



Virginia Community Action Partnership

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

December 1, 2014

TO: The Honorable Terence R. McAuliffe

and

The Honorable S. Chris Jones, Chairman
House Appropriations Committee

and

The Honorable Charles J. Colgan, Co-Chairman
The Honorable Walter A. Stosch, Co-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 through the Virginia Department of Social Services 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 many activities and highlights grantee programs during the 2014 tax-filing season and includes plans for the upcoming tax season.

Respectfully submitted,



Jim Schuyler
Executive Director





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

Table of Contents

Executive Summary	3
History of the EITC Initiative	5
2013-2014 EITC Grant Program	7
Marketing and Outreach	8
2013 Tax Year Free Tax Preparation Results	9
Plans for 2014 Tax Year Filing Season	11
Value of Volunteer Time	12
Coalition Map	13



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

Executive Summary

The delay in the start of the tax-filing season did not stop our coalitions from providing excellent free tax preparation services to almost 29,000 clients. This year, 24 coalitions working with free tax preparation programs throughout the Commonwealth received funding from the Earned Income Tax Credit grant. VACAP distributes 100% of the funding to the coalitions. The Virginia CASH Campaign highlights include:

- Over \$36.5 million in federal refunds
 - Over 28,000 federal returns filed
- Over \$13.7 million in EITC refunds
 - Over 8,600 taxpayers claiming EITC
 - \$5.7 million saved in tax preparation fees
- Over \$4.7 million in state refunds
 - Almost 26,000 state returns filed

Compared to 2012 tax year, this represents:

- 5.4% increase in the amount of federal refunds
- 6% increase in the number of EITC returns prepared

The modest state-funded \$185,725 EITC Grant program (average grant \$7,700) resulted in 1,364 volunteers working with 24 coalitions to provide free tax preparation and financial education services at 133 sites throughout Virginia. The Virginia Office on Volunteerism and Community Service estimates the 2013 value of volunteer time to be \$21.37 per hour. The Virginia CASH Campaign volunteers contributed over 43,000 hours of tax preparation to the program. An additional 10,000 hours were contributed for tax training. This equates to over \$1.1 million value to the program and communities where these volunteers live and work. Grant funds leverage almost 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 modest 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.





Virginia Community Action Partnership

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

In October 2013, VACAP hosted the Fall Classic Conference in Richmond, a one-day workshop conference that brought together over 70 free tax program practitioners to learn about upcoming changes and requirements surrounding the Affordable Care Act and its impact on free tax preparation programs. Also joining us were colleagues from Maryland and Baltimore CASH Campaigns.

The EITC grant was announced at The Fall Classic and completed proposals were due at the VACAP office on October 31, 2013. Twenty-four grant recipients were notified of successful proposals on November 19, 2013 and funds were disbursed on November 27, 2013. 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 costs (60%).

Coalition costs for printing and supplies and equipment for marketing, education and outreach materials totaled 11% of the total budgets. Advertising was about 8% of the total. Travel to meetings and conferences totaled about 5%. Other smaller amounts were used for rent, telephone, training, volunteer recognition and administrative costs.

VACAP maintains a website dedicated to the CASH Campaign. 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 are readily available for viewing and download. This key component links all coalitions and assists in communication and sharing best practices. Between January and April 2014, the site averaged over 2,450 page views per month with an average of 1,845 visits per month. During the rest of the year, the site averages over 2,313 page views per month. VACAP co-hosts monthly conference calls and along with the IRS provides an opportunity for partners to learn and share throughout the year.



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

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. 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.

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. The number of coalitions providing free tax preparation has risen from eight to twenty-six and clients served from 2,600 to almost 29,000.

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 includes partners from Community Action Agencies, local Departments of Social/Human Services, Virginia Department of Housing and Community Development's Individual Development Account Program, 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. VACAP hosts monthly conference calls leading up to and during tax filing season to keep all coalitions current on tax updates.





Virginia Community Action Partnership

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

Highlights from tax year **2013** (filing season January – April 2014)

- 24 coalitions
- 27,400 returns prepared (electronic and paper)
- 1,510 Facilitated Self-Assisted returns filed
- Over \$36.5 million in federal refunds
- Over \$13.7 million in EITC refunds
- Over \$5.7 million savings in tax preparation fees
- Average adjusted gross income of clients = \$18,841

Highlights from tax year **2012** (filing season January – April 2013)

- 26 coalitions
- 25,435 federal returns prepared (electronic and paper)
- 957 Facilitated Self-Assisted returns filed
- Over \$34.7 million in federal refunds
- Almost \$13 million in EITC refunds
- Over \$4.8 million savings in tax preparation fees

Highlights from tax year **2011** (filing season January – April 2012)

- 27 coalitions
- 22,778 federal returns prepared (electronic and paper)
- 458 Facilitated Self-Assisted returns filed
- 24,177 total federal returns filed
- Almost \$32 million in federal refunds
- Almost \$11.5 million refunds

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

- 29 coalitions
- 22,194 federal returns prepared (electronic and paper)
- Almost \$31 million in federal refunds
- Over \$4.2 million savings to taxpayers



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

2013 EITC Grant Program

VACAP announced the EITC grant in October 2013. VACAP issued a Request for Proposals (RFP) and a total of 24 free tax preparation programs submitted proposals. VACAP provided 24 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:

Appalachian CAA	\$ 7,000
CAP SAW-City of Waynesboro	\$ 8,000
Clinch Valley Community Action	\$ 8,000
Community Tax Aid	\$ 7,500
Enterprise Development Group	\$ 9,000
Fairfax County-Northern Virginia CASH	\$10,000
Loudoun County DFS	\$ 4,300
Lynchburg Community Action	\$ 8,000
Richmond MetroCASH	\$10,000
Mountain CAP	\$ 6,000
New River Community Action	\$ 9,000
Office of Human Affairs	\$10,000
People Incorporated of Virginia	\$ 9,000
Pittsylvania County Community Action	\$10,000
Rappahannock Region EITC	\$ 9,000
Rooftop of Virginia	\$ 6,000
South Hampton Roads EITC Coalition	\$10,000
STEP	\$ 5,000
Total Action for Progress	\$ 6,425
Tri-County Community Action	\$ 5,500
United Way of Henry County/Martinsville	\$ 9,000
United Way-Thomas Jefferson Area	\$ 6,000
Western Highlands	\$ 9,000
Williamsburg/JCC	\$ 4,000

Virginia Community Action Partnership

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

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 that may be viewed at www.vaeitc.org. Social media campaigns using Facebook and Twitter are used to recruit volunteers and advertise the program. Some coalitions offer mobile services and transportation to homebound clients who cannot get to the free tax preparation site.

- Over **400** employers informed their employees about free tax preparation and EITC
- Almost **100** press releases were published across the Commonwealth
- **34** Public Service Announcements were made on television or radio on EITC
- Over **1,500** participants in free financial education programs
- Over **450** learned about the matched savings program (VIDA)
- Over **35** newspaper articles relating to EITC and free tax preparation
- Live television and radio interviews reached almost **1.8 million** homes
- **Six** billboards in various localities advertised free tax preparation and EITC
- Over **50,000** flyers distributed
- **1,364** volunteers logged over **53,000** hours preparing for and providing free tax preparation and financial education services.



VITA volunteers from Community Action Partnership of Staunton, Augusta and Waynesboro (CAPSAW) were recognized by the City Council for their community service



Mr. Dave Carraway talks to Rachel Jones, SW VA Legal Aid Society, Linda Midgett, People Inc., and Laura Blevins, Senator Kaine's office on the BB&T Bank Bus at an event hosted by People Incorporated of Virginia, Inc. during tax filing season

Virginia Community Action Partnership

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

Free Tax Preparation Results

From January 30 through April 15, 2014 volunteers working with free tax preparation coalitions provided free tax preparation services. The data tells one important piece of the success of the program. Individuals and families who benefit from the program and volunteers providing the free tax preparation services say in their own words:

“Getting my taxes done for free was just the break I needed.”

“This refund will allow me to get a used car so my daughter will be able to take a job that she could not get to through public transportation.”

“As a single mother, I love working with single mothers who come in for tax assistance. They know that I have walked the same road. For me it is an opportunity to give back.”

“My client expressed much gratitude not only for the time and the help, but for the opportunity to meet face to face with someone who was willing to help her.”

“I thought the coolest thing was to help people who were not born in America.”

“I highly recommend this program and I would like to come back and volunteer one day.”

“I am going to put my entire refund into savings. There are a lot of things right now that are uncertain, but having money tucked away always makes me feel better.”



Ferrum College accounting student volunteers with Accounting Professor Dave Sulzen at STEP, Inc. Volunteer Appreciation Dinner following a successful tax-filing season

“One of the greatest things volunteering has taught me is to get a good education and a good job, because through this program I could see that there are people struggling and doing the best they can and they still need help.”



Virginia Community Action Partnership

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

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 Facilitated Self-Assistance program through Free File.

The coalitions working with VACAP and the Virginia CASH Campaign posted results for the 2013 tax year:

- **25,938** federal returns prepared electronically
- **1,462** federal returns (paper/out of state)
- **1,510** filed through Free File/Assisted Self Tax Preparation
- **28,910** total federal returns filed
- **\$36,593,566** in federal refunds (electronic returns)
- **\$1,411** average federal refund

- **8,697** returns processed with EITC
- **\$13,760,582** in EITC refunds
- **\$1,586** average EITC refund

- **4,948** returns processed with Child Tax Credit
- **\$3,878,531** in Child Tax Credits

- **\$5,782,000** savings to taxpayers
- **16,417** requested direct deposit
- **\$19,951** average adjusted gross income

- **25,912** state returns prepared
- **\$4,738,627** in state refunds

Compared to 2012, this represents:

- **7.5%** increase in federal returns prepared
- **5.4%** increase in amount of federal refunds
- **6.5%** increase in number of EITC returns



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

Plans for the 2014-2015 Season

VACAP co-hosted a one and one-half day Common Cents Conference in Bethesda in September 2014. This conference is an opportunity to learn about financial stability issues, prospects, and program models in order to empower practitioners to help individuals and families become more financially stable and successful. Over 150 participants from Virginia, Maryland and the District of Columbia heard from speakers representing non-profit organizations, community tax coalitions, government agencies, financial institutions and academic scholars from within the financial security field who shared best practices and program opportunities. Attendees had opportunities to network, learn and share pertinent information as they determined the best approach for assisting their clients.

The VACAP grant program was announced at Common Cents on September 9, 2014.

Twenty-five applications for funding were received in October and coalitions were awarded a total of \$185,725. Grant funds were distributed in November 2014. VACAP disbursed all funds and kept none of the appropriation for administering the grant program.

Throughout the year coalition leaders continue their outreach for volunteers. They also focus their marketing campaigns to alert potential customers of the new income limits and opportunities for free tax preparation services that will start in January 2015. We await any late tax law changes and have recently learned that the start of the federal filing season may be delayed as Congress works through how ACA will impact tax year returns.

Facilitated Self-Assistance (FSA) will be offered during the filing season to allow clients the opportunity to prepare their own tax return with some assistance at several free tax preparation sites.

We anticipate an increase in the number of clients served and we are looking forward to a successful tax preparation season.





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

Dollar Value of Volunteer Time

According to Virginia Employment Commission, the 2013 Virginia Hourly Volunteer Value of Volunteer Time is **\$21.37**. It ranges from basic, simple tasks that might be valued at minimum wage, up to professional services given by doctors, lawyers, or accountants 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 1.79 million Virginia volunteers in 2012. Residents of Virginia on average contributed 221.7 million hours of volunteer service totaling almost \$5 billion of service to the Commonwealth.

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

During the past tax-filing season, there were **1,364** Virginia CASH Campaign volunteers who contributed more than 53,000 hours to the free tax preparation efforts. The 2013 VEC and Virginia Office on Volunteerism dollar value of **\$21.37** per volunteer hour translates to over \$1.1 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.

