



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

December 1, 2017

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. from the Temporary Assistance for Needy Families (TANF) Block Grant which appropriated \$185,725 to the Virginia Community Action Partnership through the Virginia Department of Social Services to provide grants to community non-profit 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 on its efforts to expand the number of eligible Virginians who could benefit from the credit, the number of individuals assisted with tax preparation to claim the credit and who actually 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 cursive script that reads "Jim Schuyler".

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
2016-2017 EITC Grant Awards	7
Marketing and Outreach	8
Volunteers	9
2016 Tax Year Free Tax Preparation Results	11
Plans for 2017 Tax Year Filing Season	12
Coalition Map	13



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

Executive Summary

The Virginia CASH Campaign continued to offer quality free tax preparation services across the Commonwealth of Virginia to over 33,000 taxpayers from January-April 2017. This year 22 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 \$34 million in federal refunds
 - Over 33,000 federal returns filed
- Over \$14 million in EITC refunds
 - Over 8,200 taxpayers claiming EITC
 - \$6.6 million saved in tax preparation fees
- Over \$5 million in state refunds
 - Over 26,000 state returns filed
- Over 1,300 Volunteers
 - Over 51,000 hours of tax preparation time

Compared to 2015 tax year, this represents:

- 8 % increase in the amount of EITC refunds
- 5% increase in the number of volunteers
- 18% increase in the number of volunteer hours

The modest state-funded \$185,725 EITC Grant program (average grant \$8,400) resulted in over 1,300 volunteers working with 23 coalitions to provide free tax preparation and financial education services at 118 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. 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 2016 value of volunteer time in Virginia to be \$26.96 per hour. The Virginia CASH Campaign volunteers contributed over 51,000 hours of tax preparation to the program. An additional 12,000 hours were contributed for tax training. This equates to almost \$1.7 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. 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.



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

In September 2016, VACAP hosted The Fall Classic in Richmond Virginia. This one-day conference brought together over 70 Volunteer Income Tax Program (VITA) practitioners to learn about pending changes in the tax laws, implications of the Affordable Care Act, and financial stability tools and resources. Other topics included volunteer recruitment and management and alternative credit reporting. In addition, several community resources providers were available to encourage collaboration.

The EITC grant was announced at The Fall Classic and proposals were due at the VACAP office by October 18, 2016. Twenty-two grant recipients were notified of successful proposals on November 23, 2016 and funds were disbursed by December 2, 2016. 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 (61%).

Coalition costs for printing, supplies and equipment totaled 9% of the budget. Advertising was about 10% of the total. Twelve percent was spent on volunteer recruitment, management and training, travel to meetings and conferences. Other smaller amounts were used for rent, telephone and administration 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 2016 and April 2017, the site averaged 2,079 page views per month with an average of 1,694 visits per month. During the same time frame the site averaged 602 new 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.



**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-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, 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 or co-hosts a conference each fall emphasizing tax time topics suggested and expanding learning opportunities. 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.



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

Highlights from tax year **2016** (filing season January – April 2017)

- 23 coalitions
- 29,315 returns prepared (electronic)
- 4,032 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Almost \$34.5 million in federal refunds
- Over \$14.4 million in EITC refunds
- Over \$6.6 million savings in tax preparation fees
- Average adjusted gross income of clients - \$21,966

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



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

2016 EITC Grant Awards

VACAP provided grants to the following 22 coalitions whose volunteers provide free tax preparation and financial education services:

Appalachian CAA	\$ 8,000
CAP SAW-City of Waynesboro	\$10,000
Clinch Valley Community Action	\$ 8,500
Community Tax Aid	\$ 6,500
Enterprise Development Group	\$11,000
Fairfax County-Northern Virginia CASH	\$ 8,000
Hampton Roads Community Action	\$11,225
Mountain CAP	\$ 5,000
New River Community Action	\$10,500
People Incorporated of Virginia	\$ 9,000
Pittsylvania County Community Action	\$10,000
Rappahannock United Way	\$10,000
Rooftop of Virginia	\$ 6,500
STOP, Inc	\$10,000
STEP, Inc.	\$ 7,500
Total Action for Progress	\$ 7,500
Tri-County Community Action	\$ 6,500
United Way of Greater Richmond & Petersburg	\$12,000
United Way of Henry County/Martinsville	\$ 9,000
United Way-Thomas Jefferson Area	\$ 6,000
Western Highlands – Alleghany County	\$ 9,000
Williamsburg/JCC	\$ 4,000



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

Marketing and Outreach

This year the marketing and outreach aspect of the Virginia CASH Campaign took on extra importance because of the new law approved by Congress requiring the IRS to hold refunds on tax returns claiming the Earned Income Tax Credit or Additional Child Tax Credit until mid-February 2017. Coalitions were encouraged to get the message out early to potential customers and to emphasize that even paid preparers would not be able to get them a faster refund. The IRS encouraged filers to file as usual, but given the delay in refunds, many chose to use a paid preparer. Many coalitions saw a reduction in the number of clients coming to them for assistance because of this delay. Financial coaching took on extra importance as clients needed to budget to allow for the delay.

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, newspaper articles and blogs, live TV and radio, PSAs, press releases and flyers. Word of mouth, however, remains the most popular response to how did you hear about us? 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. Each community is unique in its approach.

Over 5 million taxpayers learned about free tax preparation services:

- Emphasis on the new IRS regulation about delayed refunds
- 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
- Newspaper articles relating to EITC and free tax preparation
- Live television and radio interviews
- Billboards in various localities advertised free tax preparation and EITC
- Over 1,300 volunteers logged over 63,000 hours preparing for and providing free tax preparation and financial education services



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

The Value of Volunteer Time

From January 30 through April 18, 2017, 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.

According to The Independent Sector, the 2016 Virginia Hourly Volunteer Value of Volunteer Time is \$26.96. 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 1.9 million Virginia volunteers in 2015. Residents of Virginia on average contributed 273.4 million hours of volunteer service totaling \$6 billion of service to the Commonwealth.

Visit [Virginia Service](#) for additional volunteer information.

During the past tax-filing season, there were over 1,300 Virginia CASH Campaign volunteers who contributed more than 51,000 hours to the free tax preparation efforts. The 2016 dollar value of \$26.96 per volunteer hour translates to over \$1.7 million contribution to the free tax preparation programs.

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



New and seasoned Clinch Valley Community Action VITA Volunteers met to celebrate a successful tax season. They prepared over 550 tax returns for residents of Tazewell County.



Virginia Community Action Partnership

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



Pittsylvania County Community Action VITA Volunteers prepared more than 2,100 income tax returns while volunteering over 3,300 hours of service



This team of first-time VITA volunteers from Tidewater Community College, Virginia Beach campus, helped prepare 169 tax returns



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

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 2016 tax year:

- **29,315** federal returns prepared electronically
- **764** federal returns (paper/out of state)
- **3,268** filed through Free File/Assisted Self Tax Preparation
- **33,347** total federal returns filed
- **\$34,429,168** in federal refunds (electronic returns)
- **\$1,174** average federal refund

- **8,225** returns processed with EITC
- **\$14,432,991** in EITC refunds
- **\$1,755** average EITC refund

- **4,118** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$4,423,691** in Child Tax Credit/Additional Child Tax Credit

- **Over \$6.6 million** savings to taxpayers
- **15,584** requested direct deposit
- **\$21,966** average adjusted gross income

- **26,304** state returns filed electronically
- **\$5,075,331** in state refunds

Compared to **2015** tax year, this represents:

- **8 %** increase in the amount of EITC refunds
- **5%** increase in the number of volunteers
- **18%** increase in the number of volunteer hours



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

Plans for the 2017-2018 Season

VACAP co-hosted the two-day Common Cents Conference in September 2017. The conference theme was “Inclusive by Design”. Presentations and plenary sessions included strategies on closing the racial wealth gap and improving accessibility. Workshops included financial education building blocks, income volatility and what to do about it, financial coaching, using data as a tool to educate community stakeholders and others. Over 200 participants from Virginia, Maryland, District of Columbia and West Virginia attended. The new round of VACAP EITC Grants was announced.

Twenty-three applications for funding were received in October and coalitions will receive a total of \$185,725. Grant funds were distributed in November 2017 and 100% of the grant funds are 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 2018. We await any late tax law changes and coalitions are very alert to those changes that will impact the tax season and their clients. Once again, refunds for returns claiming the EITC and Additional CTC will be delayed and we have yet to learn the long-term impacts of such a delay.

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 many 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.

