



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

**December 1, 2016**

TO: The Honorable Terence R. McAuliffe

and

The Honorable S. Chris Jones, Chairman  
House Appropriations Committee

and

The Honorable Thomas K. Norment, Jr. Co-Chairman  
The Honorable Emmett W. Hanger, Jr. Co-Chairman  
Senate Finance Committee

and

The Honorable Robert D. Orrock, Sr. Chairman  
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item 348 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 2016 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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# Virginia Community Action Partnership

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### Executive Summary

The Virginia CASH Campaign continued to offer quality free tax preparation services across the Commonwealth of Virginia to over 36,000 taxpayers from January-April 2016. 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:

- Almost \$39 million in federal refunds
  - Over 36,000 federal returns filed
- Over \$13 million in EITC refunds
  - Over 8,700 taxpayers claiming EITC
  - \$7.2 million saved in tax preparation fees
- Over \$5.5 million in state refunds
  - Over 29,000 state returns filed

Compared to 2014 tax year, this represents:

- 12 % increase in number of returns filed
- 6 % increase in amount of federal refunds
- 13% increase in number of state returns filed

The modest state-funded \$185,725 EITC Grant program (average grant \$7,400) resulted in over 1,200 volunteers working with 25 coalitions to provide free tax preparation and financial education services at 133 sites throughout Virginia. Many coalitions continue to partner 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 Independent Sector estimates the 2015 value of volunteer time to be \$26.09 per hour. The Virginia CASH Campaign volunteers contributed over 43,000 hours of tax preparation to the program. An additional 13,000 hours were contributed for tax training. This equates to over \$1.4 million value to the program and communities where these volunteers live and work. Grant funds leverage over six 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 October 2015, VACAP co-hosted The Common Cents Conference with Maryland CASH in Arlington, Virginia. The one-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. We were honored to have Representative Donald Beyer and Arlington County Board member Walter Tejada as speakers to the fifth Common Cents Conference and the first to be held in Virginia.

The EITC grant was announced at Common Cents and completed proposals were due at the VACAP office by November 10, 2015. Twenty-four grant recipients were notified of successful proposals on November 24, 2015 and funds were disbursed by December 4, 2015. 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 (56%).

Coalition costs for printing and supplies and equipment for marketing, education and outreach materials totaled 13% of the total budget. Advertising was about 7% of the total. Travel to meetings and conferences totaled about 6%. Eleven percent was spent on volunteer recruitment, management and training and recognition. Other smaller amounts were used for rent, telephone and administration 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 are readily available for viewing and download. This key component links all coalitions and assists in communication and sharing best practices. Between December 2015 and April 2016, the site averaged 1,651 page views per month with an average of 1,113 visits per month. During the same time frame the site averaged 664 unique visitors per month. VACAP encourages its coalition members to share tools and resources, enabling them to work more efficiently and serve more clients.

Keeping taxpayers compliant is one of Virginia CASH's most important functions. If a taxpayer gets into trouble with the IRS or state department of revenue, all other efforts to help improve their financial situation are destined to fail.



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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 over 36,000.

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 in partnership with the IRS 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 **2015** (filing season January – April 2016)

- 25 coalitions
- 30,610 returns prepared (electronic)
- 5,000 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$38.9 million in federal refunds
- Over \$13.2 million in EITC refunds
- Over \$6.1 million savings in tax preparation fees
- Average adjusted gross income of clients = \$20,774

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





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**2015 EITC Grant Awards**

VACAP provided grants to the following 23 coalitions whose volunteers provide free tax preparation and financial education services:

Appalachian CAA	\$ 6,000
CAP SAW-City of Waynesboro	\$11,666
Clinch Valley Community Action	\$ 8,000
Community Tax Aid	\$ 6,500
Enterprise Development Group	\$11,000
Fairfax County-Northern Virginia CASH	\$ 6,000
Lynchburg Community Action	\$ 7,000
Metrocash Richmond	\$12,000
New River Community Action	\$10,925
Office of Human Affairs	\$10,000
People Incorporated of Virginia	\$10,000
Pittsylvania County Community Action	\$ 9,000
Rappahannock Region EITC	\$11,666
Rooftop of Virginia	\$ 5,000
Skyline CAP	\$ 4,000
South Hampton Roads EITC Coalition/The UP Center	\$ 8,500
STEP	\$ 6,500
Total Action for Progress	\$ 8,666
Tri-County Community Action	\$ 5,000
United Way of Henry County/Martinsville	\$ 9,500
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](http://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 12 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
- Participated 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
- 1,243 volunteers logged over 56,000 hours preparing for and providing free tax preparation and financial education services.



Courtney Batista prepares the family's tax return as husband Jeremy and son Jalen watch. (Rappahannock United Way's Facilitated Self-Assistance free tax preparation site)



Valley VITA volunteers assisted more than 640 taxpayers file federal and state tax returns. (Community Action Partnership of Staunton, Augusta and Waynesboro)



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From January 30 through April 15, 2016, 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:

“This free tax clinic is a blessing.” (Appalachian Community Action)

“The tax client was very relieved not to have to deal with the IRS while she was still grieving her husband’s death.” (Clinch Valley Community Action)

“Words cannot express the gratitude that I and so many other feel for the tremendous help you offer each year.” (Northern Virginia CASH)

“I am proud to be a volunteer for this program because it provides a professional service to a community that needs it and wants it.” (MetroCASH Richmond)

“This service is a great help, especially to people on fixed income. We have always been treated with respect. Thanks to each of you.” (People Incorporated of Virginia)

“The staff is very helpful and fully explains all answers to questions, thank you for having the resource. I would recommend it to everyone.” (Pittsylvania County Community Action)

“After I completed her tax return, she was very excited and was so grateful that she actually hugged me at the end of her appointment.” (Total Action for Progress)



United Way of Henry County and Martinsville free tax preparation volunteers receive Paper Plate Awards that recognize each volunteer for their unique contribution to the VITA program.

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



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**Free Tax Preparation Results**

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, Facilitated Self-Assistance program and Free File.

The coalitions working with VACAP and the Virginia CASH Campaign posted results for the 2015 tax year:

- **30,610** federal returns prepared electronically
- **1,386** federal returns (paper/out of state)
- **4,114** filed through Free File/Assisted Self Tax Preparation
- **36,110** total federal returns filed
- **\$38,990,745** in federal refunds (electronic returns)
- **\$1,275** average federal refund
  
- **8,762** returns processed with EITC
- **\$13,286,887** in EITC refunds
- **\$1,516** average EITC refund
  
- **6,173** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$7,559,900** in Child Tax Credit/Additional Child Tax Credit
  
- **Over \$6.1 million** savings to taxpayers
- **17,728** requested direct deposit
- **\$20,774** average adjusted gross income
  
- **29,289** state returns filed electronically
- **\$5,594,469** in state refunds

Compared to 2014, this represents:

- **12.8%** increase in federal returns prepared
- **6%** increase in amount of federal refunds
- **13%** increase in number of state returns filed





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**Plans for the 2016-2017 Season**

VACAP hosted a one day Fall Classic/EITC workshop in September 2016. The workshop focused on new tax preparation software being implemented this year, updates to the Affordable Care Act, tax law changes, best practices on volunteer recruitment and management, predatory lending and identity theft. The BB&T Bank Bus, along with several other organizations was on site to showcase community partnerships. Over 70 participants from Virginia were able to attend due to a generous grant from the Intuit Financial Freedom Foundation. The VACAP grant program was announced at the Fall Classic.

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 2016 and 100% of the grant funds will be disbursed. VACAP supports this program with its own funds and 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 2017. 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 The Independent Sector, the 2015 Virginia Hourly Volunteer Value of Volunteer Time is \$26.09. 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 2.03 million Virginia volunteers in 2014. Residents of Virginia on average contributed 311.5 million hours of volunteer service totaling almost \$7.2 billion of service to the Commonwealth.

Visit <https://www.volunteeringinamerica.gov/VA> for additional volunteer information.

During the past tax-filing season, there were 1,200 Virginia CASH Campaign volunteers who contributed more than 56,000 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 \$1.4 million contribution to the free tax preparation programs. Grant funds leverage over six 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.



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