



CITY OF PHILADELPHIA

DEPARTMENT OF REVENUE
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FRANK BRESLIN, CPA
Revenue Commissioner
Chief Collections Officer

July 7, 2017

The Honorable James F. Kenney
Mayor
City of Philadelphia
Room 215, City Hall
Philadelphia, PA 19107

Dear Mayor Kenney:

Pursuant to §19-4000 of the Philadelphia Code, "Income Inequality Initiative – Earned Income Tax Credit," enclosed please find the Earned Income Tax Credit (EITC) Policy Implementation Report for Tax Year 2016.

EITC is a refundable federal tax credit developed to assist low- to moderate-income level individuals and families. This tax credit is among the most successful federal anti-poverty initiatives, however, the Office of Community Empowerment and Opportunity estimates that over 44,000 Philadelphia residents who are eligible for the Federal EITC refund don't apply. As the average Philadelphian's EITC credit is \$2,522 that means that over \$110 million in refunds are left unclaimed.

The City of Philadelphia is committed to increasing EITC refunds for all eligible Philadelphians. Through effective outreach and education, increased access to free tax preparation, and continuous improvement of the EITC implementation plan, we are on track to meet this goal. I would like to thank the members of City Council for their continued, enthusiastic, and effective outreach efforts around EITC. The success of this tax season is a shared one, benefiting greatly from their collaboration and support.

We are eager to continue this work with Council and provide a real benefit to working people and families in Philadelphia.

Very truly yours,

A handwritten signature in blue ink, appearing to read "F. Breslin".

Commissioner Frank Breslin
Chief Revenue Collections Officer

Enclosure

cc: Council President Darrell L. Clarke
Michael Decker, Chief Clerk
Rob Dubow, Finance Director



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Earned Income Tax Credit for Philadelphians

Report for Tax Year 2016

July 2017



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CITY OF PHILADELPHIA – FEDERAL EARNED INCOME TAX CREDIT

Tax Year 2016 Activity Overview

24,000+ tax returns prepared for free at 20 City-sponsored sites

- Increase of 7,000+ compared to 17,000 returns in Tax Year 2015
- \$38 million in refunds (including almost \$11 million of EITC refunds)
- Saved taxpayers \$6.6 million in service fees (\$273 average fee¹)

2 Non-Profit Tax Prep partners with 24 free tax prep sites (20 City-sponsored)

- Campaign for Working Families
- PathwaysPA (partnered with Ceiba – offering tax prep in Spanish & ITIN applications)

Comprehensive Outreach

- All employers required to send EITC notice with W2
 - Revenue drafted notice and alerted over 63,000 employers
- 45,000+ postcards mailed to likely-eligible households
- 1,000 letters sent to residents the IRS know to be eligible for unclaimed EITC.
- Website and outreach material available in 9 languages
 - Website visited 58,000+ times, a 68% increase over last year
- Multi-lingual hotline that handled 1,300 EITC calls
- Partnered with over 50 community organizations to
 - Reach over 30,000 School District parents and staff
 - Distribute 65,000+ pieces of outreach material
 - Attend 75+ community meetings during Tax Season
 - Gather feedback that helped refine our outreach strategies
- Street Teams
 - Talked to 24,000+ residents, a 100% increase over last year
 - Target commercial corridors, daycares, grocery stores, county assistance offices, and check cashing locations.

¹ (National Society of Accountants , 2017)



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- 22+ EITC related news stories in print, tv and radio
- Advertising on SEPTA, online and in print

- **An estimated 19.5% of taxpayers eligible for the Earned Income Tax Credit do not claim the refund.**
- **This translates into over 44,000 Philadelphia taxpayers.**
- **With an average refund of over \$2,522; Philadelphians are missing out on over \$110 million.**

The Challenge

Working Philadelphians and their families miss out on over \$110 million, each year, because they fail to apply for and receive the Federal Earned Income Tax Credit (EITC). This is a direct loss for over 44,000 Philadelphia taxpayers who are eligible yet don't apply.²

The EITC is a federal anti-poverty program that provides eligible low- and moderate- income working people and families with a tax credit that can reduce the amount of federal income taxes owed, and provide a refund. Using estimates provided by the Brookings Institution, in tax year 2014—the most recent year where statistics are available—197,090 Philadelphians applied for and received the EITC for a total benefit amount of \$497 million.³ These

figures represent twenty-nine percent (29%) of all tax returns filed and twenty-nine percent (29%) of all federal income tax return refund dollars received for tax year 2014 in Philadelphia.⁴

² (Philadelphia Office of Community Empowerment and Opportunity , 2016)

³ Ibid

⁴ (Internal Revenue Service, 2016)



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DEPARTMENT OF REVENUE**

The Opportunity:

By increasing awareness and access to free tax preparation, tens of thousands of Philadelphians can keep more of what they earn.

2016 Income Eligibility by Filing Status			
Number of Qualifying Children	Single, Head of Household, Widowed	Married, Filing Jointly	Maximum Benefit
None (0)	\$14,880	\$20,430	\$506
One (1)	\$39,296	\$44,846	\$3,373
Two (2)	\$44,648	\$50,198	\$5,572
Three or More (3+)	\$47,955	\$53,505	\$6,269

For the 2016 tax year, a single taxpayer in Philadelphia earning up to \$47,955 a year, or a married couple earning up to \$53,505 could receive up to \$6,269 in EITC. The PEW Charitable Trusts, in their “2017 State of the City Report”, estimates that 25.8% or 391,986 Philadelphians live below the poverty line; representing an enormous need for government services.⁵ The EITC offers direct aid to these, and other Philadelphians, alleviating some of the strain from the City’s resources and empowering low- and moderate- income working people and families to live in, work in, enjoy, and enrich the City.

The IRS reports that one-third of EITC-eligible taxpayers are eligible for the first time each year⁶; making ongoing education and access to free tax preparation critical. Awareness encourages taxpayers to file and receive the refund. Providing free tax preparation services to EITC-eligible taxpayers and families represents a second direct benefit. The IRS reported that 48% of Philadelphia’s taxpayers used paid tax preparation services for the completion and/or filing of their 2014 Federal Income Tax Returns⁷; with an average preparation cost of \$273⁸, as estimated by the National Society of Accountants. Using these same estimates, the EITC implementation strategy could save the estimated 44,000+ EITC-eligible filers and families who currently do not receive the credit, over \$12 million in direct tax preparation costs.

⁵ (The Pew Charitable Trust, 2017)

⁶ (Internal Revenue Service, 2017)

⁷ (Internal Revenue Service, 2016)

⁸ (National Society of Accountants , 2017)

The Plan:

Increase Awareness & Access to Free Tax Preparation

This Department of Revenue's goal for this year's campaign was to build on the success of the previous year's You Earned It Philly campaign, by working in consultation with taxpayers and other stakeholders to develop a strategy that continued to deliver an effective message that resulted in EITC-eligible people filing their tax return and claiming the maximum refund they earned.

This message was delivered through a comprehensive community engagement and outreach initiative designed to raise awareness of EITC and encourage the use of free tax preparation options. The campaign was launched by a press conference with Mayor Kenney, Councilman Allan Domb, Revenue First Deputy Commissioner Marisa Waxman, as well as leaders from several partner organizations. This kickoff event was followed by extensive outreach and engagement activities that included; 46,000 pieces of direct mailing material to city residents; 76 community meetings; radio and online media, the "You Earned it Philly" website; and SEPTA advertisements. One new aspect of this year's outreach strategy was the inclusion of "plan making" behavioral prompts into outreach materials, as research suggests that their inclusion would increase the likelihood that a tax filer will follow through on their plan to get their taxes filed at a VITA site.

To ensure that Philadelphians could access EITC and obtain tax filing assistance without having to pay costly service fees the Department of Revenue partnered with two free tax preparation providers to support 20 tax prep sites located across Philadelphia. Based on the input of stakeholders and best practices research, Revenue worked with the tax preparation providers to develop a network of accessible tax sites that offered more predictable hours as well as well as services in languages other than English.





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Return & Refund Results



CAMPAIGN FOR WORKING FAMILIES, INC.
Free Tax Preparation & Resource Building



PathWays PA

services and advocacy for women, children and families

The Department of Revenue issued a request for proposals for organizations to provide free tax preparation to Philadelphians. Four responses were received and two proposals were selected, from the Campaign for Working Families (CWF) and PathWays PA (Pathways); which partnered with Ceiba. Both organizations have experience with tax preparation and contracts were awarded to CWF and Pathways for Fiscal Year 2017.

Pathways

- 1 City-sponsored location
 - 1,080 returns filed (289 with EITC)
 - \$675,457 EITC refunds
 - \$1,616,349 total federal refunds

Campaign for Working Families

- 19 City-sponsored locations
 - 23,042 returns filed (6,369 with EITC)
 - \$10,328,844 EITC refunds
 - \$36,551,328 total federal refunds



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Community Partners

The Department of Revenue partnered with organizations across the City. These organizations received over 65,00 pieces of outreach material to help promote the Earned Income Tax Credit, worked with the residents they serve to connect them with free tax preparation, hosted meetings, and participated in discussion to gather feedback. We are thankful to the following organizations for their resources and partnership in promoting the Earned Income Tax Credit.

- Impact Services
- New Kensington CDC
- Southeast Asian Mutual Assistance Association Coalition (SEMACC)
- Whitman Park Civic Association
- United Communities
- The Enterprise Center CDC
- People's Emergency Center CDC
- Achievability
- Mount Vernon Manor CDC
- Beech Corporation
- Brewerytown-Sharswood Community Association
- Frankford CDC
- Hunting Park NAC
- HACE CDC/NAC
- Congreso de Latinos Unidos
- The Lighthouse
- Esperanza
- Universal Companies
- Diversified Community Services
- Southwest CDC
- Dixon House
- South Philadelphia Homes
- Grays Ferry Community Council
- Strawberry Mansion CDC/NAC
- Parkside Association of Philadelphia
- We Never Say Never Association
- Mayfair CDC
- Tacony CDC
- Nicetown CDC/NAC
- Allegheny West Foundation CDC/NAC
- Germantown United CDC
- Ogontz Avenue Community Association
- North 5th Street Revitalization Project
- Korean Community Development Services Corp
- Greater Philadelphia Asian Social Services Center
- Benefits Data Trust
- Center for Hunger-free Communities
- Community Legal Services of Philadelphia
- Philadelphia Legal Assistance

Public Engagement and Outreach



The City engaged Community Marketing Concepts, Inc. (CMC), a MBE/WBE company, and AB&C Creative Intelligence (ABC), both located in Philadelphia, to develop marketing, mailing, and outreach materials to support a comprehensive marketing strategy and outreach campaign targeted to eligible Philadelphians.

A fundamental part of the strategy was to engage community partners in its design and implementation. To encourage this the City, in partnership with the United Way, hosted a roundtable discussion where partners shared best practices, discussed tax filer experiences and provided valuable feedback on previous efforts.

Working together in this way, Revenue and its partners implemented an outreach campaign targeted to eligible Philadelphians. The messages were identified by taxpayers and their representatives as the most likely to lead to filing a tax return and claiming the EITC. These messages were targeted to the individuals in geographic areas with concentrations of likely-eligible taxpayers included, were delivered through various channels:

- Employer Engagement
- Community Engagement & Partnerships
- Direct Mail
- Media/Advertising
- Internet/Digital



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Employer Engagement

A focus of this year's work was building relationships with the employers of Philadelphia's EITC-eligible residents. These efforts allowed the City and its partners to connect with approximately 12,700 local employees who were likely eligible to qualify for EITC. This was done via internal company communication channels and hard copy flyer distribution. The employer outreach categories included, trade association, labor unions, larger local employers, university workers and immigrant business associations. The City is grateful to the following businesses and associations.

Trade Associations

- Food Merchants Associations
- Society of HR Management Philadelphia
- Pennsylvania Head Start Association

Labor Unions

- SEIU
- District 1199c
- Laborers DC 57, 135, 332, and 413
- AFL-CIO
- AFSCME District Council 33

Immigrant Business Associations

- African Caribbean Business Association
- African Business Council

Higher Education

- University of Pennsylvania
- Temple University
- Drexel University
- Saint Joseph's University
- Saint Joseph's University
- LaSalle University
- Philadelphia University
- University of Sciences
- The Art Institute of Philadelphia
- Peirce College

Other Targeted Organizations:

- Philadelphia Housing Authority
- PHL Airport
- Aramark
- Sodexo (cleaning company)
- AlliedBarton Security Services
- Bayada Home Health Care
- Scotlandyard Security Services



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Community Engagement – Street Team

The ten-member You Earned It Philly street team engaged 24,928 residents over a seven-week period in targeted zip codes. The team distributed literature at grocery stores, outside county assistance offices and at high traffic check cashing locations. The final two weeks of the tax filing season saw the street team deployed to support select tax sites.



Partnerships

The Department of Revenue developed partnerships with organizations serving the same low to moderate income working families we hoped to reach. Robust partnerships were established with the Philadelphia School District (PSD), Pennsylvania Child Care Information Services (CCIS) and the Pennsylvania Department of Human Services - Philadelphia County Assistance Offices (PCAO). Results of these partnerships include an EITC themed newsletter article sent to 30,000+ PSD parents, EITC outreach flyers distributed with all CCIS applications and redetermination packets from February through April, and EITC trainings for CCIS & PCAO staff.





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Direct Mail

In March, the Department of Revenue mailed EITC and free tax preparation location information to 45,318 residents who appeared likely eligible for EITC based on their enrollment in City of Philadelphia tax/utility assistance programs. Using IRS supplied data, letters were also sent to the 1,000 residents that didn't file for the EITC they were eligible for in 2013.

YOU EARNED EITC

Get back up to **\$6,269!**
with the federal Earned Income Tax Credit (EITC)

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PHILADELPHIA, PA 19102

OFFICE OF THE CITY CLERK
150 N. 12TH ST.
PHILADELPHIA, PA 19107

YOU EARNED EITC PHILLY

EITC is a federal tax refund available to working individuals and families. The average refund amount in Philadelphia is \$3,529, so hurry and find out if you're eligible!

You qualify if you:

- Meet income limits
- Are age 25-65 or have a qualifying child (if you don't meet its criteria qualify)
- Meet filing status requirements
- Are not a qualifying child of another person
- Meet all other requirements

The deadline to file is April 15, 2014. To avoid paying service fees on your return, file with one of the City of Philadelphia's free, IRS-certified tax preparers from the list below to get back the full amount of your refund.

Go to www.YouEarnedItPhilly.com for the rest of you're eligible. Services also available in Spanish, French, Vietnamese, Tagalog, and Portuguese.

Deadline to file is April 15!

Text "FILE" to 80090 to get more information and to find locations of tax preparers

FREE TAX PREP LOCATIONS

CORNER CITY The Bank Center Center City Tower One 1200 Market Street Philadelphia, PA 19102	CHINATOWN Chinatown Community Center 1200 Market Street Philadelphia, PA 19102	CHERRY STREET Cherry Street Community Center 1200 Market Street Philadelphia, PA 19102	CHINATOWN Chinatown Community Center 1200 Market Street Philadelphia, PA 19102	WEST PHILADELPHIA West Philadelphia Community Center 1200 Market Street Philadelphia, PA 19102
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YOU EARNED EITC

Get back up to **\$6,044!**
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IRS

You earned it—don't lose it!

When you file your 2013 tax return, the IRS needs to see that you were eligible for the Earned Income Tax Credit. But you can't claim it!

Here's how to claim your 2013 EITC refund:

- ✓ **Text FILE to 80090 or visit YouEarnedItPhilly.com to find a free, IRS-certified tax prep location and avoid paying fees.**
- ✓ **Make a plan.** Once you pick the best tax prep location, fill out the plan below as a reminder to make sure you file by April 15.

When will you file your taxes? Earlier Later

File your taxes. If you don't file for your 2013 EITC by April 15, you'll lose it! So start now. Make sure you claim what you're entitled to!

YOU EARNED EITC PHILLY

www.YouEarnedItPhilly.com
Services also available in Spanish, French, Vietnamese, Tagalog, and Portuguese.

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE
PO Box 202
Philadelphia, PA 19102

Free of Charge
NO Fee
No Appointment
No Wait

Media/Adverting

Beginning in February 2017, the Department of Revenue launched a multi-faceted media plan that included print advertisements in AL DÍA, Westside Weekly, the Philadelphia Free Press and University City Review newspapers. This plan also included SEPTA Ads on the Broad Street Line, Market-Frankford El, and bus routes running through targeted zip codes.



Interviews on WHYY, MyNewPhilly, and local broadcast stations helped to bring EITC awareness to a broad range of Philadelphians. In Fiscal Year 2017, the EITC campaign garnered twelve (12) media stories.

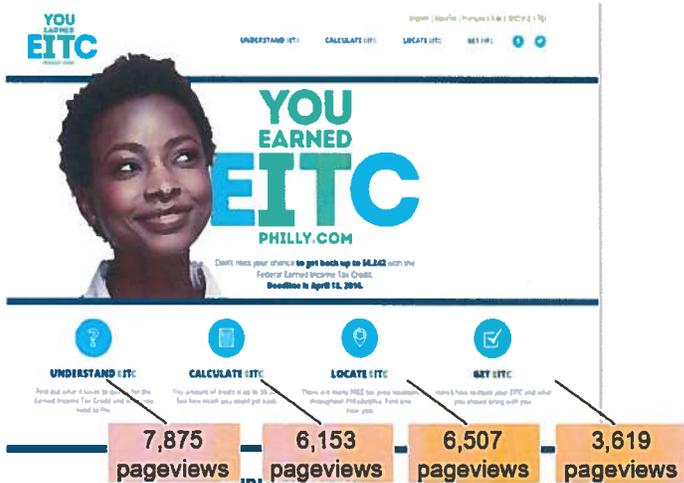
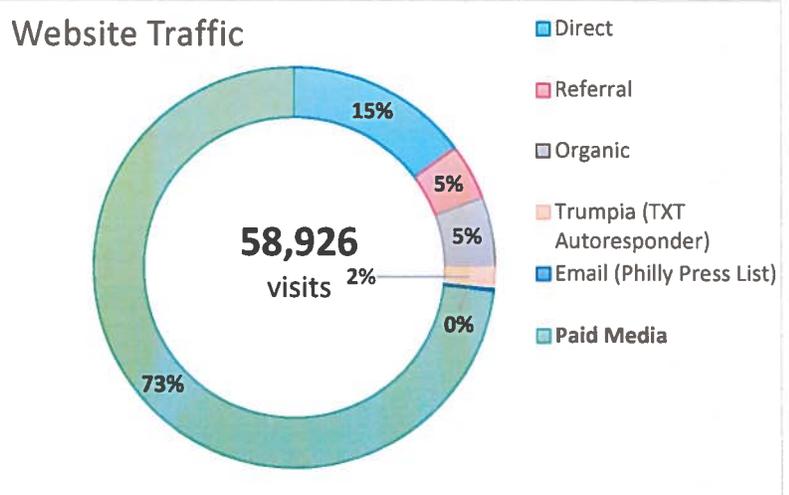
Several partner organization also supported the You Earned it Philly Campaign by generating EITC related news coverage in support of the initiative.





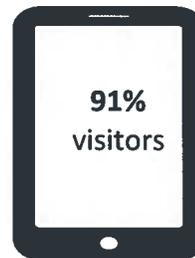
Internet/Digital Media

Using a mix of media strategies and outlets, the You Earned it Philly Campaign reached Philadelphia residents across digital devices, in various forms and at different touchpoints to produce over 5M digital impressions and a 68% increase in website traffic compared to last year.



The “You Earned It Philly” website (www.YouEarnedItPhilly.com) offered eligibility information, an EITC eligibility calculator, and a list of free tax preparation locations. This site was available in traditional desktop and mobile friendly versions; and had information in nine (9) different languages

An analysis of our digital audience concluded that the typical resident who engaged with the digital media campaign used a mobile device, was African American or Hispanic, had children in the home, an income below \$40,000, and paid a mortgage.





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Financial Impact

TOTAL COSTS (excluding Department of Revenue staff time) = \$1,051,916.40

Free Tax Preparation

- Campaign for Working Families - \$672,826.40
- Pathways PA/Ceiba - \$30,000

Outreach

- ab+c Creative Intelligence and Community Marketing Concepts - \$349,090

TOTAL BENEFITS - \$44.8 million

- Federal Refunds – \$38 million (includes \$11 million in EITC refunds)
- Tax Prep Fees Avoided - \$6.6 million in service fees (\$273 average fee⁹)

NET IMPACT - \$43.7 million

⁹ (National Society of Accountants , 2017)



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