



FINANCIAL STABILITY



Florida's United Ways urge the 2018 Florida Legislature to invest \$1.2 million in state funding to expand capacity of income tax consulting and preparation assistance services statewide.

ALICE

- 30% of Florida households are **ALICE (Asset Limited, Income Constrained, Employed)**.
- **ALICE** families hold jobs, pay taxes, and provide services that are vital to Florida's economy: retail sales, customer service, laborers, hospital workers, health care aides and more.
- They work hard, live above the Federal Poverty Level and still cannot consistently afford the basics of housing, food, health care, child care, and transportation. These families are often living one financial emergency away from poverty.

BACKGROUND: TAX PREPARATION ASSISTANCE

- The Earned Income Tax Credit (EITC) is a work-based tax refund allowing **ALICE** families to recover their hard-earned wages, and is recognized as one of the best anti-poverty tools in the U.S.
- In 2016, IRS-certified volunteers in Florida, working at over 733 tax preparation sites coordinated by United Way, AARP, Military and VITA filed 225,000 tax returns that helped ALICE families, the elderly and disabled claim over \$232 million in tax refunds including EITC.
- But more than \$1.1 billion in potential EITC tax credits and \$193 million in higher-education tax credits are unclaimed by **ALICE** households each year, "left on the table" in Washington.

2016 FLORIDA LEGISLATURE'S INVESTMENT

- The 2016 Legislature appropriated **\$500,000** to United Way to provide income tax consulting and preparation assistance to **12,500 ALICE workers** during the 2017 tax season. This investment, together with United Ways' match of \$750,000, generated **\$19 million in tax refunds** for these hard working Floridians (including **\$5.6 million in EITCs**) and an estimated **\$1.15 million in state and local sales taxes**. (1)
- The Investment also resulted in a 10% increase in voluntary prepared returns, an unprecedented increase in Florida's history. This bucked the trend nationally of a 17% decrease.
- Had the Legislature not invested \$500,000 and had Florida suffered the same decrease as the rest of the nation, an estimated 21,000 fewer tax returns equaling \$28.5 million would not have been received by Florida's ALICE families.

UNITED WAY'S REQUEST:

Invest \$1.2 million in state funding to expand capacity of income tax consulting and preparation assistance services statewide that, together with United Ways' match of \$1.8 million, will:

- Help more than **31,000 ALICE families** in all 67 counties receive more than **\$48 million in tax refunds** and more than **\$13 million in EITCs**;
- Generate **\$2.75 million in state and local sales taxes**; and
- Generate an additional **\$1.1 million in education tax credits** for Floridians pursuing higher education.

1. Washington Economics Group 2016