

Expanding Earned Income Tax Credit Outreach Through 2-1-1

The Earned Income Tax Credit (EITC) is the largest and most effective federal aid program for the working poor.

Enacted by Congress in 1975 to offset the burden of social security taxes on low-wage workers, the credit has been widely praised for its success in supporting work and reducing poverty. Five million people, half of whom are children, escape poverty each year as a result of the EITC. In 2004 alone, more than 21 million people claimed the EITC, returning \$39 billion in income to low-wage workers.

Despite the significant benefits it provides, the IRS estimates that 4 million eligible individuals annually fail to file for the tax credit, forfeiting an estimated \$2.9 billion dollars in EITC income. Others claim the EITC, only to lose a significant portion in tax preparation fees and costly refund anticipation loans (RALs).

Recognizing the EITC's potential economic impact on families and — by extension — communities, organizations nationwide are working together to initiate outreach and free tax preparation campaigns to ensure that families receive the full amount of the credit they earned.

According to data from United Way of America (UWA) and the IRS, local United Ways participate in over 40 percent of the 271 EITC campaigns throughout the country, serving hundreds of thousands of individuals each year — more than any other national network. Though an impressive effort, there are millions of families who are not reached by these campaigns, and consequently do not have access to the services necessary to help them file for the EITC. 2-1-1 could help to close that gap.

2-1-1, the national information and referral number championed by UWA, presents a significant opportunity to increase communication about tax preparation assistance sites, helping to increase EITC filings. Similar in operation to 9-1-1, 2-1-1 has been designated by the Federal Communications Commission to provide callers with information about and referrals to local health and human service providers, government agencies, and community based organizations.

Today, 2-1-1 reaches approximately 193 million people in 41 states, the District of Columbia, and Puerto Rico (65% of the population). In states where it is currently available, some 2-1-1s are utilized to disseminate information about the EITC and local tax assistance sites.

2-1-1 callers can access information about:

- The eligibility criteria for the EITC
- The location and hours of tax assistance sites in their community
- The language(s) in which tax preparation services are offered
- The list of documents needed
- Referrals to other applicable services, such as Food Stamps or credit counseling and repair

Going forward, 2-1-1 could be used to recruit volunteers for free tax preparation efforts or to increase participation in asset-building programs by referring callers to financial education or Individual Development Account (IDA) programs in their areas.

For more information about 2-1-1, or to find out if there is a 2-1-1 call center in your area, please visit www.211.org

For more information about United Way and the Earned Income Tax Credit contact, please visit www.unitedway.org/eitc or send an email to eitc.info@uwa.unitedway.org

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