

**EARNED INCOME TAX CREDITS FOR PHILADELPHIANS:
AN OPPORTUNITY FOR SHARED PROSPERITY**

Implementation Report Update

June 30, 2015

EDUCATION. OUTREACH. FREE TAX PREPARATION.

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June 30, 2015



CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

The Honorable Darrell Clarke
President, Philadelphia City Council
Room 494, City Hall
Philadelphia, PA 19107

Dear President Clarke,

Enclosed is the Implementation Report Update for FY 15 for the Income Inequality Initiative consistent with the reporting requirements of Chapter 19-4000 of the Philadelphia Code.

The Department revenue has a multi-year plan to increase EITC in Philadelphia by:

- Raising awareness,
- Increasing access to tax preparation
- Removing barriers to filing

In our first year we sponsored free tax preparation sites and tax drop sites through a partnership with the non-profit Campaign for Working Families. This partnership resulted in the completion of 5,000 federal returns, generating refunds and savings of nearly \$10 million. These efforts were supported by a strong outreach and marketing campaign, directly mailing 42,000 likely EITC eligible Philadelphians, launching an outbound calling campaign and information hotline, attending various community events, and advertising on public transit and in various local publications. The Department also leveraged IRS data to identify and contact taxpayers who were likely eligible but did not file for EITC in tax year 2011.

For the coming tax year, the Department of Revenue looks continue to build on existing partnerships and develop new ones, find new and innovative ways to engage and educate the public, and increase access to free tax preparation, and increase EITC filings.

Sincerely,

Clarena Tolson

Commissioner Clarena I. W. Tolson
Chief Revenue Collections Officer

Cc: The Honorable Michael A. Nutter, Mayor
Rob Dubow, Director of Finance
Michael Decker, Chief Clerk of Council



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1 Program Overview

Philadelphia's working individuals and families are not receiving all federal tax credits to which they are entitled. Approximately 40,000 Philadelphia taxpayers are likely eligible for but are not claiming the Earned Income Tax Credit ("EITC"), a refundable federal tax credit aimed at benefiting low to middle income working individuals and families.

Chapter 19-4000 of the Philadelphia Code, entitled "Income Inequality Initiative – Earned Income Tax Credit", aims to address this issue and enable all persons who live in Philadelphia and who are potentially eligible for EITC to apply for and receive the maximum credit to which they are entitled.

2 Implementation Progress

The City of Philadelphia Department of Revenue helped generate nearly \$10 million in federal tax refunds and savings for low income Philadelphia residents through its Income Inequality Initiative. In the first year of this initiative, the Department sponsored three free tax preparation sites and hosted three tax drop sites at its main and satellite offices through a partnership with the non-profit Campaign for Working Families. These efforts were supported by a strong outreach and marketing campaign, directly mailing 42,000 likely EITC eligible Philadelphians, launching an outbound calling campaign and information hotline, attending various community events, and advertising on public transit and in various local publications. The Department also leveraged IRS data to identify and contact taxpayers who were likely eligible but did not file for EITC in tax year 2011. In total, the Department sponsored the completion of 5,000 federal returns, yielding \$2.4 million in EITC refunds,

FY 15 Accomplishments

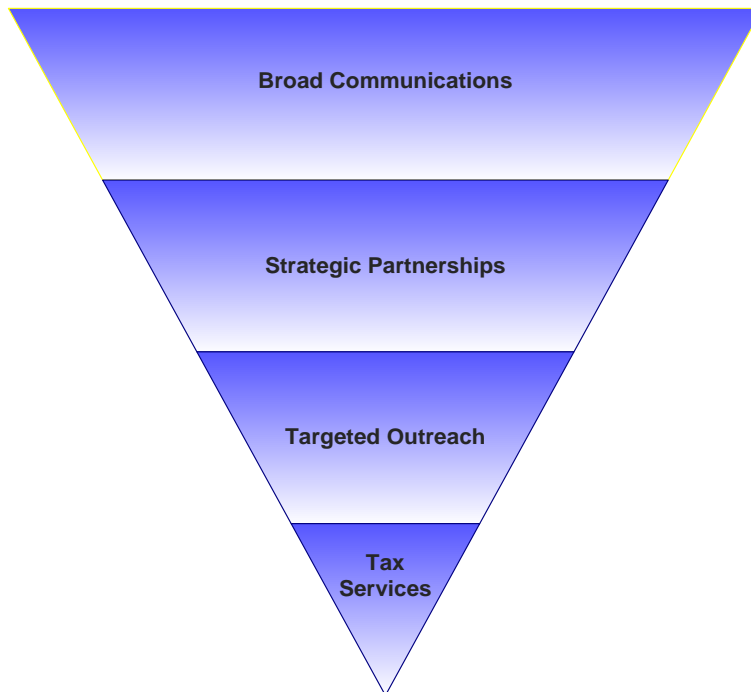
- **Sponsored 3 Free Tax Preparation sites**
- **Hosted 3 Free Tax Preparation Drop sites**
- **Sponsored the completion of a total of 5,000 federal tax returns**
- **Total refund amount: \$9,258,524**
- **Total EITC: \$2,420,893**
- **Tax preparation fees saved: \$500,000**
- **Nearly 40,000 EITC website views.**
- **Outbound calling campaign**
 - **94 RCOs**
 - **41CDCs**
 - **37 schools**
- **EITC information hotline**
- **Offered EITC informational materials into 5 languages**
- **Conducted 3 focus groups to determine barriers to EITC**
- **Advertised in various print media & on SEPTA**
- **EITC materials distributed at nearly 45 events**
- **Developed long-term and short-term strategies .**



\$9.3 million in total refunds, and \$500,000 in tax preparation fee savings.

2.1 Summary Tax Year 2014 EITC Strategy

The strategy for tax year 2014 used a multi-layered, approach to raising public awareness of EITC, building partnerships, and increasing access to free tax preparation.



Broad Communications are essential to reaching the large geographically and culturally diverse population eligible for EITC in Philadelphia. The Department of Revenue sent informational materials to 42,000 Philadelphia residents and, provided EITC notices and information to Philadelphia area businesses, and advertised on SEPTA and in print in various local print publications.

Strategic Partnerships with organizations that work and have established relationships with EITC eligible populations are essential in building trust within the community and creating a wide network for information and services. The Department of Revenue partnered with the nonprofit Campaign for Working families due to position of trust in the community and their expansive network of 20 tax sites throughout the city. The Department also reached out to various Registered Community Organizations and schools to give information and develop relationships for future partnerships.



Targeted outreach utilizing IRS, internal, and third party data increases efficiency and efficacy of outreach. The Department of Revenue was able to target zip codes where a high number of EITC eligible filers are known to live. Outreach efforts were primarily focused on these zip codes in year one, but will expand to other zip codes as the program grows. This year, sixteen Revenue representatives were given training on EITC and outreach best practices. With these skills, they were able to give over 20 presentations to community groups and distribute materials at over 40 meetings.

Tax services performed by IRS certified preparers gives more EITC eligible Philadelphians the opportunity to obtain quality tax preparation from qualified individuals. This maximizes their refund by ensuring they file for all the tax credits that they are entitled to and saving on tax preparation fees. Through the partnership with Campaign for Working Families, 5,000 federal returns were able to be completed, yielding \$2.4 million in EITC refunds, \$9.3 million in total refunds, and \$500,000 in tax preparation fees savings.

2.2 2014 Findings and Lessons Learned

2.2.1 Focus Groups

Three focus groups were held to understand the level of awareness of EITC among eligible individuals, barriers preventing eligible individuals from filing, effectiveness of communications and informational materials, and the most effective channels for communicating with eligible individuals about EITC.

2.2.2 Findings:

Lack of Awareness - more than half of participants in the focus groups had not heard of EITC and thought educational resources were lacking.

Misinformation – where participants knew about EITC, most still did not clearly understand the qualifications or the benefits.

Disincentives - Money owed (in student loans, child support, to the IRS, etc.) and preparation costs were a considered a disincentive to filing taxes at all, even if some thought they were entitled to a refund.

Mistrust - Participants across all groups had a general mistrust of the government. Additionally, there was a lack of trust in tax preparers, specifically qualifications and the costs associated with preparation.

Availability and Customer Service – Participants that were aware of free tax preparation sometimes opt for commercial preparers despite the savings merely to avoid waits associated with free tax preparation

Clear and Effective Communication – Participants agreed information needs to be presented in plain language that is easy understand. There was a general consensus the Department of Revenue’s EITC



materials were effective, attractive, and easy to understand. Participants also expressed a belief that the most effective place to advertise EITC would be in and around all SEPTA locations. The Department did in fact advertise in both SEPTA and in a variety print publications.

Employers as a trusted resource – Participants agreed employers were a trusted source for information and that they closely reviewed materials received by employers.

Bridging Cultural and Language Gaps – Philadelphia is a diverse community. Focus groups indicated certain communities may be more responsive to certain kinds of outreach. The Department of Revenue consulted the Mayor’s Office of Immigrant and Multicultural Affairs (MOIMA) on the 2014 EITC campaign and will continue to work with MOIMA and other organizations going forward.

2.2.3 Partnership Data

Although IRS data is currently not available, data from Campaign for Working Families is available as a result of the partnership. Gains were made in both the amount of federal returns prepared and refunds generated. Total federal returns and refunds were up by approximately 15% from Tax Year 2013 -- returns increased by 2,643 to 20,224 and refunds increased by \$3.9 million to \$30.4 million. This is particularly impressive given some downtrends seen with commercial preparers and the increased complexity in returns and reduction in tax refunds resulting from the Affordable Care Act.*

3 Tax Year 2015 EITC Strategy

The Department of Revenue looks to continue build on the foundation built in the first year of implementing in the Income Inequality Initiative as well as try new and innovative methods for increasing enrollment. The revised 2015 strategy draws on lessons learned from the 2014 strategy and feedback from taxpayers through the focus groups. The proposed action steps to for the coming year are as follows:

3.1 Tax Preparation Services Innovation

Although, the partnership with Campaign for Working Families was extremely successful, the Department believes the utilization of multiple innovative models, including online assistance, self-help sites through multiple organizations will broaden our reach by leveraging multiple organizations’ relationships. Additionally, increased variations in tax services will assist in determining best practices for future years.

* See” H&R Block’s Final ACA Stats: Refunds Impacted for Most Who Received Advance Tax Credit,” available at <http://newsroom.hrblock.com/hr-blocks-final-aca-stats-refunds-impacted-received-advance-tax-credit/>.



3.2 Coalition Building

In the fall of 2015 the Department of Revenue will host a “Coalition Kick-Off Meeting” to bring stakeholder together, including elected officials, government representatives, schools, employers, nonprofits, and other interested organization organizing a highly publicized “EITC Awareness Day” event and collaborative grass roots outreach campaign.

3.3 Revised Marketing Strategy

The Department of Revenue will revise marketing and informational materials based on feedback received from focus groups conducted in Tax Year 2014. A strong multi-platform marketing campaign will maximize message coverage. Additionally, the strategy going forward will focus on increased digital/web-based engagement including social media, online education, and email, in addition to an expansion of the Tax Year 2014 SEPTA and print advertising efforts.

3.4 Expanded Call Center

The Department of Revenue will expand its Call Center activities to include and provide mandated and more detailed training so call center representatives can provide better counseling to callers.

3.5 Expanded Public Engagement

Focus will be expanded to cover larger areas of the City based on IRS and third party data. Our goal will be to double our attendance at Community Meetings. Additionally, Department of Revenue staff will receive additional training on public speaking and on the technical aspects of EITC so they can give more thorough responses to questions in the field.

3.6 Increased Staffing

The Department of Revenue will dedicate permanent staff to assist. Primary roles will be:

- Manager – key responsibilities will be to oversee Community Liaisons and ensure completion of key tasks, provide regular updates to senior staff on progress, manage
- Project Officers (2) – key responsibilities include coordinating and scheduling outreach and events, respond to communications, perform administrative duties and clerical duties as needed.



4 Financials

4.1 Fiscal Year 2015 Expenditures

Vendor	Document	Description	Class			
			100	200	300	400
The Public Record Inc	Direct Expend	Advertising		\$1,499		
Juniata News	Direct Expend	Advertising		\$528		
The Weekly Press	Direct Expend	Advertising		\$1,492		
Al Dia	Direct Expend	Advertising		\$3,545		
El Sol	Direct Expend	Advertising		\$1,399		
TPI Metro	Direct Expend	Advertising		\$1,758		
Broad Street Media LLC	Direct Expend	Advertising		\$3,250		
Pilla dba Eightegrity	MPXX15000294	Marketing Strategy Campaign MP		\$32,000		
Portfolio Associates	MPXX15000292	Public Engagement Campaign MP		\$32,000		
Titan	MPXX15000324	Septa Static Media Campaign MP		\$32,000		
Urban Affairs	SBXX15000922-01	CFWG Tax Preparation Services		\$100,000		
Constant Contact	Direct Expend	Annual Subscription		\$5,544		
York Imaging	POXX15113865	Print/Mail Postcards			\$2,954	
York Imaging	POXX15113866	Print/Mail Brochures			\$4,320	
York Imaging	Direct Expend	EITC Postcards Postage		\$10,762		
York Imaging	Direct Expend	EITC Brochures Postage		\$10,762		
OIT		EITC Notices		\$37,263		
Paper Mart		Paper			\$915	
Allied Envelopes		Envelopes			\$2,322	
Central Duplication	Expenditure Trans	Printing			\$1,008	
Total			-	\$273,803	\$11,519	-



4.2 Fiscal Year 16 Budget

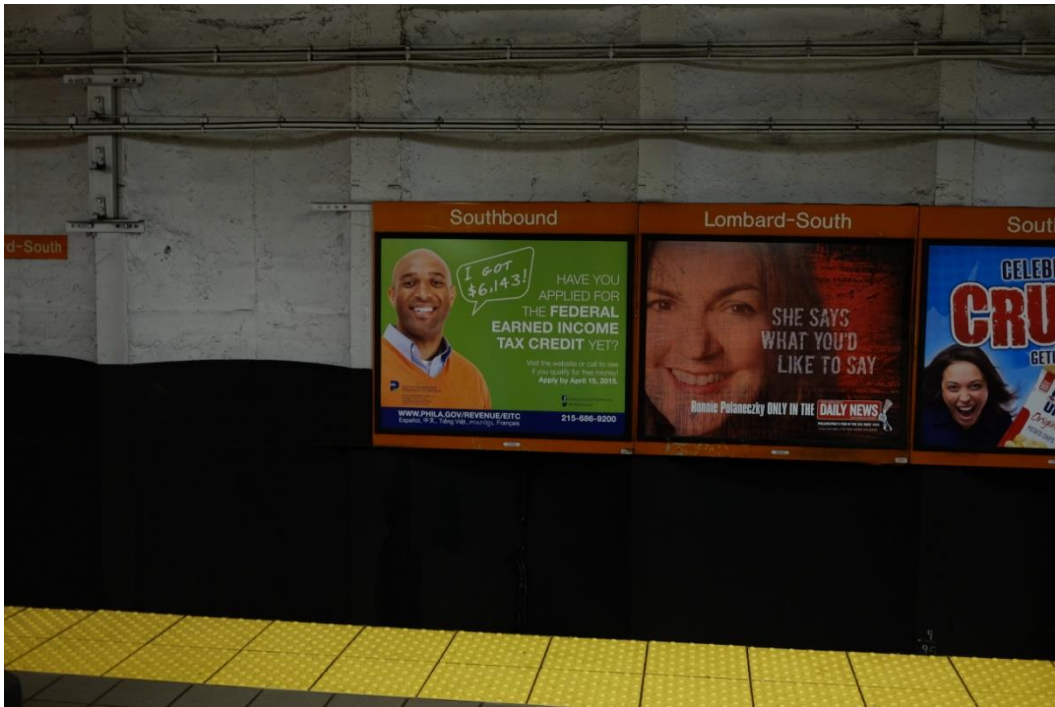
Class	Amount	Description
100	\$116,637	3 full-time positions will serve as community liaisons. They will coordinate outreach, events, and represent Revenue at events and meetings.
200	\$950,000	Professional Services Contracts will expand on prior year training, marketing, engagement, and tax preparation services.
300/400	\$210,000	Printing/Equipment/Supplies



CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

5 Appendix A- Sample SEPTA Advertisements







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6 Appendix B – Sample Print Ads

**APPLY FOR
THE EARNED
INCOME TAX
CREDIT!**

**I GOT
\$6,143!**

You could receive \$496 to \$6,143 in this Federal income tax credit if you qualify. For information and a list of locations for **FREE** tax preparation, call 215-686-9200 or visit our website.

ACT NOW!
You have until **April 15th.**

The Honorable Michael A. Nutter, *Mayor*
Rob Dubow, *Director of Finance*
Commissioner Clarena I. W. Tolson,
Chief Revenue Collections Officer

Español, 中文, Tiếng Việt, ភាសាខ្មែរ, Français

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HAVE YOU APPLIED FOR THE FEDERAL EARNED INCOME TAX CREDIT YET?



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The City of Philadelphia wants you to know about this important Federal Tax Credit!
See if you qualify for money today!



WHAT IS EITC? It's a special federal income tax credit for people who meet certain filing requirements. The amount of the credit ranges from \$496 to \$6,143!

2014 Income Eligibility Based on Filing Status

# Qualifying Children	Single/Head of Household	Married Filing Jointly	Maximum Benefit
0	\$14,590	\$20,020	\$496
1	\$38,511	\$43,941	\$3,305
2	\$43,756	\$49,186	\$5,460
3+	\$46,997	\$52,427	\$6,143

HOW DO I GET IT?

You could qualify if you:

- Meet income limits
- Have a valid Social Security number
- Are between 25 and 65 or have a qualifying child
- Meet filing status requirements
- Are not a qualifying child of another person
- Are a U.S. citizen or resident alien all year
- Meet all other requirements



GET FREE TAX HELP AT A LOCATION NEAR YOU! CALL OR VISIT OUR WEBSITE FOR HOURS.

The City of Philadelphia has 19 locations offering FREE tax preparation! Bring your documents – in most locations, your return can be prepared while you wait! **HURRY!** The postmark deadline is April 15, 2015!

215-686-9200 English, Español, 中文, Tiếng Việt, ສາມາດໂຊກ, Français
WWW.PHILA.GOV/REVENUE/EITC

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I GOT \$6,143!

HAVE YOU APPLIED FOR THE **FEDERAL EARNED INCOME TAX CREDIT** YET?

Free money is waiting for you if you qualify.
Get all the money you deserve.
Apply by April 15, 2015.

Call **215-686-9200** English, Español, 中文, Tiếng Việt, বাংলা, Français
The City of Philadelphia wants you to know about this important Federal Tax Credit!

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Over **180,000** Philadelphians are getting the EITC, make sure you apply today!

EITC is a special Federal income tax credit for people who meet certain filing requirements. The amount of the credit ranges from **\$496 to \$6,143!**

To find out if you qualify and for a list of locations for **FREE** tax preparation, visit **WWW.PHILA.GOV/REVENUE/EITC** or call **215-686-9200**

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