



Earned Income Tax Credit (EITC) for Families

EITC is an important tool for increasing the economic self-sufficiency of lower-wage workers, and helps lift families out of poverty. Research indicates that it also promotes increases in employment and reductions in welfare use among single parents.

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low to moderate income working individuals and families. This tax credit legislation was first approved by congress in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return.

The Nashville Alliance for Financial Independence (NAFI), an initiative of the United Way of Metropolitan Nashville provides free tax preparation services to help families receive their EITC funds. This assistance is provided through the Volunteer Income Tax Assistance program. To find out about eligibility requirements and location for tax preparation assistance, please call 2-1-1. NAFI provides an array of other services, including a financial education program (My Money Plan) and a web site with information to "Help Working Tennesseans Earn It, Keep It and Save It." <http://www.mymoneynashville.org/>

A free upcoming webinar will educate direct service providers, large employers and public officials about how EITC and VITA help working Tennesseans progress toward financial stability. The one hour webinar will be facilitated by representatives of the IRS and the Tennessee Alliance for Financial Independence.

To participate Friday, January 15, 2010 at 10:00 a.m. Central time, register at <http://eitcjan15.eventbrite.com>

To participate Thursday, January 21, 2010 at 1:00 p.m. Central time, register at <http://eitcjan21.eventbrite.com>

Defining Poverty

The U. S. Government's formula for the official poverty threshold uses a formula developed in 1963-1964 by an employee of the Social Security Administration. Mollie Orshanski based this formula on the amount it cost to provide food for families, using the "thrifty food plan" developed by the U. S. Department of Agriculture. It was estimated then that families then spent about 30% of their incomes on food. (For additional information about Mollie Orshanski see: <http://www.ssa.gov/history/orshansky.html>)

When the War on Poverty began in 1965, the U. S. adopted the Orshanski formula as the working definition of poverty. The Orshanski formula presumes that families spend 30% of their incomes on food. The U. S. Census Bureau regularly adjusts the annual poverty threshold for inflation. However, the same basic formula is still used today.

Many experts recognize flaws in the current formula and there have been numerous studies and recommendations on how a more effective formula could be developed. Changing the formula would be a complex and time-consuming process, even though many experts recognize the flaws. It is difficult to consider all factors which affect the well-being of families, and the current formula considers only income in context with a budget on which 30% is spent on food. Some of the things not considered in the current formula are in-kind government assistance (Food Stamps, housing subsidies, etc.), the effect of taxes on income, the increased cost of basic needs, etc.

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Future newsletters will discuss measures of family well-being, including the American Human Development Index, which also considers factors such as health, educational attainment and income.

Food Stamp Program

Thousands of people throughout Tennessee are eligible for but do not receive Food Stamps through the Federal Supplemental Nutrition Assistance Program. Many of the federal regulations put obligations on the State Agency, Tennessee Department of Human Services (DHS), instead of the customer. For example, the DHS office must take an application the same day a person requests Food Stamps. To start the process, an initial application needs only the customer's name, address and signature. It is important to apply as soon as possible, even if the customer's file is incomplete, so that the customer gets food stamps starting as early as possible. When the application is received by the DHS, the eligibility clock starts and food stamps will be issued using that start date.

For more information, go to the DHS web site and read *Applying for Food Stamps in Tennessee - What You Need to Know to Apply for Food Stamps in Tennessee*. http://www.associatedcontent.com/article/1999886/applying_for_food_stamps_in_tennessee.html

The Legal Aid Society (615-244-6610) provides help with food stamp problems.

Stable Housing Critical to Families

A recent article by Roxana Torrico of the National Association of Social Workers addressed the importance of stable housing for families in need, "From Poverty to Child Welfare Involvement: the Critical Role of Housing in Family Stability." This article pointed out that both parents and children benefit by residing in stable housing (owned or affordable rentals). The benefits include better academic and developmental outcomes for children/youth, decreased stress for parents, and better health for both.

Although the benefits of stable housing are clear, throughout the United States there is a shortage of affordable housing units, placing families at risk of experiencing homelessness. This means that families in or near poverty will continue to face housing crises, and need access to "solid economic supports, prevention services, and safe, stable, and affordable housing."

Preventive services and affordable housing would equip families to better care for themselves and their children. The article also makes the critical point that: "**Social workers are key stakeholders in ensuring that families have access to services.**" <http://www.socialworkers.org/practice/children/2009/sept2009.pdf>

Assets Help Families Cope with Adverse Events

The Urban Institute's "Do Assets Help Families Cope with Adverse Events?" article describes how assets cushion the blow when families face adverse events, such as a job loss, health problems, etc. The report stated that:

- Families in all parts of the income distribution experience material hardship after a negative event occurs, but more low-income families face hardship.
- In the aftermath of a negative event, asset poor families experience more hardship than non-asset-poor families. Assets help both in the bottom and middle thirds of the income distribution and help less in the top third of the income distribution.

<http://www.urban.org/publications/411994.html> As noted in the Fall 2009 Planning & Coordination Newsletter, the "scarring" of the economy will continue for years to come. Similar "scarring" of the economic status (loss of income, depletion of accumulated assets) of families will also continue while they struggle to recover what they lost during the recession.

Technology Assistance for Nonprofit Organizations

TechSoup.org offers nonprofits a one-stop resource for technology. TechSoup.org provides free information, resources, and support. In addition to online information and resources, they offer a product philanthropy service through which nonprofit organizations can access donated and discounted technology products, generously provided by corporate and nonprofit technology partners.

<http://home.techsoup.org/pages/about.aspx>

Workforce Changes Affect the Economy

Helping low-income persons achieve stable employment is a good first step in a journey to self-sufficiency. To obtain and maintain employment, many face barriers that need to be resolved before they can achieve that goal.

Barriers often include the lack of adequate levels of reading and writing skills, basic job skills and lack of sufficient public transportation. Many are also challenged by having a felony record in their past, while others cannot find affordable child care.

While some services may be available to help them secure employment and meet other needs, but there may be challenges in accessing such services. Many of these people experience difficulty as they attempt to navigate the complex systems of supportive services, which is detrimental to their development of stable households

In order to increase the understanding of how to assist these individuals in the most effective way, Metro Social Services conducted the 2009 Community Needs Evaluation. It included an assessment of the specific challenges faced by those who need employment.

In ranking the needs related to Workforce & Economic Opportunity, the Grassroots Community Survey participants most frequently identified the need for finding a job/job placement services, followed by job training as second choice. Global competition has impacted many industries that low-skilled low-income workers relied on for employment. Data collected showed that Davidson County's unemployment rate has risen to 9.4% in June of 2009. The rate is even higher for African Americans and Hispanics.

The data from Tennessee Department of Labor and Workforce Development documented that in Nashville, the number of people employed in manufacturing from 1997 to 2007 has decreased about 31% while those employed in education and health services in the same period has risen about 33%.

Medicare Advantage Plans 2010

If you have a Medicare Advantage plan, and you're satisfied with it, do you need to do anything? The answer is Yes, you do need to check out the 2010 plans. Plans change, and your needs may have changed. The Medicare website recommends that you look at your plan each year, to make sure it's still right for you. You can join or switch Medicare Advantage Plans from January 1 to March 31 of every year, but you can't add or drop prescription drug coverage during this time. The Medicare web site has search tools you can use to compare plans – go to www.medicare.gov and look under "Compare Health Plans."

For more information, contact the Medicare Counselor at the Area Agency on Aging & Disability (615-255-1010), or the non-profit advocacy organization, Voice, Inc. (615) 772-4288, marybethbest@myvoiceinc.com

When Economy Goes Down, Email Scams Go Up

It's always a good idea to check out any email solicitations or emails from someone you do not know. It is especially important in economic hard times when scams of all kinds multiply. There are several internet sites where you can go to check out a suspicious email.

One of these is Hoax-Slayer.com, a free site "...dedicated to debunking email hoaxes, thwarting Internet scammers, combating spam, and educating web users about email and Internet security issues." This site also includes anti-spam tips, computer and email security information, articles about true email forwards, and much more.

Beware also of "rogue security software," which claims to protect your computer, but is actually a way for crooks to get access to your stored information. There are several legitimate security software products, such as the well-known anti-virus software from Symantec (Norton) and McAfee, and others. A list of companies is available at <http://support.microsoft.com/kb/49500>



Job Openings Fewer than Before Recession

In a recent analysis of the U. S. Department of labor's "Job Openings and Labor Turnover Survey" by Economic Policy Institute (Heidi Shierholze) reported that for every job available, there were 6.3 job seekers per job opening (nationwide, October, 2009).

The article noted that the job openings are trending in the right direction, since they have slightly declined. They pointed out that before the recession, there were 4.8 million job openings (June 2007) with a little over half as many for October 2009, at 2.5 million.

The pre-recession high was 4.8 million job openings in June 2007; in October 2009 there were just over half as many openings at 2.5 million.

EPI indicated that they support efforts to create more jobs, and pointed out that until job openings and hiring revive, job growth cannot resume and unemployment will continue its upward climb.

http://www.epi.org/publications/entry/jolts_20091208/



Food & Nutrition

People who have limited financial resources are hungry. Many organizations distribute food in Davidson County and provide a vital service to people in need. Because the number of people needing food has increased, there is not enough food for everyone who is hungry, including children.

It is reported that as many as 40% of people in Nashville often skip meals or worry about food. In school year 2008-09, 72% of Metro Nashville Public Schools students qualified for free- and reduced-price school lunches. In 2008, the 2-1-1 Call Center received more requests for help with the combined category of Food and Food Stamps than for anything else.

Our survey of over a thousand low-income people found that they feel the top food & nutrition needs in Nashville are an increase in the amount of Food Stamps they receive and more fresh food for our elderly, our school children and people in low-income neighborhoods. Several hundred professionals surveyed indicated the top unmet nutrition need is food for elderly, disabled and low-income people.

We also conducted focus groups of residents, mostly low-income, and they confirmed the survey results. Focus group participants identified the need for better quality of food for children in school and after-school programs, from feeding programs and food banks, and for elderly and disabled people, and an increase in the amount of food stamps a person could receive.

Need Greater for Home and Community Based Services

Tennessee has increased the proportion of funding spent on home and community based services for adults (instead of on institutional care such as nursing homes). In June of 2008, Tennessee's governor signed the *Long-Term Care Choices Act*, which realigns long-term care funding so more people can age at home if they don't really need a nursing home. It will be implemented in Middle Tennessee in March 2009, with streamlined eligibility and increase in the services available to families.

In future years, even more home and community-based services will be needed by the aging population. Not only is home/community based care less expensive than nursing homes, people want to age at home. The 2009 Community Needs Evaluation found through surveys that the grassroots community prioritized the need is for Homemaker services for people who are elderly or disabled (services which help people age in their own homes).

The professionals surveyed noted the need for more in-home care and expanded eligibility for those who need services. Focus group participants focused on a common theme about the need for more services in the community, and the need for more public awareness about the services that are already available.

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