

## **Share Our Strength Community of Practice Grant Case Study: Oweesta Corporation**

### *Improving Access to Tax Credits for Families*

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The American Rescue Plan Act of 2021 (ARPA) temporarily expanded the child tax credit (CTC) for most families with children. The CTC was already a key policy that reduces poverty among children and their families along with the earned income tax credit (EITC; Fox and Burns 2021); the CTC expansion increased the maximum credit for many and extended benefits to very low-income families who had previously been ineligible for the CTC or received only limited benefits (Tax Policy Center 2021). ARPA also mandated that up to half of a family's expected CTC be delivered as advanced payments. Families received monthly payments from July through December 2021. Shortly after payments began, food hardship dropped (Perez-Lopez 2021).

### **Barriers to Receiving CTC**

To be eligible for the CTC, adults must have a child under age 17 that has a Social Security Number (SSN). The claiming adult is required to have either an SSN or an Individual Taxpayer Identification Number (ITIN). An ITIN helps those considered ineligible for SSNs comply with federal tax reporting and are generally used by noncitizens. For many families, monthly payments of the CTC began shortly after the ARPA passed, with the IRS using family and bank information provided on tax returns filed in 2019 or 2020. However, families with very low incomes, who often had not previously filed a tax return, were more likely to need to actively apply for the CTC and thus were at risk of missing out on the monthly payments. Families with very low incomes are often not required to file a tax return as they are below the filing threshold and are not eligible for tax credits with income requirements. In limited cases, the IRS may have been able to send advanced monthly payments based on information individuals provided to claim an economic impact payment (i.e., stimulus check) in calendar year 2020. But often these families would need to apply to receive the CTC. Even when a tax return had been filed, it could contain outdated information on who is supporting a child, which could result in money being sent to the wrong person. For example, if a child's parents are not married, the filer claiming the child could change from year to year (including grandparents and other guardians). Previously filed tax returns also would not include children born after those tax returns were filed. Those most likely to miss out on the automatic advanced payment were Hispanic/Latinx families, non-Hispanic/Latinx adults who are American Indian/Alaska Native, Native Hawaiian/Pacific Islander, or more than one race; adults with very low incomes, Spanish-speaking households, and families with mixed immigration statuses (Fischer et al. 2022; Karpman et al. 2021).

## **Description of Initiative**

To improve awareness and take-up of the newly expanded CTC, Share Our Strength, a national organization working to end childhood hunger and poverty in the United States, provided grants to organizations and Volunteer Income Tax Assistance (VITA) sites in 13 states to improve outreach, tax assistance, and policy advocacy following the regular tax season (the regular tax season to file 2021 taxes opened January 24, 2022, and ended April 18, 2022). These organizations came together as a community of practice, learning together and sharing information in pursuit of their common goals. To facilitate learning from the experiences of the community of practice, the Urban Institute conducted an assessment of their successes, challenges, strategies, and results. These insights can inform ongoing outreach efforts for the expanded CTC, as well as outreach efforts for other tax benefits directed toward low- and middle-income families like the EITC. The most recent IRS and Census estimates of EITC participation suggest that 22 percent of eligible taxpayers failed to claim the EITC in 2018 (IRS 2022).

## **The Community of Practice**

Share Our Strength worked throughout the grant period to intentionally build a community of organizations engaging in similar work. Share Our Strength regularly checked in with grantees and conducted bimonthly peer learning calls that involved experts sharing information on relevant topics including outreach and media and how to collect stories from clients, among others. Share Our Strength offered grantees access to SimplifyCT, a nationwide virtual VITA service that provides one-on-one support for grantees with questions about the CTC application process via a tax advice hotline. Another key partner of Share Our Strength is Code for America, a nonprofit organization that seeks to reduce the gap between the public and private sectors in their use of technology and design. The organization provided technical assistance on outreach and the use of GetCTC Simplified Filing Portal. Share Our Strength partnered with the National Disability Institute (NDI) to increase awareness of the CTC and other tax credits within the disability community. NDI provided office hours and webinars to grantee and subgrantee staff throughout the grant period on best practices to reach taxpayers with disabilities. Share Our Strength engaged a policy expert to consult with grantees advancing state-level tax policies. Finally, grantees could communicate with each other through the community of practice's Slack channel to share updates, questions, and lessons learned.

## **The Case Studies**

The Urban Institute's assessment of the community of practice initiative includes a case study of grantees in 10 states, as well as two briefs on nationally focused work being led by the NDI and work with Native communities in three additional states (Montana, South Dakota, and Minnesota) supported by the Oweesta Corporation. Case study reports summarize and document grantees' activities, strategies, successes and challenges, best practices, and any actions taken toward improving equitable receipt of the CTC. The Community of Practice focused on four areas of work:

- Outreach intended to improve knowledge about tax benefits
- Tax assistance for families that had not yet received the CTC or other state or federal tax credits
- Collection of narratives that could help policymakers and advocates understand the importance of tax benefits
- Policy work intended to improve tax benefits in the future

This case study describes the Share Our Strength Community of Practice and provides an overview of work led by the [Oweesta Corporation](#) coordinating efforts among three Native VITA sites in South Dakota, Minnesota, and Montana. The material in the case study is based on information collected from the organization throughout the grant period, as well as an interview we conducted with the grantee in January 2023.

## Case Study: Oweesta Corporation

The Oweesta Corporation passed funding to three sub-grantees providing direct tax preparation services, described in table 1 below.

**TABLE 1**  
**Description of Subgrantees under the Oweesta Corporation**

Subgrantee	Description of Organization
<b>Four Bands Community Fund (South Dakota)</b>	Nonprofit organization helping build financial capability and create economic opportunity on the Cheyenne River Sioux Reservation in South Dakota
<b>White Earth Investment Initiative (Minnesota)</b>	Provides homeowner education, financial counseling, and other services to Native American communities in Minnesota, particularly the White Earth Indian Reservation
<b>People’s Partner for Community Development (Montana)</b>	Native-led nonprofit organization serving the Northern Cheyenne Indian Reservation communities in Montana by providing financial education and opportunities.

Source: Organization websites and interviews with grantee.

## Background

The Oweesta Corporation is the longest-standing Native Community Development Financial Institution (CDFI), which is an institution that provides fair, responsible financing to communities underserved by traditional finance. Oweesta exclusively serves other Native CDFIs and Native communities and provides training, technical assistance, investment, research, and policy advocacy to help Native communities develop financial assets and capacity. Under this grant, Oweesta served as an intermediary to pass funds to three Native VITA sites: the **Four Bands Community Fund** in South Dakota, the **White Earth Investment Initiative** in Minnesota, and the **People’s Partner for Community Development** in Montana to support postseason direct tax assistance and awareness campaigns.

Native communities in the US contend with a system of structural barriers that hinder building economic resiliency and mobility because of a legacy of forced removal, assimilation practices, and broken treaties. This history has undermined the sovereignty of tribal communities and has limited access to mainstream financial services and other wealth-building opportunities.<sup>1</sup> Native communities have the highest rates of unbanked households (16.3 percent), which are households that do not use banks or credit unions for their financial transactions.<sup>2</sup> The average distance from a reservation to a bank is 12.2 miles, compared with the national average of 4 miles.<sup>3</sup> Additionally, broadband access is limited in Native communities, which impacts access to online banking services that are commonly used in the rest of the nation. Estimates show 18 percent of those living on tribal lands do not have broadband service, versus 4 percent in nontribal areas, though this is likely an underestimate.<sup>4</sup>

Intentional financial and tax-related outreach to Native communities is key to overcoming this history. Given the isolation of these communities and hesitation to use mainstream financial services, coupled with limited knowledge on best financial practices, this population has historically been targeted by predatory lending.<sup>5</sup> This also includes encouraging people to take out loans against tax returns; for example, a predatory company may help prepare taxes and provide a loan for the value of the EITC, but this loan would have significant fees and annual interest rates.<sup>6</sup> Community members may have less knowledge around filing taxes and available credits and not be aware of the ways that paid tax preparers may engage in predatory practices that reduce the resources available to Native households.

Because of this, Native VITA sites are crucial to provide trustworthy, free tax preparation services to help claim the EITC and CTC and to avoid high-cost loans. While there has been an increase in the number of Native CDFIs that offer VITA services, these sites often face barriers, including low volunteer

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<sup>1</sup> Cassandra Martinchek and Alexander Carther, "Native communities face sustained challenges to building financial resilience," *Urban Wire* (blog), February 25, 2021, <https://www.urban.org/urban-wire/native-communities-face-sustained-challenges-building-financial-resilience>.

"Native Americans," Minority Rights Group International, accessed March 13, 2023, <https://minorityrights.org/minorities/native-americans/>.

Narayana Kocherlakota, "What's Different about Economic Development in Indian Country?" Federal Reserve Bank of Minneapolis, accessed March 13, 2023, <https://www.minneapolisfed.org/speeches/2012/whats-different-about-economic-development-in-indian-country>.

<sup>2</sup> "How America Banks: Household Use of Banking and Financial Services, 2019 FDIC Survey," Federal Deposit Insurance Corporation (FDIC), October 2020, <https://www.fdic.gov/analysis/household-survey/2019report.pdf>.

<sup>3</sup> "Native Households Have Highest Unbanked Percentage," National Indian Council on Aging, Inc., May 13, 2021, <https://www.nicoa.org/native-households-have-highest-unbanked-percentage/>.

<sup>4</sup> "Tribal Broadband: National Strategy and Coordination Framework Needed to Increase Access," US Government Accountability Office, June 22, 2022, <https://www.gao.gov/products/gao-22-104421>.

<sup>5</sup> Kyle Smith, "Predatory Lending in Native American Communities," First Nations Development Institute, 2003, [https://www.firstnations.org/wp-content/uploads/publication-attachments/2003\\_Predatory\\_Lending\\_Report.pdf](https://www.firstnations.org/wp-content/uploads/publication-attachments/2003_Predatory_Lending_Report.pdf).

<sup>6</sup> "Endless Debt: Native Americans Plagued by High-Interest Loans," NBC News, October 31, 2014, <https://www.nbcnews.com/feature/in-plain-sight/endless-debt-native-americans-plagued-high-interest-loans-n236706>.

retention rates, frequent distrust given the connection with the government and IRS, and geographic isolation.<sup>7</sup>

To increase awareness and claiming of tax credits among Native communities, Share Our Strength brought on Oweesta Corporation to provide passthrough funding to Native-serving VITA sites. These VITA sites regularly offer tax preparation services, and with the additional funding, were able to maintain programming and keep doors open following the regular tax season.

## Barriers to Reaching Native Communities

- **Lack of broadband access in Native communities necessitates in-person services.** All three VITA subgrantees provide in-person services. Although providing virtual or online services is common across the country, many Native communities lack adequate internet access. The VITA sites mitigate this by walking community members through some steps of the process via telephone to meet the high level of need, then requiring in-person attendance to finish the return. The site in Minnesota, however, was also able to improve its virtual processes so that staff could complete a tax return entirely remotely through an intake interview and secure transfer of documents. With limited sites open in Minnesota through October and November, this is a benefit to taxpayers across Minnesota. Also, given long travel distances to get to the sites (can be more than an hour for some sites), staff and volunteers often travel to different locations to be more accessible. Oweesta noted that SMS texting would also be a helpful method to conduct outreach as most people have access to a phone, but getting approval from tribal governments to conduct SMS outreach can be difficult.
- **Issues around mailing vs. physical addresses.** The subgrantee in South Dakota has noted a rise in the last few years of clients who have been audited or have had their refund “frozen,” as the IRS requests a physical address for identification purposes. However, many families on reservations have PO Boxes or non-traditional addresses. Oweesta is working with the State Congress to find a workaround for this issue, but with limited success.
- **Lack of awareness about tax credit eligibility.** A common misconception around claiming tax credits among families with low incomes is that they are not eligible. This is because families with very low incomes are often not required to file a tax return.
- **Complexities with grandparents claiming dependents.** Tribal elders are highly respected in Native communities and play a critical role in tribal family structure. The prevalence of grandparents raising grandchildren is disproportionately higher in Native communities (Hsieh et al. 2017), and as one subgrantee noted, “custody can change sporadically.” All three subgrantee sites noted that their clientele often included grandparents with no income. However, claiming dependents can be tricky if the caregiving relationship is informal and custody not well-documented. This is why additional time in the off-season is crucial to respond to these issues and communicate with the IRS. In one example from South Dakota, a grandfather even had legal and full custody of his three grandchildren for ten years, but still received an error on his tax form that one of his dependents was already claimed. After a months-long appeal process with the IRS, he was finally able to receive his full refund, but only due to the diligence and commitment of the Four Bands Community Fund.

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<sup>7</sup> Benjamin M. Marks and Sarah Dewees, “VITA Sites Serving Native Communities: The State of the Field,” First Nations Development Institute, 2013, [https://www.firstnations.org/wp-content/uploads/publication-attachments/2013\\_VITA%20\\_Sites\\_Serving\\_Native\\_Communities.pdf](https://www.firstnations.org/wp-content/uploads/publication-attachments/2013_VITA%20_Sites_Serving_Native_Communities.pdf).

- **Consistency and building trust are crucial in tribal communities.** Tribal communities have understandably tenuous relationship with the federal government. Only in the last few decades have Native communities been invited to participate in economic decision-making and financial institutions. Having a VITA site open for a limited period, then close for the rest of the year can undermine confidence in the VITA site. As Oweesta noted, “Having a permanent presence that’s part of the community needs to happen in order for taxes to be filed.”
- **Word of mouth is key to spreading awareness.** This also means that volunteers need to be well-trained. If a client has a bad experience with a volunteer, for example belittling them for not being educated about tax returns, this can create long-term damage. As Oweesta noted, “If you break trust even with one person, it’s a ripple effect. It spreads like wildfire.”
- **Lack of staffing capacity among VITA sites.** Although the grant funds were crucial to keep doors open in the offseason and conduct some outreach and awareness-raising campaigns, the subgrantee in Minnesota still noted that they were not able to do much marketing as they did not have enough volunteer capacity to respond to an influx of clients. The start of the 2022 tax season was also affected by lingering COVID-19 concerns, and some prospective volunteers were reluctant to assist at the in-person tax sites. However, the funding did allow the site to hire a full-time VITA Program Coordinator that was an asset to the program.

## The Benefits of Offseason Work and Looking Forward

The most notable learning from this grant experience is that **the off-season provides a great opportunity to maintain programming and resolve complex issues.** During the regular tax season (February through April), VITA sites are very busy and lack the time and capacity needed for more intentional outreach. Additionally, the IRS is also very busy during this time and can be slow to respond to queries about complex cases. Funding from Share Our Strength to support additional outreach and keep doors open in the later months of the year created additional opportunities to reach families who may not have realized they were eligible for tax credits. The three subgrantees were able to conduct outreach to neighboring tribes. This time was also especially helpful to resolve complex dependent-related issues that are difficult to make time for in the regular season. Sites were also able to assist small businesses that can’t make time for taxes during the tax season. As Oweesta noted, “Every community member counts.” Although Oweesta noted that they did not see a huge increase in tax filers during the offseason, they anticipate they will see more in the upcoming tax season given the ability to spread the word during the off-season.

Overall, during the grant period, the three subgrantees did the following:<sup>8</sup>

- Filed **roughly 1,200** tax returns
- Helped individuals claim **roughly \$2,200,000** in CTCs and EITCs

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<sup>8</sup> These numbers are approximate and are pulled from ongoing reporting completed during the grant period. These may be inaccurate due to fluctuations and inaccuracies in the reporting process.

## Experiences with the Community of Practice

Oweesta noted the challenges and limitations in their role providing passthrough funding. As an intermediary, Oweesta could not pass through the full amount of the grant to other organizations, and this affected their decisions around the number of subawards they could provide. Although they emphasized that it was still highly worthwhile to receive funding, it may have been more effective to grant directly to the VITA sites to avoid passthrough fees. Relatedly, because the subgrantees were less tied into the community of practice overall, they did not attend the peer learning calls and were not tied into the Slack channel that facilitated communication among community of practice members. If the subgrantees were direct grantees, they could tie into the main resources provided more seamlessly.

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