



Evaluation of the Working Families Credit Program Year 3: An Innovative Approach to Increasing Self-Sufficiency

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Background on San Francisco's Working Families Credit Program

Despite the high cost of living in San Francisco, benefits for the working poor are under-claimed in San Francisco.

- ❖ In 2006, it was estimated that about \$12 million EITC unclaimed per year



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Why was the San Francisco Working Families Credit created?

- ❖ Boost take up of federal benefits, particularly the EITC
- ❖ Supplement the income of eligible working families
- ❖ Signal the City's support for working families
- ❖ Connect families with work supports, financial services and asset building tools

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What is the Working Families Credit Program?

- ❖ **Began as a two-year pilot in 2004 by Treasurer Cisneros & Mayor Newsom**
 - ❖ financial sponsorship by H&R Block
- ❖ **Cash incentive from the City & County of San Francisco to working families that file taxes and claim EITC**
 - ❖ For a given tax year, eligible applicant families receive a flat \$100 refund
 - ❖ Disbursed in Sept-October after tax season
- ❖ **Program to raise awareness of and increase access to public/private benefits and services to make SF more affordable for families**
- ❖ **Pilot was run by Treasurer's Office; Program now institutionalized at Human Services Agency**

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Who is eligible to receive the Working Families Credit?

Program eligibility criteria:

- ❖ **Claim & receive the federal Earned Income Tax Credit (EITC*) on federal tax return**
- ❖ **Claim at least one qualifying dependent child on federal income tax return**
- ❖ **Have San Francisco address when filing taxes**

*Requires valid SSN & Authorization to work

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Tax Year 2006 EITC income limits

Filing Status	Single	Filing jointly
More than 1 qualifying child and income less than	\$36,348	\$38,348
1 qualifying child and income less than	\$32,001	\$34,001
No qualifying child and income less than	\$12,120	\$14,120

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Additional Resources for WFC Families

- ❖ **Invited to apply for Food Stamps & affordable health insurance (Medi-Cal, Healthy Families, Healthy Kids & Young Adults)**
- ❖ **Discounted bus pass each month – “Muni Lifeline” pass**
- ❖ **Discounted computers & low-interest computer loans**
TechConnect’s Affordable PC Program
 - ❖ Partnership with Dept of Technology
- ❖ **Free or low-cost checking & savings account**
 - ❖ Partnership with Bank on San Francisco (www.bankonsf.org)
- ❖ **Free financial counseling & advice**
 - ❖ Phone services through Balance
 - ❖ Classes through EARN (www.sfearn.org/freetraining)

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New & Recent developments for the WFC program

- ❖ **Expansion of languages available for 2007 tax year**
 - ❖ added Russian & Vietnamese application forms
- ❖ **Improved process for outreach to enroll WFC families in Food Stamps & Public Health Insurance**
 - ❖ Refined data matching processes
- ❖ **Increase in asset building options**
 - ❖ US savings bond pilot at HRB & E!K!S! sites
 - ❖ Direct deposit to savings account
 - ❖ Strengthened coordination of Bank on San Francisco at H.S.A.’s VITA sites
- ❖ **Still On the horizon....**
 - ❖ Intuit partnership – WFC application for Turbo Tax self-filers
 - ❖ Car sharing low-cost membership

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Tax Year 2006 WFC Evaluation

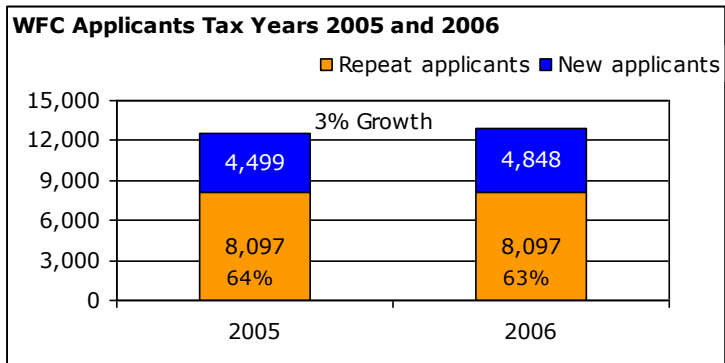
- ❖ **12,945 applications received (3% increase from 2005)**
- ❖ **8,097 repeat applicants from 2005 (63%)**
- ❖ **11,626 applications approved (90%) based on eligibility**
- ❖ **11,145 of eligible applicants received EITC**
- ❖ **No significant variation in geographic spread of WFC applicants**

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WFC Applications 2005 & 2006

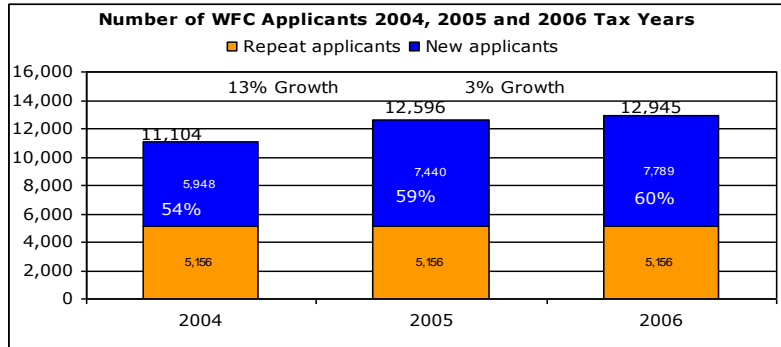


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New and Repeat Applicants TY 2004, 2005 & 2006



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WFC Applicants from Select Zip Codes

	All applications			
	2005		2006	
	#	%	#	%
Mission	770	6%	738	6%
Ingelside/Excelsior	1,985	16%	2,056	16%
Bayview/Hunters Pt.	1,440	11%	1,572	12%
Visitacion Valley	1,602	13%	1,688	13%
Sub Total	5,797	46%	6,054	47%
All Zip codes	12,596		12,945	

❖ The proportion of applicants from these select zip codes remains the same between 2005 and 2006 with marginal variation in Bayview/Hunters Pt.

❖ The proportion of eligible applicants from these zip codes has also not gone up. Their proportion to the total applicants remains static at 47% between 2005 and 2006

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WFC Program Evaluation

- ❖ The data analysis for WFC program involved using four sources of data:
- ❖ **Application Data**
 - ❖ Name, address, phone number, SSN, SSN of spouse, if filing jointly, their bank information if they desire direct deposit. WFC applicants also file a form called 4506-T which permits IRS to share their tax transcript with the City and County of SF
- ❖ **EITC Data from IRS**
 - ❖ WFC Take up rate and EITC analysis are based on the number of EITC claimants by zip provided by IRS
- ❖ **HSA Administrative Data**
 - ❖ Participation in HSA programs was determined by matching SSNs of WFC applicants from HAS administrative data
- ❖ **Optional Survey data**
 - ❖ There were 3,484 respondents out of a total of 12,945 WFC applicants, accounting for 27% response rate.



WFC Take-Up Rate

	# of EITC claims approved	Amount	Variation	WFC Take-up Rate
	#	\$	%	%
TY 2004	37,670	48,430,073	6.0%	51.7%
TY 2005	37,743	50,965,684	5.2%	58.3%
TY 2006	37,838	53,095,976	4.2%	60.3%

- ❖ **WFC Take Up Rate is defined as the ratio of WFC applicants to eligible EITC beneficiaries with qualifying children**

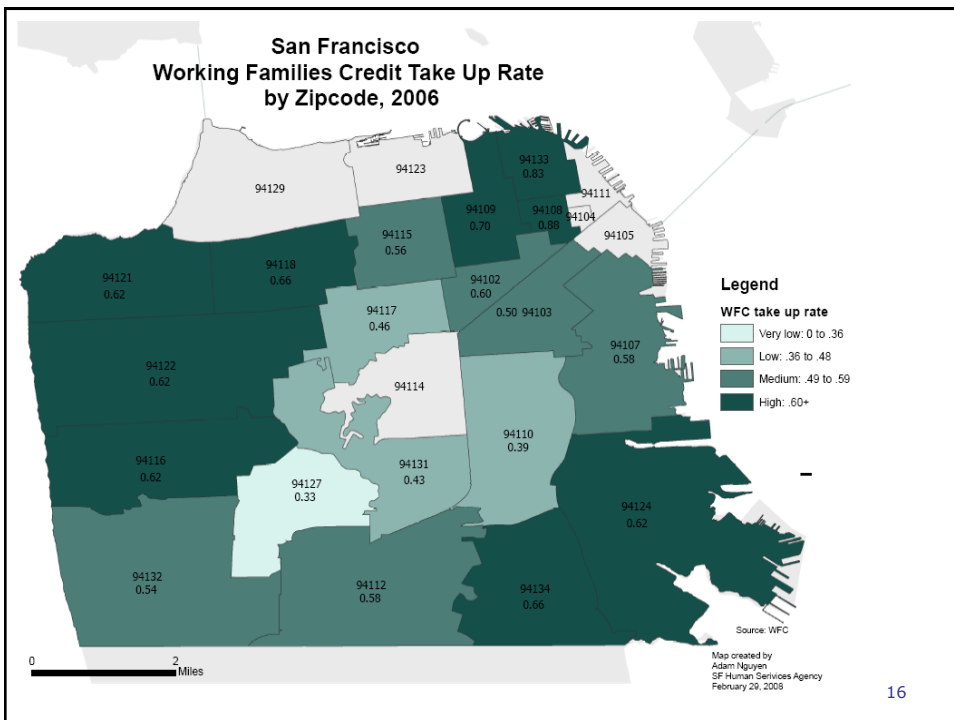


WFC Take-Up Rates

- ❖ The highest take-up rate in 2006 was in Chinatown and North Beach (88% & 83% respectively) followed by Civic Center (70%) and Richmond and Visitation Valley (66% each)
- ❖ Only four zip code areas were low in take-up rate ranging from 33% to 47% (Haight, Diamond Heights/Glen Park, Mission and Mt. Davidson)
- ❖ Chinatown, Civic Center, North Beach, Visitation Valley and Richmond consistently rate high in the average take-up rate for TY 2004, 2005 and 2006

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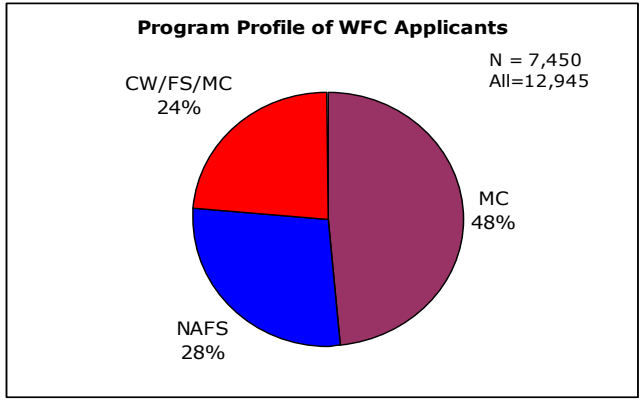
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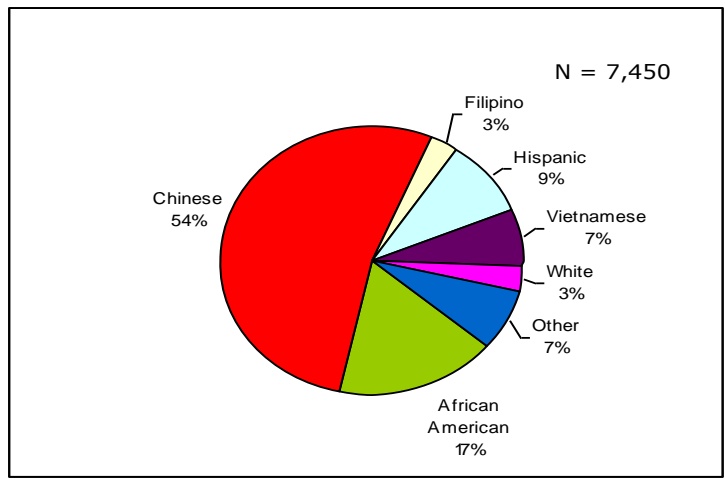
WFC Applicants Enrolled in HSA Programs



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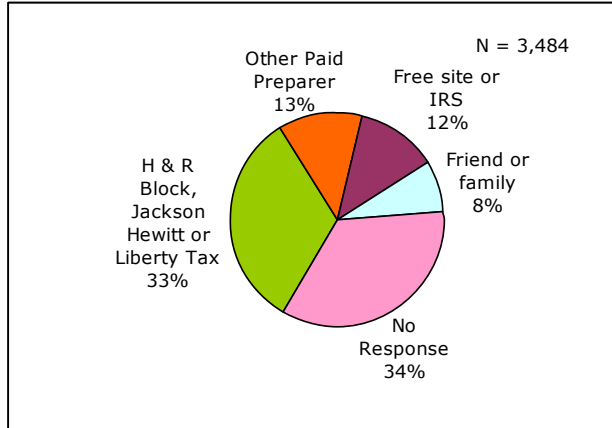
Ethnicity of WFC Applicants who are HSA Clients



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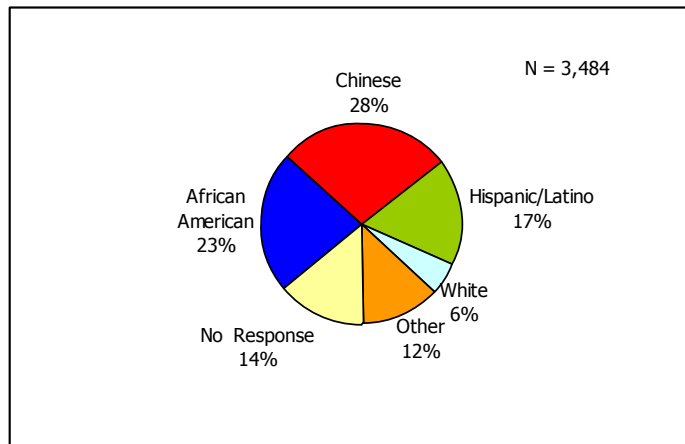
Profile of Survey Respondents Tax Preparation Method



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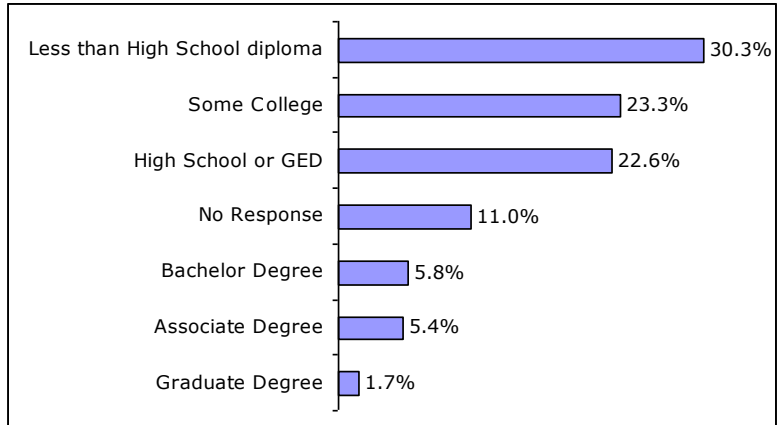
Ethnicity of Survey Respondents



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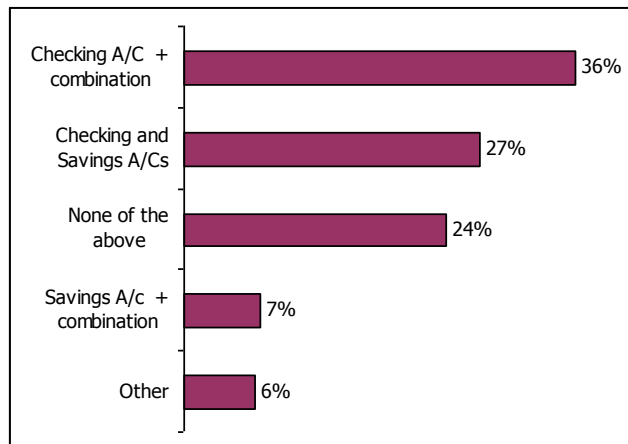
Education Level of Survey Respondents



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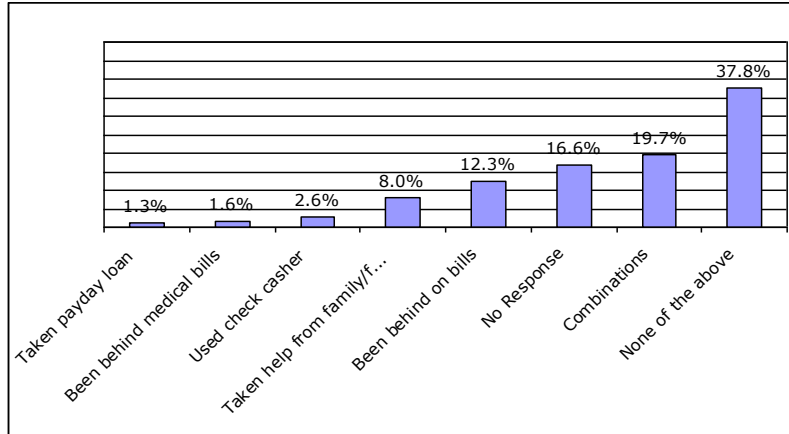
Banking Characteristics of Survey Respondents



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Financial Characteristics of Survey Respondents

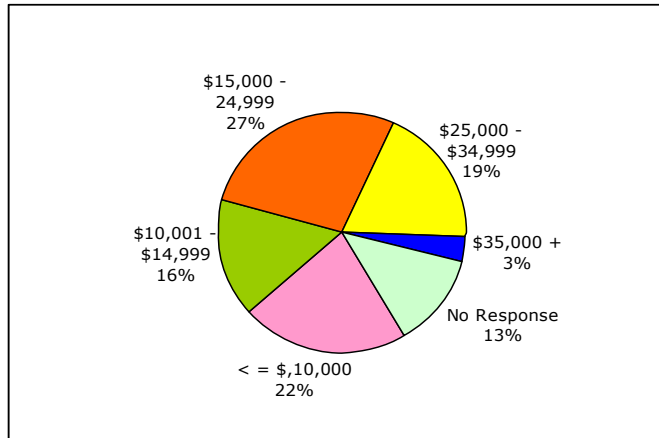


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Income Levels of Survey Respondents



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Conclusion

- ❖ San Francisco's working low income families are diverse
 - ❖ Disparities in Take-Up rate still exists
 - ❖ 42% WFC applicants are not yet networked to HSA services
- ❖ Optional survey data provides a snapshot of San Francisco's poor
 - ❖ Information regarding their savings, income and banking habits as well as asset accumulation could be used for monitoring future snapshots
- ❖ WFC Program in San Francisco has a significant impact on low income families
 - ❖ Steady rise in the number of EITC claims and dollar amounts
 - ❖ 58% of WFC applicants are HSA clients
 - ❖ Other benefits include discounted public transport passes, banking services and computers
 - ❖ Intensified outreach to WFC applicants to be connected to HSA Programs and Services

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