

BUSINESS COLUMNISTS



Dan Haar

Free Tax Help Now, Financial Advice Later

April 8, 2003

Monday started out as a quiet day for preparing tax returns at the Park Street office of Community Renewal Team, a surprise considering April 15 is fast approaching.

All at once two brothers walked in without an appointment, one with a pregnant wife and a small child in tow. A third man, with an 11 a.m. appointment, arrived at the same time. More walk-ins were on the way. The staff scrambled into action, using software supplied by the IRS.

The Community Renewal Team Inc., a long-established not-for-profit social service agency in Hartford, is new to the tax-filing business this year. Business, that is, in a manner of speaking; the service is free to anyone, regardless of income.

A client in the office to arrange energy assistance was kicking herself for not learning about the free service earlier. She said she paid H&R Block a fee for her return, and also paid H&R Block for an instant loan against her return, for a total of \$260.

CRT's tax program, with six neighborhood sites in Hartford and Middletown, is part of an ongoing effort run by Take Your Money Hartford; the program actively discourages clients from seeking those instant loans, in part by offering not only free tax preparation, but free electronic filing, as well. Most clients see their money within 10 days.

More broadly, the idea is to help low-income taxpayers who are barely scraping by, who don't understand the banking system or who mistrust it to join the ranks of money savers - with bank accounts, and even retirement planning.

"It's been a gateway program to get more services into the community," said Elizabeth Horton Sheff, director of neighborhood services for CRT and the Hartford City Council majority leader.

That's a lofty goal in theory, with a good start and mixed results in practice because many of the clients just aren't ready for it.

But in its first season, CRT has become a major player in the IRS Volunteer Income Tax Assistance program. As of Friday, 11 days before the deadline, the agency had done 460 returns, putting \$608,000 back into the hands of mostly low-income city residents.

"CRT is one of the biggest ones we have," said Jodonna Powell, director of this and other outreach for the IRS in Connecticut and Rhode Island. "That's quite an undertaking."

It clearly is filling a gap that has been lucrative for private tax preparers in the city, and a boost for neighborhoods that need it. Most of the clients - many who may not have filed at all if not for CRT, or who would have paid fees - will get money back.

LaShawne Houston, the upbeat CRT program coordinator at Park Street and another neighborhood branch, assured the younger of the two brothers who showed up Monday morning that a refund seemed likely for him, even though he had no children or other dependents. His documents showed less than \$4,000 from part-time work during 2002 at Burger King, which had withheld \$206. But there was the matter of the young man's income of almost \$9,000 delivering newspapers.

She punched computer keys. "Oh my goodness. That can't be right," Houston said.

The IRS software showed he owed \$256. Houston double-checked it, and delivered the bad news. His brother, like most clients, came away with the promise of a refund.

The third taxpayer, Javier Santiago, who needlessly had paid withholding tax on several months of unemployment checks, also came away with a return that should bring a refund of almost \$200.

In February, he said, he paid \$35 for a private firm to prepare his taxes for a job he held during most of 2002. He later learned that he could also seek a refund for his unemployment withholding, and he found out about the CRT service.

Santiago could ill afford to pay a fee. Like many clients who seek the free assistance, the unmarried Hartford resident has suffered a layoff, and has seen a painful number of jobless weeks. He was earning less than \$300 a week in shipping and receiving at Ames in Rocky Hill before the entire department store chain folded last year.

Since then, he said, he has tried to find work with no success, and now must seek an extension to his unemployment benefits - which run out next week.

As his case illustrated, it's not so easy in practice to sign people up for such programs as "individual retirement accounts," in which agencies such as CRT match contributions for eligible people saving for retirement, education or home-buying.

Houston and her colleagues on Park Street, including general assistance case manager Joanna Santana, know when - and when not - to push financial awareness for people with barely enough money to live on.

"A lot of people have personal issues that they don't want to talk about," Santana said, including difficult histories with banks.

Awareness of what they have rightly coming to them is another story. The software automatically calculates child tax credits and the federal Earned Income Tax Credit, the most important income program for working poor families.

But you can't win if you don't file, to borrow a slogan from an outfit that is no friend to the poor. Nationwide, said Powell at the IRS, between 15 percent and 25 percent of filers eligible for the credit fail to claim it. CRT and other agencies volunteering to prepare taxes are spreading the word quickly.

Connecticut and Rhode Island agencies in the IRS volunteer assistance programs prepared 19,000 returns in 2002, and have the goal of 22,000 returns this year, Powell said.

Take Your Money Hartford has worked with Fleet Bank to have bank officers on hand at a Hartford school where its volunteers prepared taxes, ready to open savings accounts on the spot.

One woman applied her entire tax credit check of \$4,000 toward the down payment on a house, Powell said.

"This is how people get out of poverty," Powell said.

Dan Haar can be reached at haar@courant.com or by calling 860-241-6536.

E-mail: haar@courant.com