

Earned Income Tax Credit
Presentation to Orange County Board of Commissioners
Orlando, Florida
October 26, 2004

By David A. Odahowski, President
Edyth Bush Charitable Foundation

Good morning Mr. Chairman, County Commissioners, Comptroller, Administrators, staff, and the public both here and on Orange County TV. My name is David A. Odahowski, President of the Edyth Bush Charitable Foundation, located at 199 East Welbourne Avenue in Winter Park, Florida. My presentation will provide a recap of the presentation made to you on July 22, 2004, about the earned income tax credit, provide you with the impacts of the Miami Prosperity Campaign, and inform you of some very good news about a commitment of funding received just yesterday as a result of the action you took in July.

Washington D.C. has an estimated 15 million dollars waiting to be put into the hands of eligible, hard working families in Orange County through the Earned Income Tax Credit, or EITC. The EITC is a refundable, federal income tax credit recognized as the most effective anti-poverty tool for families. In the last reported year, the EITC is responsible for lifting more than 4.7 million people, 2.6 million of those were children, out of poverty – more than any other federal aid program.

The EITC is available for families whose incomes range from below the federal poverty line to almost double the poverty line, or almost \$35,000. Eligible families with two or more children could earn a credit of up to \$4,204; families with one child could earn a credit of up to \$2,547. The average EITC credit in Orange County is almost \$1,900. As an example, a single mom with one child earning \$7.50 an hour, could receive a \$2,008 refund or almost a 13% increase in her income – enough to pay off bills, fix her car, put a down payment on a home, or as was suggested in Orlando City Hall yesterday, enough money to keep her family from moving from apartment complex to apartment complex chasing rental deals and to keep her child in the same school for an entire academic year.

The EITC promotes work because the eligibility targets working families. This is not a give-away program. It is an entitlement that makes work pay. In fact, if you are eligible to receive the EITC, you need not wait until the end of the year to collect it. Through the Advance EITC you can request your employer to further reduce your withholding and put more money into your paycheck year round. This is a win-win for the employer and employee.

Family economics is the cornerstone for a prosperous and successful community. The EITC supplements wages, but it also acts as an asset builder for families. In addition to a maximum refundable credit of \$4,204, an EITC eligible taxpayer who had not claimed the credit could amend his or her tax return for up to three years, possibly yielding a

sizable refund and start to a brighter future through savings, investments, or purchasing a home. It has been said that increasing someone's income might change what he or she does with that money, but increasing someone's assets changes his or her *thinking* about money.

This all creates a positive economic impact for the individual and for our community. Think of this program as you would a new business with a potential 15 million dollar payroll coming into Orange County. This new business does not require any additional services in the county, no environmental degradation, and there is no further impact on our roads. Conservatively, we might be able to assign a multiplier effect of 4 to this money coming into our economy for a total impact of 60 million dollars, direct and indirect impact.

On July 22nd, 2004, we proposed a 3-year community outreach campaign spearheaded by the Foundation for Building Community, a trusted and transparent 501(c)(3) in our community operated by the Greater Orlando Chamber of Commerce. Seeking to increase the number of filings and increasing the eligible dollars coming to the hardworking families of Orange County, we will educate employers and employees about the benefits of the EITC. We know that we will be held accountable and need to demonstrate our impact as all three funders admonished us that subsequent funding would be based on the outcomes after the first year.

The EITC program we are proposing is taking the best practices from the Miami Campaign and other similar campaigns around Florida, but with one important enhancement: the other campaigns have had the business community as an endorsement, but we have business as a partner and community builder. Let me borrow from this season's political vocabulary and tell you that we have "imbedded" the Chamber of Commerce into the this program from the very beginning. This will be the competitive edge to make this the very best program in Florida and the country. In a recent meeting with the Internal Revenue Service, the IRS representative mentioned the business community's early commitment to lead this effort. They have never seen this before and are eager to see the results. Specifically, the Miami EITC program produced a 13% increase in EITC filings resulting in an additional 62 million dollars being returned to the hard working families of Miami. The Miami EITC program presented to over 100 business; 200,000 low wage workers learned about the EITC in their workplace; 35,000 people accessed the city's hotline; 25,000 people accessed the dedicated EITC recorded message; and 45,000 hits on the website were recorded. Additionally, 200 ads were placed on Metrorail cars, 50 ads on Metrorail benches, 200 ads on buses, multilingual ads in 60 community newspapers and on 20 AM radio stations, 25,000 multilingual consumer flyers were distributed, two mailings were sent to low income households in Miami, and one mailing about the EITC was sent to professional tax preparers.

To put this into Orange County perspective, the average EITC in Orange County is \$1,900. So for every 1,000 additional returns filed, we provide 1.9 million dollars to the hard working families of Orange County. More than the money, we are promoting a

collaboration of government, business, and nonprofits focusing on family economics, which is the cornerstone of every prosperous community.

On July 22, 2004, we requested your support. You provided us with a \$75,000 match to the \$75,000 provided by the Edyth Bush Charitable Foundation, for which I extend my thanks for a real public private collaboration. You, being good stewards of the people's money, approved an additional \$75,000 if we could find an additional \$75,000. I am pleased to report to you that as of yesterday afternoon at about 3:30 pm the Orlando City Council enthusiastically and unanimously approved a \$75,000 commitment to this project.

We have also collaborated with the County and City to create a Community Action plan to work on an effective, efficient, and trusted outreach of the EITC program throughout the City of Orlando and Orange County. We cannot depend on Washington or Tallahassee to provide us with much in the way of new revenues or programs. This is why we need to focus our attention on the EITC and work with those who have demonstrated community commitment and have invested social capital and equity in the community for the long haul of improving family economics, thus improving the economic outlook for the entire community.