



2004 Meeting Minutes W&I EITC Issue Committee Meetings

- March 17, 2004
 - February 18, 2004
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Issue Committee (W & I EITC) Meeting Minutes

March 17, 2004
Teleconference

Opening of the Meeting

Handelman opened up the meeting at 2:02 p.m. EST and welcomed all members and expressed a special welcome back to Joe Reder. Handelman thanked Ramirez for forwarding Commissioner Everson's speech to the committee. She also thanked Malcolmson for forwarding the Tax Notes article on EITC Outreach.

Panel Members In Attendance

- Jim Banks
- Laura DeMarais
- Daniel Drumel
- Gwen Handelman
- Cheyanna Jaffke
- Steve Landauer
- Nan Wilson
- Leslie Malcolmson
- Robert Maziarz
- Shamsey Oloko
- Joe Reder
- Agnes Tillerson
- Faith Vinikoor

Members Absent

- Catherine Kelly

Roll Call

Quorum met.

TAP Staff and IRS Staff In Attendance

- Kay Farrow, EITC Program
- Audrey Y. Jenkins, TAP Program Analyst
- Sandra Ramirez, Designated Federal Official

Approval of the Minutes (December, January and February)

Drumel made a motion to approve the December 17, 2003 meeting minutes and Tillerson seconded.



Jaffke made a motion to approve the January 21, 2004 minutes and Vinikoor seconded. Wilson sent in corrections for the February minutes on the third page, it should state only two EITC forms were tested in the 5 year period. Reder wanted clarification as to the correct dates of the EITC Las Vegas Meeting. Jenkins indicated the dates shown in the minutes are correct and that the TAP calendar dates need correcting so she will notify Marla to correct it. Handelman stated that under Education, Publications and Forms on the second page the word Publication was missing the letters. Wilson stated that the titles Education, Publications and Forms as well as Marketing and Outreach should not be underscored because they were part of follow-up actions. Wilson also stated that the action item for Jenkins to set up a conference call for the Education, Publications and Forms Subcommittee was for the Area 5 Committee. Jenkins will remove this item and corresponding action item from the minutes. Gwen Handelman moved to approve the February 18, 2004 minutes as amended and Joe Reder seconded. Jenkins will amend and forward the corrected copy to the Committee.

Follow-up on Action Items from the Previous Meeting

Jenkins

- Set up a Subcommittee conference call on rural outreach with Margaret Warren, Director, Partner and Product Development. (Completed March 15, 2004 @ 3:30 p.m. ET)
- Invite Ron Smith, Sue Sottile and a SPEC contact to the March 17, 2004 teleconference to discuss VITA partnering with YMCA and with other organizations (how a partnership is established, what kind of commitment is required from an organization, what literature about partnering is available, etc.). Ron Smith was unavailable for the March 17, 2004 meeting, but was available for Thursday, April 29, 2004 at 2:00 p.m. ET. (Completed)
- Confirm Las Vegas reservations. Hotel has been changed from the Circus Circus Hotel to the Flamingo Las Vegas. (Completed)
- Research was completed for Anaheim , Atlanta , Denver , Seattle , and San Diego for the period of August 15-17, 2004 for the second face-to-face meeting. The three least expensive were Atlanta , Anaheim and Denver . (Completed) The full Committee approved the dates of August 15-17, 2004. There will be a Tax Forum in New Orleans on August 17-19, 2004. Jenkins will research New Orleans to accommodate the Program Owners and coordinate with the Tax Forum.

Farrow

- Forward the draft of Form 3498 revisions to the Committee. Farrow spoke to Bill Phillips and the Committee's input was forwarded to the W & I website and is being considered. There is a new Form 3498 that is being developed for the Service Center . The draft is not yet available. (Carried over to April)
- Find out about the two forms that were tested in the five year period from 1997 through 2002. (Completed)
- Provide the Committee with written criteria for Forms Testing. Procedures are not yet completed. Farrow will inform Committee if the written criteria for forms testing will be available for the May meeting. (Carried over to April)
- Provide Committee with draft of the stuffer that would go in notices that are sent to taxpayers. (Carried over to April)
- Provide the Committee with specific EITC questions related to the website irs.gov. (Carried over to April)



All Members

- Submit comments to Handelman Re: Qualifying Child Residency Test Q&As. (Completed)

Handelman

- Forward the Committee's recommendation to the program owners and staff for the On-line Toolkit for SPEC and partners. (Completed)

Landauer

- Present W-4 written proposal to Overclaims and Analysis Subcommittee along with attachments. (Completed)

Tillerson

- Provide Committee with EITC Article from the Jacksonville , Florida Times Union Newspaper. (Completed)

Education, Publications and Forms Subcommittee

- Prepare recommendations regarding Earned Income Tax Credit forms. (Completed)

Marketing and Outreach Subcommittee

- Jenkins will set up a teleconference with Jan Zombro from SPEC regarding Rural Outreach. (Completed with Margaret Warren, Director of Partner and Product Development)
- Jenkins will invite Margaret Warren to the March Teleconference. (Carried over to April)

Office Report

Ramirez directed everyone to note the call-in number and participant code for this meeting. In the future, the call-in number and participant code will remain the same for every call unless otherwise noted. Handelman asked if Farrow had a report. Farrow had none. Handelman asked Farrow to think about who are the **EITC program** people who can give **input** at the May face to face meeting and are responsible for making changes with respect to the issues the subcommittees are looking at.

Subcommittee Chair Reports

Marketing and Outreach Subcommittee

The Subcommittee had a teleconference on March 15, 2004 with Margaret Warren, Director Partner and Product Development. Warren explained the IRS' use of trusted channels which are institutions in the communities that are trusted by local citizens. Warren defined rural' as everything that is not Large Metropolitan, Small Metropolitan, or Large Suburban. Warren mentioned partnering with national groups versus local groups; the Subcommittee decided to continue with specific discussion on this topic at the April teleconference with Ron Smith. Warren then discussed different funding avenues for national EITC outreach, such as the Annie E. Casey Foundation and faith-based groups. Warren also stated that SPEC has 48 Territorial Offices. She also mentioned there is a SPEC link on the www.irs.gov website that solicits partners and lists activities for SPEC. Warren briefly discussed activities in mountain areas, mobile units, and kiosks. It is apparent that each local SPEC office has developed their own activities for rural areas. Warren then spoke about technology and possible future on-line delivery of the Volunteer Income Tax Assistance (VITA) training. The Subcommittee asked Warren if she could investigate if a demonstration of the on-line training would be available for the



May face-to-face meeting. Warren also agreed to help facilitate a teleconference with representation from the Denver and Austin SPEC Offices to discuss use of kiosks and rural programs in the mountain states. Malcolmson will circulate the Subcommittee meeting minutes with the specific IRS website address for partner links. Jenkins will also invite a representative from the Las Vegas SPEC Office to address the full Committee at the May face-to-face meeting.

Overclaims Analysis Subcommittee

Vinikoor received the modification of the W2 and W4 proposal from Landauer. She will forward it to the Committee for feedback, consolidate it and present the finished product to the full Committee at the May face-to-face meeting. Vinikoor asked Farrow to clarify the level of evaluation she would like on the electronic practitioner toolkit. Farrow stated that the objective for the practitioner's toolkit is to help a preparer determine if a client qualifies for the Earned Income Tax Our feedback could help specify changes and corrections, yet needs to be balanced with the cost of the contractor making changes. In terms of hits, Farrow said that she believes the contractor is keeping a record, she will check and send the numbers in an email to the Committee.

Education, Publications and Forms Subcommittee

Wilson stated that the testing of EITC forms is just a small part of the problem. In fact, Area 5 has researched and submitted a proposal to the Joint Committee on the broader issue of forms testing, which has been approved. Thus, Wilson recommends the EITC Committee drop this item. Landauer suggested that the EITC Committee could assist in EITC focus group selection; Wilson responded that a previous speaker indicated that a contractor was hired to actually set up the groups. Landauer recommended the forms be sent to individuals who actually use them in order for them to be properly tested. Handelman suggested the Subcommittee keep this issue on the table and address it further by the May face-to-face meeting. Wilson, Tillerson, Oloko, Kelly and Landauer are current members of the Subcommittee. Wilson said that the subcommittee still has to review and provide feedback about 1) the EITC information on at the www.irs.gov website from the individual's point of view; and 2) the EITC audit notice stuffer. The subcommittee is waiting for direction from Farrow on these items.

Farrow expressed an interest in helping to set the agenda and select speakers for the May face-to-face meeting. Handelman stated that she and Ramirez would also be involved. The time allotted to each presenter will be determined by their availability and preferences. As it stands now, Handelman anticipates Subcommittees will be scheduled to meet two half-days of the three-day meeting. Farrow also stated that the report on the Certification process should be available for the upcoming meeting and that David Williams could be one of the individuals to address the Committee on this issue.

Handelman asked Farrow to put together a list of persons with their titles who could speak to the committee and subcommittees at the May meeting in Las Vegas so that Jenkins could confirm their availability.

Joint Committee Report

Handelman stated that recruitment period for new members is April 1 to April 30, 2004. Applications can be submitted online at www.improveirs.org. The states that will be recruiting new members are: Connecticut, Massachusetts, Rhode Island, New York, Maine, Maryland, North Carolina, South Carolina, Virginia, Michigan, Tennessee, Pennsylvania, Florida, Georgia, Arizona, Arkansas, Illinois, Kentucky, Puerto Rico, Ohio, Wisconsin, Oklahoma, Michigan, Texas, Missouri, North Dakota, Colorado, and California. The other states are seeking alternates. Current TAP members may be asked to be in on interviews in their area. Handelman stated that the EITC Committee would be losing Dan Drumel, Cheyanna Jaffke, Catherine Kelly and Shamsey Oloko.

The TAP Annual Report is still on Nina Olson's desk; however, she has committed to responding to Seuntjens, the TAP Chair, by next week.



It has been determined that under FACA the DFO (Designated Federal Official) is *not* a voting committee member and is not counted for a quorum. Handelman went on to state that maybe the Committee should reconsider its quorum requirements at the May meeting.

There was a unanimous vote of the Joint Committee that compliance issues were relevant to TAP Committees. This was in response to a proposal from the Schedule C Non-Filer Committee that non-compliance issues not be addressed through TAP, as representing taxpayers and not the Agency.

The Area 5 Forms Testing proposal establishing written criteria for forms testing was approved and elevated.

New Business

Area 1 Chair, Jim Grimaldi referred a complaint from a Low Income Tax Clinic attorney on the EITC Examination Process to us. The situation involves the correspondence examination communication process -- it is difficult for a taxpayer to use correspondence to explain a complicated situation and at some point there has to be an actual discussion with the examiner. Also, when the IRS rejects a claim it is done through the mail without an opportunity for the taxpayer to speak to someone. When an adjustment is made, the 30 Day Notice is very general and difficult for the taxpayer to understand. It was decided that the Overclaims and Analysis Subcommittee will work this issue. Ramirez will forward any items from the original complaint to Vinikoor.

Closing Comments

Members agreed that the meeting went well.

Next Meeting: Thursday, April 29, 2004 at 2:00 p.m. EDT.

Action Items

Jenkins

- Provide correct meeting dates to Marla to correct TAP calendars.
- Amend minutes of the February meeting as noted above and send to members.
- Research New Orleans as a site for the May face-to-face meeting.
- Invite Margaret Warren to the April teleconference.
- Arrange teleconference with Denver and Austin SPEC staff to discuss use of kiosks and rural outreach.
- Invite Las Vegas SPEC staff to the May face-to-face meeting.

Malcolmson

- Circulate Subcommittee meeting minutes with the website address for organizations interested in outreach partnerships with SPEC.

Farrow

- Forward the draft of Form 3498 revisions to members. Farrow spoke to Bill Phillips and the Committee's input was forwarded to the W & I website and is being considered. There is a new Form 3498 that is being developed for the Service Center . The draft is not yet available.
- Research the written criteria for EITC forms testing and present at the May meeting, if available.
- Provide members with a draft of the EITC stuffer that would go in notices that are sent to taxpayers.



- Provide number of hits at the EITC electronic toolkit for practitioner's site.
- Provide the Committee with specific EITC questions to consider related to the evaluation of the website <http://www.irs.gov>.

Draft a list of people along with their titles that can speak to the issues of the subcommittees at the May face-to-face meeting in Las Vegas so that Jenkins can check their availability and draft the agenda.



Issue Committee (W & I EITC) Meeting Minutes

February 18, 2004

Opening of the Meeting

Handelman opened the meeting at 2:07 p.m. EST.

Roll Call

Quorum not met.

Panel Members Attending

- Laura DeMarais
- Dan Drumel
- Gwen Handelman
- Cheyanna Jaffke
- Leslie Malcolmson
- Agnes Tillerson
- Faith Vinikoor
- Nan Wilson

Panel Members Absent

- Jim Banks
- Catherine Kelly
- Steven Landauer
- Shamsey Oloko
- Joe Reder

IRS Staff

- Audrey Y. Jenkins, TAP Program Analyst
- Sandra Ramirez, Program Manager

Handelman stated that since there is not a quorum the Committee could not make a final decision on the date and place of the second face-to-face meeting.

Approval of Minutes

DeMarais mentioned that Landauer requested a correction to the December 17, 2003 meeting minutes. He wanted to add to the section under the Marketing and Research Subcommittee report that we have found a national contact, Ron Smith to work with the YMCA.

The approval of the minutes from the December and January meetings will be carried over to the March meeting since we did not reach a quorum in this meeting.

Follow up on Action Items from the Previous Meeting

Jenkins

- Members confirmed in January meeting that they received article via email.
- Jenkins mailed the Committee the EITC dollar amounts by state.
- DeMarais circulated the December meeting minutes to the Committee.
- Jenkins is in the process of setting up a conference call for the Education Subcommittee with a subject matter expert from Forms Testing. She has been working with Brenda James and Denise Fayne. **(Carried over to March)**
- Jenkins will set up a Subcommittee teleconference on rural outreach with Jan Zombro, who was recommended by Kay Farrow. **(Carried over to March)**
- Jenkins will invite Ron Smith, Sue Sottile and a SPEC contact to the March teleconference to discuss VITA partnering with the YMCA and with other organizations (how a partnership is established, what kind of commitment is required from an organization, what literature about partnering is available, etc.).
- Farrow has been added to the group e-mail distribution list of the EITC members.

Farrow

- Farrow checked the status of the Form 3498 revision and found out that SB/SE writes part of that publication and W&I writes part of it. As far as SB/SE is concerned it has been revised and is due out by March 2, 2004 . The Committee previously provided Bill Phillips with feedback on the recertification report. Farrow isn't sure the Committee's changes were incorporated into the revised document. If not, W&I is considering a revision because some of the publication needs to be more applicable to the Service Center process. **Farrow will forward the draft of Form 3498 revisions to the committee before the next meeting.** Handelman asked if our input would be timely if done in May. Farrow said she believed that they were looking at a publication date of FY2005 with a deadline for feedback of October/November.
- Farrow forwarded the link for the on-line Tool Kit to Jenkins, which went out to the group. Farrow spoke to Bob Ericsson regarding forms testing; and was told there is not a standing focus group or focus groups. There is a contractor who will solicit for focus groups and put them in place when the agency needs a form reviewed. Thus, it is very expensive and is not done for minor forms, only for the high-end forms. For instance, focus groups were formed to evaluate Form 8836 for the EITC qualifying child certification and several years ago the EITC worksheet was reviewed. The cost for reviewing Form 8836 was \$80,000. The contacts that Jenkins located should be able to describe to us the process of requesting review of a form by a focus group. Wilson stated that this Subcommittee was initiated because of the Committee's review of GAO Report 03-486 that stated that only two EITC forms were tested in a 5 year period. **Farrow stated that she knew that the Schedule EIC worksheet was one, and she will find out the other.** There were four focus groups involved with Form 8836, in four different parts of the country, Farrow added. Vinikoor said that the report stated there was a substantial decrease in errors as a result of the focus groups, Wilson agreed and added that the benefits of input before forms were issued outweighed the costs.

Handelman

- Handelman forwarded the Committee's recommendations to the program owners and staff for the On-line Toolkit for SPEC and partners.

Landauer

- Present W-4 written proposal to Overclaims Subcommittee along with attachments. Landauer was not present; therefore, action is carried to March.

Education, Publication & Forms Subcommittee



- **Prepare recommendations regarding EITC Forms .** Brenda James and Denise Fayne from Forms and Publications have been identified to assist with questions. **Jenkins will set up a teleconference.**

Marketing and Outreach Subcommittee

- Jenkins will set up teleconference call with Jan Zombro from SPEC re: rural outreach.
- Jenkins will invite Margaret Warren, Director, SPEC Partner and Product Development to the March teleconference.

Office Report

Jenkins has made arrangements for our face-to-face meeting in Las Vegas at Circus, Circus for May 12-15, 2004 . Drumel asked to try to book the Circus Circus-Tower opposed to the Circus Circus-Manor. **Jenkins will verify our arrangements as they are finalized.**

Program Owner Report

Farrow began to address prioritization of Committee assignments. Handelman requested that Subcommittee Reports precede her comments, as it might give her a better sense of what issues members are interested in pursuing.

Marketing and Outreach Subcommittee Report

Malcolmson stated that the Marketing and Outreach Subcommittee is still interested in rural outreach and the partnerships between SPEC and partner organizations.

Overclaims Analysis Subcommittee Report

Vinikoor stated that the Overclaims Analysis Subcommittee is still interested in the open items from last month's report:

- Reviewing the existing audit process and improving the quality of communication with taxpayers
- Preparer due diligence
- Reviewing the 3107 EITC Tax Professional Guide
- Reviewing the 3107E Evergreen EITC Tax Professional Toolkit
- Reviewing the revised Publication 3498
- Modification of W-2 and W-4 forms, allowing employers to provide information on EITC eligibility.

Education, Publications and Forms Subcommittee Report

Wilson stated that the Education, Publications and Forms Subcommittee still is interested in forms testing. She also stated that they were charged at the last meeting to come up with what they thought the composition of focus groups should be. It was generally agreed that focus groups should be made up of individuals who fill out the forms, mainly low-income individuals or VITA volunteers who deal with the EITC. She went on to state that the composition of the focus groups does not seem to be the problem. She thinks the problem is that focus groups are not used enough and there aren't any written criteria for determining which forms should be tested. She is unsure if the Subcommittee should work the composition of focus groups any further. Farrow stated that she now understands that the Subcommittee is concerned about the standards for and lack of focus groups, as well as the small number of forms that are reviewed. **Farrow will research the written criteria for the selection of forms to be tested.**

Program Owner Wish List

Farrow, along with Boehmer, decided that the number one priority is the Committee's feedback on the results of the proof of concept test, or the certification test for a qualifying child. Unfortunately, Farrow



does not think she will have the test results until the April meeting. Then, Farrow stated, she would want a quick turnaround.

The number two priority, which could be on-going, is the review of the EITC section of the IRS website, www.irs.gov. Farrow and Boehmer would like the Committee to look at navigating the website as a taxpayer would if they had questions about the EITC. If you go to www.irs.gov/EITC how many clicks did it take you to end up in the right place? How difficult was it for you to find the information or forms you needed? Were you able to find a Low Income Tax Clinic or VITA site? Farrow stated that they are trying to refer people with EITC questions to the IRS website, and if the information they are seeking isn't clear or is missing, then they have failed.

Members agreed that it would be beneficial if Farrow and Boehmer provided them with specific questions. The Education Subcommittee will focus on the perspective of an individual taxpayer and the Overclaims Analysis Subcommittee will evaluate it from a preparer point-of-view. Farrow stated that feedback would be timely in late summer for the next tax season.

Farrow went on to state that the topic of Non-response to IRS Audit Notices, which is currently in the parking lot, is another item. She stated that there is an internal group that is trying to work on a stuffer that would go in notices that are sent to taxpayers that would read something like ALERT: please respond to this notice so you can get the EITC. It is in draft form right now and she recommended to that group that they allow the Committee to look at it to provide feedback. **Farrow will provide it to the group and would like any feedback very quickly.**

Boehmer was intrigued by Advance EITC, which is another item in the parking lot. Farrow wondered if the Committee was interested in education efforts or improving participation. Vinikoor referred back to a prior comment from Banks about people not wanting to adjust their withholding and looking forward to getting a refund check each year. Farrow said there might be a taxpayer who received an advance credit, and would then owe money at the end of the year. She agreed it is very hard to promote.

Handelman stated that the Committee could work on the other three issues: (1) Notice stuffer, (2) results of the qualifying child certification test, and (3) irs.gov/EITC. After asking Farrow for approximate project timelines, Handelman stated that the Committee would work on having our recommendations on (1) and (2) completed at the May face-to-face meeting and (3) feedback finalized at the summer meeting.

Vinikoor asked if Farrow could add working on the draft of Form 3498 to the list for the committee. **Farrow stated yes and stated that she would get the draft to the Committee as soon as it is available.**

Handelman asked if Farrow thought it would be a good use of the Committee's time to draft comments on the Q&As on the Qualifying Child certification test on-line. Farrow stated yes, particularly if we find something that is totally wrong. Errors can be fixed immediately, matters of clarity will be changed later. Handelman will collect and compile the Committee's comments and send them to Farrow ASAP.

Wilson asked if the Committee should continue working on the EITC forms testing. Farrow will get more information on this. Handelman stated that if there is a draft of standards to be reviewed, the Committee needs to know the deadline for our comments.

Joint Committee Report

Handelman stated there is money in the budget for seven additional face-to-face meetings. Committee chairs discovered there were only seven committees who were interested in having a second face-to-face meeting this year.



All individuals who expressed an interest in serving a third year have been approved. Ramirez stated the individuals who have requested to stay on for a third year should be receiving a confirmation letter directly from Washington . The recruitment process to fill open positions will begin soon. Some states will only be recruiting for alternates. There will be information on open positions on the improveirs.org website.

Area 5 received a response to their proposals on improving the FreeFile program. Area 5 will communicate again with the Program Owner, since Area 5 felt some of their proposals were not addressed in the response and others were misinterpreted.

New Business

Handelman stated that she received feedback from Committee members on their availability for the second face-to-face meeting. After discussion, the Committee tentatively agreed on August 15-17.

Staff will research the cost of meeting in Anaheim, Atlanta, Denver, Seattle, and San Diego.

Meeting Close

Tillerson stated that there was an article about EITC, **Uncle Sam Willing to Give Money Back** with a graphic of an eagle holding a dollar bill and a man and woman in a nest with their mouths open, in the Jacksonville, Florida *Times Union* newspaper. **Tillerson will send the article to the Committee.**

Vinikoor mentioned an article on AMT she received from Area 2. She recommended a website, www.ReformAMT.org to members who are interested in this issue.

Ramirez reported that Jenkins tried to send out intranet links on EITC marketing materials that were inaccessible to non-IRS staff, and offered to have her send them in a more accessible format. Handelman requested them; DeMarais, Tillerson and Wilson do not wish to receive them. **Jenkins will send links to EITC marketing materials.**

Drumel made a motion to adjourn and Tillerson seconded it. The meeting was adjourned at 3:07 p.m. EST.

Next meeting: Wednesday, March 17, 2004 at 2:00 p.m. EST.

Action Items

Jenkins

- Set up a conference call for the Education Subcommittee with a subject matter expert from Forms Testing. She has been working with Brenda James and Denise Fayne. **(Carried over to March 17, 2004 meeting.)**
- Set up a subcommittee conference call for rural outreach with Jan Zombro **(Carried over to March 17, 2004 meeting.)**
- Invite Ron Smith, Sue Sottile and a SPEC contact to the March 17, 2004 teleconference to discuss VITA partnering with YMCA and with other organizations (how a partnership is established, what kind of commitment is required from an organization, what literature about partnering is out there, etc.).
- Confirm arrangements for the Las Vegas face-to-face meeting.
- Research Anaheim, Atlanta, Denver, Seattle and San Diego for the period of August 15th through August 17th.



Farrow

- Inform Committee of EITC Forms that were tested.
- Forward the draft of Form 3498 revisions to Committee.
- Provide the Committee with written criteria for forms testing.
- Provide Committee with draft of the stuffer that would go in notices that are sent to taxpayers.
- Provide the Committee with specific EITC questions related to the website [irs.gov](https://www.irs.gov).

All Members

- Submit comments to Handelman re: Qualifying Child Residency Test Q&As.

Handelman

- Submit to Kay Farrow member comments re: Qualifying Child Residency Test Q&As.

Landauer

- Present the W-4 written proposal and attachments of the Overclaims Analysis Subcommittee.

Tillerson

- Provide Committee with EITC article from the Jacksonville , Florida **Times Union** newspaper.