Making Ends Meet

Recently, a number of trends have emerged that put increasing strains on economic security in Wisconsin. Low-wage jobs, limited educational opportunities, the high cost of childcare, and the rising costs of housing, energy and healthcare all create substantial challenges for families struggling to make ends meet.

If you are having difficulty paying your rent or your mortgage, there’s a chance you’re having trouble with your other monthly expenses as well. Over the course of a lifetime, millions of Wisconsin residents and Americans across the country will find themselves in a similar situation.

It is important to recognize that the inability to pay for housing—just like the inability to pay for food, utilities, child care, health care, and more—is an income issue. By saving money on any one of these categories, a person is able to shift money around to help offset the other costs in their lives.

Thankfully, a range of assistance programs—from tax credits to subsidized childcare to public health insurance to energy assistance—can help fill the gap. Participating in these programs can allow anyone the ability to be more financially secure.

Unfortunately, funding constraints, lack of awareness, and logistical barriers often limit participation. This chapter will help to highlight some of the state and federal programs that are available to help you meet your needs each and every month.

The end of the chapter contains supplementary materials: definitions, handouts, worksheets, and activities that can be individually photocopied or printed to distribute separately from the rest of the WHPE curriculum.
Overview and Goals

Financial troubles are not pleasant, but you are not alone. Others are in situation and many have been in your situation in the past.

There are many programs available to help individuals who are struggling to make ends meet. Understanding what is available in terms of assistance can be of tremendous help in getting you on your feet.

The goals of this chapter are:
1. To show you some of the resources that may be available if you income has dropped.
2. To highlight some of the benefit and assistance programs currently available to low-income individuals.
3. To explain how money can be saved through tax credits and the tax filing process.

Take-away messages:
1. There is help out there for people who have economic hardship.
2. Thousands of WI families use forms of public support. Don’t feel embarrassed if it can help you.
3. Programs can have complicated details. Be patient and take time to learn your options.
Background on Assistance Programs

If your income has dropped, you may be eligible for a number of programs that target individuals and families of low-income. Many of these assistance programs base eligibility on the poverty line, which is intended to reflect the minimum income a household needs to achieve an adequate standard of living. The poverty line varies according to number of household members and their ages and increases each year to account for inflation. Households are considered poor if their gross pre-tax income is below the poverty line. In 2009, the poverty line for a household of four was $22,050.

While this measurement is far from perfect, it is also used to set the limits for many of the programs in which people can receive benefits. If your income does not fall exactly below the poverty line, you may still qualify for assistance. A number of programs base their eligibility at 135%, 150%, 185%, 200%, and even up to 300% of the poverty line for some services.

Who is at risk?
The risk of financial troubles varies considerably among different groups. Some groups with above-average risk in Wisconsin include the following:

- More than 1 in 3 African-Americans live in poverty (34.3 percent).
- More than 1 in 3 households headed by a single mother live in poverty (36.8 percent).
- Nearly 1 in 3 American Indians live in poverty (30.1 percent).
- More than 1 in 5 Latinos lives in poverty (19.7 percent).
- More than 1 in 7 children lives in poverty (14.9 percent)
- More than 1 in 5 adults with less than a high school education lives in poverty (19.6 percent)

According to the 2007 American Community Survey, more than 604,000 people in Wisconsin are officially low-income, meaning their gross annual income is below the federal poverty line. This represents 10.8 percent of the state population—more than 1 in every 10 people. So your financial troubles are not uncommon, and many others just like you have already received thousands of dollars in crucial income support through a number of different assistance programs.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$10,830</td>
</tr>
<tr>
<td>2</td>
<td>$14,570</td>
</tr>
<tr>
<td>3</td>
<td>$18,310</td>
</tr>
<tr>
<td>4</td>
<td>$22,050</td>
</tr>
<tr>
<td>5</td>
<td>$25,790</td>
</tr>
</tbody>
</table>

U.S. Department of Health and Human Services (2009)
Receiving Benefits

The state of Wisconsin and the federal government offer many programs to help you find financial security. If you’re having trouble paying your rent, it may seem counterintuitive to receive FoodShare benefits, every dollar you don’t have to pay for food can then be put back towards your housing costs.

Most programs do not use the poverty line as a cutoff point for eligibility. Many programs do have eligibility criteria that are based on multiples of the poverty line. For instance, school meals are generally provided at no cost to children with family income below 130% of the poverty line, and at reduced cost to children with family income up to 185% of the poverty line. Because eligibility standards vary across programs and many programs use higher thresholds than the poverty line, debates over how to define poverty are only indirectly relevant to debates over who should be eligible for assistance from public programs.

### From the Wisconsin Council on Children and Families:
#### 2009 Federal poverty levels and related numbers

<table>
<thead>
<tr>
<th>Group Size</th>
<th>100%</th>
<th>115%</th>
<th>130%</th>
<th>150%</th>
<th>185%</th>
<th>200%</th>
<th>300%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>$10,830</td>
<td>$12,455</td>
<td>$14,079</td>
<td>$16,245</td>
<td>$20,036</td>
<td>$21,660</td>
<td>$32,490</td>
</tr>
<tr>
<td>Two</td>
<td>$14,570</td>
<td>16,756</td>
<td>18,941</td>
<td>21,855</td>
<td>26,955</td>
<td>29,140</td>
<td>43,710</td>
</tr>
<tr>
<td>Three</td>
<td>$18,310</td>
<td>21,057</td>
<td>23,803</td>
<td>27,465</td>
<td>33,874</td>
<td>36,620</td>
<td>54,930</td>
</tr>
<tr>
<td>Four</td>
<td>$22,050</td>
<td>25,358</td>
<td>28,665</td>
<td>33,075</td>
<td>40,793</td>
<td>44,100</td>
<td>66,150</td>
</tr>
<tr>
<td>Five</td>
<td>$25,790</td>
<td>29,659</td>
<td>33,527</td>
<td>38,685</td>
<td>47,712</td>
<td>51,580</td>
<td>77,370</td>
</tr>
<tr>
<td>Six</td>
<td>$29,530</td>
<td>33,960</td>
<td>38,389</td>
<td>44,295</td>
<td>54,631</td>
<td>59,060</td>
<td>88,590</td>
</tr>
</tbody>
</table>

For each additional person, add $3,740/yr. ($312/mo. or $1.79/hr) for families at 100% of poverty.

### Significance of Indicated Poverty Levels:
- **100%** is the point where small co-pays begin to apply to children in BadgerCare Plus.
- **115%** is the maximum income level for participation in W-2.
- **130%** is the maximum income level for Food Shares (food stamp) eligibility.
- **150%** is the income level at which premiums are required for parents in BadgerCare Plus, and “crowd-out” policies restrict eligibility.
- **185%** is the top income for the WIC supplemental nutrition program and for getting into the child care subsidy program.
- **200%** is the top income for child care eligibility for families qualifying initially at or below 185%, for parents in BadgerCare Plus (BC+) and for family planning services, and where premiums begin for kids in BC+.
- **300%** is the maximum income level for pregnant women in BadgerCare Plus, and the point at which premiums for kids in BadgerCare Plus are based on the full cost of coverage.

Source: [www.wccf.org](http://www.wccf.org)
Using ACCESS
ACCESS is an online portal designed by the Wisconsin Department of Health Services that allows Wisconsin residents to check for eligibility and apply for federal nutrition and other benefit programs, including FoodShare; BadgerCare Plus; Medicaid Part D; Women, Infants and Children (WIC); and SeniorCare.

The beauty of ACCESS is that it streamlines the application process so that a single person can apply for multiple benefit programs at one time, possibly bringing hundreds or thousands of dollars in supplemental income into the home each year.

How to use ACCESS:
2. Click “Am I Eligible?” – Entirely anonymous at this point.
3. Go through the screening process, answering all questions to the best of your ability.
4. ACCESS will produce a report that will tell if you are eligible for any programs.
5. If you are eligible, return to the first screen and now click “Apply for benefits!”
6. You will need to create a user name and password. Fill out the application to the best of your ability.
7. You will need to have an interview on the phone or in person in order to receive your benefits.

It is important to note that NOT ALL benefits programs through the state of Wisconsin can be applied for through ACCESS. Some, like school meals and W-2, have their own application process.

Dial 2-1-1
If you are having immediate trouble meeting your basic needs, call 211 for a local directory of all the government and non-profit programs, agencies, and organizations that seek to provide services to low-income individuals.

According to 211 Wisconsin:
2-1-1” is the three digit dialing code designated in 2000 by the Federal Communications Commission to provide widespread public access to community information and referral services. In response, there has been a national effort to develop statewide “2-1-1 systems” that will ensure that 2-1-1 becomes as easily recognized as 911 and 411.

2-1-1 service originated in Dane, Milwaukee, Racine and Waukesha counties on Tuesday, June 11, 2002. Today, there are thirteen 2-1-1 call centers serving Wisconsin, providing access and service to all 72 counties.”

Source: [www.211Wisconsin.org](http://www.211Wisconsin.org)
Family economic security
Intuitively, households will be at less risk for financial difficulties if they can redistribute money saved in one expense category into other categories. Thankfully, there are programs in Wisconsin and nationwide that can provide assistance towards the cost of a number of day-to-day living expenses, including health care and utility bills. These support programs can broadly be defined as “family economic security programs.”

Households will have more financial security if:
- Health care costs are lower,
- Rent and housing bills are lower,
- Gas, electric, energy, heat, and other utility bills are lower, and
- Wages and income are higher.

The following table includes select programs that contribute to family economic security:

<table>
<thead>
<tr>
<th>Family Economic Security Programs</th>
<th>Apply on ACCESS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BadgerCare Plus</strong>&lt;br&gt;[<a href="http://dhs.wisconsin.gov/BadgerCare">http://dhs.wisconsin.gov/BadgerCare</a> Plus/](<a href="http://dhs.wisconsin.gov/BadgerCare">http://dhs.wisconsin.gov/BadgerCare</a> Plus/)</td>
<td>✔️</td>
</tr>
<tr>
<td>A Wisconsin program that provides publicly funded health insurance to qualifying uninsured groups.</td>
<td></td>
</tr>
<tr>
<td>Provides assistance for heating, electrical, and energy costs as well as energy crisis situations.</td>
<td></td>
</tr>
<tr>
<td><strong>Wisconsin Unemployment Insurance</strong>&lt;br&gt;<a href="http://www.dwd.state.wi.us/ui/">http://www.dwd.state.wi.us/ui/</a></td>
<td></td>
</tr>
<tr>
<td>Provides temporary financial assistance to workers unemployed through no fault of their own that meet certain eligibility requirements.</td>
<td></td>
</tr>
<tr>
<td><strong>Wisconsin Weatherization Assistance Program</strong>&lt;br&gt;<a href="http://homeenergyplus.wi.gov/">http://homeenergyplus.wi.gov/</a></td>
<td></td>
</tr>
<tr>
<td>Provides energy conservation services in homes occupied by low-income families to reduce home energy costs.</td>
<td></td>
</tr>
<tr>
<td><strong>Wisconsin Works (W2)</strong>&lt;br&gt;<a href="http://dcf.wisconsin.gov/w2/wisworks.htm">http://dcf.wisconsin.gov/w2/wisworks.htm</a></td>
<td></td>
</tr>
<tr>
<td>A statewide program that provides monthly cash payments to eligible parents who participate in certain work activities that are meant to prepare them for regular employment. Also provides services to assist limited income parents in finding and keeping jobs.</td>
<td></td>
</tr>
</tbody>
</table>
Making Ends Meet

**Nutrition assistance programs**
Assistance programs that target food and nutrition issues are considered to fall under the category “nutrition assistance programs.” While these programs are designed to target families and households at risk of hunger, they are accessed by a significant number of Americans. One recent study cited that over the last 30 years, half of all American children have been on food stamps by age 20.

**Why is hunger a problem?**
Researchers have linked hungry or food insecure households to a variety of negative outcomes. Children in food-insecure households experience disrupted eating habits that may range from mild to severe, and both children and adults in food insecure households have greater risk of nutritional deficits. Beyond direct impacts on eating patterns and nutrition, food insecurity contributes to health problems including depression, adult obesity, and worse overall health status. In children, food insecurity has been linked to negative behavioral and school-related outcomes.

By providing much needed food assistance, both immediate and long-term, children and families will have a better quality of life and be able to shift money into other areas, such as rent/housing costs.

**Emergency Food**
If you continue to have difficulty in pulling together enough money for food, or if you would like to further decrease your food payments, you may want to investigate the local food pantries, soup kitchens, meal sites, and shelters in your area.

Food pantries are locally operated institutions that can provide free food to those in need. Each food bank will differ in its policies and practices. Some will allow you to choose between items, while others will pre-package a bag or box for you. Each pantry will have different rules regarding how often you can come back, as well, so it is important to learn the individual rules at any pantry you plan to attend.

*Call 211 for more information about the food pantries and meal sites in your area.*

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**SHARE**
Another great way to reduce the amount you’re spending on food is by purchasing from a food buying club like SHARE that can provide access to high quality foods at savings up to 30-50% off grocery store prices.

You can purchase from SHARE as often or as much as you’d like with no hidden costs or fees. There are no income requirements. [http://www.sharewi.org/](http://www.sharewi.org/)
The following table includes select nutrition assistance programs:

<table>
<thead>
<tr>
<th>Nutrition Assistance Programs</th>
<th>Apply on ACCESS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Child and Adult Care Food Program (CACFP)</strong>&lt;br&gt;<a href="http://www.fns.usda.gov/cnd/Care/">http://www.fns.usda.gov/cnd/Care/</a></td>
<td>A United States Department of Agriculture (USDA) program that provides subsidized food services for eligible children and functionally impaired adults in non-residential day care operations. Sponsors also receive USDA commodity food and nutrition education materials.</td>
</tr>
<tr>
<td><strong>Commodity Supplemental Food Program (CSFP)</strong>&lt;br&gt;<a href="http://www.fns.usda.gov/fdd/programs/csfp/">http://www.fns.usda.gov/fdd/programs/csfp/</a></td>
<td>A United States Department of Agriculture program which allocates commodity food to supplement the diets of older adults, low-income women and children up to age six.</td>
</tr>
<tr>
<td><strong>Elderly Nutrition Program (ENP)</strong>&lt;br&gt;<a href="http://www.nutrition.gov">www.nutrition.gov</a></td>
<td>Provides funding for two senior nutrition programs: congregate meals and home-delivered meals. ✔</td>
</tr>
<tr>
<td><strong>FoodShare</strong>&lt;br&gt;<a href="http://dhs.wisconsin.gov/foodshare/">http://dhs.wisconsin.gov/foodshare/</a></td>
<td>Wisconsin’s Food Stamp program. This program provides food assistance in the form of an Electronic Benefits Transfer (EBT) card to qualifying low-income households. The EBT card is used like a debit card to buy food at retail outlets. ✔</td>
</tr>
<tr>
<td><strong>Senior Farmers’ Market Nutrition Program (SFMNP)</strong>&lt;br&gt;[<a href="http://www.fns.usda.gov/wic/SeniorF">http://www.fns.usda.gov/wic/SeniorF</a> MNP/SFMNPMenu.htm](<a href="http://www.fns.usda.gov/wic/SeniorF">http://www.fns.usda.gov/wic/SeniorF</a> MNP/SFMNPMenu.htm)</td>
<td>Provides grants to provide low-income seniors with vouchers that can be redeemed for eligible food items at participating farmers’ markets and Community Supported Agriculture programs.</td>
</tr>
<tr>
<td><strong>The Emergency Food Assistance Program (TEFAP)</strong>&lt;br&gt;<a href="http://www.fns.usda.gov/fdd/programs/tefap/">http://www.fns.usda.gov/fdd/programs/tefap/</a></td>
<td>A United States Department of Agriculture program that supplements the diets of low-income Americans by providing them with federal commodities at no cost. Wisconsin provides the food at coordinating agencies which in turn distribute the food at pantries, soup kitchens, and shelters that directly serve the public.</td>
</tr>
<tr>
<td><strong>Women, Infants, and Children (WIC)</strong>&lt;br&gt;<a href="http://www.fns.usda.gov/wic/">http://www.fns.usda.gov/wic/</a></td>
<td>A United States Department of Agriculture program that provides supplemental food, nutrition education, and access to health services for pregnant or postpartum women, infants, and children up to age five who meet income guidelines. ✔</td>
</tr>
</tbody>
</table>

**Nutrition education**
If you feel that the reason you have difficulty saving money on food is because you do not have the necessary food selection, buying, or preparation skills you need to work with raw, unprocessed, or uncooked foods.

**Wisconsin Nutrition Education Program (WNEP):** A UW-Extension nutrition education program found throughout the state that helps limited resource families and individuals choose healthful diets, purchase and prepare healthful food and handle it safely, and become more food secure by spending their food dollars wisely. [http://www.uwex.edu/ces/WNEP/](http://www.uwex.edu/ces/WNEP/)
Programs targeting children

Some of the programs included above also target children, such as BadgerCare Plus, FoodShare, and WIC. In each of these cases, parents can receive benefits depending on the number of qualifying children in their home.

The following table includes select programs that contribute supporting children:

<table>
<thead>
<tr>
<th>Programs Targeting Children</th>
<th>Apply on ACCESS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>National School Lunch Program (NSLP)</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.fns.usda.gov/cnd/Lunch/AboutLunch/ProgramHistory_6.htm">http://www.fns.usda.gov/cnd/Lunch/AboutLunch/ProgramHistory_6.htm</a></td>
<td></td>
</tr>
<tr>
<td>A federal meal program operated in public schools, nonprofit private schools, and residential child care institutions. It provides free or reduced price nutritionally balanced meals to children who qualify based on their family’s income.</td>
<td></td>
</tr>
<tr>
<td>School Breakfast Program (SBP)</td>
<td></td>
</tr>
<tr>
<td>A federal meal program operated in public and nonprofit private schools which provides free or reduced price meals to children who qualify based on their family’s income.</td>
<td></td>
</tr>
<tr>
<td>Summer Food Service Program (SFSP):</td>
<td></td>
</tr>
<tr>
<td>A federal meal program that provides reimbursements to schools, non-profits, camps, and other agencies that provide meals and snacks for children in low-income areas during the summer.</td>
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</tr>
<tr>
<td>Wisconsin Head Start</td>
<td></td>
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<tr>
<td>The Head Start program (for children ages 3-5) and Early Head Start program (for pregnant women, infants, and toddlers) promote school readiness for children in low-income families by providing comprehensive educational, health, nutritional, and social services.</td>
<td></td>
</tr>
</tbody>
</table>
Taxes and Tax Credits

Increasingly, homeowners and others in difficult financial situations are being encouraged to view tax time as an opportunity to improve financial security. The numbers in this section are all based on 2009 information. To see more current numbers, check [http://fyi.uwex.edu/eitc](http://fyi.uwex.edu/eitc), which is update annually.

**Tax credits**

One way that state and federal tax agencies provide support to individuals and families in need is by offering *tax credits*. These credits will go toward eliminating any taxes due and in some cases they will help provide or improve your refund.

Tax credits can be either *refundable*, meaning they will add to your refund if you don’t owe any money, or *non-refundable*, meaning they will only credit you if you owe money. While deductions are subtracted from your income, tax credits are subtracted from your tax due. Which is better depends on your income level.

**Earned Income Tax Credit**

Low-income workers who are eligible for certain state and federal income tax credits can significantly lower their taxes—sometimes all the way to zero. In many cases, the credits total more than the taxes owed, so workers may be entitled to a check for the difference.

To get the credits, workers must file a tax return and indicate on the form that they are eligible. Many tax credits go unclaimed because the person filing doesn’t know that they qualify or didn’t indicate that they should receive the credit on their tax return.

Between the federal and state Earned Income Tax Credits, families with one child can receive up to $2967, families with two children receive up to $5376 and families with three or more children may receive up to $6744, all as of 2009. To qualify, you need to have earned income, and your total income must be below approximately $33,000-$40,000, again as of 2009, depending on the number of children and your marital status.

Workers without children can also qualify for a smaller credit, if their income is below around $12,500 to $14,500 as of 2009, depending on marital status.

To claim the federal Earned Income Credit, file either the 1040 or 1040A tax form along with Schedule EIC. You can claim the credit for past years if you were eligible by filing an amended return. To claim the state earned income credit, file Wisconsin tax form 1 or 1A. The Wisconsin credit can also be claimed for several years if you were eligible but didn’t file. Filing retroactively for past years can dramatically increase the amount of money coming in from a single tax return.

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*Payments* section, including earned income credit on Form 1040; 2008
In addition to the earned income credit, many low-income families can also get money back from the federal Child Tax Credit (CTC). Families with earnings of at least $11,750 during 2007 may be eligible for up to $1000 per child, based on your AGI. To claim this credit, file the 1040 or 1040A tax form. If you are eligible to get money back, you may also need to file form 8812.

**Wisconsin Homestead Tax Credit**

Renters and homeowners with incomes of less than $24,500 may qualify for the Wisconsin Homestead Credit, worth up to $1160. This credit is designed to lessen the impact of rent and property taxes on low- and moderate-income families.

If you qualify, you could get back some or all of the state income taxes that were withheld. If your earnings were too low to have taxes withheld, you could still get cash back. To claim this credit, file Schedule H or H-EZ along with a copy of your property tax bill or rent certificate signed by your landlord. You have five years to file for the Homestead Credit, so you can file for previous years.

**Other tax credits**

Aside from the EITC, CTC, and Homestead Tax Credit, there are other tax credits you may be eligible for. These include:

- **Saver’s Tax Credit** – (formerly known as the Retirement Savings Contribution Credit) provides credit for a portion of an individual’s qualified retirement contributions.
- **Adoption Tax Credit** – offers support for qualifying expenses associated with adopting a child.
- **Child and Dependent Care Tax Credit** – helps offset expenses associated with the care of children under age 13.
Education Tax Credits – apply for the Hope Credit and Lifetime Learning Credit for expenses related to education. The Hope Credit is available for the first two years of post-secondary school; Lifetime Learning Credit is available for all.

Volunteer Income Tax Assistance
Volunteer Income Tax Assistance (VITA) is aimed at helping families with incomes under $40-50,000. According to www.revenue.wi.gov:

The Volunteer Income Tax Assistance program is a cooperative effort by the Internal Revenue Service and many individual states, including Wisconsin, to provide income tax assistance to low-income individuals, handicapped or elderly. Volunteers trained by the Internal Revenue Service and the Wisconsin Department of Revenue prepare basic income tax returns free of charge at VITA sites. Some VITA sites offer free IRS electronic filing of tax returns.

Taxpayer Counseling for the Elderly (TCE)
The Taxpayer Counseling for the Elderly (TCE) program provides free tax information and help in preparing federal and Wisconsin income tax returns for elderly, low-income and handicapped individuals. This program is supported by the American Association of Retired Persons (AARP) Foundation. AARP's Tax-Aide volunteers are trained in cooperation with the Internal Revenue Service and the Wisconsin Department of Revenue to prepare basic income tax returns free of charge at TCE/Tax-Aide sites. Some of these sites offer free IRS electronic filing of tax returns.

Who can obtain assistance at a VITA site?
Income tax assistance is available for low-income individuals, individuals with disabilities, non-English speaking taxpayers, and the elderly. In addition, the program assists individuals who qualify for homestead credit or the earned income credit. The VITA program is aimed at those for whom paid assistance may be out of reach.
Who can obtain assistance at a TCE site?
Income tax assistance is available for low-income individuals, the elderly and persons with disabilities. In addition, the program assists individuals who qualify for homestead credit or the earned income credit.

Where are VITA sites located?
VITA and TCE sites can be found in some community centers, libraries, churches, shopping malls, and retirement homes. Most VITA sites are open from February 1 through April 15. To find the VITA or TCE site closest to you please call:
  • 1-800-829-1040 for VITA site locations,
  • 1-888-227-7669 for TCE site locations, or
  • Call “211” for local free tax sites.

What should I bring to the VITA/TCE site?
Customers are asked to bring their Forms W-2 wage and tax statements, information on other sources of income and any deductions, and Social Security cards for the taxpayer(s) and dependents. Those claiming homestead credit should bring a rent certificate and/or a copy of their 2008 property tax bill, and a record of any Wisconsin Works (W2) payments received in 2008. Both spouses must be present to file a joint return.

Source: [http://www.revenue.wi.gov/faqs/pcs/vita.html#vita1](http://www.revenue.wi.gov/faqs/pcs/vita.html#vita1)

Refunds or taxes due
If, after completing your taxes, you discover that you will be receiving a refund, you will have several options available. First, you will need to decide how you want to receive the refund. The IRS can mail you a tax refund check within six weeks of receiving your return (three weeks if filing electronically). A quicker option is to receive your refund by direct deposit into your checking, savings, or retirement account. You can also choose to have your deposit split between multiple accounts.

Avoid having a tax refund?
It may seem counter-intuitive to avoid a tax refund, since many people look forward to this bonus income once a year. However, if you consider that a refund is money you already paid, you can see that you are essentially loaning the IRS money at no charge over the course of the year. If you have a tight budget, you may want to consider adjusting your withholdings so that you do not have a huge refund at the end of the year. However, it is important to make a careful adjustment so that you do not owe anything either.

Caution!
Some tax preparation businesses, car dealerships, furniture/appliance stores, check cashers, payday lenders and more can offer Refund Anticipation Loans (RALs), also known as “fast cash refunds,” “express money,” and other names.

RALs, which can usually be found between January and April, are typically associated with expensive fees and high interest that can cost taxpayers a lot to borrow their own refund money.

Many RAL applicants are low-income individuals who will receive the Earned Income Tax Credit.

You can avoid dealing with RALs by going to a CPA or a VITA site.
Reducing your taxes due next year
If, after you complete your taxes, you discover that you actually OWE money, there are several ways you can help to reduce the amount you pay in income taxes in the next year. For example, you may want to contribute part of your paycheck to an IRA or another account that will allow you to defer your income and pay tax on it later. Note that a you will pay taxes up front on a Roth IRA. Other ways to reduce your taxes would be to purchase a home or real estate, take a “tax” loss on your investments, have dividend or municipal bond income, or place some of your income into trusts and estates, a type of “tax shelter.”

What to do with your refund
On the other hand, the majority of Americans will receive a refund after completing their taxes. If you receive a refund, instead of spending a refund on vacations or other luxury items, you may want to consider using it to:
1. Pay off debt
2. Save for emergencies
3. Save for retirement
4. Save for future education for yourself or a child
5. Use as capital to start a small business.

Savings Bonds
US Savings Bonds are very good savings vehicles for lower income families. Bonds do not require a bank account and are not limited for people in ChexSystems. Bonds have the backing of the US Treasury and are trusted by a wide array of consumers. Bonds have no fees. Bonds are liquid in the sense that they are easily cashed at any bank, the Federal Reserve by mail and even online, but these steps take effort and may help ‘protect’ these savings as compared to cash or checks. Some studies show people prefer or even need savings vehicles with forms of soft constraints to discourage consumption. This is also valued by parents or grandparents gifting bonds to younger people. For TS 2010 tax payers can buy Bonds directly on tax form 8888 in their own tax payer name/number (in 2011 bonds may be purchase for others). The Bonds offered are I-series which change interest rates semi-annually based on inflation rates. Returns are low but for most low income families return is not the motivation—simply having funds set aside is.

Visit http://www.d2dfund.org/category/publication_topic/us_savings_bonds for more information

Free Application for Federal Student Aid (FAFSA)
The Free Application for Federal Student Aid (FAFSA) is the annual application due each spring to seek support for attending secondary education. This process reviews the assets and income of individuals and parents to qualify for grants and loans. The form has been simplified in recent years but still remains difficult to navigate. Many qualified families fail to apply for aid in part due to the form being time consuming to complete. However, as many as three-quarters of FAFSA data fields are based on the IRS 1040 and related forms. Tax time is an opportunity to inform families of the option to complete a FAFSA and start the process. One model would be to complete much of the form onsite, with guidance to complete the rest. Another is simply to provide the form with referrals to follow up at a later date.