

**REPORT OF THE
DEPARTMENT OF TAXATION ON**

**Developing Procedures for
Notifying Citizens of the
Commonwealth of Their
Eligibility for the Federal
Earned Income Tax Credit**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 30

**COMMONWEALTH OF VIRGINIA
RICHMOND
1993**



COMMONWEALTH of VIRGINIA

Department of Taxation


January 22, 1993

TO: The Honorable Lawrence Douglas Wilder
 Governor of Virginia
 and
 The General Assembly of Virginia

The 1992 General Assembly, by Senate Joint Resolution No. 70, requested the Tax Commissioner to develop procedures for notifying citizens of the Commonwealth of their eligibility of the federal earned income tax credit.

Enclosed for your review and consideration is the report that has been prepared in response to this resolution.

Respectfully submitted,


W. H. Forst
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Committee To Develop Procedures For Notifying Citizens Of The Commonwealth Of Their Eligibility For The Federal Earned Income Tax Credit

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EXECUTIVE SUMMARY

Senate Joint Resolution No. 70 of the 1992 Session of the General Assembly requested that the Department of Taxation (TAX) develop procedures for notifying citizens of the Commonwealth of their eligibility for the Federal Earned Income Tax Credit (EIC). A copy of the resolution may be found in Appendix A.

The EIC is intended to provide tax relief to certain low-income working individuals with children. The credit is refundable, thus qualifying individuals can receive a refund check even if they do not have a federal liability. Many low-income individuals who qualify for the federal credit fail to file the necessary form to receive the credit. This failure often occurs because of the misconception that an individual must have a tax liability to claim the EIC.

TAX, in conjunction with the Department of Social Services (DSS), formed a steering committee to assist with this project. Several steering committee meetings were held to solicit ideas for ways to communicate EIC information to low-income families. As a result, a plan has been developed and will be implemented for the upcoming filing season that emphasizes channeling resources and materials to those low-income families most likely to qualify for the EIC. In addition, emphasis is placed on conducting these activities at a minimal cost to the Commonwealth and to the organizations which volunteered through the steering committee to assist in notifying citizens of their eligibility for the EIC.

The steering committee found that an effective network of agencies and organizations already exists to channel information on the EIC to potential recipients. As such, a broad media advertising campaign is not recommended. Rather, it is felt that the most effective efforts will be those that are targeted toward specific groups of individuals who are likely to qualify for the EIC, such as WIC (Women, Infant & Children) supplemental feeding program recipients and Aid to Families with Dependent Children (AFDC) recipients.

Through special efforts, IRS was able to procure a sufficient number of materials on the EIC to reach several such target groups in 1993, and TAX will serve as a clearinghouse for these materials. However, the number was not sufficient for all requests by interested agencies and organizations to be honored. Nonetheless, many of these agencies and organizations, such as Virginia Power and the Virginia Council of Higher Education, have volunteered to conduct their own outreach programs.

These targeted programs will be augmented by low cost or no cost broad based outreach efforts that will reach individuals who

qualify for the EIC. The key to these efforts is a program to increase the media's awareness and coverage of the EIC during the upcoming tax filing season. This effort will include a news conference, news releases, and participation in television and radio programming (talk shows, call-in programs, etc.). In addition, information on the EIC will be included in the Virginia individual income tax packet, which reaches 2.2 million individuals, and EIC information will be provided to all state employees.

The steering committee plans to stay in existence at least through 1993 in order to evaluate the effectiveness of the various outreach efforts and recommend possible future programs. To the extent that IRS may be unable to provide sufficient EIC materials in future years, minimal funding (thought to be less than \$25,000) would be helpful for the printing of materials for future EIC outreach and maintenance efforts by interested agencies and organizations.

In addition, during 1993 the steering committee can explore with Virginia broadcasters the feasibility of creating a low cost, yet effective, public service advertising campaign.

INTRODUCTION

Senate Joint Resolution No. 70, patroned by Senator Janet Howell, requested that TAX develop procedures for notifying citizens of the Commonwealth of their eligibility for the EIC.

The General Assembly also took other steps to communicate information about the EIC. Senate Joint Resolution No. 71 requested that state agencies educate their employees concerning the EIC. In addition, Item 376 of the 1992 Appropriation Act required that DSS assist the Community Action Agencies (CAA's) in conducting a public awareness campaign to educate low-income Virginians about the EIC. A work plan for this effort may be found in Appendix B.

Since both TAX and DSS have a similar purpose of communicating the EIC to Virginia citizens, these agencies collaborated to form a steering committee. This committee included representatives from state, federal and private organizations. A detailed list of organizations comprising the steering committee may be found in Appendix C. The steering committee discussed ways it could use its resources in communicating the EIC to Virginia citizens. The procedures developed by the committee are shown in this report.

FEDERAL PROGRAM

CURRENT EARNED INCOME CREDIT

The EIC was established to provide tax relief for low-income working families by offsetting the effects of the social security payroll tax on low-income working families with children. The EIC that is currently available to low-income families was contained in the Revenue Reconciliation Act of 1990 and began in taxable year 1991. More than 13.7 million families received \$11.3 billion in EIC when they filed their 1991 federal income tax returns.¹ In addition, for 1992, the EIC increases the maximum credit to \$2,211 for taxpayers with income below \$22,370.

The federal credit is income sensitive since after a certain income level, it declines as income increases. Its benefits are based directly on earned income. The EIC offers cash aid to working parents who have relatively low incomes and who care for dependent children. For many eligible families, the EIC results in lower tax payments. Because the Federal program is refundable, those who owe no income taxes at year's end or whose tax liability is smaller than the credit will receive all or part of the EIC as a direct payment from the U.S. Treasury.

ELIGIBILITY

The 1990 law changes eased some of the eligibility rules for the credit. The EIC is now available to essentially any taxpayer which earned less than \$22,370 and has at least one child in the home. The link between the EIC and Aid to Families with Dependent Children (AFDC) benefits has also been severed. The EIC is no longer considered in determining eligibility and benefit levels for AFDC, Medicaid and social security. Beginning in 1991, there is no longer a link with the dependent exemption rules, thus allowing families with foster children for the full taxable year to claim the credit.

PAST EFFORTS TO PUBLICIZE THE EIC

Because of major changes in the EIC for 1991, the Internal Revenue Service undertook a massive initiative to inform taxpayers about the availability of the EIC. It initiated mass advertising by television, radio and newspaper. Additionally, major companies and government agencies were encouraged to include EIC information with employee bulletins, newsletters and payroll checks. They also targeted markets through displaying billboards, posters, brochures and flyers in places where low-income people assemble or frequent.

For 1992, IRS has discontinued its initiative to communicate the

EIC to low-income families; therefore, mass media activities have been reduced. Because there are no significant law changes in the EIC from last year, the IRS has initiated a maintenance program for the EIC. Funding and resources to promote the EIC have been reduced to the level of providing taxpayer assistance services and furnishing literature on request.

Virginia agencies have sought to keep employees abreast of their eligibility for the EIC through notifications distributed with payroll checks. In addition, many state employees participate in the Voluntary Income Tax Assistance (VITA) Program, a program sponsored by the Internal Revenue Service. This program provides federal income tax assistance to low-income individuals.

UTILIZATION OF THE EIC IN VIRGINIA

Many low-income citizens who meet the filing threshold do not file federal tax returns. Therefore, it is difficult to estimate the number of Virginia citizens eligible to claim the EIC. However, the usage of the EIC has increased since 1987. Much of this increase is attributable to the outreach efforts by the IRS, state agencies and private organizations. In addition, there were major changes in the EIC for 1991. As a result of these changes, the IRS instituted a major initiative to inform taxpayers of the availability of the EIC. The tables below show the approximate utilization of the EIC in Virginia for the years 1987 through 1991.

EIC RECIPIENCY FOR VIRGINIA²

<u>Year</u>	<u>Families Getting EIC</u>	<u>Increase in Families</u>	<u>Percent of Increase</u>
1987	188,517		
1988	240,019	51,502	27.3%
1989	253,093	13,074	5.4
1990	275,937	22,844	9.0
1991	<u>304,403</u>	<u>28,466</u>	10.3
Total	1,261,969	115,886	61.5%

EIC DOLLARS RECEIVED FOR VIRGINIA²

<u>Year</u>	<u>Dollars in Credit</u>	<u>Increase in Dollars</u>	<u>Percentage of Increase</u>
1987	\$ 87,382,000		
1988	127,356,000	\$ 39,974,000	52.7%
1989	141,158,000	13,802,000	10.8
1990	163,394,000	22,236,000	15.8
1991	<u>253,768,000</u>	<u>90,374,000</u>	55.3
Total	\$773,058,000	\$ 166,386,000	190.4%

AVERAGE EIC PER VIRGINIA RECIPIENT

<u>Year</u>	<u>Amount</u>	<u>Increase</u>
1987	\$ 464.00	
1988	531.00	\$ 66.00
1989	558.00	28.00
1990	592.00	34.00
1991	834.00	241.00
1987-1991	\$ 613.00	

The number of Virginians claiming the EIC increased 10.3% or 28,466 from 1990 to 1991. This increase is partially attributable to the outreach activities of the IRS, state agencies and private concerns. In addition, since the eligibility requirements for claiming the EIC were relaxed in 1991, the credit became available to more families.

Although the number of participants increased by 10.3%, for the same time period, the dollar value of the credit increased 55.3% (over \$90 million). Furthermore, the average credit showed a major increase from \$592 to \$834 for each participant. The increase in the dollar value of the credit is partially attributable to the increase in the basic credit, and the addition of two new credits for health care premiums and children born in 1991.

**PROCEDURES TO NOTIFY VIRGINIA CITIZENS OF
THE FEDERAL EARNED INCOME CREDIT**

SHORT-TERM PROGRAMS

To implement an information campaign for the 1992 filing season, the steering committee, which is made up of an extensive network of

organizations which have contact with low-income families, developed two categories of programs:

- ◆ Broad-based programs that are intended to provide general information about the EIC to all Virginians.
- ◆ Narrow-based programs that target information about the EIC to those citizens most likely to benefit from the credit.

These programs will effectively promote the EIC to Virginia citizens while incurring a minimal expense to the Commonwealth and the steering committee organizations. A complete list of short-term procedures to be implemented by the steering committee member organizations may be found in Appendix D.

Broad-Based Programs with Wide Distribution

A broad media advertising campaign is not recommended at this time, but can be explored for the future. Based upon TAX's experience with the Virginia Tax Amnesty Program in 1990, a media advertising campaign may be extremely costly, even after broadcasters donate air time. Costs would be incurred in the design and production of the public service announcements themselves. In addition, broadcasters likely could provide only limited amounts of free air time in peak viewer periods where the advertisements might be most effective in reaching the target audience.

The steering committee feels that the most effective efforts are those that target specific groups of individuals which are likely to qualify for the EIC. These targeted programs, which are discussed further in the next section, will be augmented by low cost or no cost broad-based outreach efforts, which will center around increasing the awareness and coverage of the EIC by the print and broadcast media.

This broad-based media effort will include:

- ◆ a kick-off news conference,
- ◆ news releases to all Virginia media outlets,
- ◆ placing EIC advertisement in the Rural Living magazine, and
- ◆ participation in call-in programs and talk shows on radio and television by personnel from Tax, IRS, DSS, and other agencies and organizations.

Broad-based nonmedia efforts will include:

- ◆ a message printed on the cover of the Virginia individual

income tax forms and instructions, which reaches approximately 2.2 million persons,

- ◆ increased participation by CAA's in the IRS Volunteer Income Tax Assistance (VITA) program, and specialized training by IRS on the EIC for volunteer tax preparers,
- ◆ an EIC message printed on approximately 125,000 state payroll check issued by the Department of Accounts,
- ◆ furnishing flyers to each state agency on EIC eligibility requirements,
- ◆ placing EIC information in customer and employee newsletters of public utility companies such as Virginia Power,
- ◆ placing EIC information in the newsletter of the Virginia Council of Churches, which is issued to approximately 9,000 pastors and religious workers, and
- ◆ placing information stuffers on buses of the Greater Richmond Transit Company.

Narrow-Based Programs That Target Low-Income Families

The steering committee found that an excellent network of agencies and organizations already exists for the channelling of the EIC information to potential recipients. This network will be utilized in 1993 to target information to those individuals who are most likely to qualify for the EIC.

Through special efforts, IRS will be able to furnish Virginia 250,000 copies of information stuffers on the EIC plus a limited number of brochures and posters. TAX will serve as a clearinghouse for these materials. The demand exists from agencies and organizations for additional copies of these federal publications; however, many agencies, organizations and businesses have committed to producing and distributing their own materials in an effort to reach out to potential EIC recipients among their clients, customers, students, etc.

Efforts in 1993 will include:

- ◆ an EIC message will be printed on Aid for Families with Dependent Children checks issued by the Virginia Department of Social Services,
- ◆ an insert to be included with approximately 80,000 checks issued under the Women, Infants & Children (WIC) supplemental feeding program by the Virginia Department of Health,

- ◆ posters and flyers to be placed in the financial aid offices of colleges and universities,
- ◆ furnishing EIC material to literacy organizations throughout the Commonwealth by way of Virginia Literacy Foundation, and
- ◆ distributing information by the Department of Housing and Urban Development to public housing authorities in the Commonwealth for posting in offices where persons go to make rental payments.

These short-term procedures should significantly increase the awareness of the EIC at an extremely minimal cost. The effectiveness of these options will be evaluated after 1993 in order to decide whether additional resources should be allocated to EIC education on a long-term basis.

LONG-TERM PROGRAMS

The steering committee plans to remain in existence at least through 1993 to evaluate the effectiveness of these programs and recommend potential future programs. A key to this evaluation will be feedback received from customers of the VITA programs run by CAA's to determine where individuals learned of the EIC.

At this point, it is anticipated that additional targeted outreach efforts will be helpful in future years. In addition, some maintenance of effort will likely be required for AFDC, WIC and other program recipients who receive information on the EIC in 1993. IRS may not be able to provide sufficient quantities of materials for these programs in future years, thus, modest state funding might be required. It is anticipated that funding of \$25,000 annually would be sufficient to cover the needs of agencies, organizations, and businesses desiring to develop outreach programs.

Such funding would also enable the development of foreign language EIC materials. Similarly, the funding may be utilized to develop "bus cards" for posting in buses, trains etc. At least one mass transit company has agreed to post the cards without an advertising fee if printing and related fees are borne by the state or a private organization.

Potential target groups for programs may include:

- ◆ Food stamp recipients,
- ◆ New manufacturing service or sales businesses locating their operations in Virginia,
- ◆ Homeless shelters, food banks, soup kitchens and similar

organizations.

In addition, the steering committee can explore with Virginia's broadcasters in 1993 the feasibility of a low cost public service advertising campaign. The committee's findings can be reported to the Governor, the House Appropriations and Finance Committees, and the Senate Finance Committee prior to the 1994 Session of the General Assembly.

FOOTNOTES

¹ Center of Budget and Policy Priorities, Earned Income Tax Credit Participation by State for the Tax Years 1987 through 1991 (Washington, D.C.).

² Ibid.

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APPENDICES

Senate Joint Resolution No. 70	Appendix A
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1992 SESSION

LD4312687

SENATE JOINT RESOLUTION NO. 70
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Rules
on February 27, 1992)

(Patron Prior to Substitute—Senator Howell)

Requesting the Department of Taxation to develop procedures for notifying citizens of the Commonwealth of their eligibility for the federal earned income credit.

WHEREAS, the Earned Income Credit (EIC) is a federal tax credit for working families who have earned an adjusted gross income of less than \$21,250 in 1991 and who have at least one child living at home; and

WHEREAS, the basic EIC for 1991 for families with one child is \$1,192 and for families with more than one child is \$1,235; and

WHEREAS, families that pay at least part of the premiums for a health insurance policy that includes health care coverage for a child may receive an extra credit of up to \$428; and

WHEREAS, many working families in all parts of Virginia—rural, urban, and suburban—are eligible for this tax credit; and

WHEREAS, many state employees, full and part time, are eligible for the tax credit; and

WHEREAS, in 1989 Virginia families received \$145,159,000 in tax credits; and

WHEREAS, it is estimated that Virginia families are eligible for at least \$150 million in additional credits; and

WHEREAS, many eligible Virginia families are unaware of the EIC because they do not file federal income tax forms; and

WHEREAS, many Virginia families who have previously received the EIC are unaware of recent federal regulation changes requiring them to complete Schedule EIC; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Department of Taxation be requested to develop procedures for notifying citizens of the Commonwealth of their eligibility for the federal earned income credit.

The Department shall report its progress on developing these procedures to the Governor and the 1993 Session of the General Assembly. The report shall be submitted in accordance with the procedures of the Division of Legislative Automated Systems for processing legislative documents.

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EARNED INCOME TAX CREDIT

Public Awareness Workplan HOUSE BILL 30/Item 376

I. Request:

House Bill 30/376 requires that the Community Action Agencies conduct a public awareness campaign to educate low-income Virginians about the Federal Earned Income Credit. The Department of Social Services shall submit a plan for this effort to the Governor and the Chairmen of House Appropriations and Senate Finance Committees by September 1, 1992.

The Earned Income Credit (EIC) is a tax credit for families that work full-time, part-time or part of the year and have children. To qualify in 1992 families must have income of less than \$22,370 and have at least one child living with them. The maximum credit for families with one child is \$1,324 in 1992. Families with two or more children may receive up to \$1,380. Families qualifying for all credits can get total EIC payments of \$2,000. The EIC is an incentive that puts money back in the pockets of low-income citizens who earned it.

II. Significance:

The majority of the effort will be required by the CAA's to develop an outreach campaign including news articles, public service announcements on the television where available and radio, and information sharing at places where the low-income congregate.

For low-income families who have not filed previously for the EIC, it could produce unexpected income to purchase basic necessities.

III. Issues To Be Addressed:

The department's Office of Community Services (OCS) will do a survey of the Community Action Agencies (CAAs) to ascertain how many are already assisting their clients to file for the EIC. CAAs not familiar with the EIC will receive training and assistance to develop a public awareness campaign.

iv. Persons to be involved:

The staff of OCS and the CAAs will be working together to develop the workplan. The lead person at OCS is Fay Lohr (662-9272) and the lead for the CAAs is Winfred Brown, Executive Director of the Virginia Association of Community Action Agencies (VACAA). Contact will be made with IRS offices to find out the percentage of participation in the EIC in Virginia. The CAAs will contact local government and other agencies in their service areas to ensure familiarity with the EIC.

v. Desired Outcome:

The most important goal of the public awareness campaign is to inform low income families of eligibility for EIC and locations for obtaining assistance filling out the EIC tax forms.

The workplan has been developed by OCS and the CAAs that clearly defines the steps to be taken to ensure a successful awareness campaign. It includes timelines for completion of each phase of the campaign and the person who is responsible for the task. Included in this process is training on conducting a successful campaign. CAA Executive Directors familiar with the EIC will serve as mentors for other directors who are unaware of the EIC rules.

vi. Approach:

Office of Community Services provided information packets on the EIC to every CAA at the April VACAA meeting to ensure knowledge of the program.

On June 8th OCS met with the VACAA membership to design the awareness campaign strategy, assign tasks and set-up a time-line for completion. The workplan is attached.

Monthly updates on the progress of the implementation plan have been sent to OCS by the executive director of VACAA. Fay Lohr and Winfred Brown will confer at regular intervals about the progress of the plan and any problems which may arise.

Office of Community Services will seek permission to prepare mailers regarding the EIC to go in all VDSS correspondence mailed in Virginia during the period of the public awareness campaign as an additional method of spreading the word. This is especially important since only two-thirds of Virginia is served by Community Action Agencies

Below is a copy of the workplan. An evaluation will be conducted by OCS and CAAs after the campaign to discern what activities were successful in spreading the word and what items should be revised.

EIC WORKPLAN

DATES	OBJECTIVE/TASKS	PERSONS RESPONSIBLE
3/18/91	EARNED INCOME CREDIT (EIC) Information were ordered to be distributed to the Community Action Agencies (CAAs)	OCS Staff
4/02/92	EIC Information Packets were distributed to the CAAs at the April CAA Meeting in Charlottesville.	OCS Staff
5/21/92	Meeting held with OCS Director and Winfred Brown, Executive Director of the Virginia Association of Community Action Agencies (VACAA) to discuss the design of the EIC Public Awareness Campaign.	OCS/VACAA
6/11/92	The VACAA Membership appointed an EIC Task Force to design the EIC Public Awareness Campaign. This committee will also study the feasibility of having a State EIC Program. A brief meeting was held to do the initial overview of the workplan.	VACAA
6/25/92	The Director of OCS and the Executive Director of VACAA met to discuss the design of the workplan and the time-table.	OCS/VACAA
6/30/92	Draft workplan was circulated to the EIC Task Force for review and correction.	OCS
9/01/92	Submit workplan to the Secretary's office, General Assembly, and the Governor.	OCS
12/01/92	Order additional materials necessary for the Public Awareness Campaign.	CAAs
12/15/92	Photocopy EIC flyers to be ready for distribution.	CAAs
1/01/93	EIC posters are put up in well travelled areas where low-income people congregate.	CAAs
1/05/93	Distribute EIC flyers to libraries, banks, community centers, churches, municipal offices, senior centers, departments of social services, CAAs, businesses, and other congregate sites.	CAAs
1/15/93	Train for the EIC Public Awareness Campaign at the January VACAA Meeting in Richmond.	OCS

1/19/93	<p>Reproduce and distribute the EIC envelope inserts. They will be placed in employee paychecks, newsletters, local phone and utility bills and social service mail-outs. The envelope insert will include local number(s) that families can call to get assistance with filing the EIC IRS form to receive the credit.</p>	CAAs
1/19/93	<p>Local CAA staff will be trained to provide information and to prepare EIC forms.</p>	CAAs
3/1/93	<p>Design evaluation process.</p>	OCS/CAAs
4/15/93	<p>Local CAA staff will be available to refer families to receive help with EIC forms or to fill out the forms themselves. Programs will be held at congregate sites such as churches, clubs and other meeting places to disseminate information about the EIC.</p>	CAAs
4/25/93	<p>An evaluation of the public awareness campaign will take place at the April VACAA meeting to discuss how the campaign went, suggestions for improvement and things that were done that were successful.</p>	OCS/VACAA

Appendix C

**Steering Committee to Develop Procedures for Notifying
Citizens of the Commonwealth of Their Eligibility for
the Federal Earned Income Tax Credit**

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Richmond, VA 23219

David Rubinstein, Director
Virginia Poverty Law Center
9 West Main Street
Richmond, VA 23220

Eva Tieg
Vice President
Public Affairs
Virginia Power
P.O. Box 26666
Richmond, VA 23261

Appendix D

Detail Listing of Activities to be Conducted by Steering Committee for the Current Year

The emphasis of the steering committee is to utilize inexpensive methods of communicating the EIC to Virginia citizens. Every effort is made to channel resources to organizations which target low-income families eligible for the credit. However, activities are also being used to widely communicate the EIC information to Virginians citizens.

Virginia Department of Taxation (TAX)

TAX mails over 2 million individual income tax packets to Virginia taxpayers each year. The Tax Commissioner's message on the front of the packets includes issues of importance to the taxpayers. In the 1992 packet, the Tax Commissioner includes in his message a description of the EIC. The message gives the income limitation, the amount of credit available for a family with one child and an Internal Revenue Service phone number which may be used to request additional information.

TAX will organize the distribution EIC materials to the organizations on the steering committee mentioned in this report. In addition, it will provide guidance and recommendations to these organization on better methods of communicating the EIC to their clients, customers or employees.

The main headquarters of TAX is located in Richmond. In addition, there are eight district offices located throughout Virginia. As part of the taxpayer services function, TAX will display stuffers, brochures and posters in the lobby areas of main office and its district offices.

To communicate EIC information to its employees, TAX is including EIC information with payroll checks and placing posters on employee bulletin boards.

When available, TAX will utilize free public service announcements (PSA) on television and radio. In addition, press releases will be issued to newspaper and other print media to announce the availability of the EIC.

Virginia Department of Social Services (DSS)

Under the authority of House Bill 30/Item 376 of the 1992 General Assembly, the DSS surveyed the CAA's to determine how many are already assisting their clients in filing for the EIC. CAA's not familiar with the EIC will receive training and assistance in

developing a public awareness campaign. In addition, the IRS will assist in providing training to the agency employees on the EIC through the VITA Program so that the CAA's can provide face-to-face assistance to their clients.

Many Virginia single parents receive support checks through the DSS Support Enforcement activities because they and the children have been abandoned by the spouse. Also AFDC checks are issued to provide assistance to low-income single parents experiencing financial difficulties. EIC information will be made available for persons receiving assistance from these programs. In addition, packets on the EIC will be ordered from the Center of Budget and Policy Priorities and distributed to the 124 local offices of DSS in Virginia. This information will be made available to the clients of those offices.

Child day care centers licensed in Virginia must be on record with DSS. Information on the EIC will be made available to these centers. In addition, EIC information will be placed in a newsletter which is sent to the day care homes in Virginia.

Many citizens receive medicare cards at the first of the year. EIC information will be provided to the recipients of these cards.

Internal Revenue Service (IRS)

The IRS will be responsible for three areas. First it will provide stuffers, brochures, publications, and posters on the EIC. Secondly, it will be responsible for shipping these EIC materials to TAX for distribution to the organizations. Lastly, it will use the Volunteer Income Tax Assistance (VITA) sites throughout Virginia to provide EIC training for the staff of CAA offices in the respective localities. These offices will provide EIC assistance to their clients who receive social services.

Virginia Department of Accounts (DOA)

DOA is responsible for generating over 125,000 payroll checks for Commonwealth employees. It will print a short message on each paycheck stub concerning the EIC. In addition, it will send a letter to each state agency concerning notifying its employees of the availability of the EIC. This letter will include flyers which may be copied for distribution to employees or placed on an employee bulletin board.

Virginia Department of Health (DOH)

DOH is responsible for distributing over 80,000 checks a month through the Women Infants & Children Supplement Feeding Programs (WIC) which could be targeted for this campaign. The WIC program provides assistance to low-income parents to help in purchasing milk, eggs and similar items for their children. DOH will distribute EIC stuffers along with the checks to these recipients.

Virginia Employment Commission (VEC)

The VEC has satellite offices around in the state. People come to their offices to complete employment applications for organizations which list with their agency. The VEC will place posters, brochures and flyers in the lobbies of their facilities for their applicants's information.

Public Utilities and Cooperatives

The public utility companies and cooperatives on the steering committee included Virginia Power, C & P Telephone, Appalachian Power Company, Potomac Edison Company, Delmarva Power, Old Dominion Electric Cooperative, and Rural Living, a magazine which has a wide audience in the rural parts of Virginia and does advertising for the public utility cooperatives. The activities which they will conduct are included as follows:

- ◆ Print information in customer newsletter to be sent with billing statements.
- ◆ Distribute EIC information with employee paychecks and communicate information in employee newsletter.
- ◆ Place advertising in publications such as Rural Living, a magazine with wide distribution in the rural areas of Virginia.
- ◆ Place posters, brochures and flyers in places where employees assemble.
- ◆ Make flyers available where there is frequent customer traffic such as customer lobbies and drive-in windows.
- ◆ Make information available to persons participating in the fuel assistance program.

Education

The steering committee also consisted of organizations from the education community. These organizations included Virginia Department of Education, Council of Higher Education, Virginia Community College System, and the Virginia Department of Education. Activities which they will perform include the following:

- ◆ Distribute information to schools for parents.
- ◆ Distribute information to colleges for students.
- ◆ Distribute information through school and employee newsletter.

- ◆ Place posters in places where employees and students assemble.

Housing

The steering committee also consisted of the Department of Housing and Urban Development (HUD), which administers public housing for low-income families. They will be performing the following:

- ◆ Distribute information to public housing authorities around the state for posting in offices where persons go to make rental payments.
- ◆ Furnish information to Federal Housing Authority (FHA) insured projects for distribution to participants
- ◆ Place posters and flyers in areas where employees and clients assemble.

Nonprofit and Other Organizations

Other agencies in the steering committee which expressed interest in communicating information on the EIC included Virginia Council of Churches, Central Virginia Legal Aide Society, Inc., Virginia Literacy Foundation, Virginia Poverty Law Center, and Greater Richmond Transit Company. Activities which they will do are as follows:

- ◆ Furnish information through the distribution of 9,000 newsletters to the pastors of churches for communication to the church congregations.
- ◆ Furnish information to affiliates for communication to participants in literacy programs.
- ◆ Place stuffers in buses to advertise the EIC.
- ◆ Distribute information to employees with payroll checks and employee newsletters.
- ◆ Place posters in areas where employees and clients assemble.

EIC Dollars Received by State, Tax Years 1987-90

	Tax Year 1987	1988	1989	1990	% change: dollars received		
					1987-88	1988-89	1989-90
Alabama	\$109,238,000	\$156,275,000	\$175,570,000	\$199,942,000	43.1%	12.3%	13.9%
Alaska	4,675,000	7,204,000	7,721,000	8,586,000	54.1%	7.2%	11.2%
Arizona	59,376,000	96,526,000	114,078,000	130,285,000	62.6%	18.2%	14.2%
Arkansas	59,953,000	87,371,000	97,414,000	107,267,000	45.7%	11.5%	10.1%
California	477,197,000	754,415,000	905,554,000	1,090,602,000	58.1%	20.0%	20.4%
Colorado	44,657,000	70,746,000	77,446,000	85,418,000	58.4%	9.5%	10.3%
Connecticut	22,231,000	33,810,000	36,747,000	40,889,000	52.1%	8.7%	11.3%
Delaware	9,683,000	14,291,000	15,339,000	17,297,000	47.6%	7.3%	12.8%
D.C.	14,057,000	20,420,000	21,827,000	25,383,000	45.3%	6.9%	16.3%
Florida	227,071,000	349,276,000	404,053,000	465,636,000	53.8%	15.7%	15.2%
Georgia	141,351,000	210,378,000	240,054,000	274,952,000	48.8%	14.1%	14.5%
Hawaii	11,876,000	18,349,000	18,301,000	18,805,000	54.5%	-0.3%	2.8%
Idaho	16,939,000	25,450,000	27,560,000	30,776,000	50.2%	8.3%	11.7%
Illinois	153,256,000	231,069,000	262,665,000	298,717,000	50.8%	13.7%	13.7%
Indiana	80,745,000	118,971,000	130,371,000	145,582,000	47.3%	9.6%	11.7%
Iowa	31,756,000	47,544,000	51,701,000	57,106,000	49.7%	8.7%	10.5%
Kansas	30,934,000	47,414,000	51,784,000	56,804,000	53.3%	9.2%	9.7%
Kentucky	74,566,000	106,466,000	114,347,000	123,857,000	42.8%	7.4%	8.3%
Louisiana	122,072,000	168,052,000	186,837,000	207,418,000	37.7%	11.2%	11.0%
Maine	16,876,000	24,820,000	26,529,000	29,118,000	47.1%	6.9%	9.8%
Maryland	59,534,000	91,590,000	100,430,000	115,300,000	53.8%	9.7%	14.8%
Massachusetts	44,639,000	68,151,000	77,302,000	91,220,000	52.7%	13.4%	18.0%
Michigan	95,840,000	147,176,000	163,306,000	184,316,000	53.6%	11.0%	12.9%
Minnesota	40,024,000	60,193,000	65,011,000	71,507,000	50.4%	8.0%	10.0%
Mississippi	96,353,000	131,110,000	147,891,000	167,576,000	36.1%	12.8%	13.3%
Missouri	81,845,000	122,113,000	134,914,000	150,789,000	49.2%	10.5%	11.8%
Montana	14,495,000	20,856,000	22,158,000	24,024,000	43.9%	6.2%	8.4%
Nebraska	21,263,000	32,034,000	34,740,000	37,827,000	50.7%	8.4%	8.9%
Nevada	15,606,000	25,840,000	30,167,000	36,443,000	65.6%	16.7%	20.8%
New Hampshire	9,344,000	14,430,000	16,469,000	18,700,000	54.4%	14.1%	13.5%
New Jersey	89,144,000	141,900,000	147,271,000	173,854,000	59.2%	3.8%	18.1%
New Mexico	37,922,000	56,536,000	63,871,000	71,402,000	49.1%	13.0%	11.8%
New York	246,399,000	371,120,000	408,300,000	460,277,000	50.6%	10.0%	12.7%
North Carolina	139,237,000	214,080,000	238,623,000	273,935,000	53.8%	11.5%	14.8%
North Dakota	9,242,000	13,922,000	14,211,000	14,530,000	50.6%	2.1%	2.2%
Ohio	135,671,000	203,503,000	224,177,000	250,293,000	50.0%	10.2%	11.6%
Oklahoma	62,755,000	91,095,000	100,317,000	110,755,000	45.2%	10.1%	10.4%
Oregon	40,015,000	59,953,000	64,260,000	71,963,000	49.8%	7.2%	12.0%
Pennsylvania	142,489,000	210,361,000	227,340,000	251,284,000	47.6%	8.1%	10.5%
Rhode Island	10,451,000	15,630,000	18,019,000	20,727,000	49.6%	15.3%	15.0%
South Carolina	81,784,000	123,444,000	139,108,000	159,796,000	50.9%	12.7%	14.9%
South Dakota	11,771,000	16,983,000	17,840,000	19,238,000	44.3%	5.0%	7.8%
Tennessee	111,225,000	160,502,000	176,003,000	198,495,000	44.3%	9.7%	12.8%
Texas	373,886,000	576,551,000	655,009,000	748,399,000	54.2%	13.6%	14.3%
Utah	20,753,000	32,028,000	35,223,000	39,584,000	54.3%	10.0%	12.4%
Vermont	6,637,000	9,872,000	10,616,000	11,844,000	48.7%	7.5%	11.6%
Virginia	83,382,000	127,356,000	141,158,000	163,394,000	52.7%	10.8%	15.8%
Washington	54,063,000	83,199,000	91,635,000	102,276,000	53.9%	10.1%	11.6%
West Virginia	32,137,000	46,610,000	49,810,000	53,895,000	45.0%	6.9%	8.2%
Wisconsin	48,549,000	72,626,000	81,364,000	91,088,000	49.6%	12.0%	12.0%
Wyoming	6,894,000	10,191,000	10,725,000	11,816,000	47.8%	5.2%	10.2%
U.S. Total	\$3,932,549,000	\$5,940,882,000	\$6,695,917,000	\$7,627,513,000	51.1%	12.7%	13.9%
Median					50.2%	10.0%	11.8%

EIC Reciprocity by State, Tax Years 1987-90

					% change: number of families		
	Tax Year 1987	1988	1989	1990	1987-88	1988-89	1989-90
Alabama	229,278	276,555	295,661	319,441	20.6%	6.9%	8.0%
Alaska	12,355	15,635	15,757	16,908	26.5%	0.8%	7.3%
Arizona	134,021	179,792	200,235	216,122	34.2%	11.4%	7.9%
Arkansas	129,919	158,641	168,592	175,524	22.1%	6.3%	4.1%
California	1,047,495	1,375,678	1,538,104	1,755,297	31.3%	11.8%	14.1%
Colorado	102,664	135,613	141,033	147,929	32.1%	4.0%	4.9%
Connecticut	54,082	70,144	72,663	77,810	29.7%	3.6%	7.1%
Delaware	21,798	26,856	27,786	29,624	23.2%	3.5%	6.6%
D.C.	32,180	40,104	40,659	44,782	24.6%	1.4%	10.1%
Florida	495,345	636,376	697,369	762,327	28.5%	9.6%	9.3%
Georgia	306,941	382,423	415,852	451,038	24.6%	8.7%	8.5%
Hawaii	29,665	38,014	36,535	36,291	28.1%	-3.9%	-0.7%
Idaho	39,054	48,734	49,972	52,881	24.8%	2.5%	5.8%
Illinois	349,982	446,453	481,993	516,679	27.6%	8.0%	7.2%
Indiana	182,086	227,070	237,619	251,523	24.7%	4.6%	5.9%
Iowa	74,834	94,865	98,520	103,092	26.8%	3.9%	4.6%
Kansas	72,647	93,926	97,835	101,547	29.3%	4.2%	3.8%
Kentucky	162,902	197,167	202,806	208,868	21.0%	2.9%	3.0%
Louisiana	259,750	300,045	317,394	333,570	15.5%	5.8%	5.1%
Maine	39,682	49,245	50,529	53,094	24.1%	2.6%	5.1%
Maryland	137,383	178,170	186,960	203,222	29.7%	4.9%	8.7%
Massachusetts	107,187	139,659	151,178	169,378	30.3%	8.2%	12.0%
Michigan	222,843	291,467	308,556	330,746	30.8%	5.9%	7.2%
Minnesota	95,772	122,226	125,594	131,470	27.6%	2.8%	4.7%
Mississippi	197,072	237,381	243,888	260,899	15.4%	7.3%	7.0%
Missouri	184,733	232,142	244,393	258,600	25.7%	5.3%	5.8%
Montana	33,061	40,124	40,760	41,943	21.4%	1.6%	2.9%
Nebraska	49,590	63,049	65,244	67,543	27.1%	3.5%	3.5%
Nevada	36,578	49,379	54,497	62,514	35.0%	10.4%	14.7%
New Hampshire	22,461	29,387	31,858	34,400	30.8%	8.4%	8.0%
New Jersey	212,216	277,038	271,824	304,558	30.5%	-1.9%	12.0%
New Mexico	84,795	105,367	112,334	118,089	24.3%	6.6%	5.1%
New York	556,373	710,531	745,760	800,752	27.7%	5.0%	7.4%
North Carolina	307,190	389,037	414,663	449,941	26.6%	6.6%	8.5%
North Dakota	22,087	27,920	27,189	26,523	26.4%	-2.6%	-2.4%
Ohio	311,329	397,824	417,877	442,844	27.8%	5.0%	6.0%
Oklahoma	138,088	170,047	178,748	187,640	23.1%	5.1%	5.0%
Oregon	91,307	115,402	117,817	124,271	26.4%	2.1%	5.5%
Pennsylvania	330,051	413,340	427,130	449,544	25.2%	3.3%	5.2%
Rhode Island	24,431	30,966	33,649	36,839	26.7%	8.7%	9.5%
South Carolina	176,074	222,372	238,564	259,237	26.3%	7.3%	8.7%
South Dakota	27,461	33,350	33,534	34,116	21.4%	0.6%	1.7%
Tennessee	242,209	295,669	309,643	331,387	22.1%	4.7%	7.0%
Texas	818,317	1,052,374	1,127,639	1,217,591	28.6%	7.2%	8.0%
Utah	48,707	62,843	65,817	69,968	29.0%	4.7%	6.3%
Vermont	15,925	19,853	20,463	21,798	24.7%	3.1%	6.5%
Virginia	188,517	240,019	253,093	275,937	27.3%	5.4%	9.0%
Washington	126,579	164,165	171,827	181,984	29.7%	4.7%	5.9%
West Virginia	72,723	88,501	90,383	92,549	21.7%	2.1%	2.4%
Wisconsin	114,195	144,322	153,100	162,259	26.4%	6.1%	6.0%
Wyoming	15,897	19,658	19,865	20,796	23.7%	1.1%	4.7%
U.S. Total	8,789,469	11,148,994	11,918,403	12,856,425	26.8%	6.9%	7.9%
Median					26.5%	4.7%	6.3%

EIC Participation for Tax Year 1991

Below are preliminary IRS data on the number of families receiving
Some 13.7 million families obtained benefits of \$11.3 billion for tax)

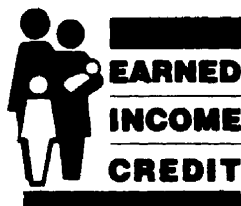
<u>State</u>	<u>Families Getting EIC</u>	<u>Amount</u>
Alabama	343,721	\$307,842,000
Alaska	18,288	12,328,000
Arizona	233,827	198,123,000
Arkansas	185,988	159,107,000
California	1,967,284	1,641,965,000
Colorado	158,178	125,801,000
Connecticut	78,741	55,418,000
Delaware	32,989	28,980,000
District of Columbia	47,983	38,557,000
Florida	817,838	694,023,000
Georgia	490,408	421,358,000
Hawaii	37,583	27,410,000
Idaho	58,317	48,160,000
Illinois	549,118	442,128,000
Indiana	287,888	217,185,000
Iowa	108,787	88,111,000
Kansas	107,072	84,123,000
Kentucky	216,908	177,818,000
Louisiana	388,118	310,141,000
Maine	55,574	42,140,000
Maryland	1221,082	178,485,000
Massachusetts	188,088	125,353,000
Michigan	358,007	273,388,000
Minnesota	141,735	109,199,000
Mississippi	281,754	253,583,000
Missouri	270,298	219,481,000
Montana	43,140	34,323,000
Nebraska	70,908	56,837,000
Nevada	68,821	58,312,000
New Hampshire	37,034	28,282,000
New Jersey	320,104	251,185,000
New Mexico	122,506	100,759,000
New York	813,247	644,112,000
North Carolina	481,447	411,534,000
North Dakota	28,538	21,200,000
Ohio	487,789	388,880,000
Oklahoma	194,282	158,551,000
Oregon	131,427	104,824,000
Pennsylvania	467,329	380,084,000
Rhode Island	34,819	28,954,000
South Carolina	281,904	248,540,000
South Dakota	35,738	28,944,000
Tennessee	381,597	294,781,000
Texas	1,318,008	1,122,890,000
Utah	73,639	58,880,000
Vermont	23,440	17,848,000
Virginia	394,408	283,768,000
Washington	191,088	147,821,000
West Virginia	98,558	77,480,000
Wisconsin	177,202	138,872,000
Wyoming	21,820	17,434,000
U.S. Total	13,731,891	\$11,308,568,000

Appendix F

Sample of Promotional Materials Used in the
Current EIC Campaign

(Joint efforts of the Virginia Council of Higher Education, the Center of Budget and Policy Priorities, the Virginia Department of Taxation and the Internal Revenue Service.)

GOOD NEWS FOR WORKING FAMILIES



**The IRS may have
up to \$2,211
for you!**

In 1992--

- Did you earn less than \$22,370 from a job
and
- Have a child living with you for more than
6 months?

If so, you may qualify for the Earned Income Credit (EIC). This credit is subtracted from the amount of tax you owe. Even if you do not owe any tax, you might still get money back.

Get more information by calling the Internal Revenue Service at 1-800-829-3676 and asking for free **Publication 596, Earned Income Credit.**

DON'T WAIT UNTIL NEXT YEAR →



Department of the Treasury
Internal Revenue Service

Notice 962 (Rev. 10-92)
Catalog Number 13772B

GET YOUR EIC MONEY NOW!

If you qualify for the Earned Income Credit (EIC) you can choose to get the money in advance and receive part of the basic credit in each paycheck.

All you do is file Form W-5, "Earned Income Credit Advance Payment Certificate," with your employer. Remember, if you get the advance EIC in your pay, you must file a tax return at the end of the year to report the money you received.

If at any time during the year your circumstances change and you are no longer eligible for EIC, you will have to repay the amount advanced to you when you file your tax return. To stop the advance payments, you must fill out a new Form W-5 and give it to your employer.

For more information contact your payroll office or call the IRS at 1-800-829-3676 and order free **Publication 596, *Earned Income Credit***, and Form W-5.

One-on-one tax help is available free at Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites. To find a location near you call the IRS toll-free at **1-800-829-1040**.

The Federal Earned Income Tax Credit (EIC) Could Mean Dollars In Your Pockets!!!

More than 13.7 million families received \$11.3 billion in Federal Earned Income Tax Credits (EIC) when they filed their 1991 federal income tax returns. More people may qualify for the EIC in 1992. If you worked and earned less than \$22,370 for 1992 and had a child living at home, the federal government may owe you an EIC of up to \$2,211. The credit is not included as income when determining eligibility or benefit levels for AFDC, Medicaid, food stamps, SSI or federal housing assistance.

The amazing part about the credit is that you get a refund even if you don't owe income tax! That is why if you qualify, it is very important to file a return!

Low income families can benefit by filing for this credit because:

EIC Expansion Means More Money

Congress and the President significantly expanded the EIC. As a result, the **maximum credit for the tax year 1992 is \$2,211**. This credit includes three separate credits (1) the basic credit, (2) a credit for a child born in 1992, and (3) a credit for health insurance premiums for a policy which covers a child.

New Filing Procedure

Families that have received the EIC in the past may not know that they must file Schedule EIC with their federal income tax return. It is very important that families know that this year they need to file a tax return **and attach Schedule EIC**.

Many Unemployed May Be Eligible

Many families that didn't qualify for the EIC in the past may have been **unemployed for part of 1992**. As a result, their annual income for this year may have fallen below the EIC income limit. They should file Schedule EIC along with their return.

Want to know more?

In most areas, families can receive more information and free personal assistance at a nearby Volunteer Income Tax Assistance (VITA) site. For more information on the EIC or to find out the nearest VITA site in your area call the IRS toll free at

1-800-829-1040

The Federal Earned Income Tax Credit Could Mean Dollars In Your Pockets!!!



If you worked and earned less than \$22,370 for 1992 and had a child living at home, the federal government may owe you a Federal Earned Income Tax Credit (EIC) of up to \$2,211. The credit is not included as income when determining eligibility or benefit levels for AFDC, Medicaid, food stamps, SSI or federal housing assistance.



DO YOU WANT TO KNOW MORE?

In most areas, families can receive more information and free personal assistance at a nearby Volunteer Income Tax Assistance (VITA) site. For information on the EIC or to find out the nearest VITA site in your area call the IRS toll free at
1-800-829-1040

The Federal Earned Income Tax Credit Could Mean Dollars In Your Pockets!!!

If you worked and earned less than \$22,370 for 1992 and had a child living at home, the federal government may owe you a Federal Earned Income Tax Credit (EIC) of up to \$2,211. The credit is not included as income when determining eligibility or benefit levels for AFDC, Medicaid, food

DO YOU WANT TO KNOW MORE?

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DO YOU WANT TO KNOW MORE?

For information on the EIC or to find out the nearest Volunteer Income Tax Assistance site in your area call
1-800-829-1040

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More than 13.7 million families received \$11.3 billion in Federal Earned Income Tax Credits (EIC) when they filed their 1991 federal income tax returns. More people may qualify for the EIC in 1992.

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The amazing part about the credit is that you get a refund even if you don't owe income tax! That is why if you qualify, it is very important to file a return!

Low income families can benefit by filing for this credit because:

- ◆ **EIC Expansion Means More Money** - Congress and the President significantly expanded the EIC. As a result, the maximum credit for the tax year 1992 is \$2,211. This credit includes three separate credits : (1) the basic credit, (2) a credit for a child born in 1992, and (3) a credit for health insurance premiums for a policy which covers a child.
- ◆ **New Filing Procedure** - Families that have received the EIC in the past may not know that they must file Schedule EIC with their federal income tax return. It is very important that families know that this year they need to file a tax return and attach Schedule EIC.
- ◆ **Many Unemployed May Be Eligible** - Many families that didn't qualify for the EIC in the past may have been unemployed for part of 1992. As a result, their annual income for this year may have fallen below the EIC income limit. They should file Schedule EIC along with their return.

Want to know more? In most areas, families can receive more information and free personal assistance at a nearby Volunteer Income Tax Assistance (VITA) site. Call the IRS toll free at 1-800-829-1040 for information on the EIC or to find out the nearest VITA site in your area.
