

San Francisco Human Services Agency



San Francisco Working Families Credit Program Evaluation of Year Four & Five

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Executive Summary

The San Francisco Working Families Credit Program was created in 2004 as a two-year pilot designed to boost take-up of federal benefits, particularly the federal Earned Income Tax Credit (EITC); supplement the income of eligible working families; signal San Francisco's support for working families, and; connect families with work supports, financial services and asset building tools to make San Francisco more affordable for families. The actual "Credit" is a cash incentive from the City & County of San Francisco to working families that file taxes and claim the federal EITC. To be considered for the Credit, eligible families are required to submit a separate Working Families Credit application by April 15th of the respective tax season in order to receive the \$100 credit, which is disbursed by the end of October following tax season.

This report presents two years of outcomes of the Working Families Credit Program (WFC) in Tax Year 2007 and Tax Year 2008, also referred to as the fourth and fifth year of the WFC Program. This follows the WFC Evaluation for Year 3 (Tax Year 2006).

San Francisco's Human Services Agency assumed the responsibility for managing and administering the Working Families Credit Program in September 2006, when the program transitioned from pilot status to that of a permanent City Program with the Mayor's commitment to a permanent annual fund of approximately 1.5 million general fund dollars to assist eligible families. Due to San Francisco's local budget constraints over the past few years, the WFC fund was reduced by \$100,000 in 2007, for a total fund of \$1.4 million, and by another \$100,000 in 2008, for a total fund of \$1.3 million.

During the period of 2007 through 2009, SF-HSA has maintained and enhanced the program in a variety of ways to increase access and the array of supports available to participating families. In 2007, the WFC Program implemented a two-year pilot creating a new option to receive the \$100 Credit in the form of a savings bond. In 2008, the WFC Program forged two new cross-sector partnerships, with the for-profit company Intuit and with the local non-profit company City CarShare. In the first season of partnering with Intuit to provide the WFC application through Turbo Tax software, the WFC Program received more than a quarter (26.3%) of all eligible applications through this new entry point.

Since the WFC Program launched in 2004, a total of 26,310 individual families have applied to the WFC Program at least once. The largest proportion of these applicants (43.9%) have applied only once over the five years, while the next largest group (21.7%) has applied twice in five years. Only 7.1% or 1,972 families applied in all five years. Without further analysis, it is not possible to determine the reason for the high percentage of one-time applicants or, conversely, the low percentage of repeat applicants who applied every year. However, a number of factors may have had an effect on these application patterns, such as the changing landscape of families living in San Francisco, often characterized as "family flight," or the possibility of families "incoming off" of the Program.

In 2007, the application rate remained fairly steady at 12,682 applicants, representing a slight decrease of 2% from the previous year. The total number of WFC applicants in 2008 was 7,837, which represents a 38% decrease from the year prior. The significant decline in 2008 can be attributed primarily to a delayed marketing campaign necessitated by budget uncertainties.

The proportion of applicants from the four target zip codes¹ in San Francisco remained fairly consistent from 2006 to 2008. In 2007, the distribution reflected a 1% increase in Ingleside/Excelsior and an equal decrease in Bayview/Hunters Point, whereas in 2008, there was a marginal increase in the Mission (1%) and another marginal decrease in Bayview/Hunters Point (3%) from the previous year.

¹ The four zip codes identified by former WFC Program Principals Committee in 2006 as target neighborhoods included: Mission, Bayview/Hunters Point, Ingleside/Excelsior, Visitacion Valley.

The highest take-up rates in 2007 and 2008, as in 2006, were seen in Chinatown and North Beach, at 90.2% and 86.1% in 2007, respectively, and at 86.1% and 52.4% in 2008, respectively. In 2007, three of the four target neighborhoods showed a medium or high take-up rate, with the exception of the Mission, which continues to be a challenging neighborhood for increasing program participation. Reflective of the overall trend in 2008, all four target neighborhoods displayed a very low take-up rate.

For the past five years since the WFC Program began, the total amount of EITC dollars grossed by the City has risen steadily each year, with the largest increase (6.3%) occurring in 2007. The next largest increase occurred in 2008 and 2004, with a 6% increase each year.

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1. Introduction

The San Francisco Working Families Credit was created in 2004 as a two-year pilot designed to boost take-up of federal benefits, particularly the federal Earned Income Tax Credit (EITC); supplement the income of eligible working families; signal San Francisco's support for working families, and; connect families with work supports, financial services and asset building tools to make San Francisco more affordable for families. The actual "Credit" is a cash incentive from the City & County of San Francisco to working families that file taxes and claim the federal EITC. To be considered for the Credit, eligible families are required to submit a separate Working Families Credit application by April 15th of the respective tax season in order to receive the \$100 credit, which is disbursed by the end of October following tax season.

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San Francisco's Human Services Agency assumed the responsibility for managing and administering the Working Families Credit Program in September 2006, when the program transitioned from pilot status to that of a permanent City Program with the Mayor's commitment to a permanent annual fund of approximately 1.5 million general fund dollars to assist eligible families. Due to San Francisco's local budget constraints over the past few years, the WFC fund was reduced by \$100,000 in 2007, for a total fund of \$1.4 million, and by another \$100,000 in 2008, for a total fund of \$1.3 million.

The two-year evaluation of 2007-2008 of the Working Families Credit Program aims to meet the same three objectives as the previous evaluation:

- To assess the impact of the WFC Program over a two-year period
- To understand the demographics of WFC applicants, and;
- To overlay WFC applicants with EITC beneficiaries in efforts to measure the WFC "take up" rate among San Francisco families.

2. Program Changes in Years 4 & 5

During SF-HSA's second and third year administering the Working Families Credit Program (WFC), the agency has maintained and enhanced the program in a variety of ways to increase access and the array of supports available to participating families.

In 2007, the WFC Program piloted a new option to receive the \$100 Credit in the form of a savings bond. The idea was brought forward by a community partner, SF Works, and was based on a pilot by Doorways to Dreams Fund in cooperation with H&R Block and several community groups that tested the popularity of offering low-income taxpayers part of their tax refund in the form of a U.S. savings bond. The WFC Program savings bond enabled the applicant to purchase a \$100 I-Series bond either for her/himself or for her/himself and one co-owner. The savings bond option was limited to applicants who went to either a free tax preparation site or H&R Block to have their taxes prepared and complete the WFC application. This decision was made in order to better ensure that WFC applicants would receive sufficient information about the new savings bond option before making this selection on the WFC application. To this end, a Frequently Asked Questions handout was also made available at all locations included in the bond pilot. The WFC Program Manager felt it was particularly important to limit the bond option to tax sites with one-on-one assistance, since many WFC recipients need the \$100 to cover urgent expenses; selecting a savings bond defers the \$100 payment, albeit with interest, by a minimum of 1 year beyond

the typical October disbursement period. For eligible applicants who selected the savings bond option, SF-HSA ordered the U.S. Savings bonds from the Federal Reserve Bank on behalf of the recipient. While efforts were made to market the bond option through presentations to service providers and outreach materials at the free tax sites and H&R Block offices, take-up remained extremely low through the second year of the pilot (less than 1% of all applicants in 2007 and less than 0.1% in 2008) and therefore the bond option was eliminated for 2009.

In 2008, the WFC Program forged two new cross-sector partnerships. The first new partnership was created with **Intuit**, a for-profit company well-known for their financial software and small business services. Beginning in 2008, Intuit created and embedded an electronic version of the WFC application form in all Turbo Tax online and ProSeries/Turbo Tax desktop products. Through an automatic prompt that steers tax filers with a San Francisco address to the WFC application, pre-populating certain data fields from the federal tax return, this partnership has made the local Credit more readily available to self-filers and numerous tax filers utilizing small independent tax preparers. **In the partnership's first year, more than a quarter (26.3%) of all eligible applicants accessed the WFC program through Turbo Tax software**, accounting for 1,855 applicants who received the \$100 credit. While it is beyond the scope of this report, further research could be useful in analyzing the prevalence of first time WFC applicants among this subset of Intuit users submitting a WFC application. An analysis of this kind could prove influential in leading the WFC Program to explore similar partnerships with other major tax software providers as a way to further increase access to the Program.

The second partnership initiated in 2008 was with **City CarShare**, a local non-profit company whose mission is "to provide convenient, affordable access to cars so that we can reduce individual car dependence – and improve the environment and quality of life in our cities." Based on a mutual interest in providing additional affordable, green transportation benefits to the Working Families Credit population, City CarShare expanded its "CommunityShare" discount membership program by making it available to eligible 2008 WFC applicants. This new benefit was marketed to WFC recipients as part of a direct mailing in January 2010 and via the Working Families Credit website. In the first few months of the partnership, take-up rates have been low, but SF-HSA and City CarShare have agreed to continue the discount program for 2009 WFC recipients, and will continue collaborating to increase awareness around this new benefit.

3. Working Families Credit Outcomes: Overview of Last 4 Years

As shown in Exhibit 1 below, the 2007 application rate remained fairly steady at 12,682 applications, representing a 2% drop from the previous year, while the rate decreased by 38% in 2008 with a total of 7,837 applications received. The decrease in 2008 is not surprising given the delay in that year's marketing campaign necessitated by City budget concerns resulting in SF-HSA's uncertainty about its ability to maintain the WFC Program. In addition to the delayed marketing campaign, key target populations likely experienced some level of confusion regarding the scope of the 2008 WFC Program on account of an inadvertently premature public announcement and subsequent press coverage that conveyed the Credit would be available only to eligible applicants who had never received the Credit previously. This decision was reversed by SF-HSA shortly after the public announcement, thus opening the WFC Program back up to all eligible applicants regardless of whether they were previous recipients of the Credit; nonetheless, despite attempts to clarify the Program's status to the community of service providers, tax preparers, and eligible families, the drop in the application rate can likely be attributed to the inability to fully dispel the confusion about the Program's scope among key target populations..

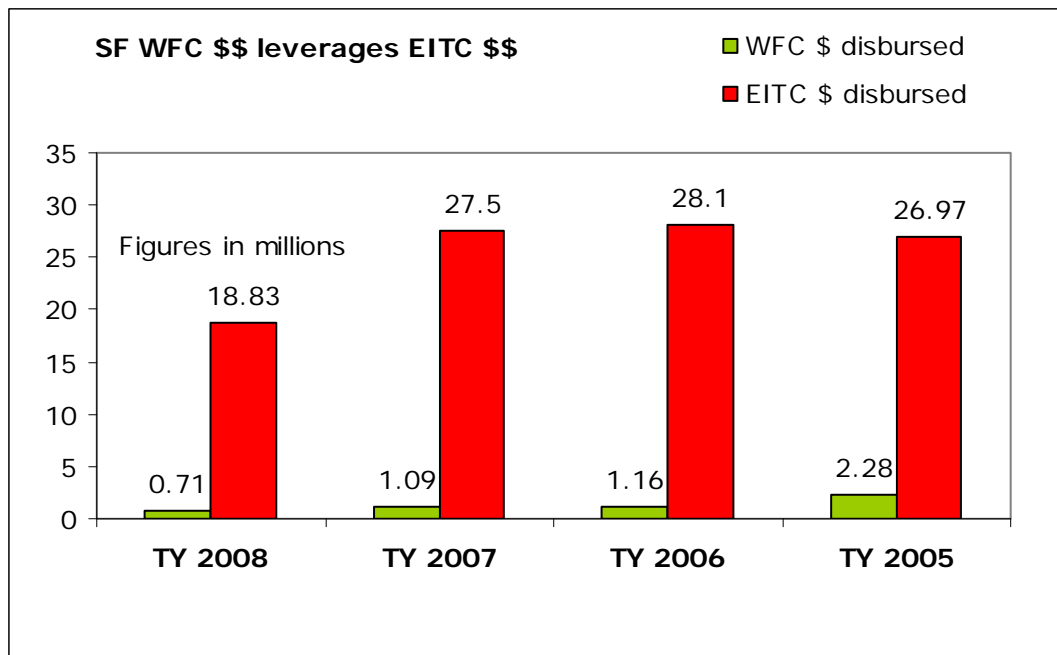
The eligibility rate has remained at 90% on average across the last four years, with a slight dip in 2007. The steady eligibility rate speaks well for the success of the Program's marketing efforts to convey eligibility criteria and the strength of the Program's large cross-sector network of partner agencies assisting eligible families in claiming the WFC.

Exhibit 1: WFC Outcomes TY2005-TY2008

	Tax Year 2008		Tax Year 2007		Tax Year 2006		Tax Year 2005	
	#	%	#	%	#	%	#	%
# of total WFC applicants	7,837		12,682		12,945		12,599	
# of eligible WFC applicants	7,057	90%	10,859	86%	11,626	90%	11,595	92%
Average EITC amount per family	\$2,403		\$2,537		\$2,419		\$2,324	
Minimum EITC amount claimed	\$3		\$11		\$4		\$1	
Maximum EITC amount claimed	\$4,824		\$4,716		\$4,536		\$4,443	
Total EITC amount claimed	\$18.83m		\$27.5m		\$28.1m		\$26.97m	
Total WFC (GF) dollars disbursed	\$705,700		\$1.09m		\$1.16m		\$2.28m	

Every year of the WFC Program, the City & County of San Francisco's investment of local dollars leverages valuable returns in the form of federal Earned Income Tax Credit dollars supporting low-income families and boosting San Francisco's economy. Although we do not have data to determine causality, the ratio of local general fund dollars disbursed to eligible WFC applicants compared to federal EITC dollars claimed by WFC applicants is noteworthy. As seen in **Exhibit 2** below, in the past two years the City, by way of WFC applicants, drew down federal EITC dollars worth approximately 25 times the local general fund dollars disbursed as WFC payments. **In the past three years of the WFC Program since the Credit changed from a percentage of the EITC claim to a flat \$100 per eligible family, San Francisco has spent on average only one dollar of general fund monies for every \$24 -\$25 in federal EITC dollars drawn down to WFC families.**

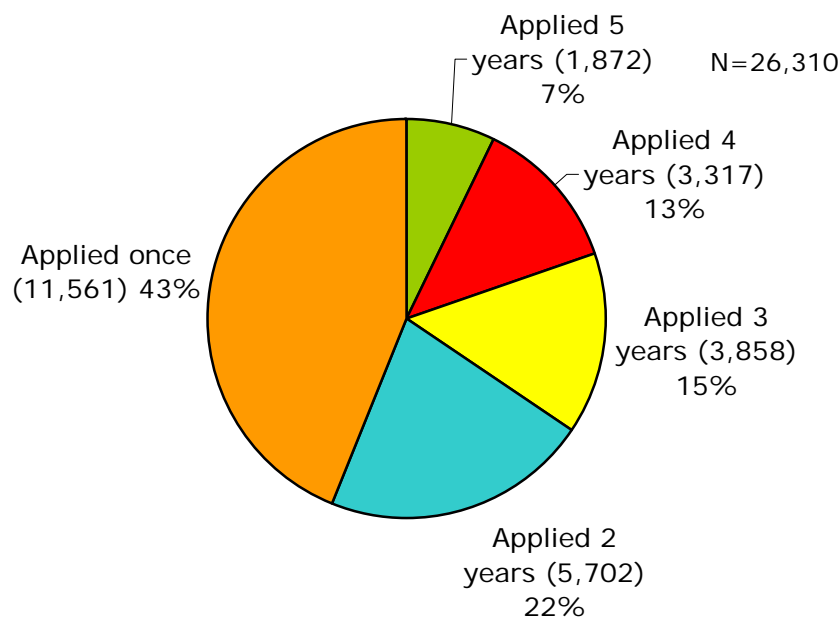
Exhibit 2



4. Application Rates & Geographic Distribution of Applicants

Since the WFC Program launched five years ago, a total of 26,310 individual families have applied to the WFC Program at least once. The largest proportion of these applicants (43.9%) have applied only once over the five years, while the next largest group (21.7%) has applied twice in five years. As shown in Exhibit 3 below, only 7.1% or 1,972 families applied in all five years. Without further analysis, it is not possible to determine the reason for the high percentage of one-time applicants or, conversely, the low percentage of repeat applicants who applied every year. However, a number of factors may have had an effect on these application patterns, such as the changing landscape of families living in San Francisco, often characterized as “family flight,” or the possibility of families “incoming off” of the Program.

Exhibit 3: Application Patterns - Number of Years Applied, by Unique Family



The WFC application is available from a wide variety of sources each tax season. Every application form includes a pre-printed source and language code, utilized for data collection and tracking purposes intended to understand and improve the effectiveness of outreach strategies. In 2007, the majority of eligible applicants accessed the WFC program at H&R Block offices (26%) or the WFC website (listed in Exhibit 4 as Internet – 28.6%). The “past applicant” source refers to the 16% of all repeat applicants who utilized the WFC application form provided to them as part of a direct mailing that reminded all previous year recipients to apply again for WFC and the federal EITC.

In 2008, the most notable change in the source code was the addition of Intuit-Turbo Tax (See Section 2: Program Changes in Year 4 & 5 for details) and the temporary omission of the Past Applicant code. Due to budget uncertainties, the 2008 marketing campaign did not include the “past applicant mailing” that provides a specially-coded application to all recipients from the previous year. A notable decrease occurred in the number and proportion of eligible applicants who applied to WFC by way of H&R Block, from 26% in down to approximately 9% the following year. In 2008, the new Turbo Tax-generated WFC

application yielded more than a quarter (26.3%) of all eligible applicants. The immediate success of this partnership has resulted in its continuation for the 2009 Tax Year.

Exhibit 4: Eligible Applicants By Source

	Tax Year 2007		Tax Year 2008	
	#	%	#	%
H&R Block	2,824	26%	192	3%
Free Tax Site	1,497	14%	982	14%
Other	1,686	16%	1,984	28%
Internet	3,105	29%	1,603	23%
Past Applicants	1,747	16%	--	--
Intuit – Turbo Tax	--	--	1,855	26%
H&R Block – Non-Client	--	--	433	6%
Total	10,859	100%	7,049	100%

Exhibit 5 below highlights the four targeted zip codes selected by the original WFC Program Principals Committee¹ in 2006. The proportion of applicants in 2007 from these geographic areas was nearly identical to that seen in the previous year, with a 1% increase in Ingleside/Excelsior and an equal decrease in Bayview/Hunters Point. In 2008, the proportion in the target zip codes remained fairly consistent again, with a marginal increase in the Mission (1%) and a marginal decrease in Bayview/Hunters Point (3%).

Exhibit 5: Eligible Applicants by Select Zip Codes

	Tax Year 2007		Tax Year 2008	
	#	%	#	%
Mission - 94110	599	6%	353	5%
Ingleside/Excelsior - 94112	1,812	17%	1198	17%
Bayview/Hunters Point - 94124	1,145	11%	550	8%
Visitacion Valley - 94134	1,410	13%	907	13%
Other	5,893	54%	4,041	57%
Total	10,859	100%	7,049	100%

The following two exhibits display the spread of eligible applicants by source code for the four original target zip codes. Aside from the changes in specific source codes and zip codes previously mentioned, perhaps most noteworthy is the Intuit source code's reach into all four select zip codes during its 2008 launch year. Interestingly, the distribution for the Past Applicant source code in 2007 appears to be almost identical to the distribution for the new Intuit-Turbo Tax source in the following year.

¹ The former WFC Principals Committee included representatives from the Human Services Agency, Mayor's Office of Community Development, Mayor's Office of Finance & Public Policy, Office of the Treasurer & Tax Collector, Department of Children, Youth, & Their Families, and San Francisco Works.

Exhibit 6: Tax Year 2007 Eligible Applicants by Select Zip and Source

Neighborhood	HRB		Free Tax Site		Other		Internet		Past Applicants		Total #
	#	%	#	%	#	%	#	%	#	%	
94110 - Mission	232	39%	105	18%	71	12%	84	14%	107	18%	599
94112- Ingelside/Excelsior	409	23%	238	13%	303	17%	564	31%	298	16%	1,812
94124 - BVHP	550	48%	98	9%	117	10%	228	20%	152	13%	1,145
94134 - Visitacion Valley	420	30%	185	13%	199	14%	394	28%	212	15%	1,410

Exhibit 7: Tax Year 2008 Eligible Applicants by Select Zip and Source

Neighborhood	HRB		Free Tax Site		Other		Internet		Intuit– Turbo Tax		HRB Non-Client		Total #
	#	%	#	%	#	%	#	%	#	%	#	%	
94110-Mission	19	9%	92	41%	55	25%	57	26%	107	48%	23	10%	223
94112- Ingelside/ Excelsior	26	3%	135	16%	395	47%	284	34%	295	35%	64	8%	838
94124 - BVHP	38	10%	71	19%	137	37%	123	33%	123	33%	58	16%	369
94134 - Visitacion Valley	26	4%	121	19%	261	41%	228	36%	224	35%	47	7%	635

As mentioned in Section 2 “Program Changes in Year 4 & 5,” the WFC Program conducted a two-year pilot beginning in 2007 offering the \$100 Credit in the form of a U.S. Savings bond. The savings bond option for WFC was limited to tax clients at Free Tax preparation sites and H&R Block as an alternative to the standard choices of paper check or direct deposit to a checking or savings account. Exhibit 8 shows the distribution of the form of credit selected by all applicants and specifically by eligible applicants for the last two years of the Program. Consistent with the patterns seen in previous years, nearly *all* eligible applicants – and applicants in general – opted for a paper check. While this number may be slightly inflated due to modifications made in the system database to handle invalid account numbers provided by applicants who requested direct deposit but were paid by paper check, these changes were too minimal to have a significant effect on the final percentages shown below. With the savings bond yielding less than half a percentage point (0.2%) of all applicants in its first year and only 0.01% in the second year it was offered, members of the WFC Marketing sub-committee recommended the Program discontinue administering the savings bonds pilot. The consistently low take-up of direct deposit among WFC applicants, at less than three percent each year, has influenced the program design for Tax Year 2009; for the 2009 season currently underway, the Program aims to incentivize the use of direct deposit and mainstream financial institutions by offering a larger Credit amount of \$125 to eligible WFC applicants selecting direct deposit, while applicants selecting a paper check will only receive \$50.

Exhibit 8: Form of Credit Selected by Applicants in 2007 & 2008

Form of Credit	Tax Year 2007				Tax Year 2008			
	All Applicants		Eligible Applicants		All Applicants		Eligible Applicants	
	#	%	#	%	#	%	#	%
Direct Deposit - Checking	208	2%	171	2%	200	3%	178	3%
Direct Deposit - Saving	9	0.1%	5	0.1%	7	0.1%	7	0.1%
Check	12,436	98%	10,656	98%	7,628	97%	6,860	97%
Saving Bond	29	0.2%	27	0.2%	2	0.03%	1	0.01%
Total	12,653		10,859		7,837		7,046	

5. WFC Applicants' Participation in SF-HSA Programs

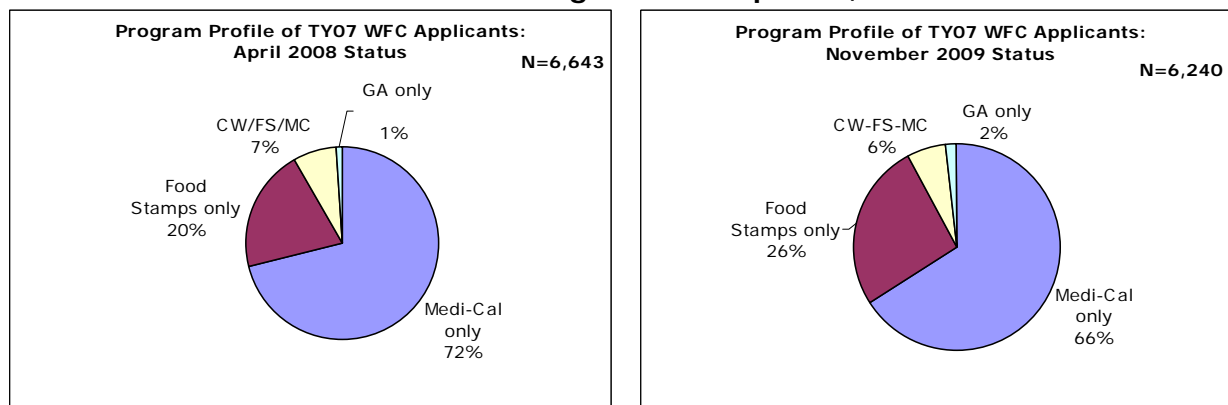
There is significant overlap between the clients in the WFC Program and SF-HSA's benefit programs. According to CalWIN administrative data, more than half (52%) of all Tax Year 2007 WFC applicants were enrolled in one or more of SF-HSA's programs during the time of application to the WFC Program, while just less than half (49%) were enrolled in one or more of these programs at about a year and a half later. At both points in time, the largest portion of WFC applicants in other SF-HSA programs was on Medi-Cal only (37% and 32%). The next largest group was WFC applicants receiving Food Stamps but who are not eligible for CalWORKs (11% and 13%). The pie charts in Exhibit 10 show the distribution of program participation as a percentage of applicants participating in other SF-HSA programs. The changes seen at 19 months, particularly the decrease in the number of WFC applicants in the CalWORKs/Food Stamps/Medi-Cal group may be attributed to the fact that many CalWORKs participants have been hired under the JOBS NOW! Program and some of those people may have discontinued from CalWORKs.

Exhibit 9: Tax Year 2007 Applicants: Snapshot of Program Participation during time of application and 19 months later

	April 2008		November 2009	
	#	%	#	%
Total WFC applicants	12,682			
Applicants who are on Medi-Cal alone (MC)	4,732	37%	4,108	32%
Applicants who are on Food Stamps alone (FS)	1,354	11%	1,650	13%
Applicants who are on CalWORKs* (CW)	506	4%	393	3%
Applicants who are on CW-FS-MC	491	4%	386	3%
Applicants who are on General Assistance (GA)	66	1%	96	1%
Total Program Participation	6,643	52%	6,240	49%

*This category is not mutually exclusive with the others listed in table.

Exhibit 10: Distribution of SF-HSA Program Participation, TY2007

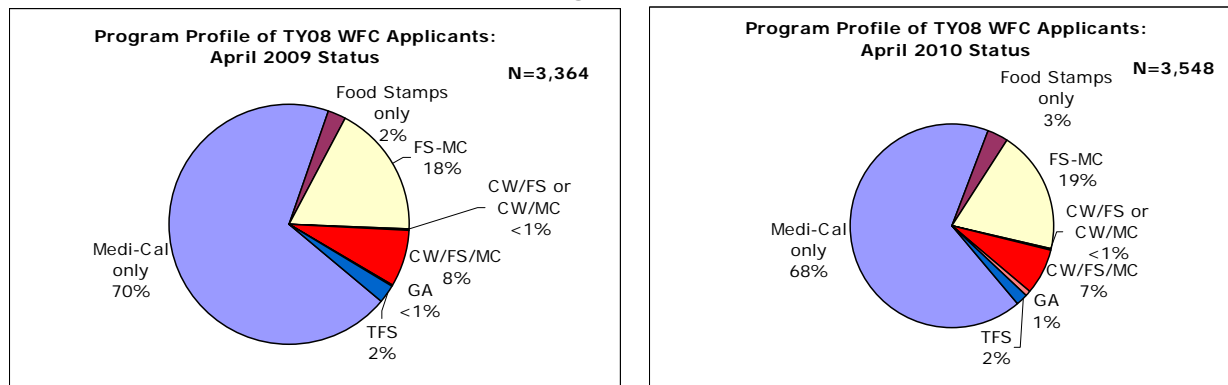


As shown in Exhibit 11, a slightly smaller percentage (43%) of 2008 applicants were enrolled in one or more of SF-HSA's programs at the time they applied to the WFC Program as compared to the previous year's applicants. At one year later, in April 2010, this percentage had increased slightly to 45% of all applicants. Similar to the previous year's applicants, the most commonly utilized SF-HSA program at both points in time was Medi-Cal, at a steady 30%. The next most common SF-HSA program participation profiles were those enrolled in both Food Stamps and Medi-Cal (8% and 9% at one year later) and CalWORKs/Food Stamps/Medi-Cal at a steady 3% in both April 2009 and 2010.

Exhibit 11: Tax Year 2008 Applicants: Snapshot of Program Participation during time of application and 12 months later

	April 2009		April 2010	
	#	%	#	%
Total WFC applicants	7,837			
Applicants who are on Medi-Cal alone (MC)	2,324	30%	2,375	30%
Applicants who are on Food Stamps alone (FS)	83	1%	123	2%
Applicants who are on FS-MC	598	8%	690	9%
Applicants who are on CalWORKs-FS or CalWORKs-MC	10	0%	6	0%
Applicants who are on CW-FS-MC	253	3%	259	3%
Applicants who are on General Assistance (GA)	14	0%	27	0%
Applicants who are on Transitional Food Stamps	82	1%	68	1%
Total Program Participation	3,364	43%	3,548	45%

Exhibit 12: Distribution of SF-HSA Program Participation, TY2008



SF-HSA has also conducted targeted direct mail campaigns each year to meet the goal of increasing benefit enrollment among WFC applicants. Each summer and fall following the tax season, SF-HSA runs a data match between the proprietary WFC database and the CalWIN system to develop a targeted list of families who are accessing the Working Families Credit but who are not enrolled in CalWORKs and are not active on Food Stamps and/or Medi-Cal. The list excludes any WFC applicants who opted out of receiving additional information from the City about other programs for working families.

The SF-HSA outreach postcards for 2007 applicants provided families with information on how to contact Food Stamps and Medi-Cal. This postcard was produced in SF-HSA's five threshold languages and was mailed to the 8,048 WFC households who met the match criteria.

The SF-HSA outreach postcard for 2008 applicants was mailed to 2,967 WFC applicants and included the new online application portal for Food Stamps (www.BenefitsSF.org), the Jobs Now! hotline for subsidized employment opportunities, as well as the locations of the six San Francisco Career Link centers.

A CalWIN data analysis of the 2007 and 2008 WFC applicants who were included in the postcard mailings revealed the following total numbers of Food Stamps, Medi-Cal and CalWORKs cases newly activated within a 3.5 month period following each mailing. As shown in Exhibit 13 below, more than 600 new cases were activated in Food Stamps and Medi-Cal within this period for 2007 applicants. From among 2008 WFC applicants included in the direct mailing, a CalWIN analysis identified 67 newly activated cases in Food Stamps and Medi-Cal. While it is not possible to show a direct correlation between these outreach efforts and the new enrollments in SF-HSA programs, these statistics suggest the effectiveness of these outreach efforts to raise awareness of and increase access to these programs among WFC families.

Exhibit 13: Outreach to WFC Families

	TY 2007		TY 2008	
	Oct 08		Oct 09	
	#	%	#	%
Post Cards sent	8,048		2,967	
Enrollment in Medi-Cal	451	5.6%	25	0.8%
Enrollment in Food Stamps	188	2.3%	42	1.4%
Enrollment in CalWORKs	77	1.0%	7	0.2%

Note: Enrollment within 3.5 months after mailing

6. WFC Take-Up Rate

The WFC take-up rate is defined as the ratio of WFC applicants in a given zip code to EITC recipients in San Francisco with qualifying children in that same zip code.

As mentioned in the previous report, a more representative measure would be one that uses the number of all-EITC *eligible* families with qualifying children residing in a specific zip code, regardless of whether the family actually filed taxes. Until the current 2010 census data is published and we have a recent snapshot of EITC-eligible families with children living in the City, we are limited to using the number of EITC recipients with qualifying children as a proxy. The current denominator likely inflates the WFC take-up rate somewhat, since it does not capture “non-filer” families that would be EITC-eligible if they had filed.

Below are highlights from the comparison of take-up rates across the last two years of the WFC Program.

- ❖ The highest take-up rate for 2007 and 2008 were consistently seen in Chinatown (90.2% in TY07 and 86.1% in TY08) and North Beach (86.1% in TY07 and 52.4% in TY08).
- ❖ The lowest take-up rates for 2007 included West Portal (36%), the Mission (38.2%), Glen Park (42.3%), and Lake Merced (46.2%). For 2008, the Mission again showed the lowest take-up rate (20.9%) and Potrero Hill showed the second lowest rate (21.3%). Nearly all zip codes besides North Beach and Chinatown fell in to the “low” or “very low” take-up rate category.
- ❖ For 2007, three of the four target neighborhoods showed a medium or high take-up rate, with the exception of the Mission, which fell in to the “very low” take-up rate category. Reflective of the overall trend in 2008, all four target neighborhoods displayed a very low take-up rate.

As seen in Exhibit 14, take-up rates in select zip codes increased consistently over the first three years of the WFC Program but dipped slightly in the fourth year (Tax Year 2007) and fell significantly in the fifth year (Tax Year 2008). As previously noted, take-up was low across the board in 2008 with the exception of North Beach and Chinatown, likely due to the delayed marketing campaign and subsequent misunderstanding among WFC’s target population regarding the status of the program. Low take-up rates are to be expected for 2008 given the overall decrease in the number of WFC applications from the previous year.

Exhibit 14

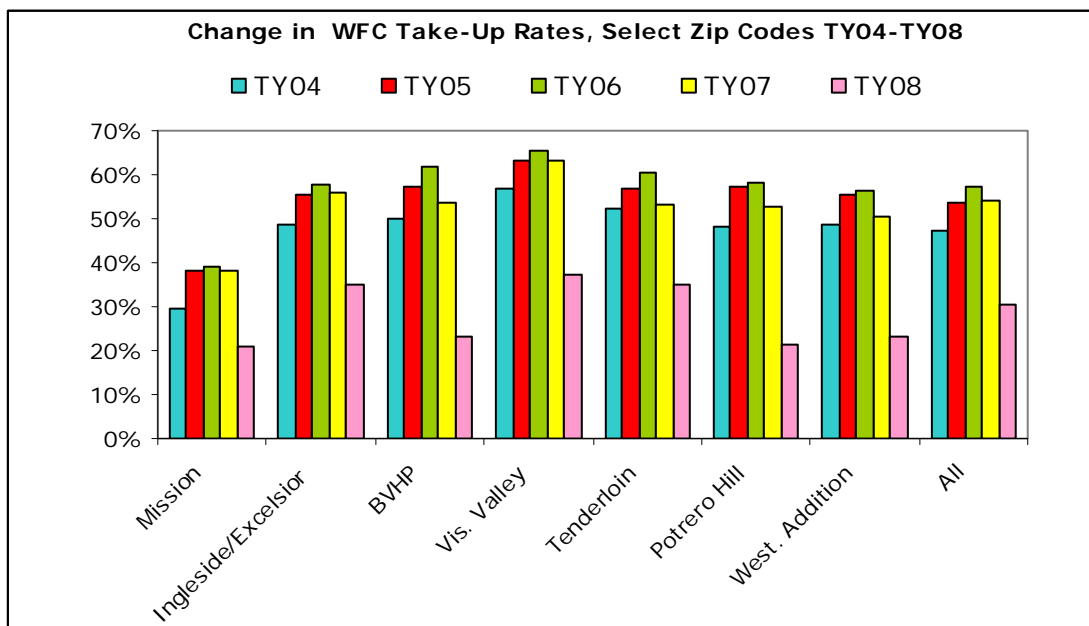


Exhibit 15: Citywide EITC Claims & WFC Take-Up Rate

	# of EITC claims filed	# of EITC claims approved	Amount	Variation		WFC Take-up Rate ²
	#	#	\$	#	%	%
TY 2002	35,966	35,066	\$43,610,055			-
TY 2003	37,066	36,345	\$45,674,221	2,064,166	4.7%	-
TY 2004	38,238	37,670	\$48,430,073	2,755,852	6.0%	51.7%
TY 2005	38,288	37,743	\$50,965,684	2,535,611	5.2%	58.3%
TY 2006	38,308	37,838	\$53,095,976	2,130,292	4.2%	60.3%
TY 2007	40,133	39,579	\$56,446,662	3,350,686	6.3%	58.4%
TY 2008	40,817	40,408	\$59,835,784	3,389,122	6.0%	35.8%

For the past five years since the WFC Program began, the total amount of EITC dollars grossed by the City has risen steadily each year, with the largest increase (6.3%) occurring in 2007. The next largest increase occurred in 2008 and 2004, with a 6% increase each year. Reflective of the take-up rate trends for select zip codes discussed previously, the overall WFC take-up rate, not surprisingly, showed the same pattern of a slight decrease in 2007 – of two percentage points -- and a more significant drop by more than twenty-two percentage points in 2008.

7. SURVEY FINDINGS

The WFC application form continued to include an optional one-page survey in both 2007 and 2008. The purpose of this survey was for the City to better understand the characteristics and needs of the low-income families applying to the program in order to

²WFC take-up rate is defined as the ratio of WFC applicants to EITC beneficiaries in San Francisco with qualifying children.

better target services through existing or future programs. The survey is voluntary and does not affect the respondent's eligibility status for the local credit. The 2007 survey yielded a **22%** response rate (2,803 respondents out of 12,682 total applicants), down slightly from 27% in the previous year, while the 2008 survey yielded a much lower response rate of **14%** (1,103 respondents out of 7,837 total applicants). Please see the graphs and tables in Appendix A for more details on survey results.

The survey collected information on applicant families such as family size, ethnicity, language, income level, educational attainment, employment status, and financial practices. In addition, the survey seeks to better understand which particular outreach and marketing strategies may be more useful in attracting new families to apply for the program, as well as learning about how applicants file their taxes (e.g. used a paid tax preparer, free tax site, help from a friend, self-prepared). Lastly, the survey enables the City to ask targeted questions about other potentially useful services, for referral purposes, and to collect data to determine the appropriateness or feasibility of special offers being considered for WFC families.

Consistent with the Tax Year 2006 survey, applicants identifying as Chinese continued to be the largest ethnic group among survey respondents in both Tax Year 2007 and Tax Year 2008, at 33% and 37% respectively. African Americans made up the next largest group of respondents in 2007 (22%) and a close third in 2008 (17%), just after Hispanic/Latino at 19% of 2008 respondents. The majority of survey respondents in both years reported having only one child living in the house (45% in 2007 versus 47% in 2008), with the next largest category reporting two children (34% and 32%, respectively). These responses follow a very similar trend to 2006.

Survey respondents most commonly reported their highest educational attainment as High School or GED (33% in 2007, 35% in 2008). In both years, more than a quarter of respondents reported that they had less than a high school diploma (28% in 2007, 26.7% in 2008). In 2007, 21.4% of respondents stated that they had completed some college; similarly, 19.6% of 2008 respondents had completed some college.

Nearly a quarter of respondents in 2007 self-reported their average household income over the last 3 months as \$1,100-\$1,500 per month, followed by those that earned less than \$1,100 per month (22%). Only 6% of respondents indicated a monthly income of \$3,001 or more. The 2008 survey respondents' self-reported household income was similarly distributed; the largest percentage (29%) reported earnings of less than \$1,100 per month, followed by 25% that reported earning between \$1,100-\$1,500. Only 4% indicated earnings above \$3,100 monthly, which equates to just over \$37,000 annual income. **By point of comparison, eligible applicants in Tax Year 2008 earned an average adjusted gross income of \$19,647, according to IRS tax transcript data.**³ Both self-reported income figures among survey respondents and IRS-reported income figures indicate that many WFC applicants are living in poverty, especially when considering the extremely high cost of living for San Francisco families with children. **At least a fifth of all respondents reported income that fell below the 2007 Federal Poverty Line, based on a household consisting of one adult and one child.**⁴ **Approximately 12% of 2008 respondents reported incomes below the 2008 Federal Poverty Line, based on a household with two adults and one child.**⁵ Nonetheless, nearly all respondents were employed to some extent at the time of the survey; a minimum of seventy to eighty percent

³ Average adjusted gross income is based on a total of 7,036 eligible applicants in Tax Year 2008. Eleven eligible applicants were omitted from the pool due to data entry errors.

⁴ Income ranges utilized in the survey do not perfectly correspond with the FPL; it is possible that up to 48% of survey respondents' self-reported income for the past 3 months were under the Federal Poverty Level depending on where they fell in the given range. FPL threshold in 2007 for 1 adult/1 child household was \$14,291/year, or \$1,191/month.

⁵ FPL threshold in 2008 for 2 adult/1 child household was \$17,330/year, or \$1,444/month.

of survey respondents in both 2007 and 2008 indicated that they were currently employed, and an additional 3-7% percent of respondents specified that both they and their spouse/partner were currently employed.

Approximately 72% percent of all 2007 respondents and 79% of 2008 respondents were considered "banked," meaning they reported having a checking account, and in some cases, a savings account and/or debit card in addition. While a mere five respondents in 2007 with checking accounts indicated that they had also utilized a check casher in the last 3 months, as much as 7% of all 2008 survey respondents displayed this combination of mainstream and non-mainstream financial practices. This inconsistent financial behavior among WFC families suggests the ongoing need for culturally competent financial education that can address stigmas and other barriers that may be culturally-based.

As in past years, survey respondents in 2007 and 2008 indicated that a varied marketing campaign was useful to some extent, however **tax preparers** were the most successful outreach avenue noted in both years, at 37% and 46%. As in past years, word of mouth through family and friends proved useful in both years (12% in 2007 and 13% in 2008), along with newspaper press in 2008 (19%).

A sizeable portion (22%) of 2007 respondents had learned about the WFC Program by having claimed it in the previous tax season. More than half (56%) and just under half (42%) of all respondents had their taxes prepared by paid commercial tax preparers, while 25% in 2007 and 45% in 2008 made use of free tax preparation sites or the IRS. The increase in the percentage of respondents using free tax sites or IRS seems primarily to be a reflection of these WFC applicants being more likely to complete a survey than others, since application source data shows a nearly identical percentage (approximately 14%) of applicants accessing the program through free tax sites in 2007 and 2008 (See Section 3, Exhibit 4.)

8. PROGRAM OUTCOMES

The table below outlines broad goals for the WFC for 2007 and 2008, based on identical goal areas included in the original goal framework established by former WFC Principals Committee in 2006. Some of the specified targets may need to be modified further for future program evaluations to better align with available data and the changing nature of the program.

Exhibit 16: Working Families Credit Program Outcomes

Goal Area	Sub-Area	Target	TY2007 Status	TY2008 Status
Goal 1: Draw down of federal & state monies	Food Stamps & Health Insurance	Communicate with 100% of WFC families potentially eligible but not receiving benefits	Met	Met
	Food Stamps & Health Insurance	Increase enrollment of WFC families eligible for but not receiving Food Stamps	Met <ul style="list-style-type: none"> • 188 new Food Stamps enrollments within 3.5 months of outreach mailing 	Met <ul style="list-style-type: none"> • 42 new Food Stamps enrollments within 3.5 months of outreach mailing
	Food Stamps & Health Insurance	Increase enrollment of WFC families eligible for but not currently receiving public health insurance (Medi-Cal, Health Kids & Young Adults, Healthy Families)	Met <ul style="list-style-type: none"> • 451 new Medi-Cal enrollments within 3.5 months of outreach mailing 	Met <ul style="list-style-type: none"> • 25 new Medi-Cal enrollments within 3.5 months of outreach mailing
	Tax Credits ⁶	Increase number of working families in SF claiming tax credits (including but not limited to EITC) by 10%	Met <ul style="list-style-type: none"> • 5% increase in EITC claims • 2% increase in Child Tax Credit claims • 1% increase in Additional Child Tax Credit claims 	Met <ul style="list-style-type: none"> • 2% increase in EITC claims⁷ • Child Tax Credit & Additional Child Tax Credit claims – Data not yet available
Goal 2: Helping San Francisco families keep more of what they earn	Increase Revenue	Increase WFC application rate	Not met	Not met
	Increase Revenue	Increase uptake in target neighborhoods	Not met	Not met
	Reduce Expenses	Increase % of WFC applicants that file taxes at free tax sites	Met <ul style="list-style-type: none"> • Increased 3.8 percentage points from previous year) 	Not met
	Reduce Expenses	Increase # of discounts/free services offered to WFC families	Not met	Met <ul style="list-style-type: none"> • City CarShare discount
	Build Assets	Increase % of applicants using checking/savings/bond option for \$100 Working Families credit	Not met	Not met
	Build Assets	Increase # of free tax sites with Bank on SF representation during tax season	Data not available for TY06 <ul style="list-style-type: none"> • At least 19 sites reported bank partners for TY07 	Met <ul style="list-style-type: none"> • At least 33 sites reported bank partners

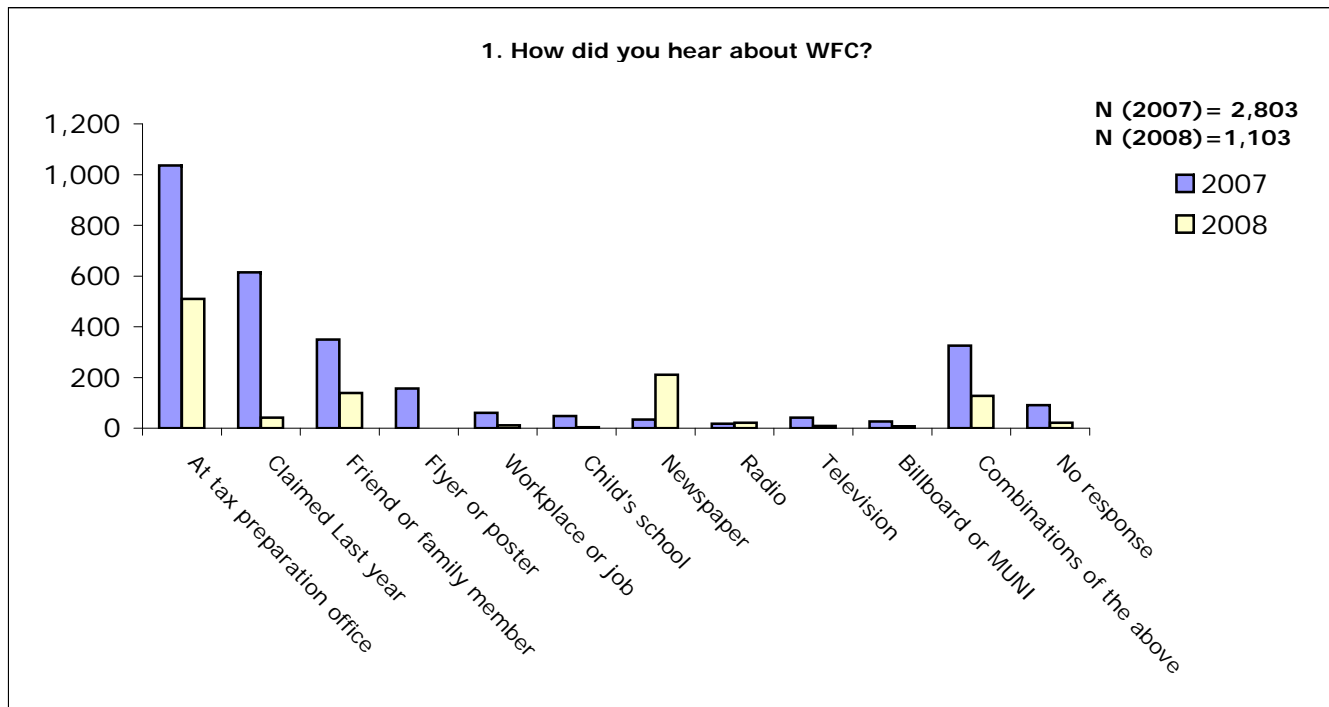
⁶ See Appendix B for more detail on changes in tax credit claims in Tax Year 2007.

⁷ Based on EITC claims processed January through June 2009.

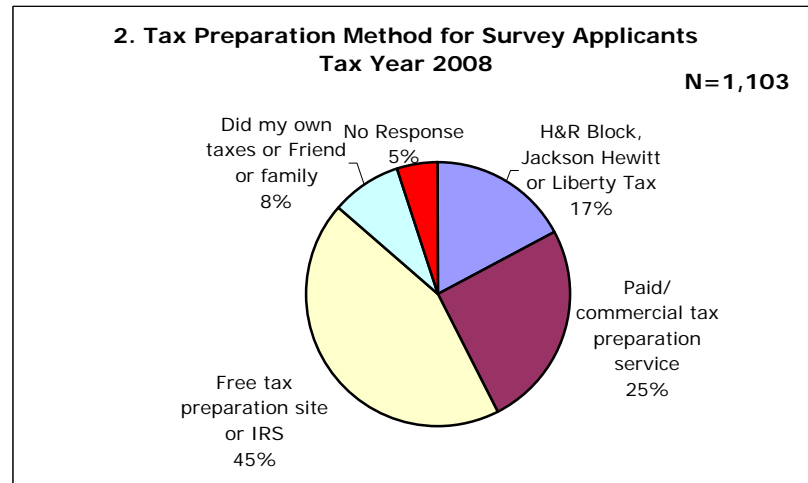
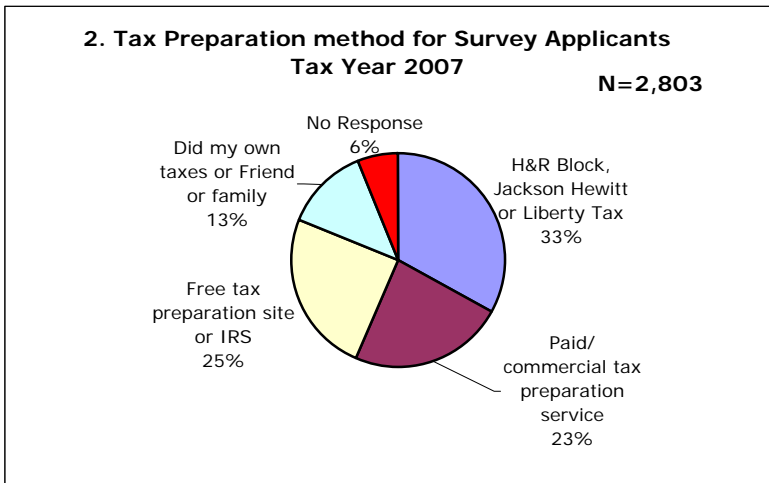
9. CONCLUSION

Since the WFC Program began, the total amount of EITC dollars grossed by the City has risen steadily each year, with the largest increase (6.3%) occurring in 2007. The next largest increase occurred in 2008 and 2004, with a 6% increase each year. Reflective of the take-up rate trends for select zip codes discussed previously, the overall WFC take-up rate, not surprisingly, showed the same pattern of a slight decrease in 2007 – of two percentage points -- and a more significant drop of more than twenty-two percentage points in 2008. Future analysis of tax filing behaviors among first-time Working Families Credit applicants as compared to past applicants who have stopped participating in the program may provide useful insights for better understanding the long-term impact of the Working Families Credit Program, specifically in terms of Earned Income Tax Credit claims.

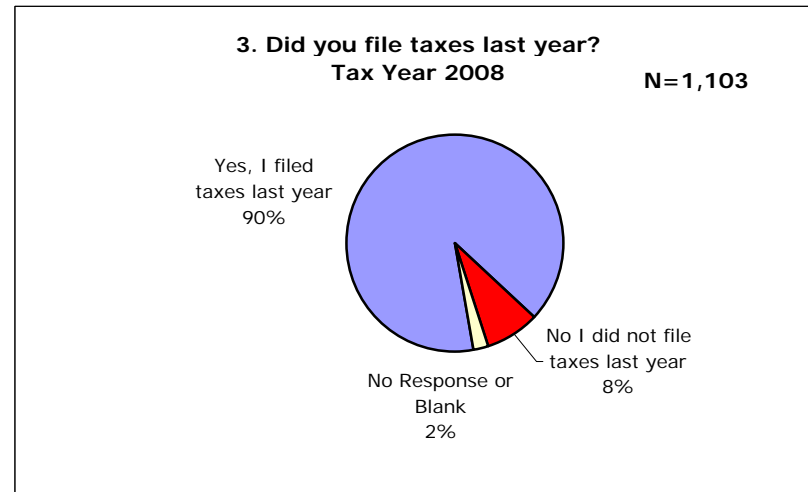
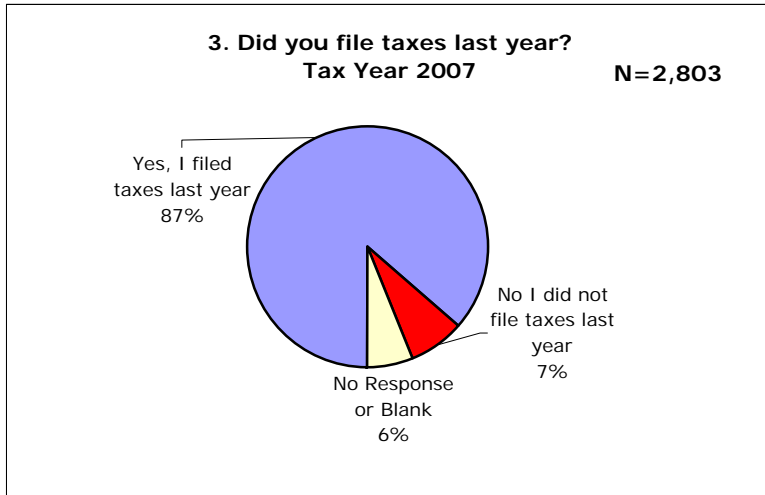
Appendix A: WFC Survey Data Tax Years 2007 and 2008



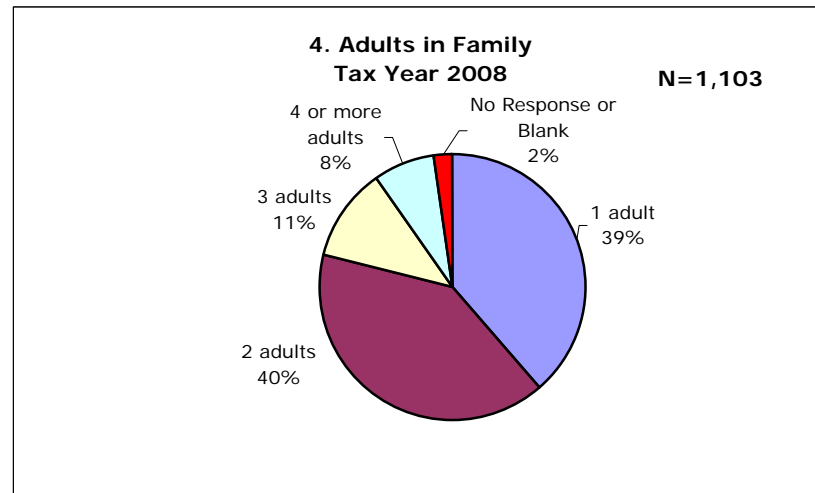
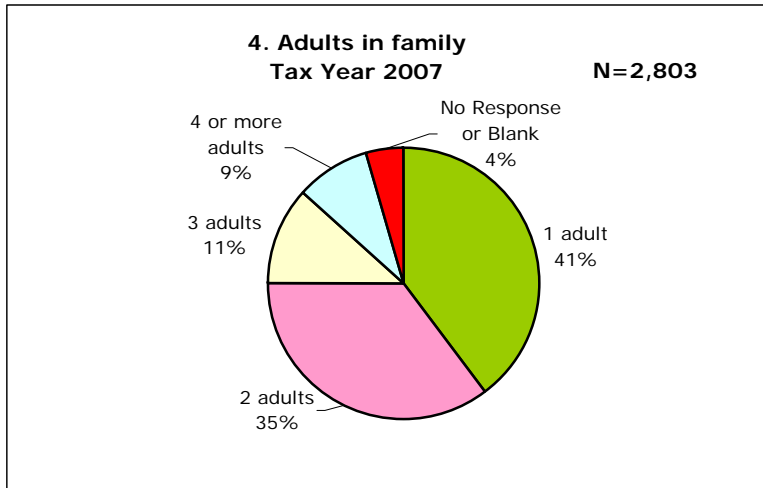
Appendix A: WFC Survey Data Tax Years 2007 and 2008



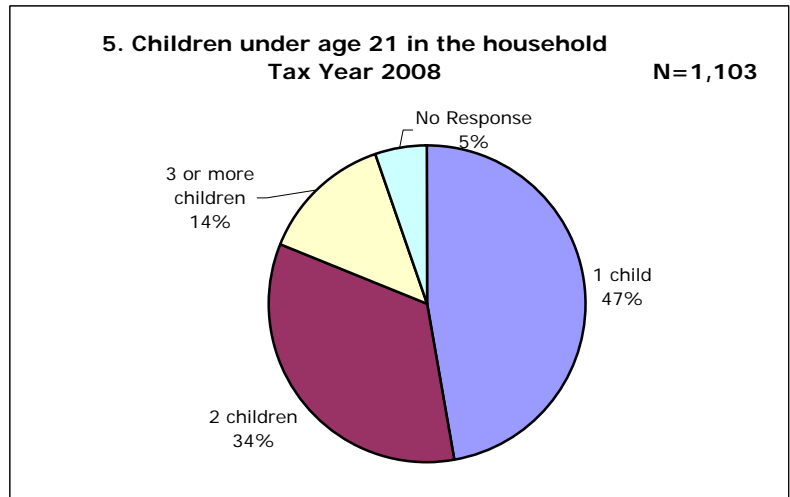
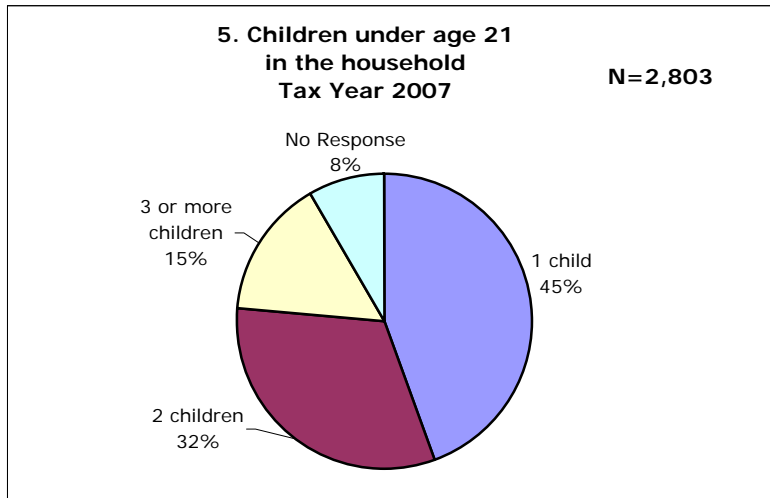
Appendix A: WFC Survey Data Tax Years 2007 and 2008



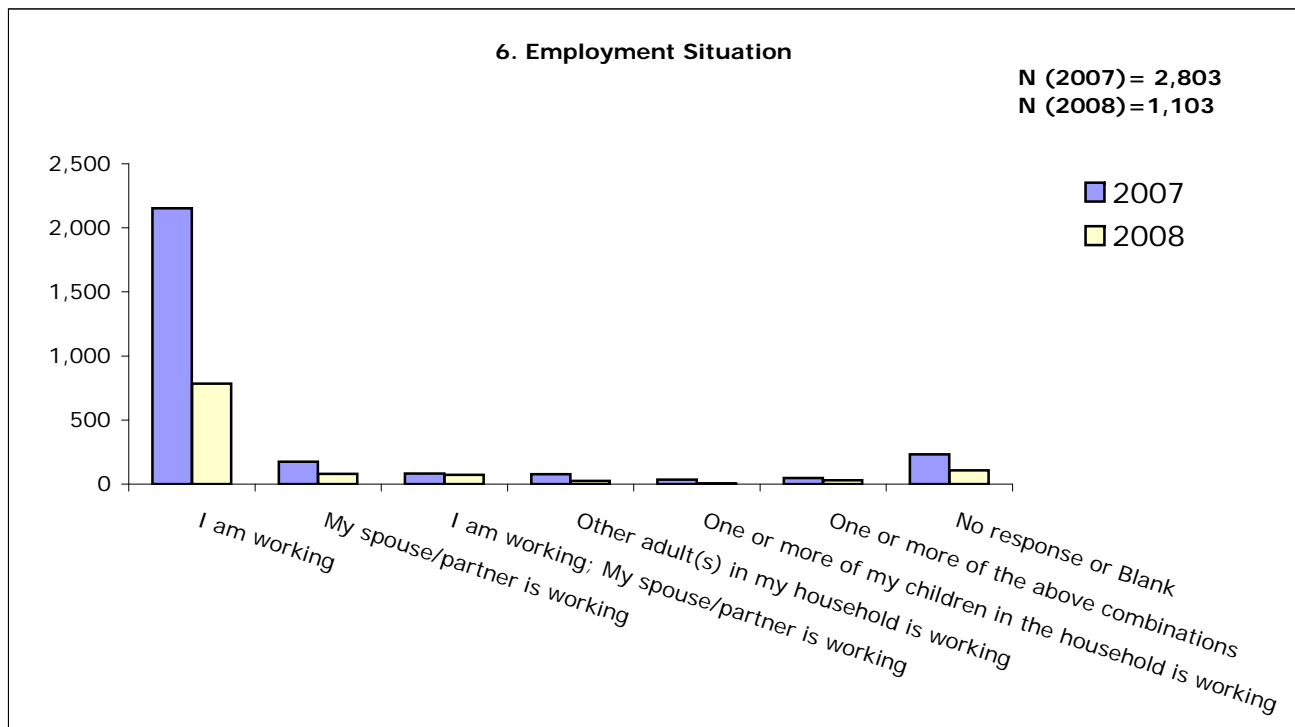
Appendix A: WFC Survey Data Tax Years 2007 and 2008



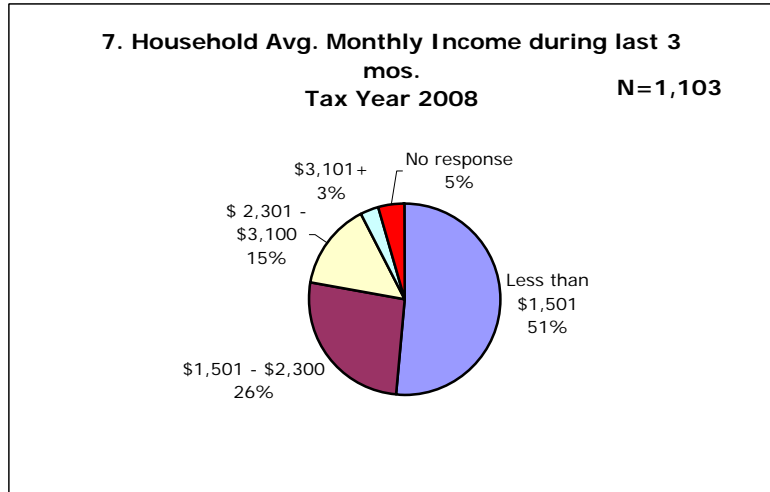
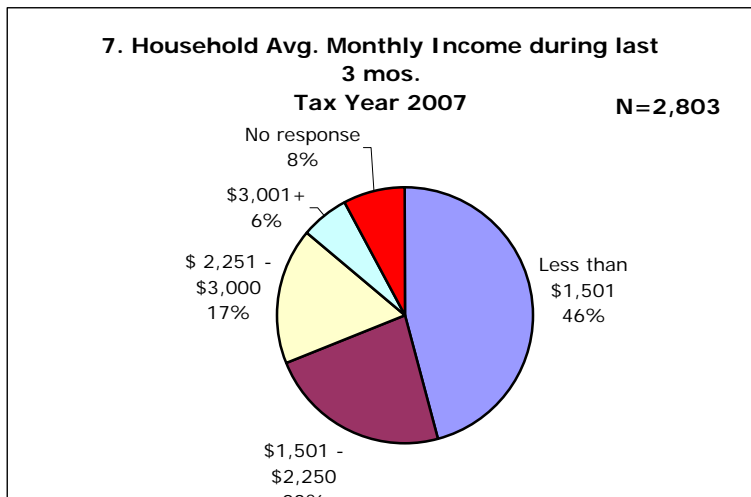
Appendix A: WFC Survey Data Tax Years 2007 and 2008



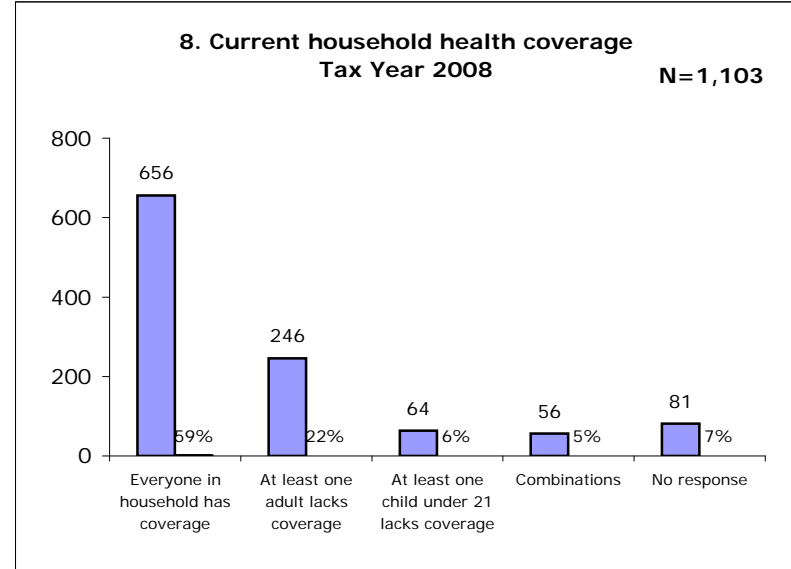
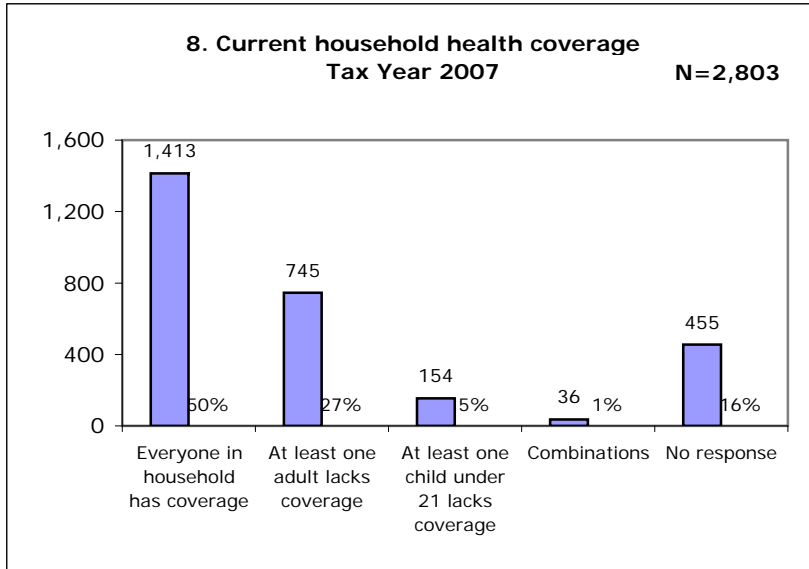
Appendix A: WFC Survey Data Tax Years 2007 and 2008



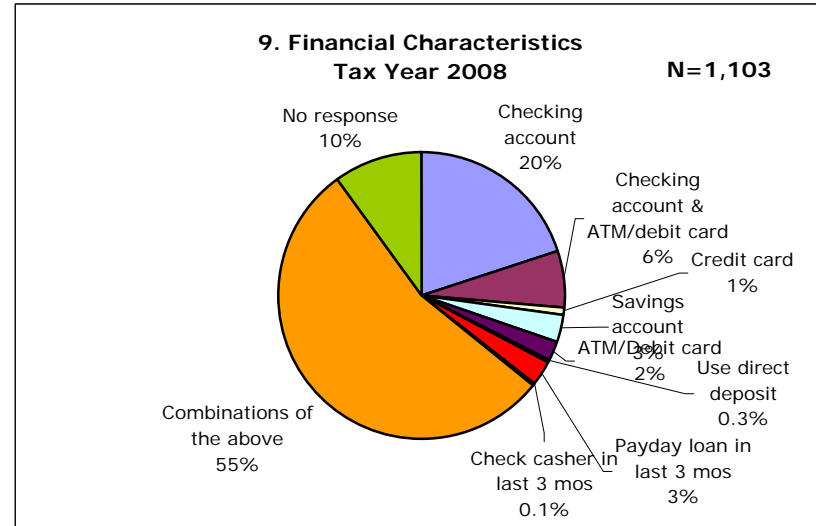
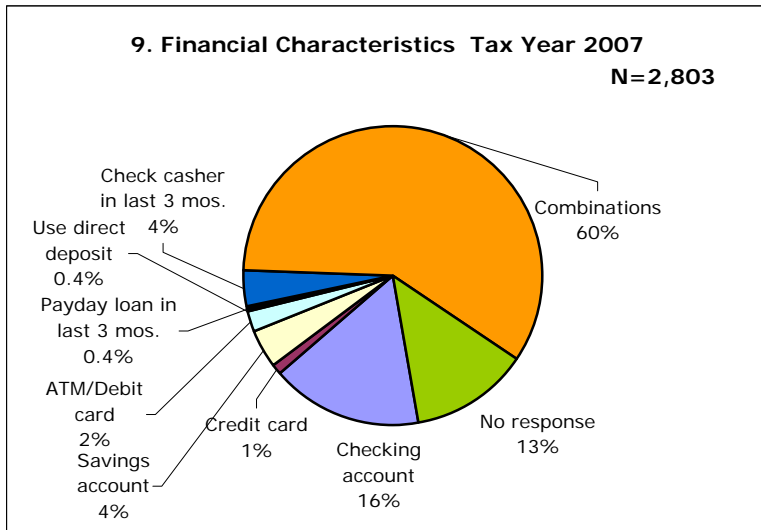
Appendix A: WFC Survey Data Tax Years 2007 and 2008



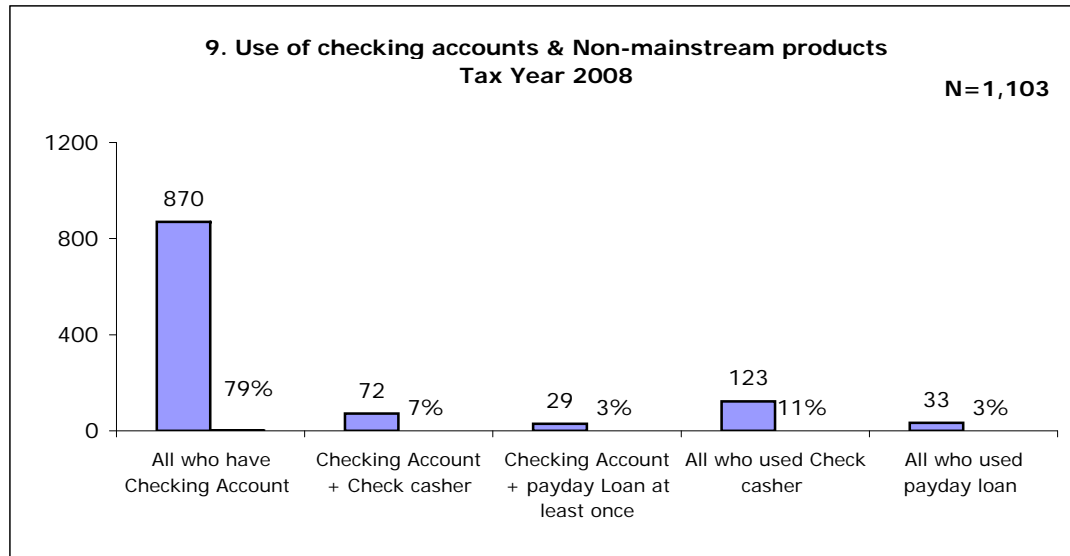
Appendix A: WFC Survey Data Tax Years 2007 and 2008



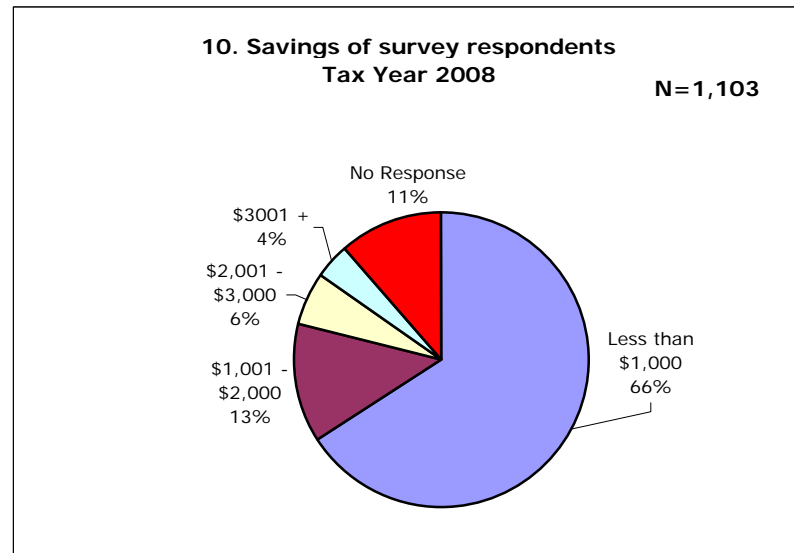
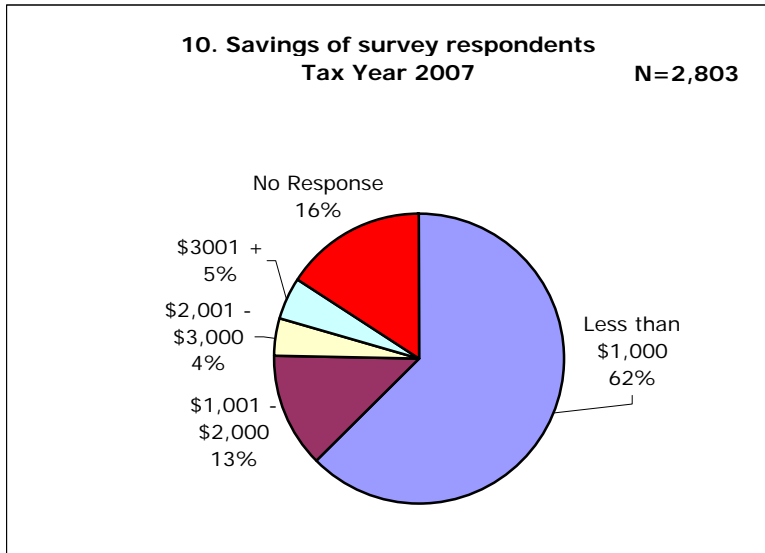
Appendix A: WFC Survey Data Tax Years 2007 and 2008



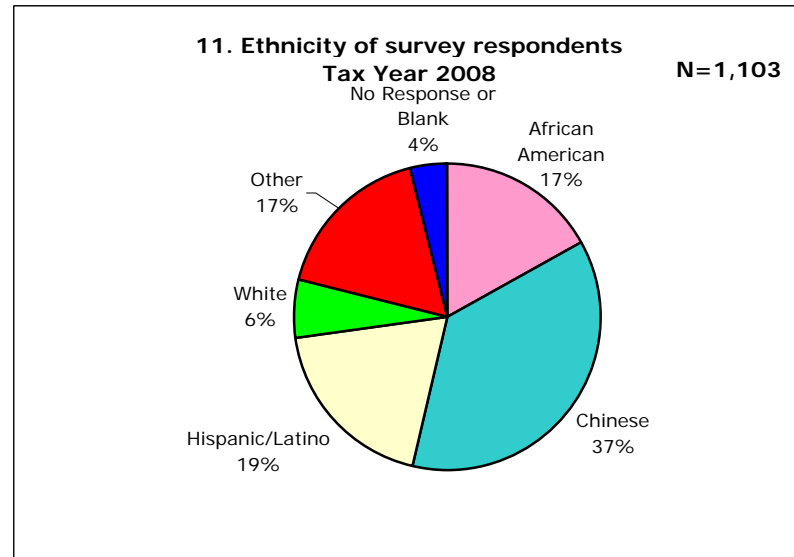
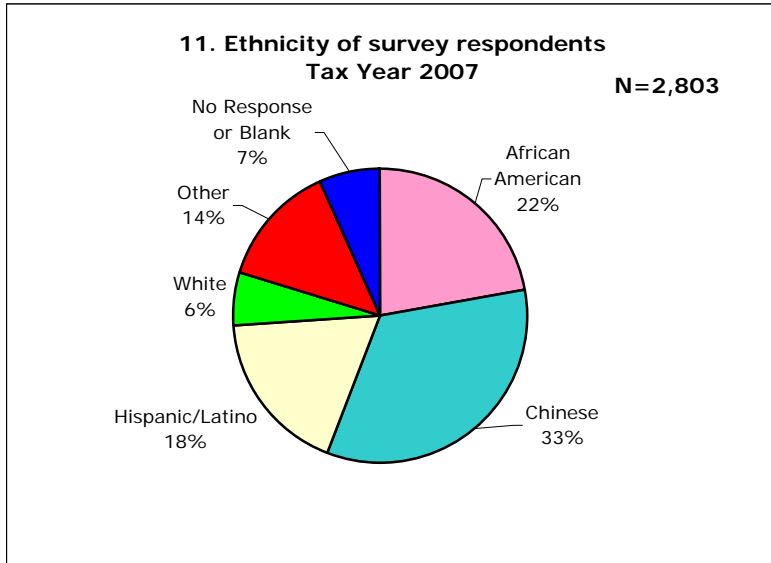
Appendix A: WFC Survey Data Tax Years 2007 and 2008



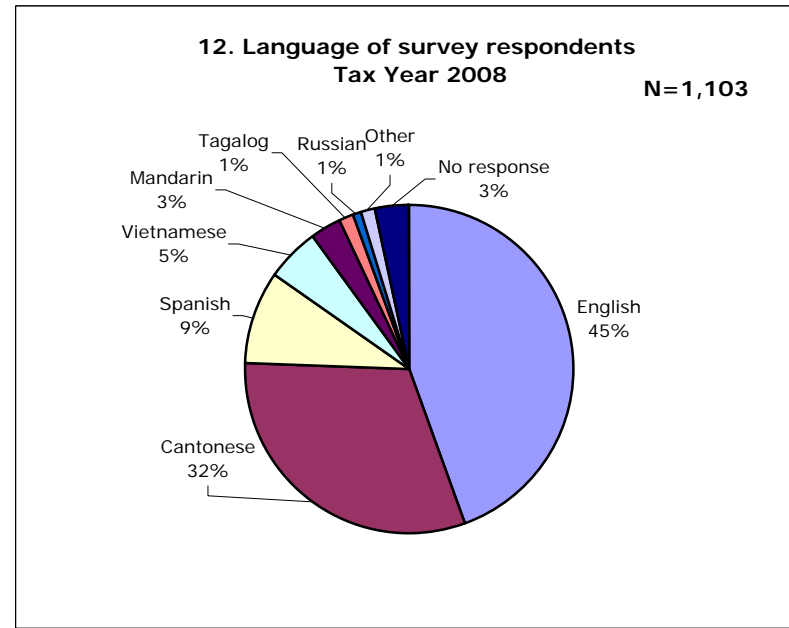
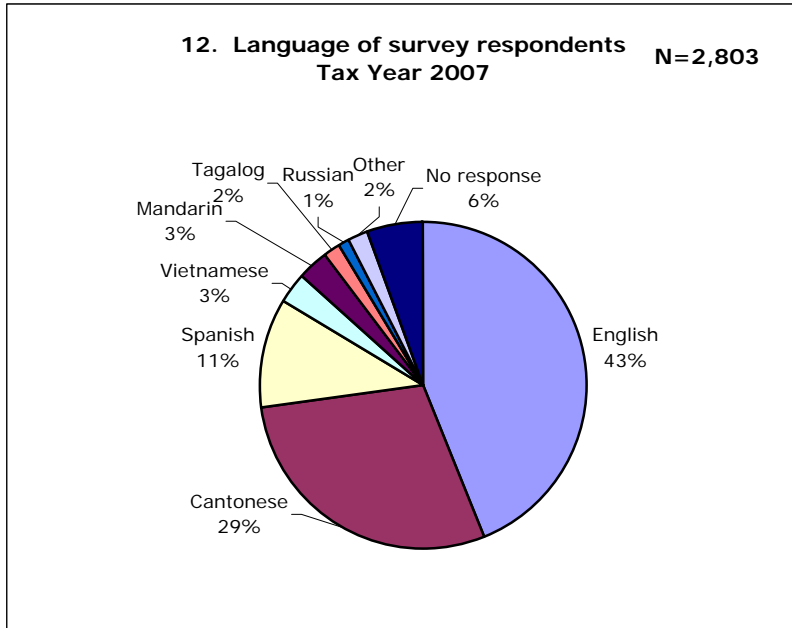
Appendix A: WFC Survey Data Tax Years 2007 and 2008



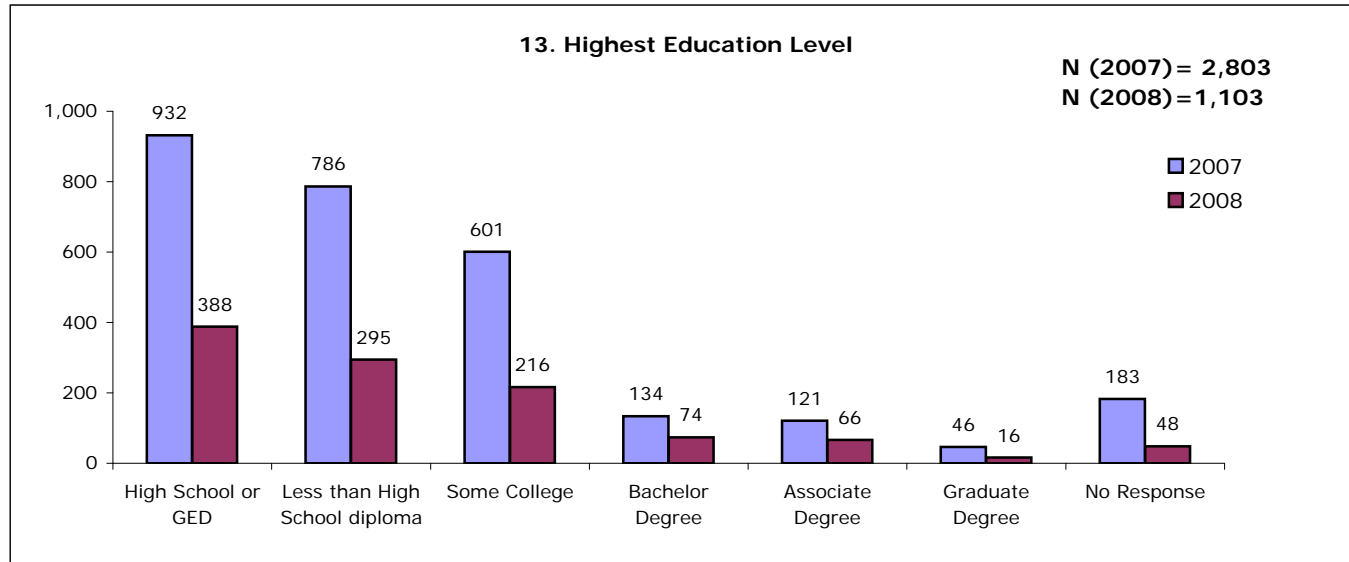
Appendix A: WFC Survey Data Tax Years 2007 and 2008



Appendix A: WFC Survey Data Tax Years 2007 and 2008



Appendix A: WFC Survey Data Tax Years 2007 and 2008



Appendix A: WFC Survey Data Tax Years 2007 and 2008

14. Which of the following would you like more information from the City?

	Tax Year 2007	
	#	%
Free or affordable health coverage	1,069	38%
Food assistance	531	19%
Opening a low-cost checking account and/or financial education	234	8%
Combinations	215	8%
No response	742	26%
Grand Total	2,803	

14. Do you own a car?

	Tax Year 2008	
	#	%
Yes	558	51%
No	482	44%
No response or blank	63	6%
Grand Total	1,103	

Appendix B: EITC Claims & WFC Take-Up Rates by Zip Codes

Table 1: EITC & WFC Claimants by Zip, 2006-08

		WFC Applicants			All EITC Clients	EITC Clients with Children		All EITC Clients	EITC Clients with Children		All EITC Clients	EITC Clients with Children	
		2006	2007	2008	2006	2006		2007	2007		2008	2008	
		#	#	#	#	#	%	#	#	%	#	#	%
Neighborhood	Zip												
Tenderloin	94102	441	406	275	1,600	731	46%	1,755	763	43%	1,734	784	45%
SOMA-West	94103	323	349	213	1,308	643	49%	1,340	628	47%	1,324	633	48%
Potrero Hill	94107	264	228	88	776	452	58%	808	431	53%	782	413	53%
Chinatown	94108	499	506	334	1,061	567	53%	1,058	561	53%	1,122	597	53%
Civic Center	94109	536	531	379	1,933	765	40%	2,117	819	39%	2,030	833	41%
Mission	94110	738	728	406	3,530	1,894	54%	3,724	1,906	51%	3,732	1,939	52%
Ingleside/ Excelsior	94112	2,056	2,079	1,344	5,260	3,568	68%	5,706	3,726	65%	5,869	3,819	65%
Western Addition	94115	386	329	153	1,255	686	55%	1,286	652	51%	1,330	654	49%
Parkside	94116	670	643	483	1,851	1,080	58%	1,865	1,051	56%	2,041	1,119	55%
Haight	94117	134	118	67	1,146	290	25%	1,207	283	23%	1,231	291	24%
Richmond	94118	406	378	282	1,277	614	48%	1,306	605	46%	1,327	605	46%
Outer Richmond	94121	611	606	463	1,849	984	53%	1,854	974	53%	1,841	987	54%
Sunset	94122	751	824	547	2,406	1,202	50%	2,574	1,303	51%	2,581	1,245	48%
BayView/ Hunters Point	94124	1,572	1,415	630	3,209	2,543	79%	3,366	2,638	78%	3,486	2,718	78%
Mt. Davidson	94127	54	58	36	353	162	46%	368	161	44%	370	145	39%
Treasure Island	94130	67	71	35	181	122	67%	211	130	62%	198	139	70%
Glenn Park	94131	107	110	70	617	246	40%	615	260	42%	662	245	37%
Lake Merced	94132	341	282	197	1,095	633	58%	1,130	611	54%	1,184	637	54%
North Beach	94133	1,005	1,023	623	1,962	1,214	62%	2,035	1,188	58%	2,073	1,189	57%
Visitation Valley	94134	1,688	1,619	988	3,433	2,576	75%	3,461	2,569	74%	3,617	2,635	73%
Other		296	379	324	1,736	511	29%	1,793	449	25%	1,874	513	27%
All		12,945	12,682	7,937	37,838	21,483	57%	39,579	21,708	55%	40,408	22,140	55%

Appendix B: EITC Claims & WFC Take-Up Rates by Zip Codes

Table 2: EITC Claims & WFC Claimants, by Zip and No. of Children, 2007

Neighborhood	Zip	EITC Claims	EITC Amount	Returns Claiming One QC		Returns Claiming Two QC		WFC Applicants	WFC Take Up Rate	Take-up Group
		#	#	#	%	#	%	#	%	
Tenderloin	94102	1,755	\$2,038,858	435	24.8%	328	18.7%	406	53.2%	Medium
South of Market	94103	1,340	\$1,632,516	321	24.0%	307	22.9%	349	55.6%	Medium
Potrero Hill	94107	808	\$1,125,554	233	28.8%	198	24.5%	228	52.9%	Medium
Chinatown	94108	1,058	\$1,673,678	318	30.1%	243	23.0%	506	90.2%	High
Polk Gulch	94109	2,117	\$2,351,822	470	22.2%	349	16.5%	531	64.8%	High
Mission	94110	3,724	\$4,705,049	1,094	29.4%	812	21.8%	728	38.2%	Very Low
Ingelside/Excelsior	94112	5,706	\$9,265,561	1,989	34.9%	1,737	30.4%	2,079	55.8%	Medium
Western Addition	94115	1,286	\$1,679,991	360	28.0%	292	22.7%	329	50.5%	Medium
Parkside	94116	1,865	\$2,729,104	575	30.8%	476	25.5%	643	61.2%	High
Haight/Lower W. Addition	94117	1,207	\$839,615	184	15.2%	99	8.2%	118	41.7%	Low
Inner Richmond	94118	1,306	\$1,672,700	355	27.2%	250	19.1%	378	62.5%	High
Outer Richmond	94121	1,854	\$2,591,487	541	29.2%	433	23.4%	606	62.2%	High
Sunset	94122	2,574	\$3,461,394	740	28.7%	563	21.9%	824	63.2%	High
Bayview/Hunters Point	94124	3,366	\$6,476,718	1,240	36.8%	1,398	41.5%	1,415	53.6%	Medium
West Portal	94127	368	\$415,523	99	26.9%	62	16.8%	58	36.0%	Very Low
Treasure Island	94130	211	\$351,438	61	28.9%	69	32.7%	71	54.6%	Medium
Glen Park	94131	615	\$664,794	161	26.2%	99	16.1%	110	42.3%	Low
Lake Merced	94132	1,130	\$1,541,798	319	28.2%	292	25.8%	282	46.2%	low
North Beach	94133	2,035	\$3,393,165	608	29.9%	580	28.5%	1,023	86.1%	High
Visitation Valley	94134	3,461	\$6,386,305	1,290	37.3%	1,279	37.0%	1,619	63.0%	High
Other		1,793	\$1,449,592	282	15.7%	167	9.3%	379	84.4%	High
All		39,579	\$56,446,662	11,675		10,033		12,682	58.4%	Medium

Appendix B: EITC Claims & WFC Take-Up Rates by Zip Codes

Table 3: EITC Claims & WFC Claimants, by Zip and No. of Children, 2008

Neighborhood	Zip	EITC Claims	EITC Amount	Returns Claiming One QC		Returns Claiming Two QC		WFC Applicants	WFC Take Up Rate	Take-up Group
		#	#	#	%	#	%	#	%	
Tenderloin	94102	1,734	\$2,086,731	456	26.3%	328	18.9%	275	35.1%	Very Low
South of Market	94103	1,324	\$1,654,258	358	27.0%	275	20.8%	213	33.6%	Very Low
Potrero Hill	94107	782	\$1,108,262	230	29.4%	183	23.4%	88	21.3%	Very Low
Chinatown	94108	1,122	\$1,856,703	347	30.9%	250	22.3%	334	55.9%	Medium
Polk Gulch	94109	2,030	\$2,435,832	472	23.3%	361	17.8%	379	45.5%	Low
Mission	94110	3,732	\$4,968,631	1,100	29.5%	839	22.5%	406	20.9%	Very Low
Ingelside/Excelsior	94112	5,869	\$9,848,757	2,037	34.7%	1,782	30.4%	1,344	35.2%	Very Low
Western Addition	94115	1,330	\$1,706,282	373	28.0%	281	21.1%	153	23.4%	Very Low
Parkside	94116	2,041	\$3,059,059	601	29.4%	518	25.4%	483	43.2%	Low
Haight/Lower W. Addition	94117	1,231	\$891,009	180	14.6%	111	9.0%	67	23.0%	Very Low
Inner Richmond	94118	1,327	\$1,794,360	329	24.8%	276	20.8%	282	46.6%	Low
Outer Richmond	94121	1,841	\$2,730,306	562	30.5%	425	23.1%	463	46.9%	Low
Sunset	94122	2,581	\$3,471,254	686	26.6%	559	21.7%	547	43.9%	Low
BVHP	94124	3,486	\$7,038,904	1,296	37.2%	1,422	40.8%	630	23.2%	Very Low
West Portal	94127	370	\$426,025	85	23.0%	60	16.2%	36	24.8%	Very Low
Treasure Island	94130	198	\$382,459	66	33.3%	73	36.9%	35	25.2%	Very Low
Glen Park	94131	662	\$656,978	150	22.7%	95	14.4%	70	28.6%	Very Low
Lake Merced	94132	1,184	\$1,620,724	364	30.7%	273	23.1%	197	30.9%	Very Low
North Beach	94133	2,073	\$3,519,608	620	29.9%	569	27.4%	623	52.4%	Medium
Visitation Valley	94134	3,617	\$6,876,651	1,319	36.5%	1,316	36.4%	988	37.5%	Very Low
Other		1,874	\$1,702,991	313	16.7%	200	10.7%	324	63.2%	High
All		40,408	\$59,835,784	11,944		10,196		7,937	35.8%	Very Low

Appendix B: EITC Claims & WFC Take-Up Rates by Zip Codes

Table 4: Change in Number of Tax Credit Claims among low-income San Francisco families – 2006 & 2007

	TY2006	TY2007	Difference	
	#	#	#	%
Low-Income claimants with CTC	11,275	11,513	238	2.1%
Low-Income claimants with Additional CTC	15,016	15,156	140	0.9%
Low-Income claimants with both EITC and CTC	7,253	7,188	-65	-0.9%
Low-Income claimants with both EITC and Additional CTC	11,288	11,157	-131	-1.2%
Low-Income claimants with Child & Dependent care credit	1,931	1,902	-29	-1.5%
Low-Income claimants with both EITC and Child & Dependent care credit	1,044	1,041	-3	-0.3%
EITC recipients who did not file taxes in previous year	6,289	6,807	518	8.2%

Source: IRS-SPEC