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DEPARTMENT OF REVENUE



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Earned Income Tax Credit for Philadelphians

Report for Tax Year 2018



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CITY OF PHILADELPHIA –EARNED INCOME TAX CREDIT 2018 OVERVIEW

26,000+ tax returns prepared for free at 20 City-sponsored sites

- \$37.2 million in total refunds (including over \$11 million of EITC refunds)
- Saved taxpayers \$7.7 million in service fees (\$294 average fee)

2 Non-Profit Tax Prep partners with 20 City-sponsored free tax prep locations

- Campaign for Working Families
- PathwaysPA/Ceiba – offering free tax prep in Spanish

Comprehensive Outreach in 9 languages

- Grassroots
 - Street teams spoke with over 38,000 residents
 - Partnered with 43 community organizations & 33 large-scale employers
 - Revenue staff attended 109 community meetings during Tax Season
- Digital
 - 4.4 million impressions through paid digital media in English, Spanish, and Mandarin Chinese
 - 25,484 visits to the <http://www.YouEarnedItPhilly.com> website
 - 80 social media posts with 6 videos viewed on Facebook, Twitter, and YouTube
 - Over 9,000 texts sent resulting in 671 website visits and 513 telephone calls
- Print
 - 45,000 fliers printed in nine languages; also shared electronically
 - 38,000 postcards mailed to likely-eligible households
 - Over 800 letters sent to residents the IRS knows to have unclaimed EITC.
- Media
 - CBS3, 6ABC, NBC10, and KYW 1060 press segments reached over 900,000 viewers
 - The Philadelphia Citizen print coverage garnered over one million impressions



The Challenge:

- **Preliminary IRS tax return filing data from 2017 shows 911,000 Pennsylvania returns claiming the EITC, a 3.6% decrease from 2016.**
- **On average 1/5th of all Pennsylvania EITC filers are Philadelphians, about 181,000 Philadelphia EITC filers in total.**
- **Census estimates calculated by CEO suggest 231,325 Philadelphia households were eligible for the EITC in 2017, a 3.7% decrease from 2016.**
- **This translates into nearly 49,800 Philadelphia taxpayers that did not take advantage of EITC.**

The EITC is a federal anti-poverty program that provides eligible low- and moderate- income working individuals and families with a refundable tax credit that reduces the amount of federal income taxes owed, and oftentimes generates a cash refund. Using a methodology developed by the Office of Community Empowerment and Opportunity (CEO), the number of Philadelphians eligible for the EITC were calculated. The difference between the number of EITC filers reported by the IRS and the estimated number of eligible Philadelphians is the participation rate. For 2017 the participation rate was 74.5%, an increase of 0.1 percentage points from 2016.

In Tax Year 2016, the most recent year of fully published statistics, the average EITC refund was \$2,512. This refund applied to the estimated 181,000 Philadelphia EITC filers means Philadelphians received over \$456 million in total benefit in 2017. However, an

estimated 49,800 eligible working Philadelphians and their families miss out on over \$125 million each year because they fail to apply for and receive the Federal Earned Income Tax Credit.¹

¹ Full IRS data for 2017, will not be published until October 2019.



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The Opportunity:

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

2018 Income Eligibility by Filing Status

Number of Qualifying Children	Single, Head of Household, Widowed	Married, Filing Jointly	Maximum Benefit
None (0)	\$15,270	\$20,950	\$519
One (1)	\$40,320	\$46,010	\$3,461
Two (2)	\$45,802	\$51,492	\$5,716
Three or More (3+)	\$49,194	\$54,884	\$6,431

For the 2018 Tax Year, a single taxpayer in Philadelphia earning up to \$49,194 a year, or a married couple earning up to \$54,884 could receive up to \$6,431 in EITC. The US Census Bureau reported that 19.9% of Philadelphians 18-64 were living below the poverty level in 2017, roughly 250,700 people.² 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 each year millions of workers become EITC-eligible taxpayers for the first time³; making ongoing education and access to free tax preparation critical. Awareness encourages taxpayers to file and receive the refund. Providing free tax preparation services gives EITC-eligible taxpayers and families a convenient location to file and saves them money in the process. The IRS reported that 46% of Philadelphia's taxpayers used paid tax preparation services for the completion and/or filing of their 2016 Federal Income Tax Returns⁴; with an average 2018 preparation cost of \$294⁵, as estimated by the National Society of Accountants. In Tax Year 2018, free tax preparation services provided by the City saved 26,111 Philadelphia filers \$7.7 million in tax preparation costs.

² (US Census Bureau, 2019)

³ (Internal Revenue Service, 2019)

⁴ (Internal Revenue Service, 2019)

⁵ (National Society of Accountants, 2018)

The Plan

Increase Awareness & Access to Free Tax Preparation

The Department of Revenue's continuing goal is to build upon previous years' successes and seek improvement of the 'You Earned It Philly' campaign. The campaign aims to deliver an effective message that increases the number of EITC-eligible Philadelphians filing their tax return and claiming the maximum refund they earned. Consultation with taxpayers and other stakeholders was instrumental in forming a cohesive strategy.

This message was delivered through comprehensive community engagement and outreach initiatives designed to raise awareness of EITC and encourage the use of free tax preparation options. The campaign was launched by a press conference with Pennsylvania Secretary Joe Torsella, Revenue Commissioner Frank Breslin, United Way of Greater Philadelphia and Southern New Jersey, as well as leaders from several partner organizations. This kickoff event was followed by extensive outreach and engagement activities that included; direct mailing material to city residents; 109 community meetings; online, & print media, the "You Earned it Philly" website; SEPTA advertisements; and street teams. The combination of these outreach efforts allowed the Department of Revenue and its partners to reach a broad audience of eligible Philadelphians across demographic groups.

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 office hours throughout the week and on weekends, as well as, materials and services in nine languages including English.





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Return & Refund Results



CAMPAIGN FOR WORKING FAMILIES, INC.



PathWays PA

services and advocacy for women, children and families

The Department of Revenue continued its contracts with the same two organizations it worked with in previous years: Campaign for Working Families (CWF) and PathWays PA (Pathways); which partnered with Ceiba. Both organizations have prior experience with tax preparation, including the Department of Revenue's EITC outreach last year.

Pathways

- 1 City-sponsored location
 - Bilingual support (English/Spanish)
 - 983 returns filed
 - 230 returns filed with EITC
 - \$535,240 EITC refunds
 - \$1,688,584 total federal refunds

Campaign for Working Families

- 19 City-sponsored locations
 - Information and services provided in 9 languages
 - 25,128 returns filed
 - 6,500 returns filed with EITC (+9% increase from TY 2017)
 - \$11,072,213 EITC refunds
 - \$35,477,833 total federal refunds



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Community Partners

The Department of Revenue partnered with organizations across the City. These organizations received over 55,000 pieces of outreach material in nine languages to help promote the Earned Income Tax Credit. Further, in collaboration with Revenue, they 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.

- AchieveABILITY
- Allegheny West Foundation CDC/NAC
- Beech Corporation
- Benefits Data Trust
- Brewerytown-Sharswood Community Association
- Catholic Social Services
- Community Legal Services
- Congreso de Latinos Unidos
- CORA
- Disability Resource Services
- Diversified Community Services
- Dixon House
- Esperanza
- Frankford CDC
- Free Library of Philadelphia
- Germantown United CDC
- Grays Ferry Community Council
- HACE CDC/NAC
- Hunting Park NAC
- Impact Services
- Library for the Blind
- Mayfair CDC
- Mayor's Office of Reintegration Services
- Mount Vernon Manor CDC
- New Kensington CDC
- Nicetown CDC/NAC
- Northeast Treatment Centers
- Ogontz Avenue Community Association
- Parkside Association of Philadelphia
- People's Emergency Center CDC
- Philadelphia Chinatown Development Corporation
- Philadelphia Legal Assistance
- Southeast Asian Mutual Assistance Association Coalition (SEAMACC)
- South Philadelphia Homes
- Southwest CDC
- Strawberry Mansion CDC/NAC
- Tacony CDC
- The Enterprise Center CDC
- The Lighthouse
- Turning Points for Children
- United Communities
- Universal Companies
- We Never Say Never Association
- Whitman Park Civic Association

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.

In 2018, the Department expanded its outreach strategy to increase connections with eligible EITC recipients in neighborhoods where they live and work. Street teams were deployed throughout the City in high-traffic areas to provide information and materials in nine languages and guide eligible Philadelphians towards their closest free-tax preparation site.

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/Social Media/Digital



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Employer Engagement

The Department of Revenue continued its relationship building efforts with Philadelphia employers who are legally required to notify their employees about EITC. These businesses and organizations can leverage their own internal networks to reach potential EITC eligible employees. For the 2018 Tax Year, the City and its partners connected with tens of thousands of 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 associations, labor unions, larger local employers, universities, hospital systems, and immigrant business associations. The City is grateful to the following businesses and associations.

Trade Associations

- Food Merchants Associations
- Society of HR Management in Philadelphia
- Pennsylvania Head Start Association
- Greater Philadelphia Hotel Association
- LaSalle University
- Philadelphia University
- University of Sciences
- The Art Institute of Philadelphia
- Peirce College
- Holy Family University

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

Other Targeted Organizations:

- Philadelphia Housing Authority
- PHL Airport
- Aramark
- Brown's Family ShopRite Stores
- AlliedBarton Security Services
- Bayada Home Health Care

Health Care Providers - Hospital Systems:

- University of Penn Health System
- Children's Hospital of Philadelphia
- St. Christopher's Hospital for Children
- Jefferson Health System
- Temple University
- Einstein Healthcare Network

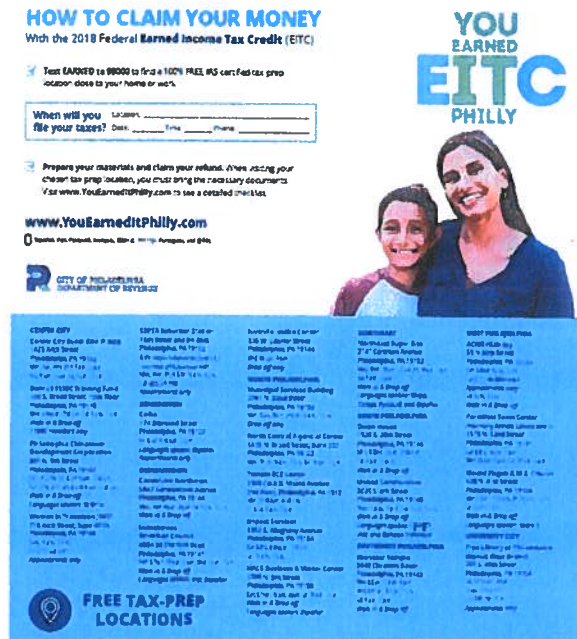
Community Engagement – Street Team

The six-member You Earned It Philly street team engaged 38,000 residents over a seven-week period in targeted zip codes. The team distributed literature at grocery and variety stores, outside county assistance offices, SEPTA stations, and at high traffic check cashing locations. This year's efforts include multi-lingual outreach at special events throughout the City like the Chinese New Year Festival in Mayfair and a Utility Fair targeted for Spanish speaking Taxpayers.



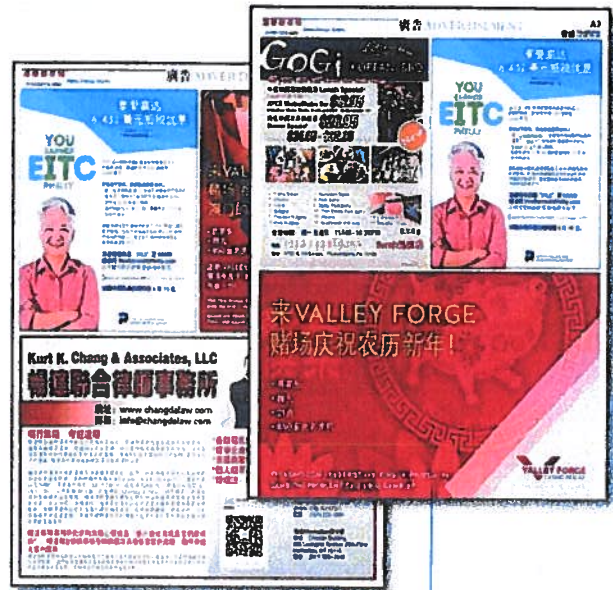
Direct Mail

In March, the Department of Revenue mailed EITC and free tax preparation location information to 41,419 residents who appeared to likely be eligible for EITC based on their enrollment in City of Philadelphia tax/utility assistance programs. Using IRS supplied data, letters were also sent to over 800 residents that didn't file for the EITC they were eligible for in previous years.



Media/Advertising

In December 2018, the Department of Revenue launched a multi-faceted media campaign that included print and digital advertisements in *Al Día*, *Metro Chinese*, Facebook, Twitter, and YouTube. This plan also included SEPTA Ads on the Broad Street Line, Market-Frankford El, and bus routes running through targeted zip codes.



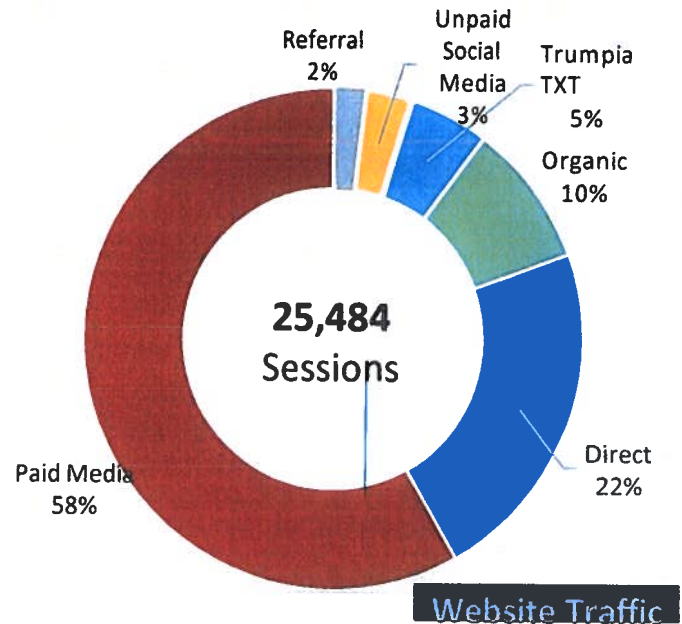
Two events, EITC Awareness Day kickoff event and the Mayor's visit to a tax site, were broadcast on five local television stations helping to bring EITC awareness to a broad range of Philadelphians. During the Tax Year 2018 campaign, print coverage in the Philadelphia Citizen totaled nearly a million media impressions.

Other partner organizations like civic associations, homeowner associations, CDCs, social service centers, and community associations also supported the You Earned it Philly Campaign by generating EITC related news coverage in support of the initiative.



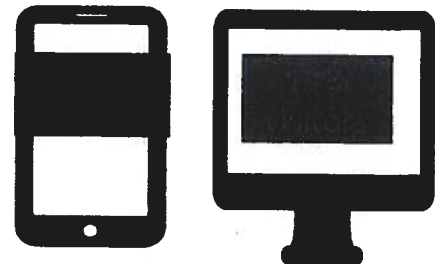
Internet/Digital Media

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 4.4M digital impressions. Digital impressions along with other marketing and outreach efforts drew over 25,000 website visits. In 2018, direct and organic traffic continued to increase in its share of website traffic; a good indication that visitors are familiar with the site name.



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. In 2018, the website included a request for Taxpayers to tell their story. The Department received 20 total submissions and chose two individuals whose stories were featured on both Facebook and YouTube.

Most online traffic originated from mobile devices, 87 percent of all visits. On average, visitors viewed 3 pages on the website during each visit and utilized the calculator over 4,000 times. Website traffic also generated 340 downloads of promotional and informational materials.





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Financial Impact

TOTAL COSTS (excluding Department of Revenue staff time) - \$1,110,000

EITC IMPLEMENTATION STRATEGY CONTRACT RECIPIENTS:

- Campaign for Working Families - \$730,000
- ab+c Creative Intelligence and Community Marketing Concepts - \$350,000
- Pathways PA/Ceiba - \$30,000

SPENDING BY TYPE:

- | | |
|--|-----------|
| • Tax Preparation Sites - | \$760,000 |
| • Marketing and Advertising - | \$141,495 |
| • Community Engagement - | \$ 52,750 |
| • Communications Efforts - | \$113,755 |
| • Personal Services and Administration - | \$ 42,000 |

TOTAL BENEFITS - \$44.7 Million

- Federal Refunds – \$37.1 Million (includes \$11.6 million in EITC refunds)
- Tax Prep Fees Avoided - \$7.6 Million in service fees (\$294 average fee⁶)

⁶(National Society of Accountants, 2018)



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