

Volunteering Isn't Too Taxing: The ROI of the EITC

-- Marisa G. Waxman, AICP, Senior Associate

Tax season is just around the corner. For most people it means some grumbling, headaches and a few afternoons tracking down receipts and financial statements. To me, it means spending one day a week for three months in a windowless room at the Community College of Philadelphia's West Philly Campus – and while there are some headaches, grumbling and missing receipts – I love it.

As a volunteer tax preparer for the **Campaign for Working Families**, I assist low-income taxpayers to make sure they have their taxes filed correctly and get all the credits that they are entitled to, particularly the Earned Income Tax Credit (EITC), without spending what often equals a week's pay on a professional preparer and other fees. At the Economy League and at my prior position, I have researched and advocated for reforming Philadelphia's tax structure. This macro level perspective is intellectually stimulating, but seeing the impact that a tax structure has on the individuals and families whose taxes I do gives the research part meaning and gives me a sense of purpose. As a number cruncher (I am constantly calculating returns on investment and cost benefit ratios), volunteering as a tax preparer is gratifying. Not only to I get to give back to my city, I can easily quantify the return on the investment of my time. I can spend 4 hours and know that I have brought more than \$10,000 into the local economy and saved my clients hundreds of dollars with free tax preparation and avoidance of associated fees.



The program works by providing qualified low-income workers with refundable credits based on their earnings. Income limits are based on filing status and the taxpayer's number of dependents, ranging from around \$12,000 for a single person with no children to roughly \$38,000 for a married couple with 2 or more kids. Refunds may be up to \$4,500. It is referred to as the nation's largest anti-poverty program, yet many of those eligible are either unaware or ill equipped to take advantage of the credit.

There are fewer ways to become more intimate with a stranger in under an hour than doing their taxes. I learn how much they make, how many kids they have and with whom, immigration status, what their medical conditions are, and the nature of their living situation. In just a few minutes, I get a glimpse into their lives and I get a sense of how meaningful the EITC program is. Clients sometimes share with me their plans for the refund. Paying bills, making needed home repairs, and enrolling in classes at Community College often top the list. I get hugs and hear huge sighs of relief when I tell them how much they will be getting back. First-timers are often elated to learn of the Earned Income Tax Credit and a bit annoyed that they hadn't known to apply for it in earlier years.

The overall Philadelphia economy benefits as well. By connecting local residents with the appropriate tax credits, money is pumped into the region. For the 2006 tax year, the Campaign for Working Families' efforts generated more than \$20 million in refunds and filed more than 11,000 returns with less than 400 volunteers. The refunds are money that will be spent at local businesses and reinvested in our communities. Without the efforts of the Campaign for Working Families, many of those dollars would not be re-circulating in the region. But opportunities are still being missed. In 2003, the Philadelphia Tax Reform Commission called for \$1 million to be allocated to increasing participation, noting that 45,000 Philadelphia eligible households did not file for the EITC, representing more than \$75 million in unclaimed refunds. If you'd like to explore volunteer opportunities with the Campaign for Working Families, visit www.gpuac.org/programs/CampaignforWorkingFamilies.htm.