



**University of Idaho**  
Extension

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## Extension participates in Volunteer Income Tax Assistance program

### **The Situation**

Created in 1975, the Earned Income Tax Credit (EITC) helps offset Social Security taxes and provides an incentive for work. The EITC is for people who work but don't earn a lot of money. It's the federal government's largest benefits program for working families. Due to high unemployment rates, reduced wages, and scaled-back hours, many additional workers qualified for credits during the 2009 tax year. Credits provide individuals and families with more money to cover the rising costs of food, transportation, and child care, increasing the ability of workers in low to moderate-paying jobs to support themselves and their families.

Many eligible Idaho residents are not aware of or do not take advantage of the tax credits available to them, specifically the EITC and the child tax credit. These tax credits are potent anti-poverty programs for families with children. Brookings Institute studies show that the EITC encourages people—particularly single moms—to enter the labor force. According to the Internal Revenue Service, only 20-30% of eligible people in Idaho applied for the EITC in 2006. In the 2007 tax year, Idaho residents received \$184,753,523 in EITC benefits. To maximize the poverty reducing effects of these tax credits, families and service providers need education about eligibility requirements for tax credits as well as assistance completing the required tax forms.

### **Our Response**

From January to mid-April 2010, the University of Idaho and Community Action Partnership (CAP) cooperated to expand the number of new Volunteer Income Tax Assistance (VITA) sites in north central Idaho's rural communities. Student volunteers from the University of Idaho's College of Law and College

of Business and Economics completed IRS training and were prepared to assist families and individuals complete their tax returns to ensure they receive all of the tax credits for which they're eligible.

Extension partnered with the coordinator of Horizons, a university outreach program on rural leadership development, to design an evaluation survey to document the number of low-income individuals and families using free income tax preparation sites, their overall experience at a VITA site, and how they plan to spend the money received from tax credits.

### **Program Outcomes**

UI students and CAP community educators provided tax preparation assistance for 45 residents in St. Maries, Plummer, Kamiah, Craigmont, Calder, Fernwood and Worley. After receiving assistance at a local VITA site, clients were asked to complete an optional short evaluation. Survey results show 87% of respondents felt the length of time it took to prepare their tax return was reasonable and that the tax preparer had good knowledge of tax law. Twenty percent of VITA clients plan to use their tax return for home repair with 13% spending it on child care, car repair, car gas/oil, or food. Participant's household income ranged from \$653 to \$50,000 and 47% had some college education. Slightly more than half of all VITA clients lived in a family structure of two adults with no children. A majority of respondents were white, female, and 57 years old or older. Eighty percent plan to visit a VITA site next year and 93% plan to recommend visiting a VITA site to their family and friends. One respondent reported, "the young men and women from VITA were very gracious, kind and helpful and we truly do appreciate their help".

**The future**

A marketing plan is being developed to reach more residents in rural communities with the information on date, time, location, and benefit of receiving tax preparation assistance at a VITA site. University of Idaho Extension and Horizons will continue to partner with Community Action Partnership to increase the total dollar amount in tax refunds to EITC eligible families with children and introduce them to Extension's financial literacy resources and CAP's asset-building programs.

**References**

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**FOR MORE INFORMATION**

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