



FINANCIAL STABILITY

Florida's United Ways urge the 2016 Florida Legislature to invest \$1.2 million to expand access to free tax preparation and financial stability programs

BACKGROUND

Last year, Florida's United Ways released a report documenting the true scope of financial hardship for Florida's ALICE (Asset Limited, Income Constrained, Employed) families. The following policy recommendation for the 2016 Florida Legislative Session is drawn from the ALICE Report and from the work of nonprofit, business, and government leaders.

Helping ALICE families attain and maintain self-sufficiency is good for the economy and for families. Once a year, families that fall within the ALICE threshold are given an opportunity to use their tax refund to help them on the road to financial stability and prosperity.

Tax preparation assistance: Every year, thousands of IRS-certified volunteers working at over 733 tax preparation sites coordinated by AARP, Military, VITA and United Way mobilize to provide reliable tax preparation assistance to low-income individuals, families, the elderly and disabled to help them meet their tax obligations and get the best refunds for which they are eligible. In 2015, these coalitions and organizations filed over 219,000 returns that helped Floridians claim over \$232 million in tax refunds and saved low-income taxpayers an estimated \$17.6 million in tax preparations fees.

Floridians claimed \$5.1 billion in Earned Income Tax Credit (EITC) in 2014 but the IRS estimates that over 17 percent of eligible taxpayers don't claim the credits they have earned. This means more than \$1.1 billion in potential tax credits are being "left on the table" in Washington instead of providing much-needed asset growth, financial stability and economic stimulation to thousands of families throughout Florida.

By investing \$1.2 million to expand the capacity of free tax preparation and financial education programs, the



Legislature will help up to 41,000 working families save up to \$3.7 million in tax preparation fees, reduce the \$1.1 billion in EITC credit being left in Washington every year and generate up to \$1.8 million in new state sales tax revenue and at least \$300,000 in new county sales tax revenue through increased economic activity.

Financial education: Financial education programs can help ALICE families make good decisions about their refunds and help save money year-round. Surveys conducted at existing programs in Florida show that six months after participating in financial education classes, 30 percent of participants decreased their debt and 56 percent established a written budget.

PROPOSED CHANGES

INVEST \$1.2 million in state funding to expand the capacity of free tax preparation and financial education programs.

For additional information, please contact
Ted Granger, United Way of Florida, 850-488-8276
Jason Roth, United Way of Northeast Florida, 904-390-3211
Holly Bullard, United Way Suncoast, 941-328-6978

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