

EITC Funders Network Webinar

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11 | 17 | 2021



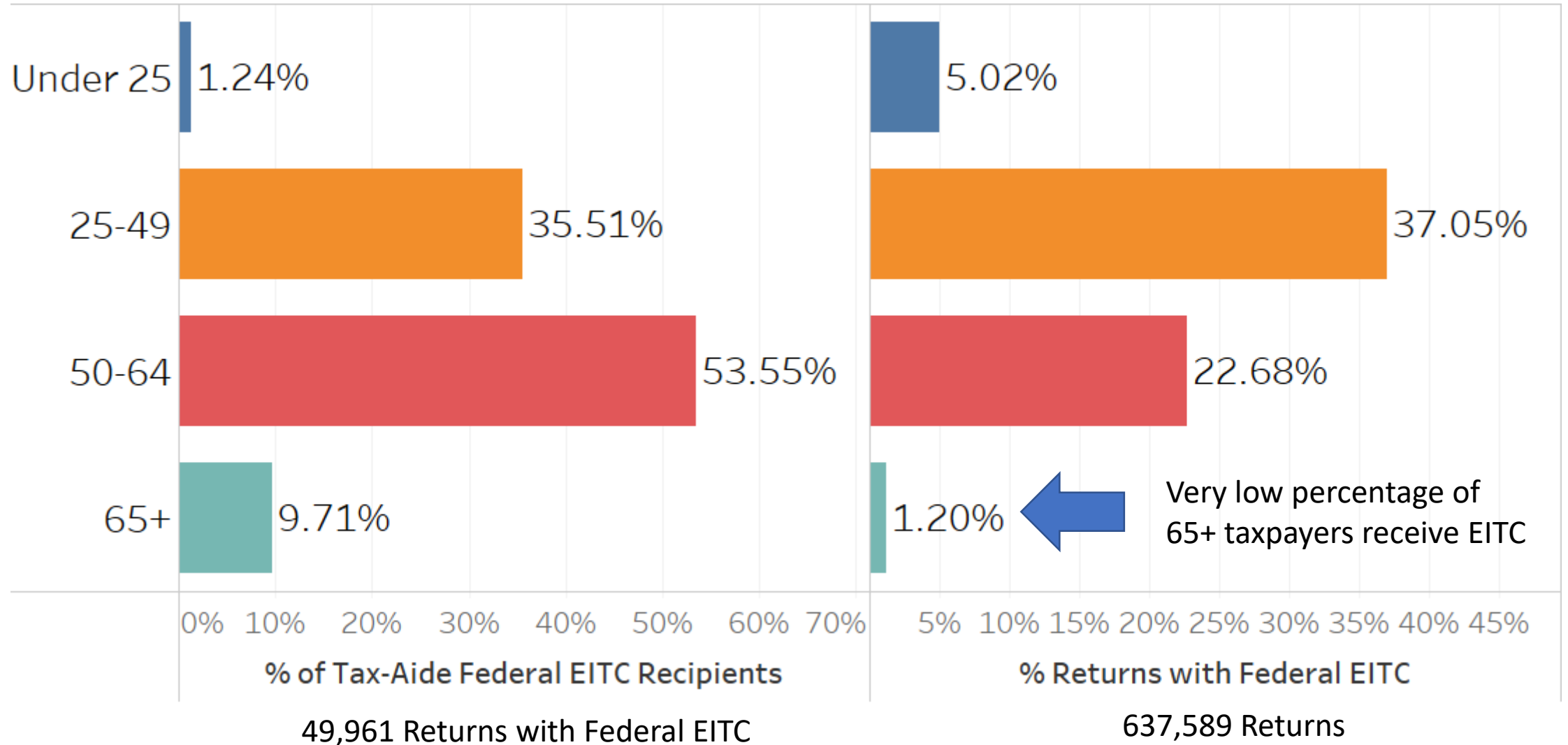
Foundation Approach on EITC

AARP Foundation’s EITC strategy is addressing access barriers in the short term and longer term

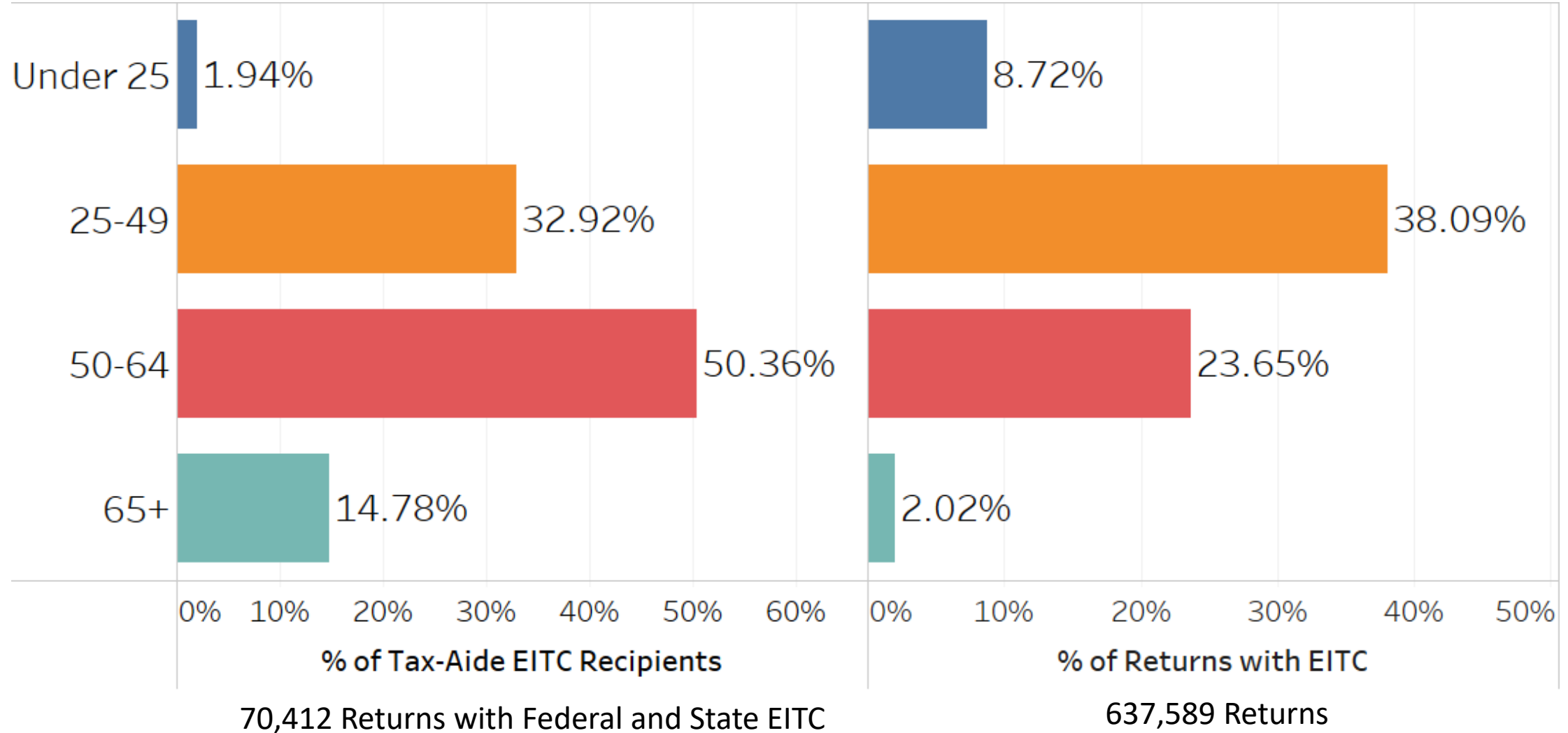
- The Earned Income Tax Credit (EITC) is among the most effective anti-poverty tools, but equitable access remains a big gap:
 - Each year, 5-6M people are lifted out of poverty by the EITC, including 3M children ([Source](#))
 - Annually, 5M eligible people in underserved communities still do not claim EITC, resulting in \$7B in unclaimed credit ([Source](#))
- Tax-Aide started in 1968. Served 1,040,048 taxpayers during 2021 tax season, with 25,912 volunteers.

Age	E-File Returns	Federal EITC Recipients	Federal EITC Amount	State EITC Recipients	State EITC Amount
Under 25	13,453	582	\$1,636,840	652	\$137,984
25-49	52,346	16,676	\$28,877,675	6,810	\$2,099,901
50-64	128,920	25,148	\$22,097,336	11,020	\$1,683,123
65+	442,869	4,560	\$7,132,798	4,969	\$788,346
Total	637,589	46,961	\$59,738,675	23,451	\$4,709,355

Federal EITC by Age



Federal and State EITC by Age



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Federal EITC for Taxpayers Age 65+ and Over

19.4%

People age 65+ were in the workforce as of 2020 according to the Bureau of Labor Statistics

44.1%

Tax-Aide taxpayers age 65+ meet the minimum income requirements for Federal EITC

8.6%

Tax-Aide taxpayers age 65+ could potentially be eligible for Federal EITC based on minimum income requirements

1.2%

Tax-Aide taxpayers age 65+ received Federal EITC in tax season 2021

Federal EITC for Taxpayers Under Age 25

53.9%

People under age 25 were in the workforce as of 2020 according to the Bureau of Labor Statistics

58.9%

Tax-Aide taxpayers under age 25 meet the minimum income requirements for Federal EITC

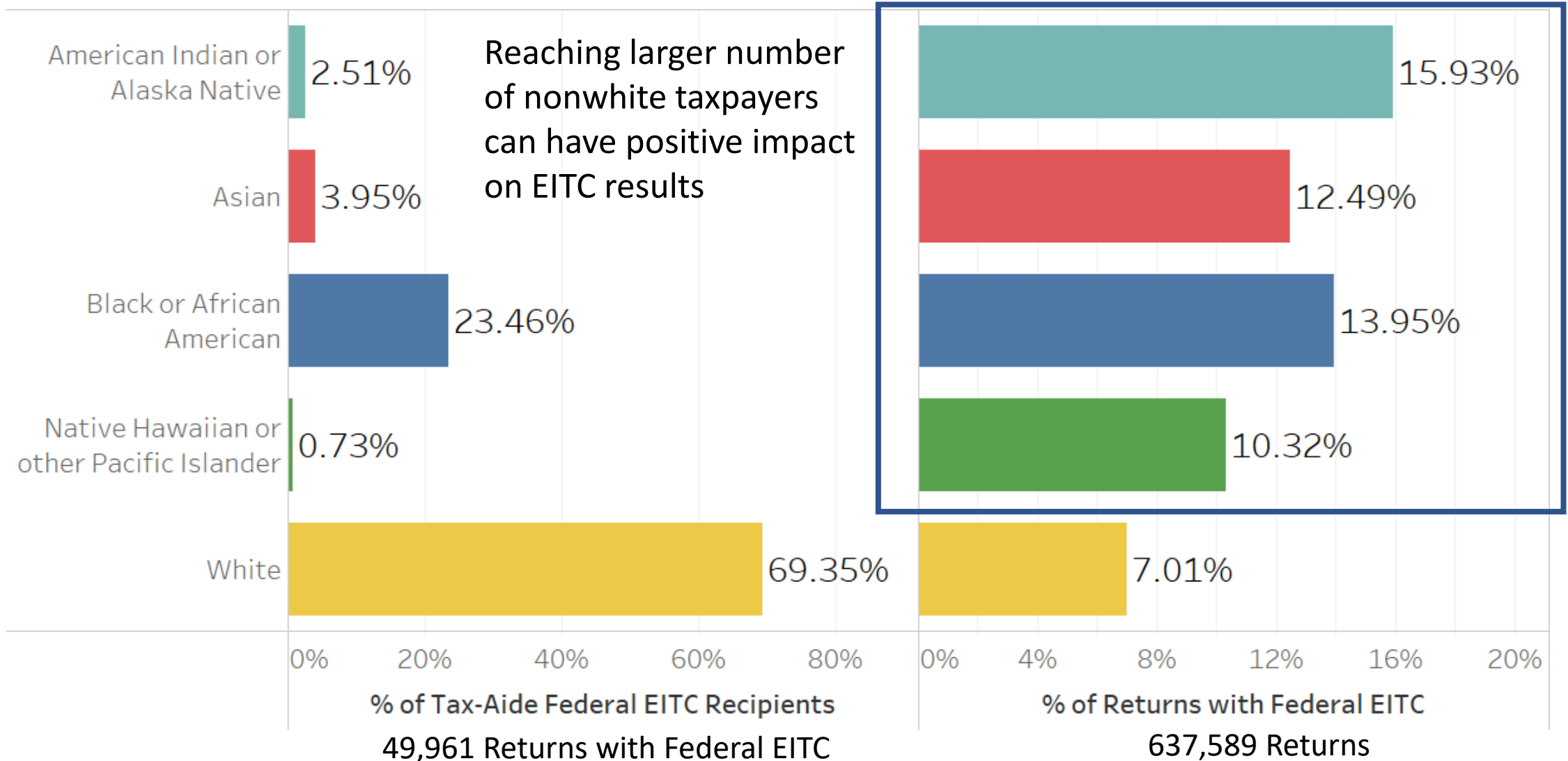
31.7%

Tax-Aide taxpayers under age 25 could potentially be eligible for Federal EITC based on minimum income requirements

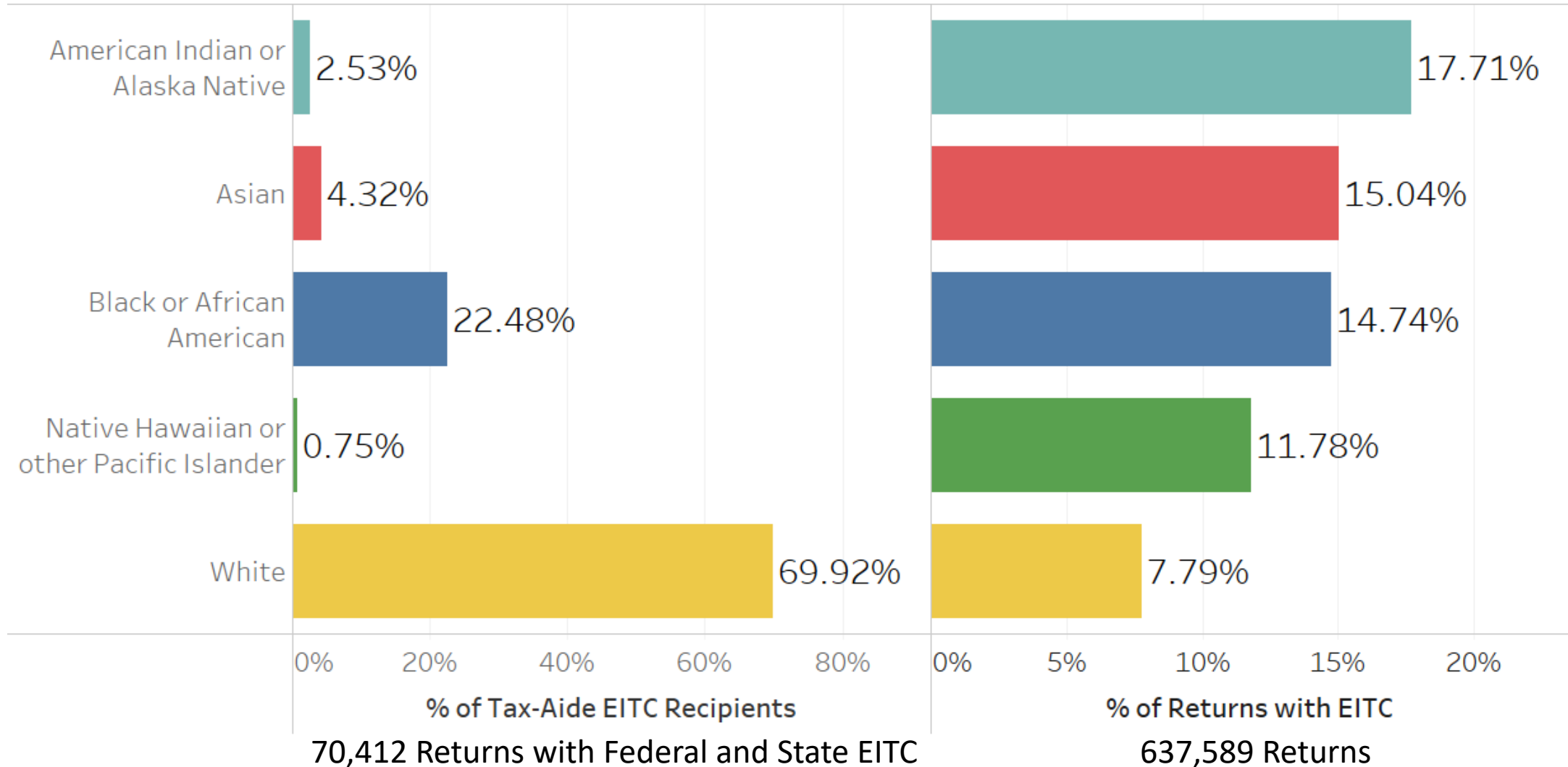
5.0%

Tax-Aide taxpayers under age 25 received Federal EITC in 2021

Federal EITC by Race of Primary Taxpayer



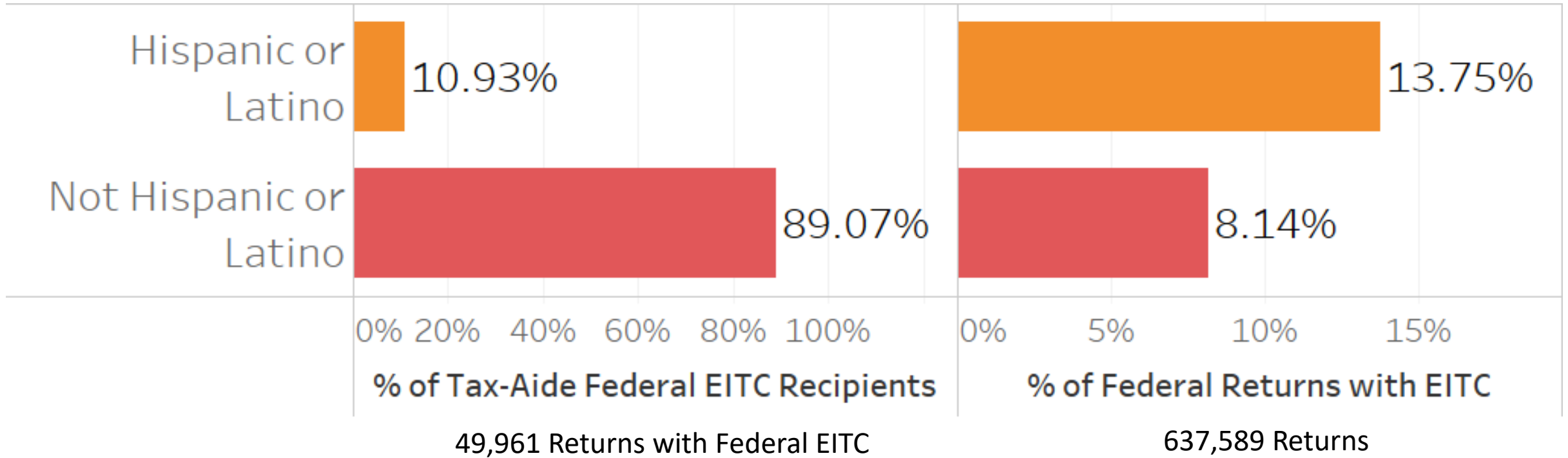
Federal and State EITC by Race of Primary Taxpayer



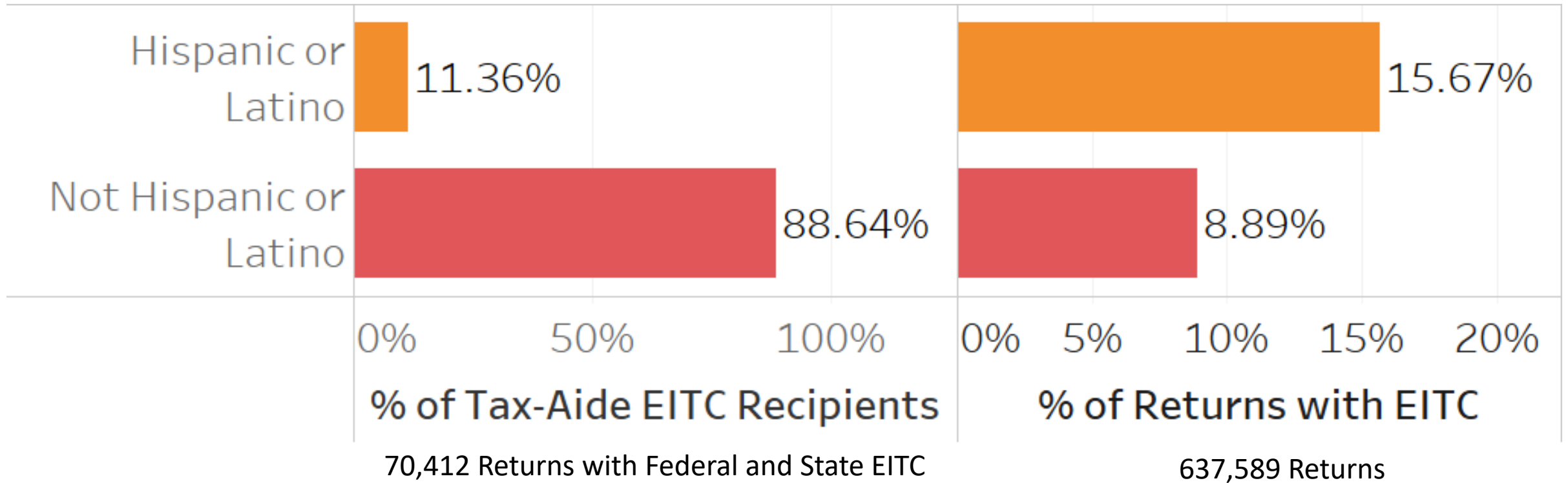
EITC by Race of Primary Taxpayer

Age	E-File Returns	Federal EITC Recipients	Federal EITC Amount	State EITC Recipients	State EITC Amount
American Indian or Alaska Native	8,289	1,179	\$1,027,505	638	\$61,222
Asian	16,514	1,855	\$2,736,031	1,419	\$249,125
Black or African American	88,051	11,017	\$10,991,916	6,182	\$1,093,041
Native Hawaiian or other Pacific Islander	3,698	343	\$406,223	195	\$26,843
White	521,038	32,567	\$44,582,973	15,018	\$3,279,124
Total	637,589	46,961	\$59,738,675	23,451	\$4,709,355

Federal EITC by Ethnicity of Primary Taxpayer



Federal and State EITC by Ethnicity of Primary Taxpayer



EITC by Ethnicity of Primary Taxpayer

Age	E-File Returns	Federal EITC Recipients	Federal EITC Amount	State EITC Recipients	State EITC Amount
Hispanic or Latino	43,165	5,133	\$6,176,979	3,464	\$528,861
Not Hispanic or Latino	594,424	41,828	\$53,561,696	19,987	\$20,817
Total	637,589	46,961	\$59,738,675	23,451	\$4,709,355

EITC in Geographic Emphasis States

States with State EITC

State	E-File Returns	Federal EITC Recipients	Federal EITC Amount	State EITC Recipients	State EITC Amount
CA	40,307	2,785	\$3,531,671	7,494	\$993,443
IL	27,257	2,198	\$2,300,333	2,163	\$379,725
OH	26,205	1,924	\$2,111,514	1,877	\$583,054
NY	25,119	1,722	\$2,096,711	1,416	\$540,238
MI	16,672	926	\$926,182	917	\$53,663
SC	7,020	595	\$747,123	108	\$18,316
LA	3,783	258	\$319,446	259	\$15,191
DC	606	65	\$61,361	77	\$35,423

EITC in Geographic Emphasis States

States with only Federal EITC

State	E-File Returns	Federal EITC Recipients	Federal EITC Amount
TX	34,918	3,215	\$5,217,868
FL	50,529	2,859	\$3,720,274
NC	23,940	2,147	\$2,624,528
AZ	22,866	1,573	\$2,349,990
PA	30,525	1,542	\$1,679,185
GA	15,096	1,182	\$1,661,012
NM	12,152	1,158	\$1,525,388
KY	6,977	748	\$1,088,625
TN	9,573	650	\$867,075
AR	4,666	532	\$795,654
WV	5,621	456	\$592,352
AL	4,385	373	\$520,970
MS	2,334	265	\$375,019

2022 EITC Strategy

- **The American Rescue Plan Act of 2021 achieved long-sought goal: removing the age cap for ‘single’ older workers above age 65 (for the 2021 tax season only), resulting in 2.8M single 65+ workers newly eligible for \$1,500 in credits each (tripling the previous amount; totaling \$1B for this cohort) ([Source](#)).**
 - Additionally, these workers would be eligible for an average of \$270 each in state EITC benefits in the 22 states that base the state benefit on receipt of the federal EITC ([Source](#))
 - 65+ workers is the fastest growing age cohort in the work force, expected to total 13M workers by 2024 ([Source](#))
 - Permanent expansion of EITC would help off-set low wages for 1.5M low-income older workers ([Source](#))

2022 EITC Strategy

Our four-prong EITC strategy:

1. **Marketing:** Conduct a marketing campaign to expand awareness of the new EITC eligibility criteria and link to the quality tax preparation assistance services the Foundation provides through Tax Aide and funded partners. The campaign will use both digital and traditional media.
2. **Grants Program:** Use grant funds to support community-based organizations to reach Black and Hispanic communities and raise awareness of expanded eligibility. This work would leverage existing ‘disparity’ partnerships, inside/outside AARP Foundation networks.
3. **Hackathon:** Catalyze community-based innovations to address enrollment (ex: tax filing) and non-enrollment-related barriers (ex: transportation access or social stigma) to EITC access. The Foundation will co-host “hackathons”, which are short, focused design and development convenings that rapidly prototype new interventions, working with HBCUs and innovators of color.
4. **Thought Leadership:** Create momentum for permanent EITC expansion for older workers over age 65 by capturing the impact of EITC on the lives of these vulnerable older workers through data and storytelling.

Progress

Marketing

- EITC marketing campaign in development, with focus on **newly eligible 65+ workers** in select markets (Columbia, SC; Albuquerque, NM; Jackson, MS and Houston, TX); depending on the market, we may also focus on a particular segment, i.e., African American/Black &/or Latino older workers; launches January 2022
- Coordinate with Tax Aide to test most effective outreach and tax assistance approaches during tax season and beyond

Grant Program – EITC ‘Non-Filers’

- RFA launched October 18, 2021 (one-year grant, January – December 2022)
- Support community-based organizations to effectively engage with and get more EITC-eligible LI50+, including 65+ workers unfamiliar with EITC, to apply and assist applicants, especially in Black and Hispanic communities. Target learnings:
 - The demographics of eligible but unenrolled older adults (age, race/ethnicity, geography and tax filing status)
 - Specific application barriers, such as difficulties managing supporting documents
 - New and effective ways to address application barriers, well as other pre-application barriers, such as trust, stigma, etc., that prevent people from finding out more about and/or applying for EITC benefits

Focus Segment Age 65+

1.2%

NOW

8.6%

FUTURE