

RURAL AMERICA
EARNED INCOME TAX CREDIT AND FAMILY ECONOMIC OPPORTUNITY

EITC FUNDERS NETWORK

DECEMBER 6-7, 2007

MEETING GOALS:

- *To raise awareness of the challenges and opportunities faced by rural communities in promoting the EITC and family economic success opportunity;*
- *To provide an opportunity for funders to engage in a dialogue about how EITC and economic opportunity work might be expanded in rural and Native American communities;*
- *To create a dialogue among funders interested in working together to address economic challenges faced by families in rural and Native American communities across the country.*

OVERVIEW OF THE EITC FUNDERS NETWORK -

Ami Nagle, The EITC Funders Network: The EITC Funders Network is about 4 years old. It is a loose affiliation of approximately 80 organizations, including national regional and family foundations, association of funders, United Ways and city and county governments, that support EITC. Membership is free and open. The support includes: Direct outreach and awareness building; Free and low cost tax preparation with a focus on ensuring eligible workers claim the EITC; and Connecting EITC to other supports for workers. The EITC Funders Network holds convenings, conference calls on specific topics and a list serve. It also just launched a website: www.eitcfunders.org

FRAMING THE MEETING

Alice Warner from the Kellogg Foundation's Health Unit:

We need to think about boundaries we create inside our organizations, separating initiatives to address wealth building, health, etc. EITC is about health as much as it is about wealth building. EITC is a powerful tool for health to improve the lives of vulnerable kids and families. It creates a great set of opportunities for kids and families.

Many of you know Kellogg has been in a transition period. We are starting to change the way we do our programmatic work. We are an anti-racist organization that addresses structural inequities in five basic areas:

1. Family income and assets,
2. Community assets,
3. Food/wellbeing/health;

4. Learning and education;
5. Civic and philanthropic education.

We are also developing a new strategic plan with a focus on vulnerable kids and families. Rural areas are a legacy focus for us and are key part of what we do. Rural people are a key constituency for our work.

During this meeting, we will be discussing what it would take to create a future for rural communities in which all eligible people receive the EITC. What policies do we need to address? Who needs to be here? What policies already exist? What natural assets are we overlooking? EITC is just a stop gap though. We should also be thinking about what we can do to make it unnecessary. How can we create wealth for rural individuals and communities? What are the policies, conversations and activities that we need to change to shift the needle and improve conditions for rural kids and families?

Miriam Shark, Manager of the Annie E. Casey Foundation's Rural Portfolio:

Miriam developed and manages the rural agenda at Casey. Aspen Institute is key partner in the Rural Antipoverty Institute. In the report, *By the Numbers: Using Data to Drive Action on Behalf of Children and Families*

(http://www.virtualcap.org/cmsContent/files/AECF_RuFES_By_the_Numbers.pdf), there is a good story about the development of EITC work in rural Minnesota.

The Casey Foundation is focused on disadvantaged children so some people may wonder why EITC is a priority for Casey. In the handful of places where Casey supports place-based work and collects systematized data, low-income residents received \$275 million in tax dollars, including \$109 million in EITC and \$114 million in Child Tax Credits. That is real help for families. Also, by receiving free or low cost tax preparation, families saved a lot in filing and Rapid Anticipation Loan (RAL) fees. These dollars are also a great stimulus for local communities. The core goals for Casey around EITC are to ensure that all who are eligible for the EITC know they are eligible; and that everyone who is eligible has access to free/low cost tax preparation. Many of the families whose taxes we prepare are also learning about asset building opportunities while they get their taxes prepared. The dollars this brings to families are impressive, especially when tied with these other important factors. Casey is a kid's foundation. We believe that children do well when their families do well and that families do better when they live in strong communities.

One thing families need is financial security. Lots of rural families can't achieve economic security. Half of families in rural America with young kids are in poverty. That is the economic reality for a lot of families. To address that reality, Casey has a Rural Family Economic Success (RuFES) effort to help families to move and stay ahead, by earning it, keeping it and growing it. We are, therefore, focused on income, expenditures and the bottom line.

For way too many rural families there is a gap, a threshold deficit. The jobs that most rural workers can access do not pay enough to meet their expenses. One-fourth of rural jobs, if they are worked full-year, full-time, would not lift a family of four above the poverty line. That is a structural deficit. They cannot make enough. Approximately half hold multiple jobs. They

double up and go without necessities to make ends meet. One thing EITC does is help close that gap. The average rural refund is \$1700, about 1 month's salary. That is a great close the gap step.

EITC fits Casey's mission for strategic reasons. When you talk about helping working families get the tax credits they are eligible for, it puts positive spin on it. Low income families are *working* families. People claim this credit, not by applying for benefits but by filing their taxes. It underscores the fact that poor people are working. The EITC makes work pay for folks. It has had great bi-partisan support. It was started by President Ford and has been expanded by every president since then. Many states are enacting state EITC's. Many conservatives who may not be wildly enthusiastic about public benefits understand that the tax code helps folks move ahead.

The EITC is of interest to folks who are interested in people and place. Getting the tax credit helps the families but it also benefits the communities where they live. The credits in New Hampshire – in a non-primary year – had more impact than the hospitality industry! That got people's attention. The *By the Numbers* report found that, in West Minnesota, 26% of eligible filers were leaving their EITC dollars on table. That would be \$25 million and it got the interest of folks who are involved in community development. EITC speaks to folks who are interested in place.

EITC is also good for tactical reasons. Working to ensure that all people who are eligible but not claiming this credit is a pretty manageable chunk. It is a time limited, seasonal initiative. A coalition of folks could come together to address this and they are not signing on to that much. It is a really easy place to start because it generates early wins.

EITC is a good strategy for rural areas because it is easy to adapt for place and context. It lends itself to lots of applications and is easily scaleable. You can start small and build big. The guiding principle at Casey is make new mistakes. We ought to know enough about what others have done so that we do not repeat their mistakes and we ought to be bold enough to take risks and try new innovative things.

EITC is very inviting. It provides lots of opportunities to engage a whole broad spectrum of the usual and unusual suspects. Coalitions include social service agencies, financial industries, insurance, chambers of commerce and economic development folks. It provides a table for a diverse set of folks to gather around and it can build towards more and more ambitious initiatives once you are all together.

EITC is great opportunity to partner with other funders. Funders say they like to collaborate but it is hard to find practical ways to do that. EITC has provided lots of ways to do that. The EITC Funders Network is one example.

WORKING POOR FAMILIES AND THE EITC IN RURAL AND NATIVE AMERICAN COMMUNITIES

David Marzhal, Center for Economic Progress:

I have a lot of expertise in EITC but I am not a rural expert. The EITC is the largest federal tax credit with \$23 billion claimed annually. Filers received \$42 billion in refunds in the last year for which we have data. EITC is almost as big as TANF and Food Stamps combined. It is a huge program. While it was started in 1975 under Gerald Ford, it was actually Nixon's brain child. The maximum value for the EITC was \$200 in the first year, but it has grown a great deal since then.

The EITC has a higher take up rate than any other benefit program. Most benefit programs' take up rates are between 45 and 65 percent while the take up rate is estimated at between 80 and 85 percent for EITC. The high take up rate is a result of a lack of stigma attached to the credit because it is imbedded in the tax code and "everyone" has to file tax return. It is also relatively simple to file for the EITC – much simpler than applying Food Stamps. And, for the people who get it, it is a high value for effort they put into it. Real cost benefit analysis.

Today, the average EITC is \$1875. It ranges from as little as \$1 to over \$4600 and, because it is indexed for inflation, it will continue to grow. There is no typical EITC filer; EITC filers include every kind of tax filer. CEP supports 16 sites in Chicago but we also have one of the largest rural sites in Marion, Indiana. We put an H&R Block out of business in Marion. It is a very low income community where two-thirds of residents qualify for the EITC. Many people work two or three jobs in a year; the average number of W-2's is 1.5. Employers provided very limited benefits. 99% of EITC filers use lump sum refund. You have option to do advance EITC through your employer. Not a lot of interest in advance EITC according to studies. Someone at max could get an extra 200 a month which could help you avoid predatory loans, etc. But, all tax filers seem to like to get the lump. Also, like all filers, most are over-withholding. Myth about EITC refund, you don't get an EITC refund. That refund includes CTC, education credits, etc. There are lots of twists and turns to tax credit. Average of 20 cents on dollar they get is over-withholding.

Sites shouldn't only focus on EITC though. The Child Tax Credit is also very big tax credit that is available to low-income filers. It off sets tax liabilities with an average credit of \$1229. The Additional Child Tax Credit is another good resource.

CEP was lucky to have a researcher nine years ago who did 1,000 interviews with EITC filers. The researcher found that most filers did not have a bank account but they wanted to save. CEP now partners with Shorebank to help folks open bank accounts. Partnering with EITC sites has been good for banks in terms of the Community Reinvestment Act (CRA). Because the IRS promotes electronic filing, filers can get their refund faster. CEP helps to open 1,000 new bank accounts a year in Chicago. There are issues with bank rules and privacy but this is an example of how you can get lots of diverse partners around the table.

EITC can help to address rural poverty – although I prefer to frame EITC as a Rural Economic Development Opportunity instead of highlighting Rural Poverty. Framing is important. Income in rural areas lags behind that in metro areas, significantly in some cases. Almost half of rural children live in working poor families. The EITC is a government anti-poverty program that reaches up to double the federal poverty line.

Trends in Rural America

There are some interesting new realities in rural American. There is no monolithic identity. A large percentage of the rural workforce is in manufacturing but rural areas are subject to dramatic shifts in employment. Hispanic and Latino populations are also growing quickly in rural areas.

Information shows that the fastest growth in rural America is happening in “recreational counties” because of what is being called “amenity based migration.” Retirees are moving into rural areas that used to be based on extractive industries. Now there are wealthy people living there who are in need of services.

In looking at rural America it is important to take regional variation into account. Rural variation is huge in terms of statistics. From Virginia along the south to Arizona is where the highest percentages of the population are taking advantage of EITC. The 14 states with the most EITC filers are in the south or southwest with the highest number in the states devastated by Hurricane Katrina.

Why is this important? The numbers tell a story. They are reflective of historical trends, employment patterns, wages, etc. Something else going on as well though. Rapid Anticipation Loans (RAL) are high priced predatory products that give filers their refunds fast. They are big business. In those states with the highest take up for EITC the market penetration of RALs is also highest. In the South, 51% of all EITC filers get RAL. In the urban areas it is 52% and in rural areas it is 54%. In Louisiana, 60% of EITC filers use RAL! Typically, it cost \$140-150 to file taxes through a commercial preparer but a RAL can double that cost, depending on terms.

This issue is connected to other issues. Alan Berube and Matt Fellows at Brookings prepared a report, entitled *The High Cost of Being Poor*. As a whole, utilization of predatory products is much higher in the South and the rural South. State governments and the benefits they provide are under funded in those states. All of the economic barriers are there. To learn more about these regional variations, CEP is planning to do a series of regional summits in Mississippi, Louisiana, Arkansas, North Carolina, etc.

Karen Edwards, KME Consulting, Inc.:

Karen is a member of the Choctaw Nation of Oklahoma. The tribal governments that have treaties with the US are sovereign nations. They can set up policies, courts, etc. How they do this impacts the way they interact with governments and businesses. There are major differences in social context. They may not have positive relationships with neighboring rural communities because of issues of prejudice, ownership, etc. Tribal communities are not conducive to a one size fits all scenario. Tribes have gone through a huge historical cataclysm. They have endured survived and there are opportunities inherent in that.

Tribes have governmental protocols that have to be observed in order to establish EITC on tribal lands and entities. There have been great improvements in terms of tribal circumstances but there is still great poverty. Many tribes are led by savvy businesspeople who are building stuff for the tribes and EITC can support this.

Karen helped to found ISDA. When they started looking at what states were doing with regards to IDA policy, she started seeing that Native American communities were not deeply involved in developing them. Even though people would say they were doing outreach to Native American communities, they didn't really succeed in doing that and the tribes would say that they had not heard about the programs. You need the right protocol to get information to a tribal community. They started with that as a way to begin to look at system where these communications could take place and states could see tribes are partners. They built a good network of folks.

Another initiative Karen participated in was building savings and assets through ETIC. There is a blossoming idea that EITC could be part of a broader asset building strategy for rural communities. ETIC is seen as an income building initiative but a lot of people in the social services arena don't see income and assets as linked. There is such a finite amount of money out there and people get scared that money would go from one to the other so they become territorial. You can work to help people get ahead now but you have to do it in way that helps them get ahead in the future. It has taken a while for that idea to sink in. The policy was initially developed to help people have more income, but now we are hearing folks talk about saving some of that money. This is more of a new concept but it is one that native communities have grasped onto. If new money is coming in, we have to be able to keep it in the community. We need to show how people can best use the money to develop themselves and their tribe. EITC is seen as good for the community not just the person.

Most IDA initiatives have been begun by many of the folks in this room. A lot of effort has been put into helping tribal areas develop these initiatives in ways that benefit their communities.

To get a better background and understanding on Native American communities, people should read *Rebuilding Native Nations: Strategies for Governance and Development* by Oren Lyons. It describes the resurgence of tribal self governance. In research projects that look at poverty and asset building statistics, you see tend to only see statistics on whites, Hispanics and African Americans. There is a dearth of statistics in native communities but the National Congress of American Indians Policy Research Center is trying to alleviate that. It wants to start research projects that will collect information about tribes and give them the knowledge they need to develop and refine their efforts to improve conditions in tribal communities.

Karen has been involved in research projects about Native American communities in rural areas. She just finished the second year of a project looking at 12 sites across the country, including Hawaii and Alaska. The project is helping the tribes to custom design their research to determine what they need to know while also collecting information on standard questions. Karen hoped that they would be able to use the research to figure out what was and was not working. Some tribes wanted the information so that they could show neighboring communities that their residents were working! It has been a great tool for economic development building.

All of these initiatives will need continued government and philanthropic support. Tribes are beginning to put some of their own money into this but they can't do it alone. A good foundation has been laid to increase these efforts. There have been some good collaborative efforts between rural governments and tribal governments and a foundation of trust has to be laid before it is successful.

Questions and Discussion:

What data can we find about the number who are eligible but don't file for the EITC? There are more RALs in the South but there are more EITC filers there. Are we not getting the word out well enough in other areas?

You have to assume that between 12 and 20% of eligible filers are not claiming the EITC. In communities with high take up there are probably more people who are not getting it than that. An IRS statistic showed recently that each year the composition of people claiming the EITC varies by 30%. This is a sign that people's incomes are moving up and down and that family compositions are changing. The best way to measure the need is to take the data on where people are claiming it and build from that.

The most likely reason that RAL usage is so high in areas of high EITC rates is that smart businesspeople looked at the EITC take up numbers and developed products to sell to those communities. Many of these commercial tax preparers use the social networks in the communities. In the Mississippi Delta and other places, the large chains don't have much presence; it is mainly mom and pop preparers. One reason you don't see many RALs in the Midwest is that there are more credit unions there so the commercial preparers don't think they can make as much money. The cost of a RAL increases with the size of refund/credit so it makes sense that they target Mississippi which has a high average refund.

In Minnesota, John Molinaro helped to develop a model to estimate what was left on table. It was a useful tool for them. The Census Bureau has realized that it has problems with its rural area data and has taken that data off its website, making it more difficult to use the model but you can still do use the model to get estimates at the state level.

Whenever you talk about what is left on the table, you should remember that the economic multiplier for EITC is 1.58 in urban areas. We need to determine what the multiplier effect is in rural areas. Alice Warner thinks it is a lot more. One challenge is that the matrix for EITC is based on per capita income which doesn't cut it for rural areas.

INNOVATIONS IN EITC OUTREACH AND PARTICIPATION

Deborah Schachter – New Hampshire Charitable Foundation:

New Hampshire has a statewide alliance that is based at the Cooperative Extension at the University of New Hampshire with ongoing activities. The statewide effort is powerful and the alliance has nurtured other statewide activities. They now have nine activities at Southern New Hampshire University. They have quarterly meetings. The AARP was brought in, creating a great new link. The Alliance has created a website and produced, disseminated marketing materials and conducted an extensive survey of New Hampshire employers that were deemed to have high percentages of eligible employees.

Through the survey, they identified employers who were interested in sharing information with their employees and hosting free tax preparation sites. They piloted that last year with tax sites

with eight employers and learned that one of the barriers to accessing free tax preparation is that many low income people are working two jobs. They find it easier to drop their paperwork off at the H&R Block based in the Wal-Mart and pick it up when they are finished shopping. The Alliance is investigating innovative strategies to overcome that barrier.

Lisa McCulloch – Central New Mexico Community College:

CNMCC is very proud of its Tax Help New Mexico program which could not have been successful without the support it has received from the Casey Foundation. CNMCC is the second largest post-secondary school in the state with 26,000 students on five campuses. 53% of the students are part of an ethnic minority group and many are from economically challenged backgrounds and are the first generation in their families to attend college. Most are earning less than \$20,000 and 75% are on full aid while in school.

Tax Help New Mexico began as a service learning effort in one accounting class. The students were trained to prepare taxes as a part of their class and were required to volunteer for a number of hours to earn their credits. It is a curricular-based model.

Tax Help New Mexico serves filers earning less than \$40,000 and 70% of tax filers in New Mexico qualify under those rules. New Mexico is a majority minority state with two languages. The population of New Mexico is 2 million and Albuquerque accounts for about one-fourth of that. The rural nature of the state has been a stumbling block to reach folks. Native American populations are very individualized and Native Americans in New Mexico feel very distrustful of government programs. There is also there is no public transportation.

Beginning in 2002-2003, they began statewide expansion efforts. Public Service Company of New Mexico sponsored program and helped to design the branding and expansion strategy. They decided to conduct outreach through bill stuffers. They partnered with legislators around the state and had radio and TV spots across state in three languages (English, Spanish and Navaho). They garnered a great deal of political support, including working with US. Senator Jeff Bingaman. Sen. Bingaman puts information on his website and does media spots for the campaign. He has also worked for the past five years to introduce legislation to get federal funding for EITC efforts. Lt. Governor Diane Denish has also helped with press conferences, etc.

The IRS provides quality control and training to the program and the New Mexico Tax and Revenue Department provides oversight and technical support. The program receives financial support from:

- Casey Foundation – provided train the trainer programs and wireless access in some of the Navaho areas that don't have electricity.
- Albuquerque Community Foundation – helped the program to access elderly residents
- McCune Foundation – provided programmatic support
- Volunteer IMPACT - helped with volunteer coordination

The program is still trying to garner support locally and is working with banks to develop alternative products to offer filers. It is also building partnerships in rural communities. Community agencies help the program to identify organizations that people trust so that it most effectively outreach to folks.

The curriculum requires 20 hours of training and 50 hours of service. It is easily replicable in other colleges and in some high schools. It has a great service learning overlap. Many of the students return to the program as volunteers even after completing the class. The fact that the state pays for the training class helps with overhead.

The results of the expansion have been dramatic. In 2003, they served 9,600 filers in five sites with \$9 million in refunds. In 2004, they served 17,000 filers in 20 sites with \$14 million in refunds. In 2005, they served 26,000 filers in 40 sites with \$21 million in refunds. In 2006, they served 43,416 filers in 41 sites with \$26 million in refunds. The program is having ripple effects with the filers as well. Many end up enrolling in GED classes or other classes after filing.

Mike McBride – IRS, Stakeholder Partnerships, Education and Communication (SPEC):

Mike leads an effort called “SPEC on the Road” (Rural Outreach and Assistance Demonstrating Successful Strategies). SPEC is the “friendly face” of IRS. It manages the toll free call-in line, walk-in centers, etc. It is targeted to serve lower wealth and rural filers.

The EITC is a federal tax credit that reduces taxes for workers. It is designed to make work more attractive than welfare and is fully refundable. This means that if someone has no withholding, they can still get a check. That is very powerful. EITC has a maximum credit of about \$4700.

VITA (the Volunteer Income Tax Assistance Program) was implemented in 1969. It is a national program providing free assistance to low income, elderly, disabled and limited English proficiency filers. Before 2000, any staff person who worked in compliance had to help out with the VITA program. It was not free standing. After the 1998 reform, we put more money into helping folks get it right the first time.

The IRS Director came to Mike two years ago and told him that, while the IRS was doing well in suburban areas, it was struggling in rural areas. He asked Mike to develop a cohesive strategy to address the rural challenges, a task that, at that time, Mike mistakenly thought was doable in two years.

While the task is far from complete, they have implemented some successful strategies. They formed a strategy committee and have launched site specific demonstrations in some places of country, including the South, Native American areas, Limited English Proficiency/Hispanic areas and Appalachia. These areas were targeted because they are rural high poverty areas. They have been meeting with community based organizations in order to connect with filers in rural areas and have been gathering data to show the results of their work. It is easy to show the great success of rural EITC strategies but, after two years, Mike realized that it was highly unlikely that they would be able to fully address this issue before he retires because of the great diversity between these areas and regional variances.

They have been holding rural statewide community based partnership meetings in Louisiana, West Virginia, Oklahoma, Virginia, Georgia, Florida, Idaho, Missouri and Delaware. In these meetings, they share information, establish linkages between participating organizations, discuss

and develop initial action plans to improve outreach, access and utilization and catalyze to move statewide.

Louisiana was the first state in which they did a rural strategy meeting. The meeting was held in Baton Rouge and there were lots of partners present, including the Louisiana Department of Social Services, MATT Foundation, ACORN of Lake Charles and others. Governor Blanco sent appointees to the meeting and the Department of Health and Human Services decided to give mini grants in all Louisiana parishes. As a result, Louisiana passed a state EITC last year!

The experience in West Virginia was similar. The IRS went there and tried to connect with the community based organizations in the coal country. They got the governor's wife to be their spokesperson the first year and the governor became the spokesperson the next year. In the third year, the whole state was covered by EITC efforts!

The IRS conservatively estimates that the EITC gets a \$1.50 return on the dollar. At one time, they could report the take of EITC by zip code. Now that data is embargoed and they can't release take up data. They can, however, report what the impact would be if you increased take up by 5 or 10%. That information is available from Mike or any of the territorial managers.

Jay Kerrigan – Iowans for Social and Economic Development (ISED):

ISED Ventures is a nonprofit group, based in Des Moines, that works to alleviate poverty through statewide programs across Iowa. Programs include micro-enterprise, IDA, financial literacy and tax programs.

Five years ago there was only one tax coalition in Iowa and that was in Des Moines. This year, there are 20 programs across the state and they have had good success. Five of the program are in urban areas and the remaining 15 are in rural areas. Jay used to work for the IRS and came to ISED with the goal of providing all Iowans with free tax preparation. Jay's primary focus is the tax filer. If he pushes the rules, it is for tax filers' benefit.

The EITC program has helped more than 8,000 people, connecting them with \$9.5million in refunds/credits. It has received funding from four grants. With the \$100,000 grant it receives from the state, it returns \$9.5 million. The numbers justify the work! When you factor in the amount that free tax preparation programs save filers, the impact is even greater. Jay conservatively estimates that tax preparation and RAL fees are \$300 per return – even though he has seen charges run up to \$500 at H&R Block. Given that average, the program saved Iowans \$1.8 million. That is a number he likes to underscore in communities. The state of Iowa provides a state EITC that is now refundable at 7%.

ISED launched a Mail In component to its EITC program last year, enabling it to address some of the challenges posed by expanding into rural areas. In many rural areas, it is difficult to find volunteers who know how to prepare tax returns so, instead, they train local people in rural areas to photocopy and mail the necessary documentation so that staff in Des Moines can complete the tax return. The staff prepare the return and mail it back to the local sites and follow up with a call. The filer signs the return and mails back in and Des Moines files the return electronically.

One challenge with this innovation is that can't always get in touch with the filers. Some don't have phone. The IRS didn't like that. It wants the filer to be with the preparer. When Jay proposed this idea, the IRS territory manager made him create and submit a document explaining the processes. Two months later, he got the IRS approval.

Now they are working on expanding their outlets to reach more people. They partnered with churches which promote the program. The first year, they partnered with 14 churches and got 15 returns. Only 4 of the churches sent any returns. Last year, they partnered with 16 churches and got 6 to mail in 75 returns with \$100,000 in refunds. One challenge is that the churches don't know how to reach out to the population.

They are adding a new partner this year, an agency that helps disabled people find jobs. The agency has some control over its clients so they feel confident they will get 25 returns from them

Questions and Discussion

Tax Help New Mexico reported 26 million in 2006. Was that in EITC or in total returns?
That is the total dollar amount through program

How does the Tax Help New Mexico program work with the school? Is there a curriculum? Do students prepare the returns or are they the target service population?

Students take accounting class and get 20 hours of training in order to prepare the returns. Over course of class, they are required to perform 50 hours of service at a tax prep site. Tax Help New Mexico sets up sites for them. One reason for its success is that students recruit their family and friends to come in. They are given one week before tax site opens to bring in friends and family so that they don't have to wait in line. Even on a high school level this program is effective. Students can also get a travel stipend so that they can earn their service hours by going to another site in the state.

Other university and public partners include:

- One of the Native Sites in Alaska used University of Alaska students to prepare taxes in rural Alaskan villages. Students were actually competing with each other for the opportunity to go out into these rural areas! They have had great success doing this.
- The County Extension Services, especially land grant universities, are good partners and a wonderful resource. They want to improve rural conditions.
- Beta Alpha Psi, an accounting fraternity, is another good post-secondary partner. You don't need to target accounting students, but they are a good source of volunteers.
- The National Academy Foundation, an organization that works in high schools, is another good resource. NAF students are very interested in VITA and are taking AP classes. One site partners with NAF to recruit 11th and 12th grade volunteers. Sometimes, they make great tax prep volunteers sometimes but always make good gopher volunteers, copiers and greeters.
- Many tax filers get nervous when high school students are preparing their taxes so CEP gets them to do other work. In Illinois they have to move sites around because some

communities need more services. CEP will be opening a site in a community college in a semi-rural community. Because it is a new community, they were challenged to do outreach. The State Department of Revenue agreed to do a mailing to all state EITC filers within 15 miles of the site to let them know about it. They agreed to do it because they see that as an economic gain. David didn't think they would do it but they agreed. It will reach between 7000-8000 households.

- The State Department of Social Services is also great partner for mailings, referrals, etc.

Are there liability issues for volunteer tax preparers and the organizations that are sponsoring them? What happens if mistakes are made?

There is no liability if the site does not charge a fee. The Volunteer Protection Act protects them. If done by volunteer and there is no fee, there is no liability. The individual tax preparer is covered by act but the organizations are not so they could be held liable. The organizations would not be held liable if they stay within income limitations, etc. This issue does not come up much though and the amounts you are talking about are relatively small.

Where does the ISED program want to go next?

Jay is satisfied with the slow rate of growth in the Mail In program to date because he is doing all of the returns. Two sites have interns doing marketing in their areas and his personal focus will be more towards attracting grants where they have 25 clients who they know will participate.

Since so many students qualify for VITA, have you been able to work with them on other asset building opportunities such as financial education, IDA's etc.?

Students access the Center for Working Families on the Central New Mexico Community College campus for many reasons. Coaches are assigned to families. EITC is just one of the bundle of services offered through the Achievement Coaches.

A lot of the conversation has focused on supply side – providing access, outreach, innovation, etc. What is happening on demand side? Many low income filers are using paid preparers because there is great urgency in their lives. What is being done innovative on that side?

Sites are beginning to market their services way before tax season. They are marketing when the paid preparers are marketing their Christmas loans. A pilot project is underway where people can come in and take budgeting and credit classes and, if they put \$25 into a savings account, can get it matched.

Strategies for more innovatively serving filers include:

- NPR is not the best way to reach EITC eligible filers. Hip Hop stations, churches, the Disney Channel, barber shops, etc. are better ways of reaching them. Walker-Talker volunteers go door to door and talk to people about RAL's etc.
- Rural Dynamics has Trust Accounts that enable people to get their refunds deposited in a Rural Dynamics' bank account so the filer doesn't even need a bank account to get a speedy return. The filer signs a waiver to say they want to do this. The day Rural

Dynamics gets the money, they cut the filer a check. They also offer bank accounts – even if people have ChexSystems – so that the filer doesn't have to go to check casher. Even if the filer doesn't have a bank account, they can take the check to the bank where it was cut and cash it there. Many filers who do not have bank accounts, find it to be intimidating to go into bank though.

- A nonprofit working in housing assistance in Delaware set its own payday lending service. They got guaranteed loan funds with a CDFI structure. That could help meet the demand side.
- US Tax Systems offered payday lending with lower fees. It helped attract folks in the door and, in the process of describing the product, staff were able to talk many filers out of using it. US Tax Systems has recently been taken over by H&R Financial which says that they are still interested in piloting this but that might not be the case.
- Accountability Minnesota offered a RAL for a \$30 transaction fee with no interest. It was a good way for people to establish credit history. Establishing this service required private foundation money but they have had good success with it.
- The San Antonio Coalition also has alternative RAL that has been very successful. People have to pay \$10 to open a savings account for their RAL to go in to. They have tracked how many people kept their account open after the refund and it has been successful.
- United Way of Texas worked with a state legislator and others to pass a state law that requires the Texas Department of Health and Social Services to inform everyone who gets benefits that they may be eligible for EITC and to provide information about where VITA sites are. This mailing goes out to 20 million and the state pays for it!

Are any organizations trying to leverage money to build wealth or increase homeownership? Are any programs providing matching funds for down payments?

Rural Dynamics has a program that matches 4 to 1 towards closing costs with funding from Kellogg. The tax site is not the best time to market that program though. You have to educate the filer before the tax time.

ISED has a 2 to 1 matching IDA but they have found that tax time is not the time to market it. Folks are there for their taxes when they file.

Is ISED tracking the number of folks who come in for EITC and whether or not they take advantage of other programs?

- They try to but they are on their third model of trying to do that successfully. They were trying to do it in house and now United Way will take all of this program information and will devote staff to do this. They hope that will be more successful.
- Minnesota is doing survey of tax clients from last year to ask those questions.

Do students who go through the educational programs continue to do ETIC work after they go into practice?

- A lot of VITA sites in South are getting great support from HBCU's and their students are very involved in this. This is a great way to diversify the field.
- Central New Mexico Community College does not have hard numbers to track that.
- Two students who volunteered at tax sites through Rural Dynamics got jobs through the connections they made at the site and two came back to be site coordinators.
- CEP does a lot of policy work in DC and has learned that half of the staffers for the Ways and Means Committee are former VITA volunteers. That is a huge benefit. That is a buy product that is much bigger on the back end. We are building the knowledge base and understanding of middle income people for lower income people and their situations.

IDEAS GENERATED FROM THE SESSIONS

- HBCU's are a great resource as part of these efforts. There are 121 HBCU's across country and about 10 or 15 of them participate in VITA. While large colleges and universities can dedicate a professor to coordinate the program and train students, HBCU's don't have that capacity and endowment. But, they are some of the low lying fruit. Regional foundations could support this. Alumni from HBCU's can run the VITA programs in the communities. 90% of HBCU's are in rural areas. They can help sites get volunteers in the program, get the schools involved and provide a rural workforce.
- In Michigan, we have program where, if you invest money in a savings account for your kids, it is tax deductible. I want to talk to a financial institution to see if they will match parents' investment in those types of account.
- It is hard to get the volunteers in rural areas. Service vacations could be a way to address that challenge. People pay to go to Honduras and build a house. AARP volunteers could do a bus tour vacation to go and prepare these returns. We could call it a mission trip.
- CEP has taken one day tax blasts in rural communities. If the sites are near an urban area, you can get a bus and bring volunteers out to do it for a day. It takes a lot of advance planning and a good local partner but it can get experienced volunteers into rural areas.
- The IRS has been generous in Tax Wise by allowing roving sites to use it. It can enable sites to get even further into rural areas. If we have a local agency that can schedule appointments, we can send volunteers in to do the tax preparation.
- We need to tally the amount of investment that funders are making in these initiatives. It would be a compelling story if we knew the totals. It would be compelling to policy makers and to funder boards and those who are not yet engaged.
- Tax Help Colorado is doing a campaign that is similar to Tax Help New Mexico. The curriculum is out there for you to use.
- Branding is critical. ISED gets funds from the state of Iowa. They could market that fact in every site and legislators could take credit for voting for it. Then, sites can use statewide numbers to support their programs. In Iowa they talked about the filer numbers at first. They are now moving into rural areas and are talking about counties instead of filer numbers. Legislators like counties more than people!
- For every dollar invested in Montana, \$45 have been generated. That gets the attention of policy makers!

- Campaigns can set up a for profit lending company and leverage a program related investment from foundations. You can bring outside money in so you can charge people a small rate for their loans and give away the tax preparation.

THE ORGANIZATIONAL LANDSCAPE OF RURAL STATES

Alice Warner – Kellogg Foundation:

- *State Fiscal Analysis Initiative (SFAI)* has 36 groups in 36 states working on tax and budget issues. SFAI is 15 years old and has been funded by Ford, Casey and Mott. Kellogg began funding them last year as well. They are a nationally supported piece of work. The Center on Budget and Policy Priorities, based in DC, works with some of these state offices. There are some natural affinities in these communities. A lot of the SFAI are Kids Count groups. In New Mexico, they are the Voices for New Mexico's Children, for example. They take the federal tax and budget trends and analyze them by state. Kentucky has a great budget spreadsheet to show what is happening in the budget with regards kids. It is useful for advocacy organizations.
- *EARN* is coordinated by Economic Policy Institute. There are a lot of places where they overlap with SFAI.
- *Wider Opportunities for Women (WOW)* has the Family Economic Self-Sufficiency Project with 34 groups in 32 states.
- *Working Poor Families Project* has 20 groups in 15 states.
- *Multi-Issue State Policy Groups* have 33 groups in 26 states although they are really not present in a lot of rural states. Rural Multi-Issue State Policy Groups offer a great opportunity for rural issues. They work with trend data and meet annually. When a piece of national legislation comes down to the states, it frequently has little directives and these groups help to shape them.
- *Legal Aid Programs* that do Advocacy Work have 67 Groups in 26 states.
- *Congregation Based Organizing* – There are 220 Coalitions of Progressive Congregations in 39 states. They can be important partners in this work but there are lots of dots that are not connected.
- *ACORN* has 104 groups in 34 states. They work with a lot of ETIC programs.
- *Jobs with Justice* has 46 groups in 25 states.
- Local Coalitions working on Accountable Development

Rural America is missing from the places where these coalitions are based.

Many of the SFAI sites are in states where they have pushed for a state ETIC or to improve the existing state EITC. In rural states we need to collect the data so we can be full implementers of programs that are there. Even in the states where there is an SFAI or EARN, it doesn't ensure that they are paying any attention to rural issues or that they have any expertise in rural areas. Don McCrary and Miriam Shark at Casey did an initiative to encourage state groups to work in rural areas. It was very successful, but it took some work so, we can't assume that states with dots have services in rural area.

With so many direct program activities, the idea of coalitions and building and supporting coalitions in these states can be challenging – especially when you add in bringing folks together across a rural state. You frequently get the same 10 people doing all of this.

There are rural in every state. We need to be working with folks in every state to meet the needs of the rural folks in that state. We have to push the connection in those states.

Whenever you are having conversations at the policy level, you have to include rural folks at the table. When Casey did a study of the Philadelphia EITC Campaign, they realized that it didn't speak to Pennsylvanians who were living outside of Philadelphia.

INTERMEDIARIES: BUILDING CAPACITY AND EXTENDING REACH IN RURAL AND NATIVE AMERICAN COMMUNITIES

Mary Hunt Lieving – Benedum Foundation:

EITC is just a small part of the Benedum Foundation's portfolio. Benedum is the largest foundation serving West Virginia even though it is not located in the state. More native philanthropy needs to be built in these states. Nobody knows rural issues like those who live in rural areas.

Benedum is a \$20 million grantmaking entity with a broad scope that includes community development, health, human services, etc. A lot of human services are in flood relief and emergency programs. They have started looking at ETIC as a part of their Economic Development work because of the impact it can have on the economy of West Virginia.

Benedum's economic development program looks at access to capital for small business and micro-enterprise but they also looking at family stability on the micro level. That is how they pitch their EITC work. West Virginia has one of the lowest per capita incomes in the country; it is always in the bottom five even though the unemployment rate is only 4.2 percent. The customer base for ETIC is great. Benedum is focused on public marketing, outreach to organizations to reach those folks, etc.

They are finding that they are getting good leverage out of West Virginia based employers. State based employers have been very effective partners. In one window manufacturing company, half of the employees are eligible. The HR department has opened its doors for an intermediary to be there. They stuff paychecks, offer tax preparation advice and coordinate technical assistance. The company believes that stable employees with stable income are better employees. That has been very effective.

The EITC dollars are a great leverage for the state. It draws \$200 million into the West Virginia economy and yet it gets very little press. When they were discussing \$200 million bond for broadband, it was all over the paper but \$200 million for ETIC does not get discussed. Benedum was looking at it as a social service program that doesn't make a headline but then they worked with others to put new lens on EITC so they could better reach constituents. They began framing it as \$200 million that could be used to buy washing machines, etc.

The faith community is good for inward reach but they have a hard time reaching outward.

In this session, panelists will talk about how intermediaries work with various programs. Panelists include representatives from two state and one national intermediary. They will discuss the benefits of intermediaries, what gains can come from working with a single statewide intermediary, how that can ensure one brand and one advocacy message, etc. They will also discuss some of the challenges of intermediaries such as the fact that many are very small, volunteer-dependent organizations with few staff people, struggle with issues of leadership, etc.

Lucy Gorham, EITC of the Carolinas:

The parent organization of EITC of the Carolinas is MDC in Chapel Hill. MDC works on antipoverty issues in the South. It provides support for the community tax campaign and statewide outreach on ETIC and asset building. The intermediary got its start with support from the Duke Endowment and support from Casey has enabled it to expand statewide. It also receives support from Babcock, the Z. Smith Reynolds Foundation and other funders. The intermediary supports 30 tax coalitions in 60 counties in North and South Carolina. It collaborates with broad ranges of national, state and local partners. Staffing for intermediary includes on ¾ time EITC director and a fulltime program manager.

Last year, EITC of the Carolinas completed 14,700 returns, returning a total of \$14 million to filers of which \$5 million was EITC. They estimate that they saved filers a total of \$2.2 million in tax preparation fees. They also participated in a broad coalition to support passage of a state EITC.

EITC of the Carolinas is a clearing house for pass through funding, data collection and statewide training meetings. It gives out about \$200,000 to local programs and will work with any community tax campaign as long as they will collect and share the data.

Each campaign is independent with its own lead agency. There are a variety of types of agencies. They have a local coalition of community partners. EITC of the Carolinas doesn't start VITA programs but it does support campaigns locally that support themselves.

EITC of the Carolinas tries to link local coalitions to asset building opportunities and does a lot of grantmaking to support that. The Community Action Program in Winston Salem provided asset building counseling at three sites and 1,100 files took advantage of the service. Of those, 144 signed up for an IDA and 176 joined North Carolina saves and opened a savings account.

They do onsite train the trainer programs, have a website with outreach and other material, offer scholarships for national training opportunities and help sort out best practices in field. Technical assistance flows to EITC of the Carolinas from national providers such as the National Community Tax Coalition, Casey, and the Center for Social Development which then provides assistance to local tax campaigns.

EITC of the Carolinas also supports two other major projects:

1. *EITC Major Outreach Working Group* – They staff and coordinate a working group of 20 members from state agencies and offices and employer groups, including the North Carolina Chamber of Commerce, Retail Merchants Association, Restaurant and Lodging Association, SPEC, etc. One innovative outreach strategy they used was to partner with Connect, Inc. which has a state of the art call center. In early January, Connect, Inc. does a blast of thousands of calls to people who are in their database to let them know about the EITC, to give them eligibility information and to let them know where VITA sites are
2. *The North Carolina Asset Building Policy Project* – This is a task force with more than 40 partner organizations and agencies. They helped push for the state EITC and prioritized 15 new policy initiatives. It is also undertaking demonstration projects.

As it continues its work, EITC of the Carolinas will seek to work with more employers, community colleges, etc. in order to build multiple asset building pathways into these institutions and work with financial institutions to help bank the unbanked.

Some of the advantages of the intermediary model include:

- Increased access to funding
- Increased access to TA and training
- Opportunity to share experiences with other programs
- Opportunity to participate in national and state trainings to learn about best practices

Some of the challenges of the intermediary model include:

- The small grants program can never meet need for funding. It had more money this year but, the requests were still 3 to 1 above the available money.
- Providing TA to a large number of diverse programs
- Maintaining consistent data collection when sites have a broad range of sponsoring organizations that have their own data collection demands
- Doing a large media campaign with little funding for media.
- Strategically balancing priorities between direct site TA, direct outreach to tax payers, etc

Strategic Opportunities for Funders include:

- Help groups on the ground connect with employers and financial service providers
- Support shared infrastructure
- Help develop national and state training resources for asset building counseling
- Develop new models for sustainability.

Joanna Donahoe, Oweesta and Native Financial Education Coalition:

Joanna has been working on native issues for 15 years around the country. She now works at Oweesta which is a national intermediary. The word Oweesta is Mohawk for money. Oweesta is an intermediary CDFI that lends money to other CDFIs. It is a great vehicle for doing this work and for promoting the development of strong institutions. Its work is focused on Native American communities throughout the country, including urban and rural communities and Alaska and Hawaii. It provides training and technical assistance and facilitates the Native Financial Education Coalition, a board group that includes state and federal entities, nonprofits,

etc. As an intermediary, Oweesta does not provide any direct services in communities but it works with committees to promote training. These committees include an EITC Tax Credit Committee and a New Assets Committee that deals with investor issues for Native groups that are now making lots of money.

One challenge they have faced is the struggle of determining roles and responsibilities in facilitating a coalition. Determining who does what and who pays for what is a challenge. The participating groups like to have a place where they can come and leverage their investment.

Oweesta provides training, technical assistance, research and lending while the Native Financial Education Coalition focuses on policy work. Both organizations follow the same model for why they are doing this work. Their main goal is to build institutions that can do this work in communities. They work with housing authorities and other organizations that build the programs. Hopefully those programs will have a strong community impact that will strengthen the sovereignty and economic independence that can then support more institutions.

They partner with Native CDFIs, nonprofits, tribal departments, housing authorities, tribal colleges and universities, schools, etc. EITC can attract diverse partners to the table. They have a strong relationship with the IRS. The Casey Foundation got them involved in the EITC work through its investments. The Center for Budget and Policy Priorities has looked at how to address Native issues. The National Community Tax Coalition provides training supports. They also partner with the Buder Center at Washington University and Federal Reserve Banks. They are also about to start a new partnership with Bank of America to support the EITC work.

Oweesta partners with other Native intermediaries (National Congress of American Indians, National American Indian Heritage Council, etc.) to put EITC on their radar. They conducted focus groups and learned that local sites needed outreach support to help convey the message that the services are free to people with qualifying incomes. To meet that need, they designed outreach pieces that can be personalized with the local sites logo and hours. Earlier this year, they also participated in National EITC Awareness Day.

Because Oweesta is a national intermediary, they have learned that they can't be everywhere. They refer programs to state coalitions to learn more. In Native communities, a lot of the service programs already exist, so Oweesta just focuses on linking the EITC work to them and then refers them to the state training providers. They are building capacity in remote rural areas in a way that makes a fast impact. Accountability Minnesota is a great partner. They are piloting programs in rural Native communities.

When you look at the national map of EITC participants as a percentage of tax returns, you will see lots of red blips across the country. Those are the native communities. EITC is a powerful tool in those communities and Oweesta really appreciates being included in these discussions in order to strengthen those efforts. Oweesta wants to partner with more state groups and wants to talk with more organizations.

Karen Heisler, Rural Dynamics/Consumer Credit Counseling Service:

Tax Help Montana is comprised of a coalition of community organizations. Rural Dynamics began as the Consumer Credit Counseling Service (CCCS) in 1968. Until three years ago, it provided credit counseling services. At that time, however, it changed its focus to be on economic independence by providing more asset building services. It partners with the IRS and has leveraged partnerships with other community organizations across the state of Montana. The coalition is branded and provides marketing support to sites. They don't use the online Tax Wise software. Instead, they have Tax Wise on a server in one location and all of the returns are transmitted from that one location. That is a service that Rural Dynamics provides to all of its partner locations, many of which are in such remote areas that online service is not available.

Tax Help Montana has some great partners, including:

- Montana Credit Union for Community Development
- Montana Legal Services Association – they created a website that lists every tax preparation site in the state. Last year, that website had 50,000 hits.
- AmeriCorps VISTAs – They are a great help! Every site needs at least five of them.
- Universities, state and private colleges and tribal colleges – Internships through these schools have been a great resource for additional volunteers although you can't depend entirely on them because their schedules rotate and they are in school.
- IRS

During the 2006 Tax season, they supported 17 sites in four tribal communities. They prepared 3,499 Federal returns and 2,655 state returns. To date, their sites have helped filers access \$6.5 million with \$1.8 million coming from the EITC. The return on their investment has become great over time. By year three, they were getting a \$45 return per dollar invested in the work. They have found that sustainability is actually easier in rural areas. They have continued to grow at a rapid pace, doubling over the past two years and expecting to double again this year.

In 2007, they plan to have 26 tax sites with sites in all seven tribal communities. They will have new partnerships with colleges and universities and will be implementing the Benefits Bridge Screening Tool in order to screen filers for Food Stamps, Medicare, child care subsidies, IDAs, etc. They will also be implementing a Pilot Savings Project. They will provide financial education before the tax year and will offer to match dollars that filers save. They will also be offering an Alternative RAL program.

Challenges to rural programming include:

- Lot of distance to cover
- Training is difficult – To address this, they are doing webinars which are working well.
- Internet quality is an issue – They are using a remote server so they have to have high speed but not all of the communities have high speed.
- There is a stigma about filing because you don't have to file in Tribal communities
- Funding new sites is expensive – It costs a lot to get started.

Moving forward, they will be implementing a new alternative payday loan, promoting financial education in schools, supporting Indian business alliances and supporting anti-predatory lending policies.

Questions and Discussion:

Lucy Gorham mentioned that the ETIC of the Carolinas is partnering with a disability organization. Can you tell us more about that?

The North Carolina Council on Disability wanted to participate in the program in order to engage the larger disability community in asset building programs as part of a statewide conference on asset building. EITC of the Carolinas contracted with the National Disability Institute to do a pre-conference and brought the two communities together. It has been very successful with lots of participation. Some small capacity building grants will go to groups that are reaching out to disability groups.

How do you deal with high speed internet challenges?

Some organizations are trying to bring broadband across the state and huge dollars are going in to that. At some sites that don't have internet access, they have had to put everything on thumb drives and drive two hours to transmit them. The IRS doesn't like that but that is an issue for all sites that are trying to use these newer tools in rural communities.

In Kansas, there has been a new expansion of satellite internet service. It is very difficult to get DSL that require ground wires but as long as you have clear views of southern skies, you can access the satellite service.

The IRS doesn't like you to use wireless because it is less secure. Using a single server is good because it is more secure.

Is this an upstream strategy? There seem to be so many challenges and there are so many talented people working to address them. Is electronic filing the best way? Is there a nationwide policy that we could support that could address this? Has there been a discussion about other strategies to get money into the pockets of eligible filers?

No. The VITA and TCE programs at IRS aim to get free tax prep out in underserved markets. IRS purchased a software contract with Tax Wise and made that available to folks who do the work so that low income folks can access that service. There are site licensing issues, legal requirements, wireless issues, security/privacy of filer's data, etc.

Some of the wild schemes to reform the whole tax system would address this. If we go to an entirely different tax system it would eliminate some of these challenges but that is a big upstream idea. Miriam Shark doesn't want to get too far away from the electronic filing system because that is also how folks are getting access to healthcare and distance education, economic opportunities, work, etc. Iowa and North Dakota have statewide initiatives to get the whole state covered with broadband. Rural areas shouldn't be dismissed because education, workforce development, etc. will benefit.

Don't let a lack of broadband limit your efforts. You can do that with a dial up line.

Lucy Gorham and Karen Heisler both represent intermediaries at the state level. How are you delivering service and thinking about new ways of doing things? At what point do you see yourself going forward and doing something new to universalize and standardize this?

Montana is starting to think about that. It has a three year plan outlining what new sites should accomplish in that time in terms of sustainability and asset building programs. It is hard to get it going in one year. They are focused with meeting the standards and getting folks up and running. Until the other approximate 25% of eligible people who aren't getting the EITC are receiving it or until the EITC is no longer necessary, the work is not done.

Lucy Gorham recognizes that there is always a tension between the advantages of having standardization and branding and the reality that local coalitions have their own partnerships and programs. You can't just have a product that you offer everywhere. Financial institutions have different initiatives and footprints. Everything is local but EITC of the Carolinas provides a menu of options that local sites can use. Areas that have an opportunity for standardization include volunteer training and tax site operations. There is a great new online quality tool available this year that could go a long way to improving programs.

David Marzahl acknowledges that this is a natural tension. The beauty and the wart of the nonprofit sector is that everyone wants to do it their own way. Nonprofits have their own boards and the creativeness of their staff and volunteers. We need to play that tension out delicately. We need to deal with the local marketplace while keeping in mind that there are certain ways to ensure quality, etc. It gets more complicated, however, when you start adding asset building to the mix. There is a mix of products although there is some universalization of public benefit programs because of the United Way. We will keep moving in that direction. It is not unhealthy but David wonders what will happen when the funder community backs off from supporting this some. For next 20 years, the government will have to provide a baseline of support for poor people who are impacted by the changes in the marketplace. We need to think through what impact that has for us on the service end.

Kellogg has moved Rural Dynamics in a new direction. When Rural Dynamics described the problems and the poverty, Alice Warner pushed them to think more about the future. They did Vision Quest to identify what they want for your kids in 20 years. They identified families, community, and the environment as their priorities and are now throwing their weight behind strategies to keep families together, starting with EITC but getting into larger initiatives too.

The programs that Oweesta supports share some commonalities but they are offered a menu rather than a cookie cutter. They all share a vision but there are some differences in that too. You can't dismiss the differences in culture. Some cultures look at wealth very differently. Some native communities don't want wealth building.

Early on in the work of EITC of the Carolinas, a young man was working with someone to scale and sustain efforts by helping folks create businesses to provide tax preparation in rural local communities. That could be both a source of income for people in local communities and a way for folks to access tax preparation at reasonable prices. Did anything come from that?

One community development corporation in South Carolina operated on that model. The challenge they faced was that, by charging money, they didn't have access to the IRS software and they were liable for errors. It didn't every work.

Ana Marie Argilagos from the Casey Foundation shared that a number of tribes have launched something like that, including a farm worker organization in Texas. They charge a membership fee and members are eligible for free tax preparation when they pay that fee. They also offer a RAL for about \$80. They buy their own Tax Wise software. They are breaking even under their model. They are part of Casey Asset Building Boarder Coalition. They didn't develop this as a business model though. They feel that the person has to put something into it in order to be transformed. The members are paying so they have a right to complain. It is all reciprocal. It is a part of the self help philosophy and makes people feel empowered. In Latino and Native communities, there is a prejudice that if something is free it is not good. That belief exists in a lot of rural communities.

The value of IDAs cannot be understated. It gives people a place to put their refunds. But, IDA's are not going to go to scale and might not survive. How can we scale up and/or protect IDA's? Mary Hunt Lieving shared that they tried to get folks to open IDA with their EITC because we thought it was a windfall for them but it is not. People are spending this money on their existing expenses, daily expenses or debt expense. It is difficult to translate EITC into IDA.

Laura Scherler from United Way of American shared that the Greater Los Angeles United Way invented an introductory IDA product. As a part of their EITC program, they ask people to commit a portion of their EITC refund and a certain additional amount over the course of six months, promising to match it at a rate of 17%. After that time, people can either take it out or can roll it into a real IDA. People don't always trust the 1 to 2 match but , after they get the 17% match, they believe in the match and will do a real IDA.

Karen Heisler shared that the governor of Montana created a community economic security committee. One result was that the governor's budget would include a set aside for IDA's. We need to push that as state and federal policy.

Joanna Donahue shared that Oweesta has found that the restrictive requirements of IDAs are part of the reason why they don't work. They are designed for middle class Americans and not for low income America. Also with regards to linking EITC and IDA, some programs don't want to encourage folks to dump their EITC into IDA because they want the people to learn to save. A group in Milwaukee is doing a program where people can get mini certificates of deposit (CDs) if they save some.

Karen Edwards added that every state has a college 529 plan and that many states will allow a

deposit as low as 5\$. The benefits are not going to be immediate but people can save smaller amounts. A lot of them now also have a matching component. There has been a low take up so far because they are not marketing it well. Education and children are things that state governments can grab a hold of. We need to convince states that financial education is not just for low income folks. Middle and high income folks need it too.

Lucy Gorham added that this discussion brings up the fundamental issue of the cost of high touch services. They cost a lot of money. She interviewed several former IDA clients as a part of an IDA evaluation in North Carolina a few years ago. Most of the people who had bought homes with their IDA said that the greatest value for them was the financial education and how it taught them to budget and manage their own finances. There is real value to have a longer term relationships. It is a great teaching moment.

INTERVIEW WITH TONI FREEMAN OF THE DUKE ENDOWMENT

The Program for Rural Carolinas was opened in 2003. The Duke Endowment had asked David Dodson to help them think through their theory of change in 2001, a process which helped them to identify two goals: increase employment and make sure that economic and asset structures would benefit those who were currently being left behind; and build a structure for to benefit those communities. The Duke Endowment partnered with Chapin Hall and MDC to begin implementing work to reach those goals. Chapin Hall helped them to think about evaluation as a learning opportunity rather than as a process to collect data and release a single report. Instead, they have been able to release several reports with very little lag time between when the work was done and when the report was released.

Through the Program, they worked in 22 communities over four years. South and North Carolina include very diverse regions and areas. In one of the communities, 60% of residents lived at least 30 miles away from their primary care physician and only 30% of residents over age 25 had a high school diploma or equivalent. Another community was rich with resources but it had only one physician and the nearest hospital was 60 miles away. Another community had lots of active retirees and a population in which more people were over age 60 than under age 60. In one county along the coast, the residents along 10% of the coastline accounted for 50% of the wealth in the community. Another community had had a thriving industry market before globalization resulted in 15 of those industries leaving town. This work was also being implemented on the heels of one of the worst floods North Carolina had seen in 500 years, caused by a horrible hurricane. The Duke Endowment had done a lot of flood relief more but had wanted to do more.

The Program for Rural Carolinas included three strategies:

1. Address workforce and business development – tool up workforce development in order to impact economic development.
2. Wealth building through EITC and other efforts
3. Community asset development

In the end, the Program:

- Helped to connect residents with \$3 million in EITC – this was the low hanging fruit for the effort;

- Helped residents purchase nearly 100 homes through its IDA program; and
- Helped to start almost 200 businesses.

The story of one person helps to describe the Program. A young woman named Melissa enrolled in a program that was started by , Shady Grove Methodist Church, a small church in her community. The community had effectively been left behind by the construction of I-95 decades ago. The church decided to get engaged in order to address workforce development and chose to offer training in nursing. Before Melissa got involved she was 37 years old and divorced with 2 kids. She was not working on a regular basis and had thought about getting a college degree but the constraints in her life were too many – child care, relying on transportation from her mother, etc. She heard about the CNA six-week course being offered through the church and immediately joined the program. After completion, she got a job the day after graduation. It was an immediate positive change in her life. She went from having no employment income to earning \$6 an hour. She didn't have a car but when she got a small raise to \$6.50 an hour, she was able to save up enough money to buy an old car. With her car, she was able to get to another job that offered her \$8 an hour. Later, she was able to get another job earning \$12.75. She has now moved out of her mother's house. She got involved in the EITC program and used those funds to buy a better car and is now saving money to buy a house. All of this started with a program offered by a little country church. The church knew they needed to be a catalyst for change in their community.

Questions and Discussion

What was your impetus for doing this? How did a foundation like yours that focused on health care and spiritual life decide to take on the complex issue of building rural economy?

It was a Big Hair Bodacious idea! It was definitely out of our bailiwick but we could not *not* do something. We thought it was the right thing to do at the right time. We worked with some traditional organizations in these communities, including United Methodist Churches and hospitals that were sometimes the largest employers in the community. MDC was a critical partner as well. We couldn't have done it without them.

Why did you feel the need to do an EITC campaign as a part of a community development initiative?

I can't say that EITC was initially our strategy. Seven or eight different sites identified that as a strategy they wanted to use. Beyond that, there were lots of reasons, including the fact that it is a structured program, the success is pretty immediate and it is easy to attract partners.

The community college near Shady Grove Methodist Church had been doing an EITC program for a while without much success. When they partnered with Shady Grove, however, the church could make the connections that were needed to ensure the success of the program. Using non-traditional organizations to do this work proved to be very effective.

Data and documentation played a big part in your work. Many of the materials that were generated out that are currently available on your website. As you began thinking about this effort in 2001 and while you were implementing, what role did data and documentation play in the work?

There were both good and bad aspects to the data collection and documentation. We had a great learning partner in Chapin Hall. They helped us to do this in a way that was not typical evaluation. They wanted to capture and share everything very quickly.

On the down side, I can see now that we didn't do enough data collection and documentation. There is so much more that I wish we captured and shared. That was a lesson learned. We could have provided more support to programs to enable them to capture data.

The good programs were looking at data regularly and used it to inform their work. For example, Shady Grove Methodist Church looked at the data for their nursing program and saw that their graduation and job placement rates were not as high as they wanted them to be. They retrenched and implemented a pre-pre-program for students to go through before they began the CNA program. Once they retooled it, their rates were almost 95%. That was wonderful. They used their data to do that.

Many community change initiatives that are targeted to benefit low income people try to build capacity of grassroots folks in a bottom up strategy or work with existing community leaders in a top down strategy. Instead, you focused on the middle third and worked with those folks. Why?
We targeted those folks because we believed they would reach up and engage folks at the top and also reach down and engage those who were left behind. That proved to be a great strategy.

As with any initiative, there are things you are proud of and things you would do differently. What are those things you would do differently?

There is a whole list of things we would do differently! In retrospect, we structured the program so that there were two options. In option one, sites received more money and more coaching from MDC. Option one sites were sites that were more formally engaged. They had a bigger focus and picture and had the potential to make a great impact. Option two sites were more programmatic specific – they might only do an EITC campaign or have an IDA program. They were not comprehensive.

Over time we couldn't really tell them apart but there was a large disparity in funding. Option two sites got half as much funding and didn't get nearly as much MDC coaching. When we tried to retool that, it was hard to integrate additional coaching into the teams and work that had been going on for a year.

What did you learn about the consistency of coaching?

We learned that this is difficult work. Coaching was the special sauce in this work. It made a great difference. It is difficult to find the right individuals and match them with the right team.

The coaching involved staff from MDC and the funder. People change jobs though and sites didn't want the new person. A coach is a resource who provides guidance and it takes time to develop that relationship.

What else didn't work?

One challenge was figuring out the partnership. We created teams in the sites but we didn't think about creating teams with our partners at MDC and Chapin Hall. We engaged them to do the work but we didn't practice what we preach in terms of forming teams. If we had, we would have set up a structure that complemented each other's assets and strengths. We should have had team development ourselves!

You said that you had to deal with change in your organization during this process. How so?

Yes. We are all part of changing organizations. We had a reflection meeting recently and realized how much change we had undergone; only three staff members stayed in their same position during this process. The trustees and the coaches changed. It is difficult to do this work when your organization is changing. You get so caught up in doing the work but you have to stop and reflect more often to see how these types of things are impacting your efforts.

What do you wish you had known then that you know now?

Supporting 22 sites is overwhelming! We had the resources to support them but that doesn't mean it is a good idea. I wish we had started more slowly. If we had brought staff on and built our own capacity, it would have been better.

Also, I wish we had been aware of the time it takes to have impactful change. We realized that we would not see change as quickly as we wanted. We should have planned to be in this for 10 years in order to have real, long-term, effective change.

Are there any unresolved issues such as the tension between short-term results and long-term capacity building?

That is not an unresolved issue; we are looking at short term results. We are committed to coming back every 3 to 4 years to do retroactive study to see if the work really took root. It was difficult to come to terms with the fact that we would not see long-term impacts in the short term. We need to check back in a few years to see if the new organizations are able to sustain themselves. Will Shady Grove still be able to do this training in five years or will it burn out?

Do you have plans for Chapin Hall to do periodic check-ins to track impact on Melissa's children? How many periodic check-ins will they do over what period of time?

We have committed to one check in but we will probably do more. We know that this needs to be a learning framework instead of traditional evaluation so we think Chapin Hall should do check-ins every 3 to 4 years. We think there are a lot more stories like Melissa's to capture.

If Shady Grove does not continue the nursing training program, what would plan B be?

There is no plan B. We are no longer providing financial support to the program. We will provide TA but nothing else. Only 15 of the 22 sites wanted to continue in Phase II. Some thought they were already ready to go out on their own. Shady Grove, for example, found good support.

Are there other programs that you are looking to seed?

No, the initiative will not continue. We realized that is not our bailiwick or one of our areas of strength. We will concentrate on holding convenings, publishing reports, connecting our grantees with other resources and supporting them in individual ways.

Can you talk more about your strategy of targeting the “middle third”? Who are they and how do you find them?

It is easier to explain who they are not. When some communities were forming their teams, they were drawing on the traditional players. In some communities, that is how things work. We pushed them to bring others (grassroots agencies and churches, for example) to the table and that created some tension. They hadn't worked with them in the past. Churches are nontraditional players for economic development. We helped the teams think about who to bring to the table. We got some pushback from folks who wanted to engage those who have been left behind but, the realities of doing that pose a challenge. Those people have a lot of issues in their lives to keep them from doing this work over the long term.

I know the importance of numbers but I hope that funders understand down deep that there can strength in a concept that doesn't need to be proven. When Congress passes tax code laws (like 401k) that give boost middle income folks through tax code, nobody follows them down the road to see if it has a good impact. That measurement requirement is only true with low income folks. We need to just create the opportunity and let what happens, happen.

RURAL AMERICA

EARNED INCOME TAX CREDIT AND FAMILY ECONOMIC OPPORTUNITY

DAY TWO

IDEAS GENERATED FROM AND REFLECTIONS ON DAY ONE

- The energy in the room was really great!
- The idea about volunteers going on and becoming professionals in this field was new. I tend to think of the volunteers only during their volunteer hours but it was great to hear about this powerful down the road impact in people's lives.
- Some of the unique challenges in rural areas provide the space to think outside of the box. We can't always take what works in urban areas and plop them down in rural areas. It gives us the opportunity for broader thinking and creativity.
- I would like to learn if there is a top 10 list of ways funders can get involved with EITC so that funders who are new to this can find the best intervention points. That list does not currently exist but the EITC Funders Network could put together a top 10 to do list and a top 10 *not* to do list.
- Nobody seems to know what everyone else is doing in our state. A new intern will come on board soon and we will have him/her pull together information on what is happening in communities. We need to connect the dots of the programs we don't know about.
- I love the phrase "STP" – Same Ten People.
- I was struck by the number of people who are working in and/or interested in working in Native American communities. Joanna Donahue would be glad to organize a visit to a Native American community so that people could learn more. There is a list of providers working in Native American communities that Joanna could share but it is not a comprehensive list. She welcomes folks to let her know about others to add.
- There were some good ideas for collective funder engagement to produce data that is useful for everyone – tracking both impacts at the community and individual level – multiplier effects. There are good opportunities for all funders to get something of value.
- I really appreciated that the session created an environment where it was okay to share things that didn't work. That it is of such value.
- Yesterday we talked about how customers don't want to go to VITA sites because of questions about quality. The IRS could easily waive any penalties when there are errors caused by volunteer tax preparation. They can't waive the interest but they could waive the penalties. That might help overcome people's reticence. SPEC and VITA do not have the capability to do that but that could be a policy level influence result.
- The IRS has a consumer board of directors but there are no rural people on it. That would be an influence result. IRS has been responsive to what they learn in the field: refund splitting. There is an opportunity to apply to be on that board once a year.
- You cannot be a VITA volunteer unless you pass a rigorous test. VITA volunteers are certified by the IRS. The IRS works every year to make that test more rigorous. These volunteers are trained by IRS. We might need to market that fact better so that people know that these are trained volunteers.
- Funders could put together a bond of some kind that could be stop gap insurance for organizations that might be concerned about being liable for errors.

LINKING EITC TO OTHER SUPPORTS FOR LOW WAGE WORKERS: PUBLIC BENEFITS, FINANCIAL EDUCATION, BANKING AND ASSETS

Ana Marie Argilagos – The Annie E. Casey Foundation:

The Casey Foundation began this work by planning, conducting research, collecting data and holding community conversations. It then sought out a role that it could play that was based on its core competencies. It realized that EITC-eligible families include the most vulnerable kids and families in the country.

In the boarder states of Arizona, New Mexico, Texas and California, kids are twice as likely to be poor. The perception of boarder areas is that people aren't working but that is far from true. Casey's research found that 80% of EITC-eligible families are two-parent families with fulltime workers who are still falling behind economically. They are a rapidly increasing population that is much younger than the average population. There is lots of income patching going on and lots of self employment. These areas are both urban and rural. Sixty-five percent of Native Americans are living in urban areas and lots of folks are falling through the cracks.

Casey found that traditional anti-poverty strategies aren't working in these areas because culturally sensitive strategies are necessary. This is not just a question of translating; they need to be community driven strategies. It sought to connect with people in the communities and identify policies and programs that made sense. The Native communities are traditionally under-funded places where only .0143% of philanthropy is invested! They are grossly misunderstood and grossly under-funded. Even though there are a number of issues to combat in these areas, Casey also saw that there were a lot of strengths and resiliency to build on.

Casey believes that the wisdom needed to address the issues was inherent in the community so it focused on serving as the convener, catalyst, advocate and information connector for the communities. It conducted lots of research and documentation and then brought people together so they could share their knowledge and experiences. Casey also plays the role of cheerleader to lift up what is working. Its focus was on Family Economic Success strategies but, in these areas, that focus was more entrepreneurial than on work and income. People are babysitters, cooks, landscapers, etc. and Casey sought to strengthen their efforts in those areas. Casey did a lot around data and advocacy to lift up opportunities to bust myths about these communities.

The range of services that sites offer is very broad. Initially the focus was on EITC but they are very holistic in the way that they deliver their programs. Sites don't really get paid to do this work but they do the EITC work because it makes sense for their business model.

Casey works in 18 border counties with 80 sites. Those sites served 50,000 households and with \$19 million in refunds. Casey has had similar success in the Indian counties with 80 sites in Indian country this year.

Laura Scherer – United Way of America:

Laura is a part of the United Way Financial Stability Partnership at United Way of America. United Way of America is the leadership organization for all of the United Ways across the country. United Way is not a franchise organization though so United Way of America is a leadership organization with little governance over local United Ways. It is an interesting time in the history of United Way. The organizations are transforming from merely doing funding allocations to focusing on community impact and using the raised dollars to create change in community. That change has not come as quickly as they would have liked but it takes time to move a large entity in a new direction. This is still a work in progress.

United Way first got involved in EITC in 2003 after having tried to implement an employer project on IDA's that ran for 18 months. After evaluating that effort, they realized that United Way didn't have the capacity to do this at either the national or local levels. It was too new and the tax code and regulations were not in a place where they could make much headway. They sought to identify a more strategic role for local United Ways and chose EITC. The effort was largely funded by Casey that has continued to fund it.

In 2006, United Way began to shape a more national focus for its work. If they were going to create a national initiative, they felt they needed to go beyond EITC to focus on the targeted end result for families. They undertook a strategic planning process in 2006 to broaden their scope of work and decide what they wanted to achieve. It was an interesting process. During that time, the organization began to rethink how it was framing all of its initiative work. They were seeing the links between their various initiatives, such as the Success By Six Early Childhood Success Initiative and the Family Economic Success Initiative.

The end result of that strategic planning process was a new framework for United Way: Advancing the Common Good. United Way will seek to do that by working in three broad areas: Education, Income and Health. They are in the process of planning the health initiative which will launch in 2009. They recognize that it is difficult to do address financial stability without thinking about healthcare and it is hard to address early education without thinking about family.

They created a framework to organize their financial stability work that includes many of the strategies that other meeting participants are focused on. This work is not new, but the organizing framework is. It includes a focus on increased income, building savings and gaining and sustaining assets. It is about financial stability that leads to economic independence. They focus on the linkages between the strategies and helping people get to a place where they can gain and sustain assets.

EITC is still a big focus inside of that framework. At the national level, there are two sides to work: Larger strategic policy work and Technical Assistance and support to local United Ways. United Way of America will help local United Ways get engaged in the best way that makes sense for them. In a network of 1,300 independent organizations there is a great deal of diversity. The vast majority of United Ways are very small organizations with only a very few paid staff, if any. It is hard to serve such a broad range of organizations with varying capacities. United Way

of America has spent a lot of time focusing on the larger communities and needs to focus on smaller ones more.

In order to engage a local United Way in your EITC program, Laura recommends that approach the local organization and talk about more than just funding. United Ways will fund EITC programs but they are frequently interested in other ways that they can contribute, including recruitment and training, marketing and messaging (through its 211 local information referral network), convening, running coalitions, managing resources, providing oversight of VITA sites, etc. Some United Ways are very engaged in this work. Sites just need to find a match between what their coalition needs and what their United Way is suited to do.

Even small United Ways can get involved. One United Way in upstate New York only has one staff person but it has been very engaged in the local EITC campaign. The director recruited college students to come in and prepare taxes at night after she had gone home for the day. The only financial investment she made was for coloring books and hot chocolate. There are things that small United Ways can do a without huge cost. Another small United Way in Brownsville, Texas only had six staff but they were able to pull in community partners to run a successful VITA campaign. They did a good job of using resources effectively and working together.

Ken Fredette – Lakes and Prairies Community Action Partnership:

Lakes and Prairies Community Action Partnership serves the nine counties in and around Fargo, North Dakota, covering 12,862 miles with a population density of about 30 people per square mile. Lakes and Prairies has five core programs:

- Child Care - It sent out 13,000 Life Cycle brochures to people who called for child care referrals.
- Housing Self Sufficiency – provides transitional housing.
- Rainbow Bridge
- Clay County Seniors - It created Clay County Seniors because it realized that there were a lot of rural grandparents who were taking care of their grandchildren.
- Head Start - Hundreds of families at its Head Start site advantage of its VITA sites.

Partners have been critical to Lakes and Prairies' efforts to launch and grow its efforts. They include:

- Casey which helped them start a dialogue in the nine counties to start the program.
- Center for Economic Progress
- IRS
- National Community Tax Coalition
- Office of Economic Opportunities
- West Central Initiative which has given four separate grants in past 18 months to four CAP, enabling them to expand EITC and IDA programs into rural communities
- MacArthur
- West Central Minnesota Community Action, Inc.
- Accountability Minnesota which provides a lot of start up training.
- University of Minnesota Extension which distributes fliers and videos.
- Mahube Community Council

- Minnesota Community Action
- United Way

Because they serve folks who earn up to \$40,000, they are getting more buy-in. People don't view it as being only for "poor people"; it is for a broader swath of the community.

They conducted research to determine why people were not claiming the EITC. They said:

- I earn so little I don't have to file.
- I'm a nontraditional student with two children
- I run my own business
- I'm middle aged and don't have any children
- The children who live with me aren't mine

To address these erroneous ideas, they launched an EITC Awareness effort in 2006. In one year's effort, they drew on support from Casey's RuFES and the Caesy theory of change and engaged the Chamber of Commerce which brought in new level of community involvement.

Henry Thompson, Chief Dull Knife Community College:

Chief Dull Knife Community College is located in Montana and is named for the chief who led the people back to Montana from Oklahoma without shoes and blankets. One of his famous quotes was: "We can no longer live the way we used to. We have to learn a new way of life. Let us ask for schools so our children can live a new way of life." The college carries that motto with it as it teaches the surrounding community members a new way of life.

Colleges with land grant status can be great partners. They are state institutions that also have county agents with access to a lot of resources. Build relationships with them so they feel comfortable coming into rural communities in a way that meets the communities' objectives and not theirs.

The college decided it needed to implement an economic development program with a financial education component. They wanted to create a program to teach folks about good credit. The program is called Reaching Financial Dreams in Indian Country.

Chief Dull Knife Community College gets \$85,000 annually to support its EITC efforts. It can also apply for a portion of pot of \$300,000. That is a highly competitive process but the college has been able to access it to fund its financial education programs. It has two fulltime employees, one part-time employee and two student workers. They have a wonderful team which is critical. You need to build a strong team not only of staff but also of partners in the community who want to help build a better community for their kids. The key to success is building strong local partnerships. The partners are not necessarily the local directors of organizations and presidents of banks; they are the key people in organizations who will go the extra mile to make sure the program is successful. It is so important to build those relationships. In order to move forward you have to know where each other are coming from.

When Chief Dull Knife Community College started its financial education classes, it used the Building Native Communities curriculum. They soon found that they needed to tweak the curriculum for different audiences such as TANF recipients, casino workers, etc.

Early on they partnered with two other tribal colleges. They decided that they wanted to create their own curriculum in order to best meet the needs of Native communities. They learned that what worked with the Cheyenne community would not necessarily work with the Pablo community, etc. So, they created a tool kit, drawing on the Building Native Communities curriculum and outlining how various Native communities could tweak it for their uses.

The college has had success with honesty. They were up front with students and shared their own personal learning history. Henry was 40 years old before she learned about compound interest! She let them know that so they would be less ashamed of what they did not know. It is all about education.

They have a beautiful Native American Credit Union program with some wonderful pieces that are all linked together. They started a pilot IDA project.

They have learned that the various programs are not stand alone. If they are going to look at changing the communities long term, they need partners with expertise to move their short term programming to long term so that they can see social and economic change.

Questions and Discussion:

Is the success of financial education programs because of their link to EITC or is the success of EITC dependent upon financial education programs or are they independent?

There is a statewide Financial Literacy program in Minnesota but Lakes and Prairies CAP wasn't very successful in getting folks to take the 12-hour course initially. The classes started filling up though after the EITC campaign was launched. People saw it as a real opportunity to make a difference. EITC is a great jumping off place for IDAs and FES opportunities.

Chief Dull Knife Community College has just scratched the surface with regards to financial education. They want to take a more holistic approach and integrate it into EITC. They want to look at people changing their behaviors. Once they have established that rapport with people, they feel they can do some social work. They talk with folks about the problems going on in their lives that might prevent them from learning that day. They don't try to fix the problems but they try to let people let it out so that they can move forward and learn. The two go together; it should not be one or the other.

These programs do not work without trust but how do you build that trust?

You have to be honest with people and share your own experiences about how you learned and how you deal with everyday issues. Because the staff at Chief Dull Knife Community College are from the community, the people know them. Staff let them into their lives and share how they learned this financial education information and how they are managing it.

The Lake and Prairies CAP first built trust with folks through its Head Start programs. Parents and their children are connected with the Head Start year round so they can talk about bank accounts and increasing gas costs, then EITC and IDA. Then they start to tell their friends.

Can anyone describe what super sites are and how they work? Has anyone done one?

Karen Edwards shared that Super Sites are usually in large urban areas. Information about them is available online at the National Community Tax Coalition website. They are large VITA EITC sites where banks come to help folks open accounts and mortgage companies come to talk about homeownership.

Miriam Shark added that there are good examples of rural super sites in New Hampshire and Rochester, New York. They don't have to be in urban sites. Henry Thompson is doing super sites. People interested in super sites can also look at the Casey-funded Centers for Working Families. They have a holistic approach to generating income opportunities, helping people get ahead and helping them access financial institutions.

People are using lots of different terms for financial education, financial decision making and financial literacy. Has anyone done formal or informal focus groups or informal to better understand how we can frame and present this so we know how to best to head start moms?

Financial Literacy is not the best word to use in most cases. Lakes and Prairies CAP says "Managing Your Money," emphasizing that it is about *You* managing *Your* money. They also use a lot of the Family Economic Success language because it resonates. They let them define what economic success means to them. They stay away from saying Financial Literacy though. They got no response from fliers advertising financial literacy that were posted for 6 weeks in a place that 2,600 folks walked past monthly.

Don't say financial literacy because that implies illiterate. Karen Edwards asks folks: Who Wants to Be a Millionaire.

Ana Marie Argilagos uses "financial fitness" because it relates to health and is seen as good thing.

Has there been any research on which asset building strategies are having better impacts so that we can learn from best practices? We want to do those things with bigger, long term impact.

In the border and Indian country, 9,000 surveys on financial behaviors were completed to find out about the impact of EITC and asset building in these communities. This information is helping Casey to keep local agencies and institutions – who were involved in developing the surveys – informed. Casey also shares it with financial institutions so that they understand these communities. When they are surveyed by trusted entities, the information is better.

Laura Scherler shared that United Way of America has been trying to get beyond the numbers to measure if people are better off as a result of getting the EITC or opening a bank account. Did

they keep the account open? That is harder to measure. United Way is looking at how it can measure that in the long term. They have a partnership with an organization that provides benefit access, screening and enrollment. It is a technical software but it also captures a lot of data so we can measure the impact.

Karen Edwards shared that asset building wasn't even a term until a few years ago. Two professors at the University of Arkansas are doing study of IDA post participants to track if they retained their house and if they are still saving.

Alice added that there are multiple tools that have demonstrated varying degrees of efficacy. The question of wealth transfer is really interesting. There are many people in rural areas who are eligible for EITC who are living on land that is worth a lot even though the crops are not. Their income is quite low but if you look at what will happen to that land over the years and the wealth that is available there is an opportunity for a small percentage of that to be put back into local communities.

Angela Durand at the Southern Good Faith Fund has been doing a lot of work looking at the impact of EITC in the delta regions at both the individual and community levels. They sought to change policy infrastructures in order to change the way the state allocated money to allow them to get consumers engaged in this. We need to look at policies and infrastructure and build efforts at the national, state, and community level to increase the focus on service for individuals. We need to work at all levels. We need to look for national and local partners and local partners. The Grantmakers for Income Security Taskforce network is one good potential partner.

Miriam emphasized that there is no magic bullet. But, she also highlighted the Alternative Credit Union in upstate NY that has created a credit path which talks about the progression from being unbanked to being investors. It is a pathway that mimics the childhood game of Chutes and Ladders.

OPEN SPACE HIGHLIGHTS

Business Opportunities:

- Big bank financial institutions are catering to a certain clientele and will go where there is money to be made. Maybe we should look downstream to credit unions and CDFI's that might have more of a localized return and a double bottom line.

How to Recruit Volunteers:

- Reach out to the EITC Funders Network to find out what ideas and resources are out there.
- Look for new ways to recruit that work in your community.

A Role for United Way:

- Approach this as an opportunity for employers to provide an added benefit to their employees. This could include on-site tax preparation and/or financial education. United Ways can be the conduit to get those things started. United Ways could host lunch and learn sessions. People should contact their local United Way because many are looking for ways to contribute to these efforts and their employer connections might be a good strategy.

Creating Institutional Opportunities:

- Create a public/private collaborative that will work to institutionalize financial education in schools, including enabling students to open a savings account through their school. It's not just learning about money but building it.

Linking with AARP

- The AARP Foundation has a huge asset building component. In a meeting next week, it will be discussing how current programs can be tweaked and how to develop new programming.
- AARP might have the muscle to move forward a new banking product in the mainstream.
- AARP has no age minimums in its focus to help people embrace financial education because it recognizes that people need to start saving early for retirement.
- AARP does a lot of work with coalitions in local, urban and rural areas. In 2008, AARP will be doing targeted work in four states: Mississippi, Alabama, Texas and Arizona. They are looking for diverse communities in those states. They will also have a special focus on women because they live longer and tend to have fewer assets.

Marketing

- Harness technological advances such as cell phones, UTube and My Space for marketing.
- Create a national marketing opportunity around EITC – a McGruff the Crime Dog type mascot for EITC.

A Role for Funders

- There is not a coordinated voice on the national level to support EITC and financial education efforts. Funders should sponsor a policy summit to bring these issues to the

forefront and to bring in key players. The EITC Funders Network could create a policy compendium on local, state and tribal levels.

- Funders should encourage a broader approach to EITC and asset development

Data Collection

- There is a lot of energy around developing consistent ways to collect data and measure things in order to build credibility at the local level and to aggregate it up to the state and national levels. This would allow us to reframe the way these programs are seen.
- Corral and gather exit and intake surveys/forms about how folks are using their EITC
- Measure the multiplier effect.

Native Community

- We are looking for a way for funders to leverage resources to better serve Native communities.
- We want to show the poverty in these communities and the successes that the communities have achieved.
- We propose a joint meeting of the funders' network in a location near Native communities so that funders could visit a Native community and meet and talk about EITC and asset building components in the Native community. We should create a subcommittee to investigate this opportunity.

Expanding EITC in Rural Areas and Bringing it to Scale Nationally

- Hold a regional EITC meeting in 2008
- Organize a group to focus on EITC in rural areas
- Regionalize the rural EITC effort
- Do a better job of sharing data to understand what is happening in rural America today

Less Volunteer Intensive Ways to do EITC

- Pull information together on mobile sites – how are they staffed, how are they paid for, etc.
- Investigate models where we help folks do their own taxes. Gather information on how that works, who trains the volunteers, etc. That might work well in some communities.

Turning New Assets into Cash Flow

- Simple things can translate into big changes in community. Not all assets produce income. Some sites give loans to buy cell phones so that a person can start a business to make money for her home and community. Maybe we need to think about building income producing opportunities in rural areas.

Dealing with the Politics of a Small Community When Setting up an EITC Campaign

- Invite everyone to the table and then let their interest and response determine who you partner with.
- Set up a good process and trust it.
- In farming communities, you need to recognize the complexity of dealing with farmers.

WHAT ARE PARTICIPANTS TAKING BACK FROM THE MEETING?

- I have a greater appreciation of the diversity of strategies you can use in rural communities.
- Connections
- National organizations need to do more in small communities.
- We need to use the measurements in different ways to connect to different audiences such as policy audiences and rural communities.
- I learned a bunch of steps needed to start a new program.
- I learned more than a common sense knowledge of what is being done in rural communities
- I have a greater level of excitement and ideas to take back to my community to better support ongoing efforts.
- I learned to remember that *impact* doesn't always mean *numbers*.
- I got information, inspiration, and a strong sense of where we can fit in.
- I got great ideas for new partners.
- I learned that most, if not all, successful EITC initiatives have links with universities.
- I got five more reasons why we need broadband throughout country.
- Inspiration!
- I saw the number of examples of diversity across country for the value of these programs.
- I learned how much well being is and can be created through these programs.
- My experiences in rural America were reinforced with regards to the diversity that exists there and the intensity of what we are bringing there.
- I developed a much richer and sophisticated look into the future for developing long term goals for expansion.
- I learned that, when you have seen one rural community, you have seen one rural community and that when you have seen one CAP, you have seen one CAP. IRS is an organization that tries to put everything into the same box but we need to think outside of the box. We need to stand up and say that this isn't the box!
- I saw how many dedicated, supportive, like-minded folks are working on this.
- My batteries were recharged. I saw through evaluation that the work we are doing is making a difference.
- I saw the interdependence we share to achieve a greater good.
- I have a better understanding of this strategy and how it is connected to rural communities.
- I have an affirmation of how important public policy is and how we need to improve our community and connections.
- It is really nice to be in room of people who get this!
- I saw that the impact is more important than numbers. I try as a fundraiser to think about products and strategies that make a difference and this has been energizing.
- I will be in a meeting on Monday about AARP and I will try to wear the hat of rural America to represent those needs.
- I was inspired by the passion and commitment of practitioners, funders, learning partners and the fact that there are new people coming on board with this work.
- I was wowed by the fact that so many people are interested in data and documentation.
- I was inspired by great ideas.

- I heard myths being busted. I will take those facts back to my teammates to share the opportunities. They are opportunities and not challenges.
- I saw that taking the time to learn is important.
- I saw the real need to collect the data and look at the return on investment.
- I heard that nobody is evaluating the impact of middle income targeted strategies like matched incentives for 401Ks.
- I am continually amazed by the challenges of meeting needs in rural communities. I had many ah-ha moments, made good connections and drew on the great energy in this room.
- I learned that you can't be territorial and try to take credit. You have to just focus on moving the program ahead regardless of who gets the credit!
- I saw an exponential increase in the success that folks have achieved and I know that, over the next three years, there will be even more stories of great success as this continues to grow.
- I made connections to new people, places and ideas.