

Priority: Basic Needs

Lead Agency: Commission on

Program Offer Type: Innovative/New Program

Program Contact: Janet Hawkins

Related Programs: 25145A

Program Characteristics:

Executive Summary

The Family Economic Security project will help low-income, working parents to claim the Advance Earned Income Tax Credit (AEITC). We will also work with employers to collaborate on free tax preparation services at the workplace for their employees to access all available child credit and tax credit programs. We anticipate that this project will involve 30 local employers, provide direct tax preparation assistance to 600 employees, and secure \$1.8 million in tax benefits for low-income families.

Program Description

The federal Advanced Earned Income Tax Credit enables low-wage workers with children to receive part of their federal tax credit in their paychecks throughout the year, instead of waiting until they file their tax returns. This proposal maximizes earned income for the "working poor," increasing their hourly wage by the amount of the tax credit. This AEITC proposal supports employers in assisting their employees to increase income without additional costs to their business. Employers can also provide employees with the benefit of free, workplace tax preparation workshops. This proposal asks for direct assistance to employers to set up free tax workshops for their employees. Specific activities under this proposal, include:

- (a) County staff will work with local employers to provide information and support for company-sponsored AEITC campaigns.
- (b) Participating companies will inform employees about the program and offer opportunities for enrollment.
- (c) Employees will access free tax preparation services, thus avoiding fees for tax preparation and high interest "refund anticipation loans."
- (d) An estimated 30 employers will participate during the year. This will equate to an enrollment of 600 employees in AEITC. 300 workers will experience income increases large enough to lift their family income above the Federal Poverty Income Guidelines (FPIG). We anticipate that tax benefits to working families will be approximately \$1.8 million dollars.

Program Justification

A recent Anne E. Casey Foundation publication states, "The Earned Income Tax Credit has emerged as America's largest and most effective anti-poverty program." However, very few local employers inform or enroll their workers in the AEITC program or offer free tax assistance. Key facts:

- The total AEITC credit is currently \$1,648 in one year. For workers earning Oregon's minimum wage (\$7.80/hr.) this equates to capturing an income equivalent to over 200 hours of work.
- Free tax preparation at the worksite enables workers to avoid charges for tax preparation as well as high interest "refund anticipation loans."
- The US Department of HUD reports that the average refund to families who qualified for state and federal tax credits was \$3,000 for a family of four.
- Federal tax credit programs do not count against a family's eligibility for other forms of federal assistance, like Food Stamps or Employment Related Day Care. Tax credits offer incentives for employment to lower-wage workers.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	Number of employers participating.	0	0	0	30
Outcome	Participants whose yearly income is lifted above FPIG.	0	0	0	300
Outcome	Increase in families who use free tax prep services.	0.0%	0.0%	0.0%	17.0%
Efficiency	Dollars leveraged per county dollar ratio	0	0	0	24

Performance Measure - Description

- Outcome information is based on IRS data which indicates an average refund of \$3,000 for a 4-person family, who claims available tax credits. IRS's data on tax returns is normally reported two years after the taxes are filed, so we will conduct on-site surveys to determine income increases.
- Percentage increase is based on IRS figures for number of households (3,500) who utilized free tax preparation sites in Multnomah County in 2006.
- We anticipate that financial resources to workers and their families will equal \$1.8 million.

Legal/Contractual Obligation

Contracted services for operation of free tax preparation service at workplace sites.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2007	2007	2008	2008
Program Expenses				
Personnel	\$0	\$0	\$47,745	\$0
Contracts	\$0	\$0	\$27,000	\$0
Subtotal: Direct Exps:	\$0	\$0	\$74,745	\$0
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$0	\$0	\$74,745	\$0
Program Total:	\$0		\$74,745	
Program FTE	0.00	0.00	0.50	0.00
Program Revenues				
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$0	\$0	\$0

Explanation of Revenues

N/A

Significant Program Changes

Last year this program was: #10044, Tax Credit Outreach & Assistance
 This program was proposed in FY 2007 but was not purchased.