

**Remarks of  
The Honorable Richard J. Morgante  
Commissioner, Wage and Investment Division, IRS**

**at the  
Community Capacity Development Office National Conference**

**Detroit, Michigan  
August 22, 2007**

Good Morning. I am pleased to be with you this morning. It's an honor to be able to meet and talk with the people responsible for such important work. I'd like to thank the Department of Justice for inviting IRS to participate in this annual convention.

Since 2005, IRS and the Department of Justice have enjoyed a remarkable partnership. One that benefits thousands of American families. This morning, I'd like to talk to you about that successful partnership.

Let me begin by telling you a little about IRS' Wage and Investment Division. We are the face of the IRS. I say that because when you walk into an IRS office for assistance, call the 800 number with a question, or file a tax return, you are interacting with a W&I employee. If you log onto the Web to download a form or publication, you are using a product and service that W&I employees developed. And it is W&I employees who establish and maintain the partnerships that bring free tax return preparation into local communities. For most taxpayers, that one interaction a year forms his or her opinion of the entire IRS. So being in W&I, we have a responsibility to make sure that the interaction the taxpayer has with us or our partners is a good one.

We serve approximately 118 million individual tax filers, which accounts for 90 million tax returns. Many of our customers are also your customers — low income individuals, many with families, who could benefit from financial advancement.

Within our organization, we have an office called SPEC — Stakeholder Partnerships, Education and Communication. This is the office that partnered with the Department of Justice to establish VITA centers at Weed and Seed sites across the country. SPEC is an outreach and education function that combines resources and goals with community-based partners to reach low-income populations in local communities. SPEC's mission shares the strategies of its partners, striving to assist taxpayers by building and maintaining partnerships with key stakeholders, seeking to create and share value by informing, educating and communicating with our shared customers. SPEC and the Department of Justice share this same vision, so partnering with the Weed and Seed Program only makes sense.

I had the opportunity to visit a Weed and Seed site at the Atlanta Workforce Development Agency and the Center for Working Families in February. This site was a perfect example of the type of partnership SPEC is striving for. Weed and Seed provided

a combination of job placement and asset building programs along with free tax preparation to eligible Atlanta residents. Working with SPEC's volunteer income tax assistance program, called VITA, the Atlanta Weed and Seed prepared more than 500 tax returns. Now, consider that this was just one site. Nationally, Weed and Seed partnered with VITA to prepare more than 24,000 tax returns in urban, rural and tribal communities. Weed and Seed has more than 100 VITA sites nationwide. The partnership's accomplishments include:

- more than 1,000 volunteers,
- \$28 million in refunds issued,
- \$11 million in Earned Income Tax Credit,
- \$ 5 million in Child Tax Credit, and
- \$ 7 million saved in tax preparation fees.

Think about these numbers for a minute.

Think about the volunteers.

Think about the customers they helped.

Think about the millions of dollars these programs delivered into the hands of lower income individuals and families.

Think about them spending that money, or investing it or otherwise building assets in communities all across this country.

I believe that by combining our efforts and strategies, we generate a strong and worthwhile outreach in our communities.

We already engaged Latino media outlets in promoting our efforts and have begun reaching out to the Native American community.

On behalf of the IRS, I had the privilege of testifying before Congress about the Earned Income Tax Credit outreach. Testifying with me, on behalf of Weed and Seed, was Karen Rodgers. Together, we put this important program in the national spotlight.

### **SPEC's Asset Building Program and Collaborative Partnerships**

I just mentioned that the Atlanta Weed and Seed site offered free tax preparation and asset building opportunities. Both of these components are part of SPEC's business model, along with outreach and education. We made them a part of the business model because we believe the three components work hand-in-hand in helping low-income individuals and families become self-sufficient.

When I say asset building, I mean positioning people to gain and save long-term assets. Long-term assets are what make individuals more stable and, as I just mentioned, more self-sufficient. Most of us regard assets as savings, education, home ownership, business

ownership and retirement income. And they most definitely are. But there are also other elements to include in assets — refundable tax credits, like the Earned Income Tax Credit or EITC.

SPEC found that partnerships with organizations that viewed EITC as part of a larger asset and wealth-building initiative have the most potential for growth over time. Our partners recognize that asset building begins with individuals and families receiving all the benefits to which they are entitled, including EITC, food stamps and the Child Tax Credit. Through education and free tax preparation, our partners ensure their clients receive these benefits. When we held our annual National EITC Awareness Day earlier this year, many of your VITA sites participated. Our next EITC day is January 31. So, mark your calendars. I'll be expecting all of you.

We are proud of the partner list we have compiled over the years, a list that includes Weed and Seed, United Way of America, The National League of Cities, The Annie E. Casey Foundation, Bank of America, US Department of Health and Human Services and many others.

Our partnership efforts do reach the people who need our help the most, and I am happy to share one such effort with you – because it involves you, our partner. This filing season, a woman — let's call her Angela — living in a motel with her niece came into one of our Weed and Seed VITA sites for help. Angela and her niece had been living in the motel for more than a year because she couldn't afford to pay for first and last months rent or utility deposits. With the help of EITC and the Child Tax Credit, Angela received more than \$6,000 as a tax refund. Think about it. This was someone living at the poverty level, making roughly \$15,000 a year. This credit gave her a 40 percent increase in income. It made it possible for her to find a house and also buy some furniture – an important first step in asset building for Angela and her niece.

### **Asset Building**

Henry David Thoreau once said that having a lack of possessions or resources was like living “*life near the bone.*”

I think his words still hold true today. Individuals and families lacking financial resources have fewer opportunities for financial advancement because they are unable to:

- obtain credit to buy a home,
- finance a business,
- build a savings account, or
- Save for their own or their children's education.

They also spend more for basic financial services, such as checking and savings accounts, lessening the amount of money they have to pay down debt or put into savings.

By building assets, individuals and families will have greater economic stability. In turn, their self-sufficiency will increase their community involvement, bring wealth into their communities, and enhance the well-being of the next generation.

The EITC is the spring board that can help families take the first steps toward financial security.

### **Earned Income Tax Credit**

EITC is the largest and most effective federal aid program for low to moderate income workers that helps increase their financial stability. EITC reduces taxes for workers, supplements wages, makes work more attractive than welfare and is fully refundable. For many eligible families, EITC can increase the family's annual income by as much as 10 to 15 percent. These families include individuals with limited English skills, rural residents, even non-traditional families, such as a grandparent raising a grandchild. In 2006, 22 million tax returns were filed claiming the EITC. This totaled about \$43 billion.

For 2007, a family can receive more than \$4,700 in EITC. Remember the story I told you about Angela, the woman living in a motel with her niece and the change EITC, coupled with the Child Tax Credit, made in their lives? There are thousands of stories like hers, thousands of people who need someone to plant a tiny seed of hope for them, thousands who may only need a little help, but need help just the same. We have the resources; we can help many of them — if we work together, we can help many more.

### **Conclusion**

In closing, let me leave you with these thoughts. Our two organizations share a common vision: helping taxpayers become financially self-sufficient by partnering within local communities to provide free tax preparation services, increase education and awareness of EITC and increase accessibility to asset building opportunities. Our accomplishments prove that our partnership is working. Through the Weed and Seed Program, we've helped thousands of people across America.

Let's continue the work we have already done by keeping our partnership strong and making it grow each year. We have already made a difference in the lives of so many.