



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

**December 1, 2018**

TO: The Honorable Ralph S. Northam

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 Thomas K. Norment, Jr. Chairman  
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item 346 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 are able to claim the federal EITC, 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 2017 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





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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 33,500 taxpayers from January-April 2018. This year 23 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 \$34.8 million in federal refunds
  - Over 33,500 federal returns filed
- Almost \$12 million in EITC refunds
  - Over 7,800 taxpayers claiming EITC
  - \$6.7 million saved in tax preparation fees
- Over \$4.8 million in state refunds
  - Almost 26,000 state returns filed
- Over 1,200 Volunteers
  - Over 50,000 hours of tax preparation time

Compared to 2016 tax year, other important data points include:

- 8% increase in clients asking for direct deposit
- 3% increase in the amount of federal refunds

The modest state-funded \$185,725 EITC Grant program (average grant \$8,075) resulted in over 1,200 volunteers working with 24 coalitions (one coalition did not apply for funding) to provide free tax preparation and financial education services at 121 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 2017 value of volunteer time in Virginia to be \$26.75 per hour. The Virginia CASH Campaign volunteers contributed over 50,000 hours of tax preparation to the program. An additional 10,600 hours were contributed for tax training. This equates to over \$1.6 million in value to the program and communities where these volunteers live and work. Grant funds leverage over six times the amount of 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.



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VACAP co-hosted the two-day Common Cents Conference (CCC) in September 2017. The conference theme was “Inclusive by Design” and participants included VITA volunteers and practitioners, financial educators, state and local departments of social services, housing programs, Community Action, and other non-profits involved in working family asset building initiatives. 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 EITC grant was announced at CCC 2017 and proposals were due at the VACAP office by October 13, 2017. Twenty-three grant recipients were notified of successful proposals on November 17, 2017 and funds were disbursed by December 1, 2017. 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 (65%).

Coalition costs for printing, supplies and equipment totaled eight percent of the budget. Advertising was about seven percent of the total. Nine 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](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 2017 and April 2018, the site averaged 1,325-page views per month with an average of 772 visits per month. During the same time frame the site averaged 648 new visitors per month. VACAP encourages its Virginia CASH 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 33,000.

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.



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Highlights from tax year **2017** (filing season January – April 2018)

- 24 coalitions
- 28,720 returns prepared (electronic)
- 4,836 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$34.8 million in federal refunds
- Over \$11.9 million in EITC refunds
- Over \$6.7 million savings in tax preparation fees
- Average adjusted gross income of clients - \$21,556

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



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**2017 EITC Grant Awards**

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

Appalachian CAA	\$8,000
CAP SAW-City of Waynesboro	\$9,000
Clinch Valley Community Action	\$9,000
Community Tax Aid	\$6,500
Enterprise Development Group	\$9,000
Fairfax County-Northern Virginia CASH	\$8,000
Hampton Roads CAP	\$9,000
Lynchburg CAG	\$7,000
United Way Greater Richmond	\$11,000
Mountain CAP	\$6,500
New River Community Action	\$9,000
People Incorporated of Virginia	\$8,000
Pittsylvania County Community Action	\$9,725
Rappahannock Region EITC	\$9,500
Rooftop of Virginia	\$7,500
South Hampton Roads EITC Coalition	\$8,000
STEP	\$7,500
Total Action for Progress	\$8,000
Tri-County Community Action	\$6,500
United Way of Henry County/Martinsville	\$10,000
United Way-Thomas Jefferson Area	\$6,000
Western Highlands	\$9,000
Williamsburg/JCC	\$4,000



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**Marketing and Outreach**

Last filing season was the first year that as a result of new legislation, returns claiming EITC refunds were to be delayed until mid-February. That legislation continues in effect and coalitions are encouraged to get the delayed refund 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. We hope that by getting the consistent message out early and often the impact will not be severe as it was last year. 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 employer engagement, 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 to outreach and marketing. Prior to and during the tax filing season, over seven million taxpayers/residents in Virginia heard various messages about free tax preparation and related opportunities for financial assistance surrounding the tax time moment. Linking the tax time moment with other opportunities for financial engagement remains a focus of many coalitions that hope to empower their clients into taking control of their financial lives.





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**The Value of Volunteer Time**

From January 19 through April 17, 2018, 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 2017 Virginia Hourly Volunteer Value of Volunteer Time is \$26.75. 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 million Virginia volunteers in 2016. Residents of Virginia on average contributed 274 million hours of volunteer service totaling \$6 million economic impact to the Commonwealth.

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

During the past tax-filing season, there were over 1,200 Virginia CASH Campaign volunteers who contributed more than 50,000 hours to the free tax preparation efforts. The 2017 dollar value of \$26.75 per volunteer hour translates to over \$1.6 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 continue 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.

# Virginia Community Action Partnership

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Washington/Russell County Volunteer Appreciation Dinner at Lady Bug Café in Abingdon, VA (People Inc. of Virginia) Pictured left to right:  
Suresh Iyer, Volunteer; Jan Coleman, Volunteer Coordinator; Anna Bondy, Volunteer;  
Susan Henderson, Volunteer; Gail Lambert, VITA Analyst; Edis Hadziahmetovic, Volunteer;  
Courtney Poister Landers, Volunteer; Dixianna Holiday, Volunteer; Derek Lyall, Volunteer;  
Barbara Sikora, VITA Coordinator; Carol Stines, Volunteer; and Linda Petty, Volunteer



People, Inc. of Virginia's Jan Coleman, Vita Volunteer Coordinator, presenting Volunteer Shirt to Dalton Frye. The shirt says "Changing the World, always takes Volunteers"



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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 **2017** tax year:

- **28,720** federal returns prepared electronically
- **846** federal returns (paper/out of state)
- **3,990** filed through Free File/Assisted Self Tax Preparation
- **33,556** total federal returns filed
- **\$34,863,772** in federal refunds (electronic returns)
- **\$1,214** average federal refund
  
- **7,803** returns processed with EITC
- **\$11,919,514** in EITC refunds
- **\$1,526** average EITC refund
  
- **4,985** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$5,173,834** in Child Tax Credit/Additional Child Tax Credit
  
- **Over \$6.7 million** savings to taxpayers
- **16,941** requested direct deposit
- **\$21,556** average adjusted gross income
  
- **25,854** state returns filed electronically
- **\$4,894,045** in state refunds

Compared to **2016** tax year, this represents:

- **1.3 %** increase in the amount of federal refunds
- **19.9 %** increase in Free File and Facilitated returns
- **16.9%** increase in amount of Child Tax Credit/Additional Child Tax Credit refunds



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**Plans for the 2018-2019 Season**

VACAP hosted the one-day Fall Classic conference in Richmond on September 27, 2018. Presentations and plenary sessions included strategies on volunteer recruitment, management and retention and opened with a workshop called “Dude, Where’s My Meeting” which encouraged attendees to look beyond generational stereotypes when engaging volunteers. Sessions included a welcome from Delegate Schuyler VanValkenburg, engaging your elected officials and collecting and using data to tell your story. The IRS presented on new tax law changes and updates. Sixty participants from Virginia attended. The new round of VACAP EITC Grants was announced.

Twenty-one applications for funding were received in October and coalitions will receive a total of \$185,725. Grant funds will be distributed in December 2018 and 100% of the grant funds are disbursed. In addition to the 21 applicants, there are two additional coalition members who will provide VITA services and chose not to apply for the grant. 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 2019. 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.

