

TRAINING AND EMPLOYMENT NOTICE	NO. 5-07
	DATE July 10, 2007

**TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS
ONE-STOP CAREER CENTER LEADS**

**FROM: EMILY STOVER DeROCCO /s/
Assistant Secretary for Employment and Training**

SUBJECT: Real Economic Impact Tour: TAX Facts + Campaign, “Building Healthy Economic Futures for Americans with Disabilities”

1. **Purpose.** The purpose of this Training and Employment Notice (TEN) is to announce the Real Economic Impact Tour: TAX Facts + Campaign to promote financial literacy, economic self-sufficiency, and asset development for people with disabilities.
2. **Background.** The Internal Revenue Service (IRS) has developed and implemented a Disability Initiative, which targets outreach to people with disabilities. This Initiative provides free tax preparation services, outlines asset-building opportunities, and promotes expanded use of the Earned Income Tax Credit (EITC) for people with disabilities.

The EITC, which was created by Congress in 1975, represents the second largest federal expenditure program among government programs targeted to low-income individuals. The EITC is a refundable federal income tax credit for low-income working individuals and families that offsets the burden of Social Security taxes and provides these individuals with an opportunity to work. The EITC does not affect eligibility for Social Security Income (SSI), Temporary Assistance for Needy Families (TANF), Medicaid, or Food Stamps.

In 2004, more than 21 million taxpayers collected over \$39 million in EITC payments. However, studies by the IRS show that up to 25 percent of qualified workers do not claim this credit. Almost 20 percent of the U.S. population has some level of disability; 20 million families have at least one member with a disability and living on Social Security Disability Income (SSDI). Further, continued unemployment and under-employment trends indicate that disabled Americans are becoming poorer than those without disabilities. More than one-third (38 percent) of persons with disabilities live on a household income of less than \$15,000 per year, compared to 12 percent of people without disabilities. Other statistics indicate that among the people in the workforce, 52.6 percent without disabilities worked full-time, year-round, in comparison with 43.6 percent of people with non-severe disabilities and 12.8 percent of people with severe disabilities. The poverty rate for people with

disabilities ages 25-64 is 11.9 percent and 25.9 percent for those with a severe disability, compared to 7.7 percent for the population without disabilities.¹

Since the 1990s, federal policy helps people with disabilities increase their household income by becoming more economically self-sufficient and less dependent on government services and benefits. Asset-building is an effective way to promote financial independence for people with disabilities and their families. However, the National Disability Institute's recent analysis of current asset-building initiatives for persons who are low-income indicate that people with disabilities are sometimes excluded from outreach and planning.

Disabled persons who are just entering the labor force frequently have little experience with filing taxes or managing a budget. They are unaware of existing tax credits and provisions that may positively impact their financial status. A 2004 study found that 83 percent of people with disabilities never claimed available tax credits and/or deductions related to work.

The IRS' Disability Initiative has been a highly effective campaign as illustrated by the following outcomes:

- Increased the number of disabled tax filers by 330 percent from 5,211 in 2005 to 17,233 in 2006 – 25 percent of these filers received the EITC.
- Engaged 192 local disability partners in building coalition workgroups to promote financial literacy and asset development.
- Established 29 free tax preparation sites through the Volunteer Income Tax Assistance Program (which specifically focuses on people with disabilities and assists persons with low to moderate incomes prepare their income tax returns).
- 1,160 free tax preparations were made accessible to persons with disabilities.
- Over \$10 million in taxes were returned to these filers with disabilities from expenditures in local economies.

¹ Source: *Americans with Disabilities: 2002, Current Population Reports, U.S. Census Bureau, May 2006.*

Due to the success of the Disability Initiative, the IRS decided to expand this initiative from 11 to 54 cities and launch the 2007 Real Economic Impact Tour TAX Facts + Campaign. The goal is to reach out to over 2 million people with disabilities and their families, produce 25,000 new tax filers with disabilities, and pump back \$21 million into local economies. The campaign will produce new opportunities to advance financial independence for Americans with disabilities as well as provide measurable and sustainable economic growth as defined by consumer spending and asset-building activities.

Clearly, there is a well-demonstrated need for a proactive strategy to promote asset development and financial literacy for people with disabilities. The expanded IRS Disability Initiative is an important effort in this area. Joining the IRS to implement this public-private partnership are the U.S. Department of Labor, the Federal Deposit Insurance Corporation, the U.S. Department of Health and Human Services, the United Way, Bank of America, the National Disability Institute, NCB Capital Impact, National Cooperative Bank, Law Health Policy & Disability Center at the University of Iowa, College of Law, Burton Blatt Institute of Syracuse University, National Federation of Community Development Credit Unions, National Council on Disability, Southern New Hampshire University School of Community Development, the World Institute on Disability, Rutgers Center for State Health Policy, and mayoral offices throughout the country. The 2007 Real Economic Impact Tour will take place in 54 cities. Activities in each city will include:

- Volunteer tax preparation assistance
- Financial education classes
- Training on access and use of public benefits
- Special events to connect with financial institutions
- Credit, debt, and home ownership counseling
- Training on federal work incentives to promote self-sufficiency
- Training on technical assistance and leveraging existing community resources

3. How to Get Involved in the Real Economic Impact Tour: TAX Facts + Campaign.

One-Stop Career Centers are in a strategic position to promote activities related to the Real Economic Impact Tour: TAX Facts + Campaign. Local Workforce Investment Boards (LWIBs) and One-Stop Career Center staff can participate in the TAX Facts + Campaign to help people with disabilities access the EITC and promote other asset-building activities. LWIBs and One-Stop Career Centers can participate in the initiative by contacting the IRS, as noted below, or by working with their Disability Program Navigators (DPNs).

The DPN Initiative was launched in 2002 as a joint effort of the U.S. Department of Labor's Employment and Training Administration (ETA) and the Social Security Administration (SSA). This initiative funded a new position, the DPN, within the One-Stop Career Centers.

The DPN initiative's primary objective is to increase the employment and self-sufficiency of people with disabilities by: a) enhancing the linkage between employers and state workforce investment boards through the One-Stop Career Centers; b) informing people with disabilities about the work support programs available at the One-Stop Career Centers; c) developing partnerships to achieve integrated services, systems change, and the capacity to better serve customers with disabilities; d) guiding One-Stop Career Center staff in helping people with disabilities navigate the services and benefits that impact their ability to gain and retain employment; and e) conducting outreach to organizations and agencies that serve people with disabilities.

DPNs are taking a leadership role to implement this campaign. The DPN contacts can be found at: <http://www.doleta.gov/disability>. In addition, a list of the 54 cities where the Real Economic Impact Tour TAX Facts + Campaign is being launched is attached.

If there is no DPN in a One-Stop Career Center, the IRS Stakeholder Partnerships, Education, and Communication (SPEC) Division can be contacted at: richard.keeling@irs.gov or (404) 338-8814.

4. **Action Required.** Recipients are requested to distribute this TEN to the state and local Workforce Investment Boards, One-Stop Career Centers, and other workforce investment partners.
5. **Inquiries Contact.** Questions on this TEN should be directed to Randee Chafkin at (202) 693-2723.

Attachment