COUNCIL OF THE CITY OF PHILADELPHIA

JOINT COMMITTEES ON COMMERCE AND

ECONOMIC DEVELOPMENT AND PUBLIC HEALTH

AND HUMAN SERVICES

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, April 10, 2008
3:30 p.m.

- - -

PRESENT:
COUNCILMAN W. WILSON GOODE, JR., CHAIR
COUNCILMAN CURTIS JONES, JR.
COUNCILWOMAN MARIA QUINONES-SANCHEZ
COUNCILWOMAN BLONDELL REYNOLDS BROWN

RESOLUTION 080096 - Resolution authorizing the City Council's Committees on Commerce and Economic Development and Public Health and Human Services to hold joint public hearings on how the consolidation of anti-poverty applications will stimulate the City's economy while at the same time helping those who most need these services.

- - -

V A R A L L O Incorporated
Litigation Support Services
Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
215.561.2220 215.567.2670

COUNCILMAN GOODE: Good afternoon. This hearing is called to order. This is a public hearing of the Commerce and Economic Development Committee on Resolution No. 080096. It's also a joint hearing with the Health and Human Services Committee.

My name is W. Wilson Goode, Jr., Chair of the Commerce and Economic Development Committee. I note members of the Health and Human Services and Commerce and Economic Development Committee are present, including Curtis Jones, primary sponsor of the resolution, and Councilwoman Maria Quinones-Sanchez.

This hearing does not require a quorum, so we will get started, as it is late in the day.

Councilman Jones, do you have any opening comments?

COUNCILMAN JONES: Yes. First of all, I want to thank people who stayed beyond the hour that it was assigned. It is no reflection on the importance of

your time, but just the amount of activities today. We just signed an important piece of legislation concerning illegal handguns. The Mayor signed it into law, so we had to participate in that. So I just want to thank you for coming.

One of the purposes for this resolution is that 24 percent of people in the City of Philadelphia live below the poverty guidelines. In that every resource that has been brought to bear in the past, including efforts, this is not a new idea. This idea was championed by Councilwoman Blondell Reynolds Brown in the past and Councilwoman Marian Tasco in the past. This is a continuation of their efforts to try to make our Administration understand that there is a need to coordinate information.

When a person applies for one form of aid in one part of our government, whether it is welfare, whether it is LIHEAP, whether it is other

anti-poverty efforts, whether it is the Mayor's Office of Community Service, that information, if the client chooses, should be shared, should be shared with other agencies so that we reduce the paperwork, we reduce the time involved, we increase the amount of benefit to poor people who need these resources to just maintain their homes, to maintain a healthy environment within those homes for their children.

So these discussions, these hearings are designed to talk about the need to share information, to unify applications, to reduce the paperwork and time involved in getting needed help to people who need it most within the City of Philadelphia. And I thank the Chairman for holding these hearings.

COUNCILMAN GOODE: Thank you.

We're also joined by Councilwoman Blondell Reynolds Brown, who is a member of both committees.

The title of Resolution No.

4/10/08 - COMMERCE - RES. 080096

080096, authorizing City Council's Committee on Commerce and Economic Development and Public Health and Human Services to hold joint public hearings on how the consolidation of anti-poverty applications will stimulate the City's economy while at the same time helping those who most need these services.

Our first witness is Chris Jacobs, Solutions for Progress. Actually, our first panel is Chris Jacobs, Solutions for Progress, and Jean Hunt, Campaign for Working Families.

Will you please approach the witness table if you're here.

(Witnesses approached witness table.)

COUNCILMAN GOODE: Good afternoon. Thank you for your patience. Please state your name for the record and then proceed with your testimony.

MR. JACOBS: I'm Christopher Jacobs, Chief Operating Officer of Solutions for Progress.

MS. HUNT: And I'm Jean Hunt. I'm the Director of the Division for Working Families at GPUAC, the Greater Philadelphia Urban Affairs Coalition.

MR. JACOBS: Mr. Chairman, members of Council, thank you for the opportunity to share an important strategy that unite civic engagement and technology to bring millions of dollars in anti-poverty benefits to low- and moderate-income Philadelphians who qualify for but don't receive them.

Founded in 1992, Solutions for Progress is a Philadelphia-based public policy technology company focused on fighting poverty through the delivery of services that directly assist low- and moderate-income families to obtain public benefits and tax credits easily and with dignity.

Our flagship system, The Benefit Bank, is a counselor-assisted, Internet-based software suite that offers free services to low- and moderate-income

individuals and their families. The Benefit Bank connects them with existing tax refunds and public benefits for which they qualify and, in so doing, helps move them from the dangers of poverty toward self-sufficiency.

The Benefit Bank helps people secure Earned Income Tax Credit, the Child Tax Credit, Lifelong Learning credits, food stamps, health insurance in the form of SCHIP and Medicaid, LIHEAP, childcare subsidies, and specifically for seniors, PACE prescription benefits, Medicare Part D low-income subsidy and the Pennsylvania Rent and Property Tax Rebate. This summer, we will add school nutrition programs and the free application for federal student aid as part of developing strong education focus to lift permanently future generations out of the cycle of poverty.

The Benefit Bank is the only service available today in the United States that offers both taxes and

benefits in a single technology environment that is provided at no charge to both the users and the sites that support them, including free electronic filing of state and federal tax returns and the supported benefit applications, and that simultaneously develops an engine for enhanced civic engagement and anti-poverty advocacy at the neighborhood level through sites that operate year round.

Given the difficult financial times we're in, it is more important than ever that we leverage the most effective ways to put money in the hands of Philadelphians who need it. For example, 28,300 Philadelphians who are eligible for the Earned Income Tax Credit are not receiving it, an estimated $39.4 million in unclaimed benefit taxes. Fifty-four thousand two hundred and thirty-five Philadelphians are eligible for but are not receiving food stamps, a further $41.2 million each year. Twenty-two

thousand two hundred and seventy-five Philadelphia children are eligible for but not receiving health insurance worth 30.4 million each year.

Volunteers working with The Benefit Bank can start to bring some of that foregone, predominantly federal money, into our communities.

Seniors face particular problems right now. The Federal Economic Stimulus Act of 2008 provides for payments of $300 to seniors on Social Security and veterans pensions, but only if they file a 2007 tax return by October the 15th of this year. They're not normally required to file, so many don't and are at risk of losing out on this cash payment. Approximately 14 million Americans fall into this category. Since the majority don't know they need to file, they probably won't. Within the City of Philadelphia, it is estimated that there are 40,000 seniors in this position.

4/10/08 - COMMERCE - RES. 080096

We recognized that a quick and easy means to file for the stimulus payment would be a critical element in any campaign to make sure seniors know about and file for the rebate. As a result, we built a new expedited tax filing module for The Benefit Bank that takes just ten minutes for an eligible low-income Philadelphian to complete, including putting in direct deposit details and the electronic filing of the return.

Furthermore, the module contains links to additional benefits that are available to Philadelphia seniors; in particular, the Pennsylvania Rent and Property Tax Rebate worth $650 each year. Currently, 42,750 Philadelphia seniors who qualify for that don't claim this anti-poverty cash benefit.

In short, a low-income senior can quickly use this system to get the Economic Stimulus payment and the Rent

and Property Tax Rebate, $950 in cash.

But in reality, we know that many of these Philadelphians will not apply for this money without a concerted campaign to reach out to them.

Such a campaign should use technology like The Benefit Bank and must necessarily engage a wide variety of faith and community-based sites, as well as social service agencies, employers and labor unions. Organizations in Philadelphia like the Campaign for Working Families have demonstrated that effective outreach focused on neighborhoods and communities in the City can deliver real results. In addition, there are many agencies, congregations, constituency service offices and others who work diligently to help low-income Philadelphians gain access to anti-poverty benefits. This campaign would bring them a useful technology tool to help maximize their ongoing efforts.

I would urge you to consider

this strategy to encourage all Philadelphians to take maximum advantage of the federal cash economic stimulus payment, with a particular emphasis upon our vulnerable seniors community. This would significantly impact the quality of life for many, provide a boost to our local, state and national economy, and ultimately it will save lives.

COUNCILMAN GOODE: Thank you for your testimony, Mr. Jacobs. I'm going to take Ms. Hunt's testimony and then we'll take questions for the panel.

MS. HUNT: Thank you, Councilman Goode, and thank you to the members of the Committee. I'm very pleased to be here. I'm Jean Hunt. I'm the Director of the Division for Working Families at GPUAC. This newly created division works to increase wealth in urban communities and it includes the Campaign for Working Families as well as other strong GPUAC programs focused on this goal.

I want to thank you for this opportunity to testify about the impact of free tax preparation and the provision of state and federal credits on Philadelphia households and the Philadelphia economy. In addition to providing free tax services, the Campaign increasingly is making available other tools and resources to assist Philadelphians in increasing their household income and, thus, the contribution that they can make to a stronger economy.

As Chris has said, there are a number of federal and state tax credits that are available. I won't read them all. You are probably well aware of them. But when you file for state and federal taxes, you can really generate thousands of dollars for a household living on minimum wages. And I just want to mention a young woman, I did her taxes, a 1199-C, at the Training and Upgrading Institute last month. This

young woman works full time, actually, for the City of Philadelphia as a clerk. She also has two part-time jobs and her total income doesn't reach $22,000 a year. She's a single parent with two children.

When I completed her tax return, her state and federal refund came to $6,900, almost a third of her annual income. She bought savings bonds for her sons to begin to invest in their future education, and her story is not unusual either in the low wage that she earns nor the size of the refund that she gets.

We know from research nationally and locally that people receiving EITC pay their utility bills, they pay back rent or mortgage, they make major purchases, often cars, used cars, to get to better jobs. They make downpayments on homes. They buy refrigerators and new stoves and they invest in education often for themselves or for their children. And all of these

uses act as an economic stimulus to the City of Philadelphia.

Over the past six years, we at the Campaign have been creating an extensive infrastructure that allows us to serve increasing numbers of low-income people. We've done 65,000 tax returns and we've brought over $100 million in state and federal returns to those customers. And I think one of the most important numbers in this is that we've also probably saved an estimated $16 million that our customers didn't pay to paid preparers for fees, interest and charges. These numbers are incomplete. We won't have this year's tax season numbers until approximately the end of April.

Tax time is a very dangerous time in Philadelphia and across the country, because there's so many predatory practices out in the marketplace, and these practices suck money out of these households, money

that's very much needed, and moves the dollars far away. The companies that take these profits don't stop -- the money doesn't stay in Philadelphia. It moves to California, it moves to Florida and to distant cities where they're headquartered.

You all know this story, I'm sure, but there's three ways people lose money at tax time. The first is high fees, and in my testimony I cited to you a tester that we sent in to Jackson Hewitt two years ago who was charged $419 to do a simple, straightforward tax return with no deductions, no Refund Anticipation Loan. This represented more than a week's pay to this woman who made $20,000 a year.

The second way that money is lost is from the Refund Anticipation Loan, or the RAL, which you're all very familiar with. Forty percent of people getting EITC in Philadelphia take out a RAL. They've lost probably $6.2 million

every year to RAL fees, even with an adjusted downward average fee of $97. RALs are going down nationally and in the City, but we still see probably 60,000 people in Philadelphia taking these loans out. These are loans where they're being encouraged to borrow their own money. It's not the bank's money. They're borrowing their own money in order to get it more quickly.

And the third loss of these dollars is to check-cashing agencies, who sometimes charge ten percent to cash a refund check. The young woman I mentioned, if she went in with a $6,900 check could spend $690 to cash her check at a check casher. So the drain of these dollars should be of great concern to all of us.

In addition to doing taxes, I want to talk about what else we can do at tax sites to both help people retain money, build money and help our local economy, and we do a variety of things at

the tax sites. We do free credit counseling with the consumer credit counseling services of the Delaware Valley. We don't often think of credit counseling as part of asset development, but because such a high number of people in the City of Philadelphia have negative net worth, what they owe is more than what they have, we're trying to get people to zero net worth so that they can start to build assets. So building a better credit record gives you access to capital at lower interest rates. It helps people get access to better jobs, since we know that the credit report is often now used in the job search. It means that small business formation can move forward. It really should be thought of as part of an asset development strategy.

We, this year for the first time, are offering a low fee prepaid debit card. Prepaid debit cards are widely available in the marketplace. I'm

sure you've heard from constituents about these prepaid cards. You put some money on the card and use it until the money is used up. Russell Simmons has one. Target has one. The fees and the hidden fees on these cards are enormous. People pay a very high price for these cards.

We have an extremely low fee card, which was developed by a non-profit in California. It's a Visa card. It can accept a paycheck or it can accept a tax refund. It can remit money overseas to a family that has family members in Mexico or Thailand or Cambodia. It can give people for the first time the opportunity to track their expenses, and they can use a cell phone or a computer to do that. This builds a path from the check casher to more mainstream banking services. It's an initial step. And while we have a lot -- we have probably 16 percent of our tax customers are unbanked, there's another 30 percent of them that are banked, but they don't use the bank.

They use the check casher because it's much more convenient and provides many, many more services for them.

We provide free tax services to small businesses, many of whom qualify for the EITC and other credits and many of whom need to begin to organize their financial affairs so that they can grow their businesses. We work with WORC, Women's Opportunities Resources Center, and with the Philadelphia Development Partnership on this effort.

Working with the Community and Economic Development Program at GPUAC, we're working hard on designing much more effective financial education modules. I'm interested in modules being available at the juncture at which a person needs a particular kind of information rather than broad stroke financial education. Again, helping people save for businesses, save for homes or even make decisions like what's the best cell phone contract to get.

We do work on direct applications for food stamps, childcare subsidy, the benefits that The Benefits Bank makes available. These are hard to do at a very busy tax site. It's not the ideal place. But what we do is, we try to connect people with the organizations that do use The Benefits Bank so those applications can be made. And one of our tax sites this year, Congreso de Latinos Unidos, uses The Benefits Bank and we're running the tax site on The Benefits Bank taxware for the first -- that's the only one in which we're trying that this year.

We're exploring a year-round model for community leaders to train people in financial education efforts where we could provide tax services or FAFSAs, benefit applications, the prepaid card, credit counseling, financial education working with community-based institutions in order to deepen the knowledge and communities about ways that people can hold on to the hard-earned

money that they do have.

We're dedicated to increasing financial knowledge in our communities, bringing capital to neighborhoods and individuals, and promoting Philadelphia's business economy for the betterment of the whole city. We believe that the over $116 million we have injected into our City's economy over the past six years has acted as a direct economic stimulus and has helped to stabilize a number of families whose economic situation teeters, and we look forward to finding creative ways to increase these amounts in the future.

Thank you, and I welcome any questions.

COUNCILMAN GOODE: Thank you again for your testimony.

Are there questions or comments from members of the Committee?

COUNCILWOMAN BROWN: Please, Mr. Chairman.

COUNCILMAN GOODE: Councilwoman

Reynolds Brown.

COUNCILWOMAN BROWN: Thank you very much.

Good afternoon.

MS. HUNT: Good afternoon.

MR. JACOBS: Good afternoon.

COUNCILWOMAN BROWN: Let me just say for the record that the sponsor of this resolution has in many ways put an important issue back on the burner for us. He mentioned in his opening comments that Councilwoman Marian Tasco and I took a bat at this a year ago and we didn't end up where we wanted to be. So putting this back on the radar screen will give us an opportunity with the new Administration to remind the Administration that this remains an area where we as a city have to do better.

And so with that, can you offer one or two recommendations on what government can do, meaning City Council, as we go down this road for a second time?

4/10/08 - COMMERCE - RES. 080096

MS. HUNT: Well, I have a couple of recommendations. I think one is, it would be very -- it would be great to have in the City the equivalent of a City EITC, which actually the Cohen wage tax cut represents.

COUNCILWOMAN BROWN: A city what?

MS. HUNT: EITC, an income tax credit, which a number of cities have done, and that's really what the Cohen wage tax is. I'm speaking on behalf of myself, not necessarily my organization. But I just want to say personally, I think that that cut, the wage tax is an extremely regressive tax and it means that people at the bottom end are paying way more than their share.

I think there's some very interesting efforts going forward in New York City that Mayor Bloomberg has been working on that we ought to look at. One is a partnership between the Department of Revenue and the IRS in which they're

identifying City residents who do not get the EITC who qualify for it and they're pre-filling out a tax application for these people in order to try to increase the uptake of EITC credit.

My staff is trying to learn more about this effort, but I think it's a really interesting one and one that we ought to investigate.

And I think your efforts to try to really raise the question of RALs and predatory practices at tax time is something Council can do and can do with the Mayor, and I think it's extremely important. It's not just the Jackson Hewitts and the Liberties. It's the used car dealer who says come in and do your taxes and I'll apply your refund to a car deal, and somebody walks out paying 49 percent interest on a used car. Or it's the Rent-a-Furniture place that says, We'll do your taxes and then we'll take a chunk of your taxes to rent a big screen TV, and you end up paying $10,000 for a

big screen TV.

So there's a lot that we ought to be thinking about, both from the point of view of the bully pulpit, but also regulation and enforcement against these practices which drain money from families that desperately need these dollars.

COUNCILWOMAN BROWN: With the couple of examples you've cited, we can make a difference in legislation at the City level or does that have to be state authorization?

MS. HUNT: Well, some of it is the state, it's the Banking Department, but I'd be very willing to think with you about what is within your authority to try to explore. And certainly we can use the power of your office and your constituent services to help spread messages at the very least, but I think there are some other things we could think about doing together.

COUNCILWOMAN BROWN: Thank you.

Thank you, Mr. Chairman.

4/10/08 - COMMERCE - RES. 080096

COUNCILMAN GOODE: Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. Chairman.

Having listened to your testimony, it reminds me of a quote I've heard, that the most expensive thing in the world is being poor, that everything costs poor people more, whether we're talking about the cost of a mortgage, the cost of insurance, the cost of a cell phone, the price of credit based on your risk assessment and the like. The most expensive thing in the world is being poor.

I also think about the fact that if we did not -- every Thursday we meet and we pass bills that become -- ordinances, resolutions that become laws of the City of Philadelphia. If we didn't put them all in a book and codify them, and only if you knew about them over here or over there, we wouldn't be able to run our government every day. We

know where to go to find what we need that gives us a sense of governance, but when it comes to anti-poverty programs, a poor person doesn't know all of the resources and the tools available to them to remedy their circumstance, their condition. And what I hope to do is try to find ways that this government can work through organizations like yours who make it their living to codify all of the programs that are available to them.

I heard somewhere -- and this now is a question as opposed to a statement -- that we lose somewhere on the average of 12,000 a year per family. What was striking to me was just by filling out your taxes, a person got one-third of their income returned to them by the government. Is this true for other resources throughout our government?

MR. JACOBS: Certainly. I mean, it's clear and one of the things we lay out is the level at which people are

not picking up what are basically federal money to bring into the City, whether that's food stamps, whether that's Medicaid. Right now, I mean, the thing that we're focusing on, just to go back to the Councilwoman's question, a campaign which the City and the City Council and the City government is involved in to get the 40,000-plus seniors to be aware that they are able to get the $300 cash stimulus payment, is something we should be doing tomorrow, because it's something that we could between that -- as I said, between that and a similar sort of 40,000 to 45,000 who don't claim the rent property rebate, that's nearly a thousand dollars for somebody who is probably trying to live between $3,000 and $8,000 a year. We're talking about between a third and 15 percent additional in their income, and that is there waiting to be collected in the next six months, but if we don't tell people that there are capabilities that

are facilities and people able to help them and wanting to help them, then that's money that will just never come into our communities.

COUNCILMAN JONES: There's not a person up on this panel that hasn't during the course of their campaign or during the course of their service run into a constituent that says that there is a magic number based on whether or not they should throw in the towel, not work, go look at welfare as an option versus I can make it on this salary if I can get my childcare paid for and this other healthcare benefit. And if I understand both of your programs, you spend a great deal of time and resource finding those little things that might make the difference between having a valued employee at a firm or having to find a workforce from somewhere else; is that correct?

MR. JACOBS: It's precisely what we do. I mean, we're about

fundamentally helping the working poor able to survive and to grow, to take them from being focused every minute of the day on what happens because my kid is stick, what happens because I don't think -- I have to make a choice about am I going to have food or am I going to have car fare. And you cannot be an effective employee, you can't work effectively if that's what's on your mind, if every minute of the day you're concerned about, I think my kid is sick, what the heck am I going to do.

COUNCILMAN JONES: Thank you, Mr. Chairman.

COUNCILMAN GOODE: Are there other questions or comments from the Committee?

(No response.)

COUNCILMAN GOODE: Thank you again for your testimony.

MS. HUNT: Thank you very much.

COUNCILMAN GOODE: Our next panel is Lisa Varon, Martin Molloy and

Marcia Gross. Please approach the witness table if you're here.

(Witnesses approached witness table.)

COUNCILMAN GOODE: Thank you again for your patience. Please state your name for the record and proceed with your testimony.

MS. GROSS: Thank you very much for inviting us here today. My name is Marcia Gross. I'm the Project Director of the Retired and Senior Volunteer Program in Philadelphia. I'd like to tell you a little bit about RSVP before I get into our connection with The Benefit Bank.

RSVP was created in 1971 and is a federally funded program through the Corporation for National and Community Service, locally sponsored, non-profit, non-sectarian organization with 765 projects nationally. Our local sponsor of RSVP is the Jewish Community Centers of Greater Philadelphia and we also

receive funding from Philadelphia Corporation for Aging.

RSVP Philadelphia currently has 428 volunteers, all over the age of 55, and my oldest volunteer is actually 96, who serve in over 100 non-profit agencies in the City. They deliver meals, tutor children in elementary schools, serve in museums and historic buildings, hospitals, libraries and advocate for victims of crime, mediate disputes through the court system, teach computers to seniors, teach English as a second language to recent immigrants, and file for taxes and other benefits through The Benefit Bank and much more.

As you know, poverty and hunger continue to be a challenge faced by many families in America and especially in the Greater Philadelphia area. The Philadelphia Health Management Corporation reported in their Pennsylvania Household Health Survey that of the more than 213,000 persons age 65

and older living in Philadelphia, almost 20 percent of them have incomes at or below the federal poverty level. Northeast Philadelphia has the largest concentration of people over 65, and this is the population with whom we work.

The Benefit Bank is the program that enables our seniors and other adults to leverage all the support for which they are eligible. Currently, we have three RSVP volunteers who are completing tax forms for our clients. This year we have filed for 51 household members, 46 seniors and five adults between the ages of 18 and 25. The average AGI for 33 of our clients was $13,568 with an average refund being $464. They also filed for the refund through the stimulus package, for rent rebate and other benefits for which our clients were eligible.

The seniors who qualified them for food -- whose income qualified them for food stamps were asked by the volunteers if they wanted to apply. One

did. But the seniors declined to apply by saying they did not need food stamps. For these folks, it was probably a matter of pride not to ask for help.

A huge benefit to our low-income clients is the fact that this service is provided free of charge. It would cost them several hundred dollars if they had to pay an accountant to file their taxes. By filing through The Benefit Bank, they were able to save this fee and use the refunds for essentials. The seniors also felt comfortable with and trusting of our RSVP volunteers, all of whom were seniors, who were helping them through this difficult process.

When the tax season ends, we will continue to serve our low-income seniors and adults by helping them file for other benefits for which they are eligible, such as LIHEAP, PACE, PACENET and the property tax and rent rebate and the economic stimulus package. We will notify the clients who come to the food

pantry at our Jewish Community Center as well as publicize it in the Northeast newspapers. Volunteers will be available to help all who are interested. All in all, The Benefit Bank provides one-stop shopping for all those who need help accessing much-needed funds so that they can purchase food, heat their homes and receive other benefits which will improve their quality of life.

Thank you.

COUNCILMAN GOODE: Thank you for your testimony.

Mr. Molloy.

MR. MOLLOY: My name is Martin Molloy. I'm the Director of Transition Services for YouthBuild Philadelphia Charter School. It's my pleasure to come and speak before you today about the positive impact that The Benefit Bank has had on my current students as well as our alumni. Founded in 1991, YouthBuild is on the front line of this City's dropout crisis. Each year we serve approximately

200 18- to 21-year-old out-of-school youth through academic and vocational education. In the past 15 years, we've graduated more than 1,300 students. We've rehabilitation more than 65 houses for first-time low-income home buyers. We've refurbished more than 2,000 computers to donate to community organizations and schools, and we've provided thousands of hours of community service each year.

Our youth come to us from all corners of the City, and over the years, approximately 95 percent of our students are federally designated low-income families. The challenges and obstacles our students face are enumerated in countless testimonies and in news stories. Our challenge is to transition our students from the role of student to the role of worker and citizen.

While at YouthBuild, students earn a minimum wage stipend for the work they do throughout the year. For some,

this is their first work experience. In years past, most students do not file their taxes. Those students that did file their taxes did so by paying exorbitant rates at poorly trained, impersonal tax preparers. Frankly, most would have chosen not to file again this year, forfeiting not only the potential EITC they deserve but also the economic stimulus money, and both of these can make measurable differences in the lives of our students and alumni.

But this year was different. Since the end of February, when we had our first two staff members trained to use The Benefit Bank, we've been able to complete close to 40 tax returns for our students. We have since trained an additional four members of our staff and plan on continuing the tax process beyond the 2008 April 15th deadline. Our students need to file tax returns for financial aid reasons with the FAFSA and also for an IDA account, which proves

their income level and will bring them in grants of $4,800 that they can use for additional education funds, a first-time home purchase or starting their own business.

In addition to the economic benefits, the structure of The Benefit Bank being a counselor-guided process allows for the counselor and the students to delve into much more than just the issue of taxes. Our students are able to work with someone they trust to file their taxes and then move on to conversations into guidance that are at a very personal level. I had one student actually cry and hug me when she realized that she was getting almost $3,000 back through the EITC. We discussed many of the options of what to do with this money, and because I knew her and I knew her situation, I was able to advise her on a purchase of a vehicle that will make her commute to work, including the dropping off of her son at daycare, much

easier so that she has more time to spend with him. We then started looking for the vehicle together.

For some of our students, we are the only people that they have in their lives to run big life decisions by. This has made a tremendous difference in her life, as well as the other 39 that we've completed.

Having The Benefit Bank as another piece in our arsenal, we can reach out to even more graduates to provide guidance and assistance after they graduate YouthBuild. Using the lure of taxes, EITC and giving them help, I've been able to start IDA accounts, help with school entrance and choices, provide career counseling and much, much more, all this in a session of completing one's taxes with The Benefit Bank.

Finally, this is not my first time using The Benefit Bank. Prior to starting with YouthBuild, I had the honor of working at Project H.O.M.E. where our

counselors provided residents with the full array of Benefit Bank services, including taxes, food stamps, LIHEAP and childcare.

As we wrap up the tax season at YouthBuild, we will have more members of our staff trained and we will be able to offer those full array of services to our students and alumni.

I urge support of The Benefit Bank and all of its efforts, because often times the effects of the services we in the non-profit world provide cannot be seen right away. The Benefit Bank is a resource that makes a difference in the lives of your constituents tangibly and immediately. Our ability to serve those individuals who often opt out of services they need because of a system that is too cumbersome is streamlined and more effective by The Benefit Bank.

The obstacles and barriers we can remove with tools as streamlined as The Benefit Bank, we can focus more on

transforming young people's lives.

Thank you.

COUNCILMAN GOODE: Thank you for your testimony.

Is Ms. Varon available?

MS. VARON: Yes. Sorry about that.

COUNCILMAN GOODE: Please state your name and proceed with your testimony.

MS. VARON: Okay. Thanks. My name is Lisa Varon. Good afternoon. I'm the Operations Manager of the Neighborhood and Family Development Division at Congreso de Latinos Unidos. Congreso is a community-based organization in North Philadelphia that strengthens Latino communities through social, economic, education and health services, leadership development, and advocacy. Since I work in the Family Services Division, we connect people to the benefits to which they're entitled, including their tax refunds. Thus, part

of my job entails overseeing our free tax site. As a result, The Benefit Bank software is a great tool to meet all our community and benefit needs.

Although many case managers are trained on the benefits portion of The Benefit Bank at Congreso, we're not fully utilizing it in that capacity yet, but plan to in the near future. Congreso is in the process of implementing a new case management service delivery system, and when fully implemented, we intend to include The Benefit Bank into the model. By the end of 2008 or in early 2009, we plan to have complete utilization of The Benefit Bank by all case managers.

One of the ways we're getting prepared for complete utilization is via our tax site. For the past four years we've been partners with the Campaign for Working Families, and this year with their support, we were able to slightly adjust their tax site model by using Benefit Bank software, not only to

prepare taxes but also as a tool to connect clients to other benefits to which they're entitled.

One of the many positive aspects of The Benefit Bank is that client information is stored in the system. When a client returns the next year for the same service or for a different service, there is no need to reenter basic demographic information, which makes service delivery more efficient and streamlines the process.

In the field of social work, there are increasingly higher demands for outcomes and more efficient and effective data systems. This is one of the reasons we see using The Benefit Bank, as well as the Efforts to Outcomes data system that we use for our client management tool as a long-term investment.

A second reason is that although there's more significant data entry this first year, we hope next year during tax season and when we start using

the benefits portion with all our case managers, this will significantly decrease the amount of data entry required, as only slight adjustments will need to be made to the tax forms, which will result in the ability to serve more clients.

One final reason we're investing in this program is that by having our case managers preparing taxes and raising awareness about different tax credits will help them start the conversation about basic budgeting, financing, financial literacy, and this can also encourage more clients to pay down debt and to have longer-term goals of homeownership.

This year in three short months we've served approximately 375 tax clients and brought back almost $700,000 in refunds to the community. Because we are a free tax site, this is money that goes directly back to the community members instead of going to a for-profit

tax preparation entity, some of which are known to take advantage of low-income families by signing them up for RALs, thus reducing their tax credit and putting them in a more difficult financial situation.

Another reason we were able to exceed our goal of serving over 300 clients is that with The Benefit Bank software, it's very intuitive and the training is very basic. It's so user friendly that we were able to recruit and train twice as many volunteers as we were in the previous years.

In general, this is an important resource for all community-based organizations like ours to have access to, because it makes serving clients in a more comprehensive and holistic manner much more feasible. The training is basic, the time commitment is not too significant, but the benefits are.

Thank you for your time today,

and I encourage you to ensure that this software is more widely utilized.

COUNCILMAN GOODE: Thank you for your testimony.

Councilman Jones.

COUNCILMAN JONES: Excuse me. Before you go, thank you for your testimony, but when you start to look at participants, has this made the difference between them dropping out of programs or staying in?

MS. VARON: In terms of our clients that come?

COUNCILMAN JONES: Yes.

MS. VARON: Most people -- I think it has, because people come for a service, they come for what they want, I want my rent rebate. But when you do the software, it tests you for all of the services you're eligible for. So actually when you walk in the door and you say, I want my rent rebate, and you use the software, it tells you all the other things that you qualify for.

4/10/08 - COMMERCE - RES. 080096

COUNCILMAN JONES: So on average -- elaborate. If I went after a rent rebate, I wind up walking out with? What's my potential high end?

MS. VARON: You could find out that you're eligible for healthcare, for food stamps, for SSI, for all the different Benefit Banks that -- I don't know. Probably people at The Benefit Banks could speak better, but there's a series of different tests that you can see if you qualify for.

COUNCILMAN JONES: In general, are your participants surprised that they're eligible for all this money?

MS. VARON: Yeah. I think they appreciate it. They say, I never knew I could receive this, and I just came in for my rent rebate and now I've received X, Y, Z services. So, yes.

COUNCILMAN JONES: Thank you.

MS. VARON: Sure.

COUNCILMAN GOODE: Are there other questions or comments for this

witness or this panel?

(No response.)

COUNCILMAN GOODE: Thank you again for your testimony.

Our next panel is Lance Haver and Andrew Frishkoff.

(Witnesses approached witness table.)

COUNCILMAN GOODE: Good afternoon. Thank you for your patience.

MR. HAVER: Good afternoon.

MR. FRISHKOFF: Good afternoon.

COUNCILMAN GOODE: Please state your name for the record and proceed with your testimony.

MR. HAVER: We flipped. I'm going to go first.

COUNCILMAN GOODE: That's fine.

MR. HAVER: My name is Lance Haver. I'm the Director of Consumer Affairs for the City of Philadelphia. Thank you for this opportunity to testify on Resolution 080096. I fully support the way in which City Council is framing

the issue of public benefits as an economic stimulus package.

According to the most recent numbers from the United States Census Bureau, numbers I am using not because I believe they are accurate, but because the discussion of the accuracy is for another venue, there are 361,100 Philadelphians living at or below the federal poverty level. Because many of the benefit programs are available to citizens at higher income levels, I estimate that there are 450,000 Philadelphians who are eligible for federal or state benefits.

These benefits come from the federal or state budgets. They bring additional resources into the Philadelphia economy. And because these resources are directed to our most vulnerable citizens, they both help those in need and recirculate in our economy, as our citizens use these resources at the local grocery stores, to pay utility

bills, to make needed repairs to their homes or buy basic necessities for their children and themselves.

Every dollar we help a family receive will circulate in our local economy many more times than other economic stimulus dollars, where the benefit goes both to City and non-City residents.

The difficulty we face in attempting to leverage these dollars is that we must do it efficiently. It makes tremendous sense to spend one dollar to bring in a hundred dollars, but loses dollars and cents to spend hundreds of dollars to bring in a single one.

Many may question why our citizens don't seek out these programs, respond to public service announcements or news stories. I wish there was an easy explanation for why so many of us don't always act in our own interest. No matter how we come to understand it, we must unfortunately conclude that the

current outreach that has been done by dedicated, hard-working people is falling short of the goal of ensuring that every Philadelphian qualifies for every program available to them. That is not to say that we should stop the outreach. It is to suggest that we should expand it in new and innovative ways.

I believe the greatest opportunity to help people apply for these benefits come when people are facing economic difficulties. It is then, I believe, that people will be the most motivated to take the time and make the effort to help us bring dollars into the Philadelphia economy.

For that reason, I believe we should attempt to staff every PGW office, the basement of the Municipal Service Building, Landlord-Tenant Court, food pantries, shelters and our schools with people who will help our citizens qualify for the programs available. I believe such an investment should be looked upon

in the same way as tax abatements and low-cost loans are looked upon, as an economic stimulus package that will more than pay for itself in the long run.

I can think of no better investment for the City of Philadelphia to make than an investment that brings dollars directly into the hands of those who need it the most and where 100 percent of those dollars will be spent locally, recirculating in our neighborhoods.

Thank you.

COUNCILMAN GOODE: Thank you, Mr. Haver.

Mr. Frishkoff.

MR. FRISHKOFF: Good afternoon, Mr. Chairman and members of City Council. Thank you for the opportunity to testify today. My name is Andrew Frishkoff. I'm the Director of Neighborhood Economic Development for the City of Philadelphia's Commerce Department. I am here to provide testimony regarding

4/10/08 - COMMERCE - RES. 080096

Resolution No. 080096 regarding how the consolidation of anti-poverty applications will stimulate the City's economy.

I want to thank my colleague for his comments and I would like to echo them. I cannot provide informed testimony about the costs or benefits of specific approaches to consolidating anti-poverty applications, because I don't have the details about the particular program that is being considered today, and it is unlikely that the Commerce Department would be the City administrator of such a program. Instead, I will speak briefly about the projected impact on the City's economy of increasing anti-poverty funds to lower-income Philadelphians.

Based on estimates from other cities and by federal agencies, it appears that Philadelphia receives approximately $1.50 in economic benefit at a minimum for every $1 that comes to

lower-income Philadelphians through federal anti-poverty programs, such as the Earned Income Tax Credit and food stamps. This multiplier effect is due to the fact that recipients of these funds spend most of this income locally, either for food and other basic necessities or for utility costs.

Philadelphia taxpayers have received $86 million in previous years in Earned Income Tax Credits through the Campaign for Working Families. That translates into $130 million in economic impact for the City. Similarly, Philadelphians receive approximately $250 million annually in food stamps. This translates into approximately $375 million in economic impact.

The flip side of this equation is the lost economic impact when eligible Philadelphians do not apply for or receive anti-poverty funds. The Campaign for Working Families estimates that Philadelphians are eligible for an

additional $66 million per year in EITCs for which they never apply. This would translate into approximately $100 million in lost economic impact for the City.

The U.S. Department of Agriculture estimates that only two-thirds of eligible Pennsylvanians apply for food stamps. This suggests that Philadelphians are missing out on an additional $125 million in food stamps. This translates into approximately $190 million in lost economic impact for the City.

There are a number of City, regional and statewide initiatives to increase participation in anti-poverty programs. You've heard about some of these today. I cannot testify to the value or effectiveness of any of these, but those that are successful will have a positive economic impact for the City.

Thank you again for the opportunity to testify. I will be happy to answer any questions.

4/10/08 - COMMERCE - RES. 080096

COUNCILMAN GOODE: Thank you again for your testimony.

Let me note for the record we also have written testimony from Ramona Taylor of The Partnership CDC. That will be given to the stenographer to be incorporated in the formal transcript of this hearing.

Any questions and comments for this panel?

Councilman Jones.

Councilwoman Reynolds Brown.

COUNCILWOMAN BROWN: Thank you, Mr. Chairman.

Good afternoon, gentlemen. The action steps that you provide on Page 2 of your testimony, Mr. Haver, are very doable, and I'm not a department manager, but I would suspect not terribly a burden from a staff standpoint in that you already have staff there and it's just a matter of shifting or adding some additional duties. So I simply thank you for just being very, very specific and

precise on where we can make some changes almost immediately. And then --

MR. HAVER: If I may just add one other place. We attempted -- and part of this was just the unfortunate timing. We attempted to get the Linebarger firm that's doing the sheriff's sales of the back taxes to staff their office with someone who would make benefits available. Because the one Administration was ending and another Administration was coming into office, that didn't come to fruition. But it's, once again, one of those places where people are at their most vulnerable, in the greatest need for economic help and more likely be willing to take the time to find out for all the benefits, if we could get the Linebarger firm to agree to allow someone from The Benefits Bank or from Compass or from the Working Families Campaign to be in their office, to staff it appropriately and make sure that we do whatever we can to help people stay in

their homes.

COUNCILWOMAN BROWN: Has an approach, a reach been made to the law firm already?

MR. HAVER: We did that, Councilwoman, and I have to tell you, honestly, we were not as successful as I would like to be, but I think we could revisit it if Council would like to support it.

COUNCILWOMAN BROWN: Thank you very much.

Councilman Jones.

COUNCILMAN GOODE: Councilman Jones.

COUNCILMAN JONES: Thank you, Mr. Chairman.

I want to thank everybody who came here and testified today. It is not by chance that the Committees on Commerce and Economic Development and Public Health and Public Services joined to have these hearings. It is not by chance the two of you are testifying together, one

who focuses on consumer affairs and services and one who focuses on economic development. We believe that the two are closely related.

I spent the better part of my professional career dealing with economic development, and one of the greatest challenges for any business is to find a workforce willing to work at the price that the business is willing to pay. And what the difference sometimes that makes in whether making a decision to stay home, stay uninvolved and unengaged in a job is the difference between being able to pay for one's daycare, being able to pay for one's transportation, being able to have a clothing allowance, little things that we all too often leave on the table that is available -- the help is available to us, but we don't know about it. So codifying all of these programs, whether through any of the worthwhile social agencies that are out there, is worth us as a municipality to do.

We have 24 percent -- you put in your testimony how much is lost, $190 million, to the local economy, specifically targeting at the most vulnerable population, which is our poor people, whether we're talking about seniors or young people. So I just think the cost of not doing it should be demonstrated too, because when we don't send a person to work, we add a person to the welfare rolls. When we don't provide daycare for a child, we wind up increasing DHS's burden a little later on. When we don't help a person who can get a rent rebate, we wind up finding that cost shift to the homeless shelters, and on and on.

When we don't -- I found out, Councilman, that there is money, similar to the programs like Hooked on Phonics, for kids who fail in a particular grade for 17 days of tutorial support, but most parents don't know about it, because rather than spend that money and

advertise to get people involved, we like to keep it in our coffers and then transfer it at the end of the year.

We have to do a better job of letting people know that there's help out there. And so I thank you for coming out, and hopefully we will take this information and use it in a beneficial way to all of the people of Philadelphia, but particularly those most vulnerable under that poverty guideline.

Thank you.

COUNCILMAN GOODE: Thank you, Councilman.

Other questions and comments from the Committee for this panel?

(No response.)

COUNCILMAN GOODE: Thank you.

MR. HAVER: Thank you, Councilman.

COUNCILMAN GOODE: Is there anyone else to testify on this resolution?

(No response.)

4/10/08 - COMMERCE - RES. 080096

COUNCILMAN GOODE: Seeing none, this is obviously just the beginning of the work under a new Administration and with a new colleague with new energy. We look forward to continuing this hearing at different points, but as of right now, this hearing is recessed to the call of the Chair.

Thank you for your patience and thank you for coming.

(Committees on Commerce and Economic Development and Public Health and Human Services adjourned at 4:30 p.m.)

- - -

CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on April 10, 2008, and that this is a true and correct transcript of same.

_____

MICHELE L. MURPHY

RPR-Notary Public

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)