

EITC/Asset Building Initiative

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C.A.S.H., ROCHESTER, NY

Creating Assets, Savings and Hope

History

- Convened by United Way of Greater Rochester, 2002
- Community Coalition – more than 30 organizations
- EITC/Asset Building Initiative
- Mission: provide opportunities to workers with low incomes to get, keep, and grow their money
 - Increase incomes through greater use of the Earned Income Credit
 - Minimize financial erosion by offering alternatives to predatory practices, and
 - Maximize financial assets through financial education, credit repair, matched savings, and home ownership

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Creating Assets, Savings and Hope

Local Information

- *Monroe County: population ~ 705,000
- *City of Rochester: population ~ 189,000
 - 30% of people in poverty; 42% of children under 18

*Source: U.S. Census Bureau, 2005 American Community Survey

- TY2006 (Jan-Apr 2007)
 - > 500 volunteers; >12,000 households (federal and state returns)
 - \$17.4 million refund and credits; \$9.3 million EIC
 - Average AGI ~ \$16,000
 - Average Refund ~ \$1,700

C.A.S.H. Site

Downtown Rochester



VITA and EITC

- IRS Volunteer Income Tax Assistance Program - VITA
 - Free tax help to people earning incomes < \$40,000.
 - Certified volunteers prepare basic tax returns
- Earned Income Tax Credit (EITC / EIC)
 - Refundable federal tax credits for families who work
 - Reduces taxes for workers; supplements wages
 - Makes work more attractive than welfare
 - IRS estimates as much as 20% goes unclaimed
(for Monroe County, would mean additional \$20 million federal credits)

Tax Year 2007 EITC Guidelines

Number of Qualifying Children	Maximum Income	Maximum Credit
2 or more	Single \$37,783 MFJ \$39,783	\$4,716
1	Single \$33,241 MFJ \$35,241	\$2,853
None	Single \$12,590 MFJ \$14,590	\$428

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What C.A.S.H. offers during Tax Season

- Free Tax Preparation
- Free Credit Reports
- Fee-free Bank Accounts
- Job Counseling
- Financial Education
- Referrals to Public Benefits – Food Stamps, Health Insurance, Child Care

Take advantage of the tax return preparation moment to build assets

ON SITE BANKING

Model Development

- C.A.S.H. Client Data: 25% unbanked, 10% uptake, ~300 accounts
- Savings and/or Checking Accounts
 - Fee-free, no minimum deposit
 - CHEX system listing – savings only, no ATM
- Permission for volunteers to submit account information
 - Peer Pressure
 - Credit Union flexibility
- Critical Elements
 - Financial Services Partners
 - Volunteer Training and Reference Documents
 - Organized Supplies; User friendly equipment (fax, copier)

ON SITE BANKING

Impact: Experience with New Accounts

- 25% of Clients Reported No Account
- 10% of Unbanked Clients Opened Accounts
- Those saying “NO” to opening an account
 - Don’t need an account 50%
 - Distrust Banks 1%
 - Previous Bad Experience 3%
 - Outstanding Judgment 4%
 - No response 42%

ON SITE BANKING

Impact: Experience with New Accounts

“Long Term” Impact

- Credit Union #1, Jan-Apr 2005
 - 96 new accounts opened
 - November 2006: 26 open and active, 13 with direct deposit
- Credit Union #1, Jan-Apr 2006
 - 113 new accounts opened
 - November 2006: 65 open and active, 8 direct deposit, 3 loans
- Credit Union #2, Jan-Apr 2006
 - 50 new accounts opened
 - November 2006: 25 open and active, 4 direct deposit

ON SITE CREDIT REPORTING

Model Development

- Availability of www.annualcreditreport.com
- Sampled experience with each reporting agency
 - Experian preferred – easier questions, shorter format
- Financial Partner Participation
 - Shared Shifts
 - Experian Training Session
- Credit Counseling Partner Advice
 - Advisory
 - Instructions
 - Referrals

ON SITE CREDIT REPORTING

Impact: Uptake

- Several hundred accessed reports at each super site
- Long term impact not measured
 - Corrected errors
 - Discovered identity theft
 - Credit management plans implemented