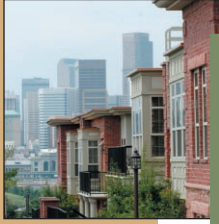


FALL 2006



Our mission is to provide opportunities for children and their families to move from poverty and dependence to self-reliance.

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THE PITON FOUNDATION



THE COMMUNITY INVESTMENT DIVISION OF
GARY-WILLIAMS ENERGY CORPORATION

The Piton Perspective

Connecting the Denver Community to Neighborhood Facts and Piton Foundation Programs

Tax Credit Boosts Low Wages of Area Workers Pinpoints Where Working Poor Live

Thirty years ago, Congress established a tax credit designed to help boost the wages of lower-paid workers. By all accounts, the Earned Income Tax Credit (EITC) has been highly successful – lifting millions of families with children out of poverty every year and significantly reducing welfare rolls. The EITC has become the nation's largest antipoverty program for working families.

An analysis done by The Piton Foundation of the most current IRS data shows that 256,000 Colorado families received \$450 million in tax refunds through the EITC in 2003. In the Denver area alone, 128,000 low-income residents claimed over \$200 million in refunds. This money is not only a boon for struggling families that use it to pay for the most basic necessities like rent and food, but also for the state and local economies, which benefit from families' increased purchasing power derived from the tax credit.

Piton also used these taxpayer data to look at the geographic distribution of EITC recipients in order to better understand where working poor families in the Denver area live. The analysis revealed:

- Of all the metro counties, Denver has the largest number and the highest percentage of taxpayers receiving the Earned Income Tax Credit.
- However, the suburban counties are seeing larger increases than Denver in the percentage of their taxpayers receiving the tax credit.
- In Aurora, the percentage of taxpayers receiving the EITC increased from 13.0% in 2000 to almost 16% in 2003, surpassing the percentage of Denver taxpayers receiving the credit.
- Other cities in the inner suburbs, like Northglenn, Thornton, Westminster and Arvada, are experiencing sizable increases in the percentage of taxpayers receiving the EITC, while Denver's inner-city neighborhoods are seeing less growth, and in some cases, a decrease.



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THE PITON FOUNDATION



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Piton's

P E R S P E C T I V E

As a foundation with the mission to move families from poverty to self-reliance, the Earned Income Tax Credit is a very important component of The Piton Foundation's work. The EITC is a tried and true way to reduce poverty, decrease welfare, and promote work. Unlike typical government programs, tax credits put money directly back in the pockets of the people who earned it and need it to support their families. That's why for 17 years, Piton has promoted awareness of the EITC and other tax credits among low-wage workers in Colorado.

Decades of research corroborates that the EITC works to reduce poverty. In 2003, it lifted 4.4 million U.S. families out of poverty, including 2.4 million children. The EITC also presents a win-win opportunity for employers and employees, essentially increasing the earnings of workers making less than about \$38,000, at no cost to the employer. The tax credit has strong economic benefits as well. Refunds are typically spent by recipients in the communities where they reside. Therefore, areas that are more densely populated with low-wage workers receive an economic boost in terms of the purchasing power derived from the credit. In the Denver metropolitan area, \$201 million in EITC dollars flowed into our communities in 2003, more money than provided from any other public program.

This issue of "The Piton Perspective" looks at where taxpayers who receive the EITC live in metro Denver. Our researchers found that while Denver is still home to a high concentration of low-income workers, lower-wage workers are increasingly living in communities just outside of Denver's borders. Aurora, for example, now has a higher percentage of taxpayers receiving the EITC than Denver. The cities of Northglenn, Thornton, Westminster, Arvada and Lakewood are experiencing significant growth in the percentage of their taxpayers claiming the credit. Meanwhile, in Denver's traditionally poor neighborhoods, places like Five Points and Cole, the proportion of lower-wage workers is staying the same or even decreasing.

This analysis of taxpayer data, combined with other data Piton analyzed in previous issues of "The Piton

Perspective," is beginning to paint a picture of poverty that no longer is solely a "Denver problem." Lower-wage workers are now living in what are called "the inner-ring suburbs." This has tremendous implications for these communities related to their schools, housing, and health and social services.

All communities in metro Denver can help working families struggling to make ends meet by making sure they benefit from the tax credits they are eligible to receive. Actions local communities can take to harness the benefits of tax credits include:

- Raising awareness of tax credits among lower-wage workers through schools. Denver Public Schools and several Adams County school districts send Piton's outreach materials home with every student in January. Other districts with concentrations of lower-income families could do the same.

- Reaching out to lower-wage employees through area businesses. At the beginning of tax season last year, Denver Mayor John Hickenlooper wrote to all Denver businesses encouraging them to share information about the EITC with potentially eligible employees. Other elected officials and chambers of commerce could do this too.

- Providing free tax preparation assistance to lower-wage workers. Paying a tax preparer diminishes the benefit of tax credits. Organizations in the metro area use trained volunteers to provide free tax help, but there's not enough of this service or enough volunteers. Colleges, nonprofit organizations and governments can get involved in providing free tax preparation to low-income taxpayers.

- Making sure elected officials understand the importance of these tax credits to lower-wage workers, their families, and our communities.

We encourage you to contact us to get assistance to pursue any of the above options. With your support, we can help boost the bottom line for thousands of working families in Colorado, as well as help our state and local economies.

Mary Gittings Cronin
President

The Economic Benefits of the Earned Income Tax Credit

Even with a steady job, many working families in Colorado struggle to make ends meet. This is particularly true for lower-skilled workers and single parents. Low-income working families are generally classified as those earning wages up to twice the federal poverty level, or about \$40,000 for a family of four in 2006. This translates to more than one in five Colorado families. Many of these workers are people all of us depend on for providing child care and long-term care, cleaning offices, cooking and waiting on us in restaurants, and serving in the military.

For these working families, the costs of housing and health care, combined with ever-rising food and utility expenses, make providing for a family a constant struggle.

What is the Earned Income Tax Credit?

The EITC is an income tax credit enacted by Congress in 1975 in response to the burden that rising payroll taxes were imposing on lower-wage workers. Congress made sizable increases in the EITC several times between the late 1980s and early 1990s. In 2003, \$34.4 billion in EITC refunds were paid to 19.3 million low-income taxpayers in the United States.

How does the EITC Work?

The EITC is available to families whose earnings range from below the federal poverty line to about double the poverty line. A family with two children can get a tax credit of up to \$4,536 when they file their 2006 taxes; families with one child are eligible for a credit of up to \$2,747. Very low-income workers with no children are eligible for a credit of up to \$412. Taxpayers must have a valid Social Security

Number to be eligible for the EITC.

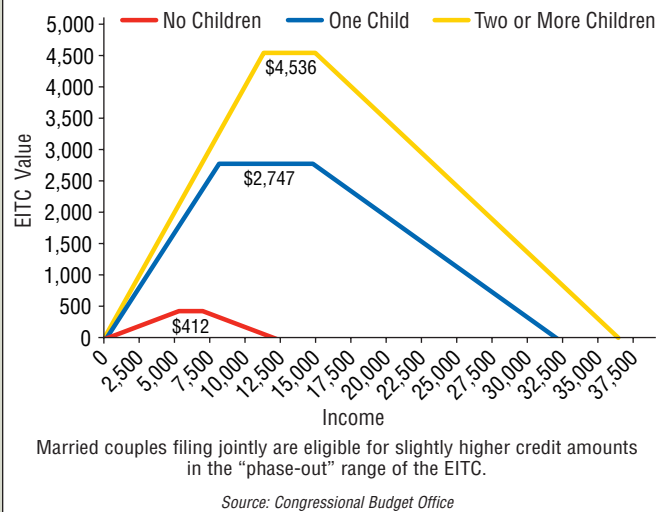
The size of the credit increases as the workers' earnings increase, up to a point, and then remains constant at a maximum level, before declining with each additional dollar of income. For example, a single parent with two children who earns between \$11,300 and \$16,849 in 2006 is eligible for the highest refund amount, \$4,536. To claim the credit, workers must file a tax return.

What makes the EITC particularly valuable is that it is a "refundable" tax credit. If a taxpayer has an income tax liability, the amount of the EITC for which he or she qualifies acts to reduce that tax. Any amount remaining after the tax liability is reduced to zero is returned to the taxpayer as part of the tax refund. If a taxpayer has no tax liability, he or she may receive the entire EITC as a refund. This refundability allows low-income workers who miss out on the benefits of most tax credits and deductions to take full advantage of the EITC.

Research Documents Value of EITC

Many studies have been done over the years to evaluate the impact of the Earned Income Tax Credit. They have documented these benefits: the EITC lifts millions of families out of poverty, significantly supplements wages, increases work among single mothers and welfare recipients, and increases purchasing power.¹

Size of EITC Depends on Income and Number of Dependents, 2006



Quick Facts about the EITC in Colorado

- About 256,000 Colorado taxpayers (13%, or one in eight) received Earned Income Tax Credit refunds totaling \$450 million in 2003.
- The average EITC refund is about \$1,600.
- 77% of EITC recipients have children; 23% are single adults between 25 and 64 who make less than \$12,000.
- 38% earn less than \$10,000; 30% earn between \$10,000-\$20,000; and 43% earn between \$20,000-\$35,000.
- One half are single parents; one quarter are married with children; and one-quarter are single adults without children.
- The county with the largest number of EITC recipients is Denver, followed by El Paso, Adams, Arapahoe, and Jefferson counties.
- The counties with the highest proportion of taxpayers claiming the EITC are in the San Luis Valley and in southeast Colorado, followed by counties on the eastern plains and southwest Colorado.

¹Holt, Steve. Feb., 2006. "The Earned Income Tax Credit at Age 30: What We Know." Washington: The Brookings Institution.

Where Low-Income Workers Live in Metro Denver

In 2003, approximately 128,000 residents of the metro Denver area received \$201 million in federal

Earned Income Tax Credit refunds. Of all the metro counties, Denver had the highest number of EITC

recipients, (39,000) and the highest percentage of taxpayers receiving the tax credit (15.1%). In Adams County, the percentage of taxpayers receiving the EITC (13.1%) also exceeded the metro county average of 11.1%.

The cities of Commerce City and Aurora actually had higher percentages of taxpayers who claimed the Earned Income Tax Credit than Denver. In Commerce City, 23.9% of all taxpayers – or one-quarter – received an EITC refund, while in Aurora, 15.8% of taxpayers received the tax credit. Five other suburban communities had proportions of taxpayers who

Piton's Analysis of the EITC as a Measure of the Working Poor

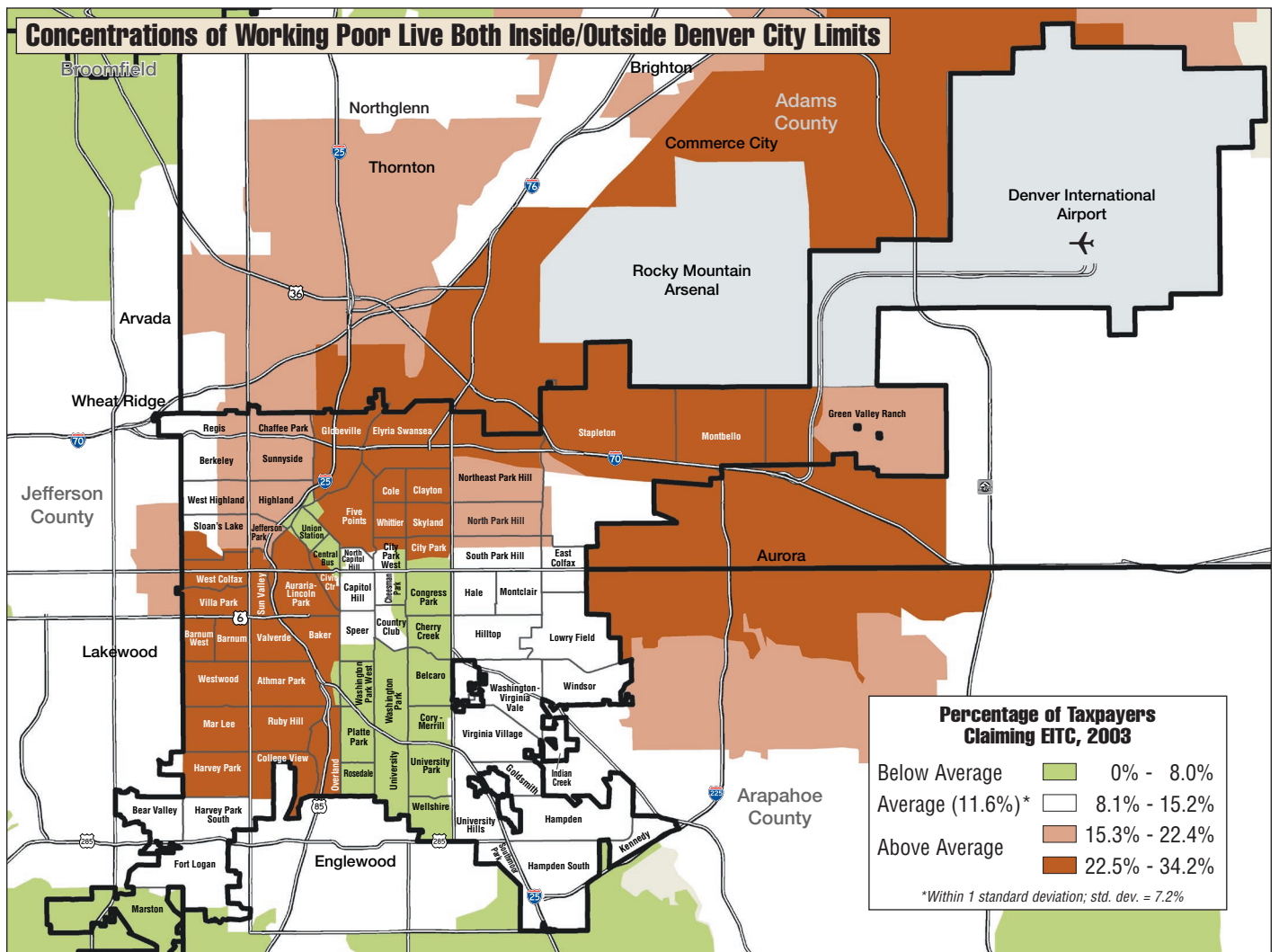
The data The Piton Foundation analyzed for this study are for tax years 1997-2003, the latest IRS data available, and were found on The Brookings Institution's web site.² Piton's analysis focused on the six-county metro Denver area and used the EITC as an indicator of the number and location of low-income working residents in the Denver metropolitan area.³

The Earned Income Tax Credit is widely used as a measure of "the working poor." To be eligible for the credit, a person must have income from employment and that income cannot be more than about 200% of poverty, or about \$36,800 for a family of four in 2003. However, there are some limitations to using the EITC as the indicator because it excludes some populations, including the unemployed, undocumented immigrants (who are not eligible for the tax credit), and those who are eligible for the Earned Income Tax Credit but do not apply. National estimates put the percentage of those eligible for the EITC who do not apply between 15-25%.

It is also important to note when looking at EITC data that the health of the economy affects EITC participation. In good economic times, the number of EITC recipients and the percentage of taxpayers who get the EITC typically go down. In worse economic times, those numbers increase. That is evident in looking at the data over time. From 1997 to 2001, a period when the economy was strong, the number of EITC recipients in the Denver metro area declined slightly, from 118,000 to 108,000, or by 8%. Then, when economic conditions worsened between 2001 and 2003, the number of area residents receiving the EITC increased by 18%.

² The Brookings Institution web site contains zip-code level tax return information (www.brookings.edu/metro/eitc/)

³ The city of Broomfield (previously part of Adams, Boulder, and Jefferson counties) became its own county in 2001. Source data did not provide Broomfield as a separate county.



received the EITC that were above the metro-area average (11.1%).

EITC High in Denver's Northeast and Southwest Neighborhoods

The IRS does not provide taxpayer data at a neighborhood level – which is The Piton Foundation's standard way of analyzing data – but the IRS data are available at a zip code level. Although zip code boundaries are larger than Denver's defined neighborhoods, their smaller size still allows for community level analysis both in and outside of Denver.



Sizable increases in taxpayers receiving the EITC are occurring in suburban communities.

While 15.1% of Denver taxpayers overall received the EITC in 2003, certain areas of the city had much higher concentrations of taxpayers who claimed the credit. The neighborhoods with the highest percentages of taxpayers receiving the EITC were Elyria-Swansea and

2003 EITC Claims in Metro Denver			
	No. of EITC Recipients	% of All Taxpayers	EITC Refunds
Denver Metro	127,936	11.1%	\$200,744,000
County			
Adams	24,076	13.1%	\$ 40,195,000
Arapahoe	32,282	9.8%	\$ 51,933,000
Boulder	11,471	8.8%	\$ 15,075,000
Denver	39,415	15.1%	\$ 62,637,000
Douglas	2,853	5.1%	\$ 4,270,000
Jefferson	17,839	9.5%	\$ 26,624,000
City*			
Commerce City	2,081	23.9%	\$ 3,790,000
Aurora	18,917	15.8%	\$32,465,000
Denver	39,415	15.1%	\$62,637,000
Thornton	5,199	13.6%	\$ 8,765,000
Wheat Ridge	1,975	13.0%	\$ 2,951,000
Northglenn	1,989	12.7%	\$ 3,188,000
Englewood	2,059	12.3%	\$ 2,990,000
Brighton	1,956	11.7%	\$ 3,500,000

**Limited to cities with over 1,000 EITC recipients.*

Globeville in north Denver (34.2%); Auraria-Lincoln Park, Sun Valley, Villa Park and West Colfax in west Denver (29.3%); City Park, Clayton, Cole, Five Points, Skyland and Whittier in northeast Denver (27.5%); Montbello and the eastern edge of Green Valley Ranch in far northeast Denver (26.9%); and Barnum, Barnum West, Harvey Park, Mar Lee and Westwood in southwest Denver (25.8%).

Working Poor Also Live Outside of City

Piton's analysis also found concentrations of working poor living outside the city limits. These included zip codes in western Aurora along Colfax Ave., (near the University of Colorado Health Sciences Center at Fitzsimons), in Commerce City (north of DIA and the Rocky Mountain Arsenal), in Lakewood, Edgewater and Wheat Ridge (north of Sixth Avenue between Federal and Wadsworth) and in southwest Adams County and Thornton (north along I-25 between I-70 and 104th Ave.

Growth in Suburban EITC Filers Shows Movement of Working Poor

Piton also looked at change in the geographic location of the metro area's working poor between 2000 and 2003. Results showed the largest increases in the percentage of taxpayers receiving the EITC occurred in counties and cities outside of Denver, indicating major changes since 2000 in where the working poor are living in the metro area. Every metro county, except

(Continued on page 6)



Tax credits, like the Earned Income Tax Credit, supplement the wages of 128,000 working poor taxpayers who live across the metro Denver area, with increasing numbers in the inner suburbs.

Low-Income Workers (Cont.)

Douglas, exceeded Denver in its growth in the percentage of taxpayers receiving the EITC.

	2000	2003	% Point Change
Arapahoe	7.7%	9.8%	2.1
Boulder	6.7%	8.8%	2.1
Jefferson	7.5%	9.5%	2.0
Adams	11.4%	13.1%	1.8
Denver	13.4%	15.1%	1.7
Douglas	3.6%	5.1%	1.5

Outside of Denver, it was the inner suburbs that experienced the most growth in the percent of taxpayers who received the tax credit. For example, Aurora experienced the largest increase. In 2003, 15.8% of Aurora taxpayers received the EITC, up from 13% in 2000. Sizable increases also occurred in the

northern suburbs of Northglenn, Thornton and Westminster, as well as in Arvada and Lakewood in the western metro area.

Meanwhile, in Denver, decreases in the percentage of taxpayers receiving the EITC occurred in northeast Denver neighborhoods close to downtown, such as Five, Points, Cole, Whittier, Clayton and Skyland. The Denver neighborhood that experienced the greatest increase was Green Valley Ranch, where the percentage of taxpayers claiming the EITC grew from 12.0% to 16.3% in 2003.

Conclusion

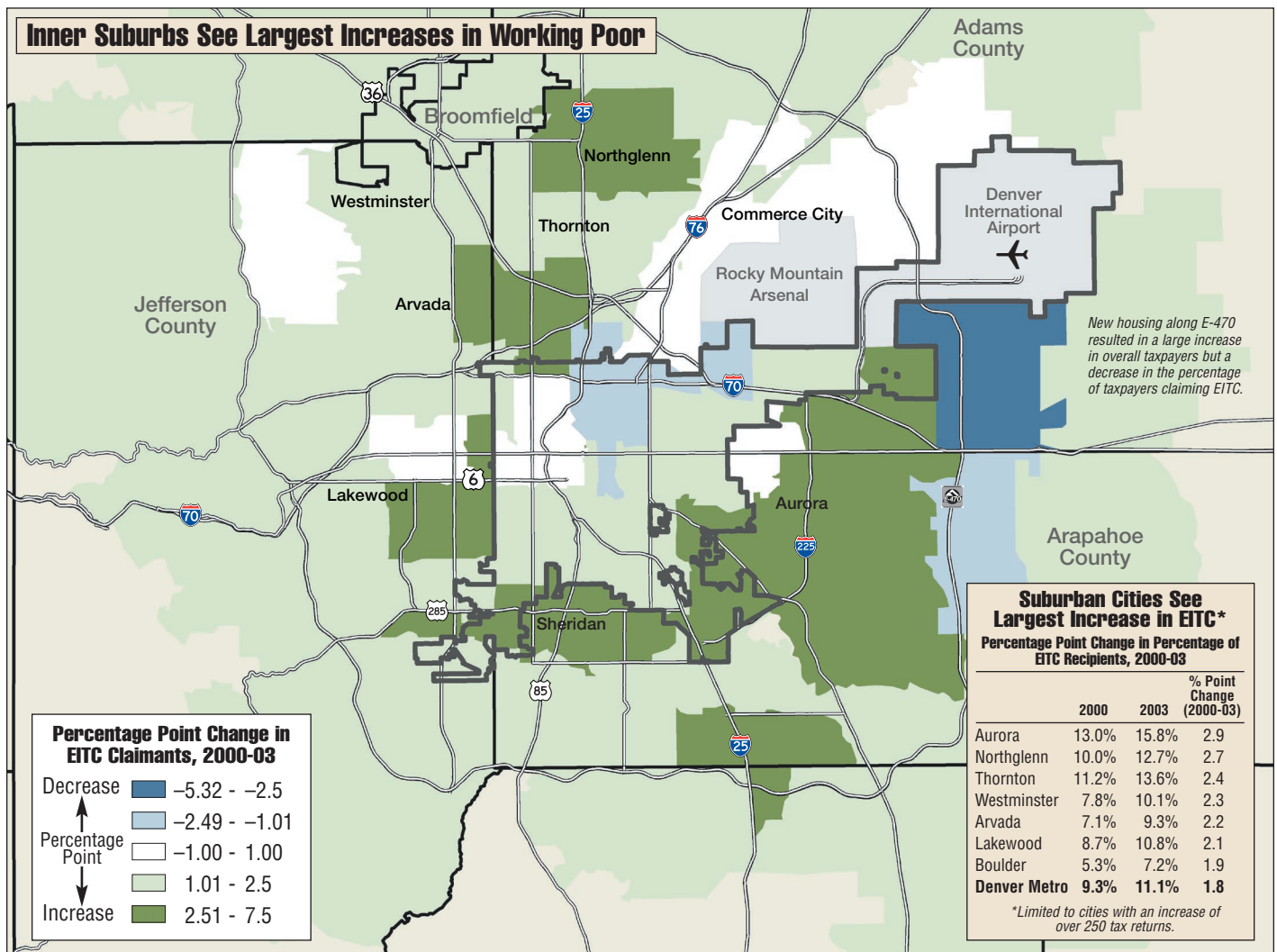
The Piton Foundation believes that people who work full time should be able to make enough to support their families. The EITC and other tax credits, like the Child Tax Credit, help these workers stretch their wages to be able to provide for their families. In fact, the EITC benefits more moderate-income families than

traditional government benefits such as welfare and food stamps.

The IRS data that Piton analyzed on taxpayers who receive the Earned Income Tax Credit indicate that the population often called the “working poor” is growing in Denver’s inner suburbs, areas like Aurora, Commerce City, and Thornton. As the EITC-eligible population increases in these communities, ongoing outreach to publicize the availability of this tax credit is essential.

Find More Facts

- Neighborhood Facts – data on the Earned Income Tax Credit by Denver-area zip codes: www.piton.org/eitcdata
- The Brookings Institution – zip-code level tax return information (including data on the Earned Income Tax Credit) for states, metro areas, counties, cities, and towns for tax years 1997-2003. EITC data are also available for Colorado congressional districts: www.brookings.edu/metro/eitc/



Piton Programs

PROMOTE TAX CREDITS FOR WORKING FAMILIES

Tax credits, like the Earned Income Tax Credit and Child Tax Credit, are important components of The Piton Foundation's efforts to move families from poverty and dependence to self-sufficiency. In the 30 years since the Earned Income Tax Credit (EITC) was established, countless studies have verified that the EITC has lifted millions of families out of poverty, reduced welfare rolls, and produced substantial increases in employment.

In recognition of this, since 1989 the foundation has conducted an annual, statewide public education campaign to publicize the availability of the EITC and other tax credits for lower-income families. In addition, Piton also works to reduce the costs that low-income taxpayers pay to claim these tax credits by promoting free and low-cost tax preparation alternatives.

Outreach on Tax Credits for Working Families

Piton collaborates with hundreds of organizations across the state to raise awareness of tax credits for lower-income workers. The state of Colorado and city of Denver are major partners, working with the foundation to provide information to hundreds of thousands of struggling Colorado residents who receive public benefits, including food stamps, energy assistance, Medicaid and unemployment. In addition, nonprofit organizations across the state, including food banks and a wide array of health and human service providers, schools and churches distribute Piton's educational materials. Individual employers and employer groups statewide also provide outreach assistance. The foundation also uses direct mail to reach residents of lower-income zip codes, and other targeted groups such as child care agencies and foster-care families. And during tax season, Piton advertises on buses, television, and newspapers across Colorado.

A network of 2-1-1 call centers across the state serve as the foundation's referral source for people with questions about their eligibility for these tax credits and to direct them to help with filing their taxes.

Tax Filing Alternatives

While tax credits like the EITC can greatly increase the ability of workers in lower-paying jobs to support their

families, too many of these workers lose a large percentage of their credits' value in transaction costs related to filing their taxes. The complexity of determining eligibility for tax credits drives more than 66% of EITC recipients to paid preparers, compared with 54% of all taxpayers. The costs associated with using a paid preparer include \$100-\$200 for preparing the return and another \$100 or more for the high-cost "refund anticipation loans," which one-third of Denver EITC recipients use.

Highlights of Tax Year 2005 Public Information Campaign

- More than 1,000,000 copies of educational materials disseminated statewide through government programs, community-based organizations, and employers.
- More than 2,700 callers helped by the 211 hotline.
- More than \$450,000,000 in federal EITC refunds pumped back into the Colorado economy, including more than \$201,000,000 into Denver's economy.
- More than 29,000 tax returns prepared at free tax assistance sites statewide.

For the last seven years, Piton has been working to reduce the costs that low-income workers pay to claim tax credits by promoting free and low-cost tax preparation alternatives. Its efforts include widely publicizing the availability of free tax assistance services across the state and operating free tax sites in several low-income neighborhoods in Denver. In addition, the foundation is convening other groups that provide free tax preparation across the state to explore the development of a more coordinated and sustainable model of free tax preparation services in Colorado.



Dial 211 (it's a free call) to learn about tax credits for working families and to find help filing your taxes

If you make less than about \$38,000 and have children at home, the Earned Income Tax Credit and Child Tax Credit can help you keep more of the money you work so hard to earn. If you qualify, you owe less in taxes and may even get hundreds or thousands of dollars back and these tax credits do **not** count as income when applying for public benefits.

Keep more of your refund: Don't pay more than you have to for filing your taxes!

- If you use a paid preparer, don't be tempted by "instant refunds." You're paying way too much to borrow your own money!
 - Have your taxes done at a free tax preparation site near you.
 - Complete your own tax forms using free on-line tax preparation and electronic filing.
- A community service of The Piton Foundation and 211 Colorado

Piton distributes more than one million copies of this pamphlet and other materials to publicize the availability of tax credits for lower-income workers.

Get Involved in Promoting Tax Credits for Working Families:

- Incorporate tax credit information into your training, education and other programs and services targeting lower-income families.
- Provide educational materials to eligible employees and clients you serve.
- Advocate with policy makers about the value of these tax credits.
- Establish a free tax assistance program for lower-income families in your community.
- Sign up to receive electronic updates on the EITC and other tax credits for working families.

To get free copies of Piton's outreach materials, contact:

The Piton Foundation
370 17th St., Suite 5300, Denver, CO 80202, 303-825-6246
or go to www.piton.org/eitc to download materials.

Foundation

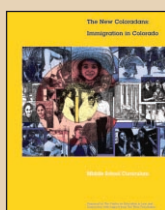
NEWS

Employee Fund Focuses on Environment



“Connecting people to the outdoors and our environment” was the thematic focus of the Gary-Williams Energy Corporation Employee Fund in 2006. The fund awarded \$73,000 in grants to 10 groups, including Volunteers for Outdoor Colorado, Bluff Lake Nature Center, Audubon Society of Greater Denver, and Denver Urban Gardens. The employee fund, which is administered by The Piton Foundation, was established in 1983 to foster awareness among company employees of the importance and rewards of community service. In recognition of its efforts, the Gary-Williams Employee Fund recently received the President’s Award for Outstanding Service from the Paralyzed Veterans of America.

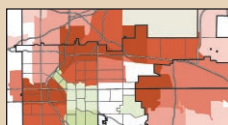
Piton Develops Tools for Teaching about Immigration



Coloradans are divided on the issue of immigration...is it good or bad for our state? To help young people understand the complexity of the issue and the different perspectives, Piton developed a four-lesson curriculum for middle-school and an eight-lesson curriculum for high-school students. The curricula include a DVD of “The New Coloradans,” a compelling 30-minute documentary originally produced by Rocky Mountain PBS and Piton two years ago. After the documentary aired, teachers contacted Piton asking for copies to use in their classrooms.

As a result, Piton updated the documentary and the made a grant to the Center for Education in Law & Democracy to develop the supporting curricula. To date, 200 teachers from across the state have ordered copies.

New Mapping Tool Available on Piton Website



Imagine being able to instantaneously create a map for a presentation showing free-school lunch participation in all Denver neighborhoods. Or produce a map to use in a grant application showing the neighborhoods where the most children in Denver are being born. In the very near future, that’s exactly what you’ll be able to do using a new interactive mapping tool on The Piton Foundation’s web site. MapBrief™ technology will allow web site users to create thematic maps using Piton’s neighborhood indicators and school data. The user will be able to print the map to a specialized layout that will feature the map, a stylized legend and map title.

Alan Gottlieb is New Editor of “HeadFirst” Magazine



Piton program officer Alan Gottlieb is the new editor of HeadFirst, a quarterly education magazine co-published by a partnership of six foundations and advocacy organizations – The Piton Foundation, the Donnell-Kay Foundation, the Public Education and Business Coalition, the Colorado Children’s Campaign, the Colorado League of Charter Schools, and the Bighorn Center for Public Policy.

HeadFirst’s tagline “Education on the Edge,” communicates the magazine’s intention to be “edgy” in its approach to controversial topics, and to convey a sense of urgency about the future of public education and the need to push for meaningful change now.

THE PITON FOUNDATION



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