



# Virginia Community Action Partnership

**Report on the Virginia Community Action Partnership  
Earned Income Tax Credit Initiative  
Virginia CASH Campaign**

December 1, 2012

TO: The Honorable Robert F. McDonnell

and

The Honorable Lacey E. Putney, Chairman  
House Appropriations Committee

and

The Honorable Walter A. Stosch, Chairman  
Senate Finance Committee

and

The Honorable John M. O'Bannon III, Chairman  
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item 343 A. 2. of the Appropriations Act, which appropriated \$185,725 to the Virginia Community Action Partnership to provide grants to local organizations that provide outreach, education and free income tax preparation services to those who may be eligible for the federal Earned Income Tax Credit (EITC).

The Virginia Community Action Partnership (VACAP) is charged with reporting to the Governor and the General Assembly on its efforts to expand the number of eligible Virginians who claim the federal EITC.

VACAP is pleased to present this report on the Virginia CASH Campaign. It outlines the many activities and highlights grantee programs during the 2012 tax filing season and includes plans for the upcoming tax season.

Respectfully submitted,



Jim Schuyler  
Executive Director





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### Executive Summary

The Virginia Community Action Partnership believes the free tax preparation activity during the 2012 filing season (January 15 through April 15 for the 2011 tax year) is due to the success of the EITC grant program. This year, 27 coalitions working with free tax preparation programs throughout the Commonwealth received funding from the grant. The Virginia CASH Campaign highlights include:

- Over \$31.8 million in federal refunds
  - Over 24,000 federal returns filed
- Almost \$11.5 million in EITC refunds
  - Over 7,500 taxpayers claiming EITC
  - \$4.8 million saved in tax preparation fees
- Over \$4.1 million in state refunds
  - Over 22,500 state returns filed

Compared to 2010, this represents:

- 13.6% increase in the amount of federal refunds
- 7% increase in the number of EITC returns prepared

The modest state-funded \$185,725 EITC Grant program (average grant \$6,800) resulted in 1,200 volunteers working with 27 coalitions to provide free tax preparation and financial education services at over 137 sites throughout Virginia. The Virginia Office on Volunteerism and Community Service estimates the value of volunteer time to be \$24.29 per hour. The Virginia CASH Campaign volunteers contributed over 50,000 hours to the program. This equates to an over \$1 million value to the program and communities where these volunteers live and work. Grant funds leverage over five times the amount in volunteer time.

The Virginia Community Action Partnership (VACAP) EITC Initiative supports community groups and coalitions throughout Virginia that provide free tax preparation services and promote financial literacy, savings and asset building to low income working individuals and families. The Virginia CASH Campaign (Creating Assets, Savings and Hope) gives the program an identity that can be used by the coalitions to engage community partners in their work. State and federal partners in the Virginia CASH Campaign include the Virginia Department of Social Services (VDSS), Department of Housing and Community Development (DHCD), and the Internal Revenue Service (IRS). Collectively the mission is to raise awareness of the EITC, especially among eligible recipients, and to provide free tax preparation services by certified volunteers. We encourage financial literacy and education, savings and asset building programs to enable clients to work toward self-sufficiency.





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In October 2011, VACAP hosted The Fall Classic, a day long workshop that brought 65 free tax program practitioners to Richmond. Coalition representatives from across the region learned about innovative program models for free tax preparation services and how to help residents achieve success in building assets.

Thanks to a generous grant from Intuit Financial Freedom Foundation the program was offered free of cost to all attendees. The focus of the meeting was assisting disabled clients in need of tax and financial education services. The National Disability Institute's Real Economic Impact Tour work in Virginia communities was highlighted. Participants also learned about the Centers for Independent Living and the Hampton, VA Mayor's Office on Disability.

The EITC grant was announced at the Fall Classic and completed proposals were due at the VACAP offices on November 8, 2011. Twenty-seven grant recipients were notified of successful proposals on November 23, 2011 and funds were disbursed on November 30, 2011. Each coalition submitted a budget and plan as to how the grant funds were to be used throughout the year. The largest funding allocation is for personnel and training costs: site and volunteer coordinators, AmeriCorps positions or already established positions within an organization taking on additional tax season responsibilities (56%).

Advertising, website and printing costs for marketing, education and outreach materials totaled 13% of the total budget. Financial education and travel expenses for the 27 coalitions totaled about 5%. Equipment, rent and supplies totaled about 11%. Other funds were for volunteer recognition and administrative costs.

VACAP maintains a website dedicated to the CASH Campaign. [www.vaeitc.org](http://www.vaeitc.org) provides timely information to EITC partners, clients and funders throughout the year, but especially during tax filing season. Coalition information, data, flyers, asset building links, news articles, PSAs and funding resource information is readily available. This key component links all coalitions and assists in communication and sharing best practices. Between January and April 2012, the site averaged over 10,000 page views with an average of 5,100 visits per month. VACAP is also an affiliate of the National Community Tax Coalition which provides valuable training and technical assistance to coalition members.



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In February 2012, VACAP represented the Virginia CASH Campaign during a public briefing at the Library of Virginia where Governor McDonnell and Speaker Howell talked about the new Virginia Free File program. As a result of Virginia becoming a Free File state, more than 2 million eligible Virginia taxpayers now have the opportunity to prepare and file their federal and state returns online for free.

Intuit Financial Freedom Foundation expanded Assisted Self Tax Preparation (ASTP) to 10 coalitions that provided clients an opportunity to prepare their own taxes. ASTP allows one volunteer to work with more than one taxpayer at a time and empowers the taxpayers to prepare their own returns with help from a certified volunteer. The IRS, Intuit and many other Free File vendors have embraced this model of assisted self-tax preparation. The program will continue to expand in 2012-2013 under the name Facilitated Self-Assistance (FSA).



Rappahannock United Way volunteers for the Fredericksburg EITC Coalition. The site is also an Assisted Self Tax Preparation site partnering with Intuit Financial Freedom Foundation.



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**History of the EITC Initiative**

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to reduce the income tax burden on low-income workers, supplement wages and provide an incentive to work. The credit reduces the amount of federal tax owed and in most cases results in a refund check. The EITC is the single largest federal program designed to lift people out of poverty. To qualify for the EITC, taxpayers must work full or part time and have earned income of at least \$1. Income and family size determine the amount of the credit. To qualify, taxpayers must meet certain requirements and file a tax return even if they did not earn enough money to be required to file a return. The EITC was expanded in 2010 to include a larger maximum refund for families with three or more children. At the time of this report, (November 2012) it was not known whether Congress would continue the EITC expansion.

In order to capture a larger percentage of the federal EITC dollars in Virginia, VACAP, with funding from VDSS, designated a full time staff position in March 2004. Since then, the number of coalitions providing free tax preparation has risen from eight to twenty-eight and clients served from 2,600 to over 24,000.

Local outreach efforts are crucial to increasing the number of people who file EITC tax returns. These efforts are most effective when the information comes from a trusted local source where clients have an existing relationship. The community network often includes partners from Community Action Agencies, local Departments of Social/Human Services, United Way, Head Start, banks and credit unions, places of worship, schools, employers and elected officials interested in the financial health of the community.

Coalition goals include:

- Promoting the EITC through education, outreach and awareness
- Providing free tax preparation services to avoid the high cost of professional preparers and to avoid refund anticipation loans (RALs)
- Promoting financial opportunities to the unbanked and asset building

VACAP maintains the EITC website and hosts a training meeting each fall concentrating on topics suggested by the coalitions. Informational seminars and meetings are presented to community groups and potential partners.







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**Highlights from tax year 2010 (filing season January- April 2011)**

- 27 coalitions
- 23,719 federal returns prepared (electronic and paper)
- \$31,808,502 in federal refunds
- \$10,483,135 in EITC refunds (\$1,494 average EITC refund)
- \$4,254,800 savings to taxpayers
- 18,378 state returns prepared
- \$17,927 average adjusted gross income

**Highlights from tax year 2009 (filing season January- April 2010)**

- 28 coalitions
- 19,404 federal returns prepared (electronically and paper)
- \$25, 901,558 in federal refunds
- \$9,164,155 in EITC refunds (\$1,418 average EITC refund)
- \$3,702,200 savings to taxpayers
- 17,493 state returns prepared
- \$16,941 average adjusted gross income

**Highlights from tax year 2008 (filing season January-April 2009)**

- 28 coalitions
- 21,345 federal returns prepared (6,058 approved for EITC)
- \$22,832,064 in federal refunds
- \$8,047,270 in EITC refunds (\$1,328 average EITC refund)
- \$4.2 million savings to taxpayers
- 19,869 state returns prepared, \$3.4 million in state refunds
- \$15,798 in average adjusted gross income

**Highlights from tax year 2007 (filing season January- April 2008)**

- 25 coalitions
- 17,564 federal returns prepared (4,636 approved for EITC)
- \$15,018,444 in federal refunds
- \$6,260,463 in EITC refunds (\$1,350 average EITC refund)
- \$3.5 million savings to taxpayers
- 15,392 state returns prepared, \$1.8 million in state refunds
- \$13, 974 average adjusted gross income





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**2011 EITC Grant Program**

VACAP announced the EITC grant in October 2011. VACAP issued a Request for Proposals (RFP) and a total of 27 free tax preparation programs submitted proposals. VACAP provided 27 grants to a variety of programs working with free tax preparation and financial education. VACAP distributed the entire \$185,725 appropriation to the following coalitions:

<b>Name of Coalition</b>	<b>Amount</b>
Appalachian Community Action	\$6,500
Bay Aging	\$4,285
Community Action of Staunton, Augusta and Waynesboro (CAP SAW)	\$5,605
Clinch Valley Community Action Agency	\$8,500
Community Tax Aid, Inc.	\$7,500
Eastern Shore CAA/AAA	\$7,000
Enterprise Development Group	\$8,500
Northern Virginia CASH (Fairfax County)	\$8,000
Loudoun County DFS	\$4,000
Lynchburg Community Action Group	\$8,000
MetroCASH Richmond	\$8,500
Mountain CAP	\$7,000
New River Community Action Agency	\$9,000
Office of Human Affairs (FACES Coalition)	\$8,000
People Incorporated of Virginia	\$7,000
Piedmont Community Action	\$2,500
Pittsylvania County Community Action Agency	\$8,205
Rappahannock Region EITC Coalition	\$8,000
Rooftop Community Action	\$4,000
South Hampton Roads EITC Coalition	\$5,000
STEP, Inc.	\$8,000
Total Action Against Poverty, Roanoke	\$7,500
Tri-County Community Action	\$6,000
United Way of Henry County/Martinsville- HOPE Initiative	\$9,000
United Way- Thomas Jefferson Area	\$5,130
Western Highlands Coalition	\$8,000
Williamsburg/James City County CAA	\$7,000





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### Marketing and Outreach

Each coalition undertakes an outreach program alerting potential customers to the Earned Income Tax Credit and free tax preparation services. Multiple marketing techniques are used, including billboards, articles, press releases and flyers which may be viewed at [www.vaeitc.org](http://www.vaeitc.org). Social media campaigns using Facebook and Twitter are used both to recruit volunteers and advertise the program. Some coalitions offer mobile services and transportation to homebound clients who cannot get to the free tax prep site.

- Over 1,100 employers informed their employees about free tax preparation and EITC
- 77 press releases were published across the Commonwealth
- 71 Public Service Announcements were made on television or radio on EITC
- Over 1000 participants in free financial education programs
- Over 190 learned about the matched savings program (VIDA)
- Over 100 newspaper articles relating to EITC and free tax preparation
- Live television and radio interviews reached over 3 million homes
- Five billboards in various localities advertised free tax preparation and EITC
- Over 163,000 flyers distributed
- The Virginia Office on Volunteerism and Community Service estimates the value of volunteer time to be \$24.29 per hour, translating to over \$1 million in value to the program. Our 1,200 volunteers logged over 50,000 hours preparing for and providing free tax preparation and financial education services.



BB&T Bank Bus at Total Action Against Poverty (TAP) free tax preparation site in Roanoke.



Lynchburg Community Action Group's free tax preparation site billboard in downtown Lynchburg.

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### Free Tax Preparation Results

From January 15 through April 15, 2012 over 1,200 volunteers working with 27 free tax preparation coalitions provided free tax preparation services. The data tells only one important piece of the success of the program. Individuals and families who benefit from the VITA program say in their own words:

**“Thank you for making a difference in our community.”**

**“I have been inspired by the potential for change in the lives of our residents in need.”**

**“Our VITA program has been viewed by area employers as well organized and efficient.”**

**“Thank you for your long-standing support, which is vital to our continued success.”**

**“Many clients would not be reached if the service was not provided in this highly visible and easily accessible location.”**

**“I received professional and accurate information. The staff was friendly and concise, I’m very pleased that I got my taxes done free and I will enjoy all my refund and will be back next year.”**

**“I am convinced that what we do is a calling, even a ministry. There are so many ways that we can bless others, if we just take the time to do it. Yes, tax season is busy, hectic and sometimes frustrating. Some days we are completely worn out when we leave the office. But it is all so worth it.”**



Volunteers from Fairfax County Northern Virginia CASH Campaign  
receive an EITC Proclamation from the Fairfax County  
Board of Supervisors in January 2012



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In addition to the federal returns electronically filed, many coalitions filed Commonwealth of Virginia returns. Several coalitions partner with the local Commissioner of the Revenue (COR) office, process the federal return, then send the taxpayer to the local COR for state filing. The software being used continues to develop and we hope that all client data will be captured, including those whose returns that are filed by paper and Assisted Self Prep.

The 27 coalitions working with VACAP and the Virginia CASH Campaign posted results for the 2011 tax year:

- 22,778 federal returns prepared electronically
- 941 federal returns (paper)
- 458 filed through Free File/Assisted Self Tax Preparation
- 24,177 total federal returns filed
- \$31,808,502 in federal refunds
- \$1,396 average federal refund
  
- 7,502 returns processed with EITC
- \$11,499,205 in EITC refunds
- \$1,533 average EITC refund
  
- 4,376 returns processed with Child Tax Credit
- \$3,567,788 in Child Tax Credits
  
- \$4,835,400 savings to taxpayers
- 11,574 requested direct deposit
- \$19,726 average adjusted gross income
  
- 22,554 state returns prepared
- \$4,143,264 in state refunds

Compared to 2010, this represents:

- 13.6% increase in federal returns
- 3% increase in amount of federal refunds
- 9% increase in EITC refund amount





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**Plan for the 2012-2013 Season**

VACAP co-hosted the third Common Cents Conference in August 2012. Over 150 participants from Virginia, Maryland, West Virginia, and Washington DC gathered in Bethesda, Maryland to attend workshops and share best practices in free tax preparation and financial education. Workshop topics included Advocacy, Identity Theft, Economic Empowerment, Social Media, Asset Development for People with Disabilities, Economic Development and Behavioral Economics. Plenary speakers included Syble Solomon, the founder of Money Habitudes.

The VACAP grant program was announced at the Common Cents Conference on August 29, 2012.

Twenty five applications for funding were received and 25 coalitions were awarded a total of \$185,725. Grant funds will be distributed in early November 2012. VACAP disburses all funds and keeps none of the appropriation for administering the grant program.

In October 2012, coalition leaders begin their outreach for volunteers. They also start their marketing campaigns to alert potential customers of the new income limits and opportunities for free tax preparation services that will start in January 2013. We await any late tax law changes and have recently learned that the Internal Revenue Service will train volunteers on the 2011 tax law because of the delay. The EITC changes that may occur will have an effect on eligibility and tax season results. The economic challenges that many people continue to face should increase the number of people looking for free tax preparation services. It is important for the coalitions in our communities to continue providing this valuable service.

Facilitated Self-Assistance (FSA) will be expanded for the upcoming filing season to allow clients the opportunity to prepare their own tax return with some assistance at a free tax preparation site.

We are looking forward to a successful tax preparation season and look forward to presenting the results next year.





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**Dollar Value of Volunteer Time**

According to Virginia Employment Commission, the 2011 Virginia Hourly Volunteer Value of Volunteer Time is \$24.29. It ranges from basic, simple tasks that might be valued at minimum wage, up to professional services given by doctors, lawyers, accountants, etc. that would be valued very highly. The Virginia Employment Commission (VEC), Economic Information Services Division, uses the Current Employment Statistics annualized average hourly earnings for all production and non-supervisory workers on private non-farm payrolls in Virginia.

The Virginia Office on Volunteerism and Community Service uses the same value of volunteer time as the VEC when calculating figures for the 1.7 million Virginia volunteers between 2008 and 2010. Residents of Virginia on average contributed 228.7 million hours of volunteer service totaling \$4.9 billion of service to the state.

Visit <http://www.vaservice.org/go/volunteer/statistics/> for more volunteer information.

During the past tax filing season, there were 1,201 Virginia CASH Campaign volunteers contributing more than 50,000 hours to the free tax preparation efforts of 27 coalitions. The 2011 VEC and Virginia Office on Volunteerism dollar value of \$24.29 per volunteer hour translates to over \$1 million to the free tax preparation programs. Grant funds leverage over five times the amount in volunteer time.

The value of volunteers combined with the money that free tax preparation clients keep by not paying expensive tax preparation fees continues to have a positive economic impact in the local communities; economic development at its best.







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Virginia CASH Campaign  
2011-2012

