



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

**December 1, 2019**

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 2018 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





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

**Table of Contents**

<b>Executive Summary</b>	<b>3</b>
<b>History of the EITC Initiative</b>	<b>5</b>
<b>2018-2019 EITC Grant Awards</b>	<b>7</b>
<b>Marketing and Outreach</b>	<b>8</b>
<b>Value of Volunteer Time</b>	<b>9</b>
<b>2018 Tax Year Free Tax Preparation Results</b>	<b>11</b>
<b>Plans for 2019 Tax Year Filing Season</b>	<b>12</b>
<b>Coalition Map</b>	<b>13</b>



**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 33,300 taxpayers from January-April 2019. This year 21 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:

- \$32.4 million in federal refunds
  - Over 33,300 federal returns filed
- \$10.5 million in EITC refunds
  - Almost 7,000 taxpayers claiming EITC
  - Over \$7 million saved in tax preparation fees
- \$4.8 million in state refunds
  - Over 24,600 state returns filed
- 1,400 Volunteers
  - Almost 48,000 hours of tax preparation time

The modest state-funded \$185,725 EITC Grant program (average grant \$8,800) resulted in almost 1,400 volunteers working with 22 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. 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 2018 value of volunteer time nationally is \$25.43 per hour. In Virginia that value is \$27.50/hour. The Virginia CASH Campaign volunteers contributed over 47,000 hours of tax preparation to the program. An additional 1,000 hours were contributed for tax training and financial education. This equates to over \$1.3 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.



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

To kick off the new round of the EITC grant program, VACAP hosted the CASH Campaign's Fall Classic at Lewis Ginter Botanical Garden in September 2018. The day of workshops for Volunteer Income Tax Assistance programs consisted of seminars ranging from IRS tax updates and advocating for policy changes to volunteer management, recruitment and retention to managing multiple generations at work (baby-boomers to Gen Z). 56 attendees were on hand to hear welcoming remarks from Delegate VanValkenburg.

The EITC grant was announced at the Fall Classic and proposals were due at the VACAP office on October 23, 2018. Twenty-one grant recipients were notified of successful proposals on November 20, 2018 and funds were disbursed by December 3, 2018. 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, supplies and equipment totaled over ten percent of the budget. Advertising was about eight percent 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](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 October 2018 and May 2019, the site averaged 1,282 page views per month with an average of 897 visits per month. During the same time frame, the site 391 had 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.



**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 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's distribution list serve for news and topics related to the VITA program reaches over 100 providers of VITA and financial capability and keeps coalitions current and informed of new and changing practices.



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

Highlights from tax year **2018** (filing season January – April 2019)

- 22 coalitions
- 28,279 returns prepared (electronic)
- 5,032 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$32.4 million in federal refunds
- Over \$10.5 million in EITC refunds
- Over \$7 million savings in tax preparation fees
- Average adjusted gross income of clients - \$29,418

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



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

**2018 EITC Grant Awards**

VACAP provided grants to the following 21 coalitions whose volunteers provide free tax preparation and financial capability services:

Appalachian CAA	\$8,000
Clinch Valley Community Action	\$9,000
Community Tax Aid	\$7,500
Enterprise Development Group	\$9,000
Fairfax County-Northern Virginia CASH	\$8,000
Hampton Roads CAP	\$16,000
Lynchburg Community Action Group	\$8,000
United Way Greater Richmond and Petersburg	\$12,000
Mountain CAP	\$6,500
New River Community Action	\$9,725
People Incorporated of Virginia	\$10,000
Pittsylvania County Community Action	\$10,000
Rappahannock United Way	\$10,000
Rooftop of Virginia	\$7,500
STEP	\$7,500
Total Action for Progress	\$9,500
Tri-County Community Action	\$7,000
United Way of Greater Augusta	\$9,500
United Way of Henry County & Martinsville	\$10,000
United Way Thomas Jefferson Area	\$5,000
Williamsburg/JCC	\$6,000



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

**Marketing and Outreach**

Legislation enacted by Congress in 2017 delayed EITC refunds until mid-February during the filing season. Messaging is in place to encourage filers to file as usual. A new challenge this past filing season was the decision in Virginia to delay state returns until the General Assembly decided whether or not to conform with the federal guidelines regarding standard and itemized deductions. This delay impacted the VITA sites and consumers because many clients chose to wait to file both federal and state income taxes.

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, 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.

Individual Development Account (IDA) programs are now beginning to come back into favor and funding. Savers will benefit from a matched savings programs; sometimes as much as \$8 for every \$1 saved for a home down payment or for capital to start or expand a business. IDA providers often link this savings program with VITA.





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

**The Value of Volunteer Time**

From January through April 2019 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 2018 Virginia Hourly Volunteer Value of Volunteer Time is \$27.50. 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 2.2 million Virginia volunteers in 2017. Residents of Virginia on average contributed 232 million hours of volunteer service totaling \$5.5 billion economic impact to the Commonwealth.

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

During the past tax-filing season, there were almost 1,400 Virginia CASH Campaign volunteers who contributed almost 47,000 hours to the free tax preparation efforts. The 2018 dollar value of \$27.50 per volunteer hour translates to over \$1.3 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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January – April 2019 filing season celebrated the 50<sup>th</sup> anniversary of the VITA program



Volunteers from the FACES Coalition in Hampton Roads gather to celebrate VITA



Members of the Virginia delegation visit Capitol Hill to advocate for federal VITA funding in September 2019



**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 **2018** tax year:

- **28,279** federal returns prepared electronically
- **5,032** federal returns (paper/out of state, FreeFile or FSA)
- **33,333** total federal returns filed
- **\$32,413,629** in federal refunds (electronic returns)
- **\$1,146** average federal refund
  
- **6,963** returns processed with EITC
- **\$10,505,614** in EITC refunds
- **\$1,509** average EITC refund
  
- **6,391** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$8,593,100** in Child Tax Credit/Additional Child Tax Credit
  
- **Over \$7 million** savings to taxpayers
- **17,157** requested direct deposit
- **\$29,418** average adjusted gross income
  
- **24,620** state returns filed electronically
- **\$4,892,814** in state refunds

Compared to **2017** tax year, this represents:

- **23 %** increase in the amount tax preparation savings
- **12 %** increase in volunteers



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

**Plans for the 2019-2020 Season**

VACAP co-hosted the seventh Common Cents Conference in Fairfax, Virginia on September 17-19, 2019. Presentations and workshop sessions included strategies on savings, financial coaching, volunteer recruitment, management and retention, 2020 Census, and more. Joy Thomas Moore opened the conference with a well-received talk on “The Power of Presence”. Delegate Mark Keam offered welcoming remarks. Over 150 participants from Maryland, Washington, D.C. and 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 will be distributed in December 2019 and 100% of the grant funds are disbursed. In addition to the 23 applicants, there is one additional coalition member who will provide VITA services. 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 2020. 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 clients are getting used to the new normal of filing season.

New models of tax preparation assistance are becoming more popular with coalitions and clients. Facilitated Self-Assistance (FSA), Virtual VITA, and Drop off in addition to the traditional one on one offerings continue to grow allowing clients and volunteers flexibility during tax filing season.

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

