



**Public Forum on the IRS Future State Vision  
Comments from Enterprise Community Partners on behalf of the  
Cuyahoga Earned Income Tax Credit Coalition  
August 16, 2016**

Thank you Ms. Olson and Congressman Renacci for convening this public forum. My name is Kathy Matthews and I am the Program Director for Enterprise Community Partners and we have the privilege of leading the Cuyahoga County Earned Income Tax Credit (EITC) Coalition. On behalf of the 15,000 taxpayers we serve annually, I appreciate the opportunity to share with you what we see as the critical needs of low-income taxpayers and what we believe will help them comply with their tax obligations. We are also grateful to our IRS SPEC partners who provide valuable program support as we plan and prepare for each tax season.

Enterprise Community Partners is a national nonprofit organization that believes opportunity starts with a good home that you can afford. We create and advocate for affordable homes in thriving communities linked to jobs, good schools, transit and health care. Since 1982, we have been working through local offices across the country, including one here in Cleveland, where we carry out our mission to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. We are driven by our mission, fueled by business discipline and sustained by donors and investors. One of America's original social enterprises, we bring together the people and resources to create affordable housing in strong neighborhoods. Central to acquiring and maintaining affordable housing, is the availability of a good job with the income that makes this reality possible. As such, Enterprise is committed to directly supporting efforts that promote economic prosperity and improves lives through programs like Volunteer Income Tax Assistance (VITA) and asset building activities that move low-and-moderate income families from financial uncertainty to financial security.

With assistance from the IRS, Cuyahoga County Job & Family Services, and other funders, Enterprise helped form the Cuyahoga EITC Coalition. We bring together non-profits in the community and partner with financial institutions and government agencies. Since 2005, and today, the Coalition consists of hundreds of volunteers and directly serves taxpayers at 25 VITA sites. Inception to date, Coalition volunteers have prepared over 102,000 tax returns for low-income residents, returning more than \$142 million refunds back into the pockets of hardworking taxpayers living in Cuyahoga County. Based on surveys, we know that taxpayers use these refunds to meet basic needs, such as rent, utilities, and purchase household goods. Overall, 35 percent of the taxpayers we serve live below 100 percent of the federal poverty level of \$24,300 for a family of four; 80 percent live below 250 percent of the federal poverty level; 41 percent are over the age of 55; and for 17 percent, English is not the primary language spoken. Many of

the taxpayers we serve are parents or caregivers who work multiple jobs and have limited free time to spend on non-family related activities.

As we prepare for the Future State program, we hope that the experiences of the Coalition can be of service and informative to your efforts. 98 percent of taxpayers we serve rate their experience with the VITA program as good or excellent – primarily due to the volunteers we attract and retain each year. Also, as approximately 60 percent of the taxpayers return each year, the Coalition is able to build off the positive interaction these taxpayers experience with the VITA program. Due to the strong relationships between volunteers and taxpayers, volunteers are able to refer taxpayers to other essential programs, such as credit counseling, home buyer education, foreclosure prevention, and one-on-one financial planning.

When the IRS announced they would curtail taxpayer services at the Cleveland walk-in office – including stopping tax return preparation - the Coalition filled that gap in service with our volunteers and stretched itself to increase its capacity and offered on-site tax appointments from April through October at six locations. During these months, we met with over 1,000 taxpayers who received letters from the IRS requiring amended tax returns, more documentation, and other issues that needed to be addressed. Due to limited time and/or capacity, low-income taxpayers who do not have an easy way to contact someone directly, may not respond or understand how to respond to an IRS notice. When the IRS does not receive a response, they take actions like issuing a Notice of Levy or filing a Notice of Federal Tax Lien. For the taxpayers we serve, a levy on their wages is almost certain to cause hardship. A Federal Tax Lien would make it much more difficult to rebuild credit, qualify for lower rates on loans, or even buy a home.

The cost benefits and efficiencies that can be gained by the use of automated or online services are clear. It is important to remember though that in 2014 there were still two-thirds of census tracts in the City of Cleveland with fewer than 40 percent of their households served by fast DSL or cable internet connections. Furthermore, many low-income taxpayers are more likely to be internet and computer illiterate, putting them at a disadvantage even if they obtain access to a secure network and reliable computer equipment. The Coalition urges the IRS to consider these challenges, particularly as it relates to low-income taxpayers, as they develop the Future State program.

The EITC is essential to our VITA program. The EITC has been widely praised for its effectiveness in closing the poverty gap for the country's working poor. We'd like to specifically thank Congressman Renacci for tackling generational poverty because, as we all know, moving children out of poverty can be life saving. Research has found that lifting household income in early childhood not only improves a child's immediate educational outcomes, but is associated with more schooling, more hours worked, and higher earnings in adulthood. Researchers also

believe that increased household income can lead to improved health for parents – that in turn, helps them to better support their children’s learning.

Clearly, the need for all eligible families to claim and receive the EITC is critical. 34 percent of the taxpayers we serve claim the EITC and the average EITC refund is \$1,496. It is estimated 20 percent of those families eligible for EITC do not claim this valuable credit. VITA programs help low-income, working families make their way through the tax code, claiming the full amount of any tax refund for which they are qualified. Without VITA help, many struggling households will turn to the help of commercial tax preparers who charge fees in excess of \$350. It is estimated that our VITA program has saved EITC filers at least \$30 million in fees and high interest loans. Additionally, some 15 percent of our clients would otherwise not file their taxes if not for the free tax services. Through Future State, we look forward to strengthening the partnership the Cuyahoga EITC Coalition has with the IRS in order to reach more families in need. The Coalition believes Future State is not only an opportunity to deepen our collaboration but to also streamline and promote existing resources.

We hope that you continue to view programs like the Cuyahoga EITC Coalition, along with direct access to knowledgeable IRS representatives for low-income taxpayers, as a priority for the IRS as it develops the Future State program.

Thank you again for the opportunity to speak at tonight’s forum. We are grateful to Ms. Olson, the IRS, Congressman Renacci, and the many others who worked hard to make this dialogue possible. I would be happy to answer any questions you may have.