



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

**December 1, 2020**

TO: The Honorable Ralph S. Northam

and

The Honorable Luke E. Torian, Chair  
House Appropriations Committee

and

The Honorable Janet D. Howell, Chair  
Senate Finance and Appropriations Committee

and

The Honorable Kenneth R. Plum, Chair  
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item [356 A.2](#) from the Temporary Assistance for Needy Families (TANF) Block Grant that appropriated \$185,725 to the Virginia Community Action Partnership through the Virginia Department of Social Services (VDSS) 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 2019 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  
President and CEO





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**Executive Summary**

The coalitions of the Virginia CASH Campaign were on track to increase the number of clients served with free tax preparation across the Commonwealth of Virginia this tax season until March 16, 2020 when the COVID-19 pandemic forced the closing of over 120 VITA sites. Some sites were able to re-open using models of no-contact virtual methods to continue to assist clients until filing season officially ended on July 15, 2020. Staff and volunteers at several coalition partner agencies transitioned into other service areas related to the pandemic. This tax filing season was unprecedented and many of the coalitions successfully and abruptly pivoted to re-create their VITA program to maintain safety standards. Twenty one coalitions working with community volunteers received funding from the Earned Income Tax Credit grant. VACAP supports this program with its own funds and receives none of the appropriation for administering the grant program.

The Virginia CASH Campaign highlights include:

- \$24 million in federal refunds
  - Over 24,000 federal returns filed
- \$8.7 million in EITC refunds
  - Almost 5,300 taxpayers claiming EITC
  - Over \$5 million saved in tax preparation fees
- \$5.6 million in state refunds
  - Over 19,400 state returns filed
- 1,100 Volunteers
  - Over 32,000 hours of tax preparation time

The modest state-funded \$185,725 EITC Grant program (average grant \$8,400) resulted in over 1,100 volunteers working with 22 coalitions (one coalition did not apply for funding) to provide free tax preparation and financial education services at over 120 sites throughout Virginia. 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 2019 value of volunteer time nationally at \$27.20 per hour. In Virginia, the value is \$28.46/hour. The Virginia CASH Campaign volunteers contributed over 32,000 hours of tax preparation to the program. Additional hours were contributed for tax training and financial education. This equates to almost \$1 million in value to the program and communities where these volunteers live and work.

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 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 remarks and thanks on the important work being done to help people file their taxes. Over 150 participants from Maryland, Washington, D.C. and Virginia attended.

The EITC grant was announced at the conference and proposals were due at the VACAP office on October 24, 2019. Twenty-one grant recipients were notified of successful proposals on November 22, 2019 and funds were disbursed by December 2, 2019. 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 relating to VITA site management (59%) and equipment and supplies (12%).

Everything about this filing season changed in mid-March 2020. COVID-19 complicated filing season because of new regulations; social distancing, PPE, no contact, agency closures, limited volunteer availability and other challenges. Customers needed to be kept informed of their filing options. In addition, an Economic Impact Payment (EIP) was authorized by the CARES Act to provide a stimulus payment to eligible individuals. Sites that closed for face to face VITA began answering EIP questions to ensure that customers were able to receive the much needed stimulus payment. While each community is unique in its approach to outreach and marketing, this season created challenges and opportunities to engage customers. VITA outreach changed to EIP outreach using social media and word of mouth.

As a result of the pandemic, VACAP began hosting bi-weekly VITA Chats (Zoom) in early April 2020 to keep coalition partners engaged and current on any changes to VITA, COVID rules and regulations and other ongoing concerns related to providing service in uncertain times. The VITA Chats have been beneficial to keep partners engaged with one another and are ongoing.

Linking the tax time moment with other opportunities for financial engagement that is a normal part of the VITA experience took a back seat this filing season. Many coalitions plan to resume empowering their clients into taking control of their financial lives once they get back to a normal filing season. 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. Since then, 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 works closely with SPEC (Stakeholders, Partnerships, Education and Communication) the arm of the Internal Revenue Service that oversees the VITA program. 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.



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Highlights from tax year **2019** (filing season January – July 2020, extended filing season with limited client face to face interaction)

- 22 coalitions
- 20,777 returns prepared (electronic)
- 3304 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$24.2 million in federal refunds
- Over \$8.7 million in EITC refunds
- Over \$5 million savings in tax preparation fees
- Average adjusted gross income of clients - \$23,612

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



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**2019 EITC Grant Awards**

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

Grant Award	Organization
\$9,000	Appalachian Community Action
\$10,000	Clinch Valley Community Action
\$7,500	Community Tax Aid
\$5,000	Eastern Shore CAA/AAA
\$8,000	Enterprise Development Group
\$7,000	Fairfax County Dept of Family Services
\$4,000	Habitat for Humanity Charlottesville
\$12,000	Hampton Roads Community Action
\$7,000	Lynchburg Community Action
\$7,000	Mountain CAP
\$11,000	New River Community Action
\$9,000	People Inc of Virginia
\$9,500	Pittsylvania Community Action
\$9,000	Rappahannock United Way
\$8,000	Rooftop of Virginia
\$7,500	STEP, Inc.
\$10,000	Total Action for Progress
\$7,000	United Way of Greater Charlottesville
\$12,000	United Way of Greater Richmond and Petersburg
\$10,225	United Way of Henry County & Martinsville
\$8,000	United Way of Staunton, Augusta and Waynesboro
\$4,000	Williamsburg Community Action (Advancing Community Excellence)







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**The Value of Volunteer Time**

From January through July 2020, volunteers working with free tax preparation coalitions provided free tax preparation services and EIP information. 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 2019 Virginia Hourly Volunteer Value of Volunteer Time is \$28.46. 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 over 2.2 million Virginia volunteers in 2018. Residents of Virginia on average contributed almost 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 over 32,000 hours to the free tax preparation efforts. The 2018 dollar value of \$28.46 per volunteer hour translates to an over \$1 million contribution to the free tax preparation programs.



# Virginia Community Action Partnership

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First year volunteer greeter Josie Smith helps a tax customer at Rappahannock United Way VITA site in Fredericksburg



Pulaski County Commissioner of Revenue VITA volunteers posing with their IRS Volunteer certificates (pictured l to r: Sabrina Bishop, Amber Bays, Terri Earles, Terri Carter and Trish Huff) Kim Matthews also received her VITA certificate.

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



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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 extended **2019** tax year:

- **20,777** federal returns prepared electronically
- **3,304** federal returns (paper/out of state, FreeFile or FSA)
- **24,081** total federal returns filed
- **\$24,281,200** in federal refunds (electronic returns)
- **\$1,169** average federal refund
  
- **5,372** returns processed with EITC
- **\$8,771,643** in EITC refunds
- **\$1,633** average EITC refund
  
- **3,783** returns processed with Child Tax Credit/Additional Child Tax Credit
- **\$5,194,817** in Child Tax Credit/Additional Child Tax Credit
  
- **Over \$5.1 million** savings to taxpayers
- **13,859** requested direct deposit
- **\$23,612** average adjusted gross income
  
- **19,490** state returns filed electronically
- **\$5,634,741** in state refunds

Because of the COVID-19 pandemic and VITA site closures, the 2019 results cannot fully be compared with prior filing seasons.



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**Plans for the 2020-2021 Season**

VACAP hosted its Fall Classic on September 17, 2020, a half-day virtual program as a result of ongoing pandemic concerns. The agenda included a video welcome message from Delegate Schuyler VanValkenburg, Paula Bazemore (Virginia Center for Inclusive Communities) presenting on Unconscious Bias and Code for America/Get Your Refund on a 100% Virtual VITA program that may become the norm if face to face meetings are not safe or of concern. The new round of funding for the EITC Initiative was announced. Grants were due on October 20, 2020. Grants will be awarded in late November for the upcoming tax filing season.

Throughout the year, coalition leaders continue their outreach looking for volunteers. This year the challenge of recruitment and retention of volunteers is unique because of COVID-19. Older volunteer are wary of volunteering. Many college student volunteers are no longer on campus. VITA sites may or may not be amenable to having the site reopen. In addition, PPE and other safety measures have added additional costs to running at a VITA site. The coalitions 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 2021. We await any late tax law changes and coalitions are very alert to those changes that will impact the tax season and their clients.

New ways of tax preparation assistance are being modeled for coalitions, clients and volunteers. Facilitated Self-Assistance (FSA), IRS Free File, 100% Virtual VITA, and Drop off as compared with traditional one on one meetings continue to grow allowing clients and volunteers flexibility during tax filing season.

The coalitions ambitiously expect to serve more clients than last year, and they are cautiously optimistic that they can complete the tax season safely and successfully.

