



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

December 1, 2015

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 C. Watkins, Chairman
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item 341 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 activities throughout the Commonwealth and highlights grantee programs during the 2015 tax-filing season and includes plans for the upcoming tax season.

Respectfully submitted,

A handwritten signature in black ink that reads "Jim Schuyler".

Jim Schuyler
Executive Director





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Executive Summary

The Virginia CASH Campaign continued to offer quality free tax preparation services across the Commonwealth of Virginia to almost 32,000 taxpayers from January-April 2015. This year 25 coalitions working with community volunteers 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 \$36.7 million in federal refunds
 - Almost 32,000 federal returns filed
- Almost \$13 million in EITC refunds
 - Over 8,500 taxpayers claiming EITC
 - \$6.3 million saved in tax preparation fees
- Over \$4.6 million in state refunds
 - Over 25,700 state returns filed

Compared to 2013 tax year, this represents:

- 4.5% increase in number of returns filed
- 4.5% increased savings of tax return preparation fees

The modest state-funded \$185,725 EITC Grant program (average grant \$7,400) resulted in 1,198 volunteers working with 25 coalitions to provide free tax preparation and financial education services at 131 sites throughout Virginia. This tax season a number of coalitions partnered with Affordable Health Care Navigators to assist consumers with making smart health insurance choices and correct filing of income tax returns. More coalitions are offering Facilitated Self-Assistance which allows clients to file their own taxes where help is available if needed. The Virginia Office on Volunteerism and Community Service estimates the 2014 value of volunteer time to be \$24.90 per hour. The Virginia CASH Campaign volunteers contributed over 40,000 hours of tax preparation to the program. An additional 11,000 hours were contributed for tax training. This equates to over \$1.2 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 stability, savings and asset building to modest income working individuals and families. Many coalitions provide free financial education programs. The Virginia CASH Campaign (Creating Assets, Savings and Hope) gives the program an identity that is used by the coalitions to engage community partners in their work.





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In September 2014, VACAP co-hosted The Common Cents Conference with Maryland CASH in Bethesda, Maryland. The two-day conference brought together over 150 free tax program practitioners to learn about pending changes in the tax laws, implications of the Affordable Care Act, and financial stability tools and resources.

The EITC grant was announced at Common Cents and completed proposals were due at the VACAP office on October 21, 2014. Twenty-five grant recipients were notified of successful proposals on November 14, 2014 and funds were disbursed on November 18, 2014. 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 (64%).

Coalition costs for printing and supplies and equipment for marketing, education and outreach materials totaled 12% of the total budgets. Advertising was about 7% of the total. Travel to meetings and conferences totaled about 6%. 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 December 2014 and April 2015, the site averaged 1,421 page views per month with an average of 1,845 visits per month. During the rest of the year, the site averages over 1,397 page views per month. VACAP encourages its coalition members to share tools and resources, enabling them to work more efficiently and serve more clients.



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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. 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-five and clients served from 2,600 to almost 32,000.

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, colleges and universities, 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
- Promoting financial opportunities to the unbanked, building financial well-being for clients coming into the free tax sites

VACAP maintains the EITC website and hosts a workshop/conference each fall emphasizing tax time topics suggested by the coalitions. VACAP hosts conference calls as needed leading up to and during tax filing season to keep all coalitions current on tax updates.



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Highlights from tax year **2014** (filing season January – April 2015)

- 25 coalitions
- 27,118 returns prepared (electronic)
- 4,786 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$36.7 million in federal refunds
- Over \$12.9 million in EITC refunds
- Over \$6.3 million savings in tax preparation fees
- Average adjusted gross income of clients = \$20,454

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

- 24 coalitions
- 27,400 federal 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

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

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
- Almost \$32 million in federal refunds
- Over \$4.2 million savings to taxpayers





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2014 EITC Grant Awards

VACAP provided grants to the following 25 coalitions whose volunteers provide free tax preparation and financial education services:

Appalachian CAA	\$5,000
CAP SAW-City of Waynesboro	\$9,000
Clinch Valley Community Action	\$7,000
Community Tax Aid	\$7,500
Enterprise Development Group	\$9,000
Fairfax County-Northern Virginia CASH	\$5,425
Loudoun County DFS	\$5,000
Lynchburg Community Action	\$7,000
Metrocash Richmond	\$8,000
Mountain CAP	\$5,000
New River Community Action	\$12,000
Office of Human Affairs	\$10,000
People Incorporated of Virginia	\$9,000
Pittsylvania County Community Action	\$10,000
Rappahannock Region EITC	\$10,000
Rooftop of Virginia	\$5,500
Skyline CAP	\$3,000
South Hampton Roads EITC Coalition/The UP Center	\$10,000
STEP	\$8,000
Total Action for Progress	\$6,500
Tri-County Community Action	\$5,000
United Way of Henry County/Martinsville	\$10,000
United Way-Thomas Jefferson Area	\$6,000
Western Highlands	\$8,800
Williamsburg/JCC	\$4,000



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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, PSAs, 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.

- Almost 11.5 million taxpayers learned about free tax preparation services
 - Employers informed their employees about free tax preparation and EITC
 - Press releases were published across the Commonwealth
 - Public Service Announcements were made on television or radio on EITC
 - Participants in free financial education programs
 - Clients enrolled in matched savings program (VIDA)
 - Newspaper articles relating to EITC and free tax preparation
 - Live television and radio interviews
 - Billboards in various localities advertised free tax preparation and EITC
 - 1,198 volunteers logged over 51,000 hours preparing for and providing free tax preparation and financial education services.



VITA volunteers with United Way of Greater Richmond & Petersburg's Metrocash program attend a reception at the Robinson Theater to recognize their community service.



Mr. John Allen from The UP Center in Norfolk, presented volunteers with their Volunteer Certificates and the appreciation of many happy taxpayers.

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Free Tax Preparation Results

From January 30 through April 15, 2015, volunteers working with free tax preparation coalitions provided free tax preparation services. The data show one important aspect of the success of the program. Individuals and families who benefit from the program and volunteers providing the free tax preparation services tell a meaningful story in their own words:

“I’ve learned how to do taxes, which I will use forever.”

“Being able to help those who are having trouble filling out their own taxes gave me a sense of helping the community. I learned that it was important to be patient to every individual.”

“Thank you so much. I had new deductions with college expenses. Everything was explained thoroughly and in a helpful manner.”

“I would like to send my appreciation to your volunteer staff. They are knowledgeable, helpful, most respectful and very pleasant.”

“Please keep the program – it has been very helpful.”

**“I can’t believe I just filed my own taxes. I can’t believe it was that easy.”
(Facilitated self-assistance client)**

“Thank you for your service to the home-bound. This is a wonderful service and really helped my husband and me.”



Patrick County free tax preparation volunteers celebrated the end of tax filing season with a Volunteer Appreciation Dinner.

The VITA program does not exist without the dedication of volunteers giving back to their communities.



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In addition to the federal returns electronically filed, 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 and Free File.

The coalitions working with VACAP and the Virginia CASH Campaign posted results for the 2014 tax year:

- **27,118** federal returns prepared electronically
- **1,298** federal returns (paper/out of state)
- **3,488** filed through Free File/Assisted Self Tax Preparation
- **31,904** total federal returns filed
- **\$36,746,576** in federal refunds (electronic returns)
- **\$1,355** average federal refund

- **8,532** returns processed with EITC
- **\$12,963,066** in EITC refunds
- **\$1,519** average EITC refund

- **6,623** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$8,102,514** in Child Tax Credit/Additional Child Tax Credit

- **Over \$6.3 million** savings to taxpayers
- **17,257** requested direct deposit
- **\$20,454** average adjusted gross income

- **25,766** state returns filed electronically
- **\$4,651,544** in state refunds

Compared to 2013, this represents:

- **4.5%** increase in federal returns prepared
- **4.5%** increase in savings of tax preparation fees
- **5%** increase in number of direct deposit refunds





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Plans for the 2015-2016 Season

VACAP co-hosted a one day Common Cents Conference in Arlington, Virginia in September 2015. This conference, hosted in Virginia for the first time, is an opportunity to learn about financial stability issues, best practices, 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 their experiences and program successes. 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 October 6, 2015.

Twenty-four applications for funding were received in October and coalitions will receive a total of \$185,725. Grant funds will be distributed in late November 2015 and 100% of the grant funds will be disbursed. VACAP receives 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 2016. We await any late tax law changes and coalitions are very alert to those changes that will impact the tax season and their clients.

Facilitated Self-Assistance (FSA) offerings continue to grow 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.





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Dollar Value of Volunteer Time

According to Virginia Employment Commission, the 2014 Virginia Hourly Volunteer Value of Volunteer Time is \$24.90. 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 1.95 million Virginia volunteers in 2013. Residents of Virginia on average contributed 250.4 million hours of volunteer service totaling almost \$5.6 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 1,198 Virginia CASH Campaign volunteers who contributed more than 51,000 hours to the free tax preparation efforts. The 2014 VEC and Virginia Office on Volunteerism dollar value of \$24.90 per volunteer hour translates to over \$1.2 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.

