



# Building Native Communities

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**A Tribal Leader's Guide to  
Launching an Earned Income  
Tax Credit (EITC) Campaign**



**The Annie E. Casey Foundation**

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## A Tribal Leader's Guide to Launching an Earned Income Tax Credit (EITC) Campaign

A Native community is more than the sum of its parts. It embodies the mystique of community, the circle of inclusion. Within each member it generates powerful feelings of cultural solidarity. That precious spirit cannot survive without the underpinnings of economic development. But the development must be for everyone – not for just a few. That is the Native understanding.

This EITC handbook is for Native communities. It is part of the *Building Native Communities* series published by First Nations Development Institute with support from the Fannie Mae Foundation and the Annie E. Casey Foundation.

The purpose of this handbook is to:

Provide guidance to tribal leaders and community organizers who want to improve awareness about the Earned Income Tax Credit and expand affordable access to tax preparation services in Native communities.

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### FNDI

*First Nations Development is a nonprofit organization that helps Native communities build sound, sustainable economies. First Nations helps community members to identify assets and build models to create and retain wealth in ways that reflect the culture and desires of the people in those communities. The strategy coordinates local grassroots projects with national program and policy development initiatives to build capacity for self-reliant communities. For more information, visit [www.firstnations.org](http://www.firstnations.org).*

### The Annie E. Casey Foundation

#### AECF

*The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and communities fashion more innovative, cost-effective responses to these needs. For more information, visit [www.aecf.org](http://www.aecf.org).*



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This handbook, *Building Native Communities: A Tribal Leader's Guide to Launching an Earned Income Tax Credit (EITC) Campaign*, was designed by First Nations Development Institute (FNDI) under the direction of Peter Morris, FNDI Research Officer and Sarah Dewees, FNDI Director of Research, with support and funding from the Annie E. Casey Foundation (AECF).

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## **Disclaimer**

Except where noted, all names and examples provided in this workbook are fictional. Any resemblance to actual individuals or their financial situations are coincidental.

This workbook is only meant to be used as guidance and should not be relied on as legal or tax advice. Please seek the counsel of a qualified attorney or tax professional for further assistance.

## **More Information**

To obtain additional copies of this handbook or copies of its companion consumer workbook called *Building Native Communities: A Guide to Claiming the Earned Income Tax Credit (EITC)* or for more information, please contact First Nations Oweesta Corporation at (605) 342-3770 or [info@oweesta.org](mailto:info@oweesta.org).

To join a Native EITC list serve managed by the Native Financial Education Coalition, please visit [www.oweesta.org/eitc](http://www.oweesta.org/eitc).



# Introduction

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This handbook called *Building Native Communities: A Tribal Leader's Guide to Launching an Earned Income Tax Credit (EITC) Campaign* is designed to assist tribal leaders with their efforts to promote the EITC in their communities. It also provides useful information to other community-based organizations who may decide to initiate local EITC campaigns, especially in conjunction with other financial education and asset-building programs. Specifically, this handbook includes the following information:

## **Section 1**      **Overview of EITC**

An overview of the Earned Income Tax Credit including what it is and how it works.

## **Section 2**      **How EITC Benefits Native Families and Communities**

A summary about how the EITC can benefit individual Native families and how it can introduce new capital into tribal economies.

## **Section 3**      **Ten Things Tribal Leaders Can Do to Promote EITC**

An explanation of ten things tribal leaders can do as part of their local campaigns. They are:

1. Convene a local coalition.
2. Allocate tribal or other resources to organize a campaign.
3. Organize a marketing campaign.
4. Notify tribal employees and recruit other major employers to get the word out.
5. Locate the nearest free tax preparation sites and publicize them.
6. Partner with an existing commercial or free tax preparation site.
7. Start your own free tax preparation site.
8. Develop a series of financial education workshops.
9. Link EITC benefits to asset building efforts.
10. Gather data to track and evaluate your accomplishments.

## **Section 4**      **EITC Campaign Planning Timeline**

A planning timeline to get an EITC campaign started.

# Introduction (cont.)

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## **Section 5    Additional Resources**

A list of resources to support EITC program development.

## **Appendix A    IRS Contacts**

Contact information for IRS Territory Managers by state.

## **Appendix B    Sample Survey Instrument**

An example of a survey instrument that tax preparation sites can use to collect data about the individuals they serve in order to improve their services.

## **Appendix C    Tips for Grant Writing**

Guidance on drafting grant proposals to fund your EITC and financial education program.

## **Appendix D    Glossary**

Definitions of key terms related to the Earned Income Tax Credit.

# Section 1

## Overview of EITC

### ***What is the EITC?***

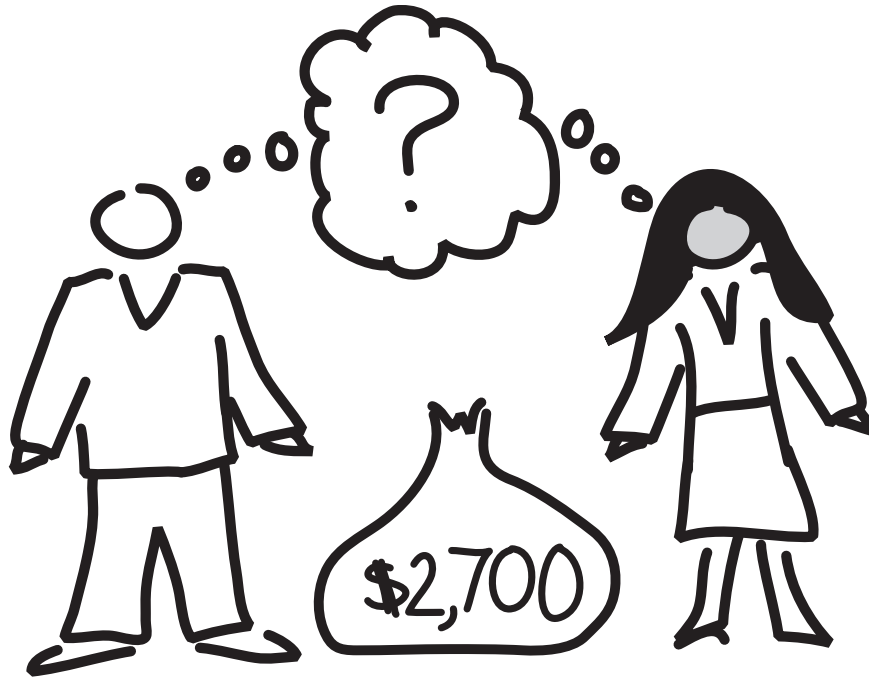
The Earned Income Tax Credit is a special tax benefit which has been in existence since 1975. It is the single largest federal aid program supporting working families. In 2003, the federal government distributed over \$36 billion which is more than was distributed through food stamps and Temporary Assistance for Need Families (TANF) combined!

The purpose of the EITC is to reduce the tax burden on working families, to supplement wages, and to make work more attractive than welfare. Recipients can use the credit however they want. For example, some families choose to:

- Cover living expenses,
- Make a large purchase like an appliance,
- Save or invest it,
- Pay off existing debt, or
- Use it to meet financial goals like saving to buy a new house or to start a new business.

Depending on the size of the return, many families may use their EITC money to address several of these goals.





#### Example – Taxpayer Use of EITC Refund

*Wanda and Bill Lucero received an EITC return in the amount of \$2700. Wanda was thrilled about this unexpected money and began thinking about all of the things she could buy. She could get the flat screen TV that her kids have been bugging her about. After a few days of thinking about it, she realized that the money could be put to much better use.*

*She and her husband decided to pay off the \$800 balance on their credit card, buy \$300 worth of supplies for Wanda's pottery-making business so that she would have a larger inventory to sell during tourist season this summer; spend \$500 to replace the tires on Bill's truck since he has been driving on worn treads for months, save \$1000 in a money market account to use in case of an emergency, and give \$25 to each family member to spend as they please.*

*Once they implemented their spending plan, Wanda and Bill felt empowered by their decision. Their credit card company stopped calling, Bill's truck was running great, Wanda's business was booming, they had money in the bank, and they realized that the TV they had was just fine.*



## ***How Does It Work?***

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The EITC is administered through the federal tax code. Recipients must file a federal tax return in order to receive the benefit, even if they don't owe any tax or did not have income tax withheld. Some facts about the EITC:

- It is a tax benefit for eligible people who have earned income under a certain amount. (Earned income includes wages, salary, tips, other taxable employee compensation, and net earnings from self-employment.)
- It generally benefits qualifying low- and moderate-income working families with children, but it also benefits qualifying individuals with no children.
- The EITC may reduce the amount of federal taxes owed and may result in a refund check. If no taxes are owed, the entire credit is returned as a refund.
- Eligible families can receive their EITC refund in a lump sum through their tax return or, if they are eligible, they can claim the refund in advance throughout the year in their paycheck.
- People who were eligible for an EITC refund within the past three years, but did not claim it, can still file to receive it.
- Receiving an EITC refund generally does not affect a person's ability to qualify for other public assistance.

## ***How Much is the EITC Refund?***

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The amount of the refund depends on the filing status and the number of qualifying children the individual or family has during the tax year – maximum amounts could range from up to \$400 for a qualifying person with no children to over \$4,000 for a qualifying person or family with two or more children. The United States Congress sets that amount, along with the maximum allowable income levels, annually. To learn this year's maximum refund amounts and allowable earned income levels, visit [www.irs.gov/eitc](http://www.irs.gov/eitc). This website also features a web-based tool called *EITC Assistant* that will help individuals determine eligibility by answering a few simple questions.

## How Do Individuals Usually File Their Taxes?

Individuals have several choices when they decide how they will file their taxes every year. Those options include:

### Free or Low-Cost Options

*Paper Return by Mail.* Individuals can prepare and file by mail a paper return independently. Paper tax forms are available at places such as post offices, libraries, banks or credit unions, copy centers, tribal/local government offices, or grocery stores and can be printed from [www.irs.gov](http://www.irs.gov).

*Volunteer Tax Prep Sites.* Individuals can visit free or reduced cost tax return preparation sites, such as a Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) site. In many Native communities, tribal colleges or universities, Tribal Business Information Centers (TBICs), housing authorities, community centers, chapter houses, district centers, and other organizations sometimes provide tax preparation services. To find the sites nearest a tribal community, ask community leaders or call the IRS at 1-800-829-1040 and select option “1” for information regarding preparing and filing returns. Then select option “4” for other tax questions. The telephone assistor can find the nearest site from January through April of each year. You may also contact the appropriate IRS Territory Manager. Contact information for IRS Territory Managers is listed in Appendix A.

### Example of Volunteer Tax Preparation Site – Sitting Bull College TBIC

*The TBIC at Sitting Bull College offers free income tax preparation and E-filing services to the Standing Rock Sioux Tribal community in North Dakota and South Dakota. It uses college students and staff as volunteers and advertises the services through radio, newspaper, newsletters, and posters in strategic sites. Because the TBIC provides technical assistance to people in the community who want to start a business, it encourages its clients to use their EITC refund as capital to start their business.*

*Electronic Filing.* Individuals can visit [www.irs.gov](http://www.irs.gov) to explore electronic filing options, including over the telephone through TeleFile or over the Internet through self-prepared returns or an authorized e-file provider.

## Commercial Tax Preparers

Individuals may also choose to hire a commercial tax preparer, such as a Certified Public Accountant (CPA), accounting service, or tax attorney. In some Native communities, commercial tax preparation services are limited largely to predatory providers that may work out of pawn shops, trading posts, car and mobile home dealers, or check cashing services.

*What should individuals consider when hiring a commercial tax preparer?*

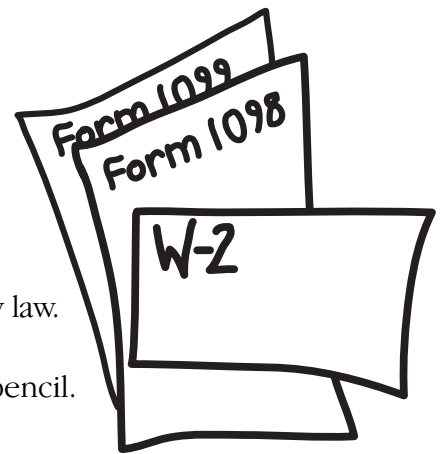
While many commercial preparers are trained professionals who serve their customers well, tribal leaders should encourage their members to do their homework before hiring an individual or firm to prepare their return. Taxpayers are legally responsible for what's on their own tax return whether they prepare it on their own or hire someone else to do it.

If a tribal member feels more comfortable speaking in their Native language, they may consider visiting the preparer with someone who can interpret or clearly explain the process. Tribal members should ask a tax preparer about his or her credentials and whether they are affiliated with a professional organization or are licensed or accredited in their field. Finally, to make sure the services are fairly priced, they should not be afraid to request an itemization of estimated expenses and the expected date of delivery of the refund so that they can compare the costs and delivery times of different tax preparation services.

The IRS also provides the following basic tips and guidelines to help tax filers choose a reputable tax professional:

- Ask friends, co-workers or an employer for help in selecting a "reputable" preparer. Ask if they were satisfied with the services they received.
- Ask about fees up front, before the tax return is prepared. Ask if there are any costs for additional schedules or forms. Avoid preparers who base their fee on a percentage of the amount of the refund.
- Pay preparation and filing fees by cash or check instead of asking the preparer to take the fees out of the refund.
- Choose a tax preparer that can be contacted weeks, months, or even years later in case there are questions regarding how the return was prepared.
- Avoid preparers who suggest lying or fudging figures. Taxpayers will be responsible for errors. Misrepresented EITC claims may result in claims denial for current and future years.

- Consider whether the tax preparer offers electronic filing options and other payment options.
- Make sure the preparer signs the completed return and includes his or her address and Employer Identification Number (EIN) or Social Security number. This is required by law.
- Never sign a blank tax form or a form that is prepared in pencil. Sign the return in ink after reviewing it with the preparer.
- Be wary of any tax preparers who claim to have a "special" relationship with the IRS or guarantee they can obtain larger refunds than other preparers.
- Make copies of all the documents given to the preparer.
- Keep a copy of the tax return.



Unfortunately, unscrupulous tax return preparers do exist and can cause considerable financial and legal problems for their clients. Some tax preparers promise large and fast returns and try to encourage individuals to use their returns as a down payment on a large purchase such as an automobile or a mobile home. Or, they might offer rapid refunds through a loan or debit card.

These people and the businesses they work for are considered “predatory” because they prey upon people’s needs, fears, and lack of knowledge about options. Although their offers may appear attractive, they may cause tribal members to lose a lot of their refunds to inflated fees or unwanted purchases.

### Examples of Commercial Tax Preparation Services



## ***What are the Real Costs of Rapid Refunds or Refund Anticipation Loans (RALs)?***

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Using a rapid refund from a commercial tax preparer allows taxpayers to access their tax refund in just a few days and in some cases instantly. But these rapid refunds are actually high-interest loans called Refund Anticipation Loans or RALs. They are short-term loans secured by the expected refund from the IRS. While this product may look good, it comes with very high costs. In some cases, waiting a few extra days can double the amount of a taxpayer's return.

### **Benefits of RALs**

Though many taxpayers do not even realize they are using a loan to access their tax returns as a rapid refund, they see many benefits from doing so. Reasons why some people might decide to use a RAL refund include:

- *Quick Cash.* Some taxpayers need their refunds as soon as possible to cover past debts or outstanding rent or utilities payments. They do not mind getting a smaller refund in order to get it faster.
- *Mistrust of Federal Government.* Rather than rely on the federal government to provide a refund in the future, some Native taxpayers prefer to receive their refunds from their tax preparers immediately, even at a higher cost.
- *No Knowledge of or Comfort with Other Options.* Individuals may not currently be aware of other alternatives, such as visiting free tax preparation sites or reputable commercial preparers, completing their own paper returns or using free electronic filing options.
- *Source of Funds to Cover Filing Fees.* Using a RAL may be the only way some taxpayers can cover the filing fees charged by the tax preparer.
- *Down Payment for Purchases.* Some businesses such as car or mobile home dealers may provide free tax services in exchange for using the refund as a down payment on a new purchase.



## Costs of RALs

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Despite these perceived benefits, RALs can come with many costs to taxpayers. While many commercial preparers charge legitimate fees for providing their services, some take advantage of their clients' lack of knowledge and use abusive pricing practices.

Depending on how the transaction is structured, taxpayers may be charged the following fees:

- *Tax Return Preparation Fee.* Many tax preparers charge high fees just to prepare the paper return and there may be additional fees to prepare the paperwork to claim the EITC.
- *Electronic Filing Fee.* In addition to the fees to prepare the tax return, tax preparers charge additional fees to file electronically.
- *Loan Fees.* Tax preparers may charge a fee to prepare or originate the RAL.
- *Interest Charges.* The interest rates for RALs are generally very high – sometimes in the triple digits. They may appear reasonable if they are quoted on an annual basis, but since the loan is usually only for two weeks, the rates are inflated.
- *Check Cashing Fee.* In many cases, RALs are issued to taxpayers in checks rather than by depositing them in a new or existing bank account. This may require an additional check-cashing fee.
- *Debit Card and Transaction Fees.* Some tax preparers, especially those at trading posts, issue the refund as a debit card, which may be used only at certain retail outlets. There may be a first-time user or membership fee to obtain the debit card and then an additional fee charged for each transaction. On top of that, the retailers may inflate their prices by as much as 30 percent during tax season.

Another risk a taxpayer takes when accessing a rapid refund through a RAL is the chance that the IRS will dispute the claim. In some cases, predatory tax preparers whose fees are tied to the amount of the refund may have an incentive to give inaccurate tax advice, which causes the refund to be delayed or disallowed. In these situations, the taxpayer is either required to continue to pay inflated interest rates until the refund arrives or even repay the loan without receiving the refund. This could present quite a hardship to the taxpayer especially if the refund has already been spent. In cases of fraudulent EITC claims, future claims may be denied for ten years.

While expensive RAL products may provide extra convenience to taxpayers, they may also unnecessarily reduce the amount of the refund. In some cases, taxpayers may not even realize how much they are paying unless they specifically ask for an itemization of the costs. According to one analysis conducted by the Brookings Institution, Native taxpayers are over twice as likely to access their refunds through a RAL. With a little more research, Native taxpayers may be able to identify low- or no-cost alternatives in or near their communities.

The following example illustrates the impact that fees can have on an individual's tax refund.

### Example of High Tax Preparation Fees\*

*Mike Brown hired a commercial preparer to file his tax return because he was uncomfortable doing it himself. He was told by the preparer that he would not have to pay anything up front for the service, but that the fees would be taken out of his refund amount. The preparer told him he could leave the office that day with a check for \$258.05. That sounded good to Mike because he was broke and needed the money to get his car fixed. He completed all the forms, collected his check, and headed to the car mechanic. Later that night, he started reading the paperwork he got from the commercial tax preparer.*

*What he did not realize was that his rapid refund was really a loan that would be paid back when his tax return arrived from the IRS. He could not believe that his refund was originally \$723! He had paid \$464.95 to get his own money. He decided that next year, he would look for a better way to file his tax return. He might look for a free tax preparation site, even if it means waiting a few more days for his refund!*

*Here is a list of the \$464.95 worth of fees that Mike paid.*

<i>Tax Preparation Fee</i>	<i>.....\$382.00</i>
<i>System Administration/Electronic Filing Fee</i>	<i>.....43.00</i>
<i>Refund Account Fee</i>	<i>.....24.95</i>
<i>Bank Finance Charge</i>	<i>.....15.00</i>
<i>Total Fees Withheld</i>	<i>.....\$464.95</i>
<i>Total Amount of Return</i>	<i>.....\$723.00</i>
<i>Total Fees Withheld</i>	<i>.....464.95</i>
<i>Amount Refunded by Check</i>	<i>.....\$258.05</i>

*\*This example is based on an actual transaction between a taxpayer and a commercial preparer, but the names and circumstances have been changed.*

# Section 2

## How EITC Benefits Native Families and Communities

According to some estimates, the Earned Income Tax Credit program has the potential to bring millions of dollars per year into Native communities. This increase in capital could have a significant impact both for individual Native families and for local Native economies.

### *How Can the EITC Help Native Families?*

Native families benefit from EITC refunds in a variety of ways:

- *Supplemental Income.* Those who qualify for EITC refunds can use the refunds to supplement their existing income to cover living expenses or purchase items they would not otherwise be able to afford.
- *Debt Elimination.* Recipients could use the refund to pay off existing loans, credit cards, or any other kind of debt.
- *Increased Savings and Investments.* Some families consider EITC refunds to be “found” money and quickly deposit it into a savings account or some other type of investment rather than spending it. They may also consider opening an Individual Development Account (IDA), which is a matched savings account designed to assist low- and moderate-income earners in saving for a specific asset goal such as homeownership, small business, or higher education.
- *Asset Building.* By receiving a lump sum payment, families can expedite their financial goals to do things like start or expand a small business, make a down payment on a house, or save for college tuition.



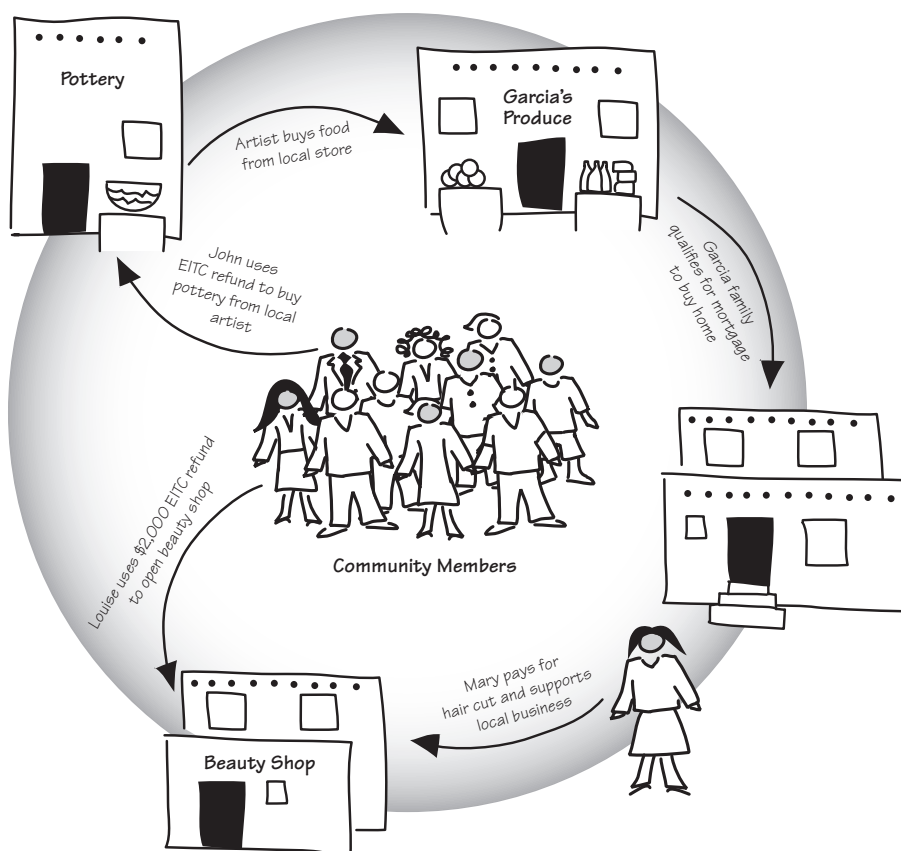
## How Can the EITC Help Native Communities?

As members of a community build their individual assets through homeownership, business ownership or savings, and invest in their communities by buying local products and services, the entire community benefits.

For example, if a Native family receives an EITC refund of \$2,000, they may decide to spend that money on new furniture or appliances. If they make their purchases at a locally owned business, they can help to stimulate the local economy. If five families spend \$2,000 each, the local investment increases to \$10,000. The cumulative effect could be significant through a “multiplier effect” of the original money spent.

Economic development efforts to encourage Native entrepreneurs to start locally owned business can help Native communities to maximize this “multiplier effect.” If there are not enough businesses in the community to meet consumer demand, it is impossible to prevent economic leakage to surrounding areas.

The Earned Income Tax Credit program can even play a role in business development to keep dollars in Native communities. For example, an EITC recipient who receives a \$2,000 refund can invest that refund in a small business start-up. Or they can use it as a down payment for a new home. These types of investments which build individual equity also help to strengthen the economy of a Native community as a whole.



### Example of EITC's Community Impact – Tohono O'odham Nation

*The Tohono O'odham Nation in Arizona started its own free tax preparation site in 2001. It is a Volunteer Income Tax Assistance (VITA) site supported by the IRS. In its first year, it prepared 200 returns, but that number has increased every year.*

*In 2003 it prepared 844 returns, with about half of the filers claiming the Earned Income Tax Credit. The VITA site helped to bring back a total \$1.2 million in federal tax refunds, including \$555,212 in EITC refunds. The average EITC refund was about \$1600.*

*The federal EITC dollars returned by the tax prep site in 2003 benefited 422 families with an average of \$1600 each and provided over a half-million dollar capital boost to the Tohono O'odham community.*



### **How Can Tribal Leaders Prevent Federal EITC Dollars From Going Unclaimed or From Being Unfairly Reduced?**

Based on conservative national estimates, 15 percent of eligible filers do not claim the EITC. In Native communities, that figure appears to be even higher. Because the EITC has been available since 1975, millions of dollars have already been lost.

The chart on page 15 illustrates the amount of unclaimed EITC dollars in Native communities and the high percentage of tax returns that were filed by paid preparers, which reduces the impact of the refunds.



## Examples of Unclaimed EITC in Native Communities

Native Community	Amount of EITC Claimed	Average EITC Refund	Amount of Unclaimed EITC	% of EITC Unclaimed	% of Tax Returns Using Paid Preparer
Tlingit/Haida Indian Tribes	\$3.9 million	\$1,334	\$1 million	20%	58%
Lac du Flambeau	\$1.9 million	\$1,465	\$500,000	21%	70%
White Mountain Apache Tribe	\$4.4 million	\$1,969	\$1 million	19%	85%
Nez Perce	\$5 million	\$1,564	\$1.3 million	21%	63%
Navajo Nation	\$36.5 million	\$1,789	\$9 million	20%	75%

Source: HHS Tribal TANF EITC Initiative Campaign 2004, based on 2002 IRS data by zip codes

Given the poverty levels and the lack of financial resources facing Indian Country, many tribal leaders are looking for ways to prevent federal dollars owed to tribal members by the federal government from going unclaimed. By starting a local EITC campaign, these leaders can increase awareness about the availability of the credit and can help consumers maximize their returns by directing them to free tax preparation site alternatives.

For example, tribal and other community leaders can:

- *Increase awareness* of the existence of the program so that eligible families are not leaving refunds unclaimed.
- *Identify free or affordable tax preparers* so that families do not diminish the value of their returns by allowing commercial providers to skim off inflated fees and interest through rapid refunds. In some Native communities, over 75 percent of those claiming an EITC refund lose a significant portion of the refund to high tax preparation fees and inflated processing fees for short-term advances on their anticipated refunds.
- *Encourage asset building* in long- or short-term savings and investments in order to help Native families improve their financial standing and self-sufficiency in the future.

- *Link EITC returns to financial education* by offering a personal finance course to targeted EITC recipients throughout the year to promote smart financial choices once the return is received.

Section 3 of this handbook outlines ten specific things tribal leaders can do to help their members get the federal dollars that are owed them and stimulate the tribal economy with that capital infusion.



# Section 3

## Ten Things Tribal Leaders Can Do to Promote EITC

Once tribal government and community leaders decide to launch an EITC campaign in their communities, they must agree on what their campaign will do. Before beginning to develop and implement an EITC strategy, it is important to research what is already out there. By surveying the community to determine what, if any, resources may be available to support the new EITC initiative, planners can maximize their impact. The success of the campaign may also depend on selecting the right person to pull the players together and keep the process moving forward.

To find a nearby volunteer tax return preparation site from January through April, call the IRS at 1-800-829-1040 and select option “1” for information regarding preparing and filing returns. Then select option “4” for other tax questions. The telephone assistor can find the closet site. IRS Territory Managers can also provide information about existing VITA, TCE, or other free tax preparation sites in or near a particular community. See Appendix A for IRS contact information.

In addition, tribal leaders and community planners might want to consider how much time is available before the next tax season. It is never too late (or too early!) to begin the planning process, but the impact that an EITC strategy can have during the current tax season may be minimal if planning begins late. If the community decides to start its own free tax preparation site, it might be too late to do so in January to begin operating in that tax season, but it would still be worthwhile to identify existing tax sites and publicize them in an advertising campaign to improve awareness about EITC and direct potential recipients to low-cost options.

Section 4 includes a recommended planning timeline.

The following checklist shows ten things tribal leaders can do to promote the EITC in their communities. Additional guidance for each item follows.

## Ten Things Tribal Leaders Can Do to Promote EITC

1. Convene a local coalition. .... ☐
2. Allocate tribal or other resources to organize a campaign. .... ☐
3. Organize a marketing campaign. .... ☐
4. Notify tribal employees and recruit other major employers to get the word out. .. ☐
5. Locate the nearest free tax preparation sites and publicize them. .... ☐
6. Partner with an existing commercial or free tax preparation site. .... ☐
7. Start your own free tax preparation site. .... ☐
8. Develop a series of financial education workshops. .... ☐
9. Link EITC benefits to asset building efforts. .... ☐
10. Gather data to track and evaluate your accomplishments. .... ☐

### 1 Convene a local coalition.

In order to launch a successful EITC outreach campaign, tribal leaders should consider convening a local coalition of organizations and agencies that work with low- and moderate-income working families. This coalition can help to craft and disseminate the EITC campaign message.

#### Example of Local EITC Coalition – Cheyenne River Sioux Reservation

*A local coalition was created at the Cheyenne River Sioux reservation in South Dakota. This coalition includes local representatives from the: IRS, low-income tax clinic, Federal Deposit Insurance Corporation (FDIC), local chamber of commerce, vocational rehabilitation office, Tribal Business Information Center (TBIC), tribal university, housing authority, tribal economic development department, local loan fund, local consumer credit counseling agency, state auditor's office, state department of revenue and regulation, and elected officials. This coalition is working collectively to build its capacity to offer tax preparation assistance, financial education, Individual Development Accounts, affordable financing and vocational training in the accounting profession.*

*In 2003, the TBIC managed the VITA site with support from the IRS. It used staff and community volunteers to prepare the returns and brought nearly \$600,000 of EITC dollars back into the community. The new coalition hopes to increase that amount because the IRS estimates that nearly \$130,000 of EITC dollars still went unclaimed.*

Possible organizations and agencies in Native communities that might be interested in initiating or working on an EITC coalition include:

- Tribal colleges and universities
- Housing authorities or Tribally Designated Housing Entities (TDHEs)
- Tribal Business Information Centers
- Temporary Assistance for Needy Families (TANF) agencies
- Workforce development programs
- Housing or economic development nonprofits
- Community Development Financial Institutions (CDFIs)
- Individual Development Account programs (IDAs)
- Financial education providers
- Other universities and community colleges, particularly land-grant institutions
- Social service providers
- Head Start programs
- K-12 Schools
- Local financial institutions and investors
- Congressional district offices
- Major employers
- Local media
- Local foundations
- State agencies
- Retailers or other small businesses
- Americorp or VISTA volunteers
- Indian Chambers of Commerce
- Casinos



A coalition might also target services to multiple tribes.

#### **Example of Multi-Tribal Effort – Inter Tribal Council of Arizona**

*The Inter Tribal Council of Arizona (ITCA) launched a VITA site in 2005 as part of the City of Phoenix's EITC campaign. It was open on Saturdays during tax season at the ITCA office from 8 am until noon. It publicized its services to American Indian organizations in the Phoenix area. It also plans to expand its program in the future by (1) deploying teams of volunteers to prepare taxes in reservation communities throughout Arizona, (2) assisting those communities to establish their own VITA sites, and (3) providing training and materials on financial education.*

In addition, a coalition could serve an urban Indian community. Urban Indian Centers offer a wide range of services to their community members. Developing an EITC outreach campaign and offering free tax preparation services would compliment existing services to support self-sufficiency.

#### **Example of Urban Indian EITC Initiative – United Indians in Seattle, WA**

*Formed in 1970 to establish an urban base for Native Americans in the Seattle area, today the United Indians of All Tribes Foundation provides vital social and educational services to more than 25,000 Native Americans, from early child development and family counseling to housing homeless youth and preparing meals for the elderly. The agency refers its clients to an EITC campaign operating in King County, WA which is sponsored by a collaborative effort founded by the Annie E. Casey Foundation's Making Connections Initiative, the Internal Revenue Service, Association of Community Organizations for Reform Now (ACORN) and United Way of King County.*

The best way to initiate a local coalition is to invite the potential coalition members to an organizational meeting to discuss goals and to develop an action plan to achieve those goals. The following sample agenda provides an example of what might be accomplished during this first meeting.

# SAMPLE AGENDA

**1. Welcome and Introductions**

**2. Discuss purpose of coalition**

*Examples:*

- *To work collaboratively to improve the financial well-being of our respective clients*
- *To initiate efforts that will stimulate and bring capital to the local economy*

**3. Identify other possible partners who are not present**

**4. Agree on goals of the coalition**

*Examples:*

- *Increase awareness about the EITC*
- *Improve affordable access to tax preparation services*
- *Link EITC refunds to financial education and asset-building efforts like IDAs, entrepreneurship, or homeownership programs*

**5. Discuss resources available to achieve goals**

*Examples*

- *Funding for operations*
- *Free meeting space*
- *Free printing*
- *Free advertising in tribal newspaper or radio station*
- *Volunteers to prepare tax returns*
- *Financial education instructors*
- *Grantwriters*
- *Partnerships with financial institutions*

**6. Identify a fiscal agent to develop and manage the budget and pursue additional resources as necessary**

**7. Develop an Action Plan and make task assignments**

**8. Set next meeting date**

## 2 **Allocate tribal or other resources to organize a campaign.**

Some of the most successful Native EITC efforts have enjoyed the financial and in-kind support of their tribal governments. Examples of this type of support include:

- Direct financial assistance
- Office supplies
- Use of office equipment such as copying machines
- Postage
- Computers and printers
- Technology support for computers and software
- Use of tribal employees time to attend IRS tax preparation training and to prepare tax returns during tax season
- Use of tribal office space for the tax preparation site
- Advertising through tribal owned newspapers and radio stations

### **Example of Tribal Resources – Red Cliff Housing Authority**

*The Red Cliff Housing Authority located on a small Chippewa reservation near Lake Superior in northern Wisconsin decided to launch an EITC campaign and free tax preparation site targeted to low-income families to help them improve their financial standing and prepare for homeownership or for small business development. The housing authority felt it was perfectly situated to undertake this initiative because it already works with many of the low-income families on the reservation; it has a good relationship with other tribal departments; it has resources; and the program would help it to fulfill its mission to serve the community.*

*The Red Cliff Tribe supported the housing authority's effort by providing an in-kind contribution of computers and office space at the tribal police department. The Tribe also allowed tribal employees to work as tax preparers during business hours after receiving training from the IRS.*



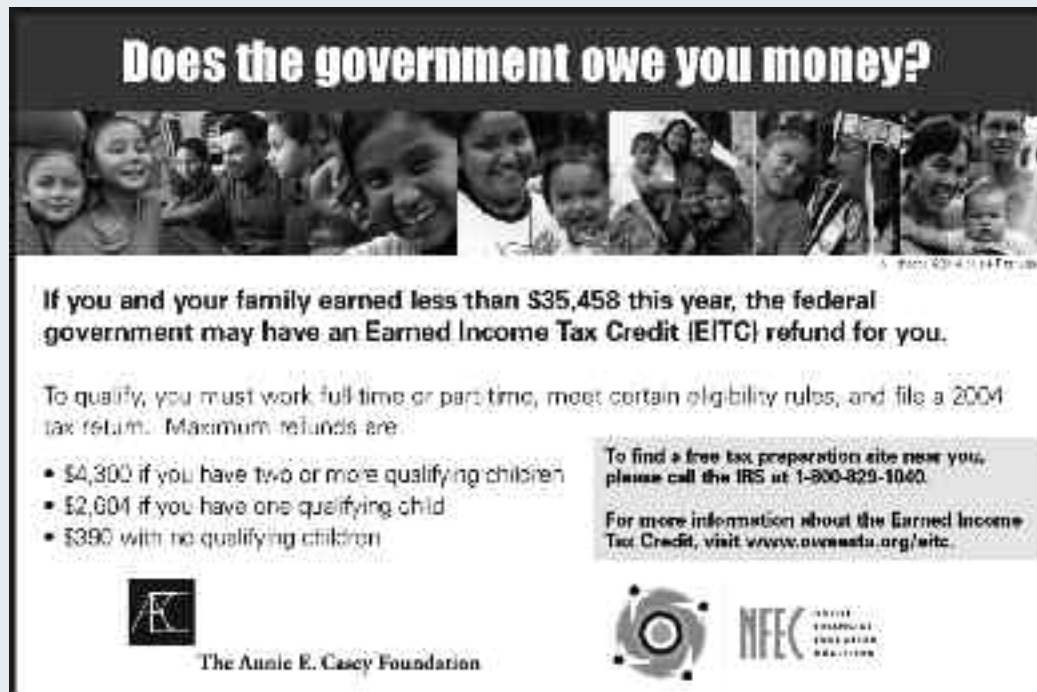
### **3** *Organize a marketing campaign.*

One of the most common reasons that working families do not claim the EITC is because they do not know about it or they think they are not eligible. You can look for ways to get the word out to potential recipients through:

- Articles and advertisements in your tribal newspaper or other newspapers that tribal members read
- Announcements on local radio stations, including in the Native language
- Notices to residents of the Indian housing authority or clients of social service providers
- A memo from the tribal executive or council to all tribal departments
- Literature distributed through training programs such as workforce development, financial education, IDAs, TANF, or parenting classes
- Flyers at youth, elder, and other community centers
- Notes to parents at local Head Start and K-12 schools
- Testimonials from people who have claimed the EITC in the past and used their refund to achieve their financial goals
- Word of mouth through influential members of the community

The following advertisement is an example of a paid advertisement or a public service announcement that could run in a tribal or other local newspaper. The ad could also include the location and operating hours of the nearest free tax preparation sites. This and other outreach tools prepared by the Native Financial Education Coalition are available to download at [www.oweesta.org/eitc](http://www.oweesta.org/eitc).

## Example of EITC Advertising – Native Financial Education Coalition



### **4** *Notify tribal employees and recruit other major employers to get the word out.*

One of the easiest things a tribal government can do to have a significant impact on improving awareness about the availability of the Earned Income Tax Credit is to include a notice in employees' paychecks and W-2 statements that gives them information about claiming the EITC. The notices could also include information about the location and operating hours of the nearest free tax preparation site.

Remember, many working families who may be eligible for the EITC file their taxes as soon as they receive their W-2 statement in order to access their refunds as quickly as possible. This means your notices should be included with the W-2 statement or in paychecks by late December or early January.

Tribal leaders could also recruit other major employers in their communities to include the same notices in their employees' paycheck and W-2 statements. Most employers see this notification as a worthwhile employee service because it is a way for employees to increase their take-home pay with minimal costs to the employer.

Examples of employers who might be interested in distributing an EITC notice include:

- Tribal departments
- Tribal enterprises, including casinos
- Indian housing authorities or Tribally Designated Housing Entities
- Colleges, schools, and other education providers
- Federal government agencies like the Bureau of Indian Affairs or Indian Health Service
- Utilities companies
- Grocery stores
- Large businesses

If employers are not able to include notices in their paycheck or W-2 statements because they are not processed locally (e.g., federal government agencies), encourage them to look for other ways to reach employees by posting flyers and notices in break rooms, near time clocks, on bulletin boards, in company newsletters, through e-mail messages, and any other appropriate communication channels.

Similarly, social service providers and any other offices that come into contact with working families who may be eligible for the EITC may have ways to distribute notices and direct clients to the nearest free tax preparation sites.

For example, a Head Start program may distribute notices to the parents of the children they serve. Or, an office that distributes food stamps may post flyers in their waiting area.

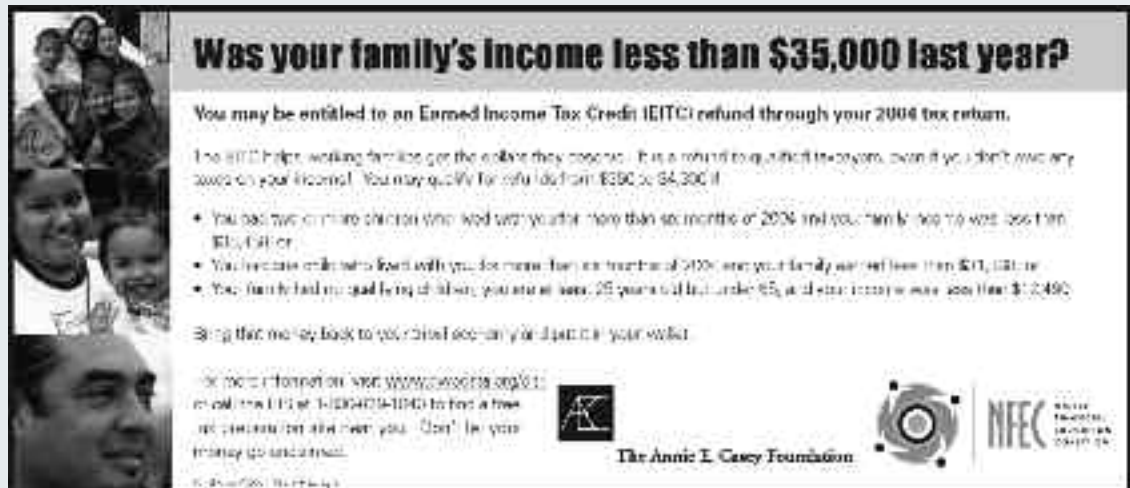
A sample notice appears on page 26. This and other outreach tools are available to download at [www.oweesta.org/eitc](http://www.oweesta.org/eitc).



### Example of Notification to Tribal Employees – Menominee Tribal Housing Department

*The Menominee Tribal Housing Department started a VITA site in 2005 as a way to reduce the number of tribal members who utilized refund anticipation loans and costly tax preparation services from predatory preparers. The Housing Department also wanted to reduce the amount of unclaimed EITC dollars in its community. To get the word out, the Tribe put a flyer in every tribal employee's payroll notice in mid-January before the W-2 forms were mailed. The Housing Department also published an article in its January newsletter and distributed information at the Tribal Aging Division's "senior meal sites." This outreach effort was extended further by word of mouth through tribal employees, family members, and other community members.*

### Example of W-2 or Paycheck Stuffer – Native Financial Education Coalition



**Was your family's income less than \$35,000 last year?**

You may be entitled to an Earned Income Tax Credit (EITC) refund through your 2004 tax return.



The EITC helps working families get the dollars they deserve. It is a refund to qualified taxpayers, even if you don't owe any taxes on your income! You may qualify for refunds from \$390 to \$4,300 if:

- You had two or more children who lived with you for more than six months of 2004 and your family's income was less than \$15,000 per year.
- You have one or two children who lived with you for more than six months of 2004 and your family's income was less than \$17,000 per year.
- Your family had no qualifying children, you are at least 25 years old but under 65, and your income was less than \$12,490.

Bring that money back to your tribal economy and put it in your wallet.

For more information, visit [www.nfecc.org](http://www.nfecc.org) or call toll-free 1-800-447-1140 to find a free tax preparation site near you. Don't let your money go unclaimed!

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 The Annie E. Casey Foundation  NFECC NATIVE FINANCIAL EDUCATION COALITION

## **5** *Locate the nearest free tax preparation sites and publicize them.*

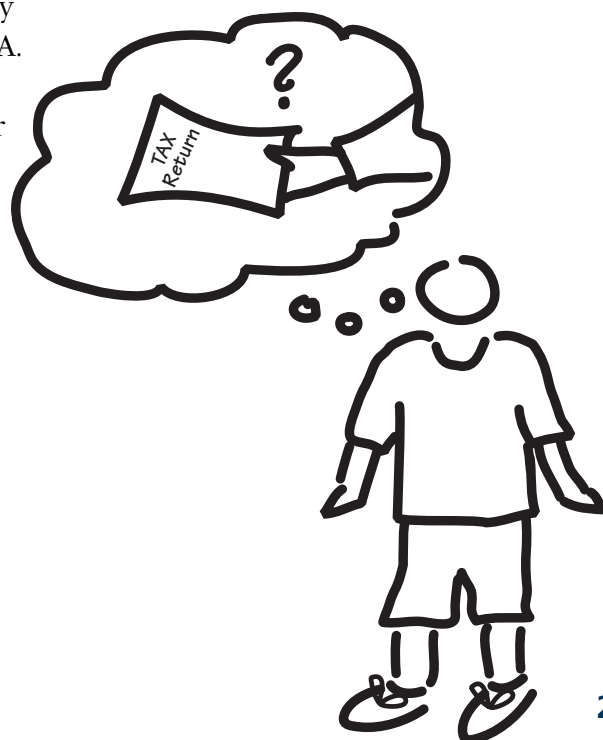
Many people do not have experience with filing tax forms. In some cases, they may hire a commercial preparer to file their taxes for them. Unfortunately, this usually means they pay high fees and they may be directed to expensive rapid refunds called Refund Anticipation Loans. More information about the costs and perceived benefits of RALs is provided in Section 1 of this handbook. Fees and interest paid to commercial preparers reduce the amount of the money that actually reaches working families.

Tribal and community leaders can help by letting their members know if there is free tax preparation assistance available in or near their community. A free tax preparation site offers free tax counseling for low- and moderate-income people who need help filing their tax returns. These sites are often hosted by nonprofit organizations, staffed by volunteers, and are located in community centers, libraries, schools, shopping malls and other public locations. They are usually open from January to April 15.

The most common types of free tax preparation sites are offered through the Volunteer Income Tax Assistance (VITA) program or Tax Counseling for the Elderly (TCE). These are programs run by trained volunteers offering services to low- and moderate-income taxpayers. TCE sites primarily serve taxpayers 60 years of age or older. The Internal Revenue Service supports both VITA and TCE sites through training and technical assistance.

To locate nearby free tax preparation sites, from January through April, call 1-800-829-1040, select option “1” for information regarding preparing and filing returns, then select option “4” for other tax questions. The telephone assistor can find the nearest site. Or contact the appropriate IRS Territory Manager. Contact information is listed in Appendix A.

Contact the site(s) directly to learn more about their available services and operating hours before you publicize their existence.



## **6** *Partner with an existing free tax preparation or commercial sites.*

Existing free tax preparation sites may already serve or be willing to serve neighboring Native communities. Tribal governments and other Native organizations may be able to collaborate with these existing sites to enhance services offered to Native communities.

Possible partnerships may include publicizing site locations and operating hours, providing additional volunteers at times and locations convenient to Native families, or serving as a resource to address issues unique to Native communities.

Some commercial preparers may be willing to extend their services at reduced or no cost to coalitions working in low-income, underserved communities. For example, CPAs may help provide training to volunteers in order to obtain Continuing Professional Education (CPE) or provide pro-bono tax preparation services. To explore this option, contact the local society of accountants. The National Society of Accountants lists its Affiliated State Organizations at [www.nsacct.org/affiliated.asp](http://www.nsacct.org/affiliated.asp).

Another possible collaboration is for commercial tax preparers to set aside a specific time to conduct a free tax filing event to provide free services to low-income families or to agree to complete a minimum number of returns on the program's behalf. It may also be possible to negotiate with commercial preparers so that they provide discount coupons for clients in a particular program.



## **7** *Start your own free tax preparation site.*

Because many Native communities do not have free tax preparation sites nearby, tribal and community leaders may want to consider starting their own tax preparation sites specifically to serve their community members. The additional cost and effort necessary to start a new tax preparation site is likely to be offset by the federal dollars it will return to the pockets of community members through refunds and savings from expensive fees paid to commercial preparers. This windfall to tribal members will benefit the community once the money begins circulating throughout the local economy.

### **Volunteer Income Tax Assistance Program**

The most common model for tax preparation sites is the VITA Program which is supported by the Internal Revenue Service and offers tax help to low-income people who cannot prepare their own tax returns. Organizing a VITA site requires sponsors to provide volunteers, computer equipment, publicity, and a facility that is easily accessible. The IRS generally offers technical assistance, computer software, IRS forms, and training. In some instances, supplies such as printer and copier cartridges/toner, copy paper, computer disks, and labels may be provided.

Information about starting a VITA site is available in *IRS Publication 1084, IRS Volunteer Site Coordinator's Handbook*, which is a handbook for site coordinators and an informational guide for partners. Organizers can order or download a copy at [www.irs.gov](http://www.irs.gov).

The IRS usually requires a minimum of 35 tax returns to be completed by a VITA site in order to continue its support. The best way to explore whether a VITA site is appropriate for a sponsoring organization is to contact the IRS Territory Manager. Contact information appears in Appendix A.

### **Alternative Tax Assistance Models**

- *Tax Counseling for the Elderly*

Free tax filing assistance may also be available through the TCE program, which, like VITA, is sponsored by the IRS often in conjunction with the American Association of Retired Persons (AARP) Tax-Aide Program. Although its main purpose is to assist senior citizens, it can also help other low-income families file their taxes. In some cases, AARP will provide training to new sites or expand existing service areas if volunteers can be provided. For more information about the TCE program or to locate existing TCE sites listed by zip code, visit [www.aarp.org/taxaide](http://www.aarp.org/taxaide) or contact [taxaide@aarp.org](mailto:taxaide@aarp.org).



### Example of Native TCE Site – Poarch Band of Creek Indians

*The Economic Development Department of the Poarch Band of Creek Indians in Alabama manages a Tax Counseling for the Elderly Program. It advertises through local newspapers and the radio station and works closely with the Senior Service Center. It uses its Tax Aide grant funds to offset its administrative expenses and receives training through the IRS.*

- *Volunteer sites*

Some communities decide not to work with the IRS-supported programs because the IRS does not offer adequate resources in their area, their sites do not generate the minimal level of returns, or they prefer alternative tax preparation software than that offered by the IRS.

### Example of Free Tax Preparation Site (not VITA) – Taxpayer Assistance Project, NM

*The New Mexico Advocates for Children & Families' Taxpayer Assistance Project provides an alternative to predatory tax preparers doing business in border towns near the Navajo Nation. The predatory preparers, often located in trading posts, mobile home dealers, and car dealers, may charge high fees, lack experience, require clients to purchase property from them, or charge inflated interest rates for short-term refund anticipation loans. The Taxpayer Assistance Project is free of charge, offers services from trained, professional staff, and has no strings attached. In addition to organizing tax preparation clinics at locations across the reservation, it sends staff with laptop computers to several remote locations. It is not a VITA site because it chooses to use its own tax preparation software rather than use the IRS-provided software product.*

- *Employer-based sites*

Major employers in or near Native communities may be willing to offer tax services at their job site. Some employers consider this to be an employee benefit because it helps EITC eligible workers overcome barriers related to transportation and work schedules. Tribal leaders and EITC coalition organizers may consider including employers in their EITC campaign efforts and encouraging them to dedicate resources to a tax assistance program for their employees.

- *Mobile tax site*

In some rural areas, working families must drive long distances to obtain services that are easily accessible in urban communities. These long drives may discourage some from seeking help to file their taxes in order to access EITC refunds. To minimize the unclaimed EITC dollars due to the remoteness of some Native communities, tribal leaders and coalition organizers may want to explore options for mobile tax preparation sites that operate in locations convenient to community members. This can be accomplished in vehicles equipped with mobile workstations or by sending volunteers with laptop computers to specified locations advertised in advance to provide tax assistance.

#### **Example of Mobile Tax Site – Tanana Chiefs Conference, Alaska**

*Under its Temporary Assistance for Needy Families Athabascan Self-Sufficiency Assistance Partnership, the Tanana Chiefs Conference used TANF funds to contract with the Alaska Business Development Center which is affiliated with the University of Alaska's business school. The Center recruits and trains student volunteers to prepare taxes and sends them out to remote Alaska Native village sites by airplane. In 2003, over 807 individuals from 552 village households in 31 separate villages benefited from the program, and over \$500,000 in EITC dollars was returned to the community.*

*Tanana Chiefs Conference also provides financial education and will soon be offering an IDA program to its members to help them save for education and job training, homeownership, home improvement, small business development, and subsistence (outfitting to afford an opportunity to trap, hunt, fish, and gather to supplement one's income).*



- *Self-preparation through electronic filing*

To reach more low- and moderate-income filers and help them learn to complete their tax returns themselves, some coalitions are using technology to promote self-preparation. This involves providing community members with access to computers equipped with Internet access so that they can access free, online tax preparation and electronic filing services through [www.irs.gov](http://www.irs.gov). This is provided through a public-private partnership between the IRS and the tax software industry (i.e., Free File Alliance, LLC). Eligible taxpayers may prepare and file their federal income tax returns using online software provided by the Free File Alliance companies - not the IRS.

The benefits of using this e-filing system include reduced tax return preparation time, faster refunds, and more accurate returns. By providing free technical assistance to use the system and a way to access it, organizers can maximize their resources and help their clients become more self-sufficient.

#### **Example of Self-Preparation through Electronic Filing – I-CAN! EIC**

*The Legal Aid Society of Orange County, CA has developed I-CAN! EIC, a web-based program that enables tax preparation programs to assist low-income taxpayers in preparing and e-filing their own tax returns. The program includes a video guide to completing a tax return that comes with simple instructions. For more information, contact Gabrielle Hammond at 310-586-9664 or [g.hammond@verizon.net](mailto:g.hammond@verizon.net). The website is [www.icanefile.org/programs](http://www.icanefile.org/programs).*

Whatever method of free tax preparation service is used, organizers should be prepared to answer questions that may arise after April 15. Consider designating someone to assist the taxpayers who may receive requests from the IRS for additional information or verification of claims.



## Issues for Tax Preparation Sites Serving Native Communities

Tax preparation sites serving Native communities encounter many of the same types of challenges faced in other populations. Many Native sites have had to consider the use of paid tribal employees as volunteers, how to successfully recruit volunteers, and the best way to create trust within the community.

- *Use of paid tribal employees as volunteers*

Tribal governments that allow their employees to receive pay while they are preparing tax returns are often concerned about their liability as well as the liability of their employees. Although it is best to consult with legal counsel, it is highly unlikely that an employer or employee would ever be successfully sued as a result of their participation in a volunteer tax preparation program.

Non-compensated volunteers are covered under the Volunteer Protection Act of 1997 (Public Law 105-19). Generally, the Act protects volunteers from liability for negligent acts they perform within the scope of their responsibilities in the organization for which they volunteer. Unless the volunteer's action is willful, criminal, or grossly negligent, they will not have personal liability.

If tribal employees are compensated for the time they work at the tax preparation site, they are not covered by the Act. However, the likelihood of liability arising out of participation in the VITA program is still slim. First, VITA volunteers receive training and are instructed not to prepare any returns that they do not feel competent to prepare. Second, a member of the public who wishes to use VITA services is required to sign a waiver and must sign the tax return, taking full responsibility for the return's contents. And third, even the legislative history of the Volunteer Protection Act notes that liability cases against volunteers are uncommon. Therefore, paid tribal employees who volunteer at a VITA site are unlikely to be exposed to liability.

As to the liability of employers, when the Volunteer Protection Act does not apply there is no other applicable federal law. Most states require someone who voluntarily undertakes to help another person to exercise "reasonable care" when doing so. If operating within the tribe's jurisdiction, tribal law may apply. Because the standard for reasonable care is very low, it would be difficult for a taxpayer to successfully sue a VITA volunteer who is not protected by the Volunteer Protection Act. The tribal government would assume liability for volunteers' actions when the volunteers are not covered under the Volunteer Protection Act. Even though paid employees are not covered under the Act, employees and employers would probably not be held liable for errors and omissions that arise from the VITA program as long as they are exercising due care.

It may be possible for the taxpayer to sue the employer under different negligence provisions, but it is highly unlikely that a claim would prevail. Potential liability varies by state and tribal law, but legal opinions have consistently indicated that the potential for liability to the employer and employee are minimal. Even so, consulting with legal counsel is advisable, especially as to whether the tribe's sovereign immunity may provide additional protections from liability.

- *Difficulties with recruiting volunteers*

Because many Native communities experience high unemployment rates, it may be difficult to recruit unpaid volunteers. Even volunteers who receive college credit for their participation may be reluctant to donate their time without compensation. These students are more interested in part-time jobs. Some communities are exploring ways to develop and fund work-study programs for student volunteers so that they can receive job experience, college credit, and a stipend for preparing returns at a tax preparation site.

Other possible sources of volunteers include: members of the military or their spouse who are seeking community service opportunities, members of the Veterans of Foreign Wars at locations where they are partnering with AARP to provide Tax-Aide sites, businesses who may encourage employees to volunteer, union members, Retired and Senior Volunteer Program (RSVP) members, volunteer/service organizations, churches or other faith-based entities, and social service providers.

#### **Example of Community College Work-Study Program – TAX HELP NM**

*Albuquerque Technical Vocational Institute (TVI) offers a web-based tax preparation course as part of its accounting curriculum. In 2004, TVI and its partners helped over 17,000 customers bring almost \$14 million back into the state of New Mexico and about half of those refunds came from EITC dollars. The curriculum motivates its students to serve their community. It also helps with student retention, resume building, enrollment growth, and goodwill between the college and the community. The academic institution provides a perfect setting for VITA services because of its facilities, professional trainers and teachers, equipment, security, and most importantly, the students who serve as volunteers. For more information about how to use this curriculum as a model for other communities, visit <http://planet.tvi.cc.nm.us/jfgordon> or contact Fred Gordon at (505) 224-5234 or [jfgordon@tvi.edu](mailto:jfgordon@tvi.edu).*



- *Creating trust within the community*

Native communities may be reluctant to trust a free tax preparation site when it begins offering services. They may also be concerned about the confidentiality of their personal information. However, in nearly every case, the site gains the trust of the community once people see that the volunteers are trained, provide quality assistance, and maintain strict controls over the confidentiality of information. Many VITA sites serving Native communities enjoy a large repeat clientele.

#### **Example of Community Trust – Cherokee Nation, OK**

*The Cherokee Nation has provided tax preparation assistance for over 20 years through its Adult Education program. It recently expanded its partnership with the IRS to offer more assistance through the Community Services division. In 2003, the Cherokee Nation prepared 1,094 returns bringing \$1.8 million in refunds to Oklahoma. Many of the people who use the program would not trust someone they did not know to do their taxes. The Nation often has referrals from other tax preparers, people who bring their returns from other preparers for the VITA site to check, and people who have been using the free site for many years.*

## 8 **Develop a series of financial education workshops.**

Financial education helps Native families improve their financial management skills and gives them the knowledge to make smart decisions about their money.

Financial education is also important because it:

- Improves skills to budget, save, invest and grow resources
- Increases access to affordable financial products and services
- Acts as the best defense to predatory lenders who offer unfair terms, fees and rates
- Helps families accomplish their financial goals like getting out of debt, homeownership, or starting a small business

There is no better time to offer financial education to community members than when they have the possibility of receiving a large sum of money, like the refund they may receive through the EITC in their tax returns.

### **Example of Financial Education – Building Native Communities**

*The Native Financial Education Coalition offers instructor training for financial education providers in Native communities, using the Building Native Communities: Financial Skills for Families curriculum which was developed by First Nations Development Institute (FNDI) and the Fannie Mae Foundation to teach personal finance skills based on traditional resource management practices. To order copies of the curriculum, call 1-800-659-7557. For more information about instructor training opportunities, visit [www.oweesta.org](http://www.oweesta.org) or call First Nations Oweesta Corporation at (605) 342-3770.*

*FNDI has also published a supplemental workbook called Building Native Communities: A Guide to Claiming the EITC (Tax Year 2004). To download a copy visit [www.oweesta.org/eitc](http://www.oweesta.org/eitc) or order hard copies from FNDI at [info@firstnations.org](mailto:info@firstnations.org) or (540) 371-5615.*

## 9 ***Link EITC benefits to asset building efforts.***

When working families receive a large tax refund, there are many ways they can spend it. By combining tax preparation services with efforts that promote savings, budgeting, and responsible financial spending, tribal and community leaders can maximize the impact of the EITC on individuals as well as the community as a whole.

Some campaigns have used tax season as an opportunity to encourage tribal members to open checking and savings accounts to deposit their tax refunds. Financial institution partners may provide printed information about available banking services or they may even send staff to talk to tribal members at tax preparation sites or financial education courses.



Several Native communities have explored the integration of EITC campaigns with ongoing asset-building tools like Individual Development Accounts (IDAs). IDAs are matched savings accounts that utilize outside dollars (from federal and state governments, philanthropic organizations, banks, and other businesses) to leverage tribal dollars in support of asset specific goals for tribal members such as home ownership, small business development, higher education and a range of others. They generally provide mandatory financial education and offer match monies, at ratios from 1:1 up to 8:1 and higher to encourage savings toward approved asset goals.

IDA programs encourage participants who receive EITC refunds to use those funds as a means of more rapidly building their savings and/or relieving debt problems that may create barriers to successful asset purchases. For more information on IDAs, visit First Nations' website - [www.firstnations.org/NativeIDA.asp](http://www.firstnations.org/NativeIDA.asp).

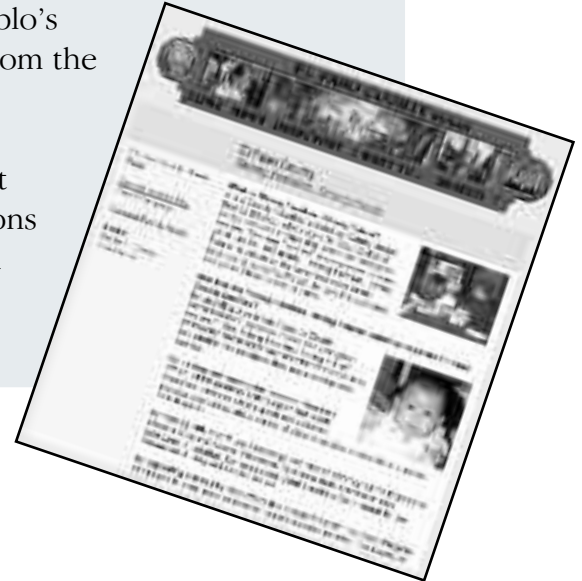
Some coalitions also use the tax preparation process as an opportunity to screen for other benefits programs and to educate clients on benefits they may not have been accessing (e.g. food stamps and/or weatherization programs).



### Example of Asset Building Activities – Ysleta Del Sur Pueblo

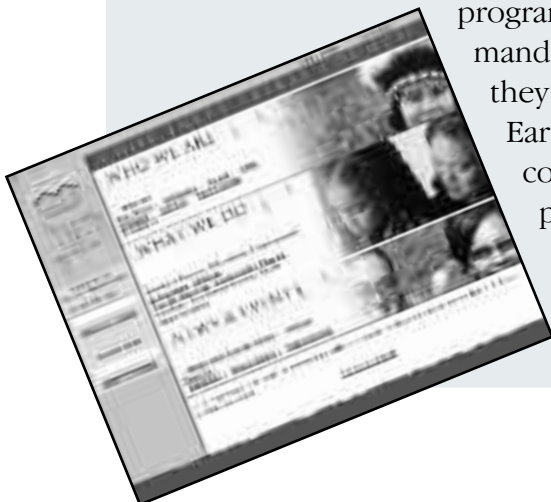
The Ysleta Del Sur Pueblo participates in the Strong Families, Strong Future EITC Coalition organized by the County of El Paso in Texas. This is a broad collaboration including the IRS, AARP, YMCA, El Paso Community College, and others. The Pueblo began offering free tax preparation services for tribal members and surrounding community members on the reservation in 2001. It operates out of the Pueblo's Education/Library Center and recruits volunteers from the Pueblo's workforce.

Now the Pueblo is expanding its asset development program by partnering with local financial institutions to help tribal members save for down payments on homes, open and maintain savings accounts, and participate in financial education programs.



### Example of Asset Building Activities – Cook Inlet Tribal Council, Inc.

The Cook Inlet Tribal Council is a nonprofit social service agency that provides cultural appropriate programs for Alaska Native and Native American individuals and families. Its Employment and Training Services Department offers free on-line tax filing from February through April. It markets this service through flyers and word of mouth and specifically targets participants in its Individual Development Account program. All IDA account holders must attend mandatory financial education classes through which they learn about the requirements and benefits of the Earned Income Tax Credit. In addition, clients who come into the office for tax assistance are invited to participate in the IDA program. Returns are prepared by Cook Inlet Tribal Council staff, an AmeriCorps volunteer, and a graduate student, with training provided by the IRS.



## **10** *Gather data to track and evaluate your accomplishments.*

Regardless of what a Native EITC campaign does, it is critical to collect data before and after the campaign to measure and evaluate the program's effectiveness.

### **Establishing a Baseline**

Before a campaign begins, it is helpful to determine for the most recent tax year the number of tax filers, the number of tax filers claiming EITC, and the amount of EITC claimed in a defined geographic area. To do this, campaign managers may access the Brookings Institution that offers an interactive website that allows users to view and download information on EITC claims for tax years 1997 through 2002 by geography including zip code, state, county, metropolitan area, or place (city/town). The website tool found at [www.brookings.edu/metro/eitc](http://www.brookings.edu/metro/eitc) provides the following information for each geographic area: number of individual income tax filers, number of tax filers receiving the EITC, the amount of EITC claimed, and the number of EITC filers receiving tax refunds via a refund anticipation loan. It also provides guidance regarding how users can work with the data to describe the impact of the Earned Income Tax Credit in their communities. Campaign organizers can also contact the appropriate IRS Territory Manager listed in Appendix A.

### **Measuring the Effectiveness of Outreach Campaigns**

If an EITC campaign is limited to outreach, it is useful to know the impact of that outreach. At a minimum, the campaign should:

- Establish a baseline of the number and amount of EITC refunds in their defined geographic area in the tax year before launching the campaign;
- Record the number and type of outreach activities;
- Estimate the number of community members exposed to the outreach; and
- Compare the number and amount of EITC refunds in the service area after the campaign.

### **Data Collection at Tax Preparation Sites**

If the campaign includes promoting or partnering with an existing tax preparation site, data about the increase in activity in the Native community show how effective the effort was and whether establishing a new dedicated tax preparation site might be viable. If tribal or community leaders establish a new site, tracking information will help to plan for next year's activities and to build a strong case to recruit future funders and other potential partners.

Care should be given, however, to maintain the confidentiality of personal data provided by taxpayers. The IRS provides the following principles to ensure the integrity and continued public trust at volunteer tax preparations sites:

- Partners and volunteers must keep confidential the information provided for tax return preparation.
- Partners and volunteers must protect physical and electronic data gathered for tax return preparation both during and after filing season.
- Partners with a need to retain and use the information (for purposes other than the preparation of the current year tax return) must provide written notice to customers outlining which pieces of information will be retained, for how long, how the information will be used, and that it will be protected. They must also obtain their approval to keep data, ensuring that the customer understands that they have an option to refuse this use of their information.
- Partners and volunteers who use IRS loaned equipment must delete customer information after filing season tax return preparation activities are completed.
- Partners and site coordinators must keep confidential any personal volunteer information provided.

The National Community Tax Coalition ([www.tax-coalition.com](http://www.tax-coalition.com)) provides sample client surveys to collect data about the individuals served. Other examples of survey instruments are included in Appendix B. The National Community Tax Coalition has also created a reporting tool to enable free tax preparation practitioners using the IRS' TaxWise software to extract programmatic data into a simple, one-page report.

Examples of types of additional data a tax site may want to collect about individual taxpayers include:

- Gender
- Race/Ethnicity
- Language
- Education status
- Housing status
- Veterans status
- How heard about site
- Whether filed taxes last year
- Where refund check cashed
- Who prepared last year's return
- Plans for this year's refund
- Whether has banking account
- Whether registered to vote
- Interest in:
  - Buying a house
  - Paying for college for yourself or kids
  - Buying a car
  - Starting a small business
  - Other
- Whether help needed with:
  - Credit repair
  - Debt management
  - Saving and investing
  - Solving bank problems
  - Opening a bank account
  - Household budgeting
  - Other

Sample survey instruments are included in Appendix B.



## Possible Indicators of Impact

In addition to collecting data at the time of the tax assistance, tribal leaders may want to track a variety of indicators over time, which measure the impact of the EITC campaign on individual taxpayers and the community as whole.

### *Short-term indicators of impact to individual taxpayers*

- Number of taxpayers who deposit at least a portion of their tax refunds into an Individual Development Account
- Number of taxpayers using free tax preparation site who previously accessed refund through a Refund Anticipation Loan from a commercial preparer
- Increase in taxpayer credit scores six months after receiving refund
- Number of taxpayers who enroll in financial education course
- Number of taxpayers who open new checking or savings accounts

### *Long-term indicators of impact to community*

- Increase in homeownership rate
- Increase in number of small businesses
- Amount of EITC dollars returned to the community through the campaign



# Section 4

## EITC Campaign Planning Timeline

Tax season generally runs from January until the tax deadline on April 15. However, in many Native communities, taxpayers file their taxes as soon as they receive their W-2 statements from their employers in mid-January. This means that in order for an EITC campaign to be effective, it must be in place by January 1.

As local coalitions develop their EITC strategies, they should consider what time of year they are starting to plan. Ideally, they should start the planning process by August or September because it takes several months to get started. However, it is never too late to conduct EITC outreach and that could be done with minimal lead time. In year one, especially if the planning process starts late, local coalitions may decide to promote public awareness about the EITC and publicize existing free tax preparation sites near their communities. In the following years, services could expand to include the initiation of new tax preparation sites.

It is important to have reasonable expectations for the first year. Local coalitions that are starting free tax preparation sites should not be disappointed if the number of returns prepared is lower than what was estimated. It takes time to get the word out about the service and build trust in the community.

The following chart on page 44 summarizes a suggested timeline for launching an EITC outreach campaign and a free tax preparation site. These are only suggested timeframes and may vary depending on the needs of your community.



## Suggested EITC Campaign Planning Timeline

### PLANNING ACTIVITY

#### August/September

- Convene a local coalition of partners.
- Develop long and short term goals for coalition.
- Formulate an EITC campaign strategy to extend from January through December.
- Identify nearby existing free tax preparation services.
- Decide whether to develop your own free tax prep site.
- Contact IRS to obtain baseline data for volume of tax returns filed in previous tax year.

#### October

- Develop outreach strategy to increase awareness about EITC.
- If hosting free tax prep site, develop marketing plan.

#### November/December

- Launch outreach strategy, including:
  - Stuffing EITC notices in employees' paychecks and W-2 notices.
  - Placing public service announcements and publishing articles in tribal newspapers and newsletters.
  - Posting flyers in work sites and on community bulletin boards.
- If hosting free tax prep site:
  - Develop volunteer recruitment plan.
  - Identify office space and necessary office equipment (e.g. phones, copier, etc.) and supplies (paper, staplers, etc.).
  - Obtain computer hardware and software.
  - Conduct training for tax preparers and greeters.
  - Decide what related services site will offer such as financial education, opening checking accounts or starting IDAs.
  - Determine hours of operation.
  - Decide what data you will collect from taxpayers.
  - Set benchmarks to evaluate your success.

# PLANNING ACTIVITY

## January

- Increase outreach during the time that local employees receive W-2 statements.
- Research other tax preparation providers to be aware of other legitimate and unscrupulous providers.
- If hosting free tax prep site:
  - Continue volunteer training and certification.
  - Install and test software.
  - Publish hours of operation.
  - Open site when W-2 forms are mailed.\*

## February/ March

- Continue conducting outreach.
- If hosting free tax prep site:
  - Monitor volume of requests for assistance and adjust hours of operation and number of volunteers as appropriate.\*

## April

- Conduct final outreach blitz to encourage filing before April 15.
- If hosting free tax prep site:
  - Boost volunteers to handle last minute rush.\*
  - Prepare to provide post-filing season assistance.
- After April 15, host coalition/volunteer appreciation event.
- Analyze the success of your campaign based on baseline data from previous tax year and benchmarks.

## May/June/ July

- Start planning for next tax season.
- Broaden coalition membership through contact with other like-minded organizations.

\*As a general rule for new sites, the heaviest demand for services is usually from mid-January, or earlier if W-2s are issued earlier, through mid-February and again during the first two weeks of April.

# Section 5

## Additional Resources

### ***EITC, Tax Preparation Assistance, and Volunteer Organizations***

The following list provides contact information for organizations that have assisted low-income communities to offer EITC outreach and free tax preparation services.

**American Association of Retired Persons** – AARP supports Tax Counseling for Elderly sites which offer free tax preparation services to people with low and moderate income with special attention to those ages 60 and older. The AARP Tax-Aide program may be able to assist with developing new sites or expanding existing sites to serve Native communities. For more information, contact Fran Brennenman, National Partnerships and Communications Coordinator at 1-800-424-2277 x 6001 or [fbrenneman@aarp.org](mailto:fbrenneman@aarp.org).

**Annie E. Casey Foundation** – Supports an initiative called *National Tax Assistance for Working Families Campaign* to build the capacity of local EITC campaigns and to increase national attention to the importance of the EITC, free tax preparation services, and asset development for low-income families. For more information, visit [www.aecf.org/initiatives/fes/](http://www.aecf.org/initiatives/fes/) or contact Ana Marie Argilagos at (410) 547-6600 or [aargilagos@aecf.org](mailto:aargilagos@aecf.org).

**The Brookings Institution** – An independent, nonpartisan organization devoted to research, analysis, and public education. Its website has several publications regarding EITC and its impact. It also features a tool to obtain data about tax return activity by geographic area. For more information, visit [www.brookings.edu/metro/eitc](http://www.brookings.edu/metro/eitc) or contact Alan Berube at [aberube@brookings.edu](mailto:aberube@brookings.edu).

**Center on Budget and Policy Priorities** – A policy organization working at the federal and state levels on fiscal policy and public programs like EITC that affect low- and moderate-income families and individuals. It offers a variety of reports on EITC and an annual EITC Outreach Kit. To obtain a copy of the kit, visit [www.cbpp.org](http://www.cbpp.org) or contact John Wancheck at [wancheck@cbpp.org](mailto:wancheck@cbpp.org) or (202) 408-1080.

**Children's Defense Fund** – Conducts a Tax and Benefits Outreach project which uses a range of existing federal and state programs to lift children and their families out of poverty. CDF offers the following resources to Native communities: EITC and tax training, support developing outreach materials, technical assistance and limited financial assistance. For more information, visit [www.childrensdefense.org](http://www.childrensdefense.org) or contact Wylie Chen at [wchen@childrensdefense.org](mailto:wchen@childrensdefense.org) or (202) 662-3588.

**First Nations Development Institute** – A nonprofit organization that helps Native communities build sound, sustainable economies by helping community members to identify assets and build models to create and retain wealth in ways that reflect the culture and desires of the people in those communities. In addition to publishing this guide, FNDI offers a financial education curriculum series which includes workbooks on basic financial management skills, Individual Development Accounts and the EITC. For more information, visit [www.firstnations.org](http://www.firstnations.org) or contact Peter Morris at (540) 371-5615 or [pmorris@firstnations.org](mailto:pmorris@firstnations.org).

**Internal Revenue Service** – The Stakeholder, Partnership, Education & Communication (SPEC) Division includes IRS Territory Managers in locations throughout the country. SPEC offers free tax software for tax preparation sites and free training for volunteers. See Appendix A for contact information or visit [www.irs-eitc.info/SPEC](http://www.irs-eitc.info/SPEC) for more information. The IRS also offers *Publication 1084, IRS Volunteer Coordinator's Handbook* which is a handbook for site coordinators and an informational guide for partners. It can be downloaded or ordered at [www.irs.gov](http://www.irs.gov).

**National Community Tax Coalition** – The Center for Economic Progress in Chicago leads this national community-based movement in connecting working families to tax benefits. The Coalition and its 500-plus affiliates promote tax credits and financial opportunities by bringing the voices of low- and moderate-income taxpayers to the tax policy arena and providing tools for free tax preparation and financial service programs. For more information and to download resources, visit [www.tax-coalition.org](http://www.tax-coalition.org).

**National EITC Outreach Partnership** – This coalition was formed in 1993 by national membership organizations and federal government agencies that consider it important to promote Earned Income Tax Credit (EITC) outreach, free tax preparation alternatives, and asset development strategies. Its website includes a summary of national resources and a directory of local EITC coalitions. For more information, visit [www.centeronbudget.org/eitc-partnership](http://www.centeronbudget.org/eitc-partnership) or contact John Wancheck at [wanheck@cbpp.org](mailto:wancheck@cbpp.org) or (202) 408-1080.

**National League of Cities** – The National League of Cities (NLC), through its Institute for Youth, Education, and Families (YEF Institute), helps municipal leaders take action on behalf of children and families in their communities. NLC launched the Institute in January 2000 to recognize the influential and unique roles that mayors, city council members, and other local leaders play in strengthening families. It publishes a guide called *Maximizing the Earned Income Tax Credit in Your Community: An EITC Toolkit for Municipal Leaders*. For more information, visit [www.nlc.org](http://www.nlc.org) or contact Abby Hughes Holsclaw at (202) 626-3107 or [holsclaw@nlc.org](mailto:holsclaw@nlc.org).

**RSVP (Retired and Senior Volunteer) Program** – RSVP is part of Senior Corps, a network of national service programs that provides older Americans the opportunity to apply their life experience to meeting community needs. RSVP volunteers serve in a diverse range of nonprofit organizations, public agencies, and faith-based groups. RSVP is open to people age 55 and over. Local organizations, both public and private, receive grants to sponsor and operate RSVP projects in their community. RSVP volunteers are not paid, but sponsoring organizations may reimburse them for some costs incurred during service. RSVP provides appropriate volunteer insurance coverage, and volunteers receive pre-service orientation and in-service training from the agency or organization where they are placed. To learn more about RSVP, call 800-424-8867 or visit [www.seniorcorps.org](http://www.seniorcorps.org).

**Points of Light Foundation & Volunteer Center National Network** – The Points of Light Foundation and Volunteer Center National Network (POLF/VCNN), in partnership with other national organizations, is developing a “Community Based Partnership” model that utilizes volunteers to effectively connect low-income families to EITC Initiatives and other financial programs that will enable EITC recipients to accumulate assets and move out of poverty to self-sufficiency. For more information, visit [www.pointsoflight.org/eitc](http://www.pointsoflight.org/eitc).

**United Way** -- United Way of America is the national organization dedicated to leading the United Way movement in making a measurable impact in every community in America. The United Way movement includes approximately 1,400 community-based United Way organizations. Each is independent, separately incorporated and governed by local volunteers. It recently launched a project to increase the number of local affiliates that work on EITC campaigns. It published a report entitled *Exploring United Way Engagement in EITC Campaigns: A Report to the Field* which can be downloaded at [www.unitedway.org](http://www.unitedway.org).

## ***Financial Education and Asset Building Organizations***

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**CFED** – A nonprofit, nonpartisan organization that works to expand economic opportunity, CFED has undertaken several initiatives in Native communities and offers technical assistance, training and research in the areas of entrepreneurship and Individual Development Accounts. For more information, visit [www.cfed.org](http://www.cfed.org).

**Federal Deposit Insurance Corporation** – A federal bank regulator that offers a free comprehensive financial education curriculum that can be adapted to local needs called *Money Smart*. In some urban EITC coalitions, the FDIC provides direct coalition support. For more information, visit [www.fdic.gov/consumers/consumer/moneysmart/index.html](http://www.fdic.gov/consumers/consumer/moneysmart/index.html).

**Federal Reserve Bank System** – The Federal Reserve System, through its Community Affairs program at the Board of Governors and the twelve Federal Reserve Banks (FRBs), engages in outreach, education, and technical assistance activities to help financial institutions, community-based organizations, government entities, and the public understand and address financial services issues affecting low- and moderate- income persons and communities. Several of the Federal Reserve Banks have actively supported efforts in Native communities. The FRBs provide support in some urban EITC coalitions. For more information, visit <http://www.federalreserve.gov/communityaffairs/national/default.htm> or contact the Community Affairs Office in the Federal Reserve Bank which covers your state.

**First Nations Development Institute** – A nonprofit organization that helps Native communities build sound, sustainable economies by helping community members to identify assets and build models to create and retain wealth in ways that reflect the culture and desires of the people in those communities. In addition to publishing this guide, FNDI offers a financial education curriculum series which includes workbooks on basic financial management skills, Individual Development Accounts and the EITC. For more information, visit [www.firstnations.org](http://www.firstnations.org) or contact Peter Morris at (540) 371-5615 or [pmorris@firstnations.org](mailto:pmorris@firstnations.org).

**First Nations Oweesta Corporation** – An affiliate of First Nations Development Institute that provides training, technical assistance, investments research and advocacy for the development of Native Community Development Financial Institutions (CDFIs) and other support organizations in Native communities. It is the fiscal agent for the Native Financial Education Coalition and arranges instructor training for *Building Native Communities* financial education, including a chapter on the Earned Income Tax Credit. For more information, visit [www.oweesta.org](http://www.oweesta.org) or call (605) 342-3770.



**Financial Literacy and Education Commission** – Created by Congress with the purpose of improving the financial literacy and education, the Commission is comprised of several federal government agencies. For more information, visit [www.mymoney.gov](http://www.mymoney.gov).

**IDA Network** – This website at [www.idanetwork.org](http://www.idanetwork.org) serves as a gateway to the individuals, organizations, and ideas that are collectively shaping the Individual Development Account (IDA) field.

**Native Financial Education Coalition** – A group of local, regional, and national organizations and governments that share a common mission of promoting financial education in Native communities. NFEC is supported by First Nations Oweesta Corporation. For more information, visit [www.nfec.info](http://www.nfec.info) or contact Joanna Donohoe at (561) 626-9700 or [joanna@donohoeconsulting.com](mailto:joanna@donohoeconsulting.com).

**New America Foundation** – The New America Foundation is an independent, nonpartisan, nonprofit public policy institute that was conceived through the collaborative work of a diverse and intergenerational group of public intellectuals, civic leaders, and business executives. Its Asset Building program analyzes policies affecting asset building and hosts a web-based clearinghouse at [www.AssetBuilding.org](http://www.AssetBuilding.org). For more information, visit [www.newamerica.net](http://www.newamerica.net).

**Office of the Comptroller of the Currency** – The regulator of national banks. Has conducted extensive research on the “unbanked” and offers several publications for Native communities. For more information, visit [www.occ.treas.gov](http://www.occ.treas.gov).

## ***Other Native Organizations***

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**National American Indian Housing Council** – A national organization that represents housing interests of tribes and tribal housing entities across the United States. It offers a homebuyer education curriculum for Native communities called *Pathways Home: A Native Homeownership Guide*. For more information, visit [www.naihc.net](http://www.naihc.net) or contact Tanya Serota at (906) 635.9877 or [tserota@naihc.net](mailto:tserota@naihc.net).

**National Congress of American Indians** -- NCAI's mission is to inform the public and the federal government on tribal self-government, treaty rights, and a broad range of federal policy issues affecting tribal governments. It advocates on behalf of Native communities on issues such as economic development and financial education. For more information, visit [www.ncai.org](http://www.ncai.org).

## ***Funding Sources***

In order to support the operations of an EITC campaign, tribal leaders and coalitions may need to seek the support of outside funding. Appendix C presents some guidelines for preparing funding proposals. The following list summarizes potential funding sources for EITC campaign operations.

**AmeriCorps** – AmeriCorps is network of national service programs that coordinates volunteers to meet critical community needs. AmeriCorps members serve through nonprofits, public agencies, and faith-based organizations. They often work with free tax assistance programs. For more information on bringing AmeriCorps volunteers to Native EITC sites, visit [www.americorps.org](http://www.americorps.org).

**Financial Institutions** – Financial institutions may provide financial assistance for community efforts in addition to a broad range of in-kind contributions and services. They may provide volunteers to prepare returns, host a free tax preparation site at the financial institution during office hours and/or on Saturdays, donate computers or paper office supplies, provide space and/or instructors for financial literacy training, or provide assistance in grant writing. They may also establish IDA accounts and help with advertising for EITC and tax preparation sites. Contact local lenders to explore these options.

**Foundations** – Native EITC campaigns can research the mission and goals of charitable organizations that serve their areas to determine if there is a fit. A growing number of foundations recognize the positive impact that the EITC can have on families and communities. To search for specific foundation funding sources, visit the Foundation Center at <http://fdncenter.org/>. Examples of foundations that support EITC and financial education include:

- Annie E. Casey Foundation – [www.aecf.org](http://www.aecf.org)
- American Express Economic Independence Fund – [www.nefe.org/amexeconfundrfp](http://www.nefe.org/amexeconfundrfp)
- Citigroup – [www.citigroup.com](http://www.citigroup.com)
- Fannie Mae Foundation – [www.fanniemaefoundation.org](http://www.fanniemaefoundation.org)
- National Endowment for Financial Education – [www.nefe.org](http://www.nefe.org)
- Washington Mutual – [www.wamu.com](http://www.wamu.com)
- Wells Fargo – [www.wellsfargo.com](http://www.wellsfargo.com)

**Gifts In Kind International** – Gifts In Kind International and the Administration for Native Americans launched a Native American Initiative designed to facilitate the entry of tribal governments, tribal colleges, and Native non-profit organizations into the charitable donation stream of products that are distributed by Gifts In Kind International. To be eligible to receive donations, Tribes, tribal colleges, and Native non-profit organizations must first register. Interested organizations should contact Peter Atherton at Gifts In Kind International at 703-299-7546 or [PAtherton@giftsinkind.org](mailto:PAtherton@giftsinkind.org) to start the registration process. Visit [www.giftsinkind.org](http://www.giftsinkind.org) for more information.

**U.S. Department of Health and Human Services (HHS)** – Several funding programs under HHS can be used to support EITC, financial education, and asset building campaigns:

***Administration for Native Americans*** – Offers discretionary funding through its Social and Economic Development Strategies program. See requirements at <http://www.acf.dhhs.gov/programs/ana/>.

***Assets for Independence Demonstration Program*** – Provides discretionary funding for Individual Development Accounts. Visit [www.acf.hhs.gov/grants](http://www.acf.hhs.gov/grants) for more information.

***Community Service Block Grant (CSBG) Training and Technical Assistance (T/TA) Program–Earned Income Tax Credit (EITC) and Other Asset Formation Opportunities*** – This is a competitive grant for Community Action Agencies and other nonprofits to fund EITC and asset-building efforts. Visit [www.acf.hhs.gov/grants](http://www.acf.hhs.gov/grants) for more info.

***Temporary Assistance for Needy Families (TANF)*** – Provides time-limited assistance to needy families with children to promote work, responsibility, and self-sufficiency. Free tax preparation service is an eligible activity under TANF. Funding passes to local TANF agencies as block grants. Visit [www.acf.hhs.gov/programs/ofa](http://www.acf.hhs.gov/programs/ofa) for more info.

**U.S. Department of Housing and Urban Development (HUD)** – If EITC, financial education, and asset building services are linked to housing or homeownership, the following HUD funding sources may be worth exploring:

***Indian Housing Block Grant*** – Tribes or Tribally Designated Housing Entities (TDHE) receive annual block grants to support affordable housing activity in Native communities. If an EITC initiative is linked to an affordable housing and financial education goal, IHBG funds could be used to fund at least part of that effort. Contact the local recipient of the block grant – either the tribal government or the TDHE – to explore a partnership to fund an EITC campaign.

***Resident Opportunities and Self-Sufficiency Grant*** – This competitive grant is designed to provide services to residents of public and Indian housing authorities. Efforts that help to promote economic independence of residents, such as financial education, Individual Development Accounts, and free tax preparation services, are eligible uses of ROSS funds. The size of the grant depends on the number of units managed by the housing authority.

***Rural Housing and Economic Development Grant*** – This competitive grant includes two categories: capacity building funds for start-up organizations and innovative projects that promote housing and economic development in rural areas. An EITC campaign could be incorporated into a project proposal that creates houses and jobs.

For more information on these HUD programs, visit [www.hud.gov](http://www.hud.gov).

**Internal Revenue Service** – Through its Stakeholder Partnership Education and Communication (SPEC) office, the IRS builds and maintains partnerships with key stakeholder groups. The SPEC Territory Managers and staff can provide free training, software, and other supplies on a limited basis. New tax preparation sites should contact their Territory Manager to discuss available resources. Contact information appears in Appendix A.

**U.S. Department of Justice – Community Capacity Development Office** – The Department of Justice and Internal Revenue Service established a partnership to bring free tax services to families, assisting them in meeting their tax obligations and making sure they are taking advantage of eligible tax credits. The Volunteer Income Tax Assistance centers will be located in communities designated as "Weed and Seed" sites funded by the Office of Justice Program's (OJP) Community Capacity Development Office. For more information, visit [www.ojp.usdoj.gov](http://www.ojp.usdoj.gov).

**U.S. Department of Labor – Workforce Investment Act (WIA)** – This funding source is primarily for job training, but WIA programs can offer financial education and EITC components. For more information, visit [www.doleta.gov](http://www.doleta.gov).

**National Credit Union Administration** – The National Credit Union Administration is the federal agency that charters and supervises federal credit unions. It offers a number of technical assistance and capacity building grants, including a funding source specifically aimed at promoting VITA sites. For more information, visit [www.ncua.gov](http://www.ncua.gov).

To explore other federal funding sources, visit [www.grants.gov](http://www.grants.gov) to search a database of federal government grant opportunities.

# Appendix A

## IRS Territory Manager Contact Information

For information about free tax preparation sites January through April, call 1-800-829-1040, select option “1” for information regarding preparing and filing returns, then select option “4” for other tax questions. The telephone assistor can find the nearest site.

STATE	MANAGER	PHONE	E-MAIL
Alabama	Elaine Beck	205.912.5491	<a href="mailto:Elaine.S.Beck@irs.gov">Elaine.S.Beck@irs.gov</a>
Alaska	Barbara Kuhns	949.389.4595	<a href="mailto:Barbara.M.Kuhns@irs.gov">Barbara.M.Kuhns@irs.gov</a>
Arizona	Patrick Reidy	602.207.8684	<a href="mailto:Patrick.G.Reidy@irs.gov">Patrick.G.Reidy@irs.gov</a>
Arkansas	Jan Pretus	504.558.3204	<a href="mailto:Jan.Pretus@irs.gov">Jan.Pretus@irs.gov</a>
California			
Los Angeles	Connie Stewart (Acting)	213.576.3439	<a href="mailto:Connie.Stewart@irs.gov">Connie.Stewart@irs.gov</a>
Oakland	Stella Lee (Acting)	408.817.6554	<a href="mailto:Stella.Lee@irs.gov">Stella.Lee@irs.gov</a>
Sacramento	Bob Meyer	916.974.5471	<a href="mailto:Bob.Meyer@irs.gov">Bob.Meyer@irs.gov</a>
San Diego	Barbara Kuhns (Acting)	949.389.4595	<a href="mailto:Barbara.M.Kuhns@irs.gov">Barbara.M.Kuhns@irs.gov</a>
San Jose	Stella Lee	408.817.6554	<a href="mailto:Stella.Lee@irs.gov">Stella.Lee@irs.gov</a>
Colorado	Terence Donohoue	303.446.1356	<a href="mailto:Terence.Donohoue@irs.gov">Terence.Donohoue@irs.gov</a>
Connecticut	Jodonna Powell	860.756.4660	<a href="mailto:Jodonna.G.Powell@irs.gov">Jodonna.G.Powell@irs.gov</a>
Delaware	James Daugherty	412.395.4594	<a href="mailto:James.K.Daugherty@irs.gov">James.K.Daugherty@irs.gov</a>
District of Columbia	Michelle Page	202.927.9298	<a href="mailto:Michelle.L.Page@irs.gov">Michelle.L.Page@irs.gov</a>
Florida			
Jacksonville	Barbara Travis (Acting)	727.568.2415	<a href="mailto:barbara.travis@irs.gov">barbara.travis@irs.gov</a>
Tampa	Paulette Windon (Acting)	727.568.2415	<a href="mailto:paulette.windon@irs.gov">paulette.windon@irs.gov</a>
Miami	Ron Albert	954.423.7770	<a href="mailto:Ronald.W.Albert@irs.gov">Ronald.W.Albert@irs.gov</a>
Georgia	John Stubbs	404.338.8867	<a href="mailto:John.M.Stubbs@irs.gov">John.M.Stubbs@irs.gov</a>
Hawaii	Barbara Kuhns (Acting)	949.389.4545	<a href="mailto:Barbara.M.Kuhns@irs.gov">Barbara.M.Kuhns@irs.gov</a>
Idaho	Barbara Sowder	503.326.2084	<a href="mailto:Barbara.R.Sowder@irs.gov">Barbara.R.Sowder@irs.gov</a>
Illinois	Otis Damron	312.566.2201	<a href="mailto:Otis.Damron@irs.gov">Otis.Damron@irs.gov</a>
Indiana	Kenneth Williams	317.685.7782	<a href="mailto:Kenneth.L.Williams@irs.gov">Kenneth.L.Williams@irs.gov</a>

STATE	MANAGER	PHONE	E-MAIL
Iowa	Douglas Bauman	402.221.3619	<a href="mailto:Douglas.A.Bauman@irs.gov">Douglas.A.Bauman@irs.gov</a>
Kansas	Karen O'Neill	405.297.4026	<a href="mailto:Karen.L.Oneill@irs.gov">Karen.L.Oneill@irs.gov</a>
Kentucky	Mia Sylve (Acting)	513.263.4271	<a href="mailto:mia.t.sylve@irs.gov">mia.t.sylve@irs.gov</a>
Louisiana	Jan Pretus	504.558.3204	<a href="mailto:Jan.Pretus@irs.gov">Jan.Pretus@irs.gov</a>
Maine	Bill Smits	617.316.2145	<a href="mailto:William.C.Smits@irs.gov">William.C.Smits@irs.gov</a>
Maryland	Michelle Page	202.927.9298	<a href="mailto:Michelle.L.Page@irs.gov">Michelle.L.Page@irs.gov</a>
Massachusetts	Bill Smits	617.316.2145	<a href="mailto:William.C.Smits@irs.gov">William.C.Smits@irs.gov</a>
Michigan	Ramondo Gee	313.628.3739	<a href="mailto:Ramondo.Gee@irs.gov">Ramondo.Gee@irs.gov</a>
Minnesota	Gary Stadslev	651.726.1580	<a href="mailto:Gary.A.Stadslev@irs.gov">Gary.A.Stadslev@irs.gov</a>
Mississippi	Elaine Beck	205.912.5491	<a href="mailto:Elaine.S.Beck@irs.gov">Elaine.S.Beck@irs.gov</a>
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# Appendix B

## Sample Survey Instruments

### Inter Tribal Council of Arizona, Inc. Volunteer Income Tax Assistance Site Survey

*The purpose of this survey is to find out how people are currently dealing with tax and other financial matters to assist in developing better quality free tax and other financial services in the future. This survey is anonymous.*

Did you file federal taxes last year? ☐ Yes ☐ No

If yes,

Did you file electronically? ..... ☐ Yes ☐ No

Did you get your refund direct deposited? ..... ☐ Yes ☐ No

Did you get a refund anticipation loan? ..... ☐ Yes ☐ No

Did you qualify for the Earned Income Tax Credit? ..... ☐ Yes ☐ No

What was the amount of your refund? \_\_\_\_\_

How long did it take to get your refund? \_\_\_\_\_

When did you file your taxes last year? \_\_\_\_\_

What free tax assistance programs were you aware of last year? \_\_\_\_\_

Where did you have your taxes done last year? \_\_\_\_\_

Did you have to pay to have your taxes done? Yes No

If yes, how much did you pay? \_\_\_\_\_

If you did not do your taxes last year, why not?

\_\_\_\_\_

Do you currently have a checking or savings account at a bank or credit union?

☐ Yes ☐ No If no, why?

\_\_\_\_\_

Where do you cash your paycheck?

☐ Grocery store

☐ Check cashing place

☐ Bank

☐ Credit union

☐ Other \_\_\_\_\_

What do you plan to do with your refund?

- ☐ Pay bills/utilities/groceries
- ☐ Make a large purchase (appliance, electronics, car, etc.)
- ☐ Put some into savings
- ☐ Pay for education
- ☐ Go on vacation
- ☐ Other \_\_\_\_\_
- ☐ Other \_\_\_\_\_

Would you be interested in attending workshops on any of the following:

- ☐ Buying a home
- ☐ Car/Truck Loans
- ☐ Bank/Credit Union Account
- ☐ Credit/Budgeting
- ☐ Small Business/Self-Employment
- ☐ Matching Savings Accounts (IDAs)

The staff and volunteers knew how to help me with my taxes.

- ☐ Agree
- ☐ Disagree
- ☐ No opinion

Comment:

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---

I am satisfied with the help I was given.

- ☐ Agree
- ☐ Disagree
- ☐ No opinion

Comment:

---

---

If this service was not available, I would:

- ☐ Use a service that charges
- ☐ Do my own taxes
- ☐ Not file taxes

Comment:

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General Comments:

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**Southwest Border Family Asset Building Group**  
**Tax Exit Survey Questions (TY2004)**

1. Where do you cash your paycheck?  
(circle all that apply)  
☐ a. Grocery store/Supermarket  
☐ b. Check cashing place  
☐ c. Family/friends cash it for you  
☐ d. Bank  
☐ e. Credit Union  
☐ f. Other
2. Do you use money orders to pay your bills?  
☐ a. Yes   ☐ b. No   ☐ c. Sometimes
3. Have you heard of Matching/Individual Savings Accounts (IDAs)?  
☐ a. Yes   ☐ b. No
4. Have you ever participated in a 'Tanda/Cundina' (Informal Neighborhood Savings Group)?  
☐ a. Yes   ☐ b. No  
☐ c. If yes, what was the most you saved?  
 \$ \_\_\_\_\_
5. Are you participating in a 'Tanda/Cundina' (Informal Neighborhood Savings Group) now?  
☐ a. Yes   ☐ b. No  
☐ c. How much will you get? \$ \_\_\_\_\_
6. Do you lend or borrow money to/from other family members in emergencies?  
☐ a. Yes   ☐ b. No   ☐ c. Sometimes
7. Have you ever received your tax refund the same day (or within the week) from a commercial tax filing place?  
☐ a. Yes   ☐ b. No
8. Have you ever used your Tax Refund for:  
(circle all that apply)  
☐ a. Down payment for a home  
☐ b. Down payment new Car or Truck  
☐ c. Down payment household Appliance (Washer/Dryer)  
☐ d. Down payment Computer  
☐ e. Down payment Furniture (bed/sofa)  
☐ f. To help a family member with their immigration fees for a green card  
☐ g. To pay property Taxes  
☐ h. To pay medical bills  
☐ i. For your small business/micro-enterprise  
☐ j. For personal expenses (bills)  
☐ k. For school (you or a dependent)  
☐ l. Other
9. Do you send money to relatives not living with you?  
☐ a. Yes   ☐ b. No   ☐ c. Sometimes
10. Would you like to find out more about:  
(Circle all that apply)  
☐ a. Buying a home  
☐ b. Car/Truck Loans  
☐ c. Credit Cards/Debit Cards  
☐ d. Property Taxes  
☐ e. Children's Saving Accounts  
☐ f. Bank/Credit Union Account  
☐ g. Credit/Budgeting  
☐ h. Small or micro business/Self-Employment  
☐ i. Matching Savings Account (IDAs)  
☐ j. Other \_\_\_\_\_
11. Education (number of years) \_\_\_\_\_

**TO BE COMPLETED BY PREPARER/TAX SITE USE ONLY**

Zip Code of Taxpayer : \_\_\_\_\_  
 Filing Status (check one): ☐ Single   ☐ Married-Joint   ☐ Married-Separate   ☐ Head-of-Household   ☐ Widow or Widower  
 Type of Tax ID Number: ☐ SSN   ☐ ITIN  
 Taxpayer's occupation: \_\_\_\_\_ or Self-Employment \_\_\_\_\_

	Form 1040	Form 1040A	Form 1040EZ
Adjusted gross income	line 35	line 22	line 4
Total tax	line 60	line 38	
Earned income tax credit	line 63	line 41	line 8
Schedule SE or C income			
Refund or (amount owed)	line 70a or 72	line 45a or 47	line 11a or 12

# Appendix C

## Tips for Grant Writing

The following tips may assist tribal leaders and community organizers who are seeking additional grant funding to support their EITC and financial education programs.

- *Read the mission statement of the organization providing the grant opportunity.* Find their key focus area: education, community development, financial literacy, asset building, etc. The mission of the grant organization should be compatible with your goals and mission.
- *DETAILS ARE IMPORTANT!* Read the Request for Proposals (RFP) or Notice of Funds Available (NOFA) and follow ALL instructions carefully. Many proposals are very specific on the type of font to use, page limits, format, method of submitting, and deadlines. Understand the terminology being used because certain terms may have several different meanings. Contact the organization for clarification, if necessary.
- *Decide whether you are going to do the project even if you don't get the funding.* Show your passion for the importance of the project in your written proposal. Grantors are looking for ways the project will benefit the community not just your organization. They also look at how your organization is planning for the future. Many grantors want to invest in projects that will have measurable impact in the community and that will be self-sustaining in three to five years.
- *Include your success stories.* They show your organization's abilities even if they are not directly related to the grant proposal. If your organization does not have experience in the area of the proposed project, show how you will work with other partners that have the expertise you may not have developed yet. Show how your strengths, priorities, and mission will make the project successful.
- *Your plan should be specific.* Show the expected results, goals that will be achieved, how you will measure the results, and that the outcomes can be achieved. Your work plan is critical. Detail the plan to be able to defend your proposal and answer questions regarding the use of the funds.
- *Maintain a copy of supporting documentation for your grant.* This could include items such as statistics, information sources, proof of mailing the proposal, and the proposal itself.
- *Don't rush the process.* Make sure you have time to complete the grant package in a professional manner. Have at least two other people review the proposal and ask for feedback. Check for all required signatures, documentation, and copies. The reviewer has limited time to review your grant package and may not have the opportunity to request further documentation or clarification.
- *Keep focused.*



# Appendix D

## Glossary

**Adjusted Gross Income (AGI)** – This is gross income reduced by certain amounts, such as a deductible Individual Retirement Account (IRA) contribution or student loan interest.

**Certified Public Accountant (CPA)** – A person who has fulfilled all the legal requirements and is certified by the state in which he or she met the requirements. CPAs are often willing to train volunteers to prepare tax returns and may receive Continuing Professional Education (CPE) credit for doing so.

**Child Tax Credit** – The child tax credit allows taxpayers to claim a tax credit up to a certain amount per qualifying child. It is in addition to the credit for child and dependent care and the EITC.

**Commercial tax preparer** – Any person, partnership or corporation who prepares for compensation a tax return or claim for refund under the income tax provisions of the Internal Revenue Code.

**Earned Income** – This generally means wages, salary, tips, other taxable employee compensation, and net earnings from self employment.

**Electronic filing (e-file)** – IRS provides three methods of e-filing individual tax returns: using an authorized e-file provider, using a personal computer, using a telephone.

**Internal Revenue Service** – The federal agency that collects income taxes in the United States.

**Per Capita Distributions** – The distribution of money or other things of value to all members of a tribe that are paid from the net revenues of sources of income such as gaming or income from unallotted common tribal lands. This income is generally taxable and is usually reported on Form 1099 MISC. Taxable distributions are considered earned income for purposes of determining eligibility for the Earned Income Tax Credit.

**Predatory tax preparer** – A commercial tax preparer that preys on a person's needs, fears and lack of knowledge about tax filing options. They usually offer Refund Anticipation Loans with high interest rates and fees.



**Publication 596** – An IRS publication which provides the Earned Income Tax Credit eligibility rules in great detail and provides examples of how the rules apply in different family circumstances.

**Qualifying child\*** – For the purposes of claiming the EITC, a qualifying child must meet three tests: relationship, age and residency.

1. *Relationship* The child must be your son, daughter, adopted child, step child, descendant of any of them (e.g. your grandchild) or eligible foster child. Your brother, sister, stepbrother, stepsister or a descendant of any of them (e.g. your niece or nephew) may also qualify if you care for this individual as you would your own child.
2. *Age* At the end of the tax year, the child must be under age 19, a full-time student under age 24, or any age if permanently and totally disabled.
3. *Residency* The child must live with you in the United States for more than half of the tax year. A qualifying child can only be claimed once.

**Refund Anticipation Loan (RALs)** – These are short-term loans with high interest rates and fees that are made to the taxpayer and repaid by the taxpayer's expected tax refund.

**Schedule EIC** – A form tax payers must attach to their tax return to give the IRS information about qualifying children for the purposes of claiming the Earned Income Tax Credit.

**Stakeholder Partnerships, Education & Communications (SPEC)** – SPEC is the outreach and education function of Internal Revenue Service's Wage and Investment Division.

**Tax-Aide Program** – A grant offered by the American Association of Retired Persons to support the Tax Counseling for the Elderly (TCE) Program.

**Tax Counseling for the Elderly (TCE)** – A program that provides free tax counseling and income tax preparation aimed at taxpayers 60 years of age or older. Emphasis is on reaching older persons who are disabled or who have other special needs. Although the focus of the TCE program is on older individuals, assistance may be provided to all taxpayers provided the elderly are given priority service.

**Volunteer Income Tax Assistance (VITA)** – The VITA program provides free income tax return preparation for taxpayers who have limited or moderate incomes, have limited English skills, or are elderly or disabled.

*\*Please note this definition may change in tax year 2005.*



*The Commemorative Quilt of the National Museum of the American Indian, 1997. This commemorative quilt was made by 20 Native artists in honor of the exhibit, "To Honor and Comfort: Native Quilting Traditions." The purchase of the quilt by the National Museum of the American Indian was made possible by a major grant from the Metropolitan Life Foundation. Native quilters from North America and Hawaii were asked to submit a block of their own design to this unique quilt. Ina McNeil (Hunkpapa Lakota) and Margot Cohen assembled and quilted the blocks.*

Each row is numbered from left to right starting with the top left corner.

- |                                      |  |
|--------------------------------------|--|
| 1. Paula White, Chippewa             | 11. Nancy Naranjo, Eastern Cherokee          |
| 2. Mary Bighorse, Osage              | 12. Harriet Soong (Hawaiian)                 |
| 3. Ina McNeil, Hunkpapa Lakota       | 13. Shirley Grady, Mandan/Hidatsa/Sioux/Crow |
| 4. Margaret Wood, Navajo/Seminole    | 14. J. Carole Stewart, Creek                 |
| 5. Anastasia Cooke Hoffman, Yup'ik   | 15. Alice Olsen Williams, Anishinaabe        |
| 6. Gussie Bento, Native Hawaiian     | 16. Rita Corbiere, Ojibwe                    |
| 7. Judy Toppings, Ojibwe             | 17. Marlene Sekaquatewa, Hopi                |
| 8. Share Bonaparte, Akwesasne Mohawk | 18. Ollie Napesni, Lakota Sioux              |
| 9. Lula Red Cloud, Oglala Lakota     | 19. Virginia Osceola, Seminole               |
| 10. Conrad House, Diné/Oneida        | 20. Bernyce (B.K.) Courtney, Wasco/Tlingit   |

*All photos are courtesy of the National Museum of the American Indian.*

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