

Helping the Needy Crack the Tax Code

For some families, a refund means food and shelter. Too many don't know how to claim what's theirs.

BY BOB BURKE

I WAS FRESH OUT OF COLLEGE AND working as a finance consultant in 1994 when I volunteered for my firm's tutoring-and-mentoring program at Holy Family School on Chicago's impoverished West Side. I coached a fifth- and sixth-grade basketball team, but I felt that there was only so much I could do to truly help my kids. Without money to buy food or clothing or sometimes even to keep the heat on, the families in the neighborhood faced a daily struggle that weighed heavily on the children.

One day I had an idea. I knew the federal government had tax credits to ease the burden on working-poor families, but the process for claiming these credits was simply too complicated for most to get the assistance they had coming. I came up with a plan: I would gather a group of business professionals to offer free tax-preparation services. We'd meet at the school on Saturday mornings and get the word out in the community that we were there to help. That December, I spent my two-week vacation scouring the office for volunteers.

The first Saturday we met was rough. The heat went out at the school, so we moved everyone away from the windows to keep them warm. Despite the cold, an amazing thing happened. When the morning was over, the nearly 30 volunteers who had come out agreed that it was one of the most rewarding experiences they had ever had. I can still recall a co-worker's telling me that she could not believe how courageous the families she met were—one woman was working for about \$14,000 a year, sending her kids to a local Catholic school to keep them safe and managing a household without a father.

Volunteers for other worthy organizations use their brawn to paint a school or

install new playground equipment; I simply asked mine to sit, paper and pencil in hand, across the table from a family in need. In the process, they learned about those they were helping—what the parents did for a living, how many kids they had.



PHOTOGRAPH BY BOB STEFANO FOR NEWSWEEK

GOOD NEWS: I remember a single mother of two who burst into tears when I told her the IRS owed her \$10,000

After about an hour, these volunteers usually had the pleasant task of informing a hardworking, low-income family that they would receive thousands of dollars back from the Internal Revenue Service. All that without a commercial tax-preparation service's taking out a big chunk.

I vividly remember when a single mother of two, who hadn't earned enough in three years to file a return, burst into tears when I told her that the IRS had withheld too much from her paychecks and owed her \$10,000. She said she would use the money to fix the leaky roof on her house. Others were equally emotional, making

plans to pay overdue bills, buy clothes and school supplies for their children or even move to a safer neighborhood.

Ten years after that first morning in the Holy Family School gym, the little program that started with some coordination around the office has grown tremendously. This year more than 1,600 volunteers helped more than 8,000 families receive a total of about \$10 million in tax refunds.

That's not only good for these families. That's good for their neighborhoods' economies. We have even begun offering financial-literacy assistance to encourage families to open bank accounts instead of using expensive currency exchanges to pay bills, cash checks or wire money.

I'd love to see this kind of program take off in other communities. With a little dedication, our model can easily be copied. We provide our volunteers with three hours of training, either in the classroom or online. Then they gather at a central location and are bused to schools, churches and community centers around the city. More often than not, we have a tax expert from one of Chicago's premier accounting firms available to address any truly unusual financial situations.

For the most part, the families we serve don't have terribly complicated tax returns—there are no investment portfolios to consider or business expenses to write off. We help these folks take advantage of breaks like the earned-income tax credit, the child tax credit and the child-care credit. While I am grateful that these breaks exist for the working poor, there is something wrong with a process so difficult that it takes a cadre of financial consultants from the city's top companies to help qualified taxpayers claim their deductions.

It has been estimated that it takes an average American more than 10 hours to complete the 1040 tax form. The 1040A, known as the short form, has more than 80 pages of instructions, double the number of lines that appeared in the standard 1040 back in 1945. So much for progress.

The IRS and Congress need to fix the system so that those who need the most financial assistance can get it. Until the federal government makes it easier for the working poor to help themselves, my volunteers and I will be there.

BURKE lives in Chicago.