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**PHILADELPHIA'S CAMPAIGN FOR WORKING FAMILIES**

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# PHILADELPHIA'S CAMPAIGN FOR WORKING FAMILIES

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## I. INTRODUCTION

On April 25, 2003, with the tax filing season behind them, the staff of the Philadelphia Campaign for Working Families threw a celebratory party for nearly 200 volunteers and sponsors that had been a part of its first-year success.

“More than ten million dollars went to hard working families – we did all that and more,” exclaimed Jean Hunt, the executive director. Philadelphia was one of 23 cities nationwide to sponsor a campaign to alert families to the federal Earned Income Tax Credit (EITC) and the availability of free tax preparation services. A newcomer to the EITC effort, Philadelphia had set ambitious goals, and exceeded them.

Yet, that very morning the New York Times reported that IRS was planning to tighten the rules for some households filing for the EITC. The higher burden of proof—certified records and sworn affidavits to demonstrate the custody or dependence of children, for example—was immediately criticized as a double standard unfair to low income working households. The proposed rules issued afterward in June were as onerous as advocates feared, and were unwelcome cold water in Philadelphia.

The IRS proposed that certain types of non-traditional households (grandparents and single fathers with custody, for example), pre-qualify for the EITC through submission of detailed documents before they actually filed in the spring. Many critics point to the difficulty and confusion many legitimate EITC claimants may have in meeting the standards of proof, or overcoming their fears of charges of criminal perjury should they fail. Others observe that the broader danger is that the controversy over the EITC pre-certification will lead some who are eligible to believe that they are not, reducing legitimate claims.

Philadelphia's Campaign for Working Families had seen many households that would be affected by the new rules. In an urban area with many children living in non-traditional households, the burden of producing proof of custody as a pre-condition for claiming a tax benefit seemed punitive. Potential release of the information to other state and federal non-tax agencies was also problematic. “It is difficult to explain this notification as anything other than a coercive and intimidating message sent to these low income working Americans,” the Campaign noted in its response to the proposed rules.

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Whatever the outcome of the debate over the IRS rules, however, Philadelphia's Campaign for Working Families is planning its second year with the same dedication and strategic vision that catapulted it to among the first-tier EITC campaigns in the nation in its first year of operation.

How the Campaign achieved its notable successes holds important lessons for other community campaigns to support low and moderate income citizens.

## **II. SETTING THE STRATEGY**

Enacted as a modest tax provision in 1975, the Earned Income Tax Credit had by the late 1990s become, by the Brookings Institution's reckoning, the largest federal aid program targeted to the working poor. Successive and substantial increases in the EITC by Congress in the late 1980s and 1990s increased the dollar value of EITC by tenfold between 1984 and 1996. Expanded outreach, particularly to a widening target population among former welfare clients entering the workforce in the latter 1990s, became a signature element within the advocacy community working to achieve self-sufficiency for working families.

The financial power of the EITC in the Philadelphia region was virtually unnoticed until an analysis by Brookings' Center on Urban and Metropolitan Policy in June 2001 calculated that over \$400 million was flowing into the region in transfers, over half to residents of the city of Philadelphia. While Philadelphia residents' rate of claiming EITC was similar to the median of the other 27 cities surveyed, Brookings suggested that many working families eligible for the credit fail to claim it. If Philadelphia was typical, and some 25 percent of those eligible failed to claim the EITC, about 50,000 Philadelphians were leaving \$85 million in unclaimed credits in the U.S. Treasury.

The Pew Charitable Trusts agreed to sponsor the Campaign, which successfully sought additional support from Annie E. Casey and other private and public sources.

The strategy for the Campaign developed under the leadership of Mark Alan Hughes at the Fox Leadership Program at the University of Pennsylvania, and Mike DiBerardinis, who became executive director of the Campaign.

The Campaign was moving onto territory well developed by campaigns in other communities and by national and local advocacy groups. *Helping Workers Boost Their Paychecks*, published by the Center on Budget and Policy Priorities, was a textbook for EITC outreach campaigns. Among its key advice:

- Broad coalitions of grassroots and institutional support
- Outreach that targets hard-to-reach households through every-day venues
- Expanded free tax-filing assistance
- Linkages with asset development programs, for example, Individual Development Accounts
- Extensive use of free media

The strongest local campaigns were in Chicago, Tulsa and New York City, where single well-established non-profit organizations had built up free tax preparation and EITC programs as part of their overall mission. Chicago's Tax Counseling Project sponsored by the Center for Progress had started in 1995 and by 2002 had 800 volunteers preparing almost 15,000 returns at 25 sites in Illinois, including 12 in Chicago. Tulsa County, Oklahoma's Community Action Agency had developed a network that served over 12,000 households in seven tax preparation locations in 2003. In New York City, the Community Food Resource Center had started from scratch in 2002 and more than quadrupled its filed returns in the second year, topping 9600 in 2003. DiBerardinis talked at length to these programs, and attended national conferences to sharpen the approach in Philadelphia.

These models needed adaptation to succeed Philadelphia, where robust community and advocacy organizations and cautious reception of new players presented unique challenges. As envisioned by DiBerardinis, the Campaign had to encompass a broad system of issues to be both successful and sustainable. There were at last three tiers to this view:

First, expanded public awareness of EITC would be substantially diluted if there were not concomitant expansion of capacity and utilization of free tax preparation services through Volunteer Income Tax Assistance (VITA) services. Among low and moderate income households and first filers, fee for service tax preparation services could easily cost filers not only for the service, but more importantly, charges for "instant refunds," i.e., Refund Anticipation Loans (RALs) at rates of interest that further drained much of the value of the EITC. In an ironic twist, anecdotal evidence suggested that some households failed to claim the EITC because of the paid preparer's extra charge for filing the additional form.

A Brookings Institution Report in May 2002 underscored the challenge and the imperative of linking expanded EITC awareness with expanded capacity of free tax preparation services. Commercial tax preparation services offer a path through the complexity of filing for EITC and the refundable child credit, but at significant cost. Brookings found that in the Washington DC area, the average filer claiming an EITC of \$1500 ended up spending over 10 percent of that on preparation and filing fees and a fee for securing a RAL, even more if they were a household without a bank account and used a check cashing service to cash the RAL.

In 1999, of 147,000 Philadelphia tax-filers earning the EITC, 42 percent secured their refund through revenue anticipation loans, a proportion about average among large cities, but far below New York City and Los Angeles-Long Beach, California.

The prevalence of commercial tax preparation services in census tracts with high proportions of EITC filers also underscored the systemic challenge of creating an expanded free tax preparation service that was convenient to potential filers. The Brookings report noted, "...the public interest is not served when a tax credit designed specifically to supplement the earnings of low income workers with children becomes an important profit center for a multi-billion industry." In a prescient aside noting that tax code complexity tends to drive lower income taxpayers to "professionals," the

Brookings report recommended making the tax credit filing less intimidating and prone to errors. Ironically, IRS pre-certification requirements move in the opposite direction and increase the challenge for EITC campaigns.

Compounding this imperative was the shift in strategy at IRS concerning VITA sites. Recently, IRS had issued its policy guidance on “Migrating the Legacy Volunteer Income Tax Assistance (VITA) Program to the Stakeholder Partnership, Education and Communications (SPEC) Business Model.” Prioritizing the availability of IRS staff (who frequently directly ran VITA sites) to sites which met a specific model of regular hours and volume was the first step in the migration to a community-supported system. Ultimately, “the preferred model is designed to increase the numbers of totally self-sufficient sites, while eliminating (except for isolated rural locations) IRS direct sites. The IRS support of totally self-sufficient VITA sites should only consist of relationship management, consultative services, train the trainer tax law classes and providing tax software for electronic filing.”

Thus, the VITA network in Philadelphia, which in 1999 had about 100 sites - -some serving only handfuls of filers during irregular hours of operation - would not continue to be supported by IRS at the same levels. A major effort to restructure and support a VITA network was needed to prevent loss of capacity leading to even heavier reliance on fee-based tax preparation services.

Second, DiBerardinis believed, for the Campaign to have long-lasting value to citizens, it needed to be linked to broader issues of self-sufficiency and financial literacy. A refund check immediately spent on one-time purchases, or reducing costly consumer debt, contributed little to asset development. Nor did the single-purpose filing help introduce economically isolated households to financial literacy fundamentals such as budgeting, proper use of credit, use of banking and savings institutions, potential public benefits, and asset development for car and home purchases and education. Southeastern Pennsylvania was the site of an active self-sufficiency advocacy organization, Women’s Association for Women’s Alternatives (WAWA, now called Pathways PA, Inc.), which had forged active links with the welfare department as well as philanthropic and social service non-profits to promote awareness and access to a full range of financial resources and tools to poor households. The Campaign set the goal of blending these financial literacy goals, including access to available public benefits, with increased EITC filings and reduced reliance on for-profit tax preparation services.

Finally, the multi-year sustainability of the Campaign needed attention from the start. The experiences in other cities seemed a poor fit with the environment in Philadelphia. The Campaign was unlikely to become a signature effort of a single existing organization, as in the three leading local programs nationally, which had each arisen from the respective organization’s broad mission (in New York, hunger and food stamps; in Chicago, economic issues; and in Tulsa, the community action agency’s poverty programs). Institutional support needed a structured collaborative that would broaden the base of support for operations and fund-raising.

From these basic parameters emerged a strategy that went far beyond the traditional use of outreach and advisory group structures that characterize many community-wide efforts.

At its heart, the Campaign for Working Families represented the insightful alignment of program needs with the skills, competencies and historic community roles of numerous organizations, governmental, non-profit and for-profit. This investment of operations in partner organizations, rather than in a single organization, and the broadening of goals to encompass financial efficacy of families, were the signature innovations of the Campaign. On those twin features rest its evolving focus and organizational strategy.

### **III. RACING OUT OF THE GATE IN THE FIRST YEAR**

The accomplishments of the first year exceeded expectations, and placed the Philadelphia Campaign into the top tier of national EITC programs in its first year.

The team set ambitious goals that signaled the intent to achieve a mature program in the first year. Numerical goals set at the start were to increase by 20 percent the number of families in Philadelphia filing for the EITC, and to decrease the number relying on paid tax preparation services by one fourth.

While definitive data from the IRS will not be available until 2004, IRS official Ines Almendarez, who worked closely with the Campaign, sees promising early indications. "Preliminary numbers suggest a dramatic increase in the number of EITC filers in Philadelphia, which we believe to be attributable to the work of the Campaign for Working Families."

Proxy indicators suggest the magnitude of probable success:

- Total tax returns filed at VITA sites increased by 66 percent between 2002 and 2003, even though the Campaign consolidated sites from 100 to 26. These 8,846 filers exceeded the ambitious goal of 7,300.
- Preliminary data for TY 2002 registered a 5.2 percent increase in EITC filers in Philadelphia, to 156,227. Overall claims rose 7.7 percent to \$278 million.
- Percentage of filers claiming the EITC rose from 24.7 percent to 27.2 percent
- EITC, child tax credit, and dependent care credits on returns filed at the Campaign sites represented over \$10 million.
- At individual sites, EITC filers as a percent of total returns ranged between 22 percent and 62 percent, with six sites reporting 50 percent or better.

#### **A. Advisory group**

In spring 2002, the Campaign convened an advisory group carefully designed to reflect the broad, systemic approach the Campaign had envisioned, and to optimize its potential contributions to the effort. In addition to representatives of federal, state and city agencies, members included representatives of business, banking, labor, legal services, faith-based, consumer credit counseling, the Free Library of Philadelphia, workforce training entities, and advocacy groups for children and

families, women's self-sufficiency as well as the local urban affairs coalition. The continuing active involvement and contributions of advisory group members could be attributed to the persuasive case made for the mission of the Campaign as well as the participatory character of the group meetings. Advisory board members were challenged to critique, to recommend improvements and to bring the resources of their organizations to the Campaign. Meetings were held frequently, and continued after the campaign to review results from the 2003 campaign and approve plans for 2004.

## **B. Formation of the Partners Group**

Several organizations represented on the advisory group became partners, i.e., organizations receiving modest financial support in return for substantial operating responsibility for execution of the plan. In effect, the Campaign was a virtual organization, with only three people directly working for the Campaign, with the key functional responsibilities assigned out to staff of partners, customarily partially reimbursed by the Campaign while largely dedicated full time to the effort. As described below, partner agencies ran the site operation, recruited and trained volunteers, directly sponsored sites, managed communications and outreach, organized financial advisory service offerings and recruited private sector support.

While the overall implementation plan within this "virtual organization" was complex, the assignment of responsibilities to partners was clear cut and well understood. Perhaps most importantly, the assignment of roles was explicitly designed to match the skills, competencies and mission of the organizations. Partner organizations uniformly report that the alignment of responsibility in the Campaign to their core mission motivated the organization to work effectively and to see the extraordinary effort being contributed to the Campaign as advancing their own organizational goals as well. This opportunity for mutual benefit extended beyond the partners, and the Campaign benefited as well from support among private sector employers and media who saw advantage in participation.

## **C. Developing the Site Network**

The "legacy" volunteer income tax assistance (VITA) sites in Philadelphia were disbursed throughout the city, but had operated in past years independent of each other and without any overall structure or consistency of days and hours of operation. Many were small volunteer efforts that handled few returns, often without electronic filing. A major organizational effort was required. The Transitional Work Corporation (TWC), a major nonprofit welfare to work program created in 1996 through collaboration among the Commonwealth of Pennsylvania, the city of Philadelphia, and The Pew Charitable Trusts, had been an active VITA site for three years, and assumed the partner leadership role.

To launch a major public outreach campaign, consistent hours and operating practice would be essential. The goal was strong, structured operations in the right places. TWC created a protocol for "franchising" Campaign VITA sites that standardized days and hours of operation, data collection processes, space, computers, and other equipment needs, and suggested ratios of staff and

computer stations. Later TWC staff would manage the physical arrangements and computer hardware and software installation, as well as support of the centers and serving as central collection point for VITA site reporting. In addition to free equipment and supplies, each site manager would be paid \$15/hour for twenty hours a week. In reality, most site sponsors and managers contributed much more to the operation, with family members often pitching in.

With a goal of increasing VITA use and EITC filings, the haphazard distribution and capacity of existing VITA sites clearly needed attention. Working with the partner organizations, and assisted by the University of Pennsylvania Cartographic Modeling Lab, TWC reviewed census data and EITC filing and site data, mapping new and old sites to target areas of probable EITC filers, particularly underserved areas such as limited English proficiency populations. Twenty-six sites were eventually selected to be subsidized by the Campaign.

Sponsors of sites were drawn from a wide range of community organizations. Some legacy site sponsors adapted to the new standardized approach, many did not. Half of the 26 sites were experienced VITA providers, including TWC, two churches, a community development corporation, and the IRS office in Center City Philadelphia. New sites sponsored by labor unions, library branches, churches, and immigrant mutual assistance agencies shaped the balance. Guided by language information provided by the local welfare office, the Campaign identified underserved areas and community organizations that could provide sites, as well as formal and informal outreach to the mix of working immigrant families in Philadelphia: Spanish, Russian, Ethiopian, Cambodian, Vietnamese, Hmong and Laotian were all visibly involved. Ceiba, a consortium of Latino organizations, provided tax preparation services at four locations, including one that rotated through four sites in North Philadelphia (a family center, a community non-profit, a charter school and a local economic development project, the Mercado.) The Southeast Asian Mutual Assistance Association coordinated sites and outreach among the numerous ethnic Asian groups in many sections of the city.

Sites were linked to the internet for electronic transmission of returns; 92 percent of Campaign returns were submitted electronically. Using standardized software and centralized collection reporting systems had additional benefits as well. The software had pre-printed report capacity that enabled TWC to report quickly on progress and trouble-spots, and to create a competitive atmosphere among the sites. Weekly summary reports, based on incoming IRS reports, were produced and disseminated to aid in communications and planning.

The competitive spirit as well as the commitment to purpose among the partner organizations meant site managers and sponsoring organizations undertook their own outreach to bring filers in. The partner organizations kept the Campaign spirit building with weekly contact, outreach and motivational meetings and email, involvement of site manager in events and press conferences, and continued expressions of confidence that outrageous goals could be met.

## **D. Volunteers**

The Campaign found itself building from the ground up to deploy a strong complement of volunteers. Initially it was expected that the volunteers list provided by the IRS would be a major source, however, of the 200 volunteers who had served in the prior tax year, less than 25 eventually trained and volunteered at the Campaign VITA sites.

The task of recruiting, training and deploying volunteers became the operational responsibility of the United Way of Southeastern Pennsylvania (UNITED WAY). As the umbrella charitable-giving entity for the region, they had experience and competency in volunteer mobilization from such efforts as their Volunteer Center, America's Promise and the annual combined campaign in the region's work places. In many ways, UNITED WAY was uniquely positioned to take on volunteer recruitment. The basic structure was in place to be successful in a time-limited and focused effort. Observed UNITED WAY President and CEO Chris James-Brown, "This opportunity was a great match of skills to task. We were grateful to be asked."

Yet, at the same time, the UNITED WAY's traditional volunteer pool was not a particularly good fit for the technical training and tax preparation work required. A classic opportunity masquerading as a problem: USEPA found they were able to recruit a completely new pool of potential volunteers, bringing new faces and skills to the volunteer experience while making the most of UNITED WAY experience in volunteer recruitment and management.

Although the target volunteers were different, the strategies used by United Way were time tested and best practice for the process. UNITED WAY persuaded companies to allow recruiters to speak to employees, and many released staff for training. A typical recruitment was in the Office of the City Comptroller, Jonathon Saidel. He invited the recruiter to his regular staff meeting. The numbers crunchers sat somberly, discouraging countenances on the sea of faces. "But the presentation sells itself," explains Amy Anderson, UNITED WAY staffer." On average, a single volunteer's effort produces \$30,000 in EITC income for working Philadelphia families. "Twelve signed up that day, and 8 went on to volunteer."

Approximately 90 companies, 20 law firms, and 20 accounting firms and accounting societies were contacted for volunteers. Twelve city departments were approached as well. Sixteen companies and organizations sponsored teams of volunteers (three or more employees released for training). These included Wharton School of Business (19), Catholic Social Services (10 volunteers). City Controller's Office (8), a local law firm (6). Ultimately, 325 volunteers participated in the rigorous training provided by the IRS, and over 210 eventually passed the required test and provided tax preparation services at the Campaign VITA sites. The VITA volunteers were a broad cross-section of Philadelphia: 25 from corporate partners, 60 from a dozen community-based nonprofit organizations; governments and university contributing a large percent of the balance.

UNITED WAY also used its volunteer management skills to optimize the experience for the volunteers. First, UNITED WAY released its own employees for training, underscoring the

organization's support to the effort and creating a model for other employers. Standard operating procedure included such mandates as:

- Be grateful, thank them ten times
- Be organized so that they do not waste time and see their time well used.
- Achieve 24 hour turnaround when someone calls to volunteer
- Have sound system for schedule changes and trades for training and volunteer hours
- Have system of correspondence that gets information to volunteers by the method each prefers, email to home or office, phone, etc.

The Campaign benefited substantially from UNITED WAY resources and skills, but it was a two-way street. The Campaign is now part of the organization's portfolio of activity, seen as complementary to its broader mission of asset development for working families in Philadelphia.

## **E. Communications and Outreach**

The strategy utilized for outreach was a tested one for grass-roots efforts. As the IRS in its workbook for community based partnerships observes, the IRS' "success in reaching all targeted audiences has been limited. This is due in part to IRS' role as a government agency, i.e., fear and mistrust of government agencies and more specifically being the IRS.....information has the best chance of being received by its intended audience if its tailored to the recipients' needs and communicated through trusted channels."

Robin Robinowitz handled the communications and media operation from her post with the Greater Philadelphia Urban Affairs Coalition, another Campaign partner organization. She reinforced the importance of a credible, understandable theme. "The message of the Campaign was designed to be adapted for both top down and bottom up use, The message was understandable and one people wanted to sell. "

It was truly a campaign blitz: communication and outreach occurred at every level of consciousness, from media, through workplaces and union halls, to churches and neighborhood gathering spots. Over 198,000 units of collateral material were produced: bookmarks for volunteers and filers, flyers and posters in Spanish and English, large banners for sites, flyers and fact sheets for financial education and public benefits, and "Ripped Off No More" contest posters and flyers.

Campaign leadership knew that casual reliance on public service announcements would fall far short of the visibility the Campaign required, and that paid advertisements would drain the program budget overnight. Instead, armed with attractive informational material and an overall game plan, DiBerardinis approached the top brass of selected major media outlets with the opportunity to become the exclusive media voice of the Campaign. One newspaper, two television (one Latino) and one radio stations adopted the Campaign and provided unprecedented penetration through public service announcements, editorials, and feature stories. Media outlets got public exposure at events, banners in photo opportunities, and good will from association with a highly professional and

upbeat message. The Philadelphia Daily News did 18 articles and editorials during the Campaign. Channel 6 covered events of the Campaign during their newscasts, featured the Campaign on their leading public affairs shows, and did well-positioned public service announcements. Parallel momentum built up during the campaign at Univision, the Spanish language TV station.

To provide ready response to public interest, the Campaign set up a sophisticated 24 hour Interactive Voice Response telephone information line supported by the city of Philadelphia and Verizon. Talent from Power 99 and Univision were the voices heard in 11,515 calls during the campaign, providing information in Spanish and English about EITC eligibility, the location of Campaign VITA sites, and a list of necessary papers filers needed to bring to the tax preparation session.

Mass distribution of material was done by the Pennsylvania Department of Public Welfare (to all clients, on its web-site), the Philadelphia Workforce Corporation (to its employees), the city of Philadelphia (in a paycheck distribution), the Philadelphia Gas Works (in a monthly bill), and the School District of Philadelphia (hosting presentations and distributing literature).

Partner organizations fanned out across the city in myriad personal presentations. WAWA (spell out) provided a staff member who made 25 presentations to social service providers and consumers, reaching approximately 1000 persons.

The outreach continued through the partners who were invested in the outcomes of the Campaign, above and beyond their contractual obligations to the Campaign. Mary Strasser, VP for Community Impact for UNITED WAY noted, "This was a very grass-roots campaign, not only because the partner organizations were workhorses for the overall effort, but because they were the ramps to the community-based organizations." This diverse group of organizations contributed:

- Face to face contact with target households
- A pool of potential volunteers
- A source of information in the word of mouth campaign
- A reality check on the Campaign as a whole, pointing out where target groups were not getting the message, recommending different approaches.
- "Real people's stories" to personalize media relations focus

Some community-based organizations played multiple roles. In addition to direct outreach and advocacy, many sponsored sites. The largest single VITA site after the IRS office was Beloved St. John Community Development Corporation, a legacy site from prior years' service. In the Latino community, Ceiba's member organizations sponsored sites, but linked them as well to offerings in home ownership and credit counseling.

**BUDGET:** The Campaign for Working Families drew from a number of sources to support its budget of \$750,000. The initial grant from Pew Charitable Trusts was complemented by the Annie E. Casey Foundation and two additional foundations, as well as funding from state and city agencies and support from Verizon. Partner organizations received the bulk of the funding, and generally

estimate that in-kind contributions exceeded their grant by two to three times. The single largest outlay was for salaries of site coordinators, who also worked far in excess of the 20 hours a week for which they were directly paid at \$15/hour.

The question of cost effectiveness inevitably relates to the sustainability of the Campaign over time. The expenditure of \$750,000 across 8850 filers served at the VITA sites nets a cost of \$85/household, a third of that charged at tax preparation services. The value of claims processed at VITA sites represented \$14 of increased household income for every dollar spent. Finally, the Campaign's message in public education and media surely contributed to the overall city increase in EITC filings worth \$25 million in increased claims,

#### **IV. MOVING FROM EITC TO FINANCIAL EFFICACY**

In Southeastern PA, the Earned Income Tax credit had long been viewed as an important but not isolated element in the self sufficiency of families. The Women's Association for Women's Alternatives (WAWA) had forged common ground with many organizations around the need for a comprehensive program that sought financial self-efficacy from improved access to public benefits as well as higher financial literacy including bank relationships, creation of savings accounts, etc. In the early days of welfare reform implementation, the department of public welfare had incorporated the value of the EITC into a broader message of "making work pay," illustrating the financial power of earned wages with related public benefits and the EITC and state income tax forgiveness program. Thus, it was, if not inevitable, natural that the EITC campaign would embrace the broader financial self-sufficiency program.

Mike DiBerardinis saw the broader goal of financial self-sufficiency a key to establishing the long-term viability of the Campaign. " As important as the free tax preparation services are, as significant as the EITC refund is to individual families, I could not envision the sustainability of the program without its having a broader, and longer-lasting relationship with both families and community organizations and supporters." At the same time, the Campaign was moving onto relatively untested ground. Most campaigns had not deployed an across-the-board effort to link tax preparation with financial literacy and public benefits.

Given the absence of a program model for linking tax preparation with broader financial matters, the plan for operationalizing this goal was ambitious. The tax preparation program would go into full scale operation in late January, and last only through the filing season. Design for financial literacy and asset building had to be integrated into the single occasion tax filing. The Campaign once again turned to the partner organizations and to other community based non-profits, as well as banks and credit counseling providers, to align and thereby leverage their expertise and mission to the goal of offering information on financial education and public benefits at the sites. Two banks (PNC and Citizens) adopted five VITA sites each for banking services and credit repair; another bank and a credit union adopted one each. Seventy-one one-hour workshops were scheduled, using resources such as:

- PhillySaves, a local outgrowth of America Saves, which offers motivation savings workshops by banks consumer credit counseling agencies
- MoneySmart, an FDIC adult education curriculum
- Get Checking, a special bank-sponsored program offering persons whose past poor check history had disqualified them for checking accounts a fresh start, if they attended and passed a four classes

Access to public benefits was also an integral part of the VITA site operation. WAWA, the Philadelphia Citizens for Children and Youth (PCCY), and the Greater Philadelphia Coalition Against Hunger (GPCAH) provided staff for benefits counseling. Materials describing public benefits (child care subsidies, food stamps, eligibility for child and adult health care coverage) were provided to over 3,000 individuals at specific Campaign sites. Telephone services, with voice mail for after-hours and weekend coverage, for information, and pre-screening application filing assistance were offered. But applications could not be completed at the sites, because the web-based application still required submission of paper records and in some instances personal visits to the local welfare office.

To draw maximum public attention to the comprehensive message of family financial self-sufficiency, the Campaign sponsored well-publicized Super Saturdays, with WAWA, PCCY, GPCAH joined by the Greater Philadelphia Urban Affairs Coalition and The Reinvestment Fund to offer the full range of services: tax preparation, benefits counseling and financial literacy sessions.

The public response to the offerings in financial literacy and public benefits were less than the partners had hoped. Although one bank opened 167 new accounts at VITA sites, and one community partner organization was successful in enrolling participants in education workshops, interest of filers was very limited. Almost 50 percent of tax filers were already receiving the public benefits to which they were entitled; many taking advantage of the filing services were single adults. Of the remainder, many were not eligible or interested in receiving additional benefits.

This experience overall was a positive lesson for the partners. "We learned a lot about how and when to introduce families to financial matters. We regard this element of the Campaign as integral to UNITED WAY's work in asset development for families," notes Chris-James Brown.

The Campaign has developed a broader, longer strategy for financial efficacy among families that once again builds on the strengths, interests and mission of the partner organizations. Plans for the coming year expand, rather than contract, the commitment of the Campaign partners to family financial efficacy by building EITC awareness into the enhanced financial literacy and public benefits education undertaken by community organizations. Two "mega-sites" began offering a full range of services in October 2003.

Although Individual Development Accounts (IDAs) were not a significant feature of the first year campaign, they will be more significant in 2004. The federally-supported IDA program at UNITED WAY has begun to enroll families, and United Way will use the EITC outreach process to

identify eligible households. Participating low-income families have their savings matched to accumulate funds to purchase a home, pay for education, or start a business. The linkage will be somewhat indirect, since the local IDA initiative has chosen to emphasize gradual savings accumulation rather than asset development, which could incorporate matching of lump sum deposits of tax refunds.

Partner organization Ceiba welcomes this enlarging focus, because it fits so well with Ceiba's interest in asset development in the Latino community. "This should be about relationships, not services," notes Ceiba's Executive Director, Will Gonzalez. "We need a year-round message about financial priorities, long-term thinking about building savings, so that when tax season comes, families come in planning to use that refund check to move themselves toward first-time homeownership."

## **V. LESSONS FROM THE FIRST YEAR AND OTHER PROGRAMS**

The Philadelphia Campaign is now an integral part of the mission of several substantial community organizations. For its core sponsorship, it has moved from its demonstration home at the University of Pennsylvania to the Greater Philadelphia Urban Affairs Coalition, another alignment of missions that should serve it well. GPUAC led the public relations effort for the Campaign, but more importantly, is a central player in economic education and progress in the Philadelphia community.

Sharing its experience with those in other communities, the Campaign partners are making adjustments in strategy, and affirming some design decisions as well. Its goals for 2004 are ambitious: a 35 percent increase in total filers, to 12,000; an increase in the percent of EITC filers served from 31 percent to 50 percent, and an increase in the number of first-time filers from 660 to 1000.

Perhaps most significant is the approach to family financial literacy and access to public benefits. Philadelphia has concluded that taxes and financial literacy "each need their own season." In the first year, the Campaign viewed the EITC and free tax prep as the door to family financial efficacy. With the response at the sites somewhat disappointing, they are shifting the emphasis and sequence, seeing the outreach to families on such issues as an introduction to the EITC. Rather than using significant volunteer resources at the filing sites to offer public benefits counseling, banking opportunities and opportunities for financial counseling, the partners and community based organizations are planning broad outreach on public benefits and financial education in the fall, in effect lengthening the period of education and preparation for the tax season. .

This change in approach contrasts somewhat with New York City, where the interest in public benefits and opening bank account was encouraging enough to prompt leadership there to enlarge their commitment to providing full-service access at some sites. (In 2003, over 900 households opened bank accounts when they visited the sites for tax preparation services). Leaders there believe the financial power of the EITC acts as a draw, not just into the tax system (25 percent

of the New York City's program filers were first-timers), but into a conversation about debt, savings and financial education.

Chicago's tax program director, JC Craig, has his own interpretation of these mixed results. "I think the response is best when there is an immediate benefit, such as an offering for low income heating assistance, as opposed to financial counseling. Also, anything being offered with tax preparation needs to be as tied to and integrated into the process as possible. Just being in the room won't be enough draw for most people."

Observing the success in New York City, Philadelphia also hopes to enhance the role of community-based organizations. Though CBOs were important elements in outreach and site sponsorship, in the next year CBOs may be asked to pre-screen households to ease the filing process by checking to see that the required documents are in hand, and perhaps introduce banking, public benefits and other financial information to families.

In its broader approach that will include outreach in the fall, Campaign partners have identified many new potential allies:

- The Department of Public Welfare will assure that all 17 of its vendors providing job retention services include financial literacy training and education. Four of the vendors were sites in 2003.
- Already a major partner organization and site sponsor, the Free Library will provide space for programs at its 55 neighborhood branches.
- One-stop Career Link centers, child welfare offices and other job training vendors will also be approached.
- Tax sites opened as early in January as possible, to catch early filers expecting refunds as well as those who have been drawn in during the fall outreach.

The intensive outreach in places likely to reach the targeted constituency of workers who qualify for the EITC, and first-time filers, coincides with the decision of the Campaign to continue its first year policy of not restricting access to the free tax sites. In Philadelphia, legacy sites and legacy filers were an important feature in developing the program. An early decision not to apply an income limit (such as those in New York, Chicago and Tulsa) did not overwhelm capacity, and often yielded new EITC filers brought to the site by non-EITC eligible filers. Labor partnership and sponsorship of the Campaign might be jeopardized as well by an income restriction. In effect, the Campaign will achieve a higher proportion of EITC filers by increasing in-take than by limiting eligibility.

With sustainability of the program an ever-present challenge, the Campaign partners realize that they must work to maintain participation and build a base of support that is the foundation for growth. Replacement of sites, volunteers and participating community based organizations would drain energy from expansion and improved service. To keep partners and volunteers alike engaged, the Campaign ended 2003 and began 2004 with a celebratory event in late April, and will gear up in

the fall with a Phillies baseball event. A recruiting get-together was planned for late October, and in November, the Campaign convened focus groups of volunteers to elicit recommendations for changes in outreach and site management.

## VI. THE BROADER ISSUE

The success of community-based tax preparation and EITC campaigns inevitably raises the question of end-game goals. A volunteer effort requiring great organizational investment is not likely to build a capacity to offer every EITC eligible household free tax prep service. Amy Brown of New York City's Community Food Resource Center wryly observes, "There are one million EITC eligible households in the city.....we did 10,000 this year and can grow bigger. But we aren't going to cover even a significant percent of that one million."

Brown's perspective is shared in large measure by other programs. While the direct household-by-household value of the campaigns is real and cost effective, broader, somewhat less measurable targets are intrinsic to EITC/tax preparation campaigns:

- Public awareness of the EITC and its financial benefit to working families, even if most choose to go to for-profit tax preparers;
- Use of the EITC as an entry point for asset building, a theme linked to financial literacy and banking education; and
- Changing the system of tax preparation for lower income working families.

In Philadelphia, Jean Hunt and the partners hope the Campaign can engage private sector institutions and employers in a process that leads to employer-sponsored tax preparation, as one major financial entity already does. Development of a competitive refund anticipation loan at less onerous rates is an out-year discussion item as well. In New York, Amy Brown believes offering free, highly competent tax preparation services may raise the standard for tax preparers in New York, where the absence of licensing requirements has fostered proliferation of sub-standard preparers in low income neighborhoods. Chicago's Craig expresses the program goal of weaving tax preparation services into a community-based services model, but hopes as well to change private market offerings from fee for service tax preparation to on-going financial advisory services. Is this realistic? Perhaps not, but Craig points to the reform in private college student loan programs that occurred when the federal government introduced a more desirable product. "We may not compete on speed, but we can certainly compete on cost."

The extension of the EITC campaign to broader economic issues for working families underscores the foundations for success of community-based programs. Although the tax preparation service is distinct in character and delivery from the traditional social services partner organizations provide, in the end it has proven a close fit with core issues of family self-sufficiency and economic efficacy. In the end, the impact of these campaigns may reach beyond the poverty advocacy community to the broader employer and financial services community as well. The field is

young, and the strong cross-program collaboration in evidence suggests new approaches and refinements will continue to emerge from the spreading community based movement.

## **VII. LOOKING FORWARD**

In Philadelphia, the convergence of the IRS' contraction of support from the legacy VITA system and the first-year success of the Campaign for Working Families prompts ironic notice. Certainly, the IRS' professional and spirited support for the Campaign was also self-interest, because the substantial upgrade of the lackluster VITA system that had evolved over many years permitted IRS to reduce its staffing support for the VITA sites without loss of free tax service capacity and political criticism.

Nationally, the contraction of support is expected to continue, albeit initially at a pace and form to be determined by regional IRS executives. Direct staff support, and training, will decline or disappear, leaving computer hardware and software, e-file support, some simple data for marketing purposes, and freedom from liability that accompanies VITA designation.

Experienced VITA programs have developed better training curricula, and the Philadelphia Campaign is now doing the same. Assuming for a moment that most metropolitan areas have the capacity to develop and sustain a volunteer tax preparation capacity, the crux of the issue then comes to the burden of fund-raising to maintain such programs. Philadelphia's Campaign, if it extends to the four suburban counties, will require an annual budget of \$700,000. Private philanthropic and state and local governmental resources will need to be tapped to replace the capacity of a VITA system which has seen underfunding in recent years.

As she leads the Campaign into its second year, Jean Hunt wonders about public priorities. The IRS projects spending \$100 million to enforce the new pre-certification requirements of the EITC could be better spent supporting community efforts like the Campaign for Working Families, which contributed to \$25 million in increased claims in household pockets. But she sees renewed energy among the partner organizations, who each expect to contribute much – but receive much in return – from the Campaign in 2003/04.

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