

EXECUTIVE SUMMARY

Across the state of Ohio, coalitions provide free tax preparation and asset building help to low- and moderate-income families. These coalitions help families claim the Earned Income Tax Credit (EITC) and avoid costly paid tax preparation and loans. The EITC credit is available to working people with family incomes of less than about \$39,000 with two children or less than about \$33,000 with one child. In 2005, more than 800,000 Ohio families claimed an average credit of \$1,800, bringing more than \$1.4 billion to Ohio communities.

This report focuses on the successes of the Cuyahoga EITC Coalition, which increased returns by more than 60 percent between 2006 and 2007. In 2007, sites in the Coalition served more than 5,600 filers, bringing in more than \$6.8 million in returns. Combined with coalitions in Akron, Cincinnati, Columbus, and Dayton, coalitions brought in \$19 million to 15,700 working families at no cost to the families served. Utilizing certified free tax preparers, these 5 coalitions worked with more than 770 community volunteers.

Working with the Cuyahoga EITC Coalition, Policy Matters surveyed more than 2,000 filers:

- The average age was 42 and average adjusted gross income was \$15,931.
- Four percent were Hispanic (any race), 15 percent white and 76 percent black.
- Eighty-five percent had at least a high school degree, 15 percent had an associate or bachelor's degree.
- The average filer worked close to full time (more than 33 hours a week).
- Twenty-five percent reported that they or a family member was in a union.
- Filers had jobs in the community including in retail (22 percent), as laborers (16 percent), in social service (14 percent), and in education (8 percent).
- Filers were most likely to learn about VITA sites and the EITC from family and friends, but growing numbers were reached by marketing efforts including flyers and radio.
- Nearly half of filers had paid for tax preparation in previous years.
- The biggest group (63 percent) said they would use the money to pay household bills, 19 percent said they would save the money, and others said they would spend the money on housing (16 percent), groceries (12 percent), or car or home repairs (11 percent).
- Fifty-nine percent of respondents said the credit would help them "some" or "a lot".

Coalitions continue to confront challenges in identifying EITC-eligible families and in helping consumers understand the losses they incur by going to paid preparers. Nonetheless, the free tax coalition movement is reaching very low-income filers who benefit greatly from the service. Free tax preparers have vastly expanded the number of workers reached and the resources brought back into Ohio communities.