

Cuyahoga County EITC Coalition Evaluation

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Executive Summary

Led by Enterprise Community Partners, the Cuyahoga Earned Income Tax Credit Coalition (the Coalition) was established in 2005 to provide free, high-quality tax assistance services in Cuyahoga County. The Coalition provided services to nearly 11,000 clients last year, more than 3,200 of whom got the Earned Income Tax Credit (EITC). With more than 40 partners, the Coalition brought more than \$14.2 million in federal and state tax refunds to Cuyahoga County in 2013 for tax year 2012. It works by helping all sorts of greater Clevelanders file their taxes, and by helping individuals and families who earn up to \$50,270 claim the EITC. This report analyzes the Coalition's free tax program and summarizes a survey we conducted of Coalition clients. We surveyed more than 2,700 clients and found that the EITC will help clients pay for essentials. Other findings include:

- The Coalition continues to grow, bringing substantial resources to Cuyahoga County. In 2013, it served 10,982 clients, more than 3,200 of whom received the EITC;
- In total, these efforts brought \$14.2 million in federal refunds to the county. EITC claims alone brought in more than \$5.6 million;
- The Coalition serves people who have not claimed tax credits before and helps them avoid exploitative fees: roughly 12 percent paid for tax preparation in prior years and 12 percent did not file in the previous year;
- Clients are satisfied with the services: more than half were return customers, 92 percent were happy with their service and 91 percent said they would return again;
- The effort is relieving poverty for working families: the 30 percent of clients who got the EITC received \$1,742 each on average;
- For every dollar spent on Coalition costs, \$26 in state or federal dollars is brought back to Cuyahoga County, much of which is spent in local communities.

Two recent policy changes have improved the situation for EITC filers, and additional policy reform could build on that. Federal regulation has made it difficult for banks to sell exploitative Refund Anticipation Loans, essentially eliminating them in tax year 2012. Similar regulation and better disclosure could help eradicate other predatory products. Ohio lawmakers, in the spring of 2013, put in place a small non-refundable Ohio EITC. This bipartisan initiative will benefit low-income taxpayers in Ohio, and is a good starting point for a stronger state EITC.

In short, the report found that the Coalition's efforts are bringing new federal money into the economy, relieving poverty, reducing the use of predatory loans and doing a good job with technology and customer satisfaction. It is crucial that we devise ways to help bring the project to scale so that it is serving a larger portion of the community.