

DCRAC's Tax Clinic is a Delaware Imperative

We are in the midst of an economic contraction. In the near future, the lower income community will face severe tax consequences of their actions or inactions based on the quality of information they receive. The needs identified below were presented to the Congress by the National Taxpayer Advocate Nina Olson.

1. Taxpayers are increasingly turning to Low Income Taxpayer Clinics for help. The LITC Program is now in its 11th year and funds 163 clinics, with at least one in every state, the District of Columbia, and Puerto Rico.
 - a. There is no other Low Income Tax Clinic in the state of Delaware providing crucial tax education and information as well as access to representation.
2. The LITC program is cost effective and provides extensive benefits to taxpayers because many of the clinics have created partnerships with local law and accounting firms that take referred cases on a *pro bono* basis.
3. A recent Taxpayer Advocate Service study demonstrates the importance of representation for low income taxpayers to enable them to obtain the correct result in an audit.
 - a. A review of all EITC audits conducted by the IRS in 2004 found that taxpayers who were represented during the audit fared substantially better than unrepresented taxpayers, with nearly twice as many represented taxpayers found eligible for the EITC as compared with unrepresented taxpayers.
 - b. Similarly, represented taxpayers retained, on average, 45 percent of the EITC as compared to 25 percent for taxpayers without representation – nearly twice as much. This study demonstrates that representation during audits has concrete, positive results for low income taxpayers and ensures they are not denied tax benefits simply because they cannot navigate the audit process by themselves.
4. The current economic environment presents significant challenges because the number of taxpayers who cannot pay their liabilities is rising while available assistance from tax professionals is declining.
 - a. The decline in the availability of legal services is attributable to several factors. First, the decline in equity values has reduced the amount of funds that foundations and other endowments have available to distribute.
 - b. Second, declining incomes and the rising need for social services have placed strains on state and local government budgets that ordinarily provide assistance for legal service programs.

DCRAC's Plan for the low income taxpayer

- c. Third, the emphasis that law firms and lawyers traditionally place on performing *pro bono* services has declined; billable hours and surviving the next round of layoffs are the order of the day.
5. Late-year changes in the tax code present significant challenges for taxpayers and the IRS, particularly for low income and financially struggling taxpayers. When Congress makes changes to the Internal Revenue Code late in the year, the IRS must scramble to reprogram its computers and take other necessary steps to implement the changes. These last-minute changes can delay the start of the filing season for a significant number of taxpayers. In general, the IRS begins to process tax returns on or about January 15.
 - a. In 2006, the Tax Relief and Health Care Act was not signed into law until December 20, 2006. This legislation affected tax benefits for more than 11 million taxpayers.
 - b. In 2007, the Tax Increase Prevention Act, which was not signed into law until December 26, 2007, raised the Alternate Minimum Tax (AMT) exemption amounts for 2007 and extended an ordering rule that applies to personal tax credits. The IRS was unable to process about 13.5 million returns claiming certain of those benefits until February 11, 2008.
 - c. Overall, more than 80 percent of individual taxpayers receive refunds when they file their returns, and tax refunds are particularly important to low income taxpayers.
 - d. Among taxpayers who received EITC benefits and tax refunds in tax year 2006, the average refund amounted to 20 percent of the taxpayer's yearly income.
 - i. A taxpayer for whom the refund is so significant often makes financial plans based on when he or she anticipates receiving the refund and may view the refund as a lifeline.
 - ii. For some taxpayers, a delay of two to four weeks in receiving the refund could mean eviction or inability to pay the high heating bills that arise during winter.
6. Over the next 40 years, the Hispanic population is projected to nearly triple. As a result, DCRAC's full-time Clinic Directors (Tax, Housing, and Credit) are fully bilingual in English and Spanish. We use www.irs.gov/espanol extensively and where information is unavailable in Spanish, we create it. In Delaware, at this point in time, other language needs are adequately met through our volunteer translators.
7. Since the beginning of 2001, there have been more than 3,250 changes to the tax code -- an average of more than one a day -- including more than 500 changes last year alone.
8. The earned income tax credit (EITC), a refundable tax credit for the working poor, is complex regarding eligibility and substantiation requirements that leads to large numbers of improper claims by taxpayers -- some intentional, but many inadvertent -- and thus to denials by the IRS. In 43% of the cases, the IRS ultimately agreed that the taxpayer was entitled to some or all of

DCRAC's Plan for the low income taxpayer

the credit that the taxpayer had claimed on the original return, assuming complete documentation was presented.

9. Small businesses/self-employed businesses are burdened with a particularly bewildering array of laws. They face a patchwork set of rules that govern the depreciation of equipment, onerous filing requirements for employment taxes, and a vague set of factors that govern the classification of workers as either employees or independent contractors that keep businesses and the IRS battling each other for years with no obvious "correct" answer.
10. A taxpayer owing \$100,000 will typically receive higher priority than one owing \$10,000, while the latter taxpayer will generally be considered a much higher priority than one owing \$1,000. As a result, the taxpayer who owes \$1,000 has interest and penalties accrue while attention is given to taxpayer who owes \$100,000.
11. IRS procedures discourage the use of collection alternatives like offers-in-compromise and partial-payment installment agreements, even in cases where taxpayers cannot pay the full amount of their tax liabilities. There are many times when a taxpayer may not have an ability to pay a tax debt at all. This may happen if a taxpayer has lost a job, becomes disabled, or experiences some other major financial setback.
12. Taxpayers are subject to levy on their Social Security benefits with no filter in place to determine whether such levies will cause economic hardship. The Federal Payment Levy Program (FPLP) enables the IRS to continuously levy up to 15 percent of certain federal payments made to delinquent taxpayers. These levies most commonly attach to Social Security Administration payments. Of the more than two million FPLP levy payments the IRS received from taxpayers in 2008, more than 83 percent were from Social Security benefits. Over one-third of all FPLP cases subject to an ongoing FPLP levy would likely be classified as unable to pay based on current IRS allowable living expense guidelines.
13. Taxpayers who cannot pay their debts in full may have taxable "cancellation-of-debt" income, meaning that they may obtain relief from their creditors only to find themselves faced with additional tax and a minefield of reporting obligations.
 - a. Under section 61(a)(12) of the Code, a taxpayer who is relieved of an obligation to pay all or a portion of a debt generally must include the amount of debt forgiveness in gross income. This "cancellation-of-debt" rule is subject to certain exclusions, such as where a taxpayer's debts are discharged in a bankruptcy proceeding or where (and to the extent that) a taxpayer is "insolvent," meaning that the taxpayer's total liabilities exceed the fair market value of the taxpayer's assets.
 - b. In 2007, Congress added a new exclusion in the Mortgage Forgiveness Debt Relief Act. The new exclusion relieves homeowners who used mortgage proceeds to purchase, substantially improve, or refinance their principal residence from additional tax liability

DCRAC's Plan for the low income taxpayer

if all or a portion of their mortgage debt is canceled pursuant to a foreclosure or loan modification.

- c. Taken together, the bankruptcy, insolvency, and mortgage exclusions are designed to provide relief from the cancellation-of-debt rules for financially struggling taxpayers.
 - d. But, available data suggest that a majority of homeowners who have subprime mortgages used a portion of the loan proceeds for purposes other than acquiring, substantially improving, or refinancing their principal residence (*e.g.*, to pay off car loans, student loans, medical bills, credit card bills, or other consumer debt). To the extent of the amount borrowed for these non-qualifying purposes, mortgage debt cancellation is not excludable from income¹.
 - e. In addition, taxpayers who determine that they qualify to exclude an amount of debt cancellation from income must make certain basis and other tax attribute adjustments. To do so, taxpayers must file Form 982 which is technically challenging. Unfortunately, very few taxpayers have heard of Form 982, and it is difficult to obtain assistance in filling it out.
 - i. Many practitioners have never worked with the form.
 - ii. Some tax software packages do not support it, and
 - iii. The subject of canceled debts is considered “out of scope” at Volunteer Income Tax Assistance (VITA) programs, 40 Pub. L. No. 110-142, 121 Stat. 1803 (2007).
14. Many taxpayers who are entitled to refunds and need them quickly do not receive them for weeks, driving them to refund anticipation loans.
- a. Federal tax refunds are a significant source of funds for many individual taxpayers, particularly low income taxpayers.
 - b. Among taxpayers who received earned income tax credit (EITC) benefits and tax refunds in tax year 2006, the average refund amount was \$3,184, and the average adjusted gross income was \$15,763.45
 - c. **The average refund amounted to 20 percent of each taxpayer's adjusted gross income.**
 - d. Yet if a taxpayer does not have a bank account into which a refund may be electronically deposited, the taxpayer may have to wait weeks to receive the refund. Because low income taxpayers often want or need their refunds quickly, this delay drives many of them to pay significant transaction fees to obtain refund anticipation loans (RALs). With a RAL, the taxpayer typically receives a loan (secured by a tax refund) within one day after the preparer files the tax return with the IRS.

¹ According to a federal government report issued in 2000: “The primary purpose of over 50 percent of first lien subprime mortgages and up to 75 percent of second lien subprime mortgages is debt consolidation and/or general consumer credit, not home purchase, home improvement or refinancing the rates and terms of a mortgage.” Department of Housing and Urban Development and Department of the Treasury Task Force on Predatory Lending, *Curbing Predatory Home Mortgage Lending* 26 (2000).

DCRAC's Plan for the low income taxpayer

15. Taxpayers who are forced to tap into a retirement account because of financial hardship before age 59-¹/₂ face a bewildering array of rules that govern whether a hardship distribution from a particular type of retirement account is permissible and, if so, whether it is subject to the 10 percent additional tax on early withdrawals. As more taxpayers are losing their jobs or otherwise facing financial emergencies, they are increasingly looking to tap into their retirement savings to provide for current needs. In 2006, approximately 5.1 million tax returns reported tax on such “early distributions” taken from retirement accounts.
16. The economic crisis has caused an increase in domestic violence. We are seeing more women and children at the battered women’s shelter. We explain innocent spouse issues and assist our taxpayers with such issues.
17. As families are dissolving, more of them find themselves in a shelter. We clarify their need to know how to figure out who gets to claim the dependents.
18. At shelters, we also explain to the residents that their unemployment compensation is taxable. To the extent they fail to properly withhold on this income, they will likely become our *Controversy Clinic* clients.
19. Many families are already reducing their withholding or drawing down their retirement account to pay for current necessities. Both of these situations are likely to leave the taxpayers with a tax bill they are unprepared to pay—our future Controversy Client.
20. Unpaid bills are piling up for more Delawareans than ever. Taxpayers are receiving Form 1099-C. They are informed of the consequences of cancellation of debt at every opportunity we get.
21. Our Housing Clinic does an extensive outreach related to cancellation of home mortgage debt.
22. We are already seeing former homeowners at various shelters and we explain the consequences of cancellation of debt.
23. We plan to work with large rental property management companies (who we work with to educate about Fair Housing Act) to see if they would help us reach their tenants (some may have COD issues).
24. Delaware is graying. AARP, CARE Delaware, and Money Management Program are strong DCRAC partners and we will explore this partnership to reach and educate case managers and outreach people so that they can meet the needs of their constituents. AARP already operates a TCE site is familiar with tax issues. Our *Controversy Clinic* is already assisting seniors who have drawn their incomes from taxable sources such as interest, dividends, social security payments, pensions, and 401ks.

DCRAC's Plan for the low income taxpayer

25. Many seniors will be faced with the minimum distribution rules that take affect in their early 70s. These rules are fairly complex and not only do they pose a challenge to seniors, especially those with multiple IRAs, they pose a challenge to the Clinic as well. We do not have the requisite expertise in this area and are actively seeking pro bono attorneys with experience in elder law. Our tax training also includes review of Publication 554—A Tax Guide for Seniors.
26. Anticipating that the number of jobs in the service sector will grow relative to those jobs in the manufacturing sector we have invested our resources to rebuilding the small business network. In partnership with Philadelphia SB/SE group, we host two small business forums annually. In partnership with the City of Wilmington and Hispanic Business Association we reach the Schedule C filers as well as the S Corps who tend to function as a sole proprietor.
27. Because SB/SE filers have a lower level of compliance, our *Controversy Clinic* could see an overload in the near future. Our education, outreach, and networks within the small business community highlights the importance of withholding, filing, classifying employees (versus contractors), record keeping, and such. We distribute IRS calendars at such events and meetings. We also utilize IRS Publication 1779—Independent Contractor or Employee.
28. As to the employee (who receives a 1099 MISC), our education component includes explaining how to file a Schedule C and Schedule SE. Obviously, their tax burdens become larger than other true employees. In these cases, the employer is not withholding and paying FICA and taxes each pay period. On Tax day, the 1099 MISC employee has to pay employer plus employee share of FICA and entire federal taxes owed during the tax year. When they become our *Controversy Clinic* clients, we often need to either file or amend their returns.
29. While we are actively engaged with the local Chamber of Commerce, they have yet to be convinced that these issues (employee/contractor) have an economic impact on their membership.
30. Earned Income Credit has always been, and is expected to become even more controversial and problematic. Each year, more and more taxpayers are claiming the credit. Educating low income taxpayers on the EIC has been the focus of our tax education.

DCRAC's Plan for the low income taxpayer

DCRAC's Response--Tax Clinic

Since 2007, *DCRAC LITC* is the only tax clinic serving the entire State both as a *Controversy Clinic* (unfunded in 2007) and *ESL Clinic*. Our *ESL Clinic* has been serving Delaware's low income, people with limited English proficiency, and those for whom English is a second language since 2003. We have served the entire state in numerous languages since *DCRAC's* program to inform, educate, and outreach was established in 1995; although informally included, the tax component was formalized in 2003 when we became an *ESL Clinic*. With two team members admitted to the US Tax Court and a trained bilingual Clinic Director, *DCRAC LITC* ensures that the entire state of Delaware is served by an established and competent tax clinic in multiple languages both as a program to inform and with access to representation. *DCRAC LITC* directly represents or refers taxpayers in the state of Delaware to qualified representatives AND educates the ESL, LEP, and low income taxpayers² in the state of Delaware about their rights and responsibilities as US Taxpayers.

With 5% Latinos who make up about 42,500 Delawareans, our *ESL Clinic* reaches about 10,000 Latinos annually through our radio, television, seminars, and events participation. Although we are unable to document all the listeners and viewers of our radio and television programs, we believe that we have underestimated the numbers of Latinos we reach annually. Our *Controversy Clinic* is rapidly growing its demand as more and more SSDI recipients are becoming aware of our services, small businesses reaching out to us during their audits or to have us address their trust fund related issues, or very low income families turning to us because of collection issues where sometimes an amended return is needed and more often we need to request IRS to place them in CNC status, and so forth. In 2008, *DCRAC LITC Controversy Clinic* served 96 Delawareans. Our *DCRAC LITC ESL Clinic* served 5,453 Delawareans through 76 outreach efforts in 2008. *DCRAC* had 330 opportunities to reach at least 17,327 Delawareans through our 3 Clinics. We highlight this because each time we have a platform to reach our community we highlight the work of each of our three clinics.

Our target audience is the low income Delawareans, LEP and ESLs with a primary focus on Latinos because they represent about 5% of Delaware's population. It is our practice to work with our partners in a manner that allows for the greatest efficiency. For example, if we need to reach the low income populations, we go to our shelter providers. If we need to reach Latinos, we go to those community groups, media, and churches that serve the Latinos. We conduct aggressive publicity on targeted radio shows, in the yellow pages, attend community events, etc. Our list of partners is exhaustive indeed having worked with them for over 22 years to serve the needs of disadvantaged Delawareans.

² We determine the low income status based on the Federal Poverty Guidelines.

DCRAC's Plan for the low income taxpayer

Outreach activities

- At every outreach event, we provide the opportunity for one-on-one consultations.
- We offer workshops on collection alternatives, employee/independent contractor status, taxpayer rights and responsibilities, liens and levies, innocent and injured spouse, CAP and CDP, EIC, how to file OIC, tax deadlines, penalties and interest, ITINs, etc.
- Each Money Matters! Seminar includes federal taxpayer rights and responsibilities.
- We staff a table at community events and hand out our newsletters and Money Matters! Handbooks. We answer taxpayer questions and schedule meetings with them when requested.
- During the filing season, on our television program, on our radio program, and every avenue of outreach available to us, we discuss how to choose a taxpayer (often referring them to local VITA sites), family and education credits available to them, the consequences of refund anticipation loans, how to obtain an ITIN number, and other important matters.

Our extensive publicity plan includes advertising our services as access to representation and a program to inform. Our community meetings are advertised through the Delaware Money School, press releases, and our own radio and TV programs. *DCRAC LITC* does not prepare tax returns and we promote our VITA partners through every available outreach mechanism.

Our partners are many. Delaware Bar Tax Section; Delaware Taxpayer Advocate; Legal Services Corporation; Widener University School of Law; Delaware Division of Revenue; IRS Offices (all three Counties); Tax Court; Delaware Volunteer Legal Services, Delaware Help Line, Delaware Technical and Community Colleges (all four campuses); Goldey Beacom College; Catholic and Maranatha Churches; Shelters, community centers, and organizations serving the Latino/Immigrant community; La Esperanza; Latin American Community Center; Hispanic Business Association; Voices Without Borders; League of Women Voters. Advertising to reach Latinos through radio (La Exitosa, Digital 900 and Latin Beat), print (Hoy and El Sol) and web (Delawarehispanic.com). IRS spokesperson (a guest on our TV program), other VITA sites and League of Women Voters are our strong partners.

Our clinic operates year round. In addition to the Latino community who is served through three of our bilingual staff, we have volunteers that speak many languages.

Since our founding, we have served the entire state of Delaware, even though physically we were located in New Castle County. It takes us less than 2 hours to reach any town in the state of Delaware. Beginning July 1, 2009, we now have an office in Georgetown, our southernmost County.

We have a strong track record of using the right medium for outreach purposes, using the right information and message targeted to our constituency, and delivering education that is needed in the community. We are guided by our firm belief in the following principles: Without the right mechanisms to inform the community about available resources, the rights are in jeopardy because they do not know where to turn. Without education about the rights, responsibilities and obligations, the vulnerable are at risk of victimization.

DCRAC's Plan for the low income taxpayer

ESL Clinic serves our constituents in many ways but most importantly, by assuring that Delawareans know to contact us if they have an IRS issue. Since 2008, we have engaged in aggressive outreach about the economic stimulus payment and sought new partners such as CARE Delaware, Delaware Money Management Program, AARP, and case workers at Department of Health and Social Services. Our **Controversy Clinic** since 2007 has actively helped non filers file their returns, addressed identity theft issues, etc. We have also been aggressive in outreaching to establish our *pro bono* panel. The success of our *ESL Clinic* is evident from the quantity and quality of the *Controversy Clinic* case load.

No Delawarean shall be turned away from receiving education and information on taxpayer rights and responsibilities. For our *Controversy Clinic*, we target lower-income taxpayers who have incomes below 250% poverty level—again, we do not turn anyone away. If we are unable to represent, we provide adequate education assistance so the taxpayer is still able to obtain assistance in the private market.

OUTREACH CLINIC

Indirect Outreach is offered to at least 2,000 Delawareans annually through toll free number, presence on the web³, weekly two-hour radio program, monthly one-hour Spanish radio, weekly television programs, quarterly newsletters, and media coverage of consumer finance issues⁴. Our **television** program is aired live in New Castle County. Often we have guests in which case we spend some time preparing with our guests prior to the live broadcast. Once the show airs, we get dubs and federal express them to Sussex and Kent for airing in each County. In both Counties, we now air each week from 8 pm to 9 pm. On April 1, 2006, we launched a weekly and monthly presence on the **radio** that airs out of Millsboro (Sussex). This radio program is heard on the web. Our **newsletters** are published each quarter. Our circulation currently stands at 10,000. When our newsletters arrive, staff and volunteers tediously label each newsletter, gather these labeled newsletters and take them to Quigley Boulevard Post Office for bulk mailing. Newsletters are also posted on the web. Inherent in effective outreach is the task of maintaining our contacts data base. As strong community partners, we are invited to **outreach events** conducted by our partners. This requires us to make copies of pertinent materials, travel to the location, and be stationed at tables to answer questions. Our diverse partnerships enable us to reach a broader audience in Delaware.

Direct outreach helps us reach another 2000 Delaware Tax Payers through our forums and partnerships.

Communications Plan

Our objective is to streamline the delivery of services in such a manner that we reach our target community and serve them more effectively and efficiently. We believe we can increase our level of services without a major investment in staffing by using our volunteers more effectively than we have in the past. A very central plan to meeting our goals and objectives is effective communications. Our communications goals include:

- Involve volunteers so that we can accomplish more with less.
- Involve a deeper commitment from our partners so they become ambassadors of our services into their constituency
- Increase the understanding of the nature and quality of our services among all our stakeholders
- Build a strong internal communications platform that reduces duplication and redundancies.
- Build a strong external communications platform that allows us to reach all our stakeholders so that they recognize, understand, and promote our services.

Equally critical to achieving our objective is coordination of resources. The resources we need to execute effectively on our goals are:

- Other non-profits that provide similar services
- Churches, Libraries, and Community centers which are ideally suited for hosting our events
- Volunteers from a broader community of experts including bank executives, retired senior executives, Certified Public Accountants, Certified Financial Planners, attorneys, high school students, other involved individuals, etc.

³ www.dcrac.org

⁴ The World is watching your credit score, The News Journal, May 8, 2006

DCRAC's Plan for the low income taxpayer

- Media partners—particularly the non-traditional media such as corner stores, civic associations, block parties, etc.

For each of our three Clinics, other outreach includes:

- On WRBG, host 18 Saturdays for 36 hours of information dissemination for each of our 3 Clinics.
- On the Spanish radio at Latin Beat, La Sabrosa, La Exitosa, and Digital 900.
- On DCRAC TV show where 4 shows are dedicated to each of our three Clinics and aired for 4 hours in New Castle, 16 hours in Kent, and 17 hours in Sussex to reach over 2000 Delawareans each hour of our presence on TV.
- Other TV outreach is garnered through ABC, Telemundo, and the newsmakers program.
- In print, we reach over 10,000 Delawareans each quarter through our newsletters, articles in the News Journal, Hockessin Community News, Hoy (Spanish), and El Tiempo (Spanish).

Outreach Plan

Without the right mechanism to inform the community about available resources, the rights of the protected classes are in jeopardy because they do not know where to turn. Our outreach efforts are highly acclaimed and federal funders such as IRS and HUD have invited us to train organizations funded by them. Our television program (since 1999) was launched because we understood that many Delawareans have tuned themselves out of regular print media, or cannot read or write. We have used every medium available to us. We publish newsletters (since 1995); maintain a web presence (since 1999) and a radio presence (since 2006). In strong partnerships with those that provide direct services, we deliver education directly to thousands of Delawareans (seminars, symposia, conferences, etc.).

1. Our three Clinics promote ALL our events. Our television and radio programs are perhaps the most effective outreach mechanism we have. They reach a large audience of over 100,000 subscribers statewide. Our events are also promoted in our newsletters, and internally through our board of directors and volunteers.
2. We use free advertising in print (press releases in media in each County and Delaware Money School with quarterly circulation of 20,000), radio (Public Service Announcements in each County), and television (6ABC).
3. To reach the immigrant community, we work with the League of Women Voters' New Citizens Project.
4. To reach the low income community, our Credit Clinic works with Shelters in the state of Delaware.
5. To reach a new audience, we invest in strategic partnerships. We have partnered with community colleges as well as community centers and churches in each County.
6. To reach and connect with an audience that would not traditionally come to a housing event, forum, or seminar we staff tables at events hosted by our partners in each County.
7. We invite our partners to speak at fair housing/fair lending events, our television and radio programs, request them to write editorials and op-ed columns, and engage in a strategic outreach to our community.
8. We develop fair housing messages that speak to our diverse audiences. We continue to use other non-traditional outreach activities such as: flyer drops, door-to-door informational delivery, strategic placement of our materials, Public Service Announcements, call-in to radio talk shows.
9. We continue to build strategic partnerships with churches, governments, non-profits, realtors, lenders, insurers, schools, colleges, civic associations, community centers, etc.
10. We will invest our limited resources in identifying a few key volunteer spokespersons who engage in delivering our message to broad audiences.

DCRAC's Plan for the low income taxpayer

CONTROVERSY CLINIC

Client Assistance with tax issues The Tax Clinic serves more than 100 Delawareans resolve their tax controversy with the IRS each year. Our goal is to provide direct assistance to 100 Delawareans and refer another 100 Delawareans to volunteer legal/accounting services.

Case Management Plan--Confidentiality

1. Client information is confidential.
2. Do not throw client papers in trash—shred the document.
3. All calls/emails or other contact with us must be returned within 3 business days.
4. When client seeks a meeting, counselor should schedule that meeting within 5 business days.
5. Inform the client about our expectations of them and their expectations of us—Pledge.
6. Take the time to let client know that they have a right to file a complaint against us if they believe we discriminated in any way.
7. Be diligent in gathering all the needed information within 2 meetings.
8. Keep client informed—maintain client contact at least twice a month until the file is closed.
9. When a file is closed, send a thank you letter, survey, and return all client papers to the client.
10. In the closing letter, highlight critical information AND financial fitness information so they can rebuild their credit.

Pledge:

I, the counselor, pledge to

1. Treat you with the utmost respect and listen to you.
2. Keep you informed about your case, all available alternatives, and other resource that may help you.
3. Maintain confidentiality of your information, sharing it only for purposes of resolving your issue.
4. Leave messages that do not violate our confidentiality pledge to you.
5. Contact you in advance if I am unable to make my appointment due to circumstances beyond my control.
6. Respond to your request for information or your telephone call promptly.
7. Return all your documents to you when we close our files.
8. Work diligently toward resolution of your issue or helping you achieve your short-term financial goals.
9. Ask for relevant information because it is needed to achieve your goals.
10. Establish realistic goals and objectives today so that we may achieve them together.

I, the client, pledge to

1. Treat you with utmost respect, listen to you, do my homework, and be patient.
2. Recognize that you work with many other clients and therefore, I will limit my contact with you to the extent that is reasonable.
3. Contact you in advance if I am unable to keep my appointment due to circumstances beyond my control.
4. Respond to your request for information or your telephone call promptly.
5. Keep you updated on any changed circumstances (address change, job gain/loss, etc.).
6. Work diligently toward resolving my issue or achieving my short-term financial goals.
7. Provide you with the relevant information because it is needed to achieve my goals.
8. Establish realistic goals and objectives today so that we may achieve them together.

If you believe we discriminated against you, please note that you may file a complaint with: **Low Income Tax Clinic Program:** Director, Office of Equal Opportunity Program, Department of the Treasury, 1500 Pennsylvania Avenue, NW, Metropolitan Square--Room 6068, Washington, DC 20220 **Fair Housing Initiative Program:** Office of Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Room 5204, 451 Seventh St. S, Washington, DC 20410-2000

DCRAC's Plan for the low income taxpayer

Intake Form

How were you referred to us? _____ If previous client, Client's Name: _____

Name: _____

Social Security # _____ Date of Birth _____ Race Ethnicity (Hispanic/Non-Hispanic) _____

Address: _____

Street Address _____ City _____ State _____ Zip _____

Home Phone: _____ Cell Phone: _____

Employer: _____ Annual Income: Gross \$ _____

Marital Status: Married Separated Unmarried (single, divorced, widowed) # of People in Household? _____

Other Income? Please identify source and amount. _____

Credit Report is attached: Yes _____ No _____ www.annualcreditreport.com

Have You Contacted IRS? Yes _____ No _____ If Yes, Last Contact Date: _____

Have You Filed Bankruptcy? _____ When? _____

Have You Ever Worked with Another Agency to Remedy Your Tax Delinquency? _____

If Yes, Agency's Name: _____ Contact: _____ Payments to Agency (if any): \$ _____

Budget

Monthly Income: Tax Payer:

Wages (*before taxes*) \$ _____

Unemployment Income \$ _____

Child Support/Alimony \$ _____

SSI/SSDI \$ _____

Retirement/Pension \$ _____

Rents received \$ _____

Other \$ _____

Gross Monthly Income: \$ _____

Net Monthly Income**: \$ _____

Monthly Income: Spouse:

Wages (*before taxes*) \$ _____

Unemployment Income \$ _____

Child Support/Alimony \$ _____

SSI/SSDI \$ _____

Retirement/Pension \$ _____

Rents received \$ _____

Other \$ _____

Gross Monthly Income: \$ _____

Net Monthly Income**: \$ _____

**Gross income, less Federal/State/Local taxes, FICA, 401K deductions, etc.

Besides income sources, please circle additional resources available to pay towards tax debt:

401(k), 403(b), CDs, IRAs, Money Market, Family/Friends, Other Amount available: \$ _____

	Monthly	Annual	Total
Total Mortgage Payment			
(Principal & Int., Property Taxes, H/O Insurances, H/O Ass'n Dues)	\$ _____	\$ _____	
If not escrowed, Property Taxes	\$ _____	\$ _____	
If not escrowed, H/O Insurance	\$ _____	\$ _____	
If not escrowed, Homeowner Associations Dues -	\$ _____	\$ _____	
Auto Expenses (gas, maintenance, etc.)	\$ _____	\$ _____	
Auto Insurance:	\$ _____	\$ _____	
Credit Cards	\$ _____	\$ _____	
Child Care, Alimony, Child Support:	\$ _____	\$ _____	
Food (Groceries, Eating Out, Snacks):	\$ _____	\$ _____	
Utilities (gas, electric, water, sewer, and garbage)	\$ _____	\$ _____	
Communications (cell phone, telephone, internet)	\$ _____	\$ _____	
Miscellaneous Spending Money:	\$ _____	\$ _____	
Auto Loans: Year _____ Make & Model _____	\$ _____	\$ _____	\$ _____
Auto Loans: Year _____ Make & Model _____	\$ _____	\$ _____	\$ _____
Installment Loans:	\$ _____	\$ _____	\$ _____
Medical Expenses:	\$ _____	\$ _____	\$ _____
Student Loans:	\$ _____	\$ _____	\$ _____
Home Equity Loans, outstanding balances	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	
TOTAL MONTHLY EXPENSES:	\$ _____		

DCRAC's Plan for the low income taxpayer

PRO BONO PANEL

It is our goal to recruit, train, utilize, and reward 5 volunteers who will help us provide access to education and representation relative to the low income tax payer.

Volunteer Management Plan

Recruit

- Be strategic: Reach clients, Financial Institutions with a culture of volunteerism, Strategic partners, law students, retired attorneys, etc.
- Develop written material on volunteer opportunity
- Develop Job Description
- Clearly outline expectations
- Highlight our Conflict of Interest Policy
- Many professionals need to know that our Professional Liability Insurance can cover their volunteerism through us. To receive coverage, volunteers need to be available for at least 250 hours a year and work our case management.

Train

- As you develop job description, develop training material
- For Housing, check out Knowledge Base
- For Housing, reach out to Human relations Commission, Housing & Urban Development, and National Community reinvestment Coalition.
- In addition to 101 training, develop training component into your recruitment efforts

Utilize

- Match volunteer desires with our needs.
- Engage our volunteers with surveys, telephone contact and seek out ways to make their volunteerism with us pleasurable.

Recognize

- Keep a list of volunteers.
- Make a contact with them at least 3 weeks before the Recognition event
- This is a team effort—all staff and board work on this.

Conflict of Interest Policy

As our organization works hard to protect the disadvantaged in our communities, those communities in which we live and work, there may be times when our work overlaps with our personal efforts and connections. During these times, we must assure that these interests do not conflict or compete with each other to the detriment of DCRAC. At all times we must maintain the objectivity and credibility of DCRAC. DCRAC expects all Board, volunteers, and staff to behave in a professional and ethical manner, to disclose real or perceived conflicts of interest, and to recuse themselves from discussions or decisions related to real or perceived conflicts of interest.

The intent of this policy is:

- To maintain credibility and confidence in the decisions of the Board, volunteers, and staff;
- To assure fairness and impartiality in decision-making;
- To disclose real or perceived conflicts of interest; and
- To act impartially and avoid the appearance of impropriety.

Any breach of these objectives could severely impact our strong reputation in the community and could endanger our tax exempt status. Examples of these conflicts of interest include: the ability to direct DCRAC funds to a specific individual or effort for personal gain; and the potential to use one's standing at DCRAC to receive favorable treatment from other individuals or organizations. All individuals representing DCRAC must sign the **Conflict of Interest and Confidentiality Statement** indicating that they have read and understood these policies at the time their affiliation with DCRAC commences and annually thereafter. The policy on conflict of interest and confidentiality will be reviewed and updated as needed on an annual basis. Should any conflict of interest arise, all individuals in service to DCRAC are obligated to adhere to the procedure outlined below:

Recusal Procedure

The individual in question is required to submit a **Disclosure Statement**.

The individual must absent themselves from any portion of a DCRAC meeting if they have or have had a close, active association with a program or institution that is being considered for official action by DCRAC.

Official action includes commenting on a regulation, legislation, bank merger, or entering into a financial relationship that exceeds \$1,500/year.

Close, active association includes, but is not limited to: current or past employment; current or past discussion or negotiation of employment; or an unpaid official relationship by the individual or the individual's close family Member (spouse and child).

If we have doubts as to whether certain actions constitute a conflict of interest, we may ask these questions:

- Does the person's action impede the ability of DCRAC to achieve its goals?
- Does the person's action impede DCRAC's ability to raise funds?
- Does the person's action harm DCRAC's reputation in the community?
- Is the person using DCRAC resources to benefit another person or organization related to that person?

Record of these recusals is to be filed with the Executive Director of the organization in the event that the issue pertains to either a staff or volunteer. Executive Director or Board Member recusals will be filed with the Chair Person of the Board, and in the event the recusal is submitted by the Chair Person it shall be filed with the Secretary of the Board. The names of individuals who have recused themselves during a meeting for conflicts of interest will be recorded.

Once a conflict of interest statement has been submitted, or a conflict of interest has otherwise come to the attention of the Executive Director or any Board Member, the procedure for Reviewing and Addressing Conflicts of Interest will be implemented:

DCRAC's Plan for the low income taxpayer

Procedure for Reviewing and Addressing Conflicts of Interest

- Board should consider the matter immediately.
- The person involved in the conflict should not be present during discussions regarding the conflict.
- This person should clearly not be involved in the decision making process regarding the conflict.
- The person should be allowed to provide factual information pertaining to the proposed conflict.
- All discussions should be documented in writing.
- The issue should be deliberated with care and this deliberation should be documented.
- Most important in the deliberation process should be that the Board ensure that DCRAC is not harmed in any manner.
- An informed decision as to whether or not conflict exists will be determined.
- It shall be noted that the Board may, with full disclosure, determine that although a conflict of interest exists, the action is permissible.
- If it is determined that an actual conflict of interest existed, the conflict was not disclosed, or the relationship with DCRAC was exploited, we must follow the violations procedure for this policy:

Procedure for Violations of Conflict of Interest

The individual should be informed in writing regarding the basis for the Board's conclusion.

The individual then is provided an opportunity to submit a disclosure statement and explain the alleged action. If it is determined that there was a failure to accurately disclose or any other violation of DCRAC's' conflict of interest policy, the Board must take appropriate corrective actions, which may include sanctions or discharge, based on the nature of harm or potential harm.

Conflict of Interest and Confidentiality Statement

DCRAC considers certain information to be confidential and/or proprietary. Such information should not be communicated without proper authorization. Confidential information can include: certain business information such as financial and marketing data, budget information, bid proposals, contract negotiations, and research and development ideas; personnel actions, such as promotions, demotions, terminations, personnel controversies, compensation, payroll data, performance appraisals, personal information of an embarrassing nature or that an employee specifically requested be kept confidential; information about program recipients or clients of a personal nature; certain legal advice, opinions, and documents. If you are not sure if the information you are handling is confidential, consult.

When discussing or transmitting confidential information, please follow these guidelines:

- Do not reveal any confidential information.
- Make sure that confidential information is properly marked and secured before transmittal.
- Ensure that the recipient of the confidential information has a legitimate need to know the information.
- Avoid displaying confidential data where it can be easily observed, including on your computer screen when you are not at your desk.
- Immediately inform the Executive Director of the loss of any confidential data.
- Limit reproduction and distribution of such information.
- Secure confidential documents in locked cabinets or containers when not in use.
- Make sure that you properly dispose of all confidential information.

Do not remove any confidential information from the organization's office without specific authorization to do so. Before you leave employment at DCRAC, return all confidential and sensitive information to the Executive Director.

DCRAC's Plan for the low income taxpayer

Conflict of Interest and Confidentiality Statement

I have received and read the DCRAC Conflict of Interest and Confidentiality Policy. I understand that the intent of this policy is to disclose real or perceived conflicts of interest, to recuse myself from decisions and discussions related to real or perceived conflicts of interest, to act impartially and avoid the appearance of impropriety, and to protect the confidential nature of the decision-making process.

I will not participate in any decision-making capacity if I have or have had a close, active association with an institution being considered for official action by DCRAC. I will not participate in any decision for which I or the organization that I represent may benefit materially. Thus, I will absent myself from any portion of a DCRAC meeting during discussions or decisions in which I have a perceived conflict of interest.

In addition, I understand that materials furnished for review purposes and discussion during DCRAC meetings are considered privileged information and, consequently, are confidential. All elements of DCRAC's discussions are to be treated in a professional and confidential manner. Both ethical and legal considerations demand that the information acquired for a specific purpose not be used to achieve any other objective unless prior permission is obtained from DCRAC.

_____ Print Name _____ Date
 _____ Signature _____ DCRAC Position

Disclosure Statement

Please read the following questions:	No	Yes	Explanation
Has DCRAC contracted to purchase or lease goods, services, or property from you, or from any of your relatives or business associates			
Has DCRAC offered employment to you, or to any of your relatives or business associates, other than a person who was already employed by the organization?			
Have you, or have any of your relatives or business associates been provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with DCRAC?			
Have you or any of your relatives or business associates been gratuitously provided use of the facilities, property, or services of DCRAC?			
Have you commented on a regulation, piece of legislation, or bank merger that you have a close, active association with outside of DCRAC?			
Have you, as a DCRAC representative, entered into a financial relationship that exceeds \$1,500/year with an entity that you have a close, active association with outside of DCRAC?			
Did you obtain preferential treatment by DCRAC for yourself, or for any of your relatives or business associates?			
Did you make use of confidential information, such as grant opportunities, obtained from DCRAC for your own benefit, or for the benefit of a relative, business associate, or other organization?			
Did you take advantage of an opportunity, or enable a relative; business associate or other organization to take advantage of an opportunity which you had reason to believe would be of interest to DCRAC?			

DCRAC's Plan for the low income taxpayer

EXPENSE BUDGET

Direct O/R	Staff	Volunteer	Advert	Travel staff	Travel Vol	Venue	Food	Material	Printing	Mailing	Total	In-kind	Cash
VWB	3400	3400	200	150	100	100	100	100	100	60	7710	3500	4210
HBA	3400	3400	200	250	100	100	100	100	100	60	7810	3500	4310
IRS	3400	3400	200	250	100	100	100	100	100	60	7810	3500	4310
Tax Forums	3400	6800	600	500	100	100	100	500	100	60	12260	6900	5360
Indirect O/R													
Toll free	1700	0	0	0	0	0	0	0	0	0	1700	0	1700
Website	1700	0	0	0	0	0	0	0	0	0	1700	0	1700
Newsletter	1700	850	0	0	0	0	0	0	3000	1000	6550	850	5700
Television	1700	850	0	0	100	4000	0	0	0	0	6650	950	5700
Radio	1700	850	0	0	0	2000	0	0	0	0	4550	850	3700
Events	1700	1700	600	1000	100	1000	0	500	0	0	6600	1800	4800
Controversy													
Controversy--101	34000	15000	0	2000	1000	0	0	0	100	120	52220	16000	36220
Controversy-Referral	5500	1700	0	1000	50	0	0	0	100	60	8410	1750	6660
Controversy--Syst.	3400	2700	0	1000	50	0	0	0	100	30	7280	2750	4530
Pro Bono-													
Recruit	3400	1700	0	0	0	100	0	0	100	70	5370	1700	3670
Train	3400	1700	0	0	100	100	600	100	100	60	6160	1800	4360
Utilize	1700	1700	0	0	100	100	600	100	100	60	4460	1800	2660
Recognize	1700	1700	0	0	100	200	600	100	100	60	4560	1800	2760
Admin													
Travel & Training	0	0	0	10000	0	0	0	0	0	0	10000	0	10000
O/Head	0	0	0	0	0	0	0	0	0	0	30000	0	30000
TOTAL	76900	47450	1800	16150	2000	7900	2200	1600	4100	1700	191800	49450	142350

Revenue Sources

Volunteers, Individual donors, Ally Bank, Bank of America, JPMorgan Chase, and IRS.