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Institute for Youth, Education, and Families

New Ideas for Promoting a Local Asset Building Agenda at Tax Time
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Speakers:

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Joanna Smith-Ramani, Director, Baltimore CASH Campaign, Baltimore, Md.; and
Catherine Ro, Project Manager, National Community Tax Coalition, Chicago, Ill.

GOLDBERG: Hello, everyone. My name, as our operator mentioned, is Heidi Goldberg. I'm the program director for early childhood and family economic success at the Institute for Youth, Education, and Families (YEF Institute) at the National League of Cities, and I'm delighted that you can join us this afternoon for this audioconference, "New Ideas for Promoting a Local Asset Building Agenda at Tax Time."

We are delighted to be able to share with you for the next hour some of the strategies that cities around the country are implementing to promote asset building. As I'm sure you are well aware, we're now at the beginning of tax time. So for some, this is about getting our forms in on time. For some, it's about dreading finding out how much you owe. And for others, a tax refund at this time is really a necessity to pay off debts, to purchase needed items, and in some cases, to mitigate financial crises. For some low-income tax filers, the Earned Income Tax Credit, or the EITC, can be a boost of up to 20 percent of their income. So this also offers an important opportunity for some to open a bank account or start saving toward a home, or a car, or a child's education or just generally to build a stronger financial footing.

This is also a key time in our country in which Americans have been forced by the economic conditions and the foreclosure crisis to think more about the importance of savings, and this has been reflected in the U.S. savings rate, which has been increasing from its recent historical low point of a couple of years ago. So tax time can be used as a teachable moment, a time when a family receives a lump sum and considers putting some of that towards savings. However, teaching alone does not

always work. People need to have real opportunities to save and build assets available to them in order for this really to work. So new opportunities and policies at the federal level have paved the way for some of these opportunities to be less burdensome for families, and we'll hear more about that later.

City leaders have a stake in promoting these opportunities. They not only help residents to gain solid financial ground, but can lead to overall economic vitality in cities, as well. The National League of Cities has worked closely with a number of cities that have been involved in earned income tax credit outreach campaigns that have run volunteer income tax preparation sites and have incorporated asset building opportunities into tax preparation activities or overall as an overall--it's part of their overall city agenda. So today's call will feature three speakers who will share information with you about ideas and strategies to promote asset building during the tax season and beyond.

So I want to start by introducing the speakers we have today starting with Catherine Ro. Catherine serves as the project manager for Capacity Building and Training at the National Community Tax Coalition, or NCTC, which is based in Chicago. Catherine offers technical assistance and training opportunities to community VITA or volunteer income tax assistance preparation programs and also at national events that NCTC holds. She also coordinates NCTC's asset building workgroups. So she's been intimately involved with many of the asset building efforts taking place around the country at tax sites. Catherine, do you want to say hello?

RO: Hi, everyone. Thanks, Heidi, for inviting me to this call.

GOLDBERG: We also have with us today Joanna Smith-Ramani. Joanna is the director of the Baltimore CASH Campaign, which stands for Creating Assets Savings and Hope. The campaign was formed in 2000 to implement strategies to increase financial security opportunities for low income Baltimore families. Baltimore CASH works with coalition partners including local government agencies, community organizations, financial institutions and funders to provide asset building programs, including free tax preparation assistance, financial counseling, financial education and benefits assistance. Joanna, you want to say hi?

SMITH-RAMANI: Sure. Hey, I'm here. Thanks so much for having me.

GOLDBERG: Thank you. And finally, we have Margaret Bozik. Margaret is on the line from Burlington, Vermont, a small city of – what was the population again?

BOZIK: Forty thousand.

GOLDBERG: Forty thousand, yes. Margaret works for the city in its Community and Economic Development Office. She manages the city's Community Development Block Grant Program and will be soon taking over management of the city's VISTA program. And she's also the point person for the city on poverty reduction strategies. Margaret started the city's VITA site five years ago and represents the city as part of its local EITC coalition. Margaret, do you want to say hello?

BOZIK: Greetings from the biggest city in Vermont.

GOLDBERG: Thanks, Margaret. So I hope that you will all make notes of any question that come up during our conversation and feel free to email those questions as you think of them to Michael Karpman – that's K-A-R-P-M-A-N@NLC.org, or you can hold onto your questions and you can ask them over the phone when we go to question and answer, which will be in approximately – a little past three. So I want to start with a question for Catherine. Catherine, why is tax preparation a key time to help residents or families think about building financial stability?

RO: Well, actually, Heidi, most Americans, regardless of income level, receive a large tax refund. And among the low- and moderate-income families – usually under the \$40,000 threshold, are getting about \$115 billion a year in tax refunds, so an average household gets over \$200. So this really should give you a sense of opportunity an individual has to build their financial stability when, at other times, the funds may not be available. So we try to harness those refunds and direct them to safe and affordable financial services and products.

GOLDBERG: Great. And what has the research shown about what the take up or the impact of these opportunities have been?

RO: Well usually, the take up rate is around five percent. But, it really depends on the financial service or product. But it can range to 10 to 15 percent for particular initiatives. So for example, the National Community Tax Coalition and the Center for Economic Progress had a Financial Opportunities Project for the last three years that was piloted at three sites for the 2009 tax season – one being the Campaign for Working Families in Philadelphia, another one being CASH Rochester in Rochester, New York, and last being the Accounting Aid Society in Detroit, Michigan. And you saw different take up rates for different asset building services such as, you know, savings accounts or a bank account, other financial services such as buying a savings bond as well as CDs and credit counseling and credit reports and small business counseling. They range all the way from three to 14.5 percent. We saw from this project that we had at the pilot sites last year that clients signed up for any one of those services and it wound up having a 26.6 percent take up rate for any of the asset building services or products.

GOLDBERG: That's interesting. And Catherine, you mentioned a lot of different types of asset building opportunities. And I wonder now if we can turn to Joanna and maybe you could briefly talk about some of the ways that Baltimore has promoted asset building at tax time and just kind of mention what they are, and then we can talk more about some of them in detail a little bit later in the call.

SMITH-RAMANI: Sure. For the past several tax seasons, you know, we've done a lot to, as Catherine described, take advantage of this, you know, enormous refund that working families get during tax season and, you know, never really see any other time in the year

by participating in savings bond demonstration with the D2D fund. We've also worked with local credit unions to offer savings accounts and CDs. We've been working with prepaid debit cards. We've also just been offering general kinds of credit counseling and financial education at the tax sites and really using our mayor's office and our city council president's office and our local Congressman to make savings at tax time part of their talking points when they talked about the earned income tax credit and talk about the free tax preparation services available.

GOLDBERG: That's great. And Margaret, if you could also answer that same question and talk a little bit about what Burlington has done to promote asset building at tax time.

BOZIK: Sure. We also have been a participant in the savings bond pilot program. We actually moved from offering a savings bond raffle to our tax clients to participating in the opportunity to purchase bonds directly from the refund. We do offer the opportunity to open savings accounts on site. And we connect our tax clients with an opportunity to get a free credit score and report, and to sit down with credit counselors.

GOLDBERG: That's great. Now, you know, each of you are – Margaret and Joanna – are part of a larger coalition that are involved in these activities. I wonder if you could talk a little bit about who are the players involved with these coalitions? Who are the important partners that you've included that are part of this work – and maybe start with Joanna?

SMITH-RAMANI: In Baltimore, I mean, our coalition itself is very diverse and already, luckily, has included a lot of these partners, which is how I think, you know, we went through the natural growth from being, you know, sort of an exclusively EITC tax prep coalition to being more of an asset building coalition. Because we have had financial institutions, both the big national guys like Bank of America, Citi and regional folks like M&T Bank, down to our local credit unions who've actually been so key in this work, involved in the campaign for many years and really tried to, you know, build their involvement and deepen it so that they could help us with the product work.

And then, additionally, as I already mentioned, you know, we've over the last 10 years been doing so much work to try to, you know, really connect our work to elected officials and to key city leadership because, you know, we can do all this stuff sort of on the ground to get the programs there, but what we really need is, you know, the mayor of Baltimore City to get out there on TV, radio, get PSAs done for us, write op-eds to the paper that say this is a huge value to the city. You know, this isn't just about your family's opportunity, but this is economic development for our city to do this work.

So those have been some of the key players that we've had involved. And then, thankfully, you know, we've been a part of national demonstrations with the savings bond through D2D. We're working with NCTC on FAFSA (free application for federal student aid) filing assistance and other, you know, sort of college access, and that way that you do asset building through education. So we've also been able to connect to national resources that have really helped bring, you know, both funding resources, but

more importantly, kind of program information to the local work we're doing in Baltimore.

GOLDBERG: Right. And, you know, before I turn back to Margaret, you mentioned the involving elected officials. Now, of course, we always want to hear that that's happening, and that's great. And I wonder if you could say something about the press conference that you're planning at the end of this month with the new mayor?

SMITH-RAMANI: Sure. So this year, we're doing a bunch of different things with our local elected officials, you know, in addition to our congressional representation. But, for EITC Awareness Day, which I think sort of nationally is January 29th – locally, we're celebrating it on January 26th and we're having a big press event at one of our tax sites with Congressman Cummings, Congressman Sarbanes, and right now, she's the city council president, Stephanie Rawlings-Blake, but on February 4th, she becomes mayor when our mayor steps down, so she'll be there. Our state's controller will be there, which is an elected position, as well. And then, some of our city council people will also be present. And then, the city, which is, you know, great because in the Baltimore market, the best way to get, again, press and people to pay attention to you is to have these folks, you know, with you in support of the work that you're doing and letting everyone know that you're a trusted resource and that this really matters.

But additionally, the city council president, for many years – and she's done it again this year, but the exciting thing is that this year, she's the Mayor – she's recorded two PSAs for us about savings at tax time, sort of exclusively around savings bonds and savings accounts and using your tax refund, and then also about free tax prep. So those air on both the mayor's cable channel, which is a public access channel in Baltimore City, and then also have been shopped around to our local networks and they'll be airing them, as well.

GOLDBERG: That's great. Now Margaret, if you could also talk about some of the partners that are involved in your work, and while doing so, also mention how elected officials are involved in Burlington.

BOZIK: Sure. Financial institutions are key here, as well. We have two regional banks and a local bank, plus the local community development credit union. They provide, you know, some of the actual financial education, the opportunity to open accounts, and they also provide the credit counselors who work at our free credit day for the tax clients. The local community action agency is also a key partner because they do a lot of financial education. They run the local IDA program here. And one of the ways that local officials are involved – on Martin Luther King Day, our local Vistas go out and do door-to-door flyering, which promotes the free tax sites, financial education opportunities and other asset building opportunities, and it starts with a message from the mayor. And as Joanna said, I think that kind of stamp of legitimacy and that it's got the city seal on it does provide a certain level of comfort that people understand that they're not being sold a bill of goods.

GOLDBERG: Right, right. I want to turn now to talk some more specifics about some of these opportunities. Both of you, or actually all three of you perhaps even have mentioned the new opportunity that's available in this tax year for filers to purchase savings bonds. So I want to turn to Catherine and ask if you could just briefly describe this new opportunity that's available that was part of a federal policy change.

RO: Sure. Thanks, Heidi. Well actually, this isn't a new, an actual new highlight on the tax form. It was actually brought back from the 1960s.

GOLDBERG: So new for many of us.

RO: Yes, including me. But, the savings bond option is now offered on the tax form. So clients are able to purchase U.S. savings bonds in increments of \$50 to basically build up their assets. So this is very new – D2D as well as NCTC as well as several other organizations have been advocating to bring this back onto the tax form. So fortunately, we, you know, all of our efforts have worked towards getting this option on the tax form. And now, clients are able to have a safe vehicle to have a savings bond.

GOLDBERG: So how does it work? So if I were to come into a tax site and a volunteer said to me you can purchase a savings bond now, what would I have to do?

RO: Right. So you know, so if a client or if a volunteer does ask you that, then it is easy as the volunteer will go through the tax return with you, and then as long as you're getting a return, then you're able to split their tax refund with form 8888. So basically, the refund is split into two accounts, one going into a savings bond, which would be mailed to the client later on after the return has been filed.

GOLDBERG: Okay.

SMITH-RAMANI: And Heidi, this is Joanna. I also want to add to that that, you know, the real exciting thing – we are part of this and so is Margaret along with NCTC working with D2D to get this happening nationally that that's the real excitement is you don't actually have to go to a tax site to do it.

GOLDBERG: Right.

SMITH-RAMANI: So you know, as the cities that are listening in on this call or cities all over the country, you know, as you think about what can you still do this tax season, you know, even if you don't have a big VITA system set up and you don't have time to, for this year, develop all the relationships with financial institutions to get bank accounts and all this other stuff, every single tax filer, regardless of if they go into a VITA site, if they're doing their own taxes or if they go to another key of paid preparer can actually split their refund into the U.S. savings bond. So to me, I mean, what's been so exciting about that is that we've been really – you know, we've been able to get the mayor and our Congress people even sort of more involved in that message because it's something that's

an opportunity for everyone. There's no income eligibility. There's no non-profits needed. You know, we certainly want folks to come into us that are eligible, but it's something everyone can access that can really help anyone, you know, start a savings – start towards a savings goal they have.

GOLDBERG: Thanks, Joanna, that's a really good point. And, you know, and I think one of the exciting things also about it is the results from some of the pilot projects that have been offering savings bonds in the past year. And so, in both Baltimore and Burlington were part of that. So I wonder if, Joanna, if we could start with you, if you could just talk about how that was implemented and what it looks like in terms of take up.

SMITH-RAMANI: Sure. I mean, we were excited. We've been doing them for the past three years, I guess. This'll be our fourth year. We're still doing one more year of demonstration, even though it's available on the tax form, just to gather more data. But, at a limited number of our tax sites, again, clients could come in. Our greeters and screeners and tax preparers all were fluent in what a savings bond is and what the opportunities are there, and if you got a refund would really try to promote that as a way, you know, again, to start towards a savings goal or to continue in a savings path you're already on.

We had a very high take up rate, which we're real proud of. We've had a 10 percent take up rate for it. And it's, again, our average client earns \$17,000. And it wasn't just our higher than average clients purchasing the bonds. And some of the things that we saw that were so interesting that matched kind of what happened nationally with the demonstration – and Margaret can say if it's different in Burlington or not – but, a lot of our clients were actually buying them as gift. And so, it's grandparents buying it for their grandchildren because they want to make sure their grandchildren, you know, have savings for buying their first house or going to college or, you know, whatever their family's dreams and hopes are for their grandchildren. It was parents buying it for their children. We have one father who's come in for the past three years and buys, you know, one bond for each of his children, and big amounts. I mean, you needed 50 or more, but we were seeing much higher amounts than we expected. And then, because you still needed to split it, for folks who didn't come in with a bank account, we were able to offer them a bank account on site so that they didn't have to put, you know, all their refund on a bond or not participate at all.

People – you know, it was funny to me. When we started the project, I sort of said to myself, nah, savings bonds are so old and clunky, who's going to want them? But, you know what? People recognize them and they trust them. So frankly, there wasn't that much of a sales pitch around the product. It was more a sales pitch around you can really save, you can truly do this. You know, you really don't need that \$100. But, it wasn't – with our CDs and our prepaid cards, that's a lot of explanation about what does it mean, how do you use it, how do you access it. But people get bonds and that's what makes it such an attainable product.

GOLDBERG: Yeah, that's interesting. It seems to really resonate with people that might not otherwise trust another type of financial product.

SMITH-RAMANI: Absolutely.

GOLDBERG: Margaret, could you talk a little bit about how it went down in Burlington and what the impact was like?

BOZIK: Sure. Boy, I'm really envious, Joanna, because our take up rate was only around two percent last year. We hope to improve that this year by offering a \$20 grocery or gas card to anyone who purchases a savings bond, and we'll see if that kicks up our take up rate a bit. We had the same experience in seeing principally people buying bonds for children, grandchildren or other family members. And I think it's great that the option, although not available this year, should hopefully be available to everyone next year throughout the country.

GOLDBERG: Thanks. So we don't have a whole lot of time left and I want to make sure we can talk about some other opportunities that are available and that you all are offering. So, you know, prepaid debit cards is something that has gained a lot of interest and excitement over the last few years. And I know that the National Community Tax Coalition has been doing some research looking at the different types of cards and the different features involved. So Catherine, I wonder if you could just say a few words about that research and how prepaid cards are being utilized at tax sites?

RO: Sure. So with the asset building working group from NCTC as well as the steering committee we created a prepaid debit card comparison tool, which basically tries to compare the prepaid debit cards that VITA sites are using. And this tool is supposed to be – it was created so programs could have a better view of what each card actually holds in terms of features, functionality, and support for their programs. So the three cards that we see out there right now is the Advent Financial Services card – the Advent Card, as well as the Community Financial Resource Card and U.S. Bank Card.

GOLDBERG: Actually, Catherine, could I ask you to just back up just a little bit and just say something about what it actually looks like, so what – how would someone use a prepaid card or what would be the purpose of it in conjunction with the tax preparation?

RO: Sure. So the prepaid debit card would be an alternative way of getting their tax refund. So for clients who may not want to enter a traditional financial institution account or if they're not able to because of the check system and that's due to previous history, or they just don't feel comfortable with, you know, a traditional bank account, then they might opt to choose a prepaid debit card. And basically, this debit card is structured as a prepaid card. So they'll get their tax refund on it and they'll be able to use it at various stores. And, you know, some cards do add different sort of functionalities and features and different fees to their structure. So based upon that, that's how we went about creating this debit card comparison tool, because we wanted to basically make all of the prepaid debit cards as transparent to the programs and clients as much as possible. So we wanted it to be transparent.

GOLDBERG: Great.

RO: So this comparison tool really does go into the fee structure, the functionality, how to – or how it accesses it, as well as if it has an asset building component to it. So that might be, you know, whether it's credit building or if it has a savings bucket to it. It also offers, you know, that sort of comparison of whether it does provide training support to different programs. So programs can decide whether this prepaid debit card would be most appropriate for their clients and if they would be able to use it at their VITA sites.

GOLDBERG: Now Joanna, you mentioned the prepaid card in your talk earlier, and I wonder if you could just mention some of the pros and cons that you've experienced with using prepaid cards in Baltimore.

SMITH-RAMANI: Yeah. I mean, this is the first year we're sort of launching it big. But, in the smaller work that we've done – I mean, one of the things that I think is a big positive and something that our clients seem to be pretty excited about is that, you know, you sort of get to be part of like the system everyone else is part of. You have a check card, it has a Visa logo, you can swipe it places, you don't have to worry about carrying cash on you. If it's a good product, you know, they're only going to let you spend what's in the account, so you're not going to worry about overdraft charges. The card that we work with sends text messages and uses technology in the way that at least our clients say they like to receive information and keep up with their account better, you know, than banks and other financial institutions have done in the past. I think those institutions are catching up. But these credit cards seem to be a little bit, you know, more innovative and kind of ahead of the curve with some of this technology.

You know, and the cards, some of them and the one we use does have the – they call it like a savings purse or however you want to describe it where, you know, through the internet or if you call up or whatever it is, you can actually move a piece of the money in the main account into the savings piece. So you don't have this opportunity to accumulate savings and you have to, you know, go into the account to move it back to access it. So it's a pretty good savings place. But, you know, it's not a real bank account or a credit union account. And so, what it's not doing is getting you – you're the client, you know – in a comfortable place with financial institutions and sort of down that path because that's who you actually need for loans. You know, that's who you need to buy a car with, to buy a home with, to start your small business with. It doesn't really get you into that community of people and doesn't make you more comfortable with them. I guess it does give you some functional account that you can use while you work on hopefully cleaning up, you know, your other credit issues, which is why maybe you can't get a checking account or other account from a traditional financial institution. But, you know, I do believe it has some limitations. And a lot of the work we do around it is, again, like how do you use these the right way. They all have fees, even the good ones, right? And so, you can't just give someone a card and say this is going to be cheaper than a bank, because if you're not using it strategically, then it actually could cost you just as much. So there still is a financial education component to the debit cards the same way there is to having a checking account.

GOLDBERG: Right. So, you know, we're running out of time before we move onto questions. We've talked a lot about various types of asset building strategies that can be used at tax time. And I wonder, you know, with all of the products that exist, how can a city leader, how can participants who are on the call today make a decision about what would work best for his or her community? And I want to throw that out to any of the three of you that would like to answer.

SMITH-RAMANI: I mean, this is Joanna in Baltimore. I think, you know, I think one thing that we've really tried to do in Baltimore and work with our elected officials around is that, you know – a campaign shouldn't be around one particular product and that we as like, you know, people that sort of inform the mayor and the city council president or Congress people about these innovations and about savings opportunities shouldn't let them think there's one easy answer for all of our citizens. We're a diverse set of people that have different ways we like to bank and like to conduct our financial businesses and with different savings dreams and goals, and so that one of the things we think is important is to just sort of promote multiple things that could work, you know, multiple successful strategies, and to really encourage quality products and quality service providers to be in your city – and to work with all consumers in your city, not just high-income consumers in your city.

GOLDBERG: Thank you. That's good advice. And I wonder if, Margaret or Catherine, you want to add anything to that?

BOZIK: This is Margaret in Burlington, and I would second everything that Joanna said, but would add also that for us, knowing, understanding our local community or coming from a place of our – that matched our local community was key. We have a much lower percentage of unbanked residents here than in other areas of the country, so although it's important to offer the opportunity to get people into the mainstream banking system, a much larger issue here in Burlington is poor credit because that's an obstacle for a whole lot of our tax clients in terms of getting into housing – both the rental market as well as home ownership. So credit repair was a major issue, a local issue just from our demographic perspective.

GOLDBERG: And can you – while we're on that topic – can you just mention the credit repair days that you have there in Burlington and how you refer people to them at tax time?

BOZIK: Sure. When clients come into the site, they're offered an explanation about the free credit report days that we do twice a year and are asked if they want to sign up for a mailing list. Probably 95 percent of them do, and they're then sent a postcard in May and September to remind them about the event and to call to make an appointment. We have probably a two to five percent take up rate for that. But, what we also see is a lot of our clients will come back every six months to check on their progress because when they come in and they get their score and their report, they sit down with the

counselor to talk about what they can do to improve it. And then, a lot of times, they will come back to see how they're doing.

GOLDBERG: That's great. Now, I'm already over the time that we said we would turn to questions, so I want to make sure we have time for callers to ask questions. So at this point, I want to turn it back to Kira to talk about how folks can ask questions if they have them

OPERATOR: If you'd like to ask a question, please press star and the number one on your telephone keypad. That's star and the number one.

GOLDBERG: So while we are waiting for that, I want to turn to Sarah Bainton Kahn, who's our senior program associate for family economic success, who is receiving the email questions. Sarah, are there any email questions?

BAINTON KAHN: Yes, we have received three so far. The first is from Savannah, Georgia. The question is, how has the IRS been supportive of offering products at VITA sites? Has there been any difficulty in doing so? And if so, how have you navigated that?

SMITH-RAMANI: This is Joanna in Baltimore. I don't think the – I mean, the IRS actually has really started to push through their VITA initiative. Asset building is part of it. So I think they're very supportive of the work that we're doing. And in fact, to get the savings bond initiative to run before –it's now part of the tax forms, but for the past several years, we've actually needed written approval and sign-offs from the, you know, Treasury Department and the IRS Commissioner and a whole bunch of folks to allow us to do the back office stuff we had to do. And they've been following, you know, the success of that pilot and were instrumental in changing the forms now so everyone has access. So I would say they've been very supportive.

GOLDBERG: That's great. And I also want to echo that and just mention to folks on the call that the IRS generally has been extremely supportive of all this work and that each community has a local IRS representative that you can contact to help you with your campaigns and you can contact us at NLC and we're happy to share information with you about who that local contact is and other ways that they can be helpful. Just also a reminder - if you want to email questions, you can send them to Karpman, K-A-R-P-M-A-N, @NCL.org, and they will then get to Sarah. I want to ask Kira if there are any questions on the line

OPERATOR: We have no questions in queue.

GOLDBERG: Okay. Sarah, you want to go back to email?

BAINTON KAHN: Sure. Margaret and Joanna, could you talk a little bit more about IDA (individual development account) programs that you offer, and particularly any unique

partnerships that you've arranged to support participants as they save towards their goals, any information about retention rates, and how you have retained your participants?

BOZIK: Joanna, do you want to start?

SMITH-RAMANI: You know, we don't actually offer IDA programs any more, so I could talk about that. But, I think if Margaret has successful programs to talk about, she probably should talk about that first.

BOZIK: Well, the one program that I'll throw out there, because I think it's a little unique – you know, we have – the traditional IDAs are offered through the community action agencies and through a local credit union. But we were able to start up a matched savings program for people who had debts in collection, and they have to participate in a certain number of financial education classes. There are a variety of providers that they can choose from there. And then, they can match up to \$500 worth of savings over the course of 12 months giving them a total of \$1,000 to pay off a debt that's in collection. It's been really quite successful. We saw one person actually move into home ownership over the course of three years starting through that debt reduction IDA program.

GOLDBERG: That's great. Other questions, Sarah?

BAINTON KAHN: Yep, there's one final question that I've received. What services are offered on the day of the event? And I think the participant's probably referring to your kick-off event. And do you have sponsors for this event?

SMITH-RAMANI: For our press event in Baltimore?

BAINTON KAHN: I think that's what she's referring to.

SMITH-RAMANI: Well, at our press event, we offer tax services, you know, which also then includes the other financial services that we offer – the access to the different bank accounts or prepaid debit cards and savings bonds. So there aren't any sponsors for that particular event because it doesn't really require any funding. We do host, during tax season, on March 13th this year, a really big financial fitness fair called Money Power Day. It's actually been covered on CNN the past two years, which we're very proud of, and last year, we had 1,500 people attend. And it sounds, you know, like it had pieces of Margaret's credit repair days where people come in, you know, they pull their credit reports, and we have credit counseling on site. We also do financial education workshops, free tax prep. We have a youth zone with youth financially-focused activities. We have an Entrepreneurship Café. We have benefits screening. It's sort of every active financial service one might need in one location in one day, and that we get a huge amount of sponsors for. It all comes from financial institutions, which is really why developing those partnerships as part of our coalition work really pays off and is super important, because then, when we do these bigger events where we need them around products, they're there standing with us.

GOLDBERG: You know, and I also want to just add, I don't actually know if we've pointed this out yet, but that January 29th is officially EITC Awareness Day. And many cities around the country are hosting events that highlight the EITC and the importance of it and how to get your taxes prepared. And I wonder if, Catherine, if you have just a couple of examples of cities or communities that are hosting EITC Awareness Days?

RO: Yeah, there are several cities. And actually, the National Community Tax Coalition in collaboration with D2D Fund and New America Foundation is having something on Capitol Hill. They're having an event, and actually, it's being presented by the Congressional Savings and Ownership Caucus. And this event is supposed to help congressional staff educate some of their constituents about some of the new features on the tax form, including the U.S. savings bond, so that being one and that will be on, you know, on the actual day of January 29th. But, there are several other EITC events across the nation. There's going to be a press conference I believe at Accountability Minnesota in St. Paul, Minnesota. We do have other events that are happening with North Area Texas United Way as well as in Atlanta where they're actually – in Atlanta, they're having an actual EITC weekend where they're having several events throughout the weekend.

GOLDBERG: That's great. And oftentimes, in these local communities, the mayor or council members or other key community stakeholders are right there hosting press conferences or talking about spreading awareness, talking about the importance of the earned income tax credit and some of these asset building opportunities, as well.

So Kira, are there any questions from callers?

OPERATOR: We have a question from Brooke Barrett. Brook, go ahead?

BARRETT: Hi. This is Brooke Barrett from United Way of Essex and West Hudson. I actually just had a follow up on the IDAs. I'd love to know why, Catherine, you guys had kind of, I don't want to say failures because I'm not sure of the situation, but why you've chosen to kind of discontinue them, because any kind of lessons learned would be really helpful as we launch our program.

GOLDBERG: I think that's fair. Joanna?

SMITH-RAMANI: Oh, yeah, that was me.

BARRETT: Sorry, Joanna.

GOLDBERG: No, that's okay.

SMITH-RAMANI: No problem. That is a very, very long conversation. But I will say in short that we found – I think that in some places in the country, they work so successfully that it makes me feel like we should try again, quite honestly. There were some like big

kind of infrastructure reasons it fell apart here with the non-profit which, for the state was kind of the hub for all the IDA funding, collapsed. So that created this huge hole around who was actually managing all this for the smaller organizations who were actually, you know, working with the clients. But you know, I think as all of us who've done this work know, the federal funds through AFI are just not enough, you know, and they don't really cover administrative or program cost to really match money.

GOLDBERG: Can you just say what AFI stands for? For the callers, just in case they don't know?

SMITH-RAMANI: Oh, what does it stand for? Assets...

GOLDBERG: Assets for Independence.

SMITH-RAMANI: Yes, Assets for Independence – sorry, I always forget.

GOLDBERG: That's okay.

SMITH-RAMANI: And that's a big federal pot of funds through HHS – the U.S. Department of Health and Human Services – to run these programs – I'm sorry – to fund the match of the programs. But they don't allow for a lot of program administrative cost. And in the funding environment that we're in, it's very difficult to raise that additional funding for a long period of time, frankly. And that's just sort of the frank answer, given everything else that we've done. And, you know, so we're trying to think in Baltimore about how to be – and the uses are so limited. Actually, that's why Margaret's thing – I'd love to talk to her offline about that – is so exciting, the program they're doing around clearing debt with it. You know, the uses from AFI are pretty narrow. And in higher-income cities, or higher cost cities, it's hard to, you know, to find people that fit within the income limits for AFI for the program because they're so low. People that actually have enough money to save, but that could really save enough to actually purchase a home in a high, you know, property cost area.

So you know, but when you can do these creative ones that I assume are almost entirely privately funded like what Margaret's doing, and I've heard other folks using them with ex-offenders to help clear up a lot of back child support issues and things that they owe so that they can have a clearer financial future going forward, those are the kinds of sort of really creative ones that we're looking at in Baltimore. But again, it's really all privately funded, and that's so difficult to do for long periods of time.

GOLDBERG: Right. So under the Assets for Independent Act, IDAs can be used for purchase of a home, education or starting a business, and so, that can be limiting. Some cities or some organizations have been able to use additional funding or private funding for other uses, as Joanna and Margaret mentioned. And a number of IDAs now are also being used to purchase a car to help someone get to work. Just wanted to throw that in there.

SMITH-RAMANI: Yep, that's right, yeah.

GOLDBERG: So, are there other questions from the callers?

OPERATOR: I have no more questions in queue.

GOLDBERG: Oh, Sarah, did you have one?

BAINTON KAHN: A quick clarifying question, and then I have a question of my own. Margaret, the gift cards that you mentioned to entice people to get savings bonds, those are donated from local businesses?

BOZIK: We actually had some cash donated to us from a local bank that we used to buy them.

BAINTON KAHN: Oh, that's great. And I was wondering if someone could clarify the interest rate for the savings bonds. There's been some confusion about that in some of our cities.

RO: So, this is Catherine. It's 3.36 percent, and they just declared it on November 1st. It basically changes every six months.

GOLDBERG: Which sounds pretty good considering what some savings accounts offer, yeah.

BAINTON KAHN: That is great.

GOLDBERG: Yeah. Other questions, Sarah or Kira?

OPERATOR: I have no questions in queue.

BAINTON KAHN: I don't have any either.

GOLDBERG: Okay. Well, I'd like to throw out a question. We've mentioned some of the challenges that have come up around IDAs and some other challenges. And I wonder if you could bring up some other challenges that you might have encountered that would be helpful for city officials on the call to think about as they pursue some of these strategies? So whoever wants to jump in.

SMITH-RAMANI: I mean, I think, you know, if you're looking – this is Joanna. If you're – you know, what's always a challenge for us who do this work as a layer onto the free tax prep work is ensuring that every piece of it is high quality and that we're not burdening volunteers and the staff with more and more things because we all think that, you know, it has to happen at tax time. You know, the number one priority at every single VITA site is a high quality tax return. We also have a priority to ensure that clients have

other financial opportunities, but we have to make sure that tax return is 100 percent correct. And the IRS will tell you that, too.

GOLDBERG: Right.

SMITH-RAMANI: So you know, as we layer the VITA work with other asset building financial service work, you know, we're constantly trying to say, well, what's our capacity to do this, do we need additional volunteers to take over a piece of it, how does our staff need to be trained, how do we add more things into volunteer training without overwhelming them because of all the changes in the tax code every year, and then, really, how do we get people's attention around the savings issues and the savings piece year-round so that when it's tax time, it's a natural and it's not that much more effort for us to do this at tax time and how do we keep our elected officials engaged and involved with us year-round so that, again, they don't think this is a one time a year deal.

GOLDBERG: Right.

SMITH-RAMANI: It is certainly a huge opportunity time of year, but, you know, as Margaret was saying, the folks who come in for credit repair, you know, they're coming back. And when we do Money Power Day once a year on March 13th, the biggest response we get is this was awesome, but can you do it more often. So, how do we really build some infrastructure here to have these kind of opportunities year-round?

GOLDBERG: Right. That makes sense. Margaret, what are your thoughts on challenges?

BOZIK: Well, one of the key challenges is that we're able to serve such a small percentage of the potential pool at the VITA sites. There are a lot of other people out there that we're never ever reaching at tax time. So thinking about ways to reach those folks is a challenge. And one of the things that we did this year was to work with our local land trust on teaching people to do their own taxes and then incorporating some of the asset building opportunities into that. And I'd like to see that expand.

GOLDBERG: That sounds good. And now, so that we don't end with challenges, maybe you could each of you share a success story that comes to mind when you think about this work, whether it's getting people the earned income tax credit that didn't have it before or finding new ways to help families to build assets. So let's start with you, Joanna.

SMITH-RAMANI: I knew you were going to start with me.

GOLDBERG: I put you on the spot.

SMITH-RAMANI: Yes. I mean, one of the most exciting things that we've seen at our tax sites around this is that, you know, just providing people with access to products that seemed sort of bigger than them or not for them. You know, like so when we started

offering CDs a couple of years ago, I was in one of our tax sites just talking to clients about it, trying to get them interested. And this, you know, sort of middle-aged man said, “Well, wait, can you tell me about it?” Because I’d kind of been working towards the women with children just because I felt like they were, you know, more interested than other folks, so sort of skimming for who I thought would want it. But, you know, I said sure and told him about the product. And once I did, he was like, “Wait, no one’s ever offered me this before. I didn’t think I could do this.” And I was like, “Well, these are for everyone. You know, you have the same – you have financial dreams and goals and you should have the same access and opportunity that other people do, and that’s what groups like us are here for.” And he ended up putting his entire return into a CD.

GOLDBERG: Wow.

SMITH-RAMANI: Now, I’m not sure if that was the best financial decision for him. Maybe he needed some money that was for, you know, easier access. But it’s just his enthusiasm that someone said to him, you know, you can have access, too. This isn’t just for rich people, this isn’t just, you know, for folks who already came from money, but that, you know, there are financial institutions that want to work with you, there are community groups that can help you, you know, achieve your financial goals and, you know, there is a place for you in this world of finance.

GOLDBERG: Right.

SMITH-RAMANI: That was just so meaningful, I think, for us as a campaign and a coalition that, you know, sometimes, it’s just being asked if you want to participate because so many people feel like they’re not part of this world.

GOLDBERG: Right, exactly, it can be so simple.

SMITH-RAMANI: Right.

GOLDBERG: So, how about you, Margaret, a success story?

BOZIK: Well, the person that keeps me going that just shows me how things move through a progression was a young single dad who came in three years ago without a bank account because he’d had banking issues in the past, and because he had new custody of his son, he was getting a large refund for the first time. So at that point in time, there was an option to get your refund via Western Union. That was a one-year pilot, and he used that to get his money. But we talked a little bit about how he might open a savings account. And when he came back the next year, sure enough, he had an account that he used for his deposit. And when he came back last year, he bought a savings bond for his son.

GOLDBERG: That’s great. And Catherine?

RO: Yeah?

GOLDBERG: From all of your time working with different sites around the country, does anything stick out in your mind as a success?

RO: Right. You know, I think I have to extract a story from the Financial Opportunities Project just because, you know, it really did focus on instilling a process and bringing asset building and integrating it into the tax preparation process and really delivering those savings messages and offering these financial opportunities to the clients. And, you know, once you see, you know, from the clients that once they do sign up for an asset building product, whether it's through, you know, a CD or a bond, that they're really happy with it and they wind up, you know, taking it up again for the following year. So you know, with the Financial Opportunities Project, you know, we really saw that the take up rate increased. So that meant that people were, you know, signing up for these products and that they were happy and returning and coming again and signing up for more products. It just shows that there's that opportunity there that I think they just need to hear about it, be aware about it, and then if that's the case, if they have that opportunity, then they'll take – you know, they'll be able to put a little savings aside for them and build up their assets.

GOLDBERG: That's great. Well, happiness and stability are certainly good goals to work towards. So thank you, all three, for those good stories. Just in closing, I just want to mention a couple of resources that are available through the National League of Cities. We have a tool kit – a very detailed tool kit available that features step by step guidance on building a local earned income tax credit campaign. So for callers who haven't yet delved into this work or who just want to learn more about how to enhance your EITC campaign, that's available. It's a little outdated, but that information doesn't really change just in terms of building a campaign and who to partner with and that sort of thing. We also have an action kit called Helping Families Achieve Financial Stability. And we soon will have a tool kit, another detailed tool kit which will share information with cities step by step about how to build a Bank On campaign to help connect families to those financial mainstays. We have those available on our Web site at www.nlc.org/iyef under publications.

Also, the YEF Institute is happy to assist you as you think about these types of efforts in your city. And I encourage all of you to reach out to us, to me or to Sarah, and we are happy to talk to you more about that. With that, I want to say thank you to our speakers, to Catherine, Margaret, and Joanna for your time and participation in the call today. You've certainly given listeners some interesting information to think about and some good guidance. I also want to mention that this audioconference is part of a series. Our next audioconference features information about curbing childhood obesity, what cities can do. And this will be on February 18th at 12:30 p.m. Eastern Time. So I want to invite everyone to join that. You can register on our Web site, which again is www.nlc.org/iyef. Thank all of you for joining us today. Thank you, Kira. And again, thank you to our speakers. And I want to wish everyone a great rest of your day and a good weekend.