

Members

Sen. Brandt Hershman, Chairperson  
Sen. Ryan Mishler  
Sen. Timothy Skinner  
Rep. Eric Turner  
Rep. Scott Pelath



## COMMISSION ON STATE TAX AND FINANCING POLICY

Legislative Services Agency  
200 West Washington Street, Suite 301  
Indianapolis, Indiana 46204-2789  
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

James Landers, Fiscal Analyst for the  
Commission  
Diane Powers, Fiscal Analyst for the Commission  
Robert Sigalow, Fiscal Analyst for the  
Commission  
Diana Agidi, Fiscal Analyst for the Commission  
Jessica Harmon, Fiscal Analyst for the  
Commission  
George Angelone, Attorney for the Commission  
Edward Gohmann, Attorney for the Commission  
Michael Landwer, Attorney for the Commission

Authority: IC 2-5-3-2

### MEETING MINUTES<sup>1</sup>

Meeting Date: October 20, 2011  
Meeting Time: 9:00 A.M.  
Meeting Place: State House, 200 W. Washington St.,  
Room 431  
Meeting City: Indianapolis, Indiana  
Meeting Number: 4

**Members Present:** Sen. Brandt Hershman, Chairperson; Sen. Timothy Skinner; Rep. Eric Turner; Rep. Scott Pelath.

**Members Absent:** Sen. Ryan Mishler.

Senator Brandt Hershman, Chairman of the Commission, called the meeting to order at 9:15 A.M.

#### I. Medicare Fraud and Earned Income Tax Fraud

Chairman Hershman recognized Michael Gargano, Secretary of the Family and Social Services Administration, and Kristina Moorehead, Deputy Director of the Office of Medicaid Policy and Planning.

Mr. Gargano described the following: (1) the state agencies involved in provider and member fraud prevention; (2) the recoveries and fraud avoidances in state fiscal year 2011 (\$130,956,353); and (3) prosecutions and restitutions (24 cases prosecuted and 11 felony convictions in 2010). Mr. Gargano also testified concerning the following: (1) new initiatives related to preventing improper provider payments; (2) the "Right Choices Program"; and (3) new software available for detecting improper payments. Ms. Moorehead testified concerning the outcomes under the Right Choices Program. (See Exhibit A.)

---

<sup>1</sup> These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative> Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

Allen Pope of the Medicaid Fraud Control Unit (MFCU), Office of the Attorney General, testified regarding the duties of the MFCU, whistleblower lawsuits related to Medicaid fraud, and the MFCU's areas of enforcement emphasis. Mr. Pope explained that the MFCU is a law enforcement agency with a budget just under \$4 million (with 75% of its funding from federal grants). He testified: (1) that the MFCU investigates allegations of provider fraud, as well as allegations of abuse and neglect of patients in group homes and nursing homes; and (2) that under federal regulations, Medicaid payments to a provider must be suspended after there is a credible allegation of fraud (although there are exceptions to this requirement). (See Exhibit B.)

He also noted that the federal false claims act has been amended and that the parallel state false claims act must be amended to continue to have the state receive federal reimbursement of whistleblowers' fees.

David Miller, representing the Office of the Attorney General, suggested enacting a bonding requirement for certain transportation providers under the Medicaid program, and he also noted the need to amend Indiana's false claims act.

John Eckart, Commissioner of the Indiana Department of Revenue, testified regarding fraud related to the earned income tax credit (EITC). He noted that the EITC is a refundable tax credit, and he explained that the two main factors in fraud related to the EITC are: (1) ineligibility and (2) fraudulent reporting of income levels. Ineligibility issues often involve the use of invalid Social Security Numbers or the fraudulent claiming of additional children for purposes of the credit. Because of the structure of the EITC, fraudulent under-reporting of income can lead to a larger tax credit, but in other circumstances fraudulent over-reporting can also lead to a larger tax credit. He described federal efforts regarding EITC compliance (for instance, elimination of the advance EITC; IRS cross-checks of Social Security Numbers; and fraud penalties) as well as the Indiana Department of Revenue's efforts (for instance, discrepancy cross-checks with the IRS). Commissioner Eckart testified that of the more than 3 million state income tax returns, about 500,000 returns claim the EITC (and that between 100,000 and 125,000 of these returns claiming the EITC are paper returns rather than electronically filed returns). (See Exhibit C.)

John Wancheck of the Center on Budget and Policy Priorities also testified regarding the EITC. Mr. Wancheck testified: (1) that the EITC does have a significant error rate, but that this can result in an overreaction against the EITC; (2) that IRS studies show that the majority of EITC errors are unintentional and result from the complexities of the EITC; and (3) that the Treasury Department estimates that 23% to 28% of EITC payments are overpayments (although the actual overpayment rate may be lower, according to Mr. Wancheck). He also testified regarding progress made by the IRS in reducing overpayments and additional steps to reduce EITC errors. (See Exhibit D, Exhibit E, and Exhibit F.)

## II. Internet Sales and Taxation

Chairman Hershman recognized Senator Luke Kenley to discuss issues related to online sales and the sales tax. Senator Kenley provided background information concerning the ability to require remote sellers to collect sales tax, and he described efforts under the Streamlined Sales and Use Tax Agreement. Senator Kenley testified that it is unfair to require "brick and mortar" businesses located in Indiana to collect sales tax, while remote sellers without a physical presence in Indiana are not required to collect sales tax. He noted that the businesses physically located in Indiana are paying taxes and employing workers. He also testified that there is a tax system integrity issue when equivalent taxpayers are not treated on the same basis.

Senator Kenley described federal legislation on this issue that is pending in the current session

of the United States Congress. He then discussed sales tax nexus issues and efforts to require the retailer Amazon to collect sales tax (noting that Amazon has come to agreements with California and Tennessee regarding the collection of sales tax in those states).

Grant Monahan, President of the Indiana Retail Council, testified that he supports a federal solution to the issue, but that Indiana can do something about the problems now. He testified that Amazon has nexus in Indiana, because of its distribution centers, and that it should be collecting sales tax.

Dennis May, the CEO of H.H. Gregg, testified that: (1) the inequity in the current sales tax is a jobs issue; (2) he is not confident that the proposed federal legislation will pass; (3) it is a myth that it is difficult for on-line retailers to collect sales tax; and (4) even with the tax disadvantage as a business that must collect sales tax, the on-line segment is the fastest growing part of H.H. Gregg's business.

Michael Petrowski, the general manager of the Best Buy in Terre Haute, testified that Best Buy has 34 locations and employs almost 4,000 workers in Indiana. Mr. Petrowski gave examples of sales that had been lost because Best Buy must collect sales tax while some on-line competitors are not required to do so, and he noted that his store is often used as a "showroom" by shoppers who physically inspect merchandise at his store and then purchase the merchandise from an on-line competitor that does not collect sales tax. Mr. Petrowski testified that it is difficult to compete on such an "uneven playing field".

Marc Aronstam of Aronstam Fine Jewelers testified that small businesses cannot wait for a federal response on this issue. He provided examples of sales lost to on-line retailers because his business is required to collect sales tax, and he noted the community involvement of many retailers physically located in the state. Mr. Aronstam also noted the difficulties of competing on an uneven playing field.

### III. Wheel Tax

Mayor Huck Lewis of the city of Lebanon testified regarding implementation of the county wheel tax. He noted that county councils may be reluctant to adopt the wheel tax, and he testified that cities and towns should have more of a voice on the issue. Mayor Lewis suggested having a board with county and municipal representation, similar to the board that votes on the adoption of the County Option Income Tax.

### IV. Township Assistance in Calumet Township, Lake County

Chairman Hershman recognized George Jerome, President of the Griffith Town Council, and Rick Ryfa, a member of the Griffith Town Council. Mr. Jerome testified: (1) that since 2007 Griffith has been trying to separate from Calumet Township; (2) that taxpayers in Griffith pay more than \$2.5 million annually in taxes to Calumet Township, but receive only \$11,000 of services; and (3) that the township levy is more than 14% of Griffith residents' total levy. Mr. Jerome gave examples of taxes paid by homes located in different areas within Lake County. Mr. Ryfa testified that Griffith needs to be on a level playing field with surrounding communities, and he described efforts made by Griffith on this issue. He testified that they would like a mechanism to allow Griffith residents to vote on whether or not they will remain in Calumet Township. (See Exhibit G.)

Representative Mara Candelaria-Reardon testified that she supports finding a compromise, but that there is a need to provide some type of relief to Griffith and that they have not been successful with the tools they have now. She noted that a 5% levy cap had been considered in the past legislative session, but that this proposal affected 27 other townships besides Calumet

Township. She testified that there is no easy answer to the problem and that the two sides are at a stalemate.

Dan Dills, a Griffith resident, testified that it is necessary to look at the services provided and the costs of those services. He noted the different salaries of township board members in various townships, and he suggested that Griffith could do a better job of providing poor relief.

Mary Elgin, the Trustee of Calumet Township, testified that upon taking office her mission was to streamline township government and bring transparency. She provided background information on the demographics of Calumet Township and its budget (\$8.8 million) and tax rate, and she testified that the township had done many of the reforms included in the Kernan-Shepard government reform report. She also described meetings that have been held between officials from Calumet Township and Griffith, and she stressed that she wants to see this issue solved locally. (See Exhibit H.)

Curtis Whittaker, accountant for Calumet Township, reported township levy amounts over the most recent 10-year period and indicated that the tax rate has fluctuated and continues to fluctuate because of fluctuation in assessed valuation. He reported that Griffith assessed valuation was approximately \$700 M in 2008 but dropped to \$500 M in 2011. Mr. Whittaker testified that, as a result, this causes an increase in the tax rate for Griffith which is not related to amounts spent by the township on poor relief. On the topic of Griffith leaving Calumet Township, Mr. Whittaker indicated that this would reduce the township levy to roughly \$5 M, but that assistance totals \$6.1 M alone. Mr. Whittaker outlined three levy reduction scenarios. (See Exhibit I.) He pointed out that in Scenario 3 the Calumet Township levy would be reduced by \$1 M per year from 2012 to 2014. However, the levy reduction would not affect the Griffith tax rate as the impact of the levy reduction would be distributed to other local units because of the circuit breaker.

Cynthia Minor, attorney for Calumet Township, indicated that the proposal for referendum only in Griffith to decide the issue of leaving Calumet Township violates state statutes and the Indiana Constitution.

Frank Mrvan, Jr., the Trustee of North Township, discussed the fiscal and programmatic issues in Calumet Township and discussed when poor relief is provided in North Township. He also suggested that township trustees work together to improve universal guidelines for poor relief in Lake County.

Senator Earline Rogers testified that the solution to this issue needs to be accomplished on a local level. Senator Rogers testified that she hoped the officials from Griffith and Calumet Township would continue to talk and find some mutual resolution.

Brian Bailey, Commissioner of the Department of Local Government Finance reported on township assistance expenditures per capita by Calumet Township and other townships around the state in 2010. The report also compared the per capita expenditure to the poverty rate in each township. The report indicated that Calumet Township spent \$143.67 per capita on township assistance while the next highest township (Wayne Township in Allen County) spent \$37.36 per capita. The report also indicated that the statewide mean per capita expenditure was \$4.20, with a statewide median equal to \$3.07. (See Exhibit J.)

#### V. Division of Transit Responsibilities Between State and Local Government

Mark Palmer, representing the Indiana Transportation Association, testified that the Association has engaged Dr. Dagny Faulk and Dr. Michael Hicks at Ball State University to conduct a comprehensive study of public transit in Indiana. Mr. Palmer indicated that the study has only

recently been started, so there are currently no final results or findings.

Dr. Dagney Faulk, Ball State University, testified that the study would consist of the following four components:

- (1) A descriptive analysis of public transit systems in Indiana including a ridership survey that is expected to provide a profile of users. This information will also be used to simulate the impact on people of not having public transit.
- (2) An analysis of gas prices and their relationship to public transit use.
- (3) A study of government financing for public transit, including consideration of how public transit costs should be distributed to state and local government.
- (4) A national study of public transit systems to develop estimates of the impact that public transit has on economic development and social services.

Dr. Faulk indicated that they hope to complete the descriptive analysis by early 2012.

There being no further business, Chairman Hershman adjourned the meeting at 2 P.M.



# The Indiana Family and Social Services Administration

Exhibit A  
Commission on State Tax and  
Financing Policy  
Meeting #4 October 18, 2011

## Medicaid Program Integrity Commission on State Tax and Financing Policy

October 20, 2011





## State Agencies Involved in Provider and Member Fraud Prevention

- Family and Social Services Administration
  - Office of Medicaid Policy & Planning – Provider enrollment and payments, and member utilization
  - Division of Family Resources – Member eligibility
  - Bureau of Investigations – Member fraud
  - Division of Aging, Division of Disability and Rehab Services, and Department of Mental Health and Addiction-Waiver Services
  - FSSA Audit – Provider payments
- Attorney General
  - Medicaid Fraud Control Unit (MFCU) – Provider investigation and prosecution related to fraud



## Recoveries & Avoidances SFY 11

Program	Dollars
Third Party Liability	\$ 112,417,070
Estate Recovery	\$ 12,199,259
Pharmacy Audits	\$ 3,828,569
Surveillance and Utilization	\$ 2,341,263
Long Term Care	\$ 170,192
<b>Total Program Integrity Efforts</b>	<b>\$ 130,956,353</b>



## Prosecutions and Restitutions

- Member Fraud
  - Bureau Of Investigations (BOI) substantiated 138 Medicaid Fraud Cases for CY2010
  - 24 cases were prosecuted
  - 11 received felony convictions
  - Court ordered restitution totaling \$24,554
- Provider Fraud SFY11
  - Medicaid Fraud Control Unit (MFCU) investigated 266 fraud referrals
  - Prosecuted 12 providers, 10 received Criminal Penalties
  - Recovered \$36,098,607



# Systematic Approach to Combating Improper Payments

## FIGHTING FRAUD, WASTE, AND ABUSE

**Prevention**



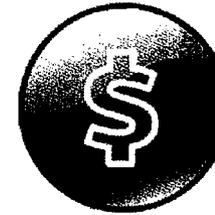
**Detection/  
Analysis**



**Reporting**



**Recovery**





# OMPP New Program Strategy

- Expand Program Integrity Efforts in Indiana
  - Increased focus on Program Integrity
  - Collaborative Approach – Multiple agencies working alongside contractor staff
  - Coordination with all divisions before pursuing recoveries
  - Data mining in addition to reacting to referrals
  - Provider outreach, education materials, and training sessions



## Provider Improper Payments: Prevention



- Provider Education
  - Educational seminars, bulletins, and newsletters
- Provider Enrollment
  - Providers categorized by type as high, moderate, low risk
  - Screening requirements vary by risk category
  - Application fee
  - Providers rescreened at least every five years



## Provider Improper Payments: Prevention



- National Correct Coding Initiative
  - Prevent improper payments when incorrect code combinations are reported
  - More than 1.3 million new system edits in place
- Pre-payment Review
  - Validating claims before payment is made
- New ACA Regulations
  - Mandatory payment suspensions



# Member Misrepresentation and Overutilization

- Right Choices Program (RCP)
  - Identifies members who use Medicaid services more extensively than their peers.
  - Methodology:
    - Overutilization of ER, number of PMP selections, number of prescribers, and number of pharmacies
    - Overutilization of controlled substances together with multiple prescribers and pharmacies
    - Five or more psychotropic drugs in recent 45 day period
    - Benzodiazepines from three or more prescribers in recent 90 day period
    - Automatic placement due to suspected or alleged fraud
  - Outcomes
    - 38% reduction in the per member/per month spend – \$257.56
    - 44% reductions in emergency room visits
    - 48% reduction in physician office visits



# Member Misrepresentation & Overutilization



- Eligibility data matches
  - Pre-enrollment and redetermination
  - Public Assistance Information System (PARIS)
- Member fraud hotline
  - For both members and providers
- ACA eligibility data in 2014
  - Access to federal databases to validate eligibility



# Improper Payments Detection



## New Software Tools

Tool	Purpose
i-Sight Case Tracking System	Workflow-driven solution for the documentation and tracking of all provider and member improper payments and fraud cases.
JSURS	J-SURS is a suite of user-friendly, claims-based, data mining software applications designed to identify potentially fraudulent, wasteful or abusive practices by both those who provide and receive healthcare services.
DataProbe	Powerful data exploration tool for skilled improper payments analysts used to run algorithms.
Medical Episode Grouper (MEG)	Used to build and analyze episodes of care and compare results across provider specialties to identify aberrant providers.
CLEAR	Reviews ownership and business affiliations to identify suspicious relationships among providers.
WestlawNext	A legal research tool used to analyze State laws, regulations and administrative codes as well as industry journals, newspapers and magazine articles. This will assist with policy reviews.



## Improper Payments Recovery



- Recovery Audit Contractor (RAC)
  - CMS requires every State have a Medicaid RAC program
  - Medicaid RACs are contractors who audit payments made to healthcare providers to identify Medicaid payments that may have been underpaid or overpaid, and recover overpayments or correct underpayments
  - HMS will perform these services under a subcontract with the Thomson Reuters FADS
  - Initially, the RAC will assist the State in identifying and auditing providers with outstanding credit balances



## Next Steps: Policy Considerations

- Establish single entry point for fraud reporting
  - Currently 6 distinct areas to intake fraud referrals
  - Create single entry point and then triage to appropriate area
- Expand Right Choices Program
  - Expand enrollment by clinically reviewing and enrolling more Members who trigger utilization threshold



# Questions

**State of Indiana**  
**Office of the Attorney**  
**General**  
**Greg Zoeller**

Medicaid Fraud Control  
Unit

**The Indiana Medicaid Fraud  
Control Unit**

- Introducing the MFCU
  - “Credible Allegation” of Fraud
- Whistleblowers
  - Federal Reimbursement of Whistleblowers’ Fees
- Areas of Enforcement Emphasis
  - Drug Diversion

## **MFCU Collections**

- The MFCU is a law enforcement agency, not a collections agency.
- Collections in Latest State Fiscal Year (July 1, 2010 to June 30, 2011):  
\$36,098,607.66

## **42 C.F.R. § 455.23(a)(1)**

- . . . The State Medicaid agency must suspend all Medicaid payments to a provider after the agency determines there is a credible allegation of fraud for which an investigation is pending .

<b>42 C.F.R. § 455.23(d)(1)</b>
---------------------------------

- |  |
|--|
| <ul style="list-style-type: none"><li>▪ . . . . Whenever a State Medicaid agency investigation leads to the initiation of a payment suspension in whole or part, the State Medicaid Agency must make a fraud referral to [the] Medicaid fraud control unit</li></ul> |
|--|

<b>42 C.F.R. § 455.23(e)</b>
------------------------------

- |   |
|---|
| <ul style="list-style-type: none"><li>▪ . . . . A State may find that good cause exists not to suspend payments . . . if any of the following are applicable:</li></ul> |
|---|

## **42 C.F.R. § 455.23(e)(1)**

- . . . A State may find that good cause exists not to suspend payments . . . if any of the following are applicable:
  - [The MFCU has] specifically requested that a payment suspension not be imposed because such a payment suspension may compromise or jeopardize an investigation.

## **42 C.F.R. § 455.23(e)(4)**

- . . . A State may find that good cause exists not to suspend payments . . . if any of the following are applicable:
  - Recipient access to items or services would be jeopardized by a payment suspension.

## **42 C.F.R. § 455.23(e)(6)**

- . . . A State may find that good cause exists not to suspend payments . . . if any of the following are applicable:
  - The State determines that payment suspension is not in the best interests of the Medicaid program.

## **Whistleblowers**

- Relators bringing qui-tam cases continue to be the sources of information leading to the most substantial MFCU recoveries.

## **Whistleblowers**

- Since 2005, the MFCU has added 300 whistleblower, qui-tam lawsuits to its caseload.
- Those qui-tams are assigned to six DAGs.

## **Federal Reimbursement of Whistleblowers' Fees**

- Under the Deficit Reduction Act of 2005 (DRA), the federal government reimburses state Medicaid programs in the approximate amount of a whistleblower's fee,
- if and only if the state's false claims act matches the federal false claim act.

## **Federal Reimbursement of Whistleblowers' Fees**

- Initially, HHS-OIG determined that this required Indiana's legislature to amend the Indiana act, to redefine "knowingly" to match the federal definition.
- Indiana amended its act in 2007 to define "knowingly" to include "recklessly."

## **Federal Reimbursement of Whistleblowers' Fees**

- HHS-OIG has recently notified Indiana that more amendments to the state law are now required, mostly because of recent legislation amending the federal false claims act.
  - The Fraud Enforcement and Recovery Act of 2009
  - The Patient Protection and Affordable Care Act of 2010
  - The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

## **Federal Reimbursement of Whistleblowers' Fees**

- Indiana has two years to make appropriate amendments.
- Given the federal interpretation of this law, the requirement to amend state law will recur regularly, possibly every two years.

## **Areas of Enforcement Emphasis**

- Generally, the MFCU's workload is directed by the referrals received.
- If we have any input, we emphasize areas that the MFCU feels may have received too little emphasis in recent years.

## **Areas of Enforcement Emphasis**

- Medicaid providers must not bill for services (professional or otherwise) provided by an individual who has been excluded by HHS-OIG.
- To check on current and prospective employees and contractors, follow the link at <http://oig.hhs.gov/exclusions/index.asp>

## **Areas of Enforcement Emphasis**

- Medicaid providers must not bill for professional services provided by an individual who is unlicensed or whose license is suspended.
- To check on current and prospective employees and contractors, follow the link at <https://mylicense.in.gov/everification/Search.aspx>

## Areas of Enforcement Emphasis

- Transportation-provider investigations continue to produce the most criminal convictions.

## Areas of Enforcement Emphasis

- September 16 Washington Post headline:
  - **Doctors avoid penalties in lawsuits against medical firms alleging kickbacks, fraud**
- Sen. Charles E. Grassley (Iowa), It takes "two sides to perpetuate this fraud" and both need to be held accountable.

## Areas of Enforcement Emphasis

- September 16 Washington Post headline:
  - **Doctors avoid penalties in lawsuits against medical firms alleging kickbacks, fraud**
- Lewis Morris, chief counsel to the HHS Inspector General, said doctors need to know there are repercussions. "If you don't focus on doctors, this is a problem that will never end," he said.

## Areas of Enforcement Emphasis

- September 16 Washington Post headline:
  - **Doctors avoid penalties in lawsuits against medical firms alleging kickbacks, fraud**
- Morris also acknowledged that he has the resources to focus only on the most glaring cases.

	<b>Recent Criminal Drug-Diversion Convictions:</b>
	<ul style="list-style-type: none"><li>▪ The MFCU patient-neglect investigators continue to aggressively review allegations involving the diversion of drugs from patients who are vulnerable and who require the strongest pain medications.</li></ul>



	<b>Recent Criminal Drug-Diversion Convictions:</b>
	<ul style="list-style-type: none"><li>▪ Continuous improvement in the control of stored drugs, inadvertently, continues to increase the temptation to divert drugs after they are dispensed to patients, especially non-communicative patients.</li></ul>

## **Recent Criminal Drug-Diversion Convictions:**

- An LPN stole OxyContin from a nursing home resident.
- Nursing home employee stole several Duragesic fentanyl patches from residents.
- An LPN diverted Duragesic fentanyl patches by falsifying a nursing home's narcotic sign-out sheets.
- A nursing home LPN convinced a resident that the nurse needed the resident's Lorcet for leg pain.

## **Indiana Medicaid Fraud Control Unit**

- [www.in.gov/attorneygeneral](http://www.in.gov/attorneygeneral)
- Find the MFCU under the "Criminal Justice" link.
- 317-915-5300
- 800-382-1039
- [Allen.Pope@atg.in.gov](mailto:Allen.Pope@atg.in.gov)

Exhibit C  
Commission on State Tax and  
Financing Policy  
Meeting #4 October 18, 2011



# Earned Income Tax Credit Fraud

Wednesday, October 19, 2011

Indiana Department of Revenue



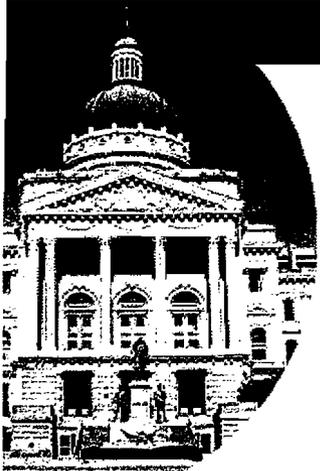
## Definition

The Earned Income Tax Credit (EITC) is a federal tax credit that is designed to supplement the earnings of low-income workers by reducing or eliminating their taxes.



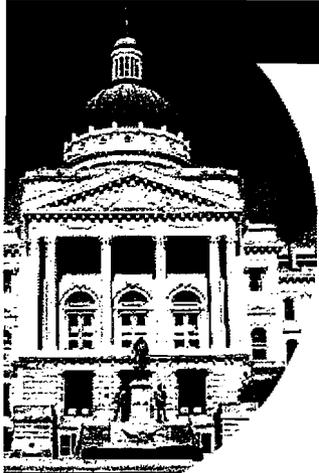
## Factors in EITC fraud

- Ineligibility
- Fraudulent Income Level



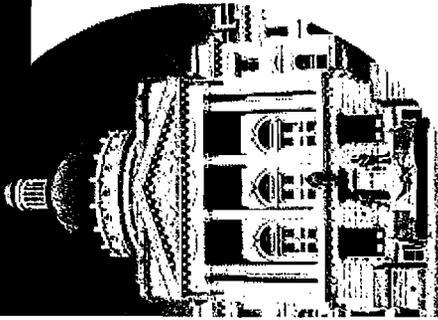
## Ineligibility

- Use of invalid SSN
  - Duplicate, Deceased, Manufactured, Stolen
  - Claiming additional number of children fraudulently
  - Use of an Individual Taxpayer Identification Number (“ITIN”)



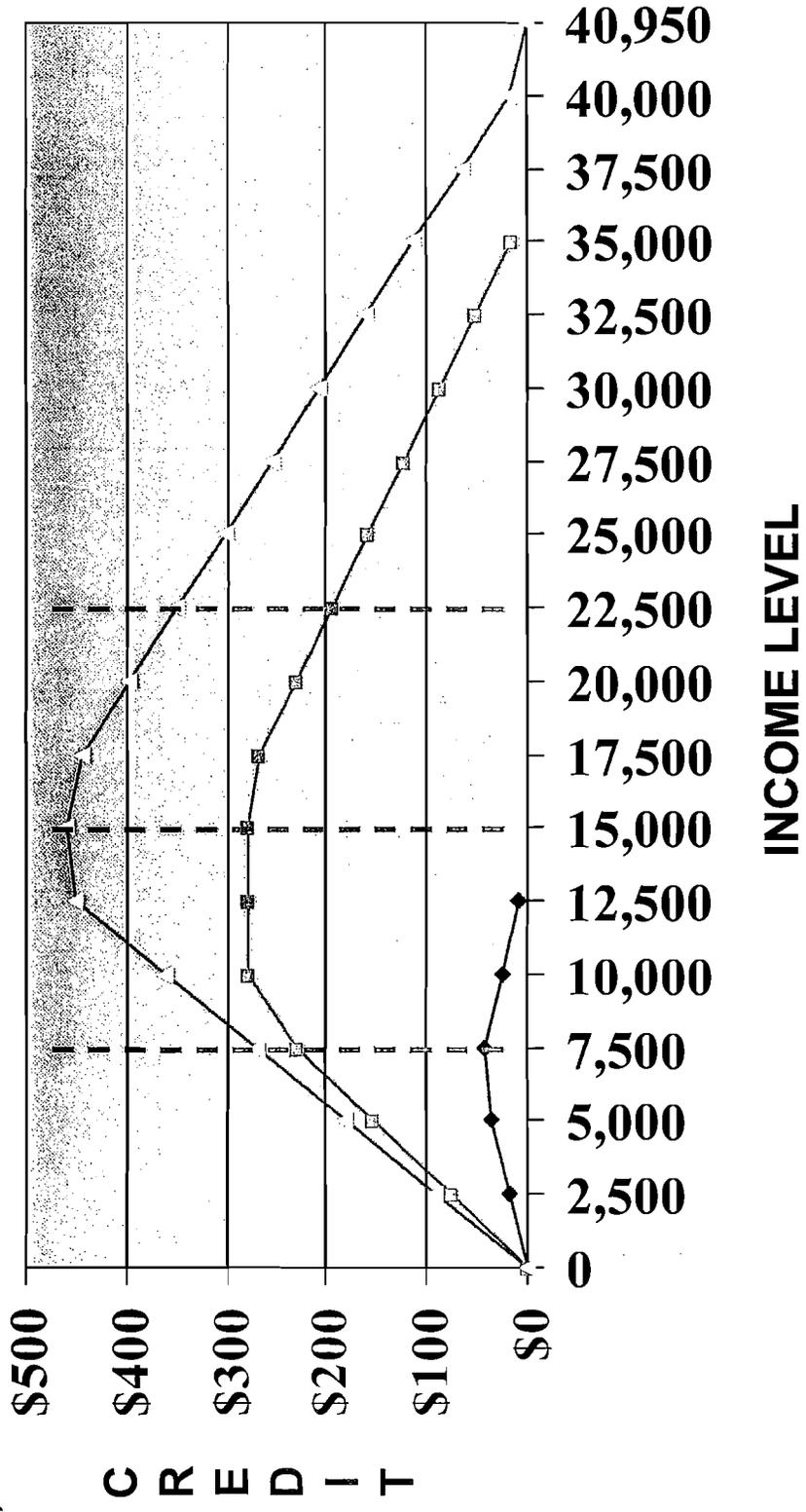
## Fraudulent Income Level

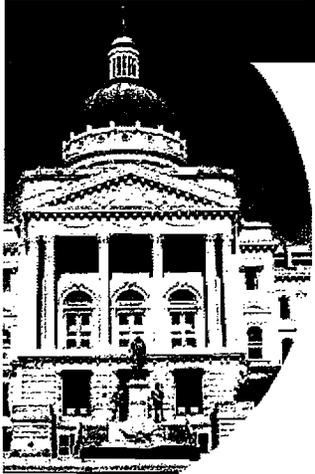
- Taxpayer under-reports income in order to qualify for or receive a greater EITC amount
- Taxpayer over-reports income in order to receive a greater EITC amount
  - *See chart*



# Income and Child Data Points

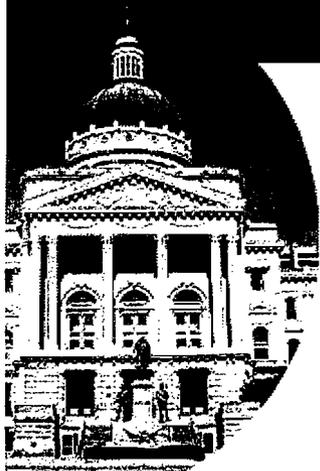
◆ No Children    ■ 1 Child    -- 2 Children





## Current Compliance Processes

- Federal actions
  - Congress eliminated Advance EITC
    - Eliminated as of January 1, 2011
    - \$153 Million in estimated fraud at federal level
  - IRS crosscheck SSN/ID—electronic filing
  - Fraud Penalty
    - 10-year prohibition from claiming credit
- IDOR actions
  - 9% calculation on return schedule
  - Discrepancy tape crosscheck (from IRS)
- Challenge
  - Recouping refunds once issued



## Planned Additional Compliance Process

- Decoupled state from federal formula
  - Stand-alone calculation
  - Limits dependents from 3 at federal level to 2 at state level
  - Provides unique details and compliance parameters
- IDOR crosscheck of dependent SSNs
  - DOR will be able to crosscheck from return to schedule on paper returns at time of processing
- Electronic filing
  - Maximize IRS benefit regarding valid SSN
  - Free File

Exhibit D  
Commission on State Tax and  
Financing Policy  
Meeting #4 October 18, 2011

**TESTIMONY OF JOHN WANCHECK**  
**Earned Income Credit Campaign Coordinator**  
**Center on Budget and Policy Priorities**  
**before the Commission On State Tax And**  
**Financing Policy**  
**October 20<sup>th</sup>, 2011**

Mr. Chairman, Members of the Commission, thank you for this opportunity to testify. I'm John Wancheck, the Earned Income Credit Campaign Coordinator for the Center on Budget and Policy Priorities, a nonprofit policy institute that conducts research and analysis on fiscal policy matters, as well as on programs and policies for low-income families and individuals. We have conducted a national public education outreach campaign on the Earned Income Tax Credit (EITC) for over two decades and closely analyze issues related to EITC overpayment and error issues. I've provided the Commission our most recent report on this ([www.cbpp.org/files/4-5-11tax.pdf](http://www.cbpp.org/files/4-5-11tax.pdf)), which goes into detail on these issues and provides the citations to the sources we have consulted.

The EITC does have a significant error rate that needs to be reduced. But key facts about this issue are often misunderstood. This can result in overreactions and proposals to shrink the EITC through eligibility and benefit cuts that have nothing to do with errors and that would save money by cutting the EITC for honest low-income families struggling to make ends meet and raise their children on low wages.

**Studies Show Most EITC Overpayments Reflect Unintentional Errors, Not Fraud**

IRS studies show that the majority of errors in claiming the EITC are unintentional and stem from the complexity of the EITC's rules — the IRS instructions for the EITC are longer than the infamous instructions for the Alternative Minimum Tax — and the complexity of many family arrangements. The EITC has strict, but rather intricate rules on who can claim a child; these rules often trip up divorced couples and multi-generation families. Analyses by Treasury experts and outside researchers have indicated that only a minority of EITC overpayments result from intentional acts.

In addition, tax filers found to have wrongly claimed the EITC face significant monetary penalties and are *barred* from claiming the EITC in future years unless and until they prove their eligibility by filing a special EITC recertification form. In flagrant cases, they are barred from receiving the EITC again for the next 10 years.

Tax filers who do not have a valid Social Security number are *ineligible* for the EITC. Tax filers also are barred from claiming any children for the credit who do not themselves have valid Social Security numbers. These measures bar undocumented immigrants from receiving the EITC. The

databases the IRS uses in its enforcement activities involve automatic checking for valid Social Security numbers before EITC payments are made.

### **Actual Overpayment Rate Likely to be Significantly Below the Oft-Cited Estimate**

The Treasury estimates that about 23 percent to 28 percent of EITC payments are overpayments, based on audits of a sample of returns for tax year 2006. The actual overpayment rate, however, is likely significantly lower:

- *Analysis by the IRS National Taxpayer Advocate indicates that, because of the nature of the studies on which the EITC error rate estimate is based, the estimate is likely to overstate the error rate significantly (the box at the end of my testimony provides more detail on this).*
- *This error rate does not include the effect of EITC underpayments, which reduce the federal losses. For example, if a mother is eligible to claim an EITC for a child but the divorced father claims it instead, the amount of his credit is counted as an overpayment — but the amount that the mother did not claim is not netted out.*
- *The rate does not reflect the significant enforcement measures the IRS has implemented since 2006, some of which I'll mention in a moment.*

An important additional point is that research shows the refundability aspect of the EITC does not cause overpayments. The principal analysis of this issue, a sophisticated analysis conducted by the leading Treasury expert on the EITC, found that the overpayment rate for EITCs delivered as refund checks was one-third lower than the overpayment rate for EITCs used to offset income tax liability. The IRS's Taxpayer Advocate has independently reached a similar conclusion.

The EITC rate of noncompliance is too high. But it is substantially lower than the rate in a number of other parts of the tax code. The IRS' most recent study of tax noncompliance found that 51 percent of rent and royalty income, 57 percent of small business income, and 72 percent of farm income went unreported. The IRS estimated such misreporting of business income cost \$109 billion in 2001, or ten to fifteen times Treasury's estimate of EITC overpayments that year.

### **IRS Has Made Considerable Progress in Reducing Overpayments**

The National Taxpayer Advocate has observed, "the IRS has taken significant steps to address many of the difficult problems historically associated with EITC compliance." The value of EITC overclaims found and prevented *before* payment was made and of EITC overpayments recovered *after* payment was made increased from \$2.6 billion in fiscal year 2006 to \$3.8 billion in fiscal year 2010. Examples of recent IRS actions to reduce overpayments include:

- The IRS has strongly promoted electronic filing, in large part to improve the accuracy of returns. Some 80 percent of EITC claims are now filed electronically, which makes it easier for the IRS to identify questionable EITC claims before paying them. States which partner with the IRS in its modernized e-file program gain an enhanced ability to automatically reject state EITC claims when the federal return claiming an invalid EITC is electronically rejected.

- Commercial tax preparers file 70 percent of EITC returns, but until now have not had to fulfill any IRS competency requirements or even register as tax preparers with the IRS. The IRS believes most EITC errors occur on commercially prepared returns. This year, the IRS launched a major initiative that will require preparers to register and to pass a competency exam, a major step forward that should lead to significant error reduction.
- The IRS has established a powerful database to identify questionable EITC claims for children and now targets nearly 500,000 claims annually for examination.
- Treasury has launched an EITC pilot project to examine whether matching EITC claims to databases that contain eligibility information that has been verified by other low-income programs can identify inaccurate EITC claims before payment.

## **The EITC's Strengths**

Over 555,000 Indiana filers received the federal EITC in 2010 for their work in 2009, an increase of about 10 percent over the previous year. The EITC was worth \$1.18 billion last year, an increase of 18 percent over the previous year. Nearly 19 percent of Indiana federal filers received the EITC in 2010. As then-Treasury Secretary Henry M. Paulson said in 2007:

The Earned Income Tax Credit helps Americans who work hard but need extra support to make ends meet — people who are often on the first step of the economic ladder, gaining the experience and skills to land a better job and earn a higher income in the future. . . . Our goal is not just to help people get by. Our goal is to help people get ahead.<sup>1</sup>

Research has repeatedly shown that the EITC encourages people to work rather than rely on welfare and that the EITC is quintessential welfare reform. As Nobel laureate and noted conservative economist Gary S. Becker has written, “Empirical studies confirm . . . that the EITC increases the labor force participation and employment of people with low wages because they need to work in order to receive this credit.”

## **Policymakers Can Take Further Steps to Reduce Errors**

Simplification is essential to any strategy to shrink EITC errors. The simplification of EITC rules included in 2001 tax legislation reduced overpayments by 13 percent. Treasury subsequently proposed additional simplifications that President Bush included in his budget, but Congress has never acted on them. Simplification and the provision of additional resources to the IRS for tax compliance activities are the best ways to reduce EITC errors. But the error rate should not be cited as an excuse to cut the EITC and thereby raise taxes on the working poor. Doing so would push more parents who work for low wages and their children into poverty.

---

<sup>1</sup> “Paulson, IRS Launch Campaign to Help Low-Income Taxpayers Take Advantage of Tax Credit, Free Tax Help,” IRS News Release, IR-2007-24, February 1, 2007.

## Why IRS' National Taxpayer Advocate Has Concluded the EITC Error Rate Estimate Is Overstated

The IRS studies on which the error rate estimates are based assume that any EITC claims examined in the study that are not documented to an IRS official's satisfaction are erroneous. The evidence suggests that this approach overstates the error rate.

The IRS studies in question were based on random IRS examinations of EITC claimants. If, in the course of an examination, an EITC claimant was unable to document his or her EITC claim to the examiner's satisfaction, the claim was considered an overpayment. IRS' National Taxpayer Advocate, Nina Olson, has uncovered serious problems with this process. Olson found that when the IRS asks for documentation to prove the validity of a filer's EITC claim, an extensive process involving numerous contacts between the IRS and the filer often is necessary to show that a claim which IRS officials have initially classified as erroneous — because it has not been documented to their satisfaction — is indeed valid. The problem, Olson has explained, is that many EITC recipients cannot engage in such a process; most can't afford hire lawyers or accountants to help them navigate an IRS examination and address all the examiner's inquiries to the examiner's satisfaction. Olson reported that in the studies from which the EITC error rate estimates are drawn, an adequate process of this nature was not provided for claimants whose EITCs were being examined and that this likely resulted in incorrect judgments in many cases that EITC payments were made in error when, in fact, they were not.

As evidence for this conclusion, Olson reported that in audits and other IRS actions where tax filers' EITC claims are questioned, "Taxpayers often obtain completely different results" than the initial IRS rulings when the taxpayers receive assistance from IRS' Taxpayer Advocate Service in understanding exactly what documentation the IRS is seeking and in assembling the appropriate documents. Olson reported that in *nearly half* (43 percent) of the cases where IRS examiners classified an EITC claim as invalid and the filer subsequently requested and received assistance from the Taxpayer Advocate Service, the ruling that the EITC was paid in error was reversed.

Because the IRS studies used to estimate EITC error rates do not provide for an adequate process of this nature, Olson has said, the IRS overpayment estimates are likely to reflect incorrect judgments in a number of cases that EITC payments were made in error and consequently to overstate the error rate.

Updated April 19, 2011

**Exhibit E**  
**Commission on State Tax and**  
**Financing Policy**  
**Meeting #4 October 18, 2011**

## **EARNED INCOME TAX CREDIT OVERPAYMENT AND ERROR ISSUES**

by John Wancheck and Robert Greenstein

### **Summary**

The federal Earned Income Tax Credit, a tax credit for low- and moderate-income working families, has been widely hailed for its success in increasing work and lowering welfare receipt, reducing poverty, and making the tax code fairer. (See the box on page 2.) Census data indicate that the credit lifted 6.6 million individuals out of poverty in 2009, including more than 3 million children. The EITC lifts more children out of poverty than any other program.

The EITC is sometimes criticized, however, for having a high rate of overpayments. And the EITC does have a significant error rate that needs to be reduced. But in discussions of issues related to the error rate, several important points often are missed.

First, the commonly cited EITC error rate — 23 to 28 percent of EITC payments are said to represent overpayments — is likely to overstate the actual level of overpayments (although the overpayment level is clearly substantial). This is true for several reasons. First, as explained below, the 23 percent to 28 percent figure is based on IRS studies of tax data from 2001 and 2006 that suffer from some significant methodological problems. (The IRS is scheduled to complete and issue a new study of EITC overpayments in 2012, although the key methodological problem will remain.) Second, as also described below, the IRS has instituted various new enforcement actions and error-reduction techniques in the last several years that may be helping to reduce overpayments. Of particular note, the IRS has just launched a major enforcement initiative to reduce errors — including EITC errors — made on returns filed by commercial tax preparers, who now file nearly 70 percent of all tax returns claiming the EITC.

There also are further steps that Congress and the President could take. They could enact several EITC simplification proposals advanced by the Bush Administration, but never enacted, that would shrink overpayments. Simplification is key to reducing EITC errors, since the EITC's complexity is a major source of error. Congress also could devote more resources to improving tax compliance, including compliance with the EITC rules, in part by investing more heavily in state-of-the-art information technology. Progress in reducing EITC error rates will be impeded, however, if Congress cuts the IRS budget instead of bolstering it.<sup>1</sup>

<sup>1</sup> H.R.1, the bill that the House of Representatives passed to cut \$61 billion in fiscal year 2011 funding from various federal programs and agencies, would cut the IRS budget by \$603 million.

## EITC Draws Praise Across the Political Spectrum

President Ronald Reagan proposed a major EITC expansion in 1985, and he went on to call the 1986 Tax Reform Act, which included the expansion, “the best antipoverty, the best pro-family, the best job creation measure to come out of Congress.”\*

The research bears them out. In a paper issued several years ago, Janet Holtzblatt, then an official in the Treasury’s Office of Tax Analysis and a widely recognized expert on the EITC, reviewed the research on the EITC’s impact on work and poverty. Holtzblatt reported:

Several recent studies have found that the EITC encourages work, as well as alleviates poverty.... Grogger (2003) concludes that the EITC may be the “single most important” policy parameter for explaining recent declines in welfare and increases in work and earnings among female-headed families. Meyer and Rosenbaum (2001) found that more than 60 percent of a nine percentage point increase in the employment of single mothers between 1984 and 1996 was due to expansions of the EITC. Dickert, Houser, and Scholz (1995) estimated that expansions of the EITC between 1993 and 1996 would induce more than half a million families to move from welfare to work. Eissa and Liebman (1996) find that the EITC expansion in the Tax Reform Act of 1986 significantly increased labor force participation among single mothers, especially less educated women.\*\*

Similarly, in the mid-1990s, at a time when Congress was considering proposals to cut the EITC, two of the nation’s leading conservative economists rallied to the EITC’s defense. In a 1996 Wall Street Journal column, conservative Harvard economist and then Journal contributing editor Robert J. Barro observed: “There exists a serious program in the form of the earned income tax credit that actually helps the working poor in a way that promotes work and discourages welfare. The EITC was originally a Republican idea — started by the Ford administration in 1975 and expanded by the Reagan administration during the glorious 1980s and the Bush administration in 1990. . . . Mr. Clinton’s support is not sufficient reason to regard the program as mistaken. In fact, it has a well conceived structure that ought to be retained and perhaps expanded.”\*\*\*

Similarly, in a 1996 Business Week article, Nobel laureate Gary S. Becker praised the EITC for aiding poor families without reducing employment, discouraging work, or increasing reliance on public assistance. Becker wrote that the EITC “rewards rather than penalizes poor families with working members. . . . Empirical studies confirm the prediction of economic theory that the EITC increases the labor force participation and employment of people with low wages because they need to work in order to receive this credit.” Becker also applauded the EITC for being “fully available to families with both parents present, even where only one works and the other cares for their children [i.e., for being available to low-income working families with stay-at-home mothers].”\*\*\*\*

\* The Chicago Tribune, October 23, 1986.

\*\* Janet Holtzblatt, “Trade-offs Between Targeting and Simplicity: Lessons from the U.S. and British Experiences with Refundable Tax Credits,” 2004.

\*\*\* Robert J. Barro, “Workfare Still Beats Welfare,” Wall Street Journal, May 21, 1996.

\*\*\*\* Gary S. Becker, “How to End Welfare ‘As We Know It’ — Fast,” Business Week, June 3, 1996.

## Why Do EITC Overpayments Occur?

The IRS considers an EITC overpayment to have been made if a taxpayer whose EITC claim is selected for review does not substantiate his or her EITC claim to the IRS' satisfaction, or if the IRS specifically determines the filer was ineligible or received too large a credit. An overpayment of the EITC may occur as a result of either honest error or fraud; the majority of errors appear to be unintentional errors that often result from the EITC's complexity, especially with regard to families whose composition changes over the course of the year. IRS studies have acknowledged that the complexity of EITC rules contributes to the error rates, and analysis of IRS data by Treasury experts as well as studies by outside researchers indicate that a minority of EITC overpayments result from intentional action by tax filers.<sup>2</sup>

The EITC's complexity results in significant part from efforts by Congress to target the EITC carefully to intended recipients in order to minimize the budgetary cost. Overpayments often result from the interaction between the complexity of the EITC rules and the complexity of families' lives.

For example, where parents are divorced or separated, the EITC can be claimed only by the parent who has custody of the child for more than half of the year (provided the parent is otherwise eligible). Sometimes, however, a *non*-custodial parent may erroneously claim the EITC related to that child, especially if the non-custodial parent pays child support and thus has a perception of being eligible for the credit. This perception can be strengthened by the fact that a non-custodial parent who pays child support may be entitled, under the terms of a divorce agreement, to claim the child for the personal exemption and the Child Tax Credit. Under such a circumstance, a non-custodial parent may understandably assume that he can claim the child for the EITC as well, as he does for the other child-related tax benefits.

The EITC is rarely claimed for non-existent children; the IRS electronically screens — and automatically rejects — any tax return that includes an invalid Social Security number. Claims of fictional children thus are not a significant source of error. Rather, EITC overpayments most commonly result from misunderstanding of how to apply the EITC's intricate rules regarding who may claim a child, especially in changing family situations involving separated, divorced, or three-generation families. Errors also can result from incorrect information on a tax return about family composition or income levels.

It should be noted that tax filers who do not have a valid Social Security number are *ineligible* for the EITC. Tax filers also are barred from claiming any children for the credit who do not themselves have valid Social Security numbers. These measures bar undocumented immigrants from receiving the EITC. The databases the IRS uses in its enforcement activities, as described below, involve checking for valid Social Security numbers before EITC payments are made.

---

<sup>2</sup> See Janet Holtzblatt and Janet McCubbin, "Issues Affecting Low-Income Filers," in Henry Aaron and Joel Slemrod, *The Crisis in Tax Administration*, Brookings Institution Press, November 2002; and Jeffrey Liebman, "Noncompliance and the EITC: Taxpayer Error or Taxpayer Fraud", Harvard University, November 1995.

### Refundability of EITC Not a Cause of Overpayments

There is no evidence that the refundable nature of the EITC contributes to overpayments. A 2000 study by Janet McCubbin, then a Treasury economist and now Director of Individual Tax Analysis at Treasury, found that the error rate among tax filers receiving the EITC entirely as a refund was less than one-third the error rate among tax filers for whom the EITC acted to reduce income tax liability. After conducting a sophisticated statistical analysis that took into account a variety of other factors, McCubbin found no evidence that the credit's refundable nature is related to the error rate.\* Analysis by the IRS' National Taxpayer Advocate has reached a similar conclusion.\*\*

\* Janet McCubbin, "EITC Noncompliance: The Determinants of the Misreporting of Children," *National Tax Journal*, Vol. 53, No. 4 Part 2 (December 2000), pp. 1135-1164.

\*\* Taxpayer Advocate Service, Internal Revenue Service, "The National Taxpayer Advocate's Report to Congress, FY 2009", December 31, 2009, Vol II, p. 81-85

### The Actual Level of Overpayments Is in Doubt

The Treasury estimates the EITC error rate at about 23 percent to 28 percent of EITC payments.<sup>3</sup> For several reasons, however, the actual overpayment rate is likely to be lower than this. The most recent data on EITC errors come from a sample of 2,200 EITC returns for 2006 that the IRS examined as part of its National Research Program. The IRS is currently engaged in a larger analysis of EITC claims for tax years 2006-2008, which it intends to issue next year and which will provide new estimates of EITC error rates that then will be updated each year.<sup>4</sup>

If the 23 percent to 28 percent estimate is still accurate today — and as explained below, there are reasons to believe it somewhat overstates the EITC error rate — it would represent a rate of noncompliance that, while certainly too high, is substantially lower than the noncompliance rate in a number of other parts of the tax code. For example, the IRS' most recent study of tax noncompliance generally (a study of 2001 tax returns), found that *51 percent* of rent and royalty income, *57 percent* of small business income, and *72 percent* of farm income went unreported. The IRS estimated the total cost to the federal government from such misreporting of business income at \$109 billion in 2001, or ten to fifteen times the size of estimated EITC overpayments that year.<sup>5</sup>

<sup>3</sup> TIGTA 2011-40-023 "Reduction Targets and Strategies Have Not Been Established to Reduce the Billions of Dollars in Improper Earned Income Tax Credit Payments Each Year," February 7, 2011; and U.S. Department of the Treasury, "Performance and Accountability Report, FY 2010," November 15, 2010.

<sup>4</sup> The TIGTA report criticized the IRS for not currently having annual targets for EITC error reduction. The IRS has responded that it intends to set annual error-reduction targets based on its new, more comprehensive analysis and estimate of EITC errors, once that analysis is completed next year.

<sup>5</sup> These figures, which are for 2001 tax returns, represent the estimated impact of business underreporting in the *personal* income tax; they do not include underreporting or other sources of error in the *corporate* income tax. Internal Revenue Service, "Individual Income Tax Underreporting Gap Estimates, Tax Year 2001," February 2006.

## How Reliable Is the 23 Percent to 28 Percent Estimate?

Some experts who have examined IRS estimates of the EITC error rate, including the IRS' National Taxpayer Advocate, believe the estimates are compromised by methodological problems that likely cause the estimates to overstate the error rate. There are a few key concerns here.

- **The IRS studies on which the estimates are based assume that any EITC claims not documented to an IRS official's satisfaction are erroneous, but other evidence suggests such an approach significantly overstates the error rate.** The last three studies of EITC errors — those that looked at 1999, 2001, and 2006 tax returns — were based on random IRS examinations of EITC claimants. If, in the course of an examination, an EITC claimant was unable to document his or her EITC claim to the examiner's satisfaction, the claim was considered an overpayment.

That this approach likely results in an overstatement of errors has been shown by Nina Olson, the IRS' National Taxpayer Advocate. Olson's office has found that when the IRS asks for documentation to prove the validity of a filer's EITC claim, an extensive process involving numerous contacts between the IRS and the filer often is necessary to show that a claim that IRS officials initially have classified as erroneous — because it has not been documented to their satisfaction — is, in fact, valid. Many EITC recipients, however, cannot easily engage in such a process; most can't afford to hire lawyers or accountants to help them navigate an IRS examination and address all of the examiner's inquiries to the examiner's satisfaction. Olson reported that in the studies that estimate EITC overpayments, an adequate process of this nature has not been provided for claimants whose EITCs are being examined, and that this likely has resulted in incorrect judgments in many cases that EITC payments were made in error when, in fact, they were not.

As evidence for this conclusion, Olson pointed out in a report to Congress that in audits and other IRS actions where tax filers' EITC claims are questioned, "Taxpayers often obtain *completely different* [i.e., more favorable] results" than the initial IRS rulings when the taxpayers receive assistance from IRS' Taxpayer Advocate Service (which the National Taxpayer Advocate oversees) in understanding exactly what documentation the IRS is seeking and in assembling the appropriate documents. Olson reported that in *nearly half* of the cases where the IRS examiners classified an EITC claim as invalid and the filer subsequently requested and received assistance from the Taxpayer Advocate Service, the ruling that the EITC was paid in error was reversed. (Subsequent analysis has similarly found that large percentages of filers claiming the EITC who are ruled ineligible by IRS examiners are found, in fact, to be eligible when they request reconsideration of the ruling, see the appendix.)<sup>6</sup>

---

<sup>6</sup> See Taxpayer Advocate Service, Internal Revenue Service, "The National Taxpayer Advocate's Report to Congress: Fiscal Year 2004 Objectives," June 30, 2003, pp. 20-21 (emphasis added), and Taxpayer Advocate Service, Internal Revenue Service, "The Nature Taxpayer Advocate's 2004 Annual Report to Congress, December 31, 2004, Vol. II, "Earned Income Tax Credit Audit Reconsideration Study," pp.1. This is not to suggest that the percentage of EITC claims ruled invalid by IRS examiners that were overturned on appeal represents the percentage of *all* EITC claims denied by examiners where the claim was indeed invalid. But these figures and related analyses by the National Taxpayer Advocate provide strong evidence that the methods used in the IRS studies from which EITC error-rate estimates are drawn almost certainly overstate the error rate.

Olson has cautioned that because IRS studies used to estimate EITC error rates do not provide for an adequate process of this nature, the IRS overpayment estimates are likely to reflect premature and incorrect judgments in a number of cases that EITC payments were made in error. In a report to Congress in 2003, Olson stated that for these reasons, she concluded that the IRS study of EITC error rates in 1999 “overstates the overclaim rate.”<sup>7</sup> (The IRS study of 1999 rates was the most recent such IRS study at the time Olson issued this report, but the subsequent studies used essentially the same approach with respect to the examination process.)

- **The error rate estimate does not account for offsetting underpayments.** The IRS study on which the 23 percent-to-28 percent estimate is based does not take into account that, in some cases where an EITC is wrongly claimed, another taxpayer may have been *rightfully* eligible for EITC but not have claimed it. Consider the case of a non-custodial parent who pays child support and mistakenly claims an EITC. If the custodial parent was eligible for the EITC but did not claim it because the non-custodial parent did (or the custodial parent’s claim was denied due to the other parent’s claim having already been paid), the IRS study would simply count the EITC the non-custodial parent received as an overpayment without netting out the EITC that the custodial parent should have received but did not. The loss to the Treasury is the net figure, not the gross figure.

### **Actions Since 2006 to Reduce EITC Overpayments**

Another reason that the 23-28 percent estimate of the error rate may be too high is that various steps have been taken since 2006 to reduce EITC errors.

On the legislative front, Congress acted in 2010 to eliminate the option for households to receive part of their EITC in their paychecks throughout the year. Studies by the Government Accountability Office (GAO) found considerable difficulty in reconciling these “advance” Earned Income Credit payments with the EITC amounts for which these households were found to qualify when they filed their tax returns. The elimination of this option should reduce the EITC error rate, although the resulting error reduction will be small because only a very modest percentage of EITC filers used the option.

- More significant are the administrative actions the IRS has taken in recent years. The IRS increasingly relies on automatic computer cross-checks to identify EITC claims that are questionable and should be subject to more intensive scrutiny. With over 80 percent of EITC claims now being filed electronically, these increasing technological capabilities enable the IRS to better identify questionable EITC claims before paying them, and the IRS has stepped up its pre-payment examination of questionable EITC claims as a consequence. In her most recent report to Congress, the National Taxpayer Advocate observes that in recent years “the IRS has taken significant steps to address many of the difficult problems historically associated with EITC compliance.”<sup>8</sup>

---

<sup>7</sup> Taxpayer Advocate Service, Internal Revenue Service, “The National Taxpayer Advocate’s Report to Congress: Fiscal Year 2004 Objectives,” June 30, 2003, pp 20-21.

<sup>8</sup> Taxpayer Advocate Service, Internal Revenue Service, “The National Taxpayer Advocate’s Report to Congress: , Fiscal Year 2011 Objectives” June 30, 2010, p. 67

- The IRS reports that the amount of EITC overpayments it identified and prevented or recovered rose from \$2.6 billion in fiscal year 2006 to \$3.8 billion in fiscal year 2010.<sup>9</sup> For example, to improve its ability to identify questionable EITC claims, the IRS has developed a powerful database to help it identify cases in which an EITC claimant may be incorrectly claiming a child, and it now uses this system to identify nearly 500,000 questionable EITC claims each year that it examines before making payment. Many of these claims are denied or reduced as a consequence. This database combines data from several key sources:
  - ▶ The *Federal Case Registry*, a national database built in recent years that contains extensive information on custodial and non-custodial parent-child relationships (these data, based on child support cases, help the IRS identify cases in which a non-custodial parent is wrongfully claiming a child for the EITC); and
  - ▶ Several Social Security databases, including: *Kidlink*, a database of Social Security Administration records that contains the Social Security numbers not only of children born since 1998 but also of the children's parents (this enables the IRS to ascertain whether an EITC claimant is the parent of the child he or she is claiming); *DM-1*, another database of Social Security numbers and Individual Taxpayer Identification Numbers, and *Numident*, which consists of Social Security Administration data that provide information from birth certificates, including parents' names.

Each year, the IRS refines the methods it uses in applying these databases based on experience, to continuously enhance its ability to identify EITC claims likely to be erroneous.

The IRS has also substantially improved its automatic wage and earnings document matching system, and since 2006 has *more than doubled* the number of EITC returns that are subject to these matches. The number of claims subject to these matches — which are conducted *after* tax returns have been processed — reached 904,000 in 2010 and resulted in \$1.4 billion in overpayments being recovered, more than double the amount of revenue recovered as a result of such measures in 2006. (This \$1.4 billion in revenues is part of \$3.8 billion in EITC overclaims referred to above that the IRS prevented or recovered in 2010.)

Finally, as described immediately below, the IRS has launched a major new initiative to reduce errors on returns submitted by commercial tax preparers, which appear to account for a substantial majority of EITC errors.

### **New Initiative Focusing on Commercial Preparers**

This new initiative focuses on commercial tax preparers — including preparers who have submitted a significant volume of erroneous EITC claims in the past — and targets them for more intensive enforcement and education activities. Nearly 70 percent of EITC returns are filed by commercial tax preparers. There are 520,000 such preparers, and until now, they have had neither to fulfill any IRS competency requirements nor even to register as tax preparers with the IRS. The IRS believes most EITC errors occur on commercially prepared returns. Those who are

---

<sup>9</sup> “Performance and Accountability Report, Fiscal Year 2010,” U.S. Department of Treasury, App. B, p. 279-280.

unscrupulous may see an opportunity for larger fees if they can inflate the tax refund that the filer receives. In addition, given the EITC's complexity, preparers who are untrained can easily make errors in preparing EITC claims.

Under the IRS initiative, paid preparers are now being required for the first time to obtain Preparer Tax Identification Numbers in order to file tax returns. This should enhance the IRS' ability to identify questionable preparers more quickly. The initiative will be substantially strengthened as the IRS issues new rules, which are now in development, for preparers to pass competency examinations and fulfill continuing professional education requirements.

The experience of IRS activities related to *volunteer* preparers participating in the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs is instructive. Unlike commercial preparers, these volunteer preparers have long been required to meet competency and continuing training requirements to ensure that they are up to date on tax rules and requirements. In addition, several years ago, the IRS developed a Quality Review Program to ensure greater accuracy in the returns prepared at volunteer tax sites, and the IRS continually reviews and improves its training materials and certification tests for volunteer preparers to better protect against errors. In 2010, an audit of IRS volunteer sites conducted by the Treasury Inspector General for Tax Administration (TIGTA) found that the volunteer sites tested achieved a 90 percent accuracy rate, a marked increase over the accuracy rate in years before the IRS instituted its Quality Review Program.<sup>10</sup> This suggests that IRS' new initiative to extend these types of activities to commercial preparers in order to reduce EITC and other errors made on commercially prepared returns ought to produce results.

This initiative will supplement other activities that the IRS has ramped up in recent years to reduce EITC errors on returns submitted by commercial preparers.<sup>11</sup> Last year, IRS visits to paid preparers who exhibited a pattern of past EITC filing errors resulted in EITC "due diligence" penalties being levied on 93 percent of the preparers visited; the dollar value and the number of the penalties increased *five times* over the prior year. Last year's effort involved 2,000 visits by IRS agents to preparers with high EITC error rates and 10,000 warning letters sent to other preparers who had submitted returns in the past where the IRS found significant errors, including errors involving the EITC, itemized deductions, and/or Schedule C income and expenses.<sup>12</sup> TIGTA has reported that *over three-quarters* of the preparers who received these EITC "due diligence" visits in fiscal year 2009 subsequently changed their behavior: over half were *not* considered noncompliant the following year, and another 20 percent no longer filed tax returns at all.

The President's fiscal year 2012 budget proposes to strengthen this initiative by increasing the "due diligence" penalties applied to preparers who submit erroneous EITC claims from \$100 per

---

<sup>10</sup> TIGTA 2010-40-109, "Improvements to the Volunteer Program Are Producing Positive Results, but Further Improvements Are Needed to the Quality Assurance Process," September 3, 2010, p. 6. A subsequent TIGTA audit report issued in 2011 found a lower overall accuracy rate, but this was due to errors on issues rarely seen at volunteer sites, such as Health Savings Accounts. TIGTA reported the latest accuracy rate on EITC issues was 96 percent.

<sup>11</sup> TIGTA 2010-40-116, "Actions Can Be Taken to Improve the Identification of Tax Return Preparers Who Submit Improper Earned Income Tax Credit Claims," September 14, 2010, p. 11.

<sup>12</sup> IRS Proposes New Registration, Testing and Continuing Education Requirements for Tax Return Preparers Not Already Subject to Oversight, IR 2010-1, January 4, 2010

### Another Possible Error Reduction Tool?

Congress has granted the IRS the authority to use the Federal Case Registry to identify non-custodial parents who claim the EITC and to *summarily deny* their EITC claims, using the IRS' "math error" authority. But the IRS has been unable to use this authority; it has found that the child support databases in a number of states are not sufficiently accurate and up-to-date to be used to summarily deny EITC claims. If these databases aren't up to date, they may fail to reflect recent shifts in parental custody, and their use to summarily deny EITC claims would cause the IRS to improperly reject some legitimate EITC claims. One issue that may warrant exploration is whether, if fiscal incentives were provided to states to upgrade the accuracy and timeliness of their child support databases, it might become possible to implement this authority, at least on a state-by-state basis as states meet the requisite criteria.

violation to \$500. This would bolster the initiative by providing stronger monetary incentives for preparers to be accurate in preparing returns that claim the EITC.

### Other Efforts to Reduce EITC Errors

In February 2011, the Office of Management and Budget announced that the Treasury Department would conduct an EITC pilot project designed to test new methods of using databases that contain verified eligibility information that is collected for other low-income programs, such as food stamps and the Temporary Assistance for Needy Families program. The pilot will examine whether matching EITC claims to such databases can identify inaccurate EITC claims before payment.

The IRS also uses other tools to address EITC overpayments. Tax filers found to have wrongly claimed the EITC both face significant monetary penalties and are *barred* from claiming the EITC in future years, unless and until they prove their eligibility for the credit by providing the IRS with a special EITC recertification form accompanied by extensive documentation of their eligibility. Tax filers must both meet this requirement and repay the EITC amounts they wrongly received, as well as paying any penalties.<sup>13</sup>

### IRS Resource Constraints

Despite the technological advances and new initiatives described above, the IRS does less than it could to reduce EITC errors for one basic reason — resource constraints. Most years, the IRS struggles to get its requested budget and is frequently cut back. (In 2010, the IRS even proposed to cut the funding it provides to low-income tax assistance programs in order to find money to adequately staff its toll-free information processing line.) IRS audits of EITC claims constitute a stunning *37 percent* of all IRS audits even though the EITC is claimed by only 17 percent of tax filers and the EITC dollar amounts in question often aren't large. The Treasury Inspector General for Tax Administration has urged more examinations of EITC returns, but the IRS has resisted shifting compliance resources from other tax-filing sectors to further increase the auditing of EITC claims, for good reason: as noted above, EITC overpayments represent a significantly lower rate of noncompliance than exists in various other portions of the tax code.

---

<sup>13</sup> While the IRS does not have the resources to conduct a full audit of every recertification application, it subjects these taxpayers' returns to its various screening procedures to determine if there are any dubious aspects to their subsequent EITC claims.

For example, the 2001 IRS tax gap study estimated that nonfarm sole proprietors (as a group) report only 43 percent of their income. This means they don't pay taxes on the other 57 percent of their income, at a loss to the Treasury the IRS estimated at \$68 billion in 2001. This underreporting rate is considerably higher than the EITC error rate, and it flows from failure even to disclose income, as distinguished from errors that stem from such factors as the complexity of EITC rules regarding who may claim a child. The revenue loss from under-reporting of income by sole proprietors was four times greater in 2001 than the loss estimated from EITC errors.<sup>14</sup>

Moreover, IRS data indicate that the resources the IRS invests in curbing noncompliance in a number of other tax areas save greater amounts than the resources it invests in EITC enforcement. The average amount of revenue loss the IRS prevents when it conducts examinations of tax returns by EITC filers is a small fraction of the average amount saved when the IRS conducts examinations of tax returns filed by households at higher income levels. In 2010, some 37 percent of IRS examinations of tax returns involved returns claiming the EITC, while only 8 percent of examinations involved returns filed by households and businesses with incomes between \$200,000 and \$1 million. But although fewer than one-quarter as many examinations were conducted of tax returns filed by the higher-income group, those examinations saved more money for the Treasury than the examinations of EITC filers.<sup>15</sup>

This is not to suggest that the IRS should pull resources away from examining tax returns that claim the EITC; compliance with tax rules is important at all income levels. But it would not seem logical to shift resources being devoted to other areas of IRS compliance activity that provide a greater return to the Treasury in order to increase the already-high proportion of EITC examinations. To devote more compliance resources to the EITC, the IRS will need more funding from Congress for tax compliance work overall.

### **Simplification of Complex Rules Can Help Combat Error**

Simplification is essential to any strategy to shrink EITC errors. Treasury analysts have estimated that the number of tax returns either claiming the EITC in error or claiming too large an EITC fell by approximately 13 percent following implementation of a package of EITC simplification measures enacted in 2001.<sup>16</sup> Treasury followed that up by proposing additional simplifications to the EITC to reduce errors; these simplifications were included in President Bush's budgets in 2004, 2006, 2007 and 2008. Congress never acted on these proposals, but a number of them continue to have strong merit. Those proposals include the following:

- *Simplifying the rule governing how parents who are separated can claim the EITC.* Normally, married couples must file joint returns to claim the EITC, but for obvious reasons, separated parents often file their own returns. In such a case, a complex rule governs whether the custodial parent may claim the EITC if she files a separate return. For her to do so, she and her spouse must have lived apart for more than six months of the tax year, and she must have lived with

---

<sup>14</sup> IRS, "Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance," August 2007.

<sup>15</sup> Internal Revenue Service Data Book, 2010, Table 9a. Examination Coverage, p. 22.

<sup>16</sup> U.S. Department of the Treasury, "Performance and Accountability Report, Fiscal Year 2009," App. B, p. 219.

the qualifying child for more than six months of the year; this part of the rule is straightforward. But she also must be able to claim head-of-household filing status, and to do so, a parent must meet IRS' "household maintenance" test. This test is complicated, hard to apply, and poorly understood.<sup>17</sup> As a result, numerous errors result, with low-income working mothers who are separated but not yet divorced mistakenly claiming head-of-household status and the EITC.

Because low-income parents who separate may take a long time to obtain divorces or legal separations — especially if they have difficulty affording the legal expenses — such errors can continue for a number of years. The proposal the Bush Administration advanced would simplify these requirements by permitting a separated parent who lives with her child for more than six months of the year — and lives apart from her spouse for at least the final six months of the year — to claim the EITC without having to meet the complex head-of-household filing test. This simplification would lead to a significant reduction in EITC errors.

- *Allowing filers who live with a qualifying child but don't claim the child for the EITC to claim the smaller EITC for workers not raising a child.* Sometimes either of two adults who live in the same household with a child may qualify to claim the child for the EITC. This can occur, for example, when a mother, aunt, and child live together; the aunt may be eligible to claim the child for the EITC if the mother does not. If the mother does claim the EITC for the child, however, current rules prohibit the aunt from claiming the smaller EITC for very poor workers who are not raising a minor child, even if she otherwise qualifies. The Bush Treasury proposal would address this inequity by removing the disqualification that applies to the aunt in such a case. This proposal would reduce errors; under current rules, the aunt may mistakenly assume she can claim the EITC for childless workers, since she is not claiming a qualifying child for the EITC. If she claims the childless workers' EITC, however, an error is said to occur.

## The EITC's Strengths

The EITC is widely considered a highly effective program, as well as a program with very modest administrative costs. Policymakers from across the political spectrum have long saluted the EITC for its effectiveness in reducing poverty, inducing low-income parents to work, reducing reliance on welfare, and making the tax code fairer. As then-Treasury Secretary Henry M. Paulson said in 2007:

“The Earned Income Tax Credit helps Americans who work hard but need extra support to make ends meet — people who are often on the first step of the economic ladder, gaining the experience and skills to land a better job and earn a higher income in the future. . . . Our goal is not just to help people get by. Our goal is to help people get ahead.”<sup>18</sup>

Participation in the EITC among eligible taxpayers is generally high; studies indicate that the participation rate is probably in the range of 75 percent to 80 percent.<sup>19</sup> This is considerably higher

<sup>17</sup> Among other things, the household maintenance test requires filers to show that they pay more than half of household expenses from their own income, and requires them not to count child support payments and public program benefits as part of that income even though such payments or benefits are commonly used for household expenses.

<sup>18</sup> “Paulson, IRS Launch Campaign to Help Low-Income Taxpayers Take Advantage of Tax Credit, Free Tax Help,” IRS News Release, IR-2007-24, February 1, 2007.

<sup>19</sup> IRS-2010-14, January 29, 2010; also see IRS EITC website, [www.eitc.irs.gov/central/abouteitc/](http://www.eitc.irs.gov/central/abouteitc/)

than participation in most other forms of means-tested assistance for working-poor families; for example, only about 55 percent of the people in low-income working households that qualify for food stamps actually receive them.<sup>20</sup> (Participation is high because most households eligible for the EITC need to file an annual tax return anyway, and they can claim the EITC when they file their return.)

The EITC thus is much more likely to reach its intended audience — particularly low-income working families with children — than other forms of assistance. This increases the EITC's effectiveness both as a work incentive and as a measure that reduces poverty.

In addition, administrative costs are very low. At the federal level, despite a substantially increased enforcement effort, the IRS recently noted that EITC administrative costs remain *less than 1 percent* of total program expenditures. This is far below the comparable percentage for nearly all other major low-income benefit programs; the IRS has noted that administrative costs for social programs not delivered through the tax code can range as high as 20 percent of program expenditures.<sup>21</sup> If EITC administrative costs amounted to 20 percent of program expenditures, they would exceed \$11 billion, rather than being less than \$600 million — a very substantial difference. The large economies here in EITC operations are often overlooked.

---

<sup>20</sup> U.S. Department of Agriculture, Food and Nutrition Service, "Trends in Supplemental Nutrition Assistance Program Participation Rates: 2001 to 2008," June, 2010.

<sup>21</sup> Internal Revenue Service Report to the Treasury Inspector General for Tax Administration, June 14, 2010, p. 6.

## APPENDIX

### Additional Evidence that the Examination Procedures Used in Studies from which the Error-Rate Estimates are Drawn Are Likely to Overstate the EITC Error Rate

In a report sent to Congress on December 31, 2004, the National Taxpayer Advocate presented the results of a study on the accuracy of the procedures the IRS employs in conducting examinations of EITC claims. These are essentially the same procedures that the IRS uses in the studies that produce the EITC error-rate estimates.

The report to Congress stated:

“In this volume of the National Taxpayer Advocate’s 2004 Annual Report to Congress, we are releasing a study of taxpayers who sought audit reconsideration of their initial EITC audit results. The study empirically demonstrates that 43 percent of taxpayers who sought reconsideration of audits that disallowed the EITC in whole or in part received additional EITC as a result of the audit reconsideration. Where the taxpayer received additional EITC, he or she received, on average, 94 percent of the EITC amount claimed on the original return. Moreover, when Taxpayer Advocate Service (TAS) employees initiated contact with taxpayers by phone instead of relying solely on correspondence, the likelihood of a taxpayer receiving additional EITC increased with the number of phone calls made by the TAS employee ....

“This study confirms what many low income taxpayer advocates have maintained for many years — that the manner in which the IRS conducts its audits of low income taxpayers impacts the audit outcomes. One can infer from the study that in many cases — 43 percent of 67,000 FY 2002 audit reconsiderations, or over 28,000 cases — taxpayers were entitled to virtually all of the EITC they claimed. That is, their original audit results did not accurately reflect their eligibility for the EITC. Rather, the audits merely show that the taxpayer flunked the IRS audit process.

“There are several aspects of this study that warrant further analysis. First, the study showed that taxpayers received dramatically better results when the Taxpayer Advocate Service contacted them by telephone to request documentation. The percentage of taxpayers who received EITC increased in direct proportion to the number of telephone contacts that TAS initiated.

“Overall, only 38 percent of taxpayers who went through the TAS-assisted audit reconsideration process but received no phone calls were awarded EITC. This percentage increased to 67 percent for taxpayers who received three or more calls. This finding suggests that the IRS needs to take a fresh look at the way it communicates with taxpayers to get the right answer in many of its programs, including the EITC.

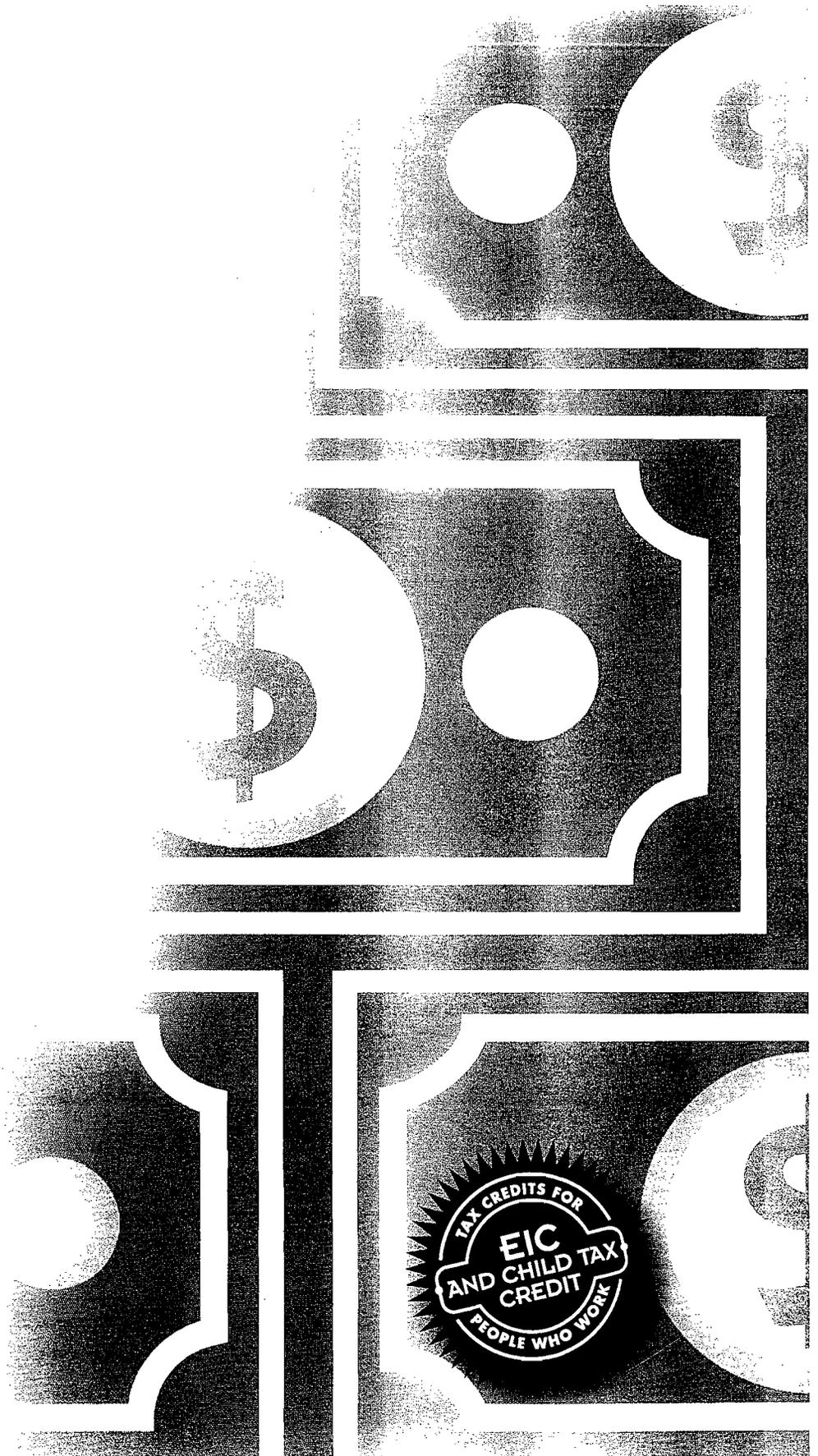
“Second, 42 percent of the combined sample of TAS and Examination taxpayers fell into the ‘Late Response’ and ‘No Response’ categories. About 43 percent of this group had favorable outcomes from the audit reconsideration process, which is about the same as the favorable outcome rate for all taxpayers in the sample. They retained about 96 percent of the total amount of EITC they originally claimed on their returns. This finding suggests that taxpayers who do not respond are no more likely than responders to have made overclaims. Rather, non-responders seem to be deterred by the documentation process.

“It may be true that taxpayers who seek audit reconsiderations generally believe that the IRS has made a mistake and thus may be more likely than the general EITC population to obtain different results from the original audit. However, this fact does not diminish the finding that in 43 percent of audit reconsideration cases, the IRS did not make the correct determination the first time around ...”

Source: Taxpayer Advocate Service, Internal Revenue Service, The National Taxpayer Advocate’s 2004 Annual Report to Congress, December 31, 2004, Vol. II, “Earned Income Tax Credits Reconsideration Study,” pp.i-ii.

# Have you heard?

*Promote the  
Earned Income Credit  
and Child Tax Credit*

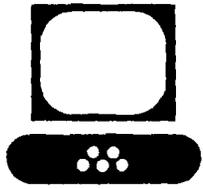


**INSIDE:**

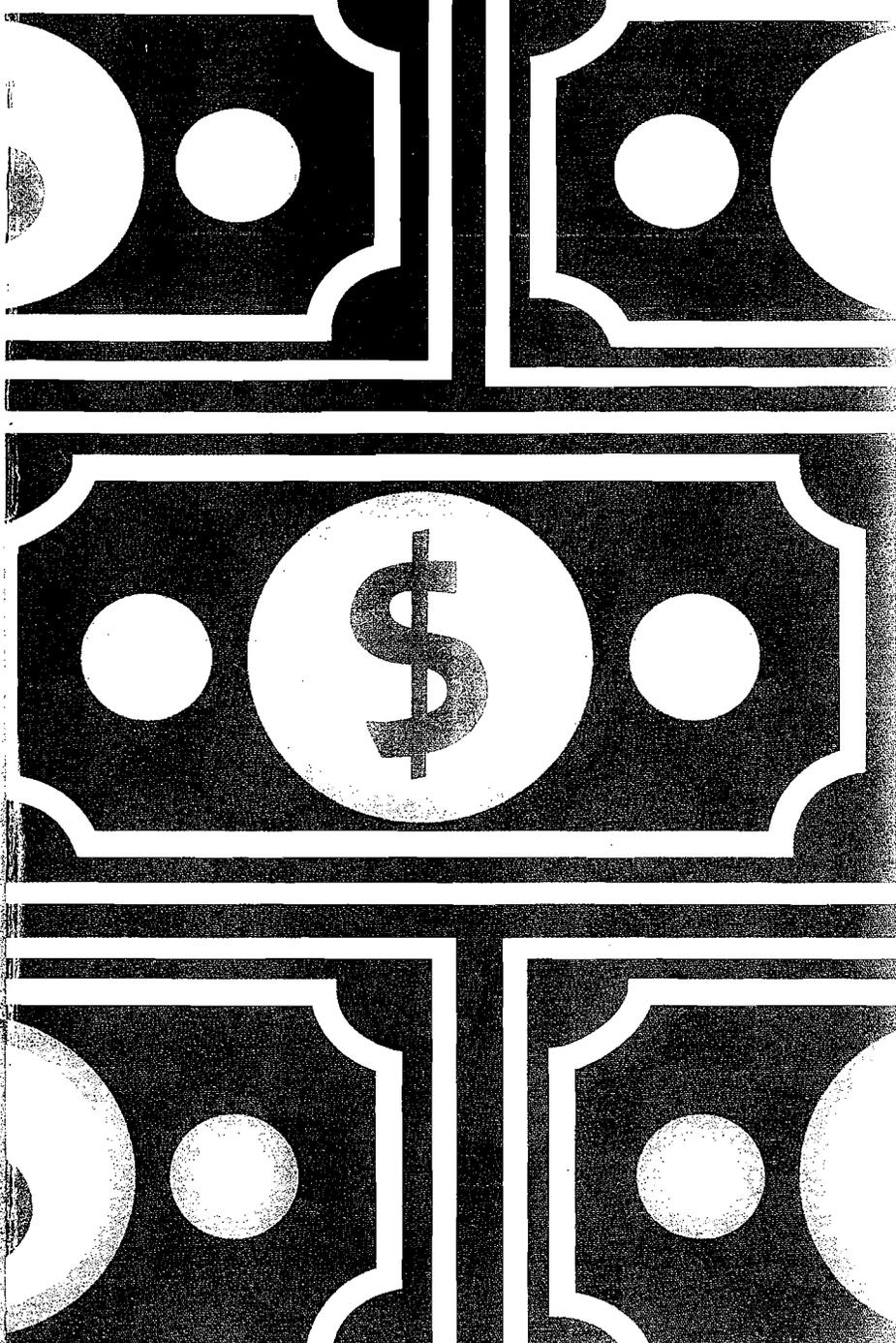
# **Reserve Your 2012 Tax Credit Outreach Kit Now!**

[www.eitcoutreach.org](http://www.eitcoutreach.org)

**Find It  
on the Web**



[www.eitcoutreach.org](http://www.eitcoutreach.org)



## The Earned Income Credit and Child Tax Credit 2011

***Help Workers Claim the Tax Benefits  
They Earned!***





# Outreach Strategies

## ***You don't have to be a tax expert to help working families learn about and claim the Earned Income Credit and the Child Tax Credit!***

Community organizations, social services providers, government agencies, faith-based groups, schools, labor unions, employers, advocacy groups and others all can play a vital role in bringing these tax benefits within reach of working families and individuals. Whether your goal is to incorporate tax credit outreach into your routine activities or to launch a full-fledged community-wide campaign, you will find what you need here.

As you develop and enrich your Tax Credit Outreach Campaign, you may be looking for ideas that will help you engage new partners in outreach activities, or for strategies that will help you conduct effective outreach activities in particular communities. The material in this booklet will help you with either approach.

Each section of this guide focuses on a potential outreach partner or a community in which there is likely to be a need for outreach. For each of these, you will find suggested outreach strategies, as well as examples of activities being implemented by organizations like yours across the country. In addition, you will find the answers to commonly asked questions about the tax credits and notes about much more information available on our website, [www.eitcoutreach.org](http://www.eitcoutreach.org).

As you consider new ideas for outreach, spend some time exploring the companion booklet in this kit, *Your Tax Credit Outreach Campaign: What You Need to Know*. It describes "Six Key Elements of a Successful Outreach Campaign" and can help you in planning your activities and building a campaign that continues past the tax filing season and into the future.



## Share Your Outreach Story

The outreach examples in this booklet represent just some of the great tax credit outreach ideas that are working in communities across the country. You can find more examples in the Outreach Database on our website, [www.eitcoutreach.org](http://www.eitcoutreach.org). Each year we expand and update our collection of examples to keep Tax Credit Outreach Campaigns abreast of the latest strategies and success stories. We are most interested in highlighting new partnerships, innovative techniques for promoting the tax credits and free tax filing assistance, and new twists on tried-and-true approaches. We encourage you to share your outreach story with us by emailing us at [eickit@cbpp.org](mailto:eickit@cbpp.org) or sending your outreach story to Tax Credit Outreach Campaign, c/o Center on Budget and Policy Priorities, 820 First St. NE, Washington, DC 20002. You also can fax your information to the attention of Roxy Caines at (202) 408-1056.

Please provide the following information so that we can consider featuring your story in the 2012 Tax Credit Outreach Kit or on the website:

- Organization(s) involved in the outreach activities
- Where and when the activity took place
- A brief description of the activity
- A short discussion of the results (For example, number of tax returns filed, total amount of tax credit refunds that came into the community)
- Contact for more information, email or phone, preferably both

We will contact you before adding your outreach story to our kit or website.

***Thank You In Advance for Helping Others  
Enhance Their Tax Credit Outreach Campaigns!***

# What's Inside?

Conducting Tax Credit Outreach with:	
Public Benefit Programs	4
Consumer Credit Counseling and Money Management Services	6
Businesses and Employers	8
Workers Employed in Green Jobs	10
Utility Companies	12
Schools	14
Individuals Released From Prison or Workers with A Relative In Prison	16
Workers with Disabilities and Families Raising Children with Disabilities	18
Immigrants and Workers Whose First Language is Not English	20
Workers Not Living with Children	22
Workers Who Are Homeless	24
Rural Communities	26
Foster Parents, Grandparents Raising Grandchildren and Other Relative Caregivers	28
Tribal and Native Communities	30
Military Personnel, Returning Veterans, and their Families	32
Strategies for Promoting Free Tax Filing Assistance	34

# Public Benefit Programs

Many state and local government agencies that administer public benefits such as Medicaid, the Children's Health Insurance Program (CHIP), food stamps (now called SNAP) or subsidized child care, have ongoing contact with families and individuals who work and also receive public benefits. Enlisting such agencies in tax credit outreach is an effective way to reach large numbers of eligible workers on a regular basis.



The Campaign for Working Families (CWF) launched the

Resource Builder program in 2010 to connect clients to work supports at free tax preparation sites in Philadelphia, Pennsylvania. CWF trained Resource Builder volunteers at five VITA sites to use Benefit Bank software to help clients apply for public benefits, open savings accounts, obtain other financial services, and process tax returns during a single appointment. Thirteen percent of clients at these pilot sites signed up for an additional service, compared to three percent at tax sites without staff to promote the program.

In 2010, Resource Builder volunteers completed benefits applications for 289 customers, resulting in 167 applications for SNAP, 128 for medical assistance including CHIP, and 30 for LIHEAP. Additionally, 187 clients purchased savings bonds, 489 opened prepaid cards, 46 opened new bank accounts, and 107 submitted Free Applications for Federal Student Aid (FAFSA). CWF's 11 tax sites prepared 11,748 tax returns providing \$22.1 million in total refunds.

Contact: Megan Kiesel, CWF, (215) 851-1756 or [mkiesel@gpuac.org](mailto:mkiesel@gpuac.org).

Organizations engaged in outreach activities aimed at boosting enrollment in specific benefit programs like Medicaid and CHIP are natural partners and can be encouraged to inform families about tax credits as well. Similarly, Tax Credit Outreach Campaigns can alert families to the opportunity to obtain other benefits that may be critical to the health and well-being of their families.

## Strategies

- Work with state or county program administrators to arrange for information about tax credits for low-wage workers to be included in regular mailings to families and individuals receiving public benefits. Include a flyer or envelope stuffer with benefit checks, WIC coupons, program renewal notices, waiting list information, rent notices in public housing, or other mailings.
- Train eligibility workers to inform families seeking public benefits about the tax credits and free tax filing assistance. They can assure families that claiming the tax credits generally does not affect their eligibility for benefits such as food stamps, Medicaid or subsidized housing.
- Reach out to workers who previously earned too much to qualify for the EIC or the CTC and may now be eligible. They may have been laid off or had their work hours reduced. Connect with them through unemployment offices, job training programs and government assistance programs.
- Contact your local Workforce Investment Board, which is required to secure contracts to provide job readiness, job placement and post-employment services to TANF recipients entering the labor force. Caseworkers can ensure their clients know about the tax credits and how to claim them — an important step in making a successful transition into the workforce. Encourage local boards to require companies receiving employment services contracts to provide workers with tax credit information.

- Include information about tax credits in electronic benefit screening programs. States and nonprofit groups have been developing electronic programs which screen families for benefits, including Medicaid, CHIP, LIHEAP (energy assistance) and WIC, and let them know they may qualify. Work with program designers to incorporate information about tax credits and free tax filing assistance. One benefit screener called HelpEngen, (formerly RealBenefits), can be tailored to screen families for EIC eligibility and to indicate how large a refund they may be able to get. Visit [www.helpengen.com](http://www.helpengen.com). For questions, contact: Enrique Balaguer, HelpEngen, (617) 275-2804 or [ebalaguer@transengen.com](mailto:ebalaguer@transengen.com).
- Connect with outreach workers who promote a variety of benefit programs. Provide them with tax credit information to share when they are signing families up for health coverage, food assistance or child care. Also, invite them to participate in tax credit outreach events and to be on hand at tax assistance sites.

## FACT:

**According to Food & Nutrition Service 2009 data, 39.7 percent of food stamp recipients are in working families.**

### Glad You Asked That!

**Q:**

Many people work and also get cash assistance. Can they still claim the EIC or the CTC?

**A:**

Yes. As long as they earn wages and meet the income and other eligibility requirements.

**Q:**

Will getting the EIC or the CTC lower the amount of other public benefits? Could someone lose benefits altogether?

**A:**

Generally, no. The EIC and the CTC are not counted as income for Medicaid, food stamps, SSI or federally assisted housing programs. However, the EIC and the CTC can count as a resource (also called an asset) in determining eligibility for some benefits. Often, if the beneficiary has few or no other resources, saving part of a tax credit refund does not cause the person to exceed the resource limit for a benefit program. Rules about whether the tax credits count against a program's resource limit vary by program.



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**Tips for Offering Help with Public Benefits at a VITA site**

**More Outreach Strategies and Examples**

**More Questions and Answers on Tax Credits and Public Benefit Programs**

# Consumer Credit Counseling and Money Management Services

Families throughout the country are confronting perhaps the most severe financial challenges they have ever experienced. Many are overwhelmed with debt, are seeing their savings plummet or are falling behind with their mortgage and other monthly payments. In increasing numbers, low- and moderate-income workers are seeking help from debt management assistance organizations, consumer credit counseling services, and home

foreclosure prevention programs. These nonprofit organizations provide a range of financial services. They help clients create a budget, set financial goals, reduce monthly credit payments, and employ strategies for managing their money, paying bills on time, surviving a reduction in income and maximizing tax refunds. Such organizations are in a good position to help families understand that claiming the EIC and the CTC complement other approaches to addressing debt-related problems.



Family Service-Upper Ohio Valley in Wheeling, West Virginia

offers workshops on financial management and predatory lending, provides housing counseling services, and directs residents to free tax filing assistance sites. When Family Service conducts workshops or presentations throughout the year, it also shares information about the EIC and free tax filing assistance. For several years, Family Services' outreach efforts have also included a five-minute televised community service spot through Comcast cable TV that presents information about the EIC, CTC, and free tax preparation. In 2010, this community spot aired several times each day for one month each during the spring and fall, reaching an estimated 93,000 households.

Contact: Mary E. Harriman, Family Service, (304) 232-6733 or [mharriman@ovr.org](mailto:mharriman@ovr.org).

## Strategies

- Reach out to local affiliates of the National Foundation for Credit Counseling (NFCC). The majority of NFCC affiliates are Consumer Credit Counseling Services (CCCS) offices. They provide counseling on housing, credit and bankruptcy issues, as well as assistance in developing debt, money and credit management plans. In addition to in-person assistance, CCCS organizations provide counseling online and over the phone 24 hours per day, 7 days a week. Tax Credit Outreach Campaigns can suggest ways they can share EIC and CTC information through one-to-one counseling programs, newsletters and websites. *To locate a NFCC affiliate in your area visit: [www.nfcc.org/FirstStep/firststep\\_01.cfm](http://www.nfcc.org/FirstStep/firststep_01.cfm). If there is no NFCC affiliate in your area, check for affiliates of the Association of Independent Consumer Credit Counseling Agencies, [www.credithelp4u.org](http://www.credithelp4u.org) or 866-703-8787. Alternatively, a community organization, such as a community action agency, may provide similar services.*
- Encourage consumer assistance organizations to incorporate information about claiming the EIC and CTC into their intake, screening or orientation process. Tax Credit Outreach Campaigns can provide basic fact sheets and other materials about eligibility requirements, claiming procedures and locations of free tax preparation sites.

- Help counselors develop the capacity to provide more in-depth information about the tax credits to their clients. Train consumer assistance organizations to assist clients in determining if they qualify for the credits and link them to free tax filing assistance. Help them develop key contacts in the community so they can refer workers to Low-Income Taxpayer Clinics if they owe back taxes or need professional help with other tax related issues.
- Invite CCCS organizations to share information about their services at VITA sites and during tax credit outreach activities. Tax filers may be in need of the foreclosure prevention, credit counseling, homeownership and savings programs they offer. CCCS staff can distribute literature and sign people up for classes and personal counseling sessions. Credit counseling programs can also work with Outreach Campaigns to offer free credit reports at VITA sites. They can explain how to understand a credit report, how credit scores are used, and how tax refunds can be used to help improve credit history. Banks and credit unions can also partner with Outreach Campaigns to open checking or savings accounts at VITA sites so workers can have their refund directly deposited into the account. *To help taxpayers obtain free credit reports visit: [www.annualcreditreport.com](http://www.annualcreditreport.com).*
- Help community organizations incorporate tax credit information into financial education classes, Individual Development Account (IDA) programs or investment clubs. While these programs tend to focus on developing assets for purposes, such as buying a home or higher education, they can also help workers learn and understand how to avoid debt and protect their savings. Community organizations can offer financial education classes or can work with a bank or credit union that has already established a financial education program. Outreach Campaigns can help organizations include information about how tax credits can help workers meet specific goals as part of a class.

## **FACT:**

***According to a survey conducted by the National Low Income Housing Coalition, on average, 69% of clients seeing housing counselors for foreclosure assistance are low-income.***

*The Homeownership Preservation Foundation provides free foreclosure prevention counseling 24 hours a day, 7 days a week and can assist homeowners in developing a financial plan, contacting their lender and identifying local resources. For more information visit [www.995hope.org](http://www.995hope.org) or call 1-888-995-HOPE.*



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies to Link to IDA Programs**

# Businesses and Employers

Since the EIC and the CTC are tax benefits for people who work, employers are logical and important partners in any campaign. Partnering with local businesses that cater to low- and moderate-income consumers can reach customers, as well as employees. Government agencies and nonprofit groups are employers too. Their workers often earn modest wages and could qualify for the credits.



Since 2003, United Way of Northeast

Florida has coordinated the RealSense Prosperity Campaign (RPC) in Jacksonville. RPC is comprised of 70 partners, more than half of which are businesses and employers. Businesses work with RPC to share information about the tax credits and free tax filing assistance with employees, provide free financial education classes and free tax preparation onsite, and encourage employees to volunteer at RPC's 60 free tax filing sites. To engage additional businesses, RPC created a video for employers and the RealSense Human Resource Toolkit, which explain how businesses can join the campaign and why this would benefit both the business and its employees. These resources are on RPC's website:

[www.RealSenseJax.org](http://www.RealSenseJax.org). In 2010, RPC conducted financial education classes for 12 employers and onsite tax preparation at 20 businesses; RPC's free tax filing sites prepared 14,542 tax returns providing \$5,643,778 in EIC refunds.

Contact: Jeff Winkler, RPC, (904) 390-3207 or [JeffW@uwnefl.org](mailto:JeffW@uwnefl.org).

## Strategies

- Interest local businesses in conducting tax credit outreach by stressing that they have a stake in boosting EIC and CTC participation: Promoting the credits helps stabilize the workforce. When employees have the money they need to get to work, pay for child care and address their families' day-to-day needs, they are more likely to keep their jobs. Tax credits mean more money in the pockets of community residents. Customers are better able to pay their bills. Community leaders can think of the credits as an economic development tool.
- Enlist a business organization to deliver the message about the importance of the tax credits. Gaining the support of the Chamber of Commerce, merchants' associations, trade groups or other business organizations will give your campaign credibility with employers and will provide a link to large networks of businesses.
- Persuade local businesses to use tax credit promotional materials. Stores can display posters and flyers. Family restaurants can print tax credit messages on tray liners or placemats. Department stores can play announcements on in-store public address systems. Utility companies can include tax credit information with their monthly bills.
- Show employers effective ways to inform employees about the tax credits. Incorporate tax credit information with employee paychecks, December through March. Display posters and flyers where employees check in at the beginning and end of each day, and in the employee lounge or lunchroom. Publish an article about the tax credits in employee newsletters. One large government employer ran an EIC message as a computer screensaver. Another placed an EIC reminder on the telephone recording that plays when a caller is "on hold." Another business made EIC information available through its employee "resource line," an internal hotline employees can call for information about company benefits and other services.

- Train managers to deliver information about the EIC and the CTC to employees they supervise and to new hires. Include tax credit information in employee manuals.
- Direct employees to free tax filing sites. Employers with many low-wage employees can provide a list of nearby VITA sites or they can arrange to have VITA volunteers visit the worksite to help employees file their tax returns.
- Explore strategies for reaching self-employed workers. The Self-Employment Tax Initiative (SETI) advocates for lower-income self-employed tax filers and entrepreneurs by helping locally-based organizations across the nation develop programs to provide skilled free tax preparation assistance, business development and financial services. A project of the Corporation for Enterprise Development (CFED), SETI has supported 12-15 organizations, including one statewide program, each year to develop new initiatives. In addition to supporting such efforts, SETI's website, [www.cfed.org/programs/seti](http://www.cfed.org/programs/seti), offers a Resource Bank containing guidance on marketing to specific constituencies of self-employed workers and examples of outreach materials used by state programs. SETI identifies policies to better enable self-employed workers to receive the tax benefits they have earned, as well as meeting their tax responsibilities. *For more information, contact SETI's Nancy Stark at [nstark@cfed.org](mailto:nstark@cfed.org).*

© 2009 CFED



Find It On the Web [www.eitoutreach.org](http://www.eitoutreach.org)

## More Outreach Strategies and Examples



**AccountAbility Minnesota (AAM)**, a community-based nonprofit organization in St. Paul, Minnesota, provides free tax assistance and related financial services to low-income taxpayers and delivers support statewide to enable other agencies to provide such services. AAM has served self-employed taxpayers since 1971. In 2010, AAM assisted 659 self-employed customers with free tax assistance by specially recruiting and training more than 20 volunteers to prepare basic self-employment returns. AAM designed outreach materials specifically for the self-employed and created organizational tools to help them better prepare their financial information for tax filing, in both Spanish and English.

Building on this work, AAM initiated an innovative project helping rural sites prepare more complicated self-employment returns through video conferencing. Using laptop computers with video cameras, AAM provides rural tax site partners the ability to start the tax preparation screening process with a self-employed customer. The partner could then remotely access AAM's expert team of self-employed tax preparation volunteers in St. Paul to complete the return and ask questions of the taxpayer. AAM collaborated with the Self-Employment Tax Initiative in developing this capacity.

*Contact: Tracy Fischman, AAM, 651-287-0187, [tfischman@accountabilitymn.org](mailto:tfischman@accountabilitymn.org).*

# Workers Employed in Green Jobs

Green jobs are jobs that contribute to greater environmental quality. While some green jobs require advanced skills, careers in the green jobs sector can begin at an entry level and can provide a pathway out of poverty for some workers. Employment opportunities include weatherizing homes, retrofitting commercial buildings and private homes, conducting energy audits on businesses and residences, installing wind and solar panels, and manufacturing energy saving products. Many workers entering this field for the first time are likely to earn incomes that qualify them for the EIC and CTC. Since

the tax credits provide such valuable support for employees, it is important to inform workers entering new green job employment about the availability of the EIC, CTC and free tax filing assistance.



In 2010, Central Jersey Community Development Corporation

(CJCDC) in Somerset, New Jersey received a grant through the New Jersey Department of Labor and Workforce Development to provide a Green Job Training Partnership Program. This 12-week program prepared participants for entry-level employment as an Energy Efficiency Assistant or Air Sealing Technician. During program orientation, the service coordinator presented different services that CJCDC offers, including money management classes, housing counseling, job placement services, and free tax filing assistance. Participants were encouraged to use CJCDC's VITA site. For seven years CJCDC has served as a VITA site and promotes its services through local churches, social service agencies, grocery stores, and drug stores. In 2010, CJCDC filed 83 tax returns returning more than \$100,000 in refunds to the community.

Contact: Carla Beverly, CJCDC, (732) 247-0444 or [cbeverly@fbcdc.com](mailto:cbeverly@fbcdc.com).

## Strategies

- Work with employers in green industries to inform workers, as well as customers of green products and services, about the tax credits. Encourage them to include envelope stuffers with employee paychecks or distribute flyers to inform employees about the EIC and CTC. Train supervisors to deliver information and answer questions about the tax credits and VITA for employees, especially new hires. Offer to speak about the tax credits during an information session for employees.
- Enlist green jobs training programs to share tax credit information when participants enroll. Training sites that have financial aid offices — such as programs at community colleges — can display posters and provide flyers in waiting areas. Financial aid counselors can also communicate information about the tax credits to participants requesting help in paying for their training. If online registration is available, send an email to new registrants about the tax credits and where to find free tax filing assistance.
- Encourage agencies referring participants to green jobs training programs to promote the tax credits. For example, job seekers often visit One-Stop Career Centers to find information about employment and training opportunities. By promoting the tax credits and free tax services, these centers can show job seekers how to make their participation more feasible.

- Partner with organizations involved in green services such as home retrofitting or energy audits that cater to low-income individuals and inform them about the benefits of the EIC and CTC for their workers and clients. Invite them to join your outreach efforts and provide them with outreach materials.
- Coordinate a free tax filing assistance day at a job training program or business.
- If your organization hosts a VITA site, invite green businesses and job programs to set up a booth to promote green jobs and training opportunities.

## **FACT:**

*The American Recovery and Reinvestment Act of 2009 provided funding for the investment in green jobs. With approximately \$40 billion directed towards energy efficiency and renewable energy projects, including \$500 million for job training programs, more than two million new and current green collar workers will be able to find pathways to careers and higher paying jobs within the next few years.*



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**Links to Green Jobs Organizations**

**Fact Sheet on Engaging Green Jobs Employers & Training Programs in Tax Credit Outreach—Why It's Important**

# Utility Companies

Low-income households are facing tough times as they struggle to meet soaring electricity, natural gas, and heating oil prices, as well as the high cost of gasoline. High energy costs also push up the price of food and other necessities, putting even more pressure on families. As home budgets are squeezed, many households may find themselves in danger of having their power service disconnected. The EIC and CTC can provide the support many families need to keep on top of household bills.

Utility companies have experience helping customers avoid service shut-offs. They communicate with large numbers of low-income households each month and are well-positioned to help low-income families understand the advantages the tax credits provide. They also have direct contact with businesses in the community — their corporate customers — and can encourage them to join tax credit outreach activities.

## Strategies

Identify a champion within the local utility company to spearhead corporate involvement in your Tax Credit Outreach Campaign. This could be an executive in charge of consumer affairs or customer service. An outreach partner from the United Way or Chamber of Commerce may be able to introduce you to the right person. Once you have made the connection, suggest ways the utility company can help to enhance the campaign. They can be encouraged to:

- Insert tax credit information in monthly utility bills. “Bill stuffers” are a great way to reach all customers with basic information about the credits. Most companies decide on the content of bill stuffers a few months in advance, so plan ahead for a bill stuffer to reach customers in December or January, in time for tax filing season.
- Reach out to customers through direct mail. Utility companies may send special newsletters to customers in zip codes where eligible families reside. They may be able to target customers who have fallen behind in their bills or who have received energy assistance in the past. The mailings can explain the basics of tax credit eligibility and free tax filing and can include a list of VITA sites in the area.



Arizona Public Services (APS), an investor-owned electric utility company, partners with the Arizona EITC Coalition to notify residents throughout the state about the tax credits and free tax filing assistance. APS includes information in its electronic newsletter to update and educate its 7,500 employees. During tax season, employees are educated about the EIC and free tax preparation. In 2010, APS also collaborated with two Coalition members, Valley of the Sun United Way and Bank of America, in a combined effort to send letters containing a tax credit brochure to about 40,000 customers who were part of APS's energy assistance program for limited-income customers. APS also helps fund Community Information & Referral's (CIR) EIC assistance hotline, which is advertised on brochures and the APS and CIR websites and provides information on EIC eligibility, free tax filing assistance locations, and other tax-related services.

Contact: Louise Moskowitz, APS, (602) 250-2291 or Louise.Moskowitz@aps.com.

- Highlight the tax credits in consumer affairs broadcasts sponsored by the company. Some utility companies host consumer-oriented shows on local radio or TV. Designate a campaign partner to be interviewed. Invite a worker to talk about how the tax credits helped his or her family.
- Train customer service employees — especially staff in walk-in offices and those who handle billing inquiries — to promote the EIC, CTC and free tax filing assistance. To engage customers, display posters or produce a recorded message that plays while a caller is “on hold.”
- Alert their own employees to the tax credits by mounting posters in employee lounges, inserting information in paychecks or publishing an article in the employee newsletter. Employees who do not qualify themselves can tell family and friends about the credits. These channels also can be used to recruit volunteers.
- Provide resources to support the campaign in general. Utility companies may be able to offer direct or in-kind support such as printing or loaning laptops or donating them when company equipment is being replaced.
- Incorporate tax credit information when helping promote energy payment assistance programs such as the Low Income Heating and Energy Assistance Program (LIHEAP), a federal program that helps low-income individuals pay utility bills to avoid shut-offs.

## **FACT:**

***A survey of EIC recipients conducted by Syracuse University’s Maxwell School of Citizenship and Public Affairs have found that “paying back utility bills” is one of the top ways workers spend their EIC refunds.***

### ***Glad You Asked That!***

**Q:** I am eligible for energy assistance through the Low Income Home Energy Assistance Program (LIHEAP). Will the EIC or CTC reduce the amount of assistance I can get?

**A:** Since the CTC does not count as income in determining eligibility for any federally funded program, it will not affect your LIHEAP eligibility or the amount of your benefit. However, each state sets its own rules with respect to the EIC and LIHEAP. Therefore, some states may count the EIC as income when determining eligibility for LIHEAP. Check with your local energy assistance program. For a list of state LIHEAP offices, visit [www.acf.hhs.gov/programs/ocs/liheap/grantees/states.html](http://www.acf.hhs.gov/programs/ocs/liheap/grantees/states.html). *To help workers in need of energy assistance, contact the National Energy Assistance Referral Project, (866) 674-6327 or [energy@ncat.org](mailto:energy@ncat.org) for information on how and where to apply for LIHEAP.*



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

# Schools

Working with schools offers many opportunities to reach families that may qualify for the tax credits. Schools are usually viewed as trustworthy institutions and families pay attention to information children bring home from school. School administrators are often willing to help with tax credit outreach efforts since they know that a secure home environment promotes school achievement. Many have recognized the value of the EIC and the CTC in contributing to family stability.



Marathon County  
Child Development  
Agency, Inc. (MCCDA) in

Wausau, Wisconsin makes special efforts to inform families at its three Head Start centers about the EIC, CTC, and free tax filing assistance. At the beginning of the tax season, the tax credits are discussed during MCCDA's monthly parent meeting, and the agency publishes information about VITA sites and the tax credits in its monthly newsletter. MCCDA also displays posters in its Head Start centers and sends flyers home with more than 200 children. In addition, in 2010 MCCDA collaborated with three local school districts to distribute tax credit outreach materials to pre-kindergarten families and offered transportation for families to free tax filing sites.

Contact: *Trena Loomans, MCCDA, (715) 845-2947*  
or *tlooman@mccdhas.org*.

## Strategies

- Ask school officials to share tax credit information with families who are likely to qualify. Focus on schools in which many students are eligible for free or reduced-price meals, or Title I schools, which serve elementary school children in low-income communities. Your state Department of Education can tell you which school districts have these programs. Enlist school superintendents or individual principals to distribute information along with notices of eligibility for school meals or with other materials such as school newsletters, report cards and lunch menus.
- Recommend that your state PTA provide information on the EIC and the CTC to all local PTA presidents and encourage them to share the information with families through mailings and community assemblies. Offer to arrange for a speaker to talk about tax credits for working families at an upcoming PTA meeting.
- Make sure school counselors know about the EIC and the CTC and where families can get free tax assistance. These school employees frequently come into contact with families in financial crisis.
- Ask administrators to provide tax credit information to General Education Diploma (GED) classes and to send information with GED certificates.
- Engage community colleges and technical schools in outreach. Students who have returned to school to improve their job skills and are working part-time or at low wages may be eligible for the EIC and the CTC. Others who are taking non-credit courses to learn about personal finance issues, such as homeownership, also may be eligible.

- Involve students in conducting outreach in the community. Many schools have incorporated community service activities into the curriculum. Students can help publicize the EIC and the CTC and assist at VITA sites. Fraternities and sororities, as well as other student associations, can take on tax credit outreach projects.
- Partner with high schools to provide free tax filing assistance. High school VITA sites deliver a needed service, especially in under-served communities. Contact the principal, superintendent or administrator of a local high school to discuss how a VITA site can benefit your community. *For strategies to organize a high school VITA site, see "High Schools: A Resource for Free Tax Preparation," at [www.eitcouthreach.org](http://www.eitcouthreach.org).*

**The American Opportunity Tax Credit is worth \$2,500 and can be used for tuition and course materials needed to pursue an undergraduate degree. Up to \$1,000 of this credit can be claimed even if no income tax is owed.**

## **Glad You Asked That!**

**Q.**

Can a working family claim a child for the EIC if she is a college student living at school?

**A.**

Full-time students up to 24 years of age can be qualifying children for the EIC. If the student lives away from home to attend school, it is considered a "temporary absence" and the student still can count as a qualifying child.

**Q.**

If a student gets financial aid, can his family still get the EIC or the CTC?

**A.**

Non-taxable scholarships and grants are not considered income in determining eligibility for the EIC and the CTC; taxable grants and scholarships also are not considered "earned income," but are included in determining "adjusted gross income," which may affect eligibility for the EIC and the CTC. Check with IRS at 1-800-829-1040 to find out which scholarships and grants are taxable or non-taxable.

**Q.**

If a family gets the tax credits, will it mean the student won't qualify for financial aid?

**A.**

The EIC is counted as family income in determining financial aid eligibility, but CTC refunds are not. However, that doesn't mean the EIC will prevent the student from getting financial aid since adding the amount of the credit to other income often will not cause the family to exceed the income limit for financial aid.



Find Out the Web [www.eitcouthreach.org](http://www.eitcouthreach.org)

**More Outreach Strategies and Examples**

**More Questions and Answers on Tax Credits and Student Financial Aid**

**Fact Sheet on American Opportunity Tax Credit**

**Fact Sheet on High Schools: A Resource for Free Tax Preparation**

# 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.

## 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.



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.

Contact: Annette Fitzgerald, UME, (417) 546-4431 or [fitzgeralda@missouri.edu](mailto:fitzgeralda@missouri.edu).

- 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](http://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](http://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.dofeta.gov/business/Incentives/apptax](http://www.dofeta.gov/business/Incentives/apptax).



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

# Workers with Disabilities and Families Raising Children with Disabilities



Since 2005, Community Action Partnership of Utah, a participant in the Real Economic Impact Tour, has led the statewide “Earn it. Keep it. Save it.” coalition. For three years the coalition has made special efforts to reach out to people with disabilities. Nearly all of the coalition’s 73 VITA sites are accessible for people with disabilities, and in 2010, eight VITA sites were dedicated to serving people with disabilities. These VITA sites included five permanent sites at organizations that specifically serve people with disabilities. The site at the Utah State Division of Services to the Deaf and Hard of Hearing provided American Sign Language interpreters to discuss asset-building opportunities such as direct deposit, pre-paid debit cards, and savings bonds with clients while they waited to have their taxes prepared. The coalition also partnered with the state’s 2-1-1 hotline so that callers could be directed to the nearest VITA site, screened for EIC eligibility and special needs, and schedule appointments at VITA sites. In 2010, the coalition prepared 1,211 tax returns for people with disabilities providing \$1,215,041 in refunds to residents.

Contact: **Melissa Jensen, Community Action Partnership of Utah, (801) 433-3025 x 7 or [mjensen@caputah.org](mailto:mjensen@caputah.org).**

Low-wage workers with disabilities and families that are raising children with disabilities face profound challenges. Finding transportation to and from the job may be costly and difficult to arrange. Out-of-pocket health care expenses may be higher than for other families. Securing child or adult day care for a family member with special needs may pose a financial burden. For these reasons, the income boost that the EIC and the CTC provide can be vital. Outreach efforts can inform families that special rules may help them qualify if they work and have a severe disability or are raising a child with a severe disability. Such efforts also can allay fears that claiming the credits will jeopardize the public benefits that people with disabilities depend on.

The 2009 IRS Benchmark Study found that 54 percent of taxpayers with disabilities earn less than \$20,000. Only 36 percent of taxpayers with disabilities are aware of free tax preparation services, and just six percent reported using them. Many families and individuals may not know about the tax credits.

## Strategies

- Enlist groups that advocate for people with disabilities. The Consortium for Citizens with Disabilities (CCD) is a coalition of approximately 100 national disability organizations. CCD members include organizations such as Easter Seals, Family Voices, the Arc of the United States, United Cerebral Palsy, the National Alliance for the Mentally Ill and others that have members throughout the country. To contact CCD members, visit [www.c-c-d.org](http://www.c-c-d.org). You also may find potential partners by contacting the National Council on Independent Living. *For more information, visit [www.ncil.org](http://www.ncil.org).*
- Encourage “Disability Program Navigators” (DPNs) to incorporate tax credit outreach into their routine discussions with people seeking employment. The Disability Navigator Initiative is a joint project of the U.S. Department of Labor (DOL) and the Social Security Administration which aims to help people with disabilities better understand work support programs and other services available through DOL One-Stop Career Centers. Provide DPNs and One-Stops with tax credit outreach materials. *For more information, visit [www.doleta.gov/disability/new\\_dpn\\_grants.cfm](http://www.doleta.gov/disability/new_dpn_grants.cfm). To locate DOL One-Stop Career Centers in your state, visit [www.doleta.gov/usworkforce/onestop/onestopmap.cfm](http://www.doleta.gov/usworkforce/onestop/onestopmap.cfm).*

- Reach out to your state's Work Incentive Planning and Assistance (WIPA) Project, formerly known as the Benefits Planning, Assistance and Outreach (BPAO) Program. The Social Security Administration (SSA) funds community-based organizations in every state to help SSA beneficiaries with disabilities make informed choices about work. Ensure that WIPA Community Incentive Coordinators have the information they need to alert people to the tax credits and how to claim them. *For a directory of WIPA Projects across the country, visit <https://secure.ssa.gov/apps10/oesp/providers.nsf/bystate>.*
- Encourage state agencies that provide services to people with disabilities (such as agencies for vocational rehabilitation, supported employment, supported living, mental health, mental retardation or developmental disabilities) to share information about the EIC and the CTC with program participants and their families.
- Take steps to ensure that free tax assistance sites are accessible to people with disabilities. Until existing sites can be modified, a mobile tax assistance site or home visiting program may be good alternatives.

*The Real Economic Impact Tour operates in 100 cities and focuses on ensuring that people with disabilities know they may qualify for the tax credits and can claim them. For more information, visit [www.reitour.org](http://www.reitour.org).*

## Glad You Asked That!

**Q:**

Can a person who receives disability benefits get the EIC and the CTC?

**A:**

To be eligible for the EIC, individuals must have earned income. Most disability-related benefits are not considered earned income, but a person who received long-term, employer-paid disability benefits and is under minimum retirement age can qualify for the EIC, even if he or she did not work during the tax year. Such disability benefits are considered earned income. Social Security Disability Insurance, SSI and military disability pensions are not counted as earned income.

**Q:**

Can children with disabilities be claimed for the tax credits?

**A:**

A person of any age with total and permanent disabilities may be claimed as a "qualifying child" for the EIC. A child claimed for the CTC, including a child with disabilities, must be under age 17 at the end of the year.



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples**

**Fact Sheet on the Tax Credits and People with Disabilities**

**More Questions and Answers on the Tax Credits for People with Disabilities**

# Immigrants and Workers Whose First Language is Not English



Neighborhood Tax Centers' (NTC)

year-round free tax

preparation initiative operates 17 VITA sites in Houston, Texas during tax season — most of which provide assistance in both English and Spanish. NTC helps immigrant tax filers who need to apply for an Individual Taxpayer Identification Number (ITIN) and distributes “Next Step” flyers that instruct participants when and where they can meet with an Acceptance Agent at select NTC VITA sites to complete the application process. To serve Houston’s Chinese, Taiwanese, and Vietnamese populations, NTC also has a tax center at the Chinese Community Center.

Partnerships within Houston’s immigrant community help NTC to determine the best strategies to reach residents, such as through community presentations, schools, press releases, radio, television, or grassroots activities. For example, an NTC employee and the owner of NTC’s printer reached out to Houston’s Eritrean population by distributing flyers and making announcements at local events for their community. In 2010, NTC prepared 22,079 tax returns claiming \$11,732,571 in EIC refunds. NTC also completed 830 ITIN applications.

Contact: Elizabeth Colvin, NTC, (713) 669-5313 or [ecolvin@neighborhood-centers.org](mailto:ecolvin@neighborhood-centers.org).

Workers who are not proficient in English often earn low incomes and may not understand that they can qualify for the EIC and the CTC. It is especially important for outreach messages to emphasize that immigrants who are legally authorized to work and have Social Security numbers (SSNs) may be eligible for the EIC, and that families may qualify for the CTC even if all family members do not yet have SSNs. Conducting outreach only in English will miss eligible workers who can greatly benefit from this information and assistance.

## Strategies

- Use bilingual materials. This kit includes flyers, posters and envelope stuffers in English and Spanish. Flyers in 19 additional languages also are available on our website at [www.eitcoutreach.org](http://www.eitcoutreach.org).
- Dispatch bilingual staff or volunteers to explain the tax credits and answer questions at presentations to community groups or in one-to-one conversations. Immigrant workers may have trouble understanding complex tax rules or they might have been denied other public benefits, such as food stamps (now called SNAP) or Medicaid, in the past and might assume they do not qualify for tax benefits. Immigrants may incorrectly believe that claiming tax benefits could jeopardize their immigration status or their ability to become a citizen.
- Provide information about the EIC and the CTC through Newcomers Clubs, settlement houses, immigrant aid associations and legal services. Organizations such as Catholic Charities, Jewish Family Services and Mutual Assistance Associations (MAA) provide helpful services to refugees. *To find the MAA in your state, call the Southeast Asia Resource Action Center at (202) 667-4690 or visit [www.searac.org](http://www.searac.org).*
- Partner with organizations that are likely to have bilingual and bicultural staff, including educational and social programs sponsored by churches, mosques or synagogues. Encourage schools to provide bilingual material about the tax credits, and work with English as a Second Language (ESL) programs or migrant education coordinators. Community events, such as health fairs, educational programs, job fairs, or holiday festivals also present outreach opportunities.

- Enlist businesses in immigrant communities, such as ethnic grocery stores or restaurants, barber shops or nail salons. They are important places to display posters and flyers and to talk directly to customers.
- Promote multi-lingual free tax help in the community. Immigrant workers and workers who have limited English proficiency may be especially vulnerable to ill-trained or dishonest commercial preparers. To provide an alternative, encourage trusted institutions in the community to establish VITA sites and recruit VITA volunteers. When advertising VITA sites, indicate which sites provide services in languages other than English.
- Work with non-English language media. Many non-English-speaking communities have their own radio and TV programs and newspapers. Encourage news coverage, run ads, write articles and develop public service spots on the tax credits. Identify the best times for broadcasting. For example, farm workers may listen to the radio in the pre-dawn hours before beginning work in the fields. *For information on Spanish language media, contact National Council of La Raza at (202) 785-1670. For other non-English media by language or ethnicity, visit New America Media at [news.newamericamedia.org/directory](http://news.newamericamedia.org/directory). Note: Membership is required to access some features.*

## **FACT:**

***According to the 2009 American Community Survey, over 57 million people reported speaking a language in addition to or in place of English at home.***

## ***Glad You Asked That!***

**Q:**

Can immigrant workers get the EIC?

**A:**

Many immigrants who are legally authorized to work can get the EIC. The immigrant worker, his or her spouse, and children listed on the Schedule EIC must each have a valid Social Security number that permits work in the U.S. The “qualifying children” must have lived with the worker in the U.S. for more than six months of the year. Also, the worker’s main home must be in the U.S.

**Q:**

Can immigrant workers get the CTC?

**A:**

If they qualify, immigrant workers can get the CTC if they or their qualifying children have either a valid SSN (including a non-work SSN) or an Individual Taxpayer Identification Number (ITIN). The child must be a U.S. citizen or resident alien who lives in the U.S.



**Find It On the Web** [www.eitcoutreach.org](http://www.eitcoutreach.org)

**Tax credit flyers in 21 languages including English and Spanish**  
**More Outreach Strategies and Examples**  
**More Questions and Answers on Tax Credits and Immigrant Workers**  
**Information on Individual Taxpayer Identification Numbers (ITINs)**

# Workers Not Living with Children

Tax credits can represent a useful income boost for low-wage workers who do not have children living with them — including non-custodial parents and childless workers. Workers not living with children who earn less than \$13,460 (or \$18,470, if married) receive only a small EIC (averaging about \$250), but non-custodial parents may be able to claim a substantial CTC if they are permitted by a divorce or separation agreement to claim a child as a dependent. The CTC can be worth up to \$1,000 per dependent child under age 17 for workers who earned more than \$3,000 in 2010. It is important to bring this news to workers who may know they do not qualify for the EIC, but who may not understand that they could qualify for the CTC.

## **FACT:**

*In 2009, workers not raising children who are eligible for the EIC had average annual earnings of about \$7,457. About half of them work in service industries. About 19 percent work full-time, year-round. About 49 percent are single men and 36 percent are single women. About 15 percent are married.*

## **Strategies**

Many of the places that are natural gathering points for families with children — such as schools and child care programs — may not be fruitful outreach settings for this group of workers. Special strategies are needed:

- Target workers who are likely to have been employed on and off during the year. Distribute materials at: pick-up and drop-off spots for day labor; hotel, motel and other service worksites that may hire seasonal employees; General Assistance, food stamp or unemployment offices; and programs serving migrant workers.
- Identify individuals whose circumstances have impeded their efforts to work. Try reaching them through: Veterans Administration hospitals or service centers; transitional housing programs; homeless shelters, food banks and soup kitchens; probation offices; half-way houses or mental health or substance abuse service centers; and literacy or GED programs.
- Reach out to workers in school or training programs. Distribute materials at: universities with non-traditional students; community colleges; English as a Second Language or literacy programs; vocational rehabilitation centers; and job training programs.
- Alert the state or county Child Support Enforcement agency (also referred to as the IV-D agency), which establishes child support orders typically requiring non-custodial parents to pay a set amount of child support each month — and provides services to enforce these orders. As part of its work, the IV-D agency may have contact with non-custodial parents and can use such opportunities to provide information about how they may qualify for the tax credits.

- Provide tax credit information when child support obligations are being established either through a court or an administrative process. Decisions about which parent claims the child as a dependent for tax purposes are often made at this time. Information about the CTC can be provided to both parents at the same time they are notified about the process for establishing child support.
- Ask employers to help inform workers about the tax credits. A special note about the availability of the CTC may be of particular interest to non-custodial parents whose child support payments are being deducted from their paycheck.
- Reach out to Fatherhood Programs. This broad range of community-based human service initiatives are aimed at nurturing men in their roles as fathers and caregivers to children. Some groups are geared toward assisting fathers in particular circumstances or life stages, such as teen fatherhood programs; others focus on helping young men develop employment and life skills, as well as parenting skills.



Evergreen Vista (EV) is a Mercy Housing Northwest community in Olympia, Washington that provides affordable housing, after school programming, and life skills to residents. Mercy Housing operates affordable housing and supportive programs for low-income families, seniors and people with special needs. From January through April, EV informs residents of the 154 apartments about the tax credits and free tax preparation assistance using posters, newsletters, bulletin board notices and at resident meetings. For seven years, EV has also partnered with AARP to recruit volunteers to provide on-site tax preparation twice a year. EV also works with Apprisen Financial Services, a consumer credit counseling agency, to offer residents budgeting and financial education classes.

Contact: Lindsay Jalonen, EV, (360) 352-1315 or [LJalonen@mercyhousing.org](mailto:LJalonen@mercyhousing.org).

## Glad You Asked That!

**Q:**

What special forms must non-custodial parents complete in order to claim the CTC?

**A:**

Non-custodial parents eligible to claim the CTC must use the 1040 or 1040A and attach Form 8332, "Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent," which requires the custodial parent's signature, and Form 8812 to claim the CTC. (They may not use the 1040-EZ.)



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

More Outreach Strategies and Examples

Fact Sheet on the Tax Credits and Workers Not Living With Children

# Workers Who Are Homeless

Workers who are homeless face serious challenges that may prevent them from claiming the EIC and CTC. Without a stable place to live, workers who are homeless may not receive mail consistently, making it hard to be sure they will receive the documents needed to file a tax return and claim tax credits. Sometimes, people who are homeless are unable to keep track of documents they may have received or their documents have been destroyed.



As part of its outreach activities, the Heart of Florida United Way's (HFUW) Prosperity Campaign works with the Coalition for the Homeless of Central Florida, which has two residential facilities. Each January, HFUW attends the Coalition's staff meetings to educate employees about the EIC and local resources for residents. Also, in December and January HFUW participates in the Coalition's monthly resident meetings to discuss EIC eligibility and promote free tax preparation services, including free tax help days at the residential facilities. For four years, HFUW has collaborated with the Coalition and the IRS to arrange two days of on-site tax preparation at the facilities. The IRS provides the equipment; volunteers from one of the Prosperity Campaign's VITA sites prepare the tax returns. Through this partnership, HFUW has served about 50 residents each year.

Contact: **Brittany Richards, HFUW, (407) 429-2177**  
or [brittany.richards@hfuw.org](mailto:brittany.richards@hfuw.org).

## Strategies

- Let workers know they can file a tax return and claim tax credits even if they do not have a permanent address. Shelters or other service providers, such as a health care clinic or a drop-in day center, can allow residents or clients to use their address for tax purposes. Organizations that do this should ensure their mail-handling procedures are secure and provide a way for refund checks to reach workers safely. Some organizations require mail to be opened in front of two staff members so that both can verify that checks were received.
- Enlist food banks, soup kitchens, shelters, transitional housing programs and local welfare agencies that come in contact with homeless persons. Work with shelters to establish free on-site tax filing clinics. Engage job placement assistance programs for homeless persons in tax credit outreach. They can extend their efforts by informing employers with whom they work about the credits and encouraging them to share information with all of their employees.
- Contact national organizations that have state or local affiliates to identify local groups providing services for people experiencing homelessness, such as the National Coalition for the Homeless, (202) 462-4822 ([www.nationalhomeless.org](http://www.nationalhomeless.org)), the National Alliance to End Homelessness, (202) 638-1526 ([www.endhomelessness.org](http://www.endhomelessness.org)), the National Law Center on Homelessness & Poverty, (202) 638-2535 ([www.nlchp.org](http://www.nlchp.org)) and the National Coalition for Homeless Veterans, (800) 838-4357 ([www.nchv.org](http://www.nchv.org)).
- Reach out to your state's Coordinator for the Education of Homeless Children and Youth. School districts are also required to have a homeless "liaison" to coordinate educational services for students who are homeless. Encourage your school district's liaison to provide information about the EIC and CTC to families.

- Explore using “street newspapers,” which raise public awareness about poverty and homelessness by publishing articles by people who are homeless or formerly homeless, advocates and professional writers and are sold by people who are homeless. Outreach Campaigns can encourage publishers to inform sellers about the tax credits, to publish stories about the tax credits, and to advertise the locations of local VITA sites. Place an advertisement to recruit volunteers for free tax filing assistance. *To find out if there is a street paper in your area, visit the North American Street Newspaper Association, [www.nasna.org](http://www.nasna.org).*
- Connect with your city’s “Plan to End Homelessness” by enlisting participating groups in tax credit outreach activities. These initiatives were spearheaded by the U.S. Interagency Council on Homelessness, the U.S. Department of Housing and Urban Development, the U.S. Conference of Mayors, the National Association of Counties and the National League of Cities. *To find out if your state or city has a “Plan to End Homelessness” visit [www.ich.gov/library/10-year-plan-cities.pdf](http://www.ich.gov/library/10-year-plan-cities.pdf). View plans for some locations at [www.endhomelessness.org/section/tools/communityplans](http://www.endhomelessness.org/section/tools/communityplans).*

## **FACT:**

***According to the National Law Center on Homelessness & Poverty, research suggests 40 percent of families experiencing homelessness have children, and approximately 40 percent of all homeless adults are employed at some time during the year.***

## ***Glad You Asked That!***

***Q:***

*If a person who is homeless has lost the papers they need to file taxes, what can they do?*

***A:***

*If a worker cannot get a copy of their documents from their employer, he or she can complete Form 4852, “Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.” This form requests information about wages and taxes withheld, so it is helpful if workers have documentation, such as a final pay stub, when completing this form. Workers without a final pay stub may still be able to complete the form by estimating their earnings. It will be helpful to get assistance from a local VITA site on how to do this.*



**Find It On the Web** [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples**

# Rural Communities

Wages in many rural communities are lower than in larger cities, making it more likely that workers may qualify for the EIC. However, since services of all kinds are less accessible than in urban areas — from social services and libraries to VITA sites and even commercial tax preparers — information about the tax credits and places to go for tax filing assistance may be less available. Outreach efforts are needed, especially in isolated communities, to provide a channel for tax credit information to reach rural workers.



## The Jefferson Economic Development Institute (JEDI), a non-profit

agency focused on microenterprise and asset development programs, provides free tax filing assistance for the County of Siskiyou in Northern California, which has seven persons per square mile. In addition to hosting a free tax filing site, JEDI coordinates two satellite VITA sites to deliver free tax filing services to reach migrant workers and Native Americans in this rural area. During the 2010 tax season, JEDI promoted these three sites on three radio stations, in newspaper articles, and through emails to about 2,000 JEDI clients. JEDI also partnered with nine family resource centers that provide education and social services for parents, guardians, and children. JEDI trained family resource center staff on the EIC and other tax credits and supplied flyers and brochures for employees to distribute to clients. In 2010, JEDI's VITA sites prepared 422 returns for residents from roughly a dozen communities, providing \$163,791 in EIC refunds.

Contact: Paj Kane, JEDI, (530) 926-6670 or [pkane@e-jedi.org](mailto:pkane@e-jedi.org).

## Strategies

- Rural communities tend to be close knit, so identifying trusted leaders and institutions will help get Outreach Campaigns started. For example, in some rural places a local minister might be a key starting point. Work with local organizations to help determine how to target outreach efforts.
- Ensure visibility and access by conducting outreach and free tax preparation in a community's commercial center where rural residents go to fulfill multiple needs.
- Inform small business owners about how helping employees claim these tax credits can increase employee productivity. In addition to promoting the tax credits, some small businesses may be willing to serve as free tax preparation sites during or outside of business hours. Larger businesses such as factories and farms can also become engaged in outreach efforts. Rural areas with tourist attractions, such as bed and breakfasts, gift shops and restaurants, employ workers who may qualify for the EIC and CTC.
- Involve statewide organizations and businesses that may have connections in rural areas. Enlist the state Department of Human Services, the United Way or Catholic Charities in outreach. Encouraging a statewide approach to outreach will enhance the likelihood that rural areas are included.
- Collaborate with the Cooperative Extension Service. There are nearly 3,000 county and regional Cooperative Extension offices based at more than 100 land grant colleges and universities. In addition to addressing rural and agricultural needs, Cooperative Extension focuses on issues such as family financial management and community economic development. Extension offices can send information about tax credits to families, offer financial literacy classes, help set up VITA sites or provide training to volunteers. *To identify offices in your state visit [www.csrees.usda.gov/Extension](http://www.csrees.usda.gov/Extension).*

- Find out when there are community events and how to become involved. For example, local sports events, festivals, church picnics, back-to-school nights, PTA meetings or regional conferences can offer great opportunities to reach many eligible workers at once.
- Take advantage of schools in rural areas. They can be an important channel for tax credit information and may also provide a central location for VITA sites. Community colleges and universities provide an important avenue to reach out to some working parents and low-income students not raising children.
- Create support for tax credit outreach by informing county commissioners and town councils about how the EIC and CTC can stimulate the local economy. In addition, these officials often hold other positions in the community and can influence a variety of organizations to lend their support to tax credit outreach efforts.
- Establish a mobile tax preparation site. A van, staffed with volunteers, can tour the region and prepare tax returns at pre-arranged locations. Or, individual staff members can carry a laptop and help workers file their taxes at home or where they work. Partnering with a community college can mean access to student volunteers and laptop computers to facilitate electronic filing. IRS offices may also loan computers to VITA sites.
- Use technology to bridge long travel distances. Videoconferences or webcasts can be used to conduct meetings, trainings or to file tax returns. Hospitals, local universities and community colleges, corporations and businesses, federal or state agencies, or Cooperative Extension Services offices may have the necessary equipment and may be willing to host a meeting. Alternatively, some websites offer “web conferences” or interactive “webinars” that allow people to come together. Keep in mind that these web-based tools may not be useful for Outreach Campaigns working in communities where high speed internet connections are not available.

## **FACT:**

***According to the 2000 Census, the vast majority (96 percent) of the 500 counties with the lowest per capita income are in rural areas.***



Find It On the Web [www.eitoutreach.org](http://www.eitoutreach.org)

# Foster Parents, Grandparents Raising Grandchildren and Other Relative Caregivers

Millions of children are currently in foster care or are being cared for by a grandparent or other relative outside the formal child welfare system. These families often do not know that they may be able to claim such children for the EIC or the CTC.



Loudoun County  
Family Services (LCFS)

partners with the Northern Virginia CASH Program, the Area Agency on Aging, and AARP to distribute information about the EIC and CTC and promote LCFS's free tax filing site to various types of families in Virginia — including adoptive and foster families. LCFS shares tax credit information during monthly meetings for parents in its Foster Care & Adoption Program and distributes outreach materials that explain who qualifies for various tax credits, where to find free tax filing assistance, and opportunities to volunteer as a tax preparer. In addition, an LCFS staff member conducts a presentation about foster care deductions, tax law changes, and other considerations when filing a tax return. In LCFS's second year as a VITA site in 2010 it filed 233 tax returns, providing \$155,109 in EIC refunds.

Contact: Karen Velez, LCFS, (703) 771-5718 or  
Karen.velez@loudoun.gov.

## Strategies

- Develop outreach materials that draw attention to the eligibility of foster parents and relative caregivers. Campaign materials that refer only to a parent's eligibility will miss many families that may qualify.
- Work with public foster care agencies. State agencies, such as child welfare agencies and agencies that administer TANF programs, may interact on a regular basis with foster parents and relative caregivers. Encourage them to incorporate information on claiming the EIC and the CTC in any training they provide for families. They also can send information about the tax credits with foster care payments and cash assistance payments and talk about the credits during home visits.
- Reach out to community-based programs that support foster parents with services such as family counseling and crisis intervention. Some organizations also offer help with school supplies and clothes.
- Involve foster parent associations and support groups. Ask your state foster care association to share tax credit information with local groups. Outreach Campaigns can offer to arrange a speaker for local meetings or write an article for association newsletters. *To locate your state and local foster care associations, visit the National Foster Parent Association website at [www.nfpainc.org](http://www.nfpainc.org).*

- Ensure that Area Agencies on Aging, senior employment programs and programs that recruit seniors as volunteers — such as the Retired and Senior Volunteer Program (RSVP) — share information about the tax credits with seniors who are raising children. Tax Counseling for the Elderly (TCE), sponsored by the IRS, provides seniors and low-income families with free tax filing assistance. AARP is the largest TCE participant, providing services through its Tax-Aide Program. *To find the nearest Tax-Aide Program, contact AARP at 1-888-AARP NOW (1-888-227-7669). During tax time, locations are available on the AARP website at [www.aarp.org/taxaide](http://www.aarp.org/taxaide). Find information about the tax credit and other resources for grandparents at [www.aarp.org/family/grandparenting](http://www.aarp.org/family/grandparenting).*

## FACT:

**According to the 2009 American Community Survey, more than 1.6 million grandparents raising grandchildren were in the labor force.**

### ***Glad You Asked That!***

**Q:** Rules for claiming foster children for the tax credits have changed in recent years. What do foster parents need to know?

**A:** Under current IRS rules, children who lived with a foster parent for six months or longer can be claimed for the EIC and CTC. (In the past, foster children had to live with the foster parent for the full 12 months of the year to qualify for these tax credits.) While this has made it a little easier to claim a foster child, another rule has made it more difficult: In order to claim a foster child, the child has to have been placed with the foster family by an authorized government or private placement agency.



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples**

# Tribal and Native Communities

Efforts to improve the economic status of Native Americans — one in four of whom live in families with income below the federal poverty line — are increasing. Particularly in rural areas, small businesses, hotels and casinos are emerging and are contributing to economic growth. However, employees in small businesses generally earn low wages, as do workers in the service and tourism industries. Thus, despite the progress, the average income of Native Americans remains less than \$17,150 per year.

Poverty and other barriers to economic development among tribal communities stem from historical interactions with the federal government. Land trust regulations restricted resources and job opportunities. As a result, Native communities frequently are guarded about relations with the federal government or people who are not part of their community. Thus, eligible people in tribal communities may be hesitant to claim the credits. Tax filing may not only be intimidating, but may be perceived as being in conflict with traditional tribal values of self-reliance.

## Strategies

- Get to know the community. There are 564 federally recognized tribes, bands, nations, pueblos, rancherias, communities and Native villages, in addition to many other groups that are not federally recognized. It is important for outreach approaches and messages to be consistent with the values and beliefs of individual tribes, as well as community priorities. Native communities have limited resources, so it may be difficult for groups to commit to outreach, even if they support outreach goals.
- Reach out to urban Native Americans. More than 65 percent of the four million Native Americans nationwide live in urban communities. The following ten cities have the largest American Indian and Alaska Native populations: New York, Los Angeles, Phoenix, Anchorage, Tulsa, Oklahoma City, Albuquerque, Tucson, Chicago and San Antonio.
- Work with a trusted organization in the community that may be interested in promoting the tax credits, such as: tribal health agencies, urban Indian centers, tribal Head Start or housing agencies, and tribal councils. Community members will know the most effective ways to work with tribal elders and other leaders who play a pivotal role in



To increase economic self-sufficiency among Native communities, the

Native American Youth and Family Center (NAYA) coordinates a microenterprise program, an Individual Development Account program with a match of \$3 for every \$1 saved, and a free tax filing site with support from AARP and CASH Oregon.

NAYA makes a strong effort to recruit and train Native volunteer tax preparers, who also promote the site through direct contact with local Native agencies, tribal governments, organizations, and businesses. All volunteers are trained on tax issues specific to Native communities. NAYA also offers a small business tax workshop twice a year, which discusses tax rules, free tax preparation, and financial recordkeeping.

To promote its services in 2010, NAYA distributed flyers, disseminated an electronic newsletter article, displayed posters in 20 agencies, and mailed postcards to 400 clients and Native families who attended NAYA events or received other services. As a third-year tax site, NAYA filed 407 tax returns in 2010 that provided \$185,258 in EIC refunds.

Contact: Irena Solomon, NAYA, (503) 288-8177 or [irenas@nayapdx.org](mailto:irenas@nayapdx.org).

influencing community priorities. Visit the Tribal Leaders Directory and view tribal leaders by region at: <http://www.fws.gov/cno/pdf/2010TribalLeaderDirectory-BLA.pdf> or visit [www.ncai.org](http://www.ncai.org).

- Engage tribal community colleges and universities, which serve as career centers, libraries, economic development centers, public meeting places and child care centers. They may be able to provide computers, volunteers and a space for free tax preparation. Tribal colleges also can inform students about the EIC and CTC and encourage them to tell family members and neighbors. *The American Indian Higher Education Consortium provides information for all tribal colleges and universities in the U.S. at [www.aihec.org](http://www.aihec.org).*
- Enlist Native media in informing people about the tax credits. They can deliver information in the language or dialect of the community. Newspapers can publish stories about how tribal members benefited from the credits and they can advertise free tax filing assistance. Non-Native media may also be influential in Native communities. For example, radio stations may schedule shows of particular interest to tribal members.

**The Native Financial Education Coalition (NFEC) publishes *Building Native Communities: A Tribal Leader's Guide to Launching an Earned Income Tax Credit (EITC) Campaign*. To find out more about the guides and to order free copies, contact First Nations Oweesta Corporation, (605) 342-3770 or [info@oweesta.org](mailto:info@oweesta.org). To learn more about NFEC visit [www.nfec.info](http://www.nfec.info).**

## ***Glad You Asked That!***

**Q:**

Can Native Americans claim the EIC and CTC even if they are exempt from federal income tax?

**A:**

In general, Native Americans are not exempt from federal income tax on their earnings. Native Americans are only exempt if a treaty between a tribe and the U.S. government, or a U.S. statute, specifically excludes certain income from taxation. For example, a treaty may establish a tribe's right to tax-exempt fishing activities and tribal members earning income from fishing will be exempt from federal and state income tax. If the income is exempt from income tax, it is not considered "taxable earned income" for purposes of the EIC and CTC, and is not counted in figuring eligibility for, or the amount of, the credits. A worker may have earned income from other employment and can claim the EIC and CTC based on that income, if eligible.



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples**  
**Links to a broad range of tribal agencies**

# Military Personnel, Returning Veterans, and their Families

Many enlisted members of the military earn less than \$30,000 and are raising children. In addition, many National Guard members and Reservists have been activated for duty, which can result in a significant reduction in a family's income. When enlisted members transition out of the military, they tend to experience longer periods of unemployment than civilians and tend to earn lower wages. Military families and returning veterans may qualify for tax benefits such as the EIC or CTC, but may not realize they are eligible.

To address the needs of these families, the Office of the Secretary of Defense, in partnership with the IRS, has established VITA sites at 300 U.S. military installations. Military VITA sites file about 300,000 federal returns each year. While such assistance is important, it may not reach some members of the military, their families, or returning veterans. Family members who do not live near a military post and returning veterans may not get the relevant tax information they need, since they may seek help from people who are not well-versed in the special rules regarding military pay and eligibility for the EIC and CTC.



South Eastern Idaho Community Action Agency (SEICAA) in Pocatello, Idaho coordinates a Veterans Services program that works with military veterans who are homeless or in danger of becoming homeless. In addition to connecting veterans to housing, mental health, and substance abuse counseling, the program collaborates with six agencies to share information about the EIC, CTC, and free tax filing assistance. In 2010, the partnering organizations conducted presentations about the tax credits and distributed flyers to Veterans Services participants. From January to March, different agencies come to SEICAA to answer questions about the tax credits and filing tax returns; SEICAA staff is available to answer tax-related questions year-round and provide transportation for veterans to free tax sites.

Contact: Ken Callahan at SEICAA, (208) 232-1114 or [kcallahan@seicaa.org](mailto:kcallahan@seicaa.org).

## Strategies

- Contact the Family Assistance Center for the military unit in your area to ensure it is aware of the EIC, CTC, and free tax filing assistance programs in the community. The National Military Family Association provides links at its website to Family Assistance Centers for the National Guard and Reserves. The American Red Cross and the Boys and Girls Clubs of America are other organizations that provide support to families of units called up for active duty. Their local chapters may also be good points of contact for efforts to reach military families. *Contact the Government Relations Department, National Military Family Association, at 1-800-260-0218 or at [families@nmfa.org](mailto:families@nmfa.org) for suggestions on who to contact or visit [www.nmfa.org/site/PageServer?pagename=links#FamilyAssistance](http://www.nmfa.org/site/PageServer?pagename=links#FamilyAssistance).*
- Connect with programs designed to support returning veterans. The Departments of Defense, Veterans Affairs, Transportation, and Labor partner to provide the Transition Assistance Program (TAP), which consists of three-day workshops for returning service members to learn resume-building, interview skills, tips for securing employment as well as information about veteran benefits. Similarly, Transition Assistance Advisors (TAA), in conjunction with the National Guard Bureau,

provides support by phone, email and in person to link all service members to community resources and assistance in obtaining veteran healthcare services and benefits. Contact your local TAP or TAA office to discuss opportunities to share tax credit information with returning veterans. *To locate a TAP or TAA office near you, visit: [www.vet-trans.org](http://www.vet-trans.org) and click on "Transition Tools."*

- Engage job training and vocational programs. Returning veterans are often faced with the need to go back to school so that they can secure employment. Inform job training programs about the EIC, CTC, and free tax filing assistance.
- Contact a near-by military installation that has a VITA site. Ask whether veterans recently leaving the military might be able to use the VITA services offered at the post or base.

## ***Glad You Asked That!***

**Q** What do military personnel need to know about claiming the EIC and the CTC?

**A** Military personnel can claim the credits or be considered a qualifying child for the EIC or CTC whether they live in the U.S. or overseas. The IRS considers an individual assigned to an overseas tour of duty to be temporarily absent from the U.S. due to a special circumstance. Even if qualifying children remain in the U.S., the children may be claimed for the EIC and the CTC. Military couples living apart due to a military assignment must still file a joint return to claim the EIC and the CTC.

**Q** How is combat pay counted in determining eligibility for the EIC and CTC?

**A** Military pay received in a combat zone is non-taxable earned income, but it is treated differently than other forms of non-taxable earned income for EIC purposes. Military personnel can choose to count combat pay when figuring their eligibility for the EIC if it is an advantage. For example, adding combat pay to a family's earnings might raise the family's income above the EIC eligibility limit and the family would not want to count it. However, in families with little income, counting combat pay could result in a larger EIC and the family would want to do so. Combat pay must be counted as income in figuring the CTC. For the CTC, counting combat pay will always work to the family's advantage, enabling more military families to qualify.



Find it On the Web: [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples**

**More Questions and Answers on the Tax Credits and Military Personnel**

**Link to IRS Publication 3, "Tax Information for Military Personnel"**

# 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.



HandsOn Central  
Ohio (HCO)

coordinates a 2-1-1

Information and Referral hotline in Columbus, Ohio. In early January, HCO conducts a training for its 2-1-1 call center specialists that covers tax credit eligibility, the importance of VITA, special services offered at VITA sites such as interpretation, and how to schedule appointments. During tax season, the hotline schedules client appointments for 30 free tax filing assistance sites that are part of the Franklin County EITC Coalition. HCO created a software program that allows VITA sites to retrieve scheduled appointments immediately so that they can contact clients prior to their appointment. In 2010, HCO's 2-1-1 hotline scheduled 4,036 free tax filing assistance appointments.

Contact: Noni McMillan, HCO, (614) 221-6766 or [nmcmillan@handsoncentralohio.org](mailto:nmcmillan@handsoncentralohio.org).

## 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 Worldwide coordinates a popular I&R service known as "2-1-1" which enables callers in forty-seven states plus D.C. and Puerto Rico 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](http://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](http://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. *Enter “Financial Institution Partnership Guidelines” in the search box on NCTC’s website at [www.tax-coalition.org](http://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/directory/#Regional/FieldOfficer](http://www.fdic.gov/about/contact/directory/#Regional/FieldOfficer).*

## 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.*



Montana Credit Unions for Community Development (MCUCD) in

Helena collaborates with the Department of Revenue, Montana Legal Services, Rural Dynamics, and Opportunity Link, Inc., to coordinate MontanaFreeFile.org. This website provides visitors with information about free tax filing options in the state, refundable tax credits, volunteer opportunities, and outreach materials. MCUCD works with credit unions statewide to promote MontanaFreeFile.org and provide services such as financial education programs and matched savings accounts. In December and January, MCUCD distributed 116,765 account statement inserts to 42 credit unions to advertise MontanaFreeFile.org and recruit volunteers. Flyers were also available for credit unions to post on community boards and place by teller windows. In 2010, the credit union tax sites filed approximately 2,200 tax returns.

Contact: Rachael Milne, MCUCD, (800) 745-5546 x 142 or [rachael@mcun.org](mailto:rachael@mcun.org).

## FACT:

*A survey by the Pew Internet & American Life Project found 63% 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.*



Since 2009, the Nebraska Statewide EITC Coalition (NSEC) has used Facebook as part of its marketing and outreach strategy. Throughout the year, NSEC posts information on its Facebook page about VITA site locations, tax credits, policy changes, financial information, tax tips, money management strategies, volunteer trainings, and other events. In addition to disseminating information, NSEC has used Facebook to build partnerships with state legislators and other government officials who have “liked” its Facebook page. Additional people who have signed up to receive NSEC’s updates and “liked” its page include current and previous VITA clients, VITA volunteers, social service agencies, media contacts, and local officials. In 2010, NSEC’s VITA sites filed more than 13,000 returns providing \$6,650,000 in EIC refunds.

Contact: Julie Farewell, NSEC, (402) 471-3714 or [jguerra@canhelp.org](mailto:jguerra@canhelp.org).

## 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.

- 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. You can also post 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](http://www.irs.gov).
- 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.
- Let workers know how to obtain EIC and CTC tax forms at the IRS website, [www.irs.gov/formspubs](http://www.irs.gov/formspubs). Providing this information helps ensure that workers — especially those who choose to file their own returns — do so properly.
- 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.
- Use social media. Social media websites such as Facebook, Twitter and YouTube are tools that can be used to provide visibility for your campaign, disseminate information about free tax filing sites, recruit volunteers, and reach potential VITA clients. Create an account for your organization or for your outreach campaign. Provide regular updates year-round about the tax credits, VITA sites, money management and asset-building. Be creative!



Find It On the Web [www.eitcoutreach.org](http://www.eitcoutreach.org)

**More Outreach Strategies and Examples  
2010 Earned Income Tax Credit Estimator**

820 FIRST STREET, NE  
SUITE 510  
WASHINGTON, DC 20002

202.408.1080

fax: 202.408.1056

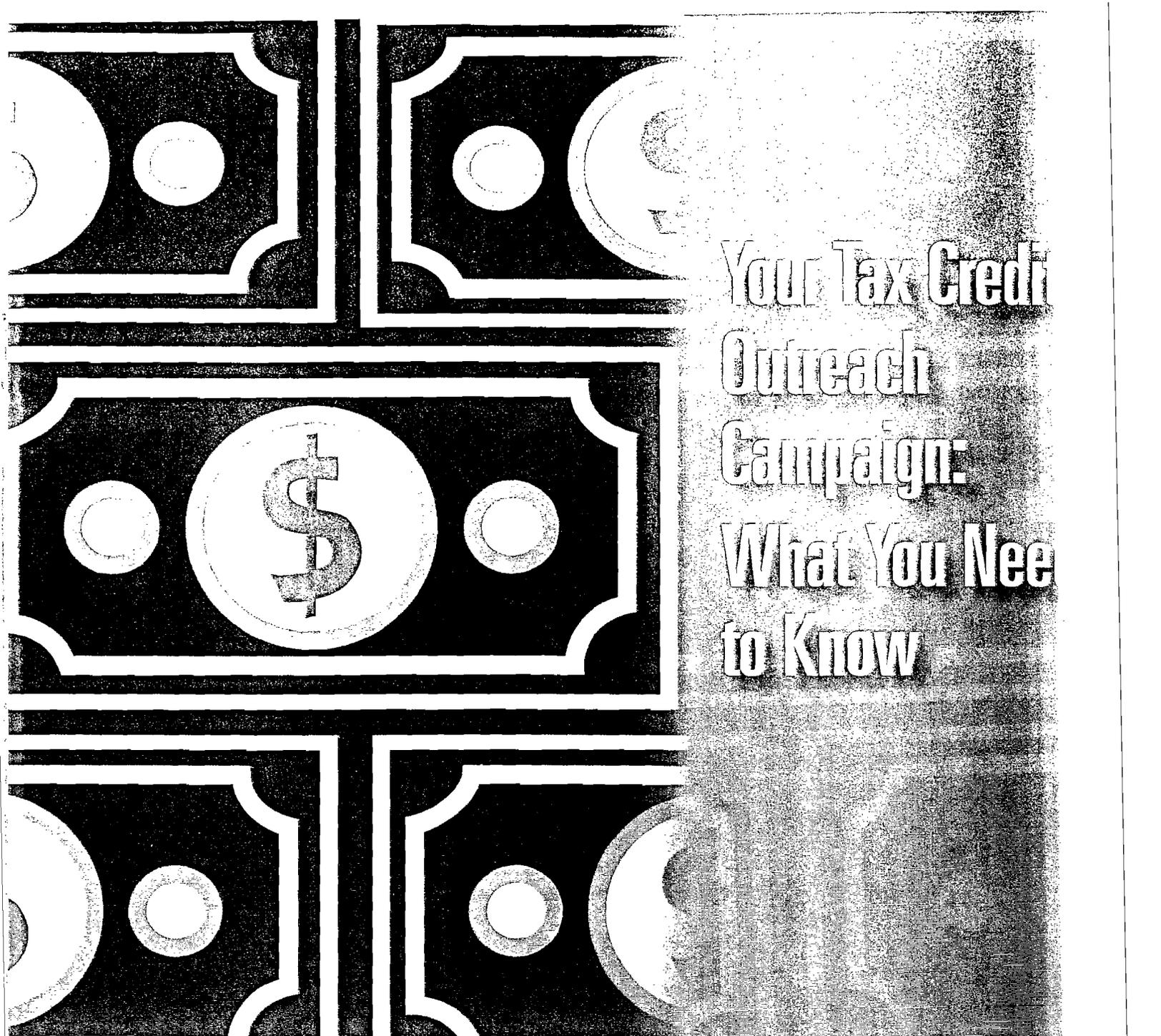
[www.eitcoutreach.org](http://www.eitcoutreach.org)

[www.cbpp.org](http://www.cbpp.org)



**Mixed Sources**  
Product group from well-managed  
forests, controlled sources and  
recycled wood or fiber  
[www.fsc.org](http://www.fsc.org) Cert no. SW-COC-002262  
© 1996 Forest Stewardship Council





Your Tax Credit  
Outreach  
Campaign:  
What You Need  
to Know

The Earned Income Credit and Child Tax Credit 2011

***Help Workers Claim the Tax Benefits  
They Earned!***

[www.irs.gov/efc](http://www.irs.gov/efc)





# The 2011 Tax Credit Outreach Campaign:

## ***What You Need to Know***

For over 20 years, the Center on Budget and Policy Priorities has led a national effort to promote tax credits for low- and moderate-income people who work. Our campaign partners include community organizations and institutions, human services providers and businesses, state and local government agencies, advocacy groups and many others. They inform families and individuals about the Earned Income Credit and the Child Tax Credit, let them know they may qualify, and link them to free tax filing assistance.

Each year new groups come on board as campaign partners, and organizations with longstanding campaigns try new ways to enrich their outreach efforts. No matter what stage your campaign is in, this Tax Credit Outreach Campaign Kit can help you move forward.

In this booklet, you will find what you need to know to develop an effective Outreach Campaign. You'll get basic facts about the credits and free tax filing assistance. You'll also explore the key elements of a successful campaign and find contact information for IRS staff in your area who can provide worthwhile assistance. The companion booklet in this kit, *Outreach Strategies*, includes a full stock of outreach campaign ideas, including examples of activities that have been used effectively in campaigns across the country.

The kit also contains full-color posters and flyers, envelope stuffers and other materials in English and Spanish that you can reproduce and use to promote the credits. Our Tax Credit Outreach website provides many added resources. Visit us at

[www.eitcoutreach.org](http://www.eitcoutreach.org) to find more detail on any rule changes, answers to questions about how the tax credits work, fact sheets on additional federal credits, flyers in 19 languages in addition to English and Spanish and additional strategy ideas and materials. For a closer look at what the website offers, see: **Find It On the Web** on p. 27 of this booklet.

If you need additional information, materials or technical assistance, the Tax Credit Outreach Team at the Center on Budget and Policy Priorities is standing ready to help. Just call us at 202-408-1080 or email us at [eickit@cbpp.org](mailto:eickit@cbpp.org).

## Expanded Tax Credits for Workers Remain in Effect for 2010

The American Recovery and Reinvestment Tax Act of 2009 (ARRA) enacted important expansions of the Earned Income Credit (EIC) and Child Tax Credit, as well as the new Making Work Pay Credit (MWPC) and the American Opportunity Tax Credit (AOTC). Fact sheets in this booklet explain more details for these changes.

- **More EIC benefits for larger families.** A new tier of benefits has been added to the EIC, providing larger benefits to families with three or more children. Their maximum credit increases to \$5,666, from \$5,036 under previous law, an increase of \$630.
- **EIC income limits rise for married workers.** The maximum EIC income level for married workers is set higher than for single workers. ARRA increased this income difference to \$5,010 from the previous level of \$3,000. For many families, this results in an increase of about \$400 in their EIC.
- **Child Tax Credit — refunds for low-wage earners increased.** For example, a worker earning \$15,000, raising two children, could receive an \$1,800 credit, nearly double the amount under previous rules. The CTC is figured on earnings over \$3,000 in 2010.
- **The Making Work Pay Credit.** The MWPC is worth up to \$400 for an individual and \$800 for a married couple filing jointly. Many workers received their MWPC as an adjustment to their paychecks in 2010, but the MWPC fact sheet in this booklet describes which workers did not and will need to claim it on their 2010 tax return.
- **The American Opportunity Tax Credit.** The AOTC can make education more affordable for lower-income people who might not otherwise be able to attend college.

# Here's What's Inside this Guide

Making Sense of Tax Credits:	
What are the EIC and the CTC? What is VITA?	5
An Effective Outreach Campaign: A Spectrum of Involvement Where All Partners Can Find A Place	6
The Earned Income Credit:	
A Powerful Benefit for People Who Work	11
The Child Tax Credit: An Extra Tax Break for Working Families!	13
Comparing the Eligibility Requirements for the EIC and the CTC	15
What Is Earned Income for the Earned Income Credit and Child Tax Credit?	16
The Making Work Pay Credit	17
Education Tax Credits for College and Job Training	19
Split Refund Option: Purchase U.S. Savings Bonds	21
Free Tax Filing Assistance Through VITA	23
Getting in Touch With Your IRS Territory Manager	25
Find It On the Web	27

# Making Sense of Tax Credits: What are the EIC and the CTC? What is VITA?

The **Earned Income Credit (EIC)** and the **Child Tax Credit (CTC)** are federal tax benefits for low- and moderate-income workers. The EIC can be worth up to \$5,666 for families who worked in 2010. Workers raising children who earned less than about \$45,000 in 2010 may be eligible for the EIC. Workers not raising children who earned less than about \$13,000 also can qualify. In addition to the EIC, some families also can get the CTC, which can be worth up to \$1,000 per child. The credits can reduce the amount of income taxes workers owe — but even workers who owe no taxes can qualify for the credits.

To claim the credits, eligible workers must file a tax return. Preparing a tax return can be complicated and may seem overwhelming. Tax filers often seek help from commercial tax preparers who may charge high fees that reduce the value of any refund the worker is eligible to receive. That's why it's so important for low-income tax filers to know there's an alternative: **Volunteer Income Tax Assistance (VITA)**. This IRS-sponsored program works with community organizations to provide high quality tax preparation to low-income tax filers — free of charge!

You can find more details on the EIC, the CTC and VITA starting on p. 11 of this booklet.

## ***Reaching Out to Those Who May Be Missing Out***

According to national estimates, 20 to 25 percent of eligible workers do not claim their EIC

benefits. That means millions of dollars are not finding their way into the pockets of the working families and individuals who have earned that money. As a result, they are going without the income boost they could be getting to help them keep their jobs and care for their families.

Community-based outreach efforts are the best way for eligible workers to learn about the credits and how to claim them.

### **Your outreach efforts can make a difference for:**

**Workers who earned too little to be required to file a tax return:** They need to know that they do have a reason to file: It's the only way they can claim the credits and get money they've earned.

**Workers who are eligible to claim the credits for the first time:** Workers just entering the labor force may not know about the credits and may not be familiar with tax filing procedures. Workers who were not eligible in the past, but who now qualify because their employment situation changed or because they had a child, may not know they can claim the credits.

**Workers who may mistakenly think the credits are not meant for them:** Foster parents, grandparents raising grandchildren, people serving in the military, and parents of children with disabilities may not realize they can qualify, or that special rules apply to them. Workers who were eligible for the credits in the past but who did not claim the credits may not know they can file for the credit up to three years back and get the money they missed out on.

**Workers who didn't know they could get their tax forms filed for free:** They may have paid high fees in the past to get their tax forms completed, draining money away from the full amount of their tax credit.

# An Effective Outreach Campaign: A Spectrum of Involvement Where All Partners Can Find A Place

Over the past two decades, a great deal has been learned from outreach efforts conducted by organizations across the country. Their experience has helped to identify **six key elements** of a successful Tax Credit Outreach Campaign. It may be helpful to think of these elements as a “spectrum of involvement” or a range of activities. The spectrum starts with simple ways of conveying the message about the tax credits and moves toward more intensive efforts that weave outreach into the ongoing work of organizations and institutions that interact with eligible workers.

## *The six key elements include:*

- 1** Distributing information about the tax credits and free tax filing help
- 2** Enlisting partners to reach out through their own networks and contribute to the overall campaign
- 3** Conducting outreach events and creating opportunities for workers to get help filing their tax returns
- 4** Increasing the number of VITA sites and improving the services they offer
- 5** Keeping the public eye on the campaign
- 6** Working to sustain outreach efforts into the future

Campaigns often start with the most basic activity: distributing information. They evolve over time to include broad community involvement that brings together the resources to sustain outreach on an ongoing basis. Throughout the life of a campaign, any given organization can find a way to become involved based on how closely tax credit outreach fits with its specific mission or depending on the special skills or resources it may be able to contribute. The important thing is that all potential partners see that they have a role to play in making the campaign as effective as it can be.

## **Read On to Learn More About the Six Key Elements of A Successful Tax Credit Outreach Campaign**

**1. Distribute information about the tax credits and free tax filing help.** This kit contains much of the materials you will need for your campaign. There are full-color posters, as well as easy-to-reproduce flyers and envelope stuffers in English and Spanish. There also are materials that explain the value of free tax filing assistance and let tax filers know what documents to bring to a VITA site. You may wish to customize the posters and flyers by adding the contact information for the nearest VITA site or a local toll-free hotline number where more information about the credits and free tax filing opportunities are available. These items, as well as flyers translated into 19 additional languages and other useful materials, also are available on the Tax Credit Outreach Campaign website: [www.eitcoutreach.org](http://www.eitcoutreach.org).

Getting this information into the hands of eligible workers is fundamental to a successful Outreach Campaign. If you are just beginning a campaign, or if tax filing season is fast approaching and there isn't much time to organize more intensive efforts, distributing these basic materials will still have an

important impact. Include information about the tax credits and VITA in school or congregation newsletters, in employee pay envelopes and consumer mailings, such as utility bills and shopper's circulars that are mailed to community residents. Arrange to display posters in employee break rooms, in store windows, on public transportation, in libraries, in offices where people apply for public benefits and other places where eligible workers are likely to see them.

**2. Enlist partners to reach out through their own networks and contribute to the overall campaign.**

Partners are the backbone of a vibrant and successful outreach campaign. They bring valuable contacts, skills and resources (staff, time, funding) to the table. Partners also can help enrich the campaign by recruiting VITA volunteers or by underwriting printing, publicity or other costs.

Outreach partners may include:

- Community organizations
- Nonprofit human services organizations
- Civic and service organizations
- Schools
- State and local governments
- Community development corporations
- Employers and local businesses
- Goodwill Industries
- Child care and foster care agencies
- Public benefit programs
- Labor unions
- Utility companies
- Banks
- United Way
- Legal assistance programs
- Faith-based groups
- Food banks and shelters

Organize a meeting to find out what potential partners may be doing already to promote the EIC and the CTC. If outreach work is not already underway, bring organizations together to establish an outreach coalition. Train potential partners about the EIC and CTC and why it is important for them to inform their employees, customers, clients, members



Each of the 16 member groups in the Eastern Maine CASH

Coalition (EMCC) plays a role in

efforts to promote the EIC, CTC, and free tax preparation services in four counties. AARP provides training for all the volunteer tax preparers and hosts 15 of the Coalition's free tax filing sites. The Penobscot Credit Union, Washington/Hancock Community Action, and the Penquis Community Action Program also sponsor free tax preparation. United Way of Eastern Maine advertises the sites and provides administrative support for the Coalition. Women, Work and Community leads EMCC's asset development activities. The Department of Housing and Urban Development facilitates relationships with Native American tribes to make sure they know about available tax credits and free tax filing services.

Casey Family Services leads CASH Maine, a statewide coalition that includes EMCC and seven other regional coalitions. In 2010, Key Bank, a statewide Coalition member, sponsored a series of more than 100 television public service announcements that ran on two ABC affiliates throughout Maine. The announcements highlighted topics such as free tax preparation, the EIC, the CTC, and how to build savings; they also referred viewers to dial "2-1-1" to find the closest free tax site. In 2010, EMCC's outreach efforts enabled the Coalition's 19 tax sites to complete 3,201 tax returns, providing \$943,004 in EIC refunds and \$394,328 in CTC refunds.

Contact: Paul Matulis, Penquis, (207) 564-7116 or pmatulis@penquis.org.

and others. A training session for potential partners can be the start of building a far-reaching Outreach Campaign. For example, conducting a training session for the Chamber of Commerce could lead to the involvement of businesses throughout the community. The social action committee at a local church may include members who also are business leaders, school officials or hold other prominent positions. Thus, engaging the congregation in the campaign could be a link to other outreach opportunities. A successful Outreach Campaign will offer partners a wide range of ways to contribute. Encourage partner organizations to incorporate outreach activities into their own work, and challenge them to work together to build the capacity of the campaign.

### **3. Conduct outreach events and create opportunities for workers to file tax returns for free.**

Take advantage of places where eligible people may gather — such as tenant meetings in housing developments, PTA meetings, community sporting events, civic or cultural events, community health or job fairs or other activities — to distribute information about the tax credits and VITA. Set up your own special event that draws attention to the Tax Credit Outreach Campaign. Organize free tax filing opportunities at community events, publicizing them in advance so tax filers know what documents to bring with them. Your IRS Territory Manager can help identify trained volunteers to help prepare tax returns at an event. Retired or volunteer accountants, the Society of Certified Public Accountants, or students also may be able to assist.

### **4. Increase the number of VITA sites and improve the services they offer.**

Few communities have enough VITA sites or sites that are in locations that are most convenient for eligible workers. Community action agencies, schools, recreation centers, libraries, housing developments, public assistance offices or other places that have good



To expand the use of free tax preparation services and enhance financial education outreach efforts, Purdue Cooperative Extension Services (PCES) joined the Allen County Financial Stability Partnership in Fort Wayne, Indiana. The Partnership coordinated two events to promote the tax credits and free tax filing assistance services.

One event was in mid-October 2009, during Money Smart Week — a national initiative of the Federal Reserve Bank of Chicago to help consumers better manage their personal finances. PCES coordinated a kick-off Money Fair with vendor booths and educational workshops. Partnership members presented information about the tax credits, free tax filing assistance (including the availability of interpreter services in Spanish, Russian, French, and Arabic), foreclosure prevention, financial resources, and budgeting tips.

For the second event, held on National EITC Awareness Day in January 2010, the Partnership prepared tax returns in U.S. Senator Dick Lugar's office.

During the 2010 tax season, the Partnership filed a total 1,359 tax returns providing \$764,888 in EIC refunds.

*Contact: Vickie Hadley, PCES, (260) 481-6826 or hadleyv@purdue.edu.*

connections with eligible workers are ideal locations for VITA sites. Work with your IRS Territory Manager to establish new VITA sites. Help improve services at existing VITA sites by enlisting local

***Everything is relational. While tax season will come to an end, partnerships should not. Continual communication with all partners is imperative. As a "Professional Friend Maker," I call our partners once a month or visit them to strengthen our relationship so that everyone is ready once tax season rolls around. If you don't nurture partnerships and establish a personal connection in addition to the business relationship, they will not trust you enough to take it to the next level.***

***Kelly Hugunine, Community Services Agency Development Corporation, Reno, Nevada***

businesses to donate computers to enable the site to offer electronic filing, which gets filers their refunds more quickly. Recruit bilingual volunteers or provide interpreters in communities where tax filers speak languages other than English. Work to ensure that VITA sites are accessible to people with disabilities. Enlist volunteers to provide child care while parents are getting their taxes filed.

### **5. Keep the public eye on the campaign.**

Media coverage can keep public attention on the progress of your Tax Credit Outreach Campaign and also can attract new partners and volunteers. Nurture a good relationship with the media by demonstrating that you are a responsive and reliable source for information. Always keep the main message front and center: The tax credit story is about hard-working people raising families and trying to achieve financial security.

Send news about the tax credits and your campaign activities to newspapers and radio and television stations. Include reporters and columnists who cover



Northeast South Dakota  
Community Action Program  
(NESDCAP) in Sisseton, South Dakota

uses several strategies to promote free tax filing services in its 17-county service area. In 2010, NESDCAP hosted a VITA site between January 15 and October 15 and conducted 12 mobile tax preparation clinics in eight communities. To promote the tax credits and free tax preparation, in January NESDCAP published weekly news releases on several topics, including EIC eligibility, the role of a VITA program, and important documents needed to file tax returns at VITA sites. NESDCAP also produced public service announcements that aired on two radio stations for two weeks during February and March and promoted its free tax preparation services on three local cable stations throughout the tax season. In addition, NESDCAP distributed nearly 3,000 flyers, brochures, envelope stuffers, newsletter articles, posters, and postcards. These combined efforts led NESDCAP's VITA site to complete 300 tax returns, providing over \$550,000 in total refunds to taxpayers in 2010.

**Contact: Paula Jensen, NESDCAP, (605) 698-7654 x 33 or paula@nesdcap.org.**

human services, personal finance, and business issues, as well as those who write feature stories. Meet with the editorial board. Send information to hosts and producers of community affairs programs and local talk shows. Remember to include non-English language media. Weekly or small community newspapers may be willing to print your flyer as an

***[An important aspect of] sustainability is predicated on the idea of going beyond merely helping people get the EIC. While helping working families access the EIC one year is terrific, forward-thinking organizations realize that a multi-year approach combining EIC outreach and asset building is the best bet for helping those families build financial stability.***

**Jason Sabo, United Way of Texas, Austin, Texas**

advertisement. Shoppers' guides and circulars that advertise in-store sales can also run tax credit messages. Radio and TV stations may agree to air public service announcements (PSAs). Transit authorities can donate ad space for bus shelters, buses and trains. In some movie theaters, slides with local ads are projected on the screen before the film. Ask the manager if a tax credit ad can be included.

Think about partners with the resources and connections to get coverage for the campaign. The support of elected officials and other high-profile community leaders can draw attention to the campaign. Public agencies, community colleges, or utility companies may have regular space in the local paper or a routine timeslot on local radio or cable TV. Visit the "Outreach Tools" section of [www.eitcoutreach.org](http://www.eitcoutreach.org), for more ideas on working with the media.

**6. Work to sustain outreach efforts in the future.** Work on making outreach activities an integral part of how organizations in the community operate. For example, businesses may start by posting tax credit flyers on the lunchroom bulletin board, but they can institutionalize outreach by including tax credit

information in the orientation for new employees. A community college may conduct training for students who wish to volunteer at local VITA sites. The college can institutionalize tax credit outreach by sponsoring its own VITA site and initiating a system for informing its employees and students about the credits and where to get free tax filing help on campus. (This could be a campus-wide email or notices with paychecks or end-of-term grades, for instance.) Identify funding and other resources that can add stability to a budding campaign and help it grow.

## Fundraising

Tax Credit Outreach Campaigns can operate on the in-kind support of its partners, but as the campaign broadens and intensifies, specific funding may be necessary. Community foundations, in particular, may have a special interest in the economic health of their community. Civic groups, local businesses or the United Way may help provide support for the campaign. Government funding, such as the Community Development Block Grant or special state outreach grants, may be available.

Campaigns will have to make the case for why tax credit outreach is needed. The Brookings Institution provides data on EIC claims by zip code at [www.brookings.edu/metro/EITC/EITC-Homepage.aspx](http://www.brookings.edu/metro/EITC/EITC-Homepage.aspx). This information can help you document the need for outreach and help pinpoint where outreach efforts should be targeted. For other ideas on making the case for outreach visit the "Outreach Tools" section of the Tax Credit Outreach Campaign website at [www.eitcoutreach.org](http://www.eitcoutreach.org)

# The Earned Income Credit: A Powerful Benefit for People Who Work

## ***What is the Earned Income Credit (EIC)?***

The EIC is a tax benefit for working people who earn low or moderate incomes. It has several important purposes: to offset taxes, to supplement very low wages, and to provide a work incentive.

The EIC can offset some or all of the taxes workers must pay, such as payroll taxes, and can help cover any federal income tax workers may still owe at tax time. Besides offsetting taxes, workers earning low wages may also get cash back through the EIC refund. Workers who qualify for the EIC and claim it on their federal tax return can receive a refund check from the IRS even if their earnings were too small to owe income tax.

## ***Who can get the EIC and how much is it worth?***

Single or married people who worked full-time or part-time at some point in 2010 can qualify for the EIC, depending on their income.

- Workers who were raising one child in their home and had income of less than \$35,535 (or \$40,545 for married workers) in 2010 can get an EIC of up to **\$3,050**.
- Workers who were raising two children in their home and had income of less than \$40,363 (or \$45,373 for married workers) in 2010 can get an EIC of up to **\$5,036**.

## **Who is a “Qualifying Child” for the EIC?**

- Sons, daughters, stepchildren, grandchildren and adopted children
- Brothers, sisters, stepbrothers, or stepsisters — as well as descendants of such relatives
- Foster children who are placed with the worker by an authorized government or private placement agency

“Qualifying children” must live with the worker for more than half of the year. They must be under age 19, or under age 24 if they are full-time students. Children of any age who have total and permanent disabilities also may be qualifying children. Valid Social Security numbers are required for qualifying children born before December 31, 2010.

- Workers who were raising three or more children in their home and had income of less than \$43,352 (or \$48,362 for married workers) in 2010 can get an EIC of up to **\$5,666**.
- Workers who were not raising children in their home, were between ages 25 and 64 on December 31, 2010, and had income below \$13,460 (or \$18,470 for married workers) can get an EIC up to **\$457**.
- Workers with investment income exceeding \$3,100 in 2010 may not claim the EIC.

## ***How does the EIC work?***

- **Eligible workers can pay less in taxes and get a check from the IRS.** Mr. and Mrs. Johnson have two children, ages 21 and 22, in college. They earned \$32,000 in 2010 and owe the IRS an extra \$200 in income tax not withheld from their pay during the year. Their income makes them eligible for an EIC of \$2,816. So, the EIC eliminates their \$200 income tax — now they owe the IRS nothing — and gives them a refund of \$2,616.
- **Eligible workers who owe no income taxes can get a check from the IRS.** Marlene Rogers is raising two children and earned \$10,000 in 2010. Her Social Security payroll tax was \$765. She is eligible for an EIC refund check of \$4,000 — it pays her back the amount of her payroll tax and she gets \$3,235 in addition.

## ***How do you get the EIC?***

- Workers raising a “qualifying child” in their home in 2010 must file either Form 1040 or 1040A and must fill out and attach Schedule EIC. Workers with children cannot get the EIC if they file Form 1040EZ or do not attach Schedule EIC. Married workers must file a joint return to get the EIC.
- Workers who were not raising a “qualifying child” in their home in 2010 can file any tax form — including the 1040EZ. These workers write the dollar amount of their credit on the Earned Income Credit line on the tax form. They do not file Schedule EIC.
- A correct name and Social Security number must be provided for each filer listed on the tax return and each child listed on the Schedule EIC. If this information is incorrect or missing, the IRS will delay the refund.

Note: The Advance EIC option has been discontinued as of 2011. Previously, workers could choose to get part of their EIC in their paychecks throughout the year and part in a check from the IRS after they file their tax return. Congress passed legislation in 2010 eliminating this option.

## ***Workers can get FREE help filing their tax forms***

Many families that apply for the EIC pay someone to complete their tax forms. This can often cost between \$55 and \$130, or can be more.

Getting a “quick tax refund” that comes back in a few days costs even more. Paying for tax preparation takes away from the value of the EIC. But low-income workers can get free help with tax preparation through a program called VITA (Volunteer Income Tax Assistance).

## ***Does the EIC affect eligibility for other public benefits?***

The EIC does not count as income in determining eligibility for benefits like cash assistance (“welfare”), Medicaid, food stamps, SSI or public housing. Some benefit programs count saving the EIC as a resource under certain circumstances.

## ***Can immigrant workers get the EIC?***

Many immigrants who are legally authorized to work can qualify for the EIC, as long as they meet the other eligibility requirements.

# The Child Tax Credit: An Extra Tax Break for Working Families!

## What is the Child Tax Credit?

The Child Tax Credit (CTC) is a federal tax credit worth up to \$1,000 in 2010 for each qualifying child under age 17 claimed on the worker's tax return. Since 2001, the CTC has been available to millions more low- and moderate-income working families and provided many families a larger CTC than they could have received in the past. This "Additional CTC" is refundable, meaning some families can get the credit even if they owe no income tax. Eligible families can receive the "Additional CTC," or CTC refund, in a check from the IRS.

## Who Can Claim the Child Tax Credit Refund?

To be eligible for the CTC refund, a single or married worker must:

- have a qualifying child under age 17;
- have taxable earned income above \$3,000 (new for 2009 and 2010); and
- have either a Social Security number (SSN) or an Individual Taxpayer Identification Number (ITIN). ITINs are issued by the IRS to individuals who are unable to obtain a Social Security number. *Immigrant workers with either type of number may be able to claim the CTC refund.*

## Can a working family get both the Child Tax Credit refund and the Earned Income Credit?

Yes!! Most low-wage working families that qualify for the CTC refund will also be eligible for the EIC. For many families that qualify for both credits, the EIC will be larger, but the CTC still will provide a significant income boost. Despite the overlap in eligible families, there are important differences in the eligibility rules for the two credits and in the procedures for claiming them.

### Who is a "Qualifying Child" for the CTC?

- Sons, daughters, stepchildren, grandchildren and adopted children
- Brothers, sisters, stepbrothers, or stepsisters — as well as descendants of such relatives
- Foster children who are placed with the worker by an authorized government or private placement agency
- \* Age — A child claimed for the CTC must be under age 17 at the end of 2010.
- \* Residence — The child must live with the worker for more than half of the year in the U.S. and must be either a citizen or a resident alien. The child must have either a valid Social Security number or an Individual Taxpayer Identification Number (ITIN).

*Note: a child may not be claimed for the CTC if the child provides over one-half of his or her own support; the worker must claim the dependent exemption for the child.*

- a non-custodial parent who is allowed to claim his or her child as a dependent by a divorce or separation agreement is the parent entitled to claim the child for the CTC.

## ***How do families get the Child Tax Credit refund?***

1. **File a federal income tax return — Form 1040 or 1040A, but not 1040EZ.** The instructions and worksheet included in the IRS tax form packet will help tax filers figure their income tax and calculate their maximum possible CTC. The CTC is first used to reduce or eliminate any income tax a tax filer owes. If any of the CTC is remaining after the income tax has been eliminated (i.e. if the family's income tax was less than its maximum CTC), the tax filer moves on to the next step in the process — Form 8812.
2. **File Form 8812.** Form 8812, "Additional Child Tax Credit," is used to find out if the family qualifies for a CTC refund and, if so, the amount of the refund. This form must be attached to the tax return for a family to receive the CTC refund.

## ***How does the CTC work?***

- Eligible families can get up to \$1,000 for each qualifying child under age 17 claimed on their tax return. (For example, a parent with two such children can claim a CTC of up to \$2,000 — 2 children x \$1,000.) The CTC first is used to reduce or eliminate a family's income tax liability. Families may also be able to get all or part of any remaining CTC as a refund.

- The CTC refund is based on the amount by which the earned income of a worker (and spouse, if married) exceeds \$3,000. Families with any CTC remaining after their income tax liability has been eliminated may receive a refund in the lesser of two amounts: (1) the amount of the family's CTC that remains, or (2) 15 percent of the family's earned income over \$3,000. Here's an example of how a family can benefit:

Janice is a single parent with a 16-year-old child. She earned \$20,000 in 2010 and had \$430 in income tax withheld from her pay. (1) Her maximum CTC of \$1,000 is first used to eliminate her \$430 income tax, leaving \$570 of her CTC remaining ( $\$1,000 - \$430 = \$570$ ). (2) Fifteen percent (15%) of Janice's earnings over \$3,000 is \$2,550. Since this is more than the \$570 remaining in her CTC, Janice is eligible to receive a CTC refund for the lower amount — \$570. Janice's check from the IRS will include:

- refund of withheld income tax      \$430
- her Additional CTC refund      \$570
- her EIC for one child      \$2,483

Her total refund =      \$3,483

## ***Does the CTC affect public benefits?***

The CTC refund does not count as income in determining eligibility for any federal, state or local program benefits, such as food stamps, SSI, or child care, financed even in part by federal funds. Some benefit programs count saving the CTC as a resource under certain circumstances.

# Comparing the Eligibility Requirements for the EIC and the CTC

EIC	CTC
<b>Qualifying Child</b>	
<ul style="list-style-type: none"> <li>• Son, daughter, grandchild, stepchild or an adopted child.</li> <li>• Brother, sister, stepbrother or stepsister (and their descendants).</li> <li>• Foster child <i>placed with worker by a government or private agency.</i></li> </ul>	
<b>Residency of Child</b>	
<ul style="list-style-type: none"> <li>• Must live with worker in the U.S. for more than half the year.</li> </ul>	<ul style="list-style-type: none"> <li>• Must live with worker in the U.S. for more than half the year. Exception: A non-custodial parent who is permitted by a divorce or separation agreement to claim the child as a dependent.</li> </ul>
<b>Age of Child</b>	
<ul style="list-style-type: none"> <li>• Under age 19, or under 24 if a full-time student, or any age if totally and permanently disabled.</li> </ul>	<ul style="list-style-type: none"> <li>• Under age 17.</li> </ul>
<b>Income</b>	
<ul style="list-style-type: none"> <li>• 1 child—under \$35,535.</li> <li>• 2 or more children—under \$40,363.</li> <li>• 3 or more children — under \$43,352.</li> <li>• No children—under \$13,460.</li> <li>• Income limits for married workers are \$5,010 higher.</li> <li>• Investment income cannot exceed \$3,100.</li> </ul>	<ul style="list-style-type: none"> <li>• Must earn <i>more than</i> \$3,000.</li> <li>• No limit on investment income.</li> </ul>
<b>Credit Amount</b>	
<ul style="list-style-type: none"> <li>• 1 child—<i>up to</i> \$3,050.</li> <li>• 2 children—<i>up to</i> \$5,036.</li> <li>• 3 or more children — <i>up to</i> \$5,666.</li> <li>• No children—<i>up to</i> \$457.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Up to</i> \$1,000 per child.</li> </ul>
<b>Dependency</b>	
<ul style="list-style-type: none"> <li>• Not required (except for a claim by a married parent who separated from his or her spouse during the first half of the year).</li> </ul>	<ul style="list-style-type: none"> <li>• Must be able to claim child as a dependent and claim the exemption on the return.</li> </ul>
<b>Immigration</b>	
<ul style="list-style-type: none"> <li>• Worker, spouse and qualifying child must each have a valid SSN that permits them to work legally in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>• Child must be a U.S. citizen or a resident alien; SSN or ITIN for parents and children is required.</li> </ul>
<b>Sources of Earned Income</b>	
<ul style="list-style-type: none"> <li>• Wages, salary, tips.</li> <li>• Earnings from self-employment.</li> <li>• Union strike benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• Employer-paid disability.</li> <li>• Military combat pay (tax filer can choose to count for EIC, must count for CTC).</li> </ul>
<b>Special Forms</b>	
<ul style="list-style-type: none"> <li>• Schedule EIC required for workers claiming children.</li> </ul>	<ul style="list-style-type: none"> <li>• Form 8812 "Additional Child Tax Credit."</li> </ul>
<b>Impact on Public Benefits</b>	
<ul style="list-style-type: none"> <li>• Not considered income for food stamps, SSI, Medicaid, federal housing, foster care or adoption assistance.</li> <li>• Does not count toward resource limits in the month of receipt or the following month. Exceptions: SSI—counts after 9 months; food stamps—counts after 12 months.</li> <li>• Rules regarding other benefit programs are state-determined.</li> </ul>	<ul style="list-style-type: none"> <li>• Not considered income for any federal, state, or local program financed even in part by federal funds.</li> <li>• Generally does not count toward resource limits in the month of receipt or in the following month. Exception: SSI—counts after 9 months.</li> </ul>

# What Is Earned Income for the Earned Income Credit and Child Tax Credit?

## *Earned Income*

### **Includes:**

#### **Taxable Earned Income:**

- Wages, salaries, and tips
- Union strike benefits
- Long-term disability benefits received prior to minimum retirement age
- Net earnings from self-employment
- Gross income received as a statutory employee
- **Exception:** Military combat pay is non-taxable earned income, up to the highest pay level for enlisted personnel. Combat pay is counted to determine eligibility for the CTC. Military personnel may choose to count their non-taxable combat pay in determining eligibility for the EIC, if it is advantageous to do so.

If investment income exceeds \$3,100, the EIC may not be claimed. Investment income includes taxable interest, tax-exempt interest, and capital gain distributions.

*For more detail, see IRS Publication 596, "Earned Income Credit."*

### **Does not include:**

- Interest and dividends
- Social security and railroad retirement benefits
- Welfare benefits
- Workfare payments
- Pensions or annuities
- Veterans' benefits (including VA rehabilitation payments)
- Workers' compensation benefits
- Alimony and Child Support
- Non-taxable foster care payments
- Unemployment compensation (insurance)
- Earnings for work performed while an inmate at a penal institution
- Taxable scholarship or fellowship grants that are not reported on Form W-2

### **Nontaxable earned income:**

- Salary deferrals (for example: under a 401(k) plan)
- Military basic housing and subsistence allowances
- Meals or lodging provided by an employer for the convenience of the employer
- Housing allowance or rental value of a parsonage for the clergy
- Excludable dependent care benefits
- Salary reductions such as under a cafeteria plan
- Anything else of value you get from an employer for services you performed even if it is not taxable

# The Making Work Pay Credit

## ***What is it?***

The American Recovery and Reinvestment Tax Act of 2009 (ARRA) established the Making Work Pay Credit (MWPC), which took effect in 2009. The MWPC is a tax credit worth up to \$400 for individuals and \$800 for married couples filing jointly, whether or not they are raising children. To provide the increase in income from this credit to most workers during 2010, the IRS adjusted the standard withholding tables which employers use to determine how much income tax is withheld from each paycheck. Less income tax is withheld to provide the benefit of the MWPC; as a result, workers could get over \$30 per month in increased take-home pay in 2010. Tax filers must attach a completed IRS Schedule M, "Making Work Pay Credit" to the tax return, or the IRS may not include the MWPC when figuring income tax.

## ***Some eligible workers did not get the MWPC in paychecks***

Workers who did not get the MWPC in their paychecks will need to claim the MWPC as a refund on their 2010 tax return. These include:

- Workers who earned too little to have income tax withheld from their pay;
- Self-employed workers with net earnings who did not reduce the amount of income tax they paid in their quarterly estimated tax returns (low-income self-employed workers often do not file estimated returns); and
- Those who earned enough to have income tax withheld by their employer, but didn't work

enough weeks in 2010 to receive their full MWPC.

These workers can claim the MWPC as a refund by filing Schedule M.

## ***Who is eligible for the MWPC?***

To qualify for the MWPC in 2010, a worker must have a valid Social Security number and cannot be claimed as a dependent for 2010 by another individual.

- There are no age limits for workers to qualify for the MWPC.
- The MWPC is a maximum of \$400 (\$800 for married couples filing jointly) for workers with adjusted gross income up to \$75,000 (\$150,000 for joint filers). At incomes above those levels, the amount of the MWPC phases out and reaches zero at \$95,000 (\$200,000 for joint filers).
- In the case of married couples who file jointly, at least one spouse must have a valid Social Security number for the couple to qualify for the MWPC. This means one spouse could have an ITIN and the couple could still be eligible for the MWPC.

## ***Will the MWPC affect eligibility for other benefits?***

The MWPC does not count as income in determining eligibility for any other public benefit program funded, even in part, by federal funds. If the worker receives the MWPC as a refund and puts it in a bank account, it does not count toward the resource or asset limit of any such program for two months after the month when the refund was received. The

MWPC also does not count as taxable income, so it will not affect eligibility for other credits such as the Earned Income Credit or Child Tax Credit.

## ***Will there be a MWPC in 2011?***

The MWPC is in effect only for tax years 2009 and 2010. Unless Congress acts late in 2010 to continue the credit in 2011, it will not be available and employer tax tables will be readjusted.

If the MWPC is continued, employees will not need to make any adjustments to the number of exemptions they claim. Thus, they do not need to give a new IRS Form W-4 "Employee Withholding Allowance Certificate" to their employer. However, if the same eligibility rules remain in effect, some workers should adjust their withholding if they don't want the MWPC in their paychecks because they may risk owing money back to the IRS:

- workers who are not eligible for the MWPC, such as dependents or those who don't have a valid SSN. They risk owing additional tax when they file their return if they accept the MWPC increase in their take-home pay. They can avoid this in 2010 by adjusting their withholding on their Form W-4 with their employer to increase their withholding.
- workers who have more than one job. If the amount of income tax withheld is reduced at each job, ultimately they might receive more than \$400 in additional take-home pay from the MWPC and would owe additional income tax at the end of the year. Such workers should increase the amount withheld from their paychecks for any additional job they hold or adjust their Form W-4 with their employer if they start a second job later in the year.

## ***Economic Recovery Payments and the MWPC***

**Economic Recovery Payments.** ARRA also authorized a one-time \$250 "economic recovery payment" to be paid directly in 2009 to recipients of Social Security retirement or disability benefits, Railroad Retirement benefits and Veterans. This payment was not repeated in 2010. However, some individuals who did not receive their payment in 2009 may have received it in 2010. The payments were sent to the recipient in the same way in which their regular benefit payments were sent.

Individuals who received an economic recovery payment in 2010 and who also were employed will have their MWPC decreased by the \$250 payment when they file their return.

**The economic recovery payment does not count as income in determining eligibility for any other public benefit program that is funded, even in part, by federal funds.** If saved, economic recovery payments do not count toward the resource or asset limit of any such program for nine months after the month when the payment was received. For more detail on Economic Recovery Payments, see the fact sheet at [www.eitcoutreach.org](http://www.eitcoutreach.org).

**Government Retiree Tax Credit.** The ARRA also provided for a \$250 tax credit only in 2009 for certain retirees of federal, state or local government employment whose wages were not covered under the Social Security system, and who may not otherwise receive the Economic Recovery Payment described above.

This credit is *not in effect* for 2010.

# Education Tax Credits for College and Job Training

## ***American Opportunity Tax Credit***

As part of economic recovery legislation in 2009, Congress enacted the American Opportunity Tax Credit (AOTC) for 2009 and 2010. This new credit expands the previous Hope Credit. The AOTC can make education more affordable for many more low-income families and students who might not otherwise be able to attend college. The Lifetime Learning Credit continues to be available to enable individuals to improve their job skills and increase their earning ability. Tax filers who claim an education tax credit may also claim the EIC and Child Tax Credit, if they qualify.

The AOTC is partly refundable. The major change to the previous Hope Credit rules is that up to \$1,000 of the AOTC may be claimed even if the individual earns too little to owe income tax.

## ***Who is Eligible to Claim the AOTC?***

The AOTC is available for students who are in their first four years of college (the Hope Credit covered only the first two years) and are pursuing an undergraduate degree. Filers may be eligible for the AOTC if they:

- paid for “qualified educational expenses,” whether for themselves, their spouse or their dependents, at an “eligible educational institution,” and

- have adjusted gross income in 2010 less than \$80,000; \$160,000 if married (these limits are higher than under the Hope Credit rules). The amount of the AOTC phases-out at income levels above this.
- Immigrants who are resident aliens for tax purposes may also claim the AOTC.

## ***Qualified Educational Expenses for the AOTC Include:***

Tuition – the amount of tuition after tax-free contributions have been subtracted, such as:

- Scholarships
- Pell Grants
- Veterans Assistance
- Fellowships
- Employer Assistance

Course-related materials, whether or not they are required for enrollment at an educational institution.

The following are not qualifying expenses: insurance, medical expenses, room and board, transportation, other living or family expenses, and childcare.

## ***Eligible Educational Institutions***

- Colleges, universities, vocational schools
- Accredited schools eligible to participate in Student Aid programs of the U.S. Department of Education

## ***How Much Is the AOTC Worth?***

The AOTC is now worth up to \$2,500 — an increase from the Hope Credit’s maximum of \$1,800. The AOTC is figured by taking the first \$2,000 paid towards the student’s qualified educational expenses, and adding 25 percent of the next \$2,000 in educational expenses, up to \$2,500.

The AOTC provides a refundable credit worth 40% of this total, up to \$1,000. If no income tax is owed, the filer still qualifies for an AOTC up to \$1,000. If tax is owed, the balance of the credit is used to reduce the filer's tax liability.

For example, Maggie earned \$25,000 in 2010 and attended college half-time working toward her degree. Her tuition for the year was \$5,000. She owes \$1,929 in income tax. She qualifies for a maximum AOTC of \$2,500 (first \$2,000 in expenses + 25% of the next \$2,000 in expenses):

- a refundable credit of \$1,000 (40% of \$2,500), is subtracted from her maximum credit of \$2,500, leaving a balance of \$1,500;
- this reduces her \$1,929 income tax to \$429;
- She also qualifies for the Making Work Pay Credit, worth \$400.

## The Lifetime Learning Credit

For students not pursuing a degree, the Lifetime Learning Credit is available at any point in their post-secondary education. For filers to be eligible for the full credit, adjusted gross income in 2010 must be less than \$50,000 (\$100,000 if married). The credit is 20 percent of the first

\$10,000 of qualified educational expenses, up to \$2,000 per household, regardless of the number of eligible students in the family. Unlike the AOTC, this credit only reduces income tax, and won't benefit families that owe no tax.

## Special Option for Midwest Disaster Areas

Some filers have the option to use the prior year Hope Credit rules. For 2008, Congress doubled the amounts that can be claimed under the Hope Credit and the Lifetime Learning Credit for students attending educational institutions in Midwestern disaster areas. This made the Hope Credit worth a maximum of \$3,600 in these areas, compared to the AOTC maximum of \$2,500. For details on how to file and a list of counties where these rules apply, see *IRS Publication 970 "Tax Benefits for Education."*

## Claiming the AOTC and Lifetime Learning Credits

IRS Form 8863 is required to claim either credit. Form 8863 must be attached to the tax return (Form 1040 or 1040A). *For more information see IRS Publication 970 "Tax Benefits for Education."*

### Differences in Rules for the AOTC and Lifetime Learning Credit

#### American Opportunity Tax Credit

First four years post-secondary students

Student must be pursuing undergraduate degree or other educational credentials

Must be enrolled at least half-time

May not have felony convictions for possession of drugs or intent to distribute

Student is not claiming Lifetime Learning Credit

#### Lifetime Learning Credit

Students in any year of college or courses to acquire job skills

No degree or course study requirements

Enrolled in a minimum of one course

Felony drug rule does not apply

Student is not claiming AOTC

# Split Refund Option: Purchase U.S. Savings Bonds

Tax filers may directly purchase U.S. Savings Bonds in 2011 with their tax refunds. Filers can check off on their tax return that they want to use part of their tax refund to electronically purchase Savings Bonds. This is a feature of the IRS split refund policy.

## ***What are split refunds?***

The IRS provides the “split refund” option to enable tax filers receiving a refund through direct-deposit to allocate portions of the refund directly into as many as three different accounts. This is designed to make it easier for tax filers receiving substantial refunds, such as from the EIC and CTC, to take advantage of savings and asset development opportunities at the same time they file their return. Using the split refund option, a filer could directly deposit part of a tax refund into a savings account, part into an Individual Retirement Account, and the remainder into a checking account. In 2011, filers may also elect to receive the balance of their refund as a paper check mailed by the IRS.

## ***Purchase Savings Bonds through a split refund***

When filing a return in 2011, filers choosing to split their refunds may choose to purchase Savings Bonds and deposit the rest of the refund into as many as two other accounts. While Savings Bond purchasers normally have to establish an account with the U.S. Department of Treasury in

order to make a purchase, this preliminary step is not necessary when using the split refund option. The Treasury Department will mail the bonds directly to the filer. Pilot tests at free tax assistance sites in 2009 found that Savings Bonds were a popular and trusted savings option for taxpayers who might otherwise be reluctant to establish a savings account or Individual Retirement Account. The IRS provides a fact sheet on using a tax refund to purchase Savings Bonds at: [www.irs.gov/pub/irs-pdf/p4830.pdf](http://www.irs.gov/pub/irs-pdf/p4830.pdf).

*NEW!* Individuals often wish to purchase Savings Bonds in the name of a child or grandchild. This may now be done using the split refund tax return option in 2011.

Taxpayers should understand that while Savings Bonds are a risk-free investment, they are a long-term savings vehicle. They generally cannot be redeemed within a year of initial purchase, unless the owner lives in a disaster area. If the owner redeems a Savings Bond within five years of purchase, he or she loses the most recent three months of interest.

## ***What are the benefits to splitting a refund?***

Lower-income workers have many demands on their modest incomes and often lack a bank account in which to deposit savings. Receiving a large lump-sum EIC and CTC refund that averages over \$2,000, and for some is over \$5,000, provides an incentive to save, but most workers are reluctant to commit their entire tax refunds to savings.

The split refund option provides lower-income workers a convenient automatic savings mechanism that can facilitate their decision to save some of their income. Such workers usually do not have savings

opportunities such as payroll deductions for deposits into 401(k) retirement plans. Designating a portion of a substantial tax refund for savings may enable workers to save more than they could by diverting only small amounts of their paychecks to savings. Split refunds also make it easier to participate in asset-building programs such as Individual Development Accounts (IDAs) that require individual savings.

## ***How does this work?***

Tax filers direct the IRS on how to split their refund among different accounts, by submitting Form 8888, "Allocation of Refund," with their return, providing the name of the financial institution, the filer's account numbers and the institution's routing transit number for direct deposits. The split refund option can be chosen whether the return is filed electronically or mailed, and it can be used with any of the IRS 1040 series of tax return forms, including the 1040-EZ. (Tax filers who want to deposit the entire amount of their refund directly into one account don't need to use this form and will continue to designate the account on the tax return form.)

## ***Outreach resources to promote split refunds***

The flexibility of split refunds and the Savings Bond option may enable organizations seeking to build stronger linkages between free tax preparation services and asset-building to develop new services attractive to lower-income taxpayers. For example, many VITA sites now partner with a bank or credit union to help tax filers without a bank account to open a new savings account at the site. In doing so, filers can obtain a refund more quickly by filing electronically and having the IRS deposit the tax refund directly into their account.

Several organizations involved in expanding asset development opportunities for lower-income workers, including the Brookings Institution, the D2D Fund, Inc. ("Doorway to Dreams"), and the New America Foundation, previously urged the IRS to offer the split refund opportunity to tax filers and have advocated for the Savings Bond purchase option. Pilot projects with community agencies providing free tax preparation assistance that showed that low-income taxpayers often would respond to the opportunity to save when offered the flexibility of split refunds. For example, one-fifth of VITA clients accepted the opportunity to use split refunds in a pilot conducted by the Community Action Project of Tulsa County in Tulsa, OK, and deposited nearly half the amount of their refunds into savings. Over three-fourths of these workers had no savings previously.

Proponents of the split refund option actively try to increase taxpayer awareness of this opportunity. The D2D Fund, in conjunction with the United Way of America and the National Community Tax Coalition, offers a free "Guide to Split Refunds" which can be ordered at the website [www.splitrefunds.net](http://www.splitrefunds.net). The Guide provides approaches on how Tax Credit Outreach Campaigns and VITA programs can market saving through split refunds at tax time, how to modify VITA site operations and training to build in the split refund process and how to build financial institution relationships and select savings products appropriate for lower-income workers. The website provides updates on IRS forms and procedures, tax filing software issues and examples of innovative local programs offering split refund opportunities. Also see D2D's website on the new option to purchase Savings Bonds, [www.d2dfund.org/taxtimebonds](http://www.d2dfund.org/taxtimebonds).

# Free Tax Filing Assistance Through VITA

**Paying to file a Tax Return Can Drain Money from A Worker's Tax Refund.** Many people feel confused or intimidated when faced with filing a tax return. They often seek the services of a commercial tax preparer who may charge \$55 to \$130. Knowing that tax filers would like to get their refunds back quickly, the preparer may persuade the tax filer to go for a "refund anticipation loan" which can add another \$100 or even more to the cost.

Low-income workers need every penny of their tax refunds and may not realize that they do not have to pay fees that drain money away from their refunds. That choice is VITA — Volunteer Income Tax Assistance — a program run by the IRS in conjunction with community based organizations.

**VITA is a Cost-Free Alternative.** VITA volunteers are trained, according to IRS guidelines, to fill out basic tax forms including the ones needed to claim the EIC and the CTC. There is no charge for VITA services. VITA sites are located in community action agencies, churches, libraries, public assistance offices, shopping malls, community colleges, and other public places. VITA sites are generally open from late January through April 15, although hours may be limited. Many VITA sites can file tax forms electronically, or can arrange for this to be done later at a central location. Filing electronically — having a return completed by computer — helps filers get a faster turn-around on a refund and makes it less likely that incomplete forms will be filed. This helps avoid refund delays and provides an alternative to expensive commercial fees.

**A big problem with VITA is that not enough people use it!** The most recent IRS

data available from tax year 2007 indicate 70 percent of EIC claims were filed through commercial tax preparers, while less than two percent of EIC recipients used VITA or other IRS-sponsored volunteer return preparation services.

**Why don't more people use VITA?** Tax filers may not know about VITA or where to find a convenient VITA site. Some communities have several VITA sites; others, such as rural communities, may lack the VITA sites they need. Sometimes VITA sites are not open at times when many working people can take advantage of them — in the evenings and on weekends.

## What Are Refund Anticipation Loans?

Many commercial tax preparers offer refund anticipation loans (RALs) to enable the taxpayer to get a check in the amount of his or her refund (less charges and fees) within a day or two. The "refund" in this situation is not coming from the IRS: It is a loan from a bank, arranged by the commercial tax preparer. The bank is repaid when the IRS sends it the taxpayer's refund check. The fees charged for the RAL are really up-front interest payments on the loan. If the EIC does not come back from the IRS in the amount expected, the taxpayer will have to repay the difference to the bank.

Some Tax Credit Outreach Campaigns have partnered with financial institutions to offer low-cost RAL alternatives. As part of the program, taxpayers get education about RALs and are informed that even without the RAL, they can get their tax forms filed electronically and can receive their refunds through direct-deposit.

## ***Promoting VITA is an Important Part of a Tax Credit Outreach Campaign***

### **Publicize the locations of VITA sites.**

Your IRS Territory Manager can provide a list. If it is not yet available, obtain the list from the previous year and call each location for up-to-date information. Share the list with your campaign partners and the media.

**Set up a hotline.** A telephone hotline can refer callers to the nearest VITA site. Some communities have a “2-1-1” hotline which connects callers to social services. United Way agencies may operate hotlines, such as “First Call for Help,” that can inform workers about the tax credits and VITA sites. If there are no existing hotlines, your campaign may be able to initiate one with the help of volunteers or a voicemail system. If these options are unavailable, callers can get VITA site locations by calling the IRS at 1-800-906-9887.

### **Enlist volunteers to staff VITA sites.**

Volunteers do not have to have a tax background,

## **Tax Counseling for the Elderly**

In many communities, free tax filing assistance also is available through the Tax Counseling for the Elderly (TCE) program. TCE is sponsored by the IRS, often in conjunction with the AARP Tax Aide Program. Although its main purpose is to assist seniors, TCE also can help low-income workers file tax returns. Your IRS Territory Manager can provide a list of TCE sites and can link you with the local TCE coordinator. During the filing season, you can find AARP’s TCE sites listed by zip code at [www.aarp.org/money/taxaide](http://www.aarp.org/money/taxaide).

## **What Should Workers Bring to a VITA Site?**

- A copy of 2009 tax return, if available
- Social Security numbers for the worker, spouse and any children born before 12/31/10 are needed to claim the EIC.
- W-2 forms from all jobs. If you don’t have the W-2, bring final pay stubs, if available.
- 1099 forms for any other income
- Statements received from a mortgage company during 2010
- Any IRS notices received during 2010
- Workers with Individual Taxpayer Identification Numbers (ITINs) should bring the ITIN letter sent to them by the IRS. Workers need either an ITIN or an SSN to claim the Child Tax Credit.

although retired business professionals, accountants and accounting students are well-suited to the job. Contact your IRS Territory Manager to plan how to recruit volunteers at least several weeks before tax filing begins. Volunteers also can take the self-study training on the IRS website.

**Help VITA sites obtain electronic filing systems.** Some people pay commercial tax preparers so they can have their returns filed by computer and get their refund faster. Work with your IRS Territory Manager to arrange for electronic filing at VITA sites.

**Make sure VITA sites can accommodate special needs of tax filers.**

Provide interpreters for tax filers who speak languages other than English. Help make sites accessible for people with disabilities. Offer child care services on site.

# Getting in Touch With Your IRS Territory Manager

For a list of Volunteer Income Tax Assistance (VITA) sites in your area, contact your IRS Territory Manager, listed below. The Territory Managers, or their staff, can help you set up new VITA sites and train VITA volunteers. Some offices cover more than one state. The Territory Manager for your state may be headquartered elsewhere, but he or she does supervise the program in your area. The Territory Manager's office can connect you to IRS staff, EIC outreach materials, VITA trainings or VITA site supervisors in your state, and help plan future efforts. IRS is currently making changes to these offices. Please let us know if you are unable to make contact.

Note: These numbers should not be given to individual taxpayers to call for personal tax help. These offices can't do that — they organize the VITA program. *Call 1-800-829-1040 for tax help.*

STATE	TERRITORY MANAGER	PHONE NUMBER/EMAIL
Alabama	Elaine Beck	205-912-5491/Elaine.Beck@irs.gov
Alaska	Sue Stockman	206-220-5528/Sue.M.Stockman@irs.gov
Arizona	Tracey Banks	602-207-8494/Tracey.C.Banks@irs.gov
Arkansas	Karen O'Neill	405-297-4026/Karen.L.ONeill@irs.gov
California		
Fresno	Claudia Wreyford	916-974-5589/Claudia.Wreyford@irs.gov
Los Angeles	Connie Stewart	213-999-1043/Connie.Stewart@irs.gov
Oakland	Stella Lee	408-817-6554/Stella.Lee@irs.gov
Sacramento	Claudia Wreyford	916-974-5589/Claudia.Wreyford@irs.gov
San Jose	Stella Lee	408-817-6554/Stella.Lee@irs.gov
San Marcos/Santa Ana	Barbara Kuhns	760-736-7340/Barbara.M.Kuhns@irs.gov
Santa Maria	Connie Stewart	213-999-1043/Connie.Stewart@irs.gov
Colorado	Terence Donohoue	303-606-4564/Terence.Donohoue@irs.gov
Connecticut	Jodonna Powell	860-756-4660/Jodonna.G.Powell@irs.gov
Delaware	Elizabeth Hollingsworth	973-468-3266/Elizabeth.Hollingsworth@irs.gov
District of Columbia	Michele Page	202-927-9298/Michele.L.Page@irs.gov
Florida		
Jacksonville/Tampa	Barbara Travis	813-315-2395/Barbara.Travis@irs.gov
Miami/Maitland	Ron Albert	954-423-7770/Ronald.W.Albert@irs.gov
Panama City	Elaine Beck	205-912-5491/Elaine.Beck@irs.gov
Plantation/West Palm Beach	Ron Albert	954-423-7770/Ronald.W.Albert@irs.gov
St. Petersburg/Tallahassee	Barbara Travis	813-315-2395/Barbara.Travis@irs.gov
Georgia	Mikki Betker	404-338-8893/Mikki.M.Betker@irs.gov
Hawaii	Becky Facer	503-326-6010/Rebecca.A.Facer@irs.gov
Idaho	Becky Facer	503-326-6010/Rebecca.A.Facer@irs.gov
Illinois	Cheryl Magana	312-566-2201/Cheryl.M.Magana@irs.gov
Indiana	Ken Williams	317-685-7782/Kenneth.L.Williams@irs.gov
Iowa	Mary Solomon	402-233-7311/Mary.L.Solomon@irs.gov
Kansas	Kathryn Lett-Deathe	816-966-2303/Kathryn.Lett-Deathe@irs.gov

STATE	TERRITORY MANAGER	PHONE NUMBER/EMAIL
Kentucky	Michelle Bell	513-263-4271/Michelle.Bell@irs.gov
Louisiana	Jan Pretus	205-912-5491/Jan.Pretus@irs.gov
Maine	Bill Smits	617-316-2145/William.C.Smits@irs.gov
Maryland	Michele Page	202-927-9298/Michele.L.Page@irs.gov
Massachusetts	Bill Smits	617-316-2145/William.C.Smits@irs.gov
Michigan	Ramondo Gee	313-628-3700/Ramondo.Gee@irs.gov
Minnesota	Steve Soria	651-726-1580/Steve.Soria2@irs.gov
Mississippi	Jan Pretus	205-912-5491/Jan.Pretus@irs.gov
Missouri	Kathryn Lett-Deathe	816-966-2303/Kathryn.Lett-Deathe@irs.gov
Montana	Terence Donohoue	303-606-4564/Terence.Donohoue@irs.gov
Nebraska	Mary Solomon	402-233-7311/Mary.L.Solomon@irs.gov
Nevada	Debra Patterson	702-868-5040/Debra.L.Patterson@irs.gov
New Hampshire	Bill Smits	617-316-2145/William.C.Smits@irs.gov
New Jersey	Elizabeth Hollingsworth	973-468-3266/Elizabeth.Hollingsworth@irs.gov
New Mexico	Tracey Banks	602-207-8494/Tracey.C.Banks@irs.gov
New York		
Albany/Buffalo	Mana Swope	283-001-2824/Mana.Swope@irs.gov
New York City	James Duffy	212-436-1031/James.Duffy@irs.gov
North Carolina	Roger Burton	336-378-2132/Roger.Burton@irs.gov
North Dakota	Steve Soria	651-726-1580/Steve.Soria2@irs.gov
Ohio		
Cincinnati	Michelle Bell	513-263-4271/Michelle.Bell@irs.gov
Columbus/Cleveland	Sandra Trigg	614-280-8659/Sandra.Trigg@irs.gov
Oklahoma	Karen O'Neill	405-297-4026/Karen.L.ONeill@irs.gov
Oregon	Becky Facer	503-326-6010/Rebecca.A.Facer@irs.gov
Pennsylvania	Jim Daugherty	412-395-4534/James.K.Daugherty@irs.gov
Rhode Island	Jodonna Powell	860-756-4660/Jodonna.G.Powell@irs.gov
South Carolina	Steven Owens	803-253-3342/Steven.Owens@irs.gov
South Dakota	Steve Soria	651-726-1580/Steve.Soria2@irs.gov
Tennessee	William Pykosh	615-250-5912/William.P.Pykosh@irs.gov
Texas		
Austin/Houston	Paulette Windon	281-721-7071/Paulette.Windon@irs.gov
Dallas	Paul Ramos	214-413-6029/Paul.S.Ramos@irs.gov
El Paso	Ricardo Soto	915-834-6512/Ricardo.Soto2@irs.gov
Utah	Debra Patterson	702-868-5040/Debra.L.Patterson@irs.gov
Vermont	Jodonna Powell	860-756-4660/Jodonna.G.Powell@irs.gov
Virginia	Chris Neighbor	804-916-8730/Chris.C.Neighbor@irs.gov
Washington	Sue Stockman	206-220-5528/Sue.M.Stockman@irs.gov
West Virginia	Chris Neighbor	804-916-8730/Chris.C.Neighbor@irs.gov
Wisconsin	Mary Solomon	402-223-7311/Mary.L.Solomon@irs.gov
Wyoming	Terence Donohoue	303-606-4564/Terence.Donohoue@irs.gov
Puerto Rico	Mikki Betker	404-338-8893/Mikki.M.Betker@irs.gov

## Find It On the Web

Much more about the tax credits and implementing an effective Tax Credit Outreach Campaign can be found on our website at [www.eitcoutreach.org](http://www.eitcoutreach.org). If you do not have access to the Internet, do not hesitate to call us at (202) 408-1080 and we will send you what you need. Here is a list of just some of the material available on the website:

### Outreach Tools

- Posters, flyers, envelope stuffers in English and Spanish
- Flyers in 19 languages, including: Arabic, Amharic, Bosnian, Cambodian, Chinese, Farsi, French, Haitian-Creole, Hmong, Italian, Korean, Lao, Polish, Portuguese, Russian, Somali, Tagalog, Ukrainian, and Vietnamese
- “10 Ways Flyers”: Ideas for how Businesses; Early Childhood Programs, Colleges and Universities, Job Training programs, and Housing Groups can promote the tax credits
- More on Getting Media Coverage for Your Campaign

### Questions and Answers About the EIC and the CTC

- Tax Credits and Public Benefits
- How to Claim Credits for Back Years
- Social Security Number Requirements
- EIC and CTC: Eligibility Rules for Immigrant Workers
- Non-Traditional Families

### The EIC Estimator

Knowing how much you can expect from the EIC can be a great motivator. Imagine learning that you are eligible to get a refund of several thousand dollars! That's enough to convince anyone of the value of filing a tax return to claim the EIC. The 2010 Earned Income Tax Credit Estimator gives you a quick way to figure how much the EIC might be worth to an eligible family. Just type in annual earnings and the number of children the worker is raising. The calculator quickly shows the EIC amount. The EIC Estimator can be found on the Tax Credit Outreach Campaign Website at: [www.cbpp.org/eic2010/calculator](http://www.cbpp.org/eic2010/calculator)

- College Financial Aid
- Military Personnel

### Links to IRS Tax Forms and Related Information

- Guide to Key IRS Forms and Instructions on the EIC and CTC
- How to Help a Worker Who Filed a Tax Return But Didn't Claim the EIC or CTC
- Individual Taxpayer Identification Numbers

### Facts About Additional Tax Credits and Related Information

- Child and Dependent Care Credit
- Saver's Credit
- EIC Advance Payment Option Discontinued
- EIC and Workers Not Raising Children

- Workers Raising Children with Disabilities
- Qualifying Child Rule Changes May Affect Some Lower-Income Taxpayers
- State Earned Income Credits: DC, DE, IA, IL, IN, KS, LA, MA, MD, ME, MI, MN, NC, NE, NJ, NM, NY, OK, OR, RI, VA, VT, WI
- Promoting Tax Credits with Asset Development Opportunities: IDAs, Financial Education Classes, Credit Repair and Homeownership and Car Ownership Programs
- Roth IRAs
- Individual Taxpayer Identification Numbers
- Low-Income Taxpayer Clinics
- Precautions Consumers Can Take If They seek Help From a Commercial Tax Preparer
- Stored Value Cards
- Free File Alliance and I-CAN!E-File

### **Additional Resources for Promoting the Tax Credits**

- Reports and Resources
- National Coalitions
- Additional Tool Kits and Materials

### **Additional Outreach Strategies and Examples**

### **Information for Individual Taxpayers Looking for Help**

### **More Information About Free Tax Filing Assistance**

- Efforts to Regulate Refund Anticipation Loans (RALs)

## **Let Us Hear From You!**

### ***You'll Receive the 2012 Tax Credit Outreach Kit Automatically!***

To keep up-to-date on facts about the tax credits and free tax filing assistance, outreach ideas and answers to key questions, please be sure that you are on our mailing list.

Visit [www.cbppoutreach.org](http://www.cbppoutreach.org) to be added to the Center on Budget and Policy Priorities Tax Credit Outreach Campaign Kit mailing list or to update the contact information we already have for you.

**CENTER ON BUDGET AND POLICY PRIORITIES**

**820 FIRST STREET, NE**

**SUITE 510**

**WASHINGTON, DC 20002**

**202.408.1080**

**fax: 202.408.1056**

**[www.eitc outreach.org](http://www.eitc outreach.org)**

**[www.cbpp.org](http://www.cbpp.org)**



**Mixed Sources**  
Product group from well-managed  
forests, controlled sources and  
recycled wood or fiber  
[www.fsc.org](http://www.fsc.org) Cert no. SW-COC-002262  
© 1996 Forest Stewardship Council





November 2010

Dear Friend:

As the economy struggles to recover from the recession, many working families can be assured that valuable federal tax credits can help them pay their bills and meet their children's needs in the face of cutbacks at work or periods of unemployment. In fact, tax filers in 2011 may be eligible for an Earned Income Credit (EIC) worth up to \$5,666, and may qualify for additional tax credits even if they did not earn enough in 2010 to owe income tax.

For more than 20 years, the Center on Budget and Policy Priorities has conducted an annual **Tax Credit Outreach Campaign** to provide updated information and outreach tools to help organizations like yours share the message about tax credits and free tax filing assistance. In 2010, 26 million eligible families and individuals claimed Earned Income Credits worth \$58 billion and Child Tax Credit (CTC) refunds worth over \$10 billion. Yet according to the IRS, each year millions of eligible workers do *not* claim their credits, missing out on millions of dollars they have earned. Your outreach efforts enable more low- and moderate-income working families to take advantage of opportunities they simply cannot afford to pass up.

The EIC and CTC expansions in the American Recovery and Reinvestment Act of 2009, which made more workers eligible for larger refunds, remain in effect for work in 2010. In addition, the Making Work Pay Credit, delivered throughout the year to most workers through their paychecks, is still active. So is the new American Opportunity Tax Credit, which helped over 400,000 additional students and working families pay for higher education last year — over 12 million filers received nearly \$9 billion more in such benefits than for tax year 2008.

To help you undertake new outreach efforts or to revitalize an existing campaign, we are pleased to send you the enclosed 2011 Tax Credit Outreach Campaign kit. It includes full-color posters, flyers, envelope stuffers, fact sheets, and a wide range of outreach strategy ideas drawn from outreach efforts across the country. Also enclosed are updates on the new refundable Adoption Tax Credit and on new developments in IRS regulation of the commercial tax preparation industry. You can find more information on our expanded Tax Credit Outreach Campaign website at [www.eitcoutreach.org](http://www.eitcoutreach.org).

If you have any question or would like to order additional materials — or to find out about special outreach training opportunities — please contact us at 202-408-1080 or [eickit@cbpp.org](mailto:eickit@cbpp.org). Thanks for helping eligible workers claim the tax benefits they've earned!

Sincerely,  
The CBPP Tax Credit Outreach Campaign Team

THE CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510 • Washington, DC 20002 • 202.408.1080 • Fax 202.408.1056 • [center@cbpp.org](mailto:center@cbpp.org) • [www.cbpp.org](http://www.cbpp.org)





## **Adoption Tax Credit Now More Valuable for Working Families**

In 2010, Congress enacted a change to the Adoption Tax Credit (ATC) that will enable more low- and moderate-income workers to receive a refund of expenses they incur in adopting a child in 2010 or 2011.

Previously, the ATC reduced filers' income tax liability by up to \$12,150. However, moderate-income workers owe far less in income tax, so only wealthier families could take advantage of the ATC to offset much of their adoption expenses. (The ATC begins to phase out at an income of \$185,520 and drops to zero for incomes above \$222,520.)

As a result of this change, adoptive parents may now receive an ATC refund worth up to \$13,170 of qualified adoption expenses in 2010, whether or not they owed any income tax. This amount will be similar for adoptions in 2011, adjusted for inflation.

For example, the Jacksons are a married couple with no other children earning \$35,000 who adopted a child in 2010 and paid \$10,000 in costs for the adoption alone. The couple initially owes \$1,265 in income tax, but the child lived with them more than six months so their Child Tax Credit (CTC) reduces their income tax to \$265; they also may qualify for an Earned Income Credit (EIC) worth \$886.

### **Under Previous Rules:**

The Jacksons could claim an ATC worth just **\$265** of their \$10,000 in adoption expenses.

### **Under New Rules:**

The Jacksons may claim an ATC refund for the full **\$10,000** in adoption expenses.

**There is a special ATC rule for children with "special needs."** If the child adopted by the Jacksons was certified by a state or the District of Columbia as having special needs, the couple could claim a refund of the maximum \$13,170 ATC even if they did not incur expenses that high. Special needs children must meet three criteria:

- the child was a citizen or resident of the U.S. when the adoption process began;
- a state or the District of Columbia has determined that the child cannot or should not return to his or her parents;
- the state has determined that the child will not be adopted unless the adopting parents receive assistance; factors may include, but are not limited to, medical conditions or physical, mental, or emotional handicaps.

**Why is the ATC important for Tax Credit Outreach Campaigns?** Foster parents with modest earnings who are interested in adopting their foster child but cannot afford the related fees may now be able to go forward and adopt. Outreach Campaigns can provide foster care agencies and foster parent associations with information about the new rules. For more ideas, see p. 28 of the Outreach Strategies booklet in this Kit. In addition, individuals who previously were interested in adoption but could not afford it may now find it affordable to adopt a child. Outreach Campaigns can help staff at adoption agencies share information about how the ATC (in addition to other refundable tax credits) can make the cost of adoption more reasonable.

**Which adoptions qualify for the ATC in 2010?** Eligible children include those under age 18 (note that if the child turns age 18 in 2010, expenses paid before that time can be claimed), or a child of any age who is physically or mentally unable to care of himself or herself. The child may be a U.S. citizen, resident of the U.S, or a foreigner. Expenses for a domestic adoption may be claimed even if the adoption was not final in 2010 or was unsuccessful. Expenses for adoption of a foreign child may be claimed only if the adoption became final in 2010. (See the instructions for Form 8839 on how expenses in years before or after the adoption became final may be claimed.)

**How is the ATC claimed?** Filers claim adoption expenses and provide information about the adopted children on their tax return:

- filers must use Form 1040 and attach IRS Form 8839, “Qualified Adoption Expenses”;
- copies of specific documents to verify an adoption or attempted adoption must be attached to the return (IRS instructions for Form 8839 describe the requirements);
- because documents are submitted with the return, the tax return must be submitted in paper form, not electronically;
- due to the additional rules for the ATC and the paper filing requirement, most Volunteer Income Tax Assistance programs will be unable to help filers claim this credit; VITA programs and Tax Credit Outreach Campaigns may wish to identify other resources in the community familiar with adoption issues, such as CPAs or Enrolled Agents, to provide referrals to tax filers.

**Does an adopted child need a Social Security number (SSN) to be claimed for the ATC?** If the child does not have an SSN and one cannot be obtained in time to file the return, filers may apply to the IRS for an Adoption Tax Identification Number (ATIN) using Form W-7A. The ATIN is a temporary tax identification number that can be used when an adoption is pending for a child without an SSN. If the child is not a U.S citizen or legal resident, filers may apply instead for an Individual Tax Identification Number (ITIN) using Form W-7.

A child with an ATIN or ITIN may not be claimed for the Earned Income Credit, which requires a valid SSN. However, the tax return may be amended later to claim the EIC after the child’s SSN is obtained, if the child could otherwise have been claimed for the EIC in that year. An adopted child with an ATIN or ITIN may be claimed for the Child Tax Credit.



## IRS Announces New Policy Affecting Refund Anticipation Loans

The Internal Revenue Service recently announced that starting with the 2011 tax filing season it will no longer provide tax preparers and financial institutions with the “debt indicator” on electronically filed tax returns, which is used to facilitate Refund Anticipation Loans (RALs). IRS Commissioner Doug Shulman stated that “as we prepare for tax season every year, we look at past practices and consider whether they still make sense. We no longer see a need for the debt indicator in a world where we can process a tax return and deliver a refund in 10 days. We encourage taxpayers to use e-file with direct deposit so they can get their refunds in just a few days.” Currently, 70 percent of all tax returns are e-filed; over 80 percent of Earned Income Tax Credit claims are e-filed.

**What is the Debt Indicator?** The debt indicator appears after a tax preparer e-files a tax return. It is simply an information message that informs the preparer whether the taxpayer owes any federal debt that would cause the refund to be less than expected. Federal debt can arise from back taxes owed, unpaid child support or other payments that are due to the federal government. The IRS’ expectation in providing the debt indicator was that it would be a public service to taxpayers.

**How have Paid Preparers Used the Debt Indicator?** Tax preparers use the debt indicator to determine a taxpayer’s ability to pay back a Refund Anticipation Loan (RAL). A RAL is a short term loan against a taxpayer’s IRS refund that can be quickly issued within 24 to 72 hours. Without a RAL, obtaining a refund using direct deposit can take 5-10 business days, or several weeks if a paper check is mailed. Since a tax refund is a government payment, a clean debt indicator nearly guarantees the loan will be repaid to the preparer. In February 2010, the National Consumer Law Center reported that consumers paid \$738 million in fees to obtain RALs in 2008. This figure includes only fees, not interest accrued on the loans. Though RALs are short term loans, NCLC reports the annual percentage rate can reach triple digits. RAL fees, on top of fees to prepare and file the tax return, can drain hundreds of dollars away from tax benefits earned by lower-income tax filers.

**How Will the IRS Decision to Eliminate Access to the Debt Indicator Impact the RAL Industry?** It is still unknown what the short-term and long-term impact of this decision will be on the RAL industry. However, smaller tax preparers are likely to think twice about offering RALs during the 2011 tax season. On the other hand, some of the bigger tax preparation companies may look for alternative ways to offer RALs while raising the cost. These larger companies may rely on a returning customer’s debt indicator from prior years or on a taxpayer’s credit score. Either way, it is becoming more difficult and more risky for these companies to offer refund anticipation products. Even before the IRS announced the elimination of the debt indicator, many banks who had previously provided RAL loans decided to get out of the risky RAL business.

**How Should VITA Programs Educate Taxpayers About This Change?** We continue to move closer to an environment where RALs are no longer necessary. The IRS has made significant changes over the last few years to make it easier and faster for taxpayers to receive their refund. In addition to offering free return preparation and e-filing services, many more VITA programs partner with financial institutions to enable filers to open accounts to take advantage of direct deposit or to obtain a stored value card on which to deposit a refund. EITC outreach efforts should weave in the messages about these free services at community VITA sites. See our *Marketing Messages* for more information about taxpayer outreach and education at [www.tax-coalition.org](http://www.tax-coalition.org) or at CBPP’s Tax Credit Outreach site, [www.eitcoutreach.org](http://www.eitcoutreach.org).



## IRS Institutes Major Changes in Regulation of Paid Tax Preparers for 2011

The IRS has announced major changes strengthening its regulation of the commercial tax preparation industry. These changes will begin to take effect for the 2011 tax filing season.

**Commercial tax preparers will be required to register with the IRS to be permitted to file tax returns.** IRS has issued regulations requiring any individual who prepares a tax return for compensation to obtain a Preparer Tax Identification Number (PTIN) from the IRS. Preparers must sign tax returns and provide their PTIN on the return. This requirement begins for the 2011 tax filing season. Preparers must pay IRS a \$64.50 fee.

About 70 percent of tax filers claiming the Earned Income Credit pay commercial fees for the preparation of their returns, according to IRS data and research conducted by consumer advocate organizations. While some preparers are CPAs or Enrolled Agents, who must adhere to existing professional certification and education requirements, large numbers of commercial preparers are under no such requirements. This includes large national chains, some of which may have internal training programs but are not required to meet a standard level of competency by the IRS.

IRS research has indicated that commercially prepared returns, particularly by individuals with no training and education requirements, are a substantial source of errors in Earned Income Credit claims and other tax benefits — including a failure to claim the benefits for which a tax filer qualifies. Since the tax laws and regulations affecting individual tax filers can be quite complex, the absence of a competency requirement has been a long-standing concern. Additionally, the absence of a national system to register commercial preparers has made it more difficult to track those preparers who have high rates of erroneous returns.

*Tax filers who wish to use a paid tax preparer can now ask the preparer to verify that IRS has issued a PTIN to the preparer for the 2011 filing season.*

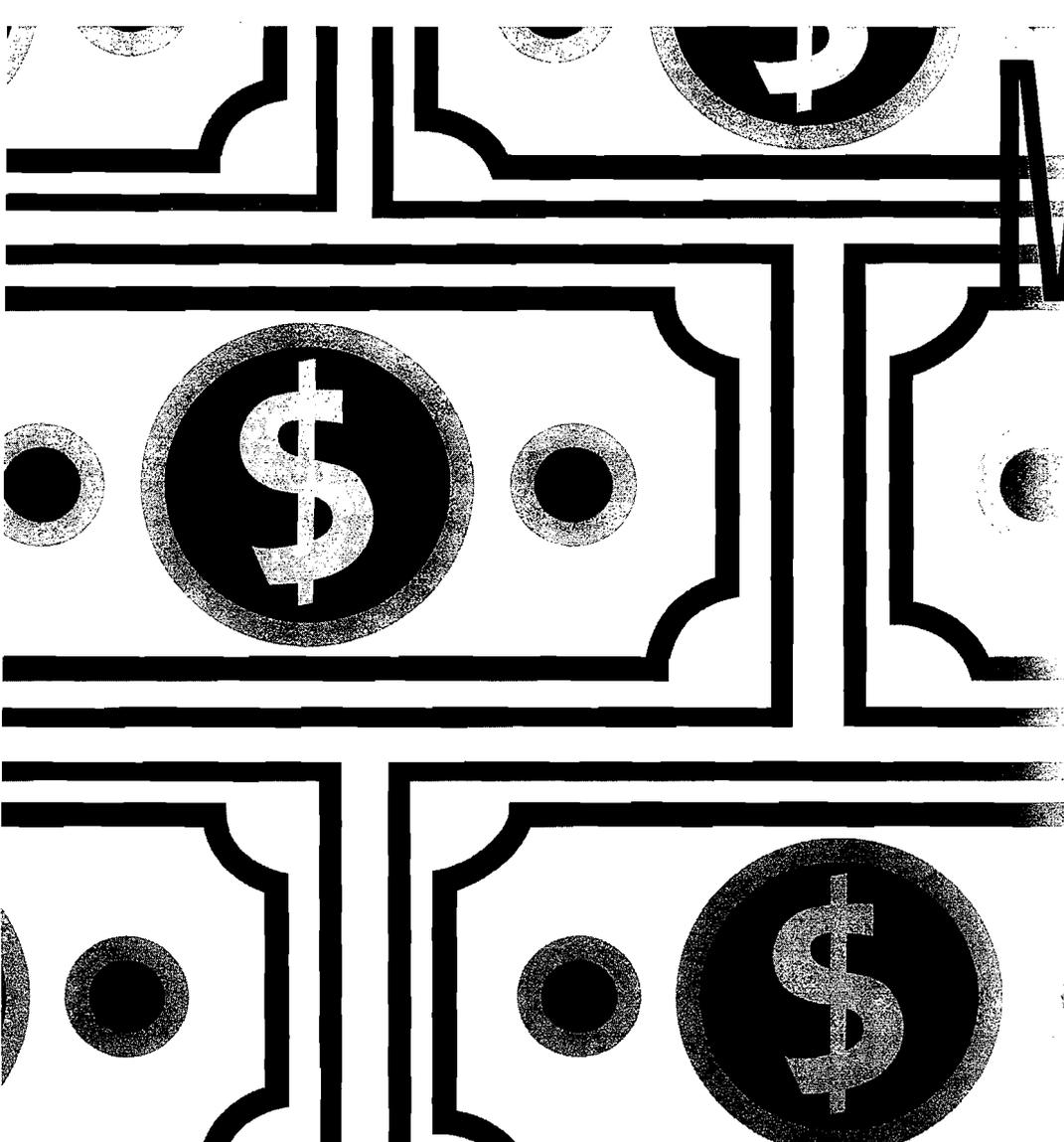
**Competency tests and continuing education.** The new IRS regulations also will require paid preparers to pass an IRS examination on tax law and regulations applicable to preparation of tax returns. Preparers will be required to pass an examination every three years. They will also need to demonstrate annually to the IRS that they have met continuing education requirements in tax practice. These requirements will be phased in as IRS develops the system to administer the examination, and will not affect the 2011 filing season.

**Free tax assistance programs are *not* affected.** Volunteers who assist low-income, elderly, and disabled individuals at no charge through programs such as Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly are not required to obtain a PTIN or to sign tax returns. The volunteer site identification number is provided on the return to identify to the IRS the source of preparation assistance. Volunteer preparers already need to pass annual certification examinations by IRS, which are geared to the complexity of the returns volunteers are permitted to prepare. Volunteers are not affected by the new examination and continuing education requirements planned for paid preparers.

THE CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510 • Washington, DC 20002 • 202.408.1080 • Fax 202.408.1056 • center@cbpp.org • www.cbpp.org





# Money Talks! Have you heard?

As Much As **\$5,666** — or More — Could Be Waiting for You!

## File a Tax Return to Claim the Benefits You Earned *Earned Income Credit and Child Tax Credit*

- ☑ If you worked in 2010, had children living with you and earned less than about \$45,000
- OR
- ☑ Did not have children living with you and earned less than about \$13,400

**You could qualify!** You can get **FREE** tax help.

☑ **Make sure you get the Making Work Pay Credit!**

Call the IRS at **1-800-829-1040** to learn more.

For More Information:

---

---

---

---

---



# The Earned Income Credit and the Child Tax Credit: You Could Owe Less in Taxes and Get Cash Back from the IRS!

- If you worked in 2010 — full-time or part-time — you may qualify.
- Even if you don't owe income tax you can get the credits.

## If You Had Children Living With You for More than Half of 2010:

- **For the EIC**, children must be under 19 in 2010. (Full-time students can be under 24; children who are permanently and totally disabled can be any age.)
- **For the CTC**, children must be under 17 in 2010.

## If You Did Not Have Children Living With You:

- You may claim **the EIC** if you were between ages 25 and 64 in 2010.

## How Much Can I Earn? How Large a Tax Credit Can I Get?

<b>For the EIC, if you have:</b>	<b>Earned income less than:</b>	<b>Claim an EIC up to:</b>
1 child	\$35,535	\$3,050
2 children	\$40,363	\$5,036
3 or more children	\$43,352	\$5,666
No children	\$13,460	\$457
<b>For the CTC, if you have:</b>	<b>Earned more than:</b>	<b>Claim a CTC up to:</b>
1 or more children	\$3,000	\$1,000 per child

*EIC income limits for married workers are \$5,000 higher!*

## What if I'm Not a U.S. Citizen?

**Immigrants who work and meet other guidelines may qualify.**

- **For the EIC:** worker, spouse and any child claimed needs a valid Social Security Number.
- **For the CTC:** either a Social Security Number or Individual Taxpayer Identification Number (ITIN) is needed.

## File a Federal Tax Return to Get the EIC and CTC: Get Free Help!!!

- VITA — Volunteer Income Tax Assistance — helps people fill out tax returns for free.
- Trained community groups operate VITA. **For a site near you, call 1-800-906-9887.**

## Also — Make Sure You Get Your Making Work Pay Credit — an extra \$400!

Many workers got the Making Work Pay Credit in 2010 in their paychecks. But if you were self-employed, or didn't earn enough to have income tax withheld, you can claim this credit on your tax return.

## If You Work, You Can Get These Tax Credits and Not Lose Other Public Benefits

EIC, CTC and Making Work Pay Credit refunds won't count as income when you apply for or renew benefits like food stamps (now called SNAP), SSI, Medicaid, cash assistance, or public housing. Some benefit programs may have a limit on how long you can keep your refund in a bank account.



# ¿Ya se enteró?

**¡Hasta \$5,666 – o Más – Podrían Estar Esperándole!**

**Presente una Declaración de Impuestos para  
Obtener los Beneficios de Impuestos que ha Ganado**

*Crédito por Ingreso del Trabajo y Crédito al Impuesto por sus Hijos*

Si trabajó en el 2010, tuvo hijos que vivieron con usted y ganó menos de \$45,000

o

No tuvo hijos que vivieron con usted y ganó menos de \$13,400

**¡Puede cumplir con los requisitos!**

Puede recibir ayuda con los impuestos **GRATUITA.**

¡Aproveche la oportunidad de recibir el crédito  
"Hacer Que el Trabajo Pague" (Making Work Pay Credit)!

Llame al IRS al **1-800-829-1040** para averiguar más.

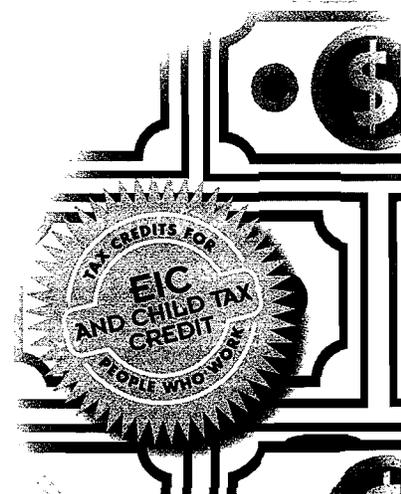
Para Más Información:

---

---

---

---



# El Crédito por Ingreso del Trabajo y el Crédito al Impuesto por Hijos: ¡Usted Podría Deber Menos en Impuestos y Recibir Efectivo de Parte del IRS!

- Si trabajó en el 2010 — de tiempo completo o medio tiempo — puede cumplir con los requisitos.
- Aunque no deba impuesto sobre el ingreso puede obtener estos créditos.

## Si los Hijos Vivieron con Usted Durante Más de la Mitad del 2010:

- **Para el EIC (Crédito por Ingreso del Trabajo)**, los hijos deben haber sido menores de 19 años en el 2010 (los estudiantes de tiempo completo pueden ser menores de 24 años; los hijos que son discapacitados permanente y totalmente pueden ser de cualquier edad).
- **Para el CTC (Crédito al Impuesto por Hijos)**, los hijos deben haber sido menores de 17 años en el 2010.

## Si los Hijos No Vivieron con Usted:

- Puede obtener el **EIC** si tuvo entre 25 y 64 años de edad en el 2010.

## ¿Cuánto Puedo Obtener? ¿Qué Valor Tendrá el Crédito que Puedo Obtener?

Para el EIC, si tiene:	Ingreso menor a:	Obtenga un EIC de hasta:
1 hijo	\$35,535	\$3,050
2 hijos	\$40,363	\$5,036
3 o más hijos	\$43,352	\$5,666
No tiene hijos	\$13,460	\$457
Para el CTC, si tiene:	Ganó más de:	Obtenga un CTC de hasta:
1 o más hijos	\$3,000	\$1,000 por hijo

*Los límites de ingresos EIC para trabajadores casados son \$5,000 más elevados!*

## ¿Y Si No Soy Ciudadano de los Estados Unidos?

**Los inmigrantes que trabajan y cumplen con otras pautas pueden cumplir con los requisitos.**

- **Para el EIC:** el trabajador, su cónyuge y cualquier hijo declarado necesita tener un Número de Seguro Social válido.
- **Para el CTC:** necesita tener un Número de Seguro Social o un Número de Identificación Personal del(la) Contribuyente (ITIN, por sus siglas en inglés).

## Presente una Declaración de Impuestos Federal para Obtener el EIC y el CTC:

### ¡¡¡Reciba Ayuda Gratuita!!!

- **VITA** — Asistencia Voluntaria para Impuestos sobre el Ingreso (Volunteer Income Tax Assistance) — ayuda gratuitamente a las personas a llenar sus declaraciones.
- **VITA** es dirigida por grupos comunitarios capacitados. **Para una ubicación cerca de usted, llame al 1-800-906-9887.**

## ¡ También — Aproveche su Oportunidad de Recibir el Crédito Hacer Que el Trabajo Pague (Making Work Pay Credit) — Hasta Más de \$400!

Muchos trabajadores recibieron el crédito **Hacer Que el Trabajo Pague** en sus cheques de salario en el 2010. Pero si trabajo por su cuenta o no gano suficiente para retener impuestos, puede reclamar este crédito en su declaración de impuestos.

## Si Trabaja, Puede Obtener Estos Créditos Sin Perder Otros Beneficios Públicos

Los reembolsos del EIC, del CTC y del Crédito **Hacer Que el Trabajo Pague** no cuentan como ingreso cuando solicita o renueva beneficios como estampillas de comida (ahora se llama SNAP), SSI, Medicaid, asistencia en efectivo o vivienda pública. Algunos programas de beneficios pueden tener un límite en cuanto a la cantidad de tiempo que puede mantener su reembolso en una cuenta bancaria.

# Tax Credit Envelope Stuffer

This English–Spanish envelope stuffer can be copied and mailed with paychecks, public assistance checks, bills, and other mailings. Local phone and utility companies, for example, might send copies with their December 2010 or early 2011 bills to customers. For more ideas on using the envelope stuffers, see the Outreach Campaign Kit.

TRIM

TRIM



## Money Talks! Have You Heard? As Much As \$5,666 — or more — Could Be Waiting for You!

### You could qualify!

**Did you work in 2010? You may be eligible for the Earned Income Credit — even if you don't owe income tax.**

#### If you worked in 2010:

- Did you have one child living with you? Did you earn less than \$35,535\*? You can get an EIC up to **\$3,050**.
- Did you have 2 children living with you? Did you earn less than \$40,363\*? You can get an EIC up to **\$5,036**.
- Did you have 3 or more children living with you? Did you earn less than \$43,352\*? You can get an EIC up to **\$5,666**.
- If you had no children living with you, did you earn less than \$13,460\* in 2010? Were you between the ages 25 and 64? You can get an EIC up to **\$457**.

*\*Income limits for married workers are \$5,010 higher.*

### You could get a CTC refund too!

Many families that earned more than \$3,000 may qualify for the Child Tax Credit (CTC) refund — up to \$1,000 for each qualifying child under age 17.

### File a Federal Tax Return to get the EIC and CTC: Get Free Help!!!

- VITA — Volunteer Income Tax Assistance — helps people fill out returns for free.
- For a site near you, call 1-800-906-9887.

### Make sure you get the Making Work Pay Credit

Many workers got the Making Work Pay Credit in 2010 in their paychecks. But if you were self-employed, or didn't earn enough to have income tax withheld, you can claim this credit on your tax return.

TRIM

TRIM



## Money Talks! Have You Heard? As Much As \$5,666 — or more — Could Be Waiting for You!

### You could qualify!

**Did you work in 2010? You may be eligible for the Earned Income Credit — even if you don't owe income tax.**

#### If you worked in 2010:

- Did you have one child living with you? Did you earn less than \$35,535\*? You can get an EIC up to **\$3,050**.
- Did you have 2 children living with you? Did you earn less than \$40,363\*? You can get an EIC up to **\$5,036**.
- Did you have 3 or more children living with you? Did you earn less than \$43,352\*? You can get an EIC up to **\$5,666**.
- If you had no children living with you, did you earn less than \$13,460\* in 2010? Were you between the ages 25 and 64? You can get an EIC up to **\$457**.

*\*Income limits for married workers are \$5,010 higher.*

### You could get a CTC refund too!

Many families that earned more than \$3,000 may qualify for the Child Tax Credit (CTC) refund — up to \$1,000 for each qualifying child under age 17.

### File a Federal Tax Return to get the EIC and CTC: Get Free Help!!!

- VITA — Volunteer Income Tax Assistance — helps people fill out returns for free.
- For a site near you, call 1-800-906-9887.

### Make sure you get the Making Work Pay Credit

Many workers got the Making Work Pay Credit in 2010 in their paychecks. But if you were self-employed, or didn't earn enough to have income tax withheld, you can claim this credit on your tax return.

TRIM

TRIM

The two–sided EIC envelope stuffer is easily reproduced on an office copier. Simply make double-sided copies of this stuffer. When trimmed, the stuffers should fit into just about any size envelope.



# Tax Credit Envelope Stuffer

This English-Spanish envelope stuffer can be copied and mailed with paychecks, public assistance checks, bills, and other mailings. Local phone and utility companies, for example, might send copies with their December 2010 or early 2011 bills to customers. For more ideas on using the envelope stuffers, see the Outreach Campaign Kit.

TRIM

TRIM



## ¿Ya se enteró?

### ¡Hasta \$5,666 — o más — Podrían Estar Esperándole!

**¡Usted puede cumplir con los requisitos!**  
¿Trabajó en el 2010? Puede cumplir con los requisitos para el Crédito por Ingresos del Trabajo (Earned Income Credit: EIC) aunque no deba impuesto sobre el ingreso.

**Si trabajó en el 2010:**

- ¿Tuvo un hijo que vivió con usted? Ganó menos de \$35,535\*? Puede obtener un EIC de hasta **\$3,050**.
- ¿Tuvo dos hijos que vivieron con usted? ¿Ganó menos de \$40,363\*? Puede obtener un EIC de hasta **\$5,036**.
- ¿Tuvo tres hijos o más que vivieron con usted? ¿Ganó menos de \$43,352\*? Puede obtener un EIC de hasta **\$5,666**.
- Si no tuvo hijos que vivieron con usted, ¿Ganó menos de \$13,460\* en el 2009? ¿Tenía entre 25 y 64 años de edad? Puede obtener un EIC de hasta **\$457**.

*\*Los límites de ingresos para trabajadores casados son \$5,010 más elevados.*

**¡También puede obtener un reembolso CTC!**  
Muchas familias que ganaron más de \$3,000 pueden cumplir con los requisitos para el reembolso del Crédito al Impuesto por sus Hijos CTC (*Child Tax Credit*): hasta \$1,000 por cada hijo menor de 17 años que cumpla con los requisitos.

**Presente una declaración de impuestos federal para obtener el EIC y el CTC: ¡¡¡Reciba ayuda gratuita!!!**

- VITA — La Asistencia Voluntaria para Impuestos Sobre el Ingreso (*Volunteer Income Tax Assistance*) — ayuda gratuitamente a personas a llenar sus declaraciones.
- Para una ubicación cerca de usted, llame al 1-800-906-9887.

**¡Aproveche la oportunidad de recibir el crédito Hacer Que el Trabajo Pague (Making Work Pay Credit)!**  
Muchos trabajadores recibieron el crédito Hacer Que el Trabajo Pague en sus cheques de salario en el 2010. Pero si trabajo por su cuenta o no gana suficiente para retener impuestos, puede reclamar este crédito en sus declaración de impuestos.

TRIM

TRIM



## ¿Ya se enteró?

### ¡Hasta \$5,666 — o más — Podrían Estar Esperándole!

**¡Usted puede cumplir con los requisitos!**  
¿Trabajó en el 2010? Puede cumplir con los requisitos para el Crédito por Ingresos del Trabajo (Earned Income Credit: EIC) aunque no deba impuesto sobre el ingreso.

**Si trabajó en el 2010:**

- ¿Tuvo un hijo que vivió con usted? Ganó menos de \$35,535\*? Puede obtener un EIC de hasta **\$3,050**.
- ¿Tuvo dos hijos que vivieron con usted? ¿Ganó menos de \$40,363\*? Puede obtener un EIC de hasta **\$5,036**.
- ¿Tuvo tres hijos o más que vivieron con usted? ¿Ganó menos de \$43,352\*? Puede obtener un EIC de hasta **\$5,666**.
- Si no tuvo hijos que vivieron con usted, ¿Ganó menos de \$13,460\* en el 2009? ¿Tenía entre 25 y 64 años de edad? Puede obtener un EIC de hasta **\$457**.

*\*Los límites de ingresos para trabajadores casados son \$5,010 más elevados.*

**¡También puede obtener un reembolso CTC!**  
Muchas familias que ganaron más de \$3,000 pueden cumplir con los requisitos para el reembolso del Crédito al Impuesto por sus Hijos CTC (*Child Tax Credit*): hasta \$1,000 por cada hijo menor de 17 años que cumpla con los requisitos.

**Presente una declaración de impuestos federal para obtener el EIC y el CTC: ¡¡¡Reciba ayuda gratuita!!!**

- VITA — La Asistencia Voluntaria para Impuestos Sobre el Ingreso (*Volunteer Income Tax Assistance*) — ayuda gratuitamente a personas a llenar sus declaraciones.
- Para una ubicación cerca de usted, llame al 1-800-906-9887.

**¡Aproveche la oportunidad de recibir el crédito Hacer Que el Trabajo Pague (Making Work Pay Credit)!**  
Muchos trabajadores recibieron el crédito Hacer Que el Trabajo Pague en sus cheques de salario en el 2010. Pero si trabajo por su cuenta o no gana suficiente para retener impuestos, puede reclamar este crédito en sus declaración de impuestos.

TRIM

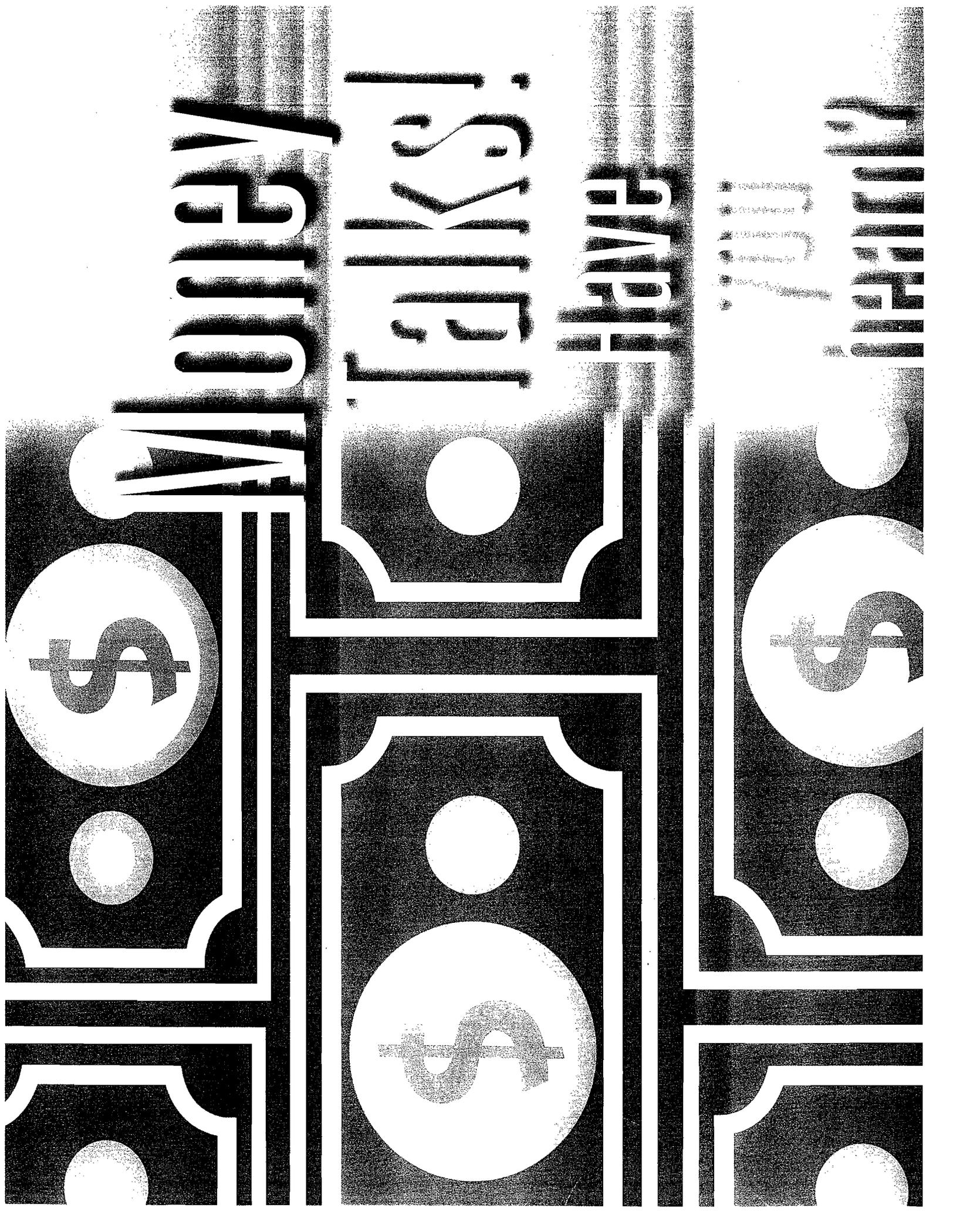
TRIM

The two-sided envelope stuffer is easily reproduced on an office copier. Simply make double-sided copies of this stuffer. When trimmed, the stuffers should fit into just about any size envelope.

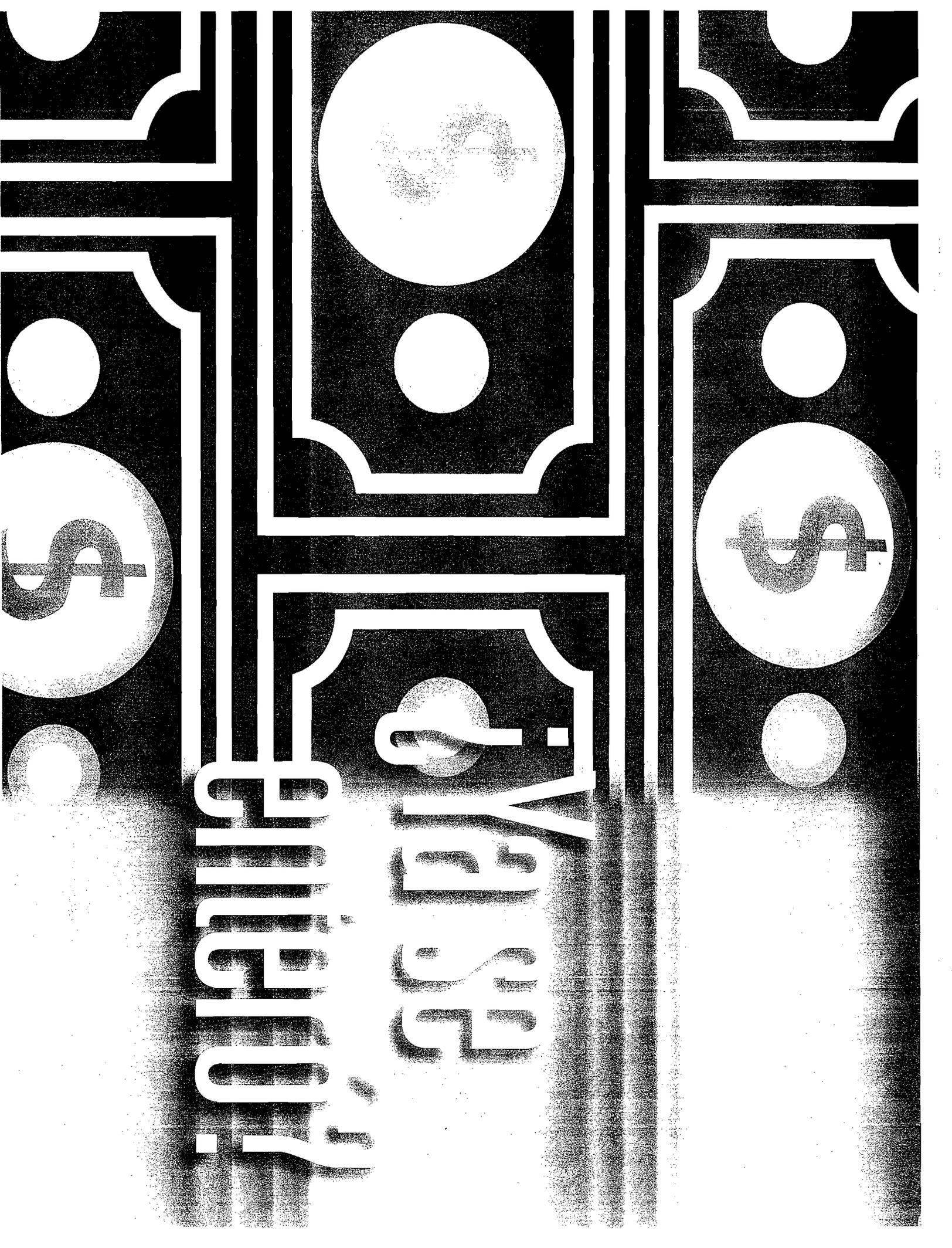


# WOMEN BANKS! HAVE

# POWER



# !MAGNETS -PILERS-



# As Much As \$5,666 – or More – Could Be Waiting for You!

## *Earned Income Credit and Child Tax Credit*

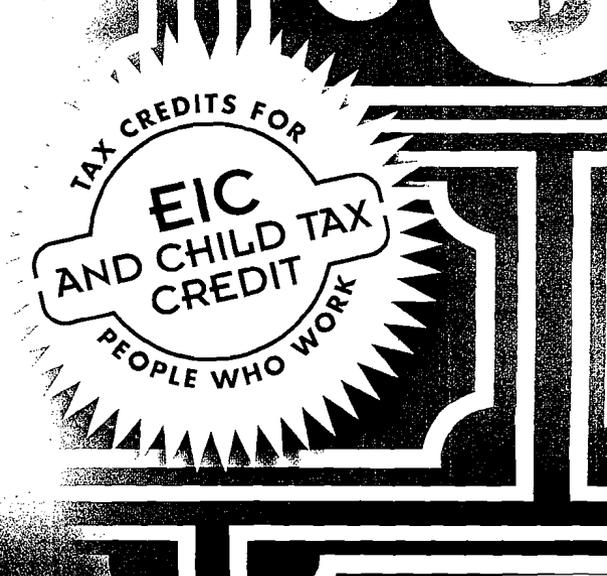
Ⓢ

Ⓢ

**You could qualify!**

✓

**1-800-829-1040**



# ¡Hasta \$5,666 – o Más – Podrían Estar Esperándole!

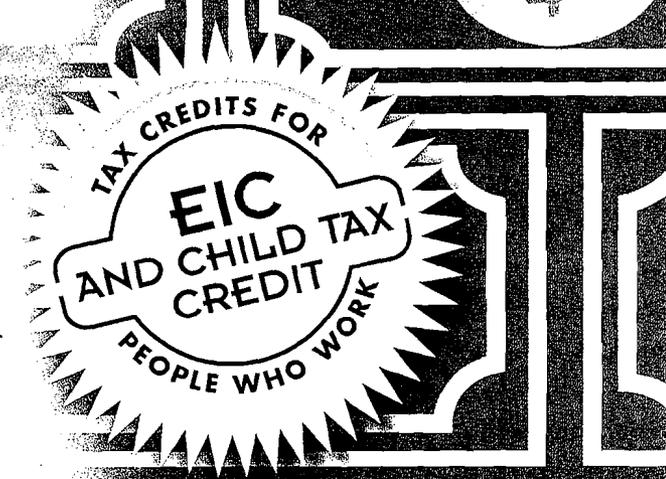
## *Crédito por Ingreso del Trabajo y Crédito al Impuesto por sus Hijos*



### ¡Podría cumplir con los requisitos!



**1-800-829-1040**



# Earned Income Credit Benefits for Tax Year 2010 at Various Income Levels



This is not a tax table. Do not use this table to complete income tax returns.

2010 household income	Workers not raising a child		Workers raising one child		Workers raising two children		Workers raising three or more children		
	Is Worker Married?	Not Married	Married	Not Married	Married	Not Married	Married	Not Married	Married
\$ 500		\$40	\$40	\$179	\$179	\$210	\$210	\$236	\$236
1,000		78	78	349	349	410	410	461	461
1,500		117	117	519	519	610	610	686	686
2,000		155	155	689	689	810	810	911	911
2,500		193	193	859	859	1,010	1,010	1,136	1,136
3,000		231	231	1,029	1,029	1,210	1,210	1,361	1,361
3,500		270	270	1,199	1,199	1,410	1,410	1,586	1,586
4,000		308	308	1,369	1,369	1,610	1,610	1,811	1,811
4,500		346	346	1,539	1,539	1,810	1,810	2,036	2,036
5,000		384	384	1,709	1,709	2,010	2,010	2,261	2,261
5,500		423	423	1,879	1,879	2,210	2,210	2,486	2,486
6,000		457	457	2,049	2,049	2,410	2,410	2,711	2,711
6,500		457	457	2,219	2,219	2,610	2,610	2,936	2,936
7,000		457	457	2,389	2,389	2,810	2,810	3,161	3,161
7,500		454	457	2,559	2,559	3,010	3,010	3,386	3,386
8,000		416	457	2,729	2,729	3,210	3,210	3,611	3,611
8,500		378	457	2,899	2,899	3,410	3,410	3,836	3,836
9,000		339	457	3,050	3,050	3,610	3,610	4,061	4,061
9,500		301	457	3,050	3,050	3,810	3,810	4,286	4,286
10,000		263	457	3,050	3,050	4,010	4,010	4,511	4,511
11,000		186	457	3,050	3,050	4,410	4,410	4,961	4,961
12,000		110	457	3,050	3,050	4,810	4,810	5,411	5,411
13,000		33	417	3,050	3,050	5,036	5,036	5,666	5,666
14,000		0	340	3,050	3,050	5,036	5,036	5,666	5,666
15,000		0	264	3,050	3,050	5,036	5,036	5,666	5,666
16,000		0	187	3,050	3,050	5,036	5,036	5,666	5,666
17,000		0	111	2,958	3,050	4,915	5,036	5,544	5,666
18,000		0	34	2,798	3,050	4,704	5,036	5,334	5,666
19,000		0	0	2,638	3,050	4,494	5,036	5,123	5,666
20,000		0	0	2,479	3,050	4,283	5,036	4,913	5,666
21,000		0	0	2,319	3,050	4,073	5,036	4,702	5,666
22,000		0	0	2,159	2,960	3,862	4,917	4,491	5,547
23,000		0	0	1,999	2,800	3,651	4,706	4,281	5,336
24,000		0	0	1,839	2,640	3,441	4,496	4,070	5,125
25,000		0	0	1,680	2,480	3,230	4,285	3,860	4,915
26,000		0	0	1,520	2,320	3,020	4,058	3,649	4,704
27,000		0	0	1,360	2,161	2,809	3,864	3,438	4,494
28,000		0	0	1,200	2,001	2,598	3,653	3,228	4,283
29,000		0	0	1,040	1,841	2,388	3,443	3,017	4,072
30,000		0	0	881	1,681	2,177	3,232	2,807	3,862
31,000		0	0	721	1,521	1,967	3,022	2,596	3,651
32,000		0	0	561	1,362	1,756	2,811	2,385	3,441
33,000		0	0	401	1,202	1,545	2,600	2,175	3,230
34,000		0	0	241	1,042	1,335	2,390	1,964	3,019
35,000		0	0	82	882	1,124	2,179	1,754	2,809
36,000		0	0	0	722	914	1,969	1,543	2,598
37,000		0	0	0	563	703	1,758	1,332	2,388
38,000		0	0	0	403	492	1,547	1,122	2,177
39,000		0	0	0	243	282	1,337	911	1,966
40,000		0	0	0	83	71	1,126	701	1,756
41,000		0	0	0	0	0	916	490	1,545
42,000		0	0	0	0	0	705	279	1,335
43,000		0	0	0	0	0	494	69	1,124
44,000		0	0	0	0	0	284	0	913
45,000		0	0	0	0	0	73	0	703
46,000		0	0	0	0	0	0	0	492
47,000		0	0	0	0	0	0	0	282
48,000		0	0	0	0	0	0	0	71



# Child Tax Credit Benefits Increase in 2010

## Sample Refund Amounts at Various Income Levels

These charts are not tax tables. They are presented to give you a rough idea of the amount of the “Additional” Child Tax Credit refund at various income levels. These are the refund amounts that families will receive even if they have no income tax liability or after all their income tax, if any, is eliminated by the basic Child Tax Credit. *Note: Families with larger incomes or more children than shown here may also receive refunds.*

### Child Tax Credit Refunds for Single Workers

Number of qualifying children under age 17 in 2010

2010 earned income	1 child	2 children	3 children	4 children
\$9,000	\$900	\$900	\$900	\$900
\$10,000	\$1,000	\$1,050	\$1,050	\$1,050
\$12,000	\$1,000	\$1,350	\$1,350	\$1,350
\$14,000	\$1,000	\$1,650	\$1,650	\$1,650
\$16,000	\$965	\$1,950	\$1,950	\$1,950
\$18,000	\$770	\$2,000	\$2,250	\$2,250
\$19,000	\$670	\$2,000	\$2,400	\$2,400
\$20,000	\$570	\$1,935	\$2,550	\$2,550
\$25,000	\$70	\$1,435	\$2,795	\$3,300

### Child Tax Credit Refunds for Married Workers

Number of qualifying children under age 17 in 2010

2010 earned income	1 child	2 children	3 children	4 children
\$9,000	\$900	\$900	\$900	\$900
\$10,000	\$1,000	\$1,050	\$1,050	\$1,050
\$12,000	\$1,000	\$1,350	\$1,350	\$1,350
\$14,000	\$1,000	\$1,650	\$1,650	\$1,650
\$16,000	\$1,000	\$1,950	\$1,950	\$1,950
\$18,000	\$1,000	\$2,000	\$2,250	\$2,250
\$19,000	\$1,000	\$2,000	\$2,400	\$2,400
\$20,000	\$1,000	\$2,000	\$2,550	\$2,550
\$25,000	\$735	\$2,000	\$3,000	\$3,300

*Note: Both charts are based on single parents filing as head of household and married parents filing joint returns. Workers filing as “Single” may still qualify, but amounts may differ.*

# Why Pay When You Can Get Your Taxes Done for Free?



More than half of all taxpayers pay a tax preparer to file their tax return. Before using a commercial tax preparer, find out if there is a **Volunteer Income Tax Assistance (VITA)** site nearby that can help you prepare your taxes for free.

- Commercial tax preparers charge an average of \$100 to prepare a return claiming the Earned Income Credit (EIC). You may pay as much as \$100 more if you get a Refund Anticipation Loan (RAL).
- Sometimes RALs are advertised as “fast cash” or a “quick tax refund.” RALs are loans with extremely high interest rates. If there is an error on the return and the IRS doesn’t send the refund, you will be stuck having to repay the loan.
- RALs are sometimes promoted through car dealerships, furniture outlets or jewelry stores that offer to prepare your taxes and try to convince you to use refund loans for in-store purchases.
- RALs provide a fast cash loan (1 to 2 days) on your tax refund, but having the IRS refund deposited directly into a bank account takes only about 7 to 10 days. Is it worth paying \$200 or more?

If you earn under about \$49,000, you can get free tax filing help through the IRS-sponsored VITA or Tax Counseling for the Elderly (TCE) programs. Both programs can provide fast electronic tax filing. Community volunteers receive IRS-approved training to assist individuals with tax returns. Some VITA sites can help you open a bank account if you don’t have one. **Call 1-800-906-9887 to find the nearest VITA location and its days and hours of operation.**

## Guidelines for Choosing a Tax Preparer

If you can’t find a VITA site or choose to go to a commercial tax preparer, be sure to do the following:

1. **Select a tax preparer that you can contact later** in case the IRS has questions about your tax return.
2. **Check out the tax preparer’s reputation** with others in the community. You can also research the tax preparer with your local Better Business Bureau ([www.bbb.org](http://www.bbb.org)) to see if any complaints have been filed.
3. **Ask about fees to have your taxes prepared** before scheduling an appointment. Be sure to ask if there are any fees for additional schedules or forms, like the Schedule EIC, used to claim the Earned Income Credit.
4. **Do not leave originals of documents** with a tax preparer if he or she needs to work on your tax return when you are not present.
5. **Avoid a tax preparer who suggests you lie** or make up information. You will be held responsible for errors, NOT the preparer.
6. **Do not sign a blank tax return** or a return completed in pencil. Sign a tax return in pen, only after you’ve reviewed it. Check names, addresses, Social Security numbers and wage information. Ask questions to understand the reason for any refund you get or taxes that you owe.
7. **Check that the tax preparer signs the tax return in pen.** The preparer’s signature, address and Preparer Identification Number (PTIN) are required on the tax return by federal law. The PTIN indicates the preparer has registered with the IRS.
8. **Request a copy of your completed tax return.** Write down the preparer’s phone number to call if you have additional questions about your tax return later.

# 2011 VITA Checklist

## Getting Help to Prepare your Taxes — What to Bring with You



If you need help completing tax forms, a Volunteer Income Tax Assistance (VITA) site near you can help. Call 1-800-906-9887 to find the nearest location. When you go to a VITA site, or if you choose to go to a commercial tax preparer, be ready. **Take these items with you:**

- Valid picture ID
- Copy of 2009 tax return (if you have it)
- Social Security Cards, Social Security Number verification letters or Individual Taxpayer Identification Number (ITIN) letters for you, your spouse and any children born before December 31, 2010.
- Income documentation including:
  - W-2 Forms from all jobs worked in 2010
  - All 1099 Forms showing other income received in 2010
  - A blank check for direct deposit of your refund (If you don't have a checking account, bring your bank account name, number and the 9-digit American Bankers Association (ABA) routing number. Contact your bank if you need assistance identifying the ABA number.)

**If any of the following apply to you, take documentation with you:**

- Child care expenses, including the provider's address and federal ID #
- Mortgage company statements
- Adoption expenses
- Alimony paid or received
- Any notices received from the IRS or state tax office
- Property tax bills
- College tuition and student loan interest statements
- Additional forms of income such as:
  - Prizes and awards
  - Scholarships and fellowships
  - Lottery/ gambling winnings

**If you lost or do not have all of these items, you can still get your taxes prepared. Call the IRS helpline at 1-800-829-1040 to find out what you need to do and how to obtain replacement documents.**

# ¿Por qué pagar cuando le pueden preparar su declaración de impuestos gratis?



Más de la mitad de todos los contribuyentes le pagan a un preparador de declaraciones de impuestos para presentar sus declaraciones. Antes de utilizar a un preparador comercial de declaraciones de impuestos, investigue si existe un sitio de **Asistencia Voluntaria al Contribuyente del Impuesto sobre el Ingreso (Volunteer Income Tax Assistance: VITA)** cerca de usted que pueda ayudarle a preparar su declaración de impuestos gratuitamente.

- Los preparadores comerciales de declaraciones de impuestos en promedio cobran \$100 para preparar una declaración que incluya el Crédito por Ingreso del Trabajo (Earned Income Credit: EIC). Puede pagar hasta \$100 más si obtiene un Préstamo de Anticipación al Reembolso (Refund Anticipation Loan: RAL).
- A veces los RAL se anuncian como “efectivo rápido” o como un “reembolso de impuestos rápido”. Los RAL son préstamos con tasas de intereses extremadamente altas. Si existe un error en la declaración de impuestos y el IRS no envía el reembolso, usted tendrá que repagar el préstamo. Evite a los preparadores comerciales de declaraciones de impuestos que le presionen para que firme un préstamo.
- Algunas veces los RAL son promocionados por medio de agencias de autos, mueblerías o joyerías que ofrecen preparar su declaración de impuestos y que intentan convencerle para que use préstamos de reembolso para compras en el establecimiento.
- Los RAL proporcionan un préstamo en efectivo rápido (de 1 a 2 días) de su reembolso de impuestos, pero solicitar que el IRS deposite directamente el reembolso en una cuenta bancaria sólo toma alrededor de 7 a 10 días. ¿Vale la pena pagar \$200 o más?

Si gana menos de \$49,000, puede obtener ayuda gratis para preparar su declaración de impuestos por medio del programa VITA o del programa de Asesoramiento Tributario para los Ancianos (*Tax Counseling for the Elderly*: TCE), los cuales son patrocinados por el IRS. Ambos programas pueden proporcionar declaraciones de impuestos electrónicas y rápidas. Los voluntarios comunitarios reciben capacitación aprobada por el IRS para asistir a personas individuales con sus declaraciones de impuestos. Algunos sitios de VITA pueden ayudarle a abrir una cuenta bancaria si no tiene una. **Llame al IRS al 1-800-906-9887 para encontrar la ubicación más cercana de VITA, así como los días y el horario de operación. Se encuentra disponible asistencia en español.**

## Pautas para elegir a un preparador de declaraciones de impuestos

Si no puede encontrar un sitio de VITA o si elige usar los servicios de un preparador comercial de declaraciones de impuestos, asegúrese hacer lo siguiente:

1. **Seleccione a un preparador de declaraciones de impuestos con quien pueda comunicarse después** en caso de que el IRS tenga preguntas sobre su declaración de impuestos.
2. **Verifique la reputación del preparador de declaraciones de impuestos** con otras personas en la comunidad. También puede investigar al preparador de declaraciones de impuestos con la organización local de Better Business Bureau ([www.bbb.org](http://www.bbb.org)) para ver si se ha presentado alguna queja.
3. **Pregunte sobre las cuotas para la preparación de su declaración de impuestos** antes de programar una cita. Asegúrese de preguntar si existe cualquier cuota para anexos o formas adicionales, como el anexo EIC, el cual se usa para obtener el Crédito por Ingreso del Trabajo.
4. **No deje documentos originales** con un preparador de declaraciones de impuestos si necesita trabajar en su declaración de impuestos cuando usted no esté presente.
5. **Evite a un preparador de declaraciones de impuestos que le sugiera mentir** o inventar información. Usted será responsable por cualquier error, NO el preparador.
6. **No firme una declaración de impuestos en blanco** ni una declaración llenada a lápiz. Firme una declaración de impuestos con tinta, sólo después de que la haya revisado. Verifique los nombres, direcciones, números de Seguro Social e información de salarios. Haga preguntas para entender la razón de cualquier reembolso que reciba o impuestos que adeude.
7. **Verifique que el preparador de la declaración de impuestos firme dicha declaración con pluma.** La ley federal requiere de la firma, dirección y Número de Identificación de Preparador de Declaraciones (Preparer Tax Identification Number: PTIN) de quien prepare la declaración en dicha declaración. El PTIN indica que el preparador se ha registrado con el IRS.
8. **Solicite una copia de su declaración de impuestos completada.** Anote el número de teléfono del preparador en caso de que en el futuro tenga preguntas adicionales sobre su declaración de impuestos.

# Lista de verificación 2011 de VITA

## Obtener Ayuda para Preparar su Declaración de Impuestos: Lo Que Debe Llevar Consigo



Si necesita ayuda para completar las formas de impuestos, un sitio de Asistencia Voluntaria al Contribuyente del Impuesto sobre el Ingreso (*Volunteer Income Tax Assistance: VITA*) cerca de usted puede ayudarle.

Llame al 1-800-906-9887 para encontrar la ubicación más cercana (se encuentra disponible asistencia en español). Cuando vaya a un sitio de VITA, o si elige utilizar a un preparador comercial de declaraciones de impuestos, esté preparado(a). **Lleve los siguientes artículos consigo:**

- Identificación con foto válida
- Copia de la declaración de impuestos 2009 (de tenerla)
- Tarjetas de Seguro Social, cartas de verificación del número de seguro social o Números de Identificación Personal del Contribuyente (Individual Taxpayer Identification Numbers: ITIN) para usted, su cónyuge y cualquier hijo(a) que haya nacido antes del 31 de diciembre de 2010.
- Documentación de ingresos, incluyendo:
  - Formas W-2 de todos los empleos trabajados en el 2010
  - Todas las formas 1099 que muestren otro ingreso percibido en el 2010
  - Un cheque en blanco para el depósito directo de su reembolso (si no tiene una cuenta de cheques, lleve consigo el nombre y número de su cuenta bancaria, así como el número identificador del banco de 9 dígitos (*American Bankers Association: ABA*). Comuníquese con su banco si necesita ayuda para identificar el número ABA).

**Si cualquiera de los siguientes casos se aplica a usted, lleve consigo la documentación:**

- Gastos de cuidado infantil, incluyendo la dirección y el # de identificación federal del proveedor
- Estados de cuenta de la empresa hipotecaria
- Gastos de adopción
- Manutención para los hijos pagada o recibida
- Cualquier notificación recibida de parte del IRS u oficina estatal de impuestos
- Facturas de impuestos sobre la propiedad
- Estados de cuenta de colegiatura universitaria y de intereses de préstamos estudiantiles
- Formas adicionales de ingreso tales como:
  - Premios y recompensas
  - Becas y pensiones
  - Ganancias de lotería y/o apuestas

**Aún si perdió o no tiene todos estos artículos, su declaración de impuestos puede ser preparada. Llame a la línea de ayuda del IRS al 1-800-829-1040 para enterarse de lo que necesita hacer y cómo obtener documentos de reemplazo.**

**Memorandum**

To: State Tax and Fiscal Policy Summer Study Committee  
 From: Griffith Town Council  
 Date: October 20, 2011  
 Re: Impact of Calumet Township Poor Relief Taxation

**Town of Griffith**

---

The Town of Griffith is located in Lake County in Northwest Indiana approximately 35 miles from Downtown Chicago. Griffith is also co-located in Calumet and St. John Townships. Since 2007 the Town of Griffith has been pursuing a solution to the taxing burden the Calumet Township Trustee's Office imposes on Griffith property owners.

- *Griffith residents annually pay approximately 2.7 million dollars to Calumet Township toward township poor relief, but received less than \$11,000 of services in return.*
- *The total Calumet Township levy constitutes greater than 14% of a Griffith resident's property tax bill. Across the state, township levies average 1.5% of a resident's property tax bill and the median township levy is actually less than 1%.*

Despite its small population, in total dollars, Griffith has the third highest township levy in the state of any incorporated city or town behind only Gary and Carmel. However when compared as a percentage of the total levy, Griffith by far pays the greatest percentage of its total levy to support Calumet Township poor relief.

<u>Muni / Town</u>	<u>Twtnsh Levy</u>	<u>Muni Levy</u>	<u>Total Levy</u>	<u>% of Total Levy</u>
Griffith	\$2,760,129	\$5,383,685	\$18,845,897	14.64%
Gary	\$6,767,293	\$37,757,940	\$84,897,932	7.97%
Carmel	\$3,672,341	\$36,309,320	\$93,775,468	3.91%

The comparison of the following three, similarly priced homes all less than four miles from Griffith's Town Hall highlight the problem for Griffith tax payers.

<u>Property Number</u>	<u>Assessed Value</u>	<u>Municipality</u>	<u>Township</u>	<u>Township Gross Dist</u>
45-07-20-451-015.000-026	\$227,800	Highland	North	\$92.08
45-11-11-278-014.000-033	\$187,600	Griffith	St John	\$8.42
45-11-02-303-013.000-006	\$184,400	Griffith	Calumet	\$492.45

Solutions:

Since 2007, the Town of Griffith has pursued multiple solutions to this onerous taxing burden including but not limited to:

- The Town Council has passed resolutions supporting the elimination of township government;
- Supported legislation advocating for easier government reorganization methods;
- passed Council resolutions and introduced legislation empowering Griffith to form an independent township;
- introduced legislation to cap township tax levy contributions at 5% of a municipality's total levy;
- introduced legislation placing Griffith in a pilot program under which the Town would administer poor relief.

Most recently, the Town Council passed a resolution requesting reorganization of the Town of Griffith and Calumet Township such that the Town would no longer be included in Calumet Township. In order to ease the financial transition, the Town resolved to receive no services and transition out of Calumet Township by paying into the poor relief fund a total of 6 million dollars in decreasing amounts over five years. A copy of the resolution is attached hereto.

All previous efforts at reform have been opposed by the Calumet Township Trustee. We anticipate the current effort will receive similar treatment. As such, we respectfully request the Indiana General Assembly give due consideration to legislation aimed at relieving the Griffith residents of this onerous tax burden.

RESOLUTION NO. 2011- 28

**A RESOLUTION BY THE TOWN COUNCIL OF THE TOWN OF GRIFFITH  
REQUESTING REORGANIZATION OF THE TOWN OF GRIFFITH AND CALUMET  
TOWNSHIP SO THAT THE TOWN OF GRIFFITH BE REMOVED FROM CALUMET  
TOWNSHIP**

**WHEREAS**, in order to create a more fair and equitable form of government for the citizens of Griffith, Lake County, Indiana; and

**WHEREAS**, the Town of Griffith has, in good faith, engaged in negotiations with the Calumet Township Trustee in order to facilitate an agreement to arrive at a more fair and equitable government; and

**WHEREAS**, written proposals have been exchanged by both the Calumet Township Trustee and the Town of Griffith in furtherance of said facilitation; and

**WHEREAS**, the Town Council of the Town of Griffith does not believe that the Township Trustee's proposal will provide any meaningful benefit to the Town of Griffith or its taxpayers; and

**WHEREAS**, the Town Council of the Town of Griffith believes the Indiana Legislature will eventually eliminate the township form of government, or at least spread the cost of poor relief over entire counties or the entire state; and

**WHEREAS**, the taxpayers of the Town of Griffith can no longer afford to wait for abrogation of the township form of government; and

**WHEREAS**, State law mandates that the taxpayers of the Town of Griffith first directly approve of the reorganization of the Town of Griffith and Calumet Township via a referendum before any reorganization may be effectuated; and

**WHEREAS**, the Town of Griffith (hereafter the "Town") is partially co-located in Calumet Township (hereafter the "Township"); and

**WHEREAS**, the area within the Town that is also within the Township is hereafter referred to as the "Subject Area"; and

**WHEREAS**, Indiana Code 36-1.5-4-3 permits the consolidation of participating political subdivisions into one of the participating political subdivisions; and

**WHEREAS**, as part of a reorganization of political subdivisions, I.C. 36-1.5-4-4 allows the transfer of functions from an office to another office, and the powers of a legislative body, executive, or a fiscal body of a reorganized political subdivision to exercise the powers of a legislative, an executive, or a fiscal body of a reorganizing political subdivision; and

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Griffith, Lake County, Indiana that the Town be completely removed from the Township by transferring, absorbing and consolidating those functions currently provided within the Subject Area by the Township to the Town; and

**BE IT FURTHER RESOLVED:**

1. That removal of the Town from the Township be formally considered by the Township Board and Town Council, and both approve this resolution for reorganization pursuant to I.C. 36-1.5-4-13(a);
2. That upon adoption of this resolution by the Town and Township, that a reorganizing committee be appointed to consider and adopt a plan of reorganization pursuant to I.C. 36-1.5-4-15 which will cause the Township's functions within the Subject Area to be absorbed, transferred, consolidated by and made the responsibility of the Town, effectively removing the Town from the Township;
3. That the reorganization committee adopt rules governing its management, conduct public hearings, review books and records, administer oaths and issue and enforce subpoenas and discovery orders pursuant to I.C. 36-1.5-4-17;
4. That the reorganization committee prepare a comprehensive plan of reorganization for the reorganized Town and Township that addresses the actions, duties and powers of the reorganized Town and Township that are not specified by law pursuant to I.C. 36-1.5-4-18;
5. That the legislative bodies of the Town and Township consider the reorganization plan and incorporate the plan in full or by reference in at least two (2) separate meetings and a public hearing prior to final action by the legislative bodies pursuant to I.C. 36-1.5-4-19;
6. That the Township's legislative body shall provide a certified copy of the reorganization plan to be filed with the Lake County Recorder, the Department of Local Government Finance, and the Clerk of the Circuit Court of Lake County affected by any election district changes pursuant to I.C. 36-1.5-4-24;
7. That the County Recorder notify the election board that a public question on a plan of reorganization is eligible to be placed on the ballot for consideration of the voters pursuant to I.C. 36-1.5-4-26;
8. That the Lake County Election Board place the question on the first regularly scheduled general election or municipal election in all precincts for the reorganizing Town and Township pursuant to I.C. 36-1.5-4-28;
9. That after approval by the citizens of the Town via a vote at a general or municipal election pursuant to I.C. 36-1.5-4-27 on the public question concerning reorganization, and only after removal of the Town from the Township, and to allow time for the Township to adjust to the

reduced revenue resulting from removal of the Subject Area from the Township, that the Town will make annual payments to the Township according to the following schedule:

- a. two million five hundred thousand dollars (\$2,500,000) in the first year after removal;
- b. one and one half million dollars (\$1,500,000) in the second year after removal;
- c. one million dollars (\$1,000,000) in the third year after removal;
- d. one half million dollars (\$500,000) in the fourth year after removal; and
- e. a final payment of one half million dollars (\$500,000) in the fifth year after removal;

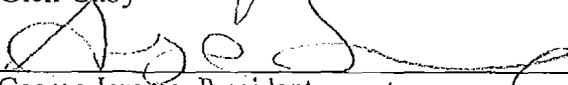
all totaling six million dollars (\$6,000,000). The source and details of funding said payments shall be determined in accordance with State law and specified in the plan of reorganization and/or further resolutions to be later approved by the Town; and

BE IT FURTHER RESOLVED that the Clerk-Treasurer of the Town of Griffith forward a certified copy of this resolution to the Calumet Township Trustee & Township Board, via certified mail, return receipt requested, for the Township Board's consideration and response within sixty (60) days.

SO RESOLVED, PASSED AND ADOPTED by the Town Council for the Town of Griffith, Lake County, Indiana, this 18<sup>th</sup> day of OCTOBER, 2011

COUNCIL MEMBERS OF THE TOWN OF  
GRIFFITH, LAKE COUNTY, INDIANA

  
\_\_\_\_\_  
Glen Gaby

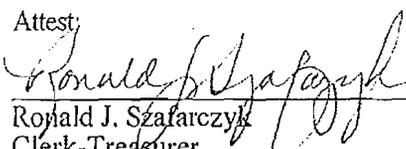
  
\_\_\_\_\_  
George Jerome, President

  
\_\_\_\_\_  
Rick Ryfa

  
\_\_\_\_\_  
Michael Gulley

ABSENT  
\_\_\_\_\_  
Stan Dobosz

Attest:

  
\_\_\_\_\_  
Ronald J. Szafarczyk  
Clerk-Treasurer

October 20, 2011

Commission on State Tax and Financing Policy  
Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, IN 46204-2789

Dear Members of the Committee:

My name is Elizabeth Goral and although I cannot be there in person to deliver my message, I have requested that members of the town council share my message with you.

I have been a resident of Griffith, Indiana for 12 years. I'm one of the many residents who strongly oppose the exorbitant property taxes we are continually paying to fund Calumet Township.

Griffith has and will continue to be a working class community. The majority of residents are of middle class and with a middle class or fixed income.

You have no doubt looked at the numbers. You have seen the disproportionate share of money being funneled into Calumet Township from the taxpayers in Griffith. You're also aware that the majority of recipients of the poor relief reside in Gary. Very little is returned to the Town of Griffith. While many of you may think that the residents of Griffith are uncaring and do not want to help the poor, the simple fact of the matter is that too much of a tax burden is being placed on our residents.

The majority of this money is also being wasted on administrative costs, associated with poor relief, rather than actually going to help the poor.

We are all too aware of all the problems that Gary faces but you cannot expect the little town of Griffith to continue supplementing poor relief at such a disproportionate rate.

Almost every resident in Griffith has seen a dramatic jump in their property tax bill which now means an even bigger share of our property taxes going

to fund Calumet Township. We simply cannot afford this anymore! We are being taxed out of our homes and something needs to be done!

I believe that the town of Griffith would be able to manage poor relief for the few residents in town who rely on it at a much lower cost to the residents of Griffith.

What I'm asking for is that the legislators give the Town of Griffith the choice alone on whether they would like to leave Calumet Township. It is the fair and honest thing to do for the residents. We can take care of Griffith. We cannot however, keep taking care of Gary. The residents of this little town simply cannot afford it any longer.

Respectfully,

A handwritten signature in black ink, appearing to read "Elizabeth O. Goral". The signature is written in a cursive style with a large initial "E".

Elizabeth O. Goral  
829 South Indiana  
Griffith, Indiana 46319

Oct. 19, 2011

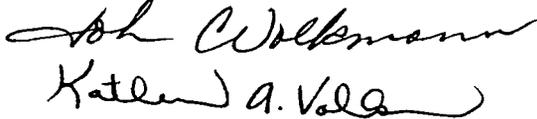
Honorable Representative  
Of the State of Indiana

We are residents of the Town of Griffith. Most of Griffith resides within Calumet Township. Calumet Township is mismanaged and squanders the taxpayer's resources. Calumet Township receives almost \$3,000,000 a year from the taxpayers/citizens of Griffith. In return we get less than \$20,000 back in relief. This is a very poor return on our investment.

We implore you to assist the Town of Griffith in getting relief from the financial burden of belonging to Calumet Township. We request that you allow the Town of Griffith to secede from Calumet Township. We ask that you consider the proposals for alternatives to the burdens of belonging to Calumet Township that our Town Council members are proposing.

We look forward to your favorable resolution to our dilemma.

Sincerely,

Handwritten signatures of John C. Volkmann and Katherine A. Volkmann.

John C. Volkmann  
Katherine A. Volkmann  
226 N. Oakwood  
Griffith, IN 46319  
jcvolkmann@comcast.net

ERS

www.griffith.in.gov



Clerk - Treasurer

Ronald J. Szafarczyk

oy  
ard  
e Jerome  
nd Ward

Rick Ryfa  
3rd Ward

Michael Gulley  
4th Ward

Stan Dobosz  
5th Ward

*Town of Griffith*

111 N. Broad St., Griffith, IN. 46319-2294

Phone (219) 924 - 7500

Fax (219) 922 - 3072

May 17, 2011

The Honorable Mary Elgin  
Calumet Township Trustee  
610 Connecticut Street  
Gary, IN 46402

Recently, Calumet Township Trustee Mary Elgin attended a Griffith Town Council meeting and offered to answer our questions and concerns about her office. The following is a partial list of concerns that I would like for you to address.

1. You make \$88,000.00 a year to run one program with a total certified budget of \$8,428,986.00. The entire Griffith town council makes under \$60,000.00 to handle a 13 million dollar budget. How do justify a salary that large?
2. Nepotism- You have two relatives making a combined amount of \$120,000.00 to work in your office. How do you justify that? Do you have any other relatives on your payroll? Are there any Griffith residents on your payroll?
3. How do you justify paying a news editor/photographer \$62,000.00 a year?
4. What properties do you lease? Who are the owners of record? Are any of them related to you or your family?
5. Calumet Township Board members make \$25,000.00 a year. Other township board members around the state make \$2,500.00 a year. Why is there such a huge disparity in your township?
6. Prompt Ambulance has offered to take over your township ambulance service at a cost of zero dollars to you, but you have refused to let them do this, and continue to spend a \$1,000,000.00 a year on ambulance service. Why?

You said this seems more like an investigation than a possible study session. It is. You can't find ways to cut costs and reduce waste without investigating to find out what the facts are. You offered to address our concerns and these are some of my concerns. Please reply to these by June 1, 2011.

Thank you,

Glen Gaby  
Griffith Town Council



**CALUMET TOWNSHIP**  
**Lake County, Indiana**  
**MARY ELGIN, Trustee**

Main Office: 610 Connecticut Street, Gary, IN 46402 (219) 880-4000 Fax: (219) 880-1851  
Multi-Purpose Center: 1900 West 41st Avenue, Gary, IN 46408 (219) 981-4023  
North Annex: 487 Broadway, Gary, IN 46402 (219) 880-2201

---

June 10, 2011

Glen Gaby, 1st Ward Rep.  
Griffith Town Council  
111 N. Broad Street  
Griffith, IN 46319-2294

Dear Mr. Gaby:

I am in receipt of your letter dated May 17, 2011, purportedly mailed to my office, but which I never received. I learned about the letter from a news item in The Times. My secretary thereupon contacted your office to request a copy of the letter be faxed to my office.

As you are aware, the Indiana State Legislature has established a committee which will be studying the Griffith allegations against the township this summer. The questions in your letter appear to fall within the parameters of elements of the study. Matters pertinent to the study will be addressed at that time.

Please feel free to contact me if you have any further questions.

Sincerely,

  
Mary Elgin, Trustee

**COUNCIL MEMBERS**

**Glen Gaby**  
1st Ward

**George Jerome**  
2nd Ward

**Rick Ryfa**  
3rd Ward

**Michael Gulley**  
4th Ward

**Stan Dobosz**  
5th Ward



www.griffith.in.gov

**Clerk - Treasurer**

**Ronald J. Szafarczyk**

*Town of Griffith*  
111 N. Broad St., Griffith, IN. 46319-2294

Phone (219) 924 - 7500

Fax (219) 922 - 3072

September 27, 2011

The Calumet Township Trustee has proposed reducing the township levy by \$1M per year for three years in an effort to reduce the burden on taxpayers. While she has done so for 2012, by her own admission, doing so in future years is dependent on client needs.

Because of the property tax caps and Lake County's frozen levy, even if the annual reduction is accomplished, other taxing units will absorb any reduction made by the township. The net effect of their effort will be to reduce the operating funds available to the township without reducing the burden on taxpayers. Griffith does not consider this to be a viable suggestion.

While the council believes that townships should be eliminated and their duties assumed by the county, an alternative would be to fund poor relief over a broader base; county-wide or state-wide. This would provide immediate relief for taxpayers in townships where the burden of poor relief is overwhelming and allow the administration of poor relief to be consistent across a broader area.

Absent that relief, the well-being of Griffith residents remains our main concern. We would prefer to reorganize under powers allowed under HEA 1362 that enables a township and a municipality to reorganize. Under this proposal, the portion of Griffith located in Calumet Township would leave the Township and join the Griffith town corporation. Services offered by the township could then be offered by the Town.

The next best alternative would be to reorganize as permitted under HEA 1362 and join with adjacent St John Township.

Even though the Calumet Township Trustee Board rejected this proposal earlier this year, we would now offer a financial incentive. We propose to pay the township \$6 million over a 5-year period. The payments would decrease annually and would allow the Township time to adjust to the reduced revenue.

Rather than reduce their levy by \$1 million per year for three years without benefit to taxpayers, the township would have additional funds outside the tax caps. The funds for this extraordinary payment would be funded by an additional levy approved by the taxpayers of Griffith via voter approved referendum. If the taxpayers reject the proposed increased levy, the proposal would fail and Griffith would remain in Calumet Township. This option would remove the decision making from any elected official and would let the Griffith voters choose their choice of government themselves.

By Direction of the Town of Griffith Council,

George N. Jerome  
Council President



**CALUMET TOWNSHIP**  
**Lake County, Indiana**

**MARY ELGIN, Trustee**

Main Office: 610 Connecticut Street, Gary, IN 46402 (219) 880-4000 Fax: (219) 880-1851  
Multi-Purpose Center: 1900 West 41st Avenue, Gary, IN 46408 (219) 981-4023  
North Annex: 487 Broadway, Gary, IN 46402 (219) 880-2201

October 4, 2011

George Jerome  
President: Griffith Town Council  
111 N. Broad Street  
Griffith, IN 46319-2294

Dear George,

Representatives of the town board and I have held a series of meetings recently in order to try to resolve certain issues perceived as unfair by certain political leaders in Griffith. Although Calumet Township does not assist residents based on the community in which they live, but adheres to the law in providing assistance, I have taken your concerns into consideration and hereby propose the following in an effort to diffuse and resolve what you and some of your colleagues view as a problem; notwithstanding the fact that in almost 10 years in office, no Griffith resident other than certain town board members, has ever contacted me on this matter.

**ONE:** The township shall establish a satellite general assistance office at a site you shall provide at no cost to the township. You have proposed an adequate area at the Franklin School Center in Griffith, contingent upon its meeting our needs per size and suitability for our IS&T requirements. This should be accomplished, I hope, before year's end.

**TWO:** The township requested the General Assembly's Legislative Services Agency (LSA) to determine the optimal levy if all units in the Gary taxing district reduced their levies to the LSA recommended collection percentage. The LSA figures suggest that reducing the levy would have an additional negative impact on all units of government within the district. Therefore, the township proposes to reduce its levy by \$1M per year for the next three budget years (2012, 2013 and 2014) which would be a 31% reduction in the tax rate at the end of the third year. This reduction in the rate has a negative effect on the township in that it loses the \$1M yearly. However, it reduces the tax bills for the Griffith residents. Yet the Griffith residents might not see a reduction on their tax bill because the other units of government will absorb the funds that the township releases. Therefore, relief is granted by the township to its detriment, but to the advantage of the Griffith and Gary units. The township is still working with LSA to come up with a scenario/plan that would be beneficial for all units of government that result in no unit being placed in a negative position.

In earlier discussions, Griffith appeared conducive to the proposals but of late keeps upping the ante in a manner that causes me to wonder how seriously you and your colleagues take the meetings. Nevertheless, the township's proposals, as stated above, remain in good faith.

Sincerely,

  
Mary Elgin, Trustee

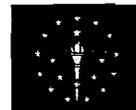
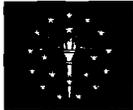
**Exhibit H  
Commission on State Tax and  
Financing Policy  
Meeting #4 October 18, 2011**



# **Calumet Township Study Statement**

**Presented to**

**Indiana Legislative Study Committee**



**by**

**Mary Elgin, Calumet Township Trustee**

State Capitol  
Indianapolis, Indiana

# INTRODUCTION

Mary Elgin,  
Calumet Township Trustee



## **CALUMET TOWNSHIP** **Lake County, Indiana** **MARY ELGIN, Trustee**

Main Office: 610 Connecticut Street, Gary, IN 46402 (219) 880-4089 Fax: (219) 880-1851  
Multi-Purpose Center: 1900 West 41st Avenue, Gary, IN 46408 (219) 981-4023  
North Annex: 487 Broadway, Gary, IN 46402 (219) 880-2201

On behalf of the residents of Calumet Township, I appreciate the Indiana Legislature's initiative to conduct this impartial study on issues related to Calumet Township, including any effects on taxpayers in the Town of Griffith.

Mr. Chairman, I'm here today not only in my official capacity as Calumet Township Trustee, but also as a hard-working property owner and taxpayer of the township. As such, I am as concerned as anyone about high property taxes, what they fund and how they're spent.

For the record, I'm a retiree who spent 30 years working at the Inland Steel Company—now ArcelorMittal—in East Chicago. While working there I was elected to multiple terms of trustee, recording secretary and financial secretary of United Steelworkers of America Local Union 1010. During that time I was also active in many community organizations and my church.

Of great importance to me is that I'm a resident and homeowner in the wonderful city of Gary. I say that with great pride, Mr. Chairman. I'd like this committee to know it is a city of hard-working people who want and deserve nothing less than other citizens of our state.

I'm also proud that in 2002 the residents of Calumet Township elected me to the trusteeship and I took office on January 1, 2003. I was reelected in 2006 and 2010, and continue serving my constituents—in Gary, Griffith and the unincorporated area—to the best of my ability. I thank them for their faith and trust in me.

## CONTENTS

Introduction .....	2
Township Government & Responsibilities .....	3
Calumet Township Statistics .....	4
Statement by Trustee Mary Elgin .....	5
Appendix .....	10

# ***Township Government & Responsibilities***

## **TOWNSHIP GOVERNMENT ORIGINS**

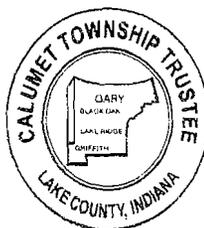
The founding of our country and the beginning of township government have something in common: a man named Thomas Jefferson. He was the primary author of the Declaration of Independence in 1776, which gave the United States freedom from England's rule. In 1784, Jefferson proposed the Northwest Territory Ordinance, comprising territory now consisting of the states of Ohio, Michigan, Indiana, Illinois, Wisconsin and part of Minnesota.

The bulk of Jefferson's idea was temporarily shelved, except for one called the Public Land Survey System, which evolved into the Land Act of 1796 and the system of townships currently in use in Indiana. For the most part, townships look alike in a map. The grid created by the surveyors resemble a checkerboard of 36 square-mile townships. Difficult as it may seem, our lives to this day are affected by the lines drawn over 200 years ago. That is because the lines define what form of local government township residents have, what services they receive and, most important, what kinds and amounts of taxes they pay.

## **TOWNSHIP RESPONSIBILITIES**

Townships are local government units with an elected trustee as chief executive and an elected board that oversees the trustee. The trustee is generally a full-time official who runs the township daily, while the board is part-time, with only four prescribed annual meetings, although in larger townships boards meet more often as required.

According to the Indiana State Board of Accounts, which oversees township administration, the trustee has various duties. In large, urban townships the principal duty is usually providing general assistance to the needy. In small, rural townships with little need for general assistance, other duties such as fire protection, maintenance of cemeteries and parks might be deemed more important.



## **CALUMET TOWNSHIP**

Calumet Township is located in Lake County, Northwest Indiana.

### **Population**

City of Gary:	95,500
Town of Griffith:	16,300
Unincorporated Area:	<u>8,000</u>
Total:	119,800

### **Economics**

Current Certified Budget:	\$8,428,986
Current Certified Tax Rate	0.6779

As one of Indiana's largest urban townships, and being home to Gary, the only municipality which sought economic relief from the now-disbanded Distressed Units Appeal Board, the township annually screens tens of thousands of clients and provides general assistance to thousands who qualify for such assistance.

On the other hand, the Town of Griffith has nowhere near the economic problems of Gary. U.S. Census statistics for both communities (see Appendix) reveal a stark disparity in Griffith's favor in all categories measured.

## **Statement by Calumet Township Trustee Mary Elgin Including Relevant Facts and Figures**

Senator Brandt Hershman, distinguished chairman of the Calumet Township Study Committee; Senators Ryan Mischler and Timothy Skinner; Representatives Scott Pelath and Eric Turner.

Mr. Chairman, we are here to answer any and all concerns related to the deliverance of township assistance in Calumet Township and its effect on Griffith and respond to suggested changes and those effects on Calumet Township.

Mr. Chairman, I've been streamlining government to make it more effective before Gov. Mitch Daniels appointed former Gov. Joseph E. Kernan and Supreme Court Chief Justice Randall T. Shepard to study local government and devise ways to streamline their operations.

Under our administration our township has achieved most of the parameters set by the Kernan-Shepard Commission. Our township's administration is understandable and transparent. It is cost-effective, borne out by decreasing budgets and lowered taxes. Our township administration is so flexible that we respond immediately when natural disasters or utility failures strike. As to collective purchasing, we utilize the state's General Services Administration to purchase IS&T equipment and vehicles.

But Calumet Township's deliverance of township assistance is based on Chapter 16 of the Indiana Code, which deals with "Provision of Various Forms of Township Assistance".

■ IC 12-20-16-1—Assistance only upon necessity states in Section 1: *A township trustee, as administrator of township assistance, may provide and shall extend township assistance only when the personal effort of the township assistance applicant fails to provide one or more basic necessities.* (Appendix: Ex. 1)

■ Such assistance include: medical, utilities and food, plus burial or cremation under certain circumstances.

Furthermore, the Indiana Code also defines criteria under which assistance must not be provided. In general, applicants are ineligible for assistance if they have certain financial resources such as savings of a certain amount, are receiving alimony, child support, an IRS or state tax refund, own stocks or bonds, are collecting unemployment benefits, or a combination of those. Because of ascertainable socio-economic demographics, many Griffith residents—as opposed to Gary residents— fall in one category or another of the foregoing.

IC 12-20-16-1 lays out quite clearly who may receive township assistance and who may not.

■ Here are a few examples of the disparity between the municipalities, which result in fewer persons in Griffith being eligible for assistance. The data are from the U.S. Census Bureau's 2005-2009 Community Survey. The dollar amounts are in 2009 inflation-adjusted dollars. (Appendix: Ex. 2)

### Gary - Griffith Demographics

<u>Median Household Income</u>	<u>Median Family Income</u>	<u>P e r</u>
<u>Capita Income</u>		
GARY: \$27,367	\$34,311	\$15,575
GRIFFITH: \$55,811	\$64,942	\$25,687

### Median Value, Owner-occupied Homes

GARY:	\$69,400
GRIFFITH:	\$136,400

### Families Below Poverty Level

GARY:	27.8%
GRIFFITH:	6.4%

### Individuals Below Poverty Level

33.4%
8.8%

Mr. Chairman, the stark differences between those figures tell the story. Those figures indicate the levels of need within the two communities. There are two other statistics that are relevant.

**One:** Gary is 80% Black or African-American. **Two:** Griffith is 80.6% white. In other words, they are racially, statistical opposites. I point that out for the simple reason that Gary reflects the plight of most minority dominated communities in our country. Griffith, on the other hand, reflects a certain level of economic well-being long associated with non-minority communities.

The point of drawing attention to those statistics, Mr. Chairman, is to show that Griffith's economic well-being is what prevents most of its residents from receiving township assistance under IC 16.

As matter of fact I am always concerned about *all* township residents.

■ When the Little Calumet River overflowed its banks in late summer, 2006, it flooded many communities in our area, including Gary and Griffith. I immediately met with Griffith residents affected and established a satellite office at the Griffith Town Hall to provide whatever assistance I could. Over 70 families were affected and received assistance.

■ Likewise, when a tornado struck Griffith August 4, 2008, I immediately directed that all legitimate assistance be made available to those who qualified. Griffith officials reported about 100 homes and 20 businesses were affected. I set up a Tornado Relief Task Force and designated specific staff with a special hotline to deal only with tornado relief. Because of the loss of electricity, I ordered emergency \$100.00 food vouchers and \$50.00 gasoline vouchers for electrical generators

be made available to those who qualified. Ninety-six families from Griffith received assistance, 52 from Gary and four from the unincorporated area.

Mr. Chairman, I point out those incidents, the flooding and tornado, to show Calumet Township responds fully, properly and legally when necessary. Under circumstances of genuine need, Griffith residents who qualify for assistance get whatever is mandated by law. There is no discrimination, no unfairness, just unrivalled service.

As a matter of fact a few years ago I tried to locate rental property in Griffith in which to establish a satellite office but was unable to do so at a cost effective price.

As to frugality and service to the public, here are some facts about those.

When I took over as trustee in 2003, the Department of Local Government Finance approved certified budget was \$18,073,584 million. This year our certified budget is \$8,428,986 million. Through the years, even before Gov. Daniels or Rep. Visclosky started calling for fiscal reform, I was already doing that. I've slashed our vehicle fleet, tightened the eligibility standards, prosecuted scammers, closed a major office and an underused emergency shelter, plus slashed the workforce from 212 to 98. Even with delayed tax draws, through judicious economizing, I've been able to operate relatively debt free.

And the crowning achievement, Mr. Chairman, has to be the fact that I've lowered taxes on more than one occasion.

Authorities such as the Miller Citizens Corporation and U.S. Steel have testified to that. And the latest instance is buttressed by the Lake County Legislative Services Agency which in its December 2008 report showed that our township reduced its 2008 tax levy by 0.6 percent. Hobart Township was the only other township of the 11 in Lake County to also reduce its levy, but by a mere 0.1 percent.

What kind of services do we render? Here's a breakdown from the 2010 Budget Report. (Appendix 3)

- Last year our township screened 29,846 applicants for poor relief and provided assistance to 5,177 needy people from 1,854 households.
- The total cost of benefits provided was \$6,177,473; or on average—\$1,187 per person.
- The largest amount of benefits paid out last year was to 905 clients in 532 households who received \$1,073,096 in housing assistance.
- The second largest amount of benefits was to 1,657 clients in 839 households who received \$378,214 in utilities assistance.
- The third largest amount of benefits was to 432 clients in 395 households who received \$181,887 in health care assistance.
- The fourth largest amount of benefits was for 63 burials at a total of \$47,800.

- The fifth largest amount of benefits was to 1,366 clients in 795 households who received \$34,966 in food assistance.

Those figures reflect problems facing many urban, minority-populated townships.

In putting things into perspective, I must point out that while we provided assistance to almost 5,200 clients last year, most other townships provided hardly any such assistance at all. The reason is the vast majority of townships are rural entities with different socio-economic demographics than ours. When I attend Indiana Township Association and United Township Association conventions I am generally amazed at how little township assistance is required in certain townships. I'm sure those trustees are as amazed at the extent of assistance our township is required to provide.

Many rural townships are more demographically cohesive and share cultural affinity. On the other hand, many urban townships are long-term bastions of low-income and high unemployment. It's as simple as that.

But there's even more than that.

Mr. Chairman, if you and this honorable committee would look carefully at the page entitled Calumet Township Schedule of Certified Budget Levy & Rate: 2002 - 2011 on Page 11, you would see quite clearly how much our certified budget, certified tax levy, post-tax cap tax levy and certified tax rate have all gone down during those years.

As I pointed out earlier, when I took over in 2003, the certified budget was \$18,073,591. Today, it is \$8,428,986. That means our budget has nose-dived over 50%. And even if you factor in that the tax caps have had some effect on that, you will note that between 2003 and 2009, long before the tax caps, I was still reducing the levy from just over \$17.4 million to just under \$15 million. Looking across the financial spectrum, as it concerns Calumet Township, you will see some tough, transparent financial management with clients and taxpayers in mind. That's fiscal responsibility. Let me also point out the figures are those of the Department of Local Government Finance and the Legislative Services Agency, both impartial State of Indiana entities.

Mr. Chairman, the figures also reflect certain ups-and-downs. That's because ours is an economically depressed area. There isn't much hiring going on, hence the growing need for our poor relief services.

- Since the close of the General Assembly in April, we have had beneficial meetings with Representative Phillip Hinkle, formerly chairman of the House Local Government Reform and Regulatory Committee, who was analyzing townships in general; Senator Earline Rogers, Representatives Charlie Brown, Mara Candelaria Reardon, Vernon Smith and Dan Stevenson; plus Calumet Township Board Members Alex Cherry and Ron Matlock. There have also had a number of cordial meetings with Griffith Town Board Members George Jerome, Rick Ryfa Michael Gulley and Glen Gaby, and Clerk-Treasurer Ron Szafarczyk. Lake County Commissioner Roosevelt Allen also attended a couple meetings. Meetings with Griffith were held August 7, 10, and 17.

- The meetings with Griffith were frank and very useful. Utilizing the considerable financial and tax-matters acumen of Curtis Whittaker, CPA, financial advisor to the township, we were able to zero in on financial and tax related matters.

■ In those meetings the township and Griffith representatives appeared to make great strides that could have rendered this legislative study moot. Griffith is on record as not wanting to “destroy” Calumet Township, but desirous of financial equity. The township is on record as intent on preserving the township but cognizant of their concern and amenable to a mutually agreed resolution.

On Tuesday, October 4, I gave a written proposal to George Jerome, president of the Griffith Town Council and Ron Szafarczyk, clerk treasurer, in which I reiterated establishment of the satellite office and fleshed out the financial aspect further, to wit:

*“The township proposes to reduce its levy by \$1M per year for the next three budget years (2012, 2013 and 2014) which would be a 31% reduction in the tax rate at the end of the third year. This reduction in the rate has a negative effect on the township in that it loses the \$1M yearly. However, it reduces the tax bills for the Griffith residents. Yet the Griffith residents might not see a reduction on their tax bill because the other units of government will absorb the funds that the township releases. Therefore, relief is granted by the township to its detriment, but to the advantage of the Griffith and Gary units. The township is still working with LSA to come up with a scenario/plan that would be beneficial for all units of government that result in no unit being placed in a negative position.”* (See App. 4).

Mr. Chairman, I’ve done my best to present you a factual picture of what brought us to this stage.

It is my hope you and your committee will look at the facts and figures presented today, and in your considerable, collective wisdom render findings and recommendations in the best interests of all residents of Calumet Township.

Mr. Chairman and distinguished members of the Legislative Study Committee, thank you very much.

## APPENDIX

## Appendix: 1

**Information Maintained by the Office of Code Revision Indiana Legislative Services Agency  
IC 12-20-16**

Chapter 16. Provision of Various Forms of Township Assistance

**IC 12-20-16-1**

**Assistance only upon necessity**

Sec. 1. A township trustee, as administrator of township assistance, may provide and shall extend township assistance only when the personal effort of the township assistance applicant fails to provide one (1) or more basic necessities.

*As added by P.L. 2-1992, SEC.14. Amended by P.L.51-1996, SEC.53; P.L.73-2005, SEC.69.*

**IC 12-20-16-2**

**Medical assistance; necessity**

Sec. 2. (a) Except as provided in subsections (b) and (c), the township trustee shall, in cases of necessity, do the following:

(1) Promptly provide medical assistance for poor individuals in the township who are not provided for in public institutions.

(2) See that medicines, medical supplies, special diets, or tests prescribed by a physician or surgeon in attendance upon poor individuals in the township are properly furnished.

(b) A township trustee may not provide to an individual medical assistance under the township assistance program if the individual could qualify for medical assistance for the same service under:

(1) IC 12-16;

(2) Medicaid;

(3) other governmental medical programs; or

(4) private health insurance that would cover the individual at the time the assistance was provided.

However, if the individual's insurance does not pay for the medical assistance due to a policy deductible or other policy limitation, the township trustee shall pay for medical assistance that the trustee would provide if the individual did not have insurance.

However, a township trustee may provide interim medical services during the period that the individual has an application pending for medical assistance under Medicaid (IC 12-15) or another governmental medical program if the individual is reasonably complying with all requirements of the application process.

(c) The township trustee shall pay only for the following medical services for the poor of the township:

(1) Prescription drugs, not to exceed a thirty (30) day supply at a time, as prescribed by an attending practitioner (as defined in IC 16-42-19-5) other than a veterinarian. However, if the prescription drugs are available only in a container that contains more than a thirty (30) day supply, the township trustee may pay for the available size.

(2) Office calls to a physician licensed under IC 25-22.5 or another medical provider.

(3) Dental care needed to relieve pain or infection or to repair cavities.

(4) Repair or replacement of dentures.

(5) Emergency room treatment that is of an emergency nature.

(6) Preoperation testing prescribed by an attending physician licensed under IC 25-22.5.

(7) Over-the-counter drugs prescribed by a practitioner (as defined in IC 16-42-19-5) other than a veterinarian.

- (8) X-rays and laboratory testing as prescribed by an attending physician licensed under IC 25-22.5.
- (9) Visits to a medical specialist when referred by an attending physician licensed under IC 25-22.5.
- (10) Physical therapy prescribed by an attending physician licensed under IC 25-22.5.
- (11) Eyeglasses.
- (12) Repair or replacement of a prosthesis not provided for by other tax supported state or federal programs.
- (13) Insulin and items needed to administer the biological, not to exceed a thirty (30) day supply at a time, in accordance with section 14 of this chapter. However, if the biologicals are available only in a container that contains more than a thirty (30) day supply, the township trustee may pay for the available size.
- (d) The township trustee may establish a list of approved medical providers to provide medical services to the poor of the township. Any medical provider who:
- (1) can provide the particular medical services within the scope of the provider's license issued under IC 25; and
  - (2) is willing to provide the medical services for the charges established by the township trustee; is entitled to be included on the list.
- (e) Unless prohibited by federal law, a township trustee who:
- (1) provides to an individual medical assistance that is eligible for payment under any medical program described in subsection (b) for which payments are administered by an agency of the state during the pendency of the individual's successful application for the program; and
  - (2) submits a timely and proper claim to the agency;
- is eligible for reimbursement by the agency to the same extent as any medical provider.
- (f) If a township trustee provides medical assistance for medical services provided to an individual who is subsequently determined to be eligible for Medicaid:
- (1) the township trustee shall notify the medical provider that provided the medical services of the individual's eligibility; and
  - (2) not later than thirty (30) days after the medical provider receives the notice under subdivision (1), the medical provider shall file a claim for reimbursement with the office.
- (g) A medical provider that is reimbursed under subsection (f) shall, not later than thirty (30) days after receiving the reimbursement, pay to the township trustee the lesser of:
- (1) the amount of medical assistance received from the trustee

to an individual; or

- (2) the amount reimbursed by Medicaid to the medical provider.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.54; P.L.262-2003, SEC.4; P.L.73-2005, SEC.70.*

### **IC 12-20-16-3**

#### **Utility services payment; necessity; eligibility**

Sec. 3. (a) The township trustee may, in cases of necessity, authorize the payment from township assistance money for essential utility services, including the following:

- (1) Water services.
- (2) Gas services.
- (3) Electric services.
- (4) Fuel oil services for fuel oil used for heating or cooking.
- (5) Coal, wood, or liquid propane used for heating or cooking.

(b) The township trustee may authorize the payment of delinquent bills for the services listed in subsection (a)(1) through (a)(5) when necessary to prevent the termination of the services or to restore terminated service if the delinquency has lasted not longer than twenty-four (24) months. The township trustee has no obligation to pay a delinquent bill for the services or materials listed in subsection (a)(1)

through (a)(5) if the delinquency has lasted longer than twenty-four (24) months.

(c) The township trustee is not required to pay for any utility service:

(1) that is not properly charged to:

(A) an adult member of a household;

(B) an emancipated minor who is head of the household; or

(C) a landlord or former member of the household if the applicant proves that the applicant:

(i) received the services as a tenant residing at the service address at the time the cost was incurred; and

(ii) is responsible for payment of the bill;

(2) received as a result of a fraudulent act by any adult member of a household requesting township assistance; or

(3) that includes the use of township assistance funds for the payment of:

(A) a security deposit; or

(B) damages caused by a township assistance applicant to utility company property.

(d) The amount paid by the township trustee, as administrator of township assistance, and the amount charged for water services may not exceed the minimum rate charged for the service as fixed by the Indiana utility regulatory commission.

(e) This subsection applies only during the part of each year when applications for assistance are accepted by the division under IC 12-14-11. A township trustee may not provide assistance to make any part of a payment for heating fuel or electric services for more than thirty (30) days unless the individual files an application with the township trustee that includes the following:

(1) Evidence of application for assistance for heating fuel or electric services from the division under IC 12-14-11.

(2) The amount of assistance received or the reason for denial of assistance.

The township trustee shall inform an applicant for assistance for heating fuel or electric services that assistance for heating fuel and electric services may be available from the division under IC 12-14-11 and that the township trustee may not provide assistance to make any part of a payment for those services for more than thirty (30) days unless the individual files an application for assistance for heating fuel or electric services under IC 12-14-11. However, if the applicant household is eligible under criteria established by the division of disability, aging, and rehabilitative services for energy assistance under IC 12-14-11, the trustee may certify the applicant as eligible for that assistance by completing an application form prescribed by the state board of accounts and forwarding the eligibility certificate to the division of disability, aging, and rehabilitative services within the period established for the acceptance of applications. If the trustee follows this certification procedure, no other application is required for assistance under IC 12-14-11.

(f) If an individual or a member of an individual's household has received assistance under subsection (b), the individual must, before the individual or the member of the individual's household may receive further assistance under subsection (b), certify whether the individual's or household's income, resources, or household size has changed since the individual filed the most recent application for township assistance. If the individual or a member of the individual's household certifies that the income, resources, or household size has changed, the township trustee shall review the individual's or household's eligibility and may make any necessary adjustments in the level of assistance provided to the individual or to a member of the individual's household.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.55; P.L.259-2001, SEC.7; P.L.73-2005, SEC.71.*

Repealed

*(Repealed by P.L.51-1996, SEC.77.)*

**IC 12-20-16-5**

**Food relief**

Sec. 5. (a) An applicant or a household that receives food relief in any township having a population of more than ten thousand (10,000) may request the township trustee, as administrator of township assistance, to issue a food order upon any eligible market, and the township trustee, as administrator of township assistance, shall abide by that request.

(b) The amount of a food order for various sized households that are determined by the trustee to be eligible for township assistance shall be based upon uniform monthly amounts specified in the township's township assistance standards. However, an additional

amount of food may be ordered for special health reasons as prescribed by a physician. A supplemental food order may be issued because of the loss of the recipient's food by:

- (1) fire, flood, or other natural disaster;
- (2) burglary or other criminal act; or
- (3) the unpreventable spoilage of food.

(c) The trustee may issue a food order to an eligible applicant on either a daily, weekly, or monthly basis.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.56; P.L.73-2005, SEC.72.*

#### **IC 12-20-16-6**

##### **Federal food stamp program eligibility**

Sec. 6. (a) Except as provided in subsection (b), a township trustee, as administrator of township assistance, may not purchase food out of the township assistance fund for an applicant or a household that is eligible to participate in the federal food stamp program.

(b) A township trustee, as administrator of township assistance, may purchase food for an eligible food stamp applicant or household only under any of the following conditions:

(1) During the interim period beginning when an applicant or a household is awaiting a determination of eligibility from the food stamp office and ending not more than five (5) days after the day the applicant or household becomes eligible to participate in the federal food stamp program.

(2) Upon the verified loss of the household's food stamps or food supply by:

(A) fire or other natural disaster; or

(B) burglary or other criminal act, if the requesting applicant or household files a report with the appropriate law enforcement agency.

(3) Upon the loss of the applicant's or household's food supply through spoilage.

(4) Upon a written statement from a physician indicating that at least one (1) member of the household needs a special diet, the cost of which is greater than can be purchased with the household's allotment of food stamps.

(5) If the township trustee, as administrator of township assistance, determines that an applicant or a household:

(A) is in need of supplementary food assistance; and

(B) has participated in the federal food stamp program to the fullest extent allowable under federal and state law;

and supplementary food assistance is required by the circumstances of the particular case.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.57; P.L.73-2005, SEC.73.*

#### **IC 12-20-16-7**

##### **Eligible markets; continuing eligibility; purchase order itemization**

Sec. 7. (a) A combined grocery (marketing fresh vegetables, fresh eggs, and dairy products) and meat market (marketing fresh meat) in a township having a population of more than ten thousand (10,000) is eligible to accept food purchase orders from the township trustee, as administrator of township assistance, in the township in which the market is located if the owner of the market has applied to the township trustee using a form prescribed by the state board of accounts.

(b) A market described in subsection (a) remains eligible to accept township food purchase orders unless any of the following conditions exist:

(1) The owner notifies the township trustee, as administrator of township assistance, to remove the owner's market from the eligible list.

(2) An appropriate health or other governmental agency closes the market.

(3) The township trustee, as administrator of township assistance, removes the market from the eligible list for a period not to exceed six (6) months because the management of the market, in filling a township food or household supply order:

(A) includes in the order tobacco products, alcoholic beverages, or other nonqualifying items; or

(B) fails to routinely request identification from an individual who redeems a township purchase order.

(4) A person who owns or is employed by the market has been convicted of township assistance fraud under IC 12-20-1-4(c).

(c) A combined grocery and meat market shall, in filling a township purchase order for food and household supplies, attach to the purchase order form either a cash register tape or a written or typed itemization of the cost of the food and household supplies purchased. Household supplies, including first aid and medical supplies, are not considered food.

(d) The cash register tape or itemization required by subsection (c) is the full and complete record of purchase for all purposes. More complete records or itemization may not be required by any individual, government official, or entity.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.58; P.L.73-2005, SEC.74.*

### **IC 12-20-16-8**

#### **Incompetent head of family; alternate food purchase order issuance**

Sec. 8. (a) If an applicant or a household is considered by the township trustee, as administrator of township assistance, to be incompetent or irresponsible to select food from a combined grocery and meat market or to make proper use of food stamps, the township trustee, as administrator of township assistance, shall issue the food purchase order in the name of one (1) of the following:

(1) Another adult member of the household.

(2) Another relative living in another household.

(3) Any other individual considered competent by the township trustee, as administrator of township assistance.

(b) For the purpose of selecting the combined grocery and meat market in a township having a population of more than ten thousand (10,000) from which food for the household is to be obtained, the competent individual referred to in subsection (a) shall be considered the individual responsible.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.59; P.L.73-2005, SEC.75.*

### **IC 12-20-16-9**

#### **Limitation on food assistance; food stamp application**

Sec. 9. (a) A township trustee may not provide food assistance for more than thirty (30) days unless an individual files an application with the township trustee that includes the following:

(1) Evidence of application for food stamps from the division of family and children.

(2) The amount of assistance received or the reason for denial of assistance.

(b) The township trustee shall inform an applicant for food assistance that food stamps may be available from the division of family and children and that the township trustee may not provide food assistance for more than thirty (30) days unless the individual files an application for food stamps with the division of family and children.

*As added by P.L.2-1992, SEC.14.*

### **IC 12-20-16-10**

**Livestock; feed instead of cost of food**

Sec. 10. The township trustee, as administrator of township assistance, may purchase feed for a minimum amount of subsistence livestock if the cost is less than the cost of food that is otherwise necessary for the township trustee to furnish under this chapter.

*As added by P.L.2-1992, SEC.14. Amended by P.L.73-2005, SEC.76.*

**IC 12-20-16-11****Nonresidents; transportation without ascertaining legal residence**

Sec. 11. (a) A township trustee may not furnish a nonresident of a township with transportation at the cost of the township until the township trustee, as administrator of township assistance, determines the legal residence of the individual applying for assistance.

(b) Transportation provided to a nonresident of a township must be in the direction of the nonresident's legal residence unless it is shown that the individual in need has a valid claim for support or a means of support in some other place to which the individual asks to be sent.

*As added by P.L.2-1992, SEC.14. Amended by P.L.51-1996, SEC.60; P.L.73-2005, SEC.77.*

**IC 12-20-16-12****Funeral and burial or cremation expenses**

Sec. 12. (a) This section does not apply if the county coroner assumes jurisdiction of an unclaimed body under IC 36-2-14-16.

(b) If:

(1) an individual dies in a township without leaving:

(A) money;

(B) real or personal property;

(C) other assets that may be liquidated; or

(D) other means necessary to defray funeral expenses; and

(2) the individual is not a resident of another township in Indiana;

the township trustee, as administrator of township assistance, shall provide a person to superintend and authorize either the funeral and burial or cremation of the deceased individual. If the township trustee determines that the deceased individual is a resident of another township in Indiana, the township trustee shall notify the trustee of that township, who shall then provide a person to superintend and authorize either the funeral and burial or cremation of the deceased individual.

(c) The necessary and reasonable expenses of the funeral and burial or cremation, including a burial plot, shall be paid in the same manner as other claims for township assistance. A trustee shall determine the cost for the items and services required by law for the funeral and burial of an individual, including a burial plot, and for the cremation of an individual, and include in the township's township assistance standards the maximum funeral and burial or cremation amount to be paid from township assistance funds. The trustee may deduct from the maximum amount the following:

(1) Any monetary benefits that the deceased individual is entitled to receive from a state or federal program.

(2) Any money that another person provides on behalf of the deceased individual.

(d) If an individual described in subsection (b) is a resident of a state institution at the time of the individual's death, the division that has administrative control of the state institution shall reimburse the township trustee for the necessary and reasonable expenses of the funeral and burial or cremation of the deceased individual. The township trustee shall submit to the division that has administrative control of the state institution an itemized claim for reimbursement of the necessary and reasonable funeral and burial or cremation expenses incurred by the township trustee.

(e) If an individual described in subsection (b) is a resident of a special institution governed by IC 16-33 at the time of the individual's death, the state department of health shall reimburse the township trustee for the necessary and reasonable expenses of the funeral and burial or cremation of the deceased

individual. The township trustee shall submit to the state department of health an itemized claim for reimbursement of the necessary and reasonable funeral and burial or cremation expenses incurred by the township trustee.

(f) A township trustee who provides funeral and burial or cremation benefits to a deceased individual is entitled to a first priority claim, to the extent of the cost of the funeral and burial or cremation benefits paid by the township trustee, against any money or other personal property held by the coroner under IC 36-2-14-11.

(g) The township trustee may not cremate a deceased individual if:

- (1) the deceased individual; or
- (2) a surviving family member of the deceased individual;

has objected in writing to cremation.

(h) If a township trustee provides a funeral under this section, the cost of the funeral may not be more than the cost of the least expensive funeral, including any necessary merchandise and embalming, available from the funeral director under the funeral director's price list disclosed to the Federal Trade Commission.

*As added by P.L.2-1992, SEC.14. Amended by P.L.162-1995, SEC.1; P.L.51-1996, SEC.61; P.L.73-2005, SEC.78.*

#### **IC 12-20-16-13**

##### **Processing purchased and donated materials for township assistance; gardens**

Sec. 13. (a) The township trustee, as administrator of township assistance, may process at the expense of the township materials provided by charitable or governmental agencies to provide any item of township assistance if the expense of the processing is less than the cost of the finished product.

(b) The township trustee, as administrator of township assistance, may buy materials and supplies of any item of relief and may process the materials for township assistance purposes.

(c) The township trustee, as administrator of township assistance, may buy garden seeds and plant and maintain gardens for township assistance purposes.

*As added by P.L.2-1992, SEC.14. Amended by P.L.73-2005, SEC.79.*

#### **IC 12-20-16-14**

##### **Insulin**

Sec. 14. The township trustee is authorized to provide insulin to individuals who are in need of insulin treatment and who are financially unable to purchase the insulin, upon application of a physician licensed under IC 25-22.5 or an advanced practice nurse who is licensed under IC 25-23 and who meets the requirements of IC 25-23-1-11 and IC 25-23-1-19.5. However, an application submitted by a physician or an advanced practice nurse under this section must meet the requirements of IC 16-41-19-4.

*As added by P.L.2-1992, SEC.14. Amended by P.L.262-2003, SEC.5.*

#### **IC 12-20-16-15**

##### **Placement of indigents in county home**

Sec. 15. The township trustee may place indigent individuals in the county home in accordance with IC 12-30-4.

*As added by P.L.2-1992, SEC.14.*

#### **IC 12-20-16-16**

##### **Reserved**

#### **IC 12-20-16-17**

**Inspection of housing units; substandard housing; shelter damage or security deposit; eligibility for**

## shelter assistance

Sec. 17. (a) A township trustee may employ the services of a housing inspector to inspect all housing units, including:

- (1) mobile homes;
- (2) group homes;
- (3) single household units;
- (4) multiple household units;
- (5) apartments; or
- (6) any other dwelling;

inhabited by a township assistance recipient.

(b) A township trustee may contract with a local housing authority:

- (1) for housing inspection services; and
- (2) to train a township housing inspector.

Costs of these contractual services shall be paid from the township assistance fund.

(c) A township housing inspector shall use the following for determining a housing structure's suitability for habitation:

(1) Standards recommended by the United States Department of Housing and Urban Development as used by local housing authorities.

(2) Local building codes and municipal ordinances.

(d) Substandard housing that does not meet minimum standards of health, safety, and construction is not eligible for:

- (1) the maximum level of shelter payments; or
- (2) damage or security deposits paid from or encumbered by township funds.

(e) If the trustee determines that a housing unit for which payment is requested is substantially below minimum standards of health, safety, or construction, the trustee, when necessary, shall assist the applicant in obtaining appropriate alternate shelter.

(f) A township trustee is not required to spend township assistance funds for a shelter damage or security deposit for an eligible township assistance applicant or household. However, the trustee may encumber money for a shelter damage or security deposit by making an agreement with a property owner who furnishes shelter for a township assistance recipient or household. The agreement must include the following:

- (1) The agreement's duration, not to exceed one hundred eighty (180) days.
- (2) A statement that the agreement may be renewed if both parties agree.
- (3) The total value of the encumbered money, not to exceed the

value of one (1) month's rental payment.

(4) A statement signed by both the trustee and the property owner attesting to the condition of the property at the time the agreement is made.

(5) A statement that encumbered money may be used to pay the cost of:

(A) verified damages, normal wear excluded, caused by the tenant township assistance recipient during the duration of the agreement; and

(B) any unpaid rental payments for which the tenant township assistance recipient is obligated.

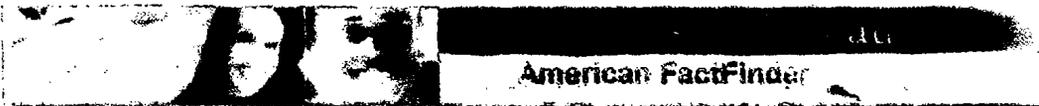
(6) A statement that the total amount to be paid from the encumbered money may not exceed one (1) month's rental payment for the unit in question.

(g) A trustee is not required to provide shelter assistance to an otherwise eligible individual if the:

(1) individual's most recent residence was provided by the individual's parent, guardian, or foster parent; and

(2) individual, without just cause, leaves that residence for the shelter for which the individual seeks assistance.

*As added by P.L.51-1996, SEC.62. Amended by P.L.73-2005, SEC.80.*


 American FactFinder

## Appendix: 2

FACT SHEET

## Gary city, Indiana

## 2005-2009 American Community Survey 5-Year Estimates - what's this?

## Data Profile Highlights:

Note: The following links are to data from the American Community Survey and the Population Estimates Program.

NOTE: Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the **official estimates of the population for the nation, states, counties, cities and towns** and estimates of housing units for states and counties.

	Estimate	Percent	U.S.	Margin of Error
<b>Social Characteristics - show more &gt;&gt;</b>				
Average household size	2.55	(X)	2.60	+/-0.05
Average family size	3.28	(X)	3.19	+/-0.08
Population 25 years and over	61,034			+/-700
High school graduate or higher	(X)	81.4	84.6%	(X)
Bachelor's degree or higher	(X)	11.7	27.5%	(X)
Civilian veterans (civilian population 18 years and over)	8,535	12.4	10.1%	+/-772
With a Disability	(X)	(X)	(X)	(X)
Foreign born	1,532	1.6	12.4%	+/-363
Male, Now married, except separated (population 15 years and over)	11,605	35.7	52.3%	+/-729
Female, Now married, except separated (population 15 years and over)	11,367	27.9	48.4%	+/-673
Speak a language other than English at home (population 5 years and over)	5,238	5.9	19.6%	+/-612
Household population	95,571			+/-533
Group quarters population	(X)	(X)	(X)	(X)
<b>Economic Characteristics - show more &gt;&gt;</b>				
In labor force (population 16 years and over)	39,046	54.2	65.0%	+/-1,100
Mean travel time to work in minutes (workers 16 years and over)	24.6	(X)	25.2	+/-1.1
Median household income (in 2009 inflation-adjusted dollars)	27,367	(X)	51,425	+/-1,371
Median family income (in 2009 inflation-adjusted dollars)	34,311	(X)	62,363	+/-1,933
Per capita income (in 2009 inflation-adjusted dollars)	15,575	(X)	27,041	+/-528
Families below poverty level	(X)	27.8	9.9%	+/-1.9
Individuals below poverty level	(X)	33.4	13.5%	+/-2.1
<b>Housing Characteristics - show more &gt;&gt;</b>				
Total housing units	47,696			+/-704
Occupied housing units	37,482	78.6	88.2%	+/-726
Owner-occupied housing units	21,007	56.0	66.9%	+/-623
Renter-occupied housing units	16,475	44.0	33.1%	+/-776
Vacant housing units	10,214	21.4	11.8%	+/-602
Owner-occupied homes	21,007			+/-623
Median value (dollars)	69,400	(X)	185,400	+/-1,759
Median of selected monthly owner costs				
With a mortgage (dollars)	1,081	(X)	1,486	+/-28
Not mortgaged (dollars)	430	(X)	419	+/-15

ACS Demographic Estimates - show more >>	Estimate	Percent	U.S.	Margin of Error
Total population	96,368			+/-70
Male	43,946	45.6	49.3%	+/-729
Female	52,422	54.4	50.7%	+/-739
Median age (years)	36.5	(X)	36.5	+/-0.7
Under 5 years	7,607	7.9	8.9%	+/-421
18 years and over	69,036	71.6	75.4%	+/-703
65 years and over	13,545	14.1	12.6%	+/-421
One race	93,976	97.5	97.8%	+/-600
White	14,309	14.8	74.5%	+/-982
Black or African American	77,132	80.0	12.4%	+/-1,287
American Indian and Alaska Native	241	0.3	0.8%	+/-112
Asian	300	0.3	4.4%	+/-176
Native Hawaiian and Other Pacific Islander	37	0.0	0.1%	+/-46
Some other race	1,857	2.0	5.6%	+/-520
Two or more races	2,392	2.5	2.2%	+/-601
Hispanic or Latino (of any race)	4,519	4.7	15.1%	+/-732

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**Explanation of Symbols:**

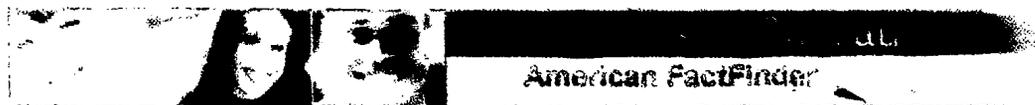
\*\*\*\*\* - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

\*\*\*\*\* - The estimate is controlled. A statistical test for sampling variability is not appropriate.

'N' - Data for this geographic area cannot be displayed because the number of sample cases is too small.

'(X)' - The value is not applicable or not available.

The letters PDF or symbol  indicate a document is in the Portable Document Format (PDF). To view the file you will need the Adobe® Acrobat® Reader, which is available for free from the Adobe web site.



## FACT SHEET

## Griffith town, Indiana

## 2005-2009 American Community Survey 5-Year Estimates - what's this?

## Data Profile Highlights:

Note: The following links are to data from the American Community Survey and the Population Estimates Program.

NOTE: Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the **official estimates of the population for the nation, states, counties, cities and towns** and estimates of housing units for states and counties.

	Estimate	Percent	U.S.	Margin of Error
<b>Social Characteristics - show more &gt;&gt;</b>				
Average household size	2.57	(X)	2.60	+/-0.09
Average family size	3.11	(X)	3.19	+/-0.10
Population 25 years and over	10,859			+/-349
High school graduate or higher	(X)	90.5	84.6%	(X)
Bachelor's degree or higher	(X)	18.2	27.5%	(X)
Civilian veterans (civilian population 18 years and over)	1,177	9.6	10.1%	+/-183
With a Disability	(X)	(X)	(X)	(X)
Foreign born	603	3.7	12.4%	+/-178
Male, Now married, except separated (population 15 years and over)	3,329	52.2	52.3%	+/-223
Female, Now married, except separated (population 15 years and over)	3,241	48.0	48.4%	+/-228
Speak a language other than English at home (population 5 years and over)	1,499	9.8	19.6%	+/-333
Household population	16,295			+/-115
Group quarters population	(X)	(X)	(X)	(X)
<b>Economic Characteristics - show more &gt;&gt;</b>				
In labor force (population 16 years and over)	8,919	69.5	65.0%	+/-387
Mean travel time to work in minutes (workers 16 years and over)	27.4	(X)	25.2	+/-2.1
Median household income (in 2009 inflation-adjusted dollars)	55,811	(X)	51,425	+/-3,594
Median family income (in 2009 inflation-adjusted dollars)	64,942	(X)	62,363	+/-6,596
Per capita income (in 2009 inflation-adjusted dollars)	25,687	(X)	27,041	+/-1,364
Families below poverty level	(X)	6.4	9.9%	+/-2.2
Individuals below poverty level	(X)	8.8	13.5%	+/-2.2
<b>Housing Characteristics - show more &gt;&gt;</b>				
Total housing units	6,727			+/-237
Occupied housing units	6,338	94.2	88.2%	+/-212
Owner-occupied housing units	4,433	69.9	66.9%	+/-216
Renter-occupied housing units	1,905	30.1	33.1%	+/-181
Vacant housing units	389	5.8	11.8%	+/-156
Owner-occupied homes	4,433			+/-216
Median value (dollars)	136,400	(X)	185,400	+/-3,215
Median of selected monthly owner costs				
With a mortgage (dollars)	1,322	(X)	1,486	+/-39
Not mortgaged (dollars)	454	(X)	419	+/-27

ACS Demographic Estimates - show more >>	Estimate	Percent	U.S.	Margin of Error
Total population	16,354			+/-65
Male	7,986	48.8	49.3%	+/-295
Female	8,368	51.2	50.7%	+/-291
Median age (years)	36.8	(X)	36.5	+/-1.9
Under 5 years	988	6.0	6.9%	+/-206
18 years and over	12,323	75.4	75.4%	+/-309
65 years and over	1,759	10.8	12.6%	+/-145
One race	16,077	98.3	97.8%	+/-152
White	13,183	80.6	74.5%	+/-456
Black or African American	1,823	11.1	12.4%	+/-322
American Indian and Alaska Native	4	0.0	0.8%	+/-8
Asian	87	0.5	4.4%	+/-62
Native Hawaiian and Other Pacific Islander	0	0.0	0.1%	+/-119
Some other race	980	6.0	5.6%	+/-252
Two or more races	277	1.7	2.2%	+/-138
Hispanic or Latino (of any race)	1,770	10.8	15.1%	+/-387

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**Explanation of Symbols:**

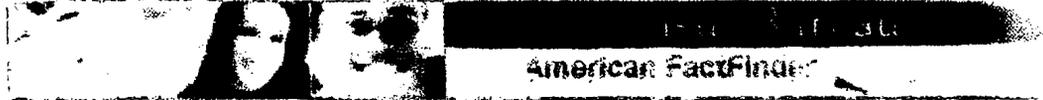
\*\*\*\*\* - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

\*\*\*\*\* - The estimate is controlled. A statistical test for sampling variability is not appropriate.

'N' - Data for this geographic area cannot be displayed because the number of sample cases is too small.

'(X)' - The value is not applicable or not available.

The letters PDF or symbol  indicate a document is in the Portable Document Format (PDF). To view the file you will need the Adobe® Acrobat® Reader, which is available for free from the Adobe web site.



## FACT SHEET

## Indiana

## 2005-2009 American Community Survey 5-Year Estimates - what's this?

## Data Profile Highlights:

Note: The following links are to data from the American Community Survey and the Population Estimates Program.

NOTE: Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the **official estimates of the population for the nation, states, counties, cities and towns** and estimates of housing units for states and counties.

	Estimate	Percent	U.S.	Margin of Error	
<b>Social Characteristics - show more &gt;&gt;</b>					
Average household size	2.49	(X)	2.60	+/-0.01	map
Average family size	3.04	(X)	3.19	+/-0.01	
Population 25 years and over	4,118,786			+/-1,055	
High school graduate or higher	(X)	85.7	84.6%	(X)	map
Bachelor's degree or higher	(X)	21.9	27.5%	(X)	map
Civilian veterans (civilian population 18 years and over)	493,551	10.4	10.1%	+/-3,272	map
With a Disability	(X)	(X)	(X)	(X)	
Foreign born	262,372	4.1	12.4%	+/-3,419	map
Male, Now married, except separated (population 15 years and over)	1,329,893	54.3	52.3%	+/-7,994	
Female, Now married, except separated (population 15 years and over)	1,301,162	50.4	48.4%	+/-6,831	
Speak a language other than English at home (population 5 years and over)	436,529	7.4	19.6%	+/-4,709	map
Household population	6,155,328			*****	
Group quarters population	(X)	(X)	(X)	(X)	
<b>Economic Characteristics - show more &gt;&gt;</b>					
in labor force (population 16 years and over)	3,257,604	66.0	65.0%	+/-7,007	map
Mean travel time to work in minutes (workers 16 years and over)	22.7	(X)	25.2	+/-0.1	map
Median household income (in 2009 inflation-adjusted dollars)	47,465	(X)	51,425	+/-193	map
Median family income (in 2009 inflation-adjusted dollars)	58,579	(X)	62,363	+/-263	map
Per capita income (in 2009 inflation-adjusted dollars)	24,044	(X)	27,041	+/-112	
Families below poverty level	(X)	9.5	9.9%	+/-0.2	
Individuals below poverty level	(X)	13.2	13.5%	+/-0.2	map
<b>Housing Characteristics - show more &gt;&gt;</b>					
Total housing units	2,775,849			+/-737	
Occupied housing units	2,488,006	88.9	88.2%	+/-7,798	
Owner-occupied housing units	1,764,450	71.5	66.9%	1764450	
Renter-occupied housing units	703,556	28.5	33.1%	+/-5,444	
Vacant housing units	307,843	11.1	11.8%	+/-7,253	
Owner-occupied homes	1,764,450			+/-9,749	map
Median value (dollars)	120,200	(X)	185,400	+/-337	map
Median of selected monthly owner costs					
With a mortgage (dollars)	1,134	(X)	1,486	+/-4	map
Not mortgaged (dollars)	365	(X)	419	+/-2	

ACS Demographic Estimates - show more >>	Estimate	Percent	U.S.	Margin of Error	
Total population	6,342,489				
Male	3,120,802	49.2	49.3%	+/-1,063	
Female	3,221,687	50.8	50.7%	+/-1,063	
Median age (years)	36.4	(X)	36.5	+/-0.1	map
Under 5 years	441,274	7.0	6.9%	+/-841	
18 years and over	4,755,941	75.0	75.4%	+/-671	
65 years and over	799,400	12.6	12.6%	+/-634	
One race	6,230,857	98.2	97.8%	+/-3,385	
White	5,436,153	85.7	74.5%	+/-3,695	map
Black or African American	548,998	8.7	12.4%	+/-2,392	map
American Indian and Alaska Native	14,492	0.2	0.8%	+/-912	map
Asian	85,470	1.3	4.4%	+/-957	map
Native Hawaiian and Other Pacific Islander	1,463	0.0	0.1%	+/-247	map
Some other race	144,281	2.3	5.6%	+/-3,975	map
Two or more races	111,612	1.8	2.2%	+/-3,385	map
Hispanic or Latino (of any race)	321,320	5.1	15.1%	+/-277	

Source: U.S. Census Bureau, 2005-2009 American Community Survey

Explanation of Symbols:

'\*\*\*\*' - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

'\*\*\*\*\*' - The estimate is controlled. A statistical test for sampling variability is not appropriate.

'N' - Data for this geographic area cannot be displayed because the number of sample cases is too small.

'(X)' - The value is not applicable or not available.

The letters PDF or symbol  indicate a document is in the Portable Document Format (PDF). To view the file you will need the Adobe® Acrobat® Reader, which is available for free from the Adobe web site.

# Appendix: 3

CALUMET TOWNSHIP, LAKE COUNTY  
TOWNSHIP ASSISTANCE STATISTICAL REPORT (IC 12-20-28-3)  
FOR THE PERIOD ENDING DECEMBER 31, 2010

1. TOTAL NUMBER OF REQUESTS FOR TOWNSHIP ASSISTANCE	<u>26,914</u>
2. (A) TOTAL NUMBER OF RECIPIENTS OF TOWNSHIP ASSISTANCE	<u>3,560</u>
2. (B) TOTAL NUMBER OF HOUSEHOLDS CONTAINING RECIPIENTS OF TOWNSHIP ASSISTANCE	<u>1,655</u>
2. (C) (i) TOTAL NUMBER OF CASE CONTACTS MADE WITH OR ON BEHALF OF RECIPIENTS OF TOWNSHIP ASSISTANCE	<u>13,457</u>
2. (C) (ii) TOTAL NUMBER OF CASE CONTACTS MADE WITH OR ON BEHALF OF MEMBERS OF A HOUSEHOLD RECEIVING TOWNSHIP ASSISTANCE	<u>13,457</u>
3. TOTAL VALUE OF BENEFITS PROVIDED TO RECIPIENTS OF TOWNSHIP ASSISTANCE	\$ <u>1,834,703.74</u>
4. TOTAL VALUE OF BENEFITS PROVIDED THROUGH EFFORTS OF TOWNSHIP STAFF FROM SOURCES OTHER THAN TOWNSHIP FUNDS	\$ <u>390,591.00</u>
<hr/>	
5. (A) TOTAL NUMBER RECEIVING UTILITY ASSISTANCE - RECIPIENTS	<u>1,657</u>
5. (A) (i) TOTAL NUMBER RECEIVING UTILITY ASSISTANCE - HOUSEHOLDS	<u>839</u>
5. (B) TOTAL NUMBER OF RECIPIENTS ASSISTED BY TOWNSHIP STAFF IN RECEIVING UTILITY ASSISTANCE FROM SOURCES OTHER THAN TOWNSHIP FUNDS	<u>0</u>
6. (i) TOTAL VALUE OF BENEFITS PROVIDED FOR PAYMENT OF UTILITIES - TOWNSHIP	\$ <u>378,214.00</u>
6. (ii) TOTAL VALUE OF BENEFITS PROVIDED FOR PAYMENT OF UTILITIES - NONTOWNSHIP SOURCES	\$ <u>0.00</u>
6. (iii) TOTAL VALUE OF ALL BENEFITS PROVIDED FOR PAYMENT OF UTILITIES	\$ <u>378,214.00</u>
<hr/>	
7. (A) TOTAL NUMBER RECEIVING HOUSING ASSISTANCE - RECIPIENTS	<u>905</u>
7. (A) (i) TOTAL NUMBER RECEIVING HOUSING ASSISTANCE - HOUSEHOLDS	<u>532</u>
7. (B) TOTAL NUMBER OF RECIPIENTS ASSISTED BY TOWNSHIP STAFF IN RECEIVING HOUSING ASSISTANCE FROM SOURCES OTHER THAN TOWNSHIP FUNDS	<u>1,062</u>
8. (i) TOTAL VALUE OF BENEFITS PROVIDED FOR HOUSING ASSISTANCE - TOWNSHIP	\$ <u>1,073,096.00</u>
8. (ii) TOTAL VALUE OF BENEFITS PROVIDED FOR HOUSING ASSISTANCE - NONTOWNSHIP SOURCES	\$ <u>277,513.00</u>
8. (iii) TOTAL VALUE OF ALL BENEFITS PROVIDED FOR PAYMENT OF HOUSING ASSISTANCE	\$ <u>1,350,609.00</u>
<hr/>	
9. (A) TOTAL NUMBER RECEIVING FOOD ASSISTANCE - RECIPIENTS	<u>1,366</u>
9. (A) (i) TOTAL NUMBER RECEIVING FOOD ASSISTANCE - HOUSEHOLDS	<u>795</u>
9. (B) TOTAL NUMBER OF RECIPIENTS ASSISTED BY TOWNSHIP STAFF IN RECEIVING FOOD ASSISTANCE FROM SOURCES OTHER THAN TOWNSHIP FUNDS	<u>0</u>
10. (i) TOTAL VALUE PROVIDED FOR FOOD ASSISTANCE - TOWNSHIP	\$ <u>34,966.00</u>
10. (ii) TOTAL VALUE PROVIDED FOR FOOD ASSISTANCE - NONTOWNSHIP SOURCES	\$ <u>0.00</u>
10. (iii) TOTAL VALUE ALL FOOD ASSISTANCE PROVIDED	\$ <u>34,966.00</u>

CALUMET TOWNSHIP, LAKE COUNTY  
TOWNSHIP ASSISTANCE STATISTICAL REPORT (IC 12-20-28-3)  
FOR THE PERIOD ENDING DECEMBER 31, 2010  
(Continued)

11. (A) TOTAL NUMBER PROVIDED HEALTH CARE - RECIPIENTS		432
11. (A) (i) TOTAL NUMBER PROVIDED HEALTH CARE - HOUSEHOLDS		395
11. (B) NUMBER OF RECIPIENTS ASSISTED BY TOWNSHIP STAFF IN RECEIVING HEALTH CARE ASSISTANCE FROM SOURCES OTHER THAN TOWNSHIP FUNDS		0
12. (i) TOTAL VALUE OF HEALTH CARE PROVIDED - TOWNSHIP	\$	181,887.00
12. (ii) TOTAL VALUE OF HEALTH CARE PROVIDED - NONTOWNSHIP SOURCES	\$	0.00
12. (iii) TOTAL VALUE OF ALL OF HEALTH CARE PROVIDED	\$	181,887.00
<hr/>		
13. TOTAL NUMBER OF FUNERALS, BURIALS, AND CREMATIONS		63
14. (A) TOTAL ACTUAL VALUE OF FUNERALS, BURIALS, AND CREMATIONS	\$	378,000.00
14. (B) (i) TOTAL PAID BY TOWNSHIP FUNDS FOR FUNERALS, BURIALS, AND CREMATIONS	\$	47,800.00
14. (B) (ii) DIFFERENCE BETWEEN ACTUAL VALUE AND AMOUNT PAID BY TOWNSHIP FUNDS FOR FUNERALS, BURIALS, AND CREMATIONS	\$	330,200.00
<hr/>		
15. (A) TOTAL NUMBER OF NIGHTS OF EMERGENCY SHELTER PROVIDED TO THE HOMELESS		0
15. (B) TOTAL NUMBER OF NIGHTS OF EMERGENCY SHELTER PROVIDED TO THE HOMELESS THROUGH EFFORTS OF TOWNSHIP STAFF FROM SOURCES OTHER THAN TOWNSHIP FUNDS		0
15. (C) (i) TOTAL VALUE OF EMERGENCY SHELTER FOR HOMELESS INDIVIDUALS - TOWNSHIP	\$	0.00
15. (C) (ii) TOTAL VALUE OF EMERGENCY SHELTER FOR HOMELESS INDIVIDUALS - NONTOWNSHIP SOURCES	\$	0.00
15. (C) (iii) TOTAL VALUE OF ALL EMERGENCY SHELTER PROVIDED FOR HOMELESS INDIVIDUALS	\$	0.00
<hr/>		
16. (A) TOTAL NUMBER OF REFERRALS OF TOWNSHIP ASSISTANCE APPLICANTS TO OTHER PROGRAMS		974
16. (B) TOTAL VALUE OF TOWNSHIP SERVICES IN MAKING REFERRALS TO OTHER PROGRAMS	\$	0.00
<hr/>		
17. TOTAL NUMBER OF TRAINING PROGRAMS OR JOB PLACEMENTS FOUND FOR TOWNSHIP ASSISTANCE RECIPIENTS WITH ASSISTANCE OF TOWNSHIP TRUSTEE		29
<hr/>		
18. NUMBER OF HOURS SPENT BY TOWNSHIP ASSISTANCE RECIPIENTS AT WORKFARE		18,445
19. (i) TOTAL VALUE OF SERVICES PROVIDED BY WORKFARE TO THE TOWNSHIP	\$	20,655.00
19. (ii) TOTAL VALUE OF SERVICES PROVIDED BY WORKFARE TO OTHER AGENCIES	\$	113,078.00
19. (iii) TOTAL VALUE OF ALL SERVICES PROVIDED BY WORKFARE	\$	133,733.00
<hr/>		
20. (A) TOTAL AMOUNT OF REIMBURSEMENT FOR ASSISTANCE RECEIVED FROM RECIPIENTS	\$	0.00
20. (B) TOTAL AMOUNT OF REIMBURSEMENT FOR ASSISTANCE RECEIVED FROM MEMBERS OF RECIPIENTS' HOUSEHOLDS	\$	0.00
20. (C) TOTAL AMOUNT OF REIMBURSEMENT FOR ASSISTANCE RECEIVED FROM RECIPIENTS' ESTATES	\$	0.00
<hr/>		
21. TOTAL AMOUNT OF REIMBURSEMENT FOR ASSISTANCE RECEIVED FROM MEDICAL PROGRAMS UNDER IC 12-20-16-2(e)	\$	0.00
<hr/>		
22. (A) TOTAL NUMBER OF INDIVIDUALS ASSISTED THROUGH A REPRESENTATIVE PAYEE PROGRAM		0
22. (B) TOTAL AMOUNT OF FUNDS PROCESSED THROUGH THE REPRESENTATIVE PAYEE PROGRAM THAT ARE NOT TOWNSHIP FUNDS	\$	0.00

CALUMET TOWNSHIP, LAKE COUNTY  
TOWNSHIP ASSISTANCE STATISTICAL REPORT (IC 12-20-28-3)  
FOR THE PERIOD ENDING DECEMBER 31, 2010  
(Continued)

23. (A) TOTAL NUMBER OF INDIVIDUALS ASSISTED THROUGH SPECIAL NONTRADITIONAL PROGRAMS PROVIDED THROUGH THE TOWNSHIP WITHOUT THE EXPENDITURE OF TOWNSHIP FUNDS	<u>0</u>
23. (B) TOTAL AMOUNT OF NONTOWNSHIP FUNDS USED TO PROVIDE THE SPECIAL NONTRADITIONAL PROGRAMS	\$ <u>0.00</u>
<hr/>	
24. (A) (i) TOTAL NUMBER OF HOURS AN INVESTIGATOR OF TOWNSHIP ASSISTANCE SPENDS ON CASE MANAGEMENT SERVICES - RECIPIENTS	<u>0</u>
24. (A) (ii) TOTAL NUMBER OF HOURS AN INVESTIGATOR OF TOWNSHIP ASSISTANCE SPENDS ON CASE MANAGEMENT SERVICES - HOUSEHOLDS	<u>0</u>
24. (B) TOTAL VALUE OF CASE MANAGEMENT SERVICES PROVIDED	\$ <u>0.00</u>
<hr/>	
25. TOTAL NUMBER OF HOUSING INSPECTIONS PERFORMED BY THE TOWNSHIP	<u>0</u>
<hr/>	

DATE \_\_\_\_\_ TRUSTEE'S SIGNATURE \_\_\_\_\_

The State Board of Accounts is of the audit position, with the concurrence of the Attorney for the Township Trustees Association, the following procedures should be followed for a consistent compilation and completion of Township Assistance Form TA-7.

When completing the form please keep in mind reconciliation or cross-checking cannot, necessarily, be achieved; i.e., Total Value of Benefits Provided Township Assistance Recipients (Item 3), will not necessarily be the summation of Total Value of Benefits Provided for Utilities (Item 6 (i)); Total Value of Benefits Provided for Housing Assistance (Item 8 (i)); Total Value of Food Assistance Provided (Item 10 (i)); and, Total Value of Health Care Provided (Item 12 (i)); because IC 12-20-28-3 does not specifically require separate reporting of certain Township Assistance provided by townships; i.e., clothing, household supplies, transportation, etc.



**CALUMET TOWNSHIP**  
**Lake County, Indiana**

**MARY ELGIN, Trustee**

Main Office: 610 Connecticut Street, Gary, IN 46402 (219) 880-4000 Fax: (219) 880-1851  
Multi-Purpose Center: 1900 West 41st Avenue, Gary, IN 46408 (219) 981-4023  
North Annex: 487 Broadway, Gary, IN 46402 (219) 880-2201

---

October 4, 2011

George Jerome  
President: Griffith Town Council  
111 N. Broad Street  
Griffith, IN 46319-2294

Dear George,

Representatives of the town board and I have held a series of meetings recently in order to try to resolve certain issues perceived as unfair by certain political leaders in Griffith. Although Calumet Township does not assist residents based on the community in which they live, but adheres to the law in providing assistance, I have taken your concerns into consideration and hereby propose the following in an effort to diffuse and resolve what you and some of your colleagues view as a problem; notwithstanding the fact that in almost 10 years in office, no Griffith resident other than certain town board members, has ever contacted me on this matter.

**ONE:** The township shall establish a satellite general assistance office at a site you shall provide at no cost to the township. You have proposed an adequate area at the Franklin School Center in Griffith, contingent upon its meeting our needs per size and suitability for our IS&T requirements. This should be accomplished, I hope, before year's end.

**TWO:** The township requested the General Assembly's Legislative Services Agency (LSA) to determine the optimal levy if all units in the Gary taxing district reduced their levies to the LSA recommended collection percentage. The LSA figures suggest that reducing the levy would have an additional negative impact on all units of government within the district. Therefore, the township proposes to reduce its levy by \$1M per year for the next three budget years (2012, 2013 and 2014) which would be a 31% reduction in the tax rate at the end of the third year. This reduction in the rate has a negative effect on the township in that it loses the \$1M yearly. However, it reduces the tax bills for the Griffith residents. Yet the Griffith residents might not see a reduction on their tax bill because the other units of government will absorb the funds that the township releases. Therefore, relief is granted by the township to its detriment, but to the advantage of the Griffith and Gary units. The township is still working with LSA to come up with a scenario/plan that would be beneficial for all units of government that result in no unit being placed in a negative position.

In earlier discussions, Griffith appeared conducive to the proposals but of late keeps upping the ante in a manner that causes me to wonder how seriously you and your colleagues take the meetings. Nevertheless, the township's proposals, as stated above, remain in good faith.

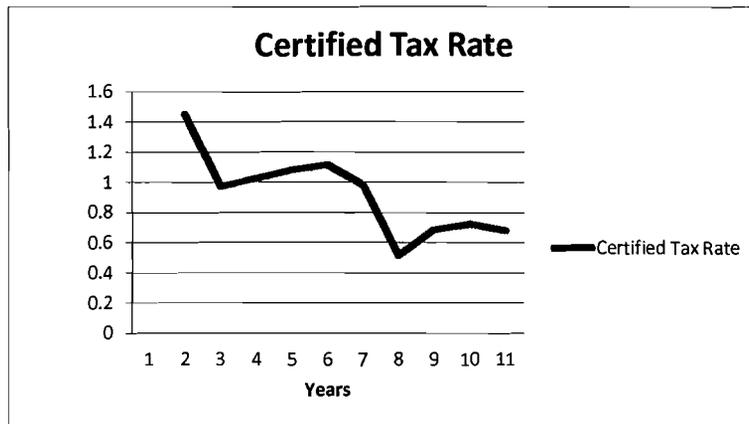
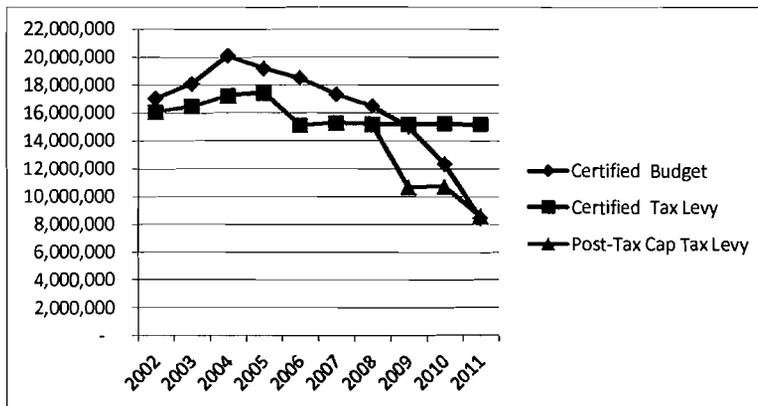
Sincerely,



Mary Elgin, Trustee

**CALUMET TOWNSHIP TRUSTEE'S OFFICE  
SCHEDULE OF CERTIFIED BUDGET, LEVY AND RATE  
For the years 2002 through 2011**

	<u>Certified Budget</u>	<u>Certified Tax Levy</u>	<u>Post-Tax Cap Tax Levy</u>	<u>Certified Tax Rate</u>
2002	17,012,584	16,061,295	16,061,295	1.4477
2003	18,073,591	16,453,113	16,453,113	0.9729
2004	20,098,639	17,189,788	17,189,788	1.0256
2005	19,149,278	17,373,195	17,373,195	1.0788
2006	18,486,441	15,078,080	15,078,080	1.1140
2007	17,318,647	15,244,166	15,244,166	0.9816
2008	16,455,747	15,150,036	15,150,036	0.5099
2009	14,991,378	15,159,188	10,639,391	0.6819
2010	12,297,522	15,160,187	10,672,411	0.7240
2011	8,428,986	15,125,131	8,578,392	0.6779



**Note: The certified budget, certified levy and certified tax rates for all years was obtained from the DLGF.  
Note: The post-tax cap tax levy was obtained by reducing the certified levy by the LSA derived tax cap amount.**

Lake County Estimated Taxing Unit Tax Rates

Taxing Unit	Scenario 1						Scenario 2			Scenario 3		
	Current Estimates			Levies Reduced by Current CircBrk For Units That Intersect Gary			Levies Reduced by 1/3 Current CircBrk For Units That Intersect Gary			Calumet Twp. Levy Reduced In \$1 M Increments Each Year		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Lake County	0.5718	0.5415	0.5141	0.5184	0.4959	0.4741	0.5540	0.5263	0.5008	0.5718	0.5415	0.5141
Calumet Township	0.5024	0.4786	0.4566	0.2932	0.2895	0.2858	0.4327	0.4157	0.3997	0.4692	0.4155	0.3663
Cedar Creek Township	0.1227	0.1156	0.1096	0.1227	0.1156	0.1096	0.1227	0.1156	0.1096	0.1227	0.1156	0.1096
Center Township	0.0333	0.0315	0.0298	0.0333	0.0315	0.0298	0.0333	0.0315	0.0298	0.0333	0.0315	0.0298
Eagle Creek Township	0.1037	0.0977	0.0943	0.1037	0.0977	0.0943	0.1037	0.0977	0.0943	0.1037	0.0977	0.0943
Hanover Township	0.0607	0.0572	0.0541	0.0607	0.0572	0.0541	0.0607	0.0572	0.0541	0.0607	0.0572	0.0541
Hobart Township	0.0521	0.0489	0.0460	0.0500	0.0475	0.0450	0.0514	0.0484	0.0457	0.0521	0.0489	0.0460
North Township	0.0715	0.0679	0.0647	0.0715	0.0679	0.0647	0.0715	0.0679	0.0647	0.0715	0.0679	0.0647
Ross Township	0.0377	0.0357	0.0339	0.0377	0.0357	0.0339	0.0377	0.0357	0.0339	0.0377	0.0357	0.0339
St. John Township	0.0176	0.0166	0.0157	0.0176	0.0166	0.0157	0.0176	0.0166	0.0157	0.0176	0.0166	0.0157
West Creek Township	0.0806	0.0760	0.0724	0.0806	0.0760	0.0724	0.0806	0.0760	0.0724	0.0806	0.0760	0.0724
Winfield Township	0.0632	0.0595	0.0563	0.0632	0.0595	0.0563	0.0632	0.0595	0.0563	0.0632	0.0595	0.0563
Gary Civil City	2.7353	2.6153	2.5029	1.2507	1.2501	1.2492	2.2410	2.1607	2.0854	2.7353	2.6153	2.5029
Hammond Civil City	1.6984	1.6049	1.5195	1.6984	1.6049	1.5195	1.6984	1.6049	1.5195	1.6984	1.6049	1.5195
East Chicago Civil City	2.9405	2.8367	2.7381	2.9405	2.8367	2.7381	2.9405	2.8367	2.7381	2.9405	2.8367	2.7381
Hobart Civil City	1.0100	0.9519	0.8996	1.0100	0.9519	0.8996	1.0100	0.9519	0.8996	1.0100	0.9519	0.8996
Crown Point Civil City	0.6232	0.5879	0.5561	0.6232	0.5879	0.5561	0.6232	0.5879	0.5561	0.6232	0.5879	0.5561
Whiting Civil City	1.4555	1.4162	1.3786	1.4555	1.4162	1.3786	1.4555	1.4162	1.3786	1.4555	1.4162	1.3786
Lake Station Civil City	1.8644	1.7524	1.6507	1.8644	1.7524	1.6507	1.8644	1.7524	1.6507	1.8644	1.7524	1.6507
Cedar Lake Civil Town	0.5576	0.5249	0.4956	0.5576	0.5249	0.4956	0.5576	0.5249	0.4956	0.5576	0.5249	0.4956
Griffith Civil Town	0.9478	0.8935	0.8445	0.9478	0.8935	0.8445	0.9478	0.8935	0.8445	0.9478	0.8935	0.8445
Highland Civil Town	0.6425	0.6052	0.5716	0.6425	0.6052	0.5716	0.6425	0.6052	0.5716	0.6425	0.6052	0.5716
Munster Civil Town	0.7104	0.6717	0.6366	0.7104	0.6717	0.6366	0.7104	0.6717	0.6366	0.7104	0.6717	0.6366
Merrillville Civil Town	0.4825	0.4567	0.4333	0.4825	0.4567	0.4333	0.4825	0.4567	0.4333	0.4825	0.4567	0.4333
Dyer Civil Town	0.7044	0.6634	0.6265	0.7044	0.6634	0.6265	0.7044	0.6634	0.6265	0.7044	0.6634	0.6265
Lowell Civil Town	0.7415	0.6990	0.6607	0.7415	0.6990	0.6607	0.7415	0.6990	0.6607	0.7415	0.6990	0.6607
New Chicago Civil Town	0.8810	0.8257	0.7758	0.8810	0.8257	0.7758	0.8810	0.8257	0.7758	0.8810	0.8257	0.7758
St. John Civil Town	0.5020	0.4739	0.4485	0.5020	0.4739	0.4485	0.5020	0.4739	0.4485	0.5020	0.4739	0.4485
Schererville Civil Town	0.5022	0.4744	0.4493	0.5022	0.4744	0.4493	0.5022	0.4744	0.4493	0.5022	0.4744	0.4493
Schneider Civil Town	1.3866	1.3115	1.2476	1.3866	1.3115	1.2476	1.3866	1.3115	1.2476	1.3866	1.3115	1.2476
Winfield Civil Town	0.2032	0.1917	0.1816	0.2032	0.1917	0.1816	0.2032	0.1917	0.1816	0.2032	0.1917	0.1816
Hanover Community School Corporation	0.9203	0.8703	0.8261	0.9203	0.8703	0.8261	0.9203	0.8703	0.8261	0.9203	0.8703	0.8261
River Forest Community School Corp	1.5972	1.5201	1.4483	1.5402	1.4747	1.4135	1.5782	1.5050	1.4367	1.5972	1.5201	1.4483
Merrillville School Corporation	1.0617	1.0097	0.9622	1.0617	1.0097	0.9622	1.0617	1.0097	0.9622	1.0617	1.0097	0.9622
Lake Central School Corporation	0.4767	0.4528	0.4308	0.4767	0.4528	0.4308	0.4767	0.4528	0.4308	0.4767	0.4528	0.4308
Tri-Creek School Corporation	1.1028	1.0442	0.9984	1.1028	1.0442	0.9984	1.1028	1.0442	0.9984	1.1028	1.0442	0.9984
Lake Ridge School Corporation	1.9529	1.8684	1.7885	1.7256	1.6669	1.6115	1.8772	1.8013	1.7295	1.9529	1.8684	1.7885
Crown Point Community School Corporation	0.9274	0.8787	0.8348	0.9274	0.8787	0.8348	0.9274	0.8787	0.8348	0.9274	0.8787	0.8348
East Chicago City School Corporation	1.6905	1.6396	1.5900	1.6905	1.6396	1.5900	1.6905	1.6396	1.5900	1.6905	1.6396	1.5900
Lake Station School Corporation	1.0164	0.9609	0.9098	1.0164	0.9609	0.9098	1.0164	0.9609	0.9098	1.0164	0.9609	0.9098
Gary Community School Corporation	1.3009	1.2591	1.2179	0.6328	0.6361	0.6387	1.0784	1.0516	1.0250	1.3009	1.2591	1.2179
Griffith Public School Corporation	1.2020	1.1361	1.0762	1.2020	1.1361	1.0762	1.2020	1.1361	1.0762	1.2020	1.1361	1.0762
Hammond City School Corporation	1.5718	1.4923	1.4189	1.5718	1.4923	1.4189	1.5718	1.4923	1.4189	1.5718	1.4923	1.4189

**Exhibit I**  
**Commission on State Tax and**  
**Financing Policy**  
**Meeting #4 October 18, 2011**

Lake County Estimated Taxing Unit Tax Rates

Taxing Unit	Current Estimates			Scenario 1 Levies Reduced by Current CircBrk For Units That Intersect Gary			Scenario 2 Levies Reduced by 1/3 Current CircBrk For Units That Intersect Gary			Scenario 3 Calumet Twp. Levy Reduced In \$1 M Increments Each Year		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
	Highland Town School Corporation	0.6892	0.6514	0.6172	0.6892	0.6514	0.6172	0.6892	0.6514	0.6172	0.6892	0.6514
School City Of Hobart School Corporation	1.2085	1.1374	1.0735	1.2085	1.1374	1.0735	1.2085	1.1374	1.0735	1.2085	1.1374	1.0735
Munster Community School Corporation	0.9534	0.9057	0.8618	0.9534	0.9057	0.8618	0.9534	0.9057	0.8618	0.9534	0.9057	0.8618
Whiting City School Corporation	0.5731	0.5614	0.5498	0.5731	0.5614	0.5498	0.5731	0.5614	0.5498	0.5731	0.5614	0.5498
East Chicago Public Library	0.3965	0.3825	0.3692	0.3965	0.3825	0.3692	0.3965	0.3825	0.3692	0.3965	0.3825	0.3692
Gary Public Library	0.3103	0.2967	0.2840	0.1392	0.1392	0.1392	0.2533	0.2443	0.2358	0.3103	0.2967	0.2840

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 232-8779

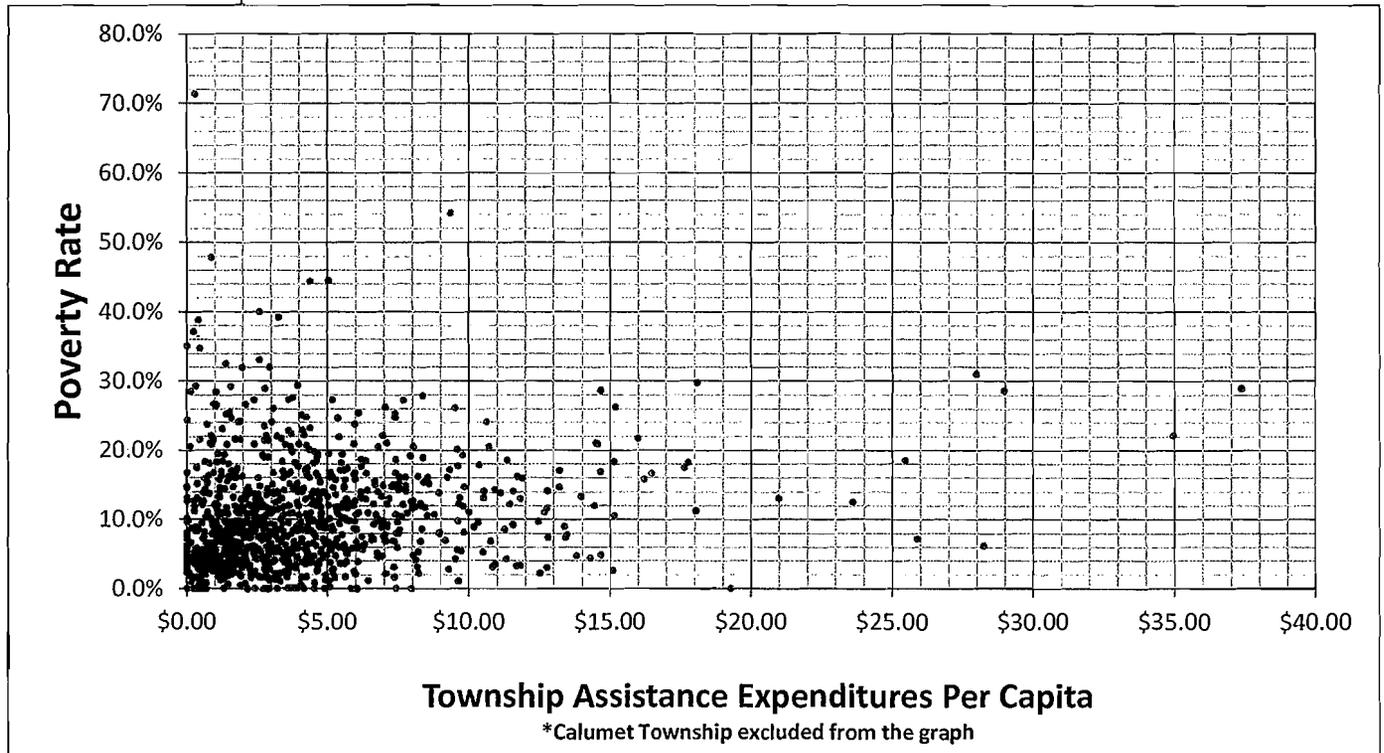
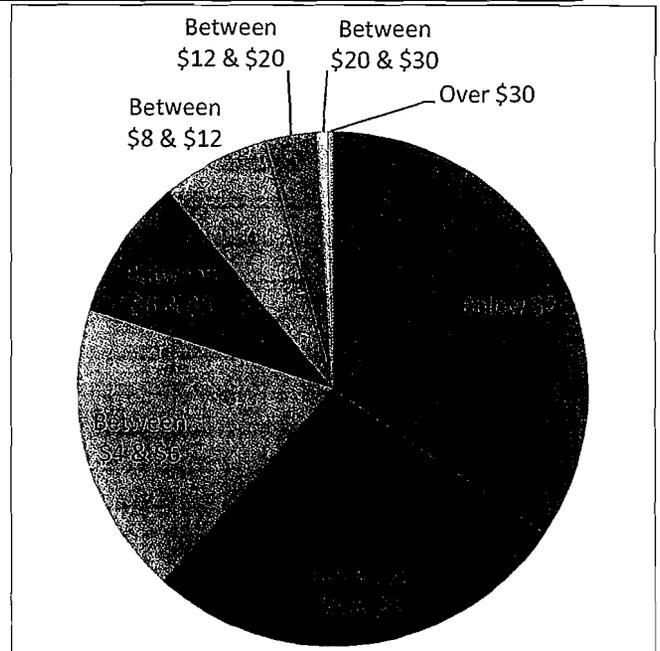
## Township Assistance Expenditures Per Capita

This report examines township assistance expenditures per capita and poverty rates in each township.

Township assistance expenditures per capita vary widely across Indiana. In 2010, the average was \$4.20, and the median was \$3.07. As displayed in the graph, almost 80% had township assistance expenditures per capita of less than \$6. Thirty-seven townships had no expenditures from their township assistance fund in 2010.

Calumet Township, in Lake County, had the highest level at \$143.67. Calumet spent \$26.4M in 2010. Of that amount, \$14.9M was spent on township assistance.

Poverty rates may be able to explain some of the differences in township assistance expenditures per capita. Although a correlation between township assistance expenditures per capita and poverty rates would be expected, the relationship is weak. Standard statistical tests show the two data sets have a low correlation. A plot of the data is below.



## Township Assistance Expenditures Per Capita 2010

	Township Assistance Expenditures Per Capita	Poverty Rate
<b>Average:</b>	<b>\$4.20</b>	<b>10.0%</b>
<b>Median:</b>	<b>\$3.07</b>	<b>8.6%</b>
<b>Lowest:</b>	<b>\$0.00</b>	<b>0.0%</b>
<b>Highest:</b>	<b>\$143.67</b>	<b>71.3%</b>

County Name	Township Name	Township Assistance Expenditures Per Capita	Expenditure Rank	Poverty Rate	Poverty Rank
Lake	Calumet	\$143.67	1	28.9%	21
Allen	Wayne	\$37.36	2	22.1%	64
Vanderburgh	Pigeon	\$34.96	3	28.6%	24
Montgomery	Madison	\$28.95	4	6.2%	642
Marion	Center	\$28.23	5	31.0%	16
White	Round Grove	\$27.97	6	7.2%	592
Lake	North	\$25.88	7	18.5%	113
Rush	Ripley	\$25.45	8	12.5%	302
Blackford	Licking	\$23.60	9	13.0%	278
Gibson	Wabash	\$20.98	10	0.0%	968
Delaware	Center	\$19.27	11	29.7%	17
Porter	Portage	\$18.09	12	11.2%	359
Vigo	Sugar Creek	\$18.04	13	18.3%	121
Jackson	Carr	\$17.77	14	17.5%	131
Sullivan	Gill	\$17.63	15	16.6%	157
Vermillion	Eugene	\$16.46	16	15.8%	183
Jay	Bearcreek	\$16.20	17	21.7%	70
Wayne	Harrison	\$15.97	18	26.2%	38
Hamilton	Adams	\$15.17	19	10.5%	402
Carroll	Deer Creek	\$15.14	20	18.3%	118
Carroll	Burlington	\$15.13	21	2.6%	887
Vigo	Harrison	\$15.08	22	28.6%	23
Tipton	Wildcat	\$14.66	23	4.9%	732
St. Joseph	Olive	\$14.65	24	16.9%	143
Washington	Madison	\$14.64	25	20.9%	82
Howard	Center	\$14.53	26	21.0%	79
Montgomery	Union	\$14.48	27	11.9%	328
Montgomery	Coal Creek	\$14.43	28	4.4%	767
Madison	Pipe Creek	\$14.28	29	13.3%	266
Jackson	Hamilton	\$13.96	30	4.7%	742
Wayne	New Garden	\$13.79	31	7.8%	554
Hendricks	Eel River	\$13.46	32	7.5%	571
Boone	Center	\$13.40	33	9.0%	480
Clinton	Center	\$13.37	34	17.0%	140

## Township Assistance Expenditures Per Capita 2010

	Township Assistance Expenditures Per Capita	Poverty Rate
<b>Average:</b>	<b>\$4.20</b>	<b>10.0%</b>
<b>Median:</b>	<b>\$3.07</b>	<b>8.6%</b>
<b>Lowest:</b>	<b>\$0.00</b>	<b>0.0%</b>
<b>Highest:</b>	<b>\$143.67</b>	<b>71.3%</b>

County Name	Township Name	Township Assistance Expenditures Per Capita	Expenditure Rank	Poverty Rate	Poverty Rank
Steuben	Pleasant	\$13.21	35	14.7%	209
Jasper	Carpenter	\$13.20	36	7.4%	577
Bartholomew	Hawcreek	\$12.80	37	14.1%	230
Putnam	Russell	\$12.77	38	3.1%	861
Jennings	Bigger	\$12.76	39	11.6%	351
Posey	Black	\$12.75	40	11.1%	367
Hendricks	Union	\$12.67	41	2.2%	903
Blackford	Jackson	\$12.51	42	9.7%	433
Jay	Richland	\$12.46	43	16.0%	179
Monroe	Van Buren	\$11.88	44	13.0%	281
Clinton	Johnson	\$11.81	45	3.4%	846
Daviess	Washington	\$11.80	46	16.2%	165
Warren	Steuben	\$11.71	47	3.3%	847
White	Liberty	\$11.68	48	9.2%	473
LaPorte	Union	\$11.57	49	14.1%	232
Lake	Eagle Creek	\$11.56	50	9.3%	470
Bartholomew	Columbus	\$11.55	51	12.2%	314
Wayne	Wayne	\$11.44	52	18.6%	112
Vermillion	Helt	\$11.35	53	4.3%	780
Carroll	Monroe	\$11.31	54	8.5%	510
Benton	Hickory Grove	\$11.25	55	13.9%	246
Howard	Honey Creek	\$11.10	56	3.5%	835
Clark	Jeffersonville	\$10.92	57	14.3%	225
Wells	Jackson	\$10.91	58	3.1%	857
Vanderburgh	Center	\$10.83	59	6.8%	608
Posey	Bethel	\$10.76	60	20.5%	90
Clay	Brazil	\$10.71	61	24.1%	54
Clark	Charlestown	\$10.62	62	14.1%	231
Montgomery	Walnut	\$10.53	63	13.1%	273
Cass	Clay	\$10.52	64	5.3%	709
Adams	Washington	\$10.49	65	17.8%	127
Randolph	White River	\$10.35	66	9.6%	437
Wayne	Perry	\$10.33	67	8.9%	485
Clay	Van Buren	\$10.16	68	11.1%	365

## Township Assistance Expenditures Per Capita 2010

	Township Assistance Expenditures Per Capita	Poverty Rate
<b>Average:</b>	<b>\$4.20</b>	<b>10.0%</b>
<b>Median:</b>	<b>\$3.07</b>	<b>8.6%</b>
<b>Lowest:</b>	<b>\$0.00</b>	<b>0.0%</b>
<b>Highest:</b>	<b>\$143.67</b>	<b>71.3%</b>

County Name	Township Name	Township Assistance Expenditures Per Capita	Expenditure Rank	Poverty Rate	Poverty Rank
Jay	Wayne	\$10.00	69	14.7%	208
Montgomery	Ripley	\$9.85	70	8.1%	535
Martin	Halbert	\$9.82	71	11.9%	335
Cass	Eel	\$9.81	72	19.3%	104
Wayne	Jefferson	\$9.78	73	5.5%	697
Monroe	Richland	\$9.71	74	13.1%	272
Spencer	Ohio	\$9.68	75	12.2%	310
Clinton	Union	\$9.66	76	1.1%	956
Marion	Wayne	\$9.63	77	17.7%	128
Wayne	Jackson	\$9.61	78	9.8%	431
Ripley	Center	\$9.59	79	20.1%	94
Monroe	Clear Creek	\$9.59	80	5.6%	685
Hamilton	White River	\$9.58	81	4.3%	774
Martin	Mitcheltree	\$9.52	82	26.1%	39
Greene	Smith	\$9.51	83	54.2%	2
Miami	Peru	\$9.35	84	17.2%	138
Posey	Robinson	\$9.31	85	2.8%	878
Jay	Penn	\$9.28	86	16.1%	173
Montgomery	Scott	\$9.22	87	7.0%	603
Elkhart	Cleveland	\$9.16	88	8.1%	537
Grant	Washington	\$8.95	89	13.8%	248
Warrick	Skelton	\$8.93	90	7.9%	548
Brown	Jackson	\$8.93	91	10.7%	394
Franklin	Brookville	\$8.75	92	15.2%	193
Ripley	Johnson	\$8.57	93	16.0%	178
Knox	Washington	\$8.53	94	10.6%	399
Dekalb	Smithfield	\$8.51	95	11.7%	345
Allen	Adams	\$8.43	96	15.4%	190
Randolph	Franklin	\$8.39	97	18.9%	109
Knox	Vigo	\$8.37	98	27.8%	27
Elkhart	Locke	\$8.35	99	8.6%	507
Grant	Richland	\$8.33	100	11.9%	333

## **Data and Methodology**

This report provides an annual compilation of the total expenditures in township assistance per capita of each township. Expenditure information reported here reflects calendar year expenditures for each local government as reported by the local government. Expenditure data for townships were drawn directly from electronic copies of these local governments' 2010 Annual Reports submitted to the Indiana State Board of Accounts ("SBOA"). These reports included fund-level disbursements for each township. The expenditures are the actual disbursements made by the local government and may be different from both the tax revenue received and the total budget appropriations authorized. These expenditures have not been audited by the SBOA.

A local government's per capita expenditure is the sum of all its expenditures for a given year net of transfers, interfund loans, agency fund disbursements and purchases of investments divided by the local government's population. Measuring expenditures on a per capita basis provides a benchmark for comparing the expenditures of local governments. All population data were drawn from the 2010 United States Census with the assistance of the Indiana Business Research Center.

Poverty rates come from the Indiana Business Research Center's Census Data and is calculated by dividing the number of people living in a household below the poverty line by the total number of people in the township.