hotline, 1-888-4-EITC-4U, that provides information in English or Spanish about EIC eligibility and free tax preparation sites according to zip code. For more information visit: www.eicpartner.com.*

Strategies

Financial Institutions

Under the Community Reinvestment Act (CRA), financial institutions — including mainstream banks, community banks, credit unions and locally owned savings institutions — are evaluated on their efforts to help underserved neighborhoods gain access to credit and other financial services. Financial institutions have become enthusiastic Tax Credit Outreach Campaign partners and have helped tax filers open bank accounts and arrange for direct deposit of refunds.

- Encourage financial institutions to offer affordable bank accounts at free tax preparation sites and work with them to decide on favorable terms. For example, banks can waive or reduce monthly fees, minimum balances and penalties. A report from The National Community Tax Coalition (NCTC) explains desirable bank account features that can be negotiated with financial institutions. *Find “Financial Institution Partnership Guidelines” in NCTC’s Resource Library under the financial services section at www.tax-coalition.org.*
- Enlist banks or credit unions to provide free check-cashing for people who do not have bank accounts or are not interested in opening one. One Outreach Campaign partnered with a bank to issue vouchers to tax filers at a VITA site that could be redeemed for free refund check cashing.
- Augment volunteer efforts by enlisting financial institutions to allow their employees to volunteer at a free tax site on company time. The Federal Deposit Insurance Corporation (FDIC) works with banks to organize such efforts. *FDIC regional offices can be found at www.fdic.gov/about/contact/ask/regionaloffices.html.*

FACT:

A study by the Center for Financial Services Innovation finds that 18.5 million U.S. households do not have a bank account and are “unbanked.” The mean household income of the unbanked is \$23,600, making them potentially eligible for the EIC.



In 2009, the State Employees' Credit Union (SECU) in North Carolina, provided free tax preparation services for its second year. SECU extended its services to 222 branches, helping more than 25,000 clients claim more than \$15.7 million in tax refunds. Although the service was targeted to current credit union members, it was open to all, and in 2009, 2,300 non-members received tax services. Subsequently, 308 of these clients opened new deposit accounts at SECU. SECU provides a low-cost alternative to expensive Refund Anticipation Loans, called the Tax Refund Express Loan (TREL). When a client requests the TREL, which has an interest rate of 12% APR, SECU staff clarify that the TREL is not required and direct deposit and e-filing are a quick option. As a result, in 2009, only 1.2% of clients chose the TREL option.

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FACT:

A survey by the Pew Internet & American Life Project found 60% of adults living in households with annual incomes of \$30,000 or less use the Internet compared to 95% of adults with annual incomes of \$75,000 or more.



United Way of
Central Alabama's
(UWCA) mobile VITA site

began preparing tax returns on-site for employees of a hospital and a fire extinguisher manufacturer in 2006. In its first year, UWCA prepared 37 returns at the two sites combined. By 2009, UWCA expanded its tax preparation capacity to include 20 mobile locations, provided technical support for 25 partner sites, and helped clients to prepare their own taxes using One Economy's online tax filing program called The Beehive Tax Tool. In 2009, UWCA's 800 tax clients included 43 clients who utilized the online tool. UWCA offered weekly "tax labs" with a VITA certified coordinator available to answer questions as people filed their tax returns on computers at eight community locations.

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Strategies

Technology and the Internet

Use of the Internet has opened up many Tax Credit Outreach Campaign opportunities, from presenting new channels for publicizing campaign activities to linking low-income workers with technology that can save time and paperwork.

- Let workers know how to obtain EIC and CTC tax forms at the IRS website, www.irs.gov/formspubs. You can also download key forms and post them to your own organization's website. The IRS website also provides information about eligibility for the EIC and CTC, including an online tool in English and Spanish for individuals to figure their own eligibility — search for "EITC Assistant" at www.irs.gov. Providing this information helps ensure that workers — especially those who choose to file their own returns — do so properly.
- Expand access to electronic filing (e-filing) at VITA sites by helping them obtain computer equipment. Local businesses that are upgrading their computers may be willing to donate their older models. The IRS can provide free software needed for e-filing. Talk to your IRS Territory Manager about the computer system requirements for this software. E-filing can improve VITA services, enabling filers to receive their refunds much faster than returns sent by mail and, because many minor errors on e-filed returns are caught before the return is accepted, corrections can be made averting refund delays.
- Post information about VITA sites on your website and send email announcements to your contacts or listserv to inform them about free tax preparation services. Monitor VITA site schedule changes during the filing season so that you can update information as needed.
- Reach out to "digital divide" programs. While the number of low-income households with access to the Internet is steadily increasing, low-income families still are much less likely than higher-income families to have regular Internet access. Programs to address this gap, known as the "digital divide," provide such families education and access to computers, the Internet and other technologies. These programs may assist families in learning to e-file their taxes.



Find It On the Web www.cbpp.org/eic2010

More Outreach Strategies and Examples
2009 Earned Income Tax Credit Estimator