

PUBLIC PERFORMANCE REVIEW

Poverty and Working Families Tax Credit

July 23, 2024



WELCOME

PRESENTED BY:

- MANDEEP KAUNDAL, DIRECTOR, RESULTS WASHINGTON

Building Logistics

- **Emergency exits** are located through the conference room doors directly ahead
- **Restrooms** are located outside of the conference room next to the elevators
- Please take **side conversations** outside the room
- Attendees will find a QR code and a physical **survey** located on conference room tables
- ASL is being provided by Laura Bietman.
- Our meeting is being **live-streamed** by TVW
- Meeting **materials** are located at www.results.wa.gov

Topic Selection

- Increasing economic stability for persons experiencing poverty supports Governor's goal areas 2: Prosperous Economy and 4: Health and Safe Communities
- Recommended by leaders across the state to review tax credit creation, implementation, outreach and uptake.
- Progress and initiatives presented by:
 - Department of Revenue
 - Department of Social and Health Services

Governor's Opening Remarks

The background of the slide features a large, faint, circular seal of the State of Washington. The seal contains a portrait of George Washington and the text "THE STATE OF WASHINGTON" and "1889".

PPR TOPIC

INTRODUCTION:

POVERTY IN WA STATE

PRESENTED BY:

- LORI PFINGST, SENIOR DIRECTOR – POVERTY,
WASHINGTON STATE DEPARTMENT OF SOCIAL AND
HEALTH SERVICES

Tax Credits & Poverty Reduction

Evidence & Policy Considerations

1

Tax credits are one type of direct cash.

2

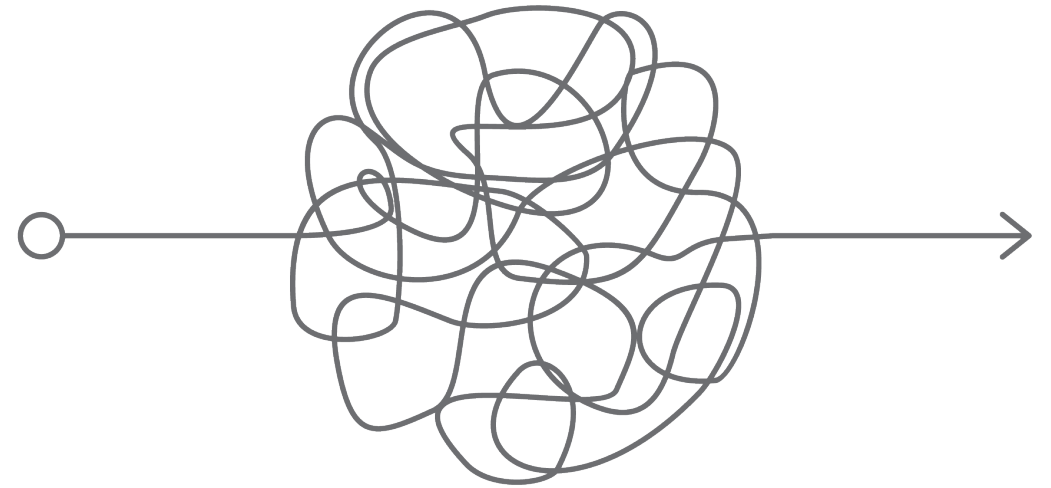
Direct cash is causally linked to poverty reduction and improved health and well-being.

3

Targeted tax credits are especially effective at reducing poverty and inequality.

**"Poverty isn't a line.
It's a tight knot of social maladies."**

Matt Desmond | Poverty, by America





DIRECT CASH

A payment of money to an eligible person.
It can be unconditional or conditional.

EXAMPLES

tax credits • cash assistance • incentive payments • basic income



Evidence-Based Effects of Direct Cash on Well-Being

REDUCES POVERTY

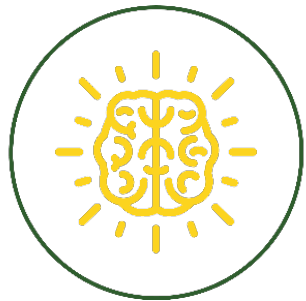
Direct cash is a proven method of efficiently and effectively reducing poverty.



LOWERS STRESS

Direct cash alleviates stress quickly, freeing up the brain's capacity to make long-term decisions.

Less stress also reduces inflammation in the body.



IMPROVES WELL-BEING

Research strongly shows direct cash can improve well-being within a short time frame.



↑ Education



↑ Physical & mental health



↑ Quality time with family

RESULTS IN UPSTREAM, PREVENTIVE OUTCOMES

Research shows direct cash has upstream effects over time.



↑ Employment



↓ Homelessness



↓ Child neglect



Benefits of Targeted Tax Credits



Families & Individuals

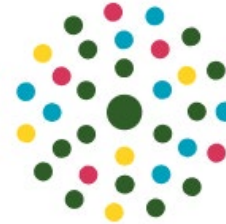
Bolsters income to meet basic needs

Provides freedom to meet unique needs



Communities

Boosts local economies through multiplier effect



Equity

Benefits people in lower wage work, offsetting income inequality by race, sex, region



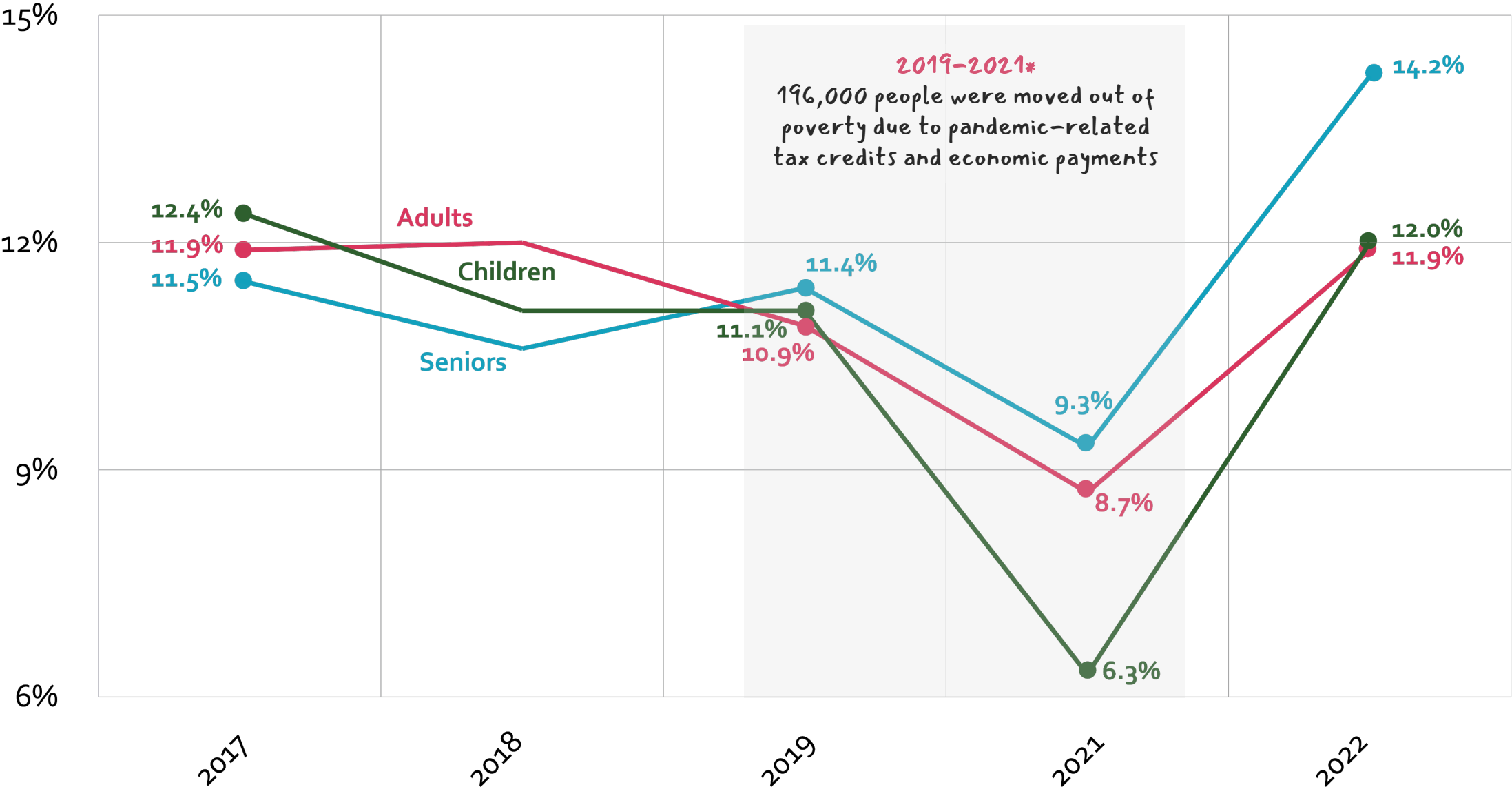
Economy

Lowers poverty and increases revenue

Slides 19-20 sources: (1) Center for Budget and Policy Priorities (2023) Policy Basics: The Earned Income Tax Credit. Available at: <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>; (2) Creamer, J., Shrider, E., Burns, K., & Chen, F. (2022). Poverty in the United States: 2021. U.S. Census Bureau. Report No. P60-277. <https://www.census.gov/library/publications/2022/demo/p60-277.html>; (3) McInnis, N., Michelmore, K., Pilkauskas, N. (2023). The Intergenerational Transmission of Poverty and Public Assistance: Evidence from the Earned Income Tax Credit. NBER Working Paper No. w31429. Available at SSRN: <https://ssrn.com/abstract=4505059>; (4) Lens, V., Bushamn-Copp, L., Gamalski, K., Pisciotto, C., Arriaga, A., Salgado, D. (2021). Spotlight on Direct Cash Benefits during the Pandemic. Poverty Tracker. Available at: https://www.robinhood.org/wp-content/themes/robinhood/images/poverty-tracker/pdfs/POVERTY_TRACKER_REPORT27.pdf; (5) Guaranteed Income Pilots Dashboard. (n.d.). The Guaranteed Income Pilots Dashboard. Retrieved September 26, 2023, from <https://guaranteedincome.us/>; (6) Shafer, P. R., Gutiérrez, K. M., Ettinger de Cuba, S., Bovell-Ammon, A., & Raifman, J. (2022). Association of the Implementation of Child Tax Credit Advance Payments With Food Insecurity in US Households. JAMA Network Open, 5(1), e2143296–e2143296. doi:10.1001/jamanetworkopen.2021.43296; (7) Hagen-Zanker J, McCord A, Holmes R. Systematic review of the impact of employment guarantee schemes and cash transfers on the poor. Overseas Development Institute; 2011:104. <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7161.pdf>; (8) Bastagli F, Hagen-Zanker J, Harman L, Barca V, Sturge G, Schmidt T. Cash transfers: What does the evidence say? Overseas Development Institute; 2016:300. <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11316.pdf>; (9) Owusu-Addo E, Renzaho AMN, Smith BJ. The impact of cash transfers on social determinants of health and health inequalities in sub-Saharan Africa: a systematic review. Health Policy Plan. 2018;33(5):675–696. doi:10.1093/heapol/czy020; (10) Michael Karpman, Elaine Maag, Genevieve M. Kenney, and Douglas A. Wissoker November 2021. "Who Has Received Advance Child Tax Credit Payments, and How Were the Payments Used?" Urban Institute; (11) SEED (2020) Evaluation of Stockton Economic Empowerment Demonstration: Key Findings available at <https://www.stocktondemonstration.org/employment>; (12) West, S., Castro Baker, A., Samra, S. and Coltrera E., (2021). Preliminary analysis: SEED's first year, bulletin of the New York Academy of Medicine, 100(2), 227–244. <https://doi.org/10.1007/s11524-023-00723-0>; (13) West, S., & Castro, A. (2023). Impact of Guaranteed Income on Health, Finances, and Agency: Findings from the Stockton Randomized Controlled Trial. Journal of urban health; (14) Batra, A., Jackson, K., & Hamad, R. (2023). Effects Of The 2021 Expanded Child Tax Credit On Adults' Mental Health: A Quasi-Experimental Study. Health affairs (Project Hope), 42(1), 74–82. <https://doi.org/10.1377/hlthaff.2022.00733>; (15) Chung, W., Ha, H., & Kim, B. (2015). Money transfer and birth weight: Evidence from the Alaska permanent fund dividend. Economic Inquiry, 54. doi:10.1111/ecin.12235; (16) Gentilini U, Grosh M, Rigolini J, Yemtsov R, eds. Universal Basic Income and work. In: Exploring Universal Basic Income: A Guide to Navigating Concepts, Evidence, and Practices. The World Bank; 2019. doi:10.1596/978-1-4648-1458-7; (17) Zhao, Jiaying, Dwyer, Ryan, Palepu, Anita. "New Leaf project: Taking Bold Action on Homelessness." Foundations for Social Change (2020). Accessible from <https://forsocialchange.org/impact>, accessed March 4, 2021

Child Tax Credit & Economic Payments During Pandemic Sizably Reduced Poverty

Supplemental Poverty Measure by Age, Washington State 2017-2022*

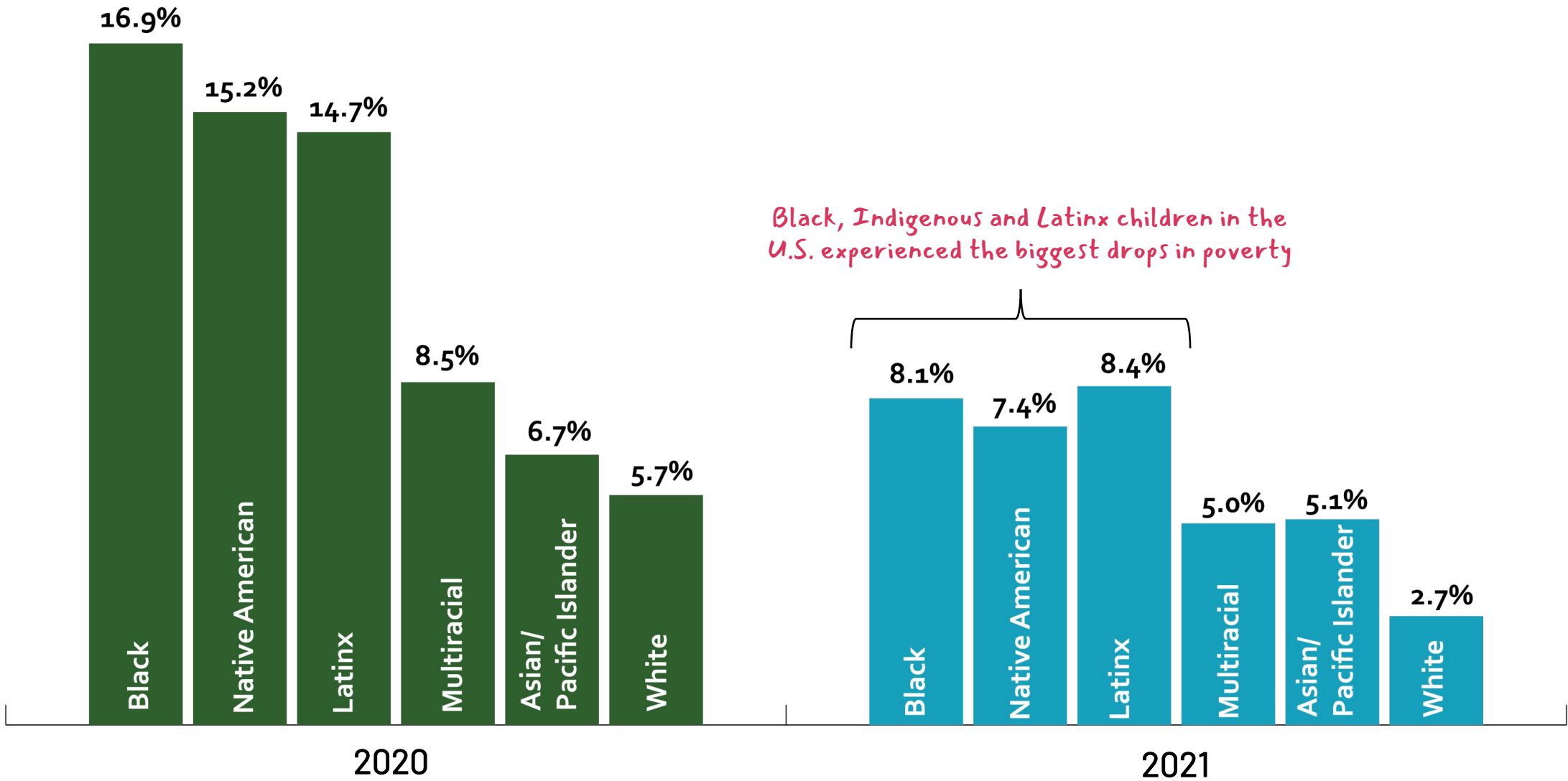


*Note: 2020 data missing due to pandemic-related issues with state-level 2020 Census data collection
Source: U.S. Census Bureau, 2009 through 2019 and 2021 through 2022 American Community Survey, Public-Use 1-year estimates. 2023 University of Washington Self-Sufficiency Standard data



Targeted Child Tax Credit During Pandemic Reduced Racial Disparities in Child Poverty


Poverty Rates for Children (0-17), Supplemental Poverty Measure, United States 2020 & 2021



Source: U.S. Census Bureau, Table B-2, Current Population Survey, 2010 to 2023 Annual Social and Economic Supplements (CPS ASEC).



Governor Q&A



PROGRESS AND INITIATIVES: WORKING FAMILIES TAX CREDIT DESIGN AND DELIVERY

PRESENTED BY (IN ORDER OF PRESENTATION):

- KATIE KOONTZ, PROGRAM COORDINATOR—
WORKING FAMILIES TAX CREDIT, WASHINGTON
STATE DEPARTMENT OF REVENUE



Working Families Tax Credit

Program Overview

- An annual state tax credit for **low-to-moderate income** individuals and families.
- Credit amount is based on income level and the number of qualifying children.
- Launched on February 1, 2023.

For Tax Year 2023:

# of Qualifying Children	Maximum Credit
3+	\$1,255
2	\$940
1	\$625
None	\$315



Working Families Tax Credit

Program Objectives

- Combat regressivity of state and local tax systems.
- Boost low-paid workers' incomes and offset some of the taxes they pay.
- Policy objectives per Engrossed Substitute House Bill, ESHB 1297:
 - Stimulate local economic activity.
 - Advance racial equity.
 - Promote financial stability for low-income workers.
- Alignment with the Washington Economic Justice Alliance (WEJA) and its efforts to dismantle poverty.





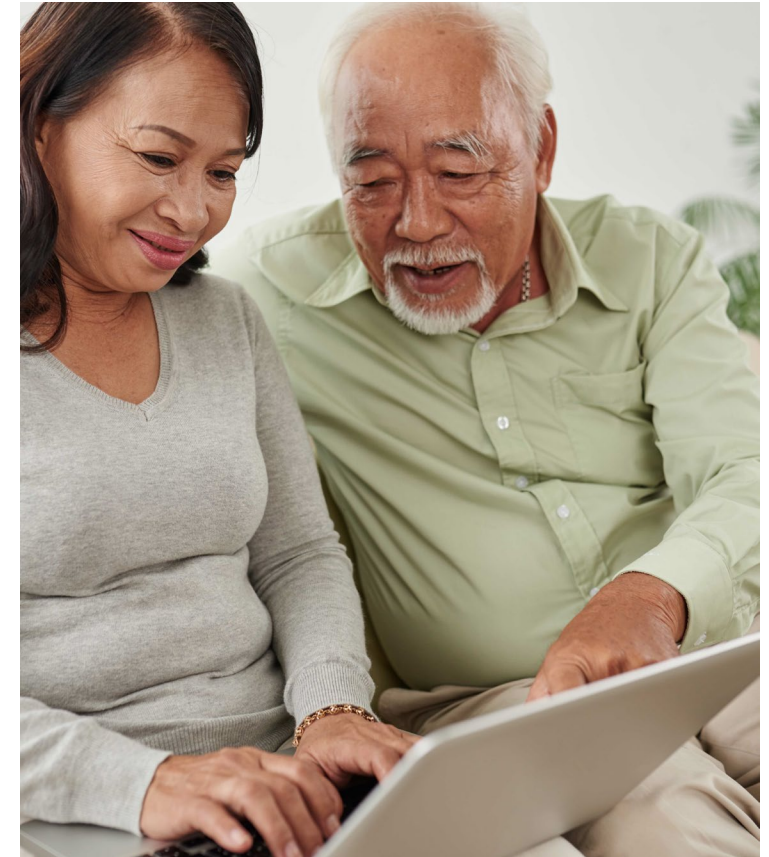
Working Families Tax Credit

Eligibility Requirements

Applicants must:

- File a federal tax return.
- Have a valid Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN).
- Qualify for the federal Earned Income Tax Credit.
- Live in WA for more than 6 months of the year.

~350,000 households eligible in TY23





Working Families Tax Credit

Outreach Efforts

- 29% of those eligible for the Earned Income Tax Credit (EITC) in Washington do not claim it.
- Dedicated outreach team with bilingual staff spanning six regions to ensure maximal coverage of Washington state.
- Languages spoken:
 - Spanish.
 - Russian.
 - Vietnamese.

1,400+ outreach engagements in 2023!





Working Families Tax Credit

Outreach Efforts

- Partnership with organizations and agencies.





Working Families Tax Credit

Outreach Efforts

- Grants issued to 27 organizations for FY24-25 (\$5M total).





Working Families Tax Credit

Outreach Efforts

- Outreach Advisory Committee of members with lived experience.





Working Families Tax Credit

2023 (TY 2022) Program Results (through 12/31/23)

Refunds

160,143 applications refunded.

44% applications refunded of eligible population (~360,000).

\$114,384,112 refunded.

\$714 = average refund per application.

9.5% of applications refunded with an ITIN holder.

236,000+ children benefitted from the refunds in 2023!





Working Families Tax Credit

2023 (TY 2022) Program Results (through 12/31/23)

Refunds by Household Size

No. of Children	Dollars Refunded	% of Refunds
0	\$8,634,643	8%
1	\$31,241,632	27%
2	\$37,422,397	33%
3+	\$37,085,440	32%

Language Support & Demographics

35% of callers requested language support.

Percent of applicants that identify as:

31% Hispanic / Latino origin

2% American Indian / Alaska Native

9% Asian

12% Black / African American

4% Native Hawaiian / Pacific Islander

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Governor Q&A



PROGRESS AND INITIATIVES: OUTREACH AND GRANTEE PROGRAMS

PRESENTED BY (IN ORDER OF PRESENTATION):

- KARIN OCEGUERA, CHIEF FINANCIAL OFFICER AND DEPUTY DIRECTOR, FAMILY EDUCATION & SUPPORT SERVICES
- ATHENA DUNN, BOARD MEMBER, DOR WORKING FAMILIES TAX CREDIT OUTREACH ADVISORY COMMITTEE

Family Education and Support Services

- FESS is a 501c3 Nonprofit, based in Tumwater WA serving Thurston, Mason, and Lewis Counties and surrounding areas.
- Our mission is to inspire healthy child development through the provision of quality family support services.
- We provide parenting education and programs as well as resources to help families of all types thrive.
- FESS serves over 20,000 individuals annually through our classes, programs, and basic needs services.
- WFTC is under our Basic Needs team
 - FESS is one of 27 DOR WFTC grantees
 - See handouts for additional information about FESS



How did FESS get involved with WFTC?

We heard about WFTC through a Request for Proposal (RFP) process and were selected by Department of Revenue because of our proven reach.

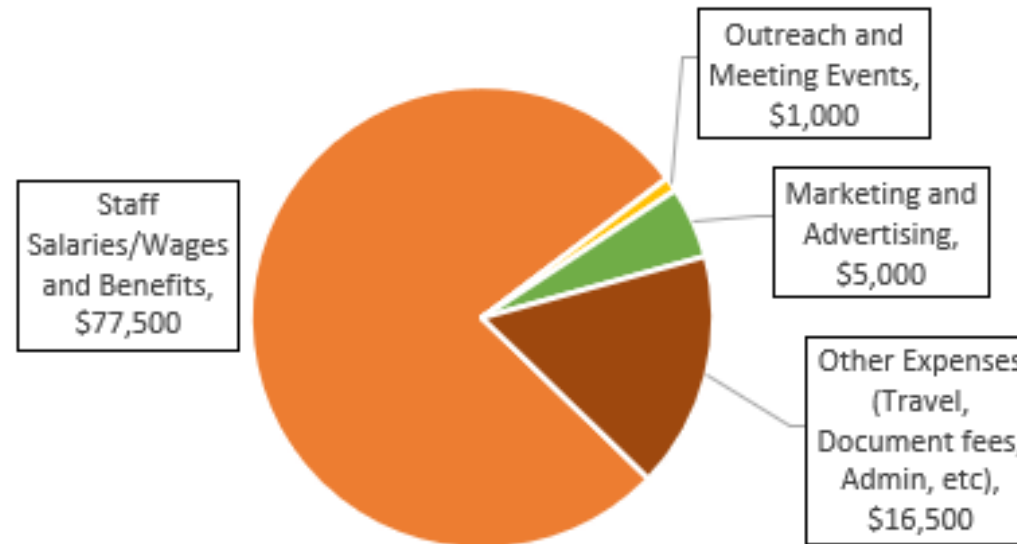
We recognized the immense potential of WFTC to transform lives.

We also understood that knowledge of this critical resource wasn't reaching everyone who needed it.

FESS Contract with DOR

- Fiscal Years 2024 and 2025 (July 2023 – June 2025) \$100,000 each year

Washington Families Tax Credit Outreach
Program Budget



How did FESS prepare?

- Our basic needs specialists – We brought Mark in full time at the beginning of this project, and we also have Rosa who is our part time bilingual basic needs navigator who has been with us for 12 years.
- Relationship/Trainings with DOR – DOR provided trainings on eligibility, documents needed, and how to use the filing system.
- Established relationship with Tax-Aide – FESS partnered with Tax-Aide to provide free tax preparation to our clients in our office in Tumwater for the 2024 tax season Feb-April.



Outreach



Trainings, workshops, and talking sessions with community resources and agencies

- Our basic needs specialists met with over 20 different organizations to talk about what WFTC can do for their clients.
- This partnership was essential for the successful outreach to as many potentially eligible individuals as possible.
- Many of our referrals came from this outreach effort.

Outreach



Resource fairs – purely information dissemination and encouragement for later engagement

- Just since January we have attended at least 31 different resource fairs.
- We have reached thousands of potential filers.

Outreach



Social media – campaigns on Facebook and Instagram, newsletters, and print media such as flyers

- We have flyers in both English and Spanish.
- On the next slide are some flyers we used during federal “tax season”

YOUR CLIENT MAY BE ELIGIBLE



FREE Tax Preparation



Your client may be eligible for the
Working Families Tax Credit
up to \$1,255

Free in-person tax preparation for low-income households.
Meet with a licensed tax counselor. **No cost to you.** Federal and State.

MAKE AN APPOINTMENT TODAY!

Contact Mark Goebel | phone: (360) 878-1016 | email: markg@familyess.org

Your client may qualify for:

- Child Tax Credit
- Earned Income Tax Credit
- Washington Working Families Tax Credit
- Refunds of excess tax withholding

Who is eligible for the **Working Families Tax Credit**? Individuals and families are eligible if they meet all of the following requirements:

- Lived in Washington a minimum of 183 days.
- Are at least 25 and under 65 years of age OR have a qualifying child in 2023.
- Filed a 2023 federal tax return with a Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN).
- Eligible for the federal Earned Income Tax Credit on their 2023 tax return.



The AARP Foundation Tax-Aide program is the nation's largest, free volunteer tax program operated in conjunction with the Internal Revenue Service (IRS). In Thurston County last year, 70 trained and IRS-certified Tax-Aide volunteers e-filed over 2,000 returns, helping local taxpayers claim over \$2.5 million in credits and refunds.

Tax Prep Appointments available February - April



Family Education & Support Services
6840 Capitol Blvd SE, Bldg 3
Tumwater, WA 98501



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Tax Prep Appointments available February - April



Family Education & Support Services
6840 Capitol Blvd SE, Bldg 3
Tumwater, WA 98501

Outreach



Appointments – one on one meetings, wherever they need to be, to determine eligibility and prepare for tax prep appointment (if necessary) – also obtain legal documents such as birth certificates, ID's, and Social Security cards

- Our basic needs specialists met with many individuals at:
 - Department of Licensing
 - Social Security Office
 - Other organizations
 - Coffee shops
 - And more

Outreach



On-Site Tax Preparation



- 371 individuals filed taxes from our Tumwater location using free tax prep from Tax-Aide.
- 184 were eligible and filed for WFTC.
- 11 volunteers in our office every Monday and Wednesday, February through April
- Each client was prepped and comfortable.

Impact of WFTC

Client A: I don't know English and I was nervous about giving out my information. My cousin saw a flyer that you help those who didn't make very much money to get some money back. I was nervous but called anyway. Rosa was so nice and really helped me. I got my taxes done and got some money back! I told all my family and friends that you were there to help, and they also went in and got help from Rosa, and now I am not afraid anymore.

Client B: I live in Quixote Village. I had been homeless for many years but trying really hard to be able to stand up on my own. My case worker saw a flyer of yours and asked me if I wanted her to call you. I said yes but was sure you would not be able to help because I did not have any kind of ID, my birth certificate, or my social security card. Mark was so kind. He asked if we could meet in person so that he could get a better idea of everything I needed and find out if I qualified to get this tax refund. When we met, he told me he would be able to help. First, he helped me to get my birth certificate, and then when I got that, he even went with me to get my ID and my social security card. I had worked some odd jobs throughout the years, and when Mark told me I was eligible for a refund, I about cried. I got my taxes done there at FESS. Mark made me feel comfortable and confident with the process which is new for me.

Client C: I am a Kinship caregiver. I do my best and am not able to work full time because I am now taking care of my grandchildren. Money is very tight. I was not necessarily expecting to take care of kids again so while my income was fine for me, it is not quite enough for all of us, so I do work part time. FESS told me about the Working Families Tax Credit in one of our support groups. They helped me to prepare for the tax appointment so I would have all the documents I needed. I was so excited to learn that I would be getting money back! Thank you! I can now buy food and not worry so much!

What this means to our clients

We recognize that economic empowerment is not just about providing financial aid; it's about fostering a culture of inclusivity and opportunity. By empowering families with the knowledge and resources they need, we're not only alleviating immediate financial burdens but also sowing the seeds for long-term economic growth and prosperity.

Our outreach efforts have not only empowered families but have also stimulated economic growth within our community. By putting more money into the pockets of hardworking families, we're fueling local businesses, boosting consumer spending, and creating a ripple effect of prosperity that benefits us all.



How does Outreach change now that 'tax season' is done?

Our approach attempts to answer questions before they are posed.

- But isn't tax season over?
- But Washington doesn't have an income tax, right?
- What if I'm not good with numbers?
- Will you help me?

We pair it with our other resources/offerings.

- We tell all new and returning clients about it.
- We give out free stuff!
- We listen.

What else do our clients need?



Financial awareness & training

- We are working to address this through a short financial literacy course individuals must take to receive financial assistance,
- There is also the opportunity to take a full course through a partnership with TwinStar Credit Union.
- Our goal is to empower individuals to make a change for their future.
- EVERYTHING we do challenges our clients to look into tomorrow.



What else do our clients need?



Access to resources

- Basic Needs for all people include:
 - Physical Health
 - Housing
 - Quality Education
 - Mental Well-Being
 - Sense of Belonging
 - Financial Support
 - Safety
 - Food

What else do our clients need?



Unrestricted, smaller individualized allocations of funds for basic needs

Everyone's needs are different. Although in the same basic categories, each story is unique and being able to address the most pressing need allows the individual to focus on the deeper need or issues.

Barriers



Misinformation – this is only for families, only those with a Social Security number can apply, and the tax deadline has passed

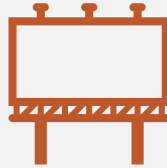


Skepticism – the government just wants my information, taxes are hard



Technology – don't have the resources to file online, don't have a phone for contact information

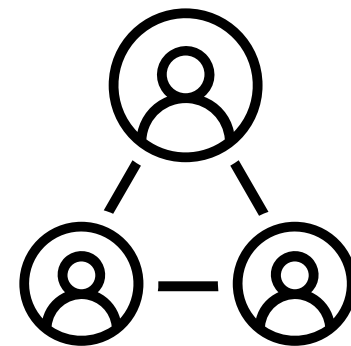
What more can be done?



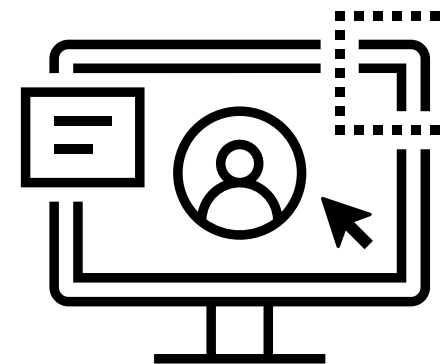
Ads could include grantee information, so people know where to go to get help or ask questions.



More marketing funds to grantees!

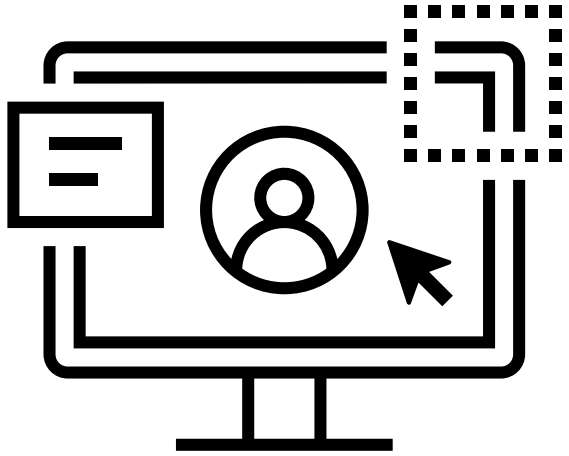


Outreach Efforts



Personal Experience

ATHENA DUNN

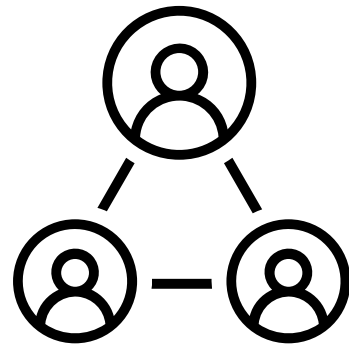


Outreach Efforts



AMY ROARK

Personal Experience



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Governor Q&A



FUTURE COMMITMENTS AND NEXT STEPS

PRESENTED BY:

- DREW SHIRK, DIRECTOR, WASHINGTON STATE
DEPARTMENT OF REVENUE



DOR Next Steps

Working Families Tax Credit

Continue to meet our customers where they are.

- Seek the voice of the customer on their experience.
- Support language access expansion.
- Promote free application services.
- Continue to build trust, confidence, and lasting relationships with customers.





DOR Next Steps

Working Families Tax Credit

Continued outreach and promotion to increase participation.

- A couple hundred thousand eligible people have yet to apply and receive this cash refund.
- The community outreach grant funds are a tremendous contributor to driving awareness and reaching communities across the state.
- Champion the program and the life-changing difference it's making in recipient lives.





DOR Next Steps

Working Families Tax Credit

Partnership with the Washington Economic Justice Alliance (WEJA) to implement policy changes to dismantle poverty.

- With the WFTC program, our mission and goal is aligned with other agencies, partners, and communities to **dismantle poverty** in Washington.
- For WFTC specifically, the WEJA will be recommending legislative proposals as measures that prevent poverty and provide access:
 - Enhanced WFTC.
 - Categorical eligibility.



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Governor Q&A

Join us September 25
10:30 a.m. – 11:45 a.m.

Topic:
**Community
Engagement**

THANK YOU FOR ATTENDING TODAY!

PLEASE COMPLETE OUR BRIEF SURVEY



**YOU CAN VIEW THE RECORDING OF
TODAY'S MEETING AT:**

**[WWW.RESULTS.WA.GOV/MEASURING-
PROGRESS/PUBLIC-PERFORMANCE-REVIEWS](http://WWW.RESULTS.WA.GOV/MEASURING-PROGRESS/PUBLIC-PERFORMANCE-REVIEWS)**

Governor's Closing Remarks