



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

December 1, 2024

TO: The Honorable Glenn Youngkin

and

The Honorable Luke E. Torian, Chair
House Appropriations Committee

and

The Honorable L. Louise Lucas, Chair
Senate Finance and Appropriations Committee

and

The Honorable Mark D. Sickles, Chair
Joint Legislative Audit and Review Commission

The enclosed report is submitted pursuant to Item [331 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 can claim the federal EITC and the number of individuals assisted with tax preparation.

VACAP is pleased to present this report on the Virginia CASH Campaign. It outlines activities throughout the Commonwealth and highlights grantee programs during the 2023 tax season and includes plans for the upcoming tax season.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C. Spohrer".

Carolyn P. Spohrer
Vice President



**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	6
2023-2024 EITC Grant Awards	8
Value of Volunteer Time	9
2023 Tax Year Free Tax Preparation Results	10
Plans for 2024 Tax Year Filing Season	11
Coalition Map	12



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

Executive Summary

The coalitions making up the Virginia CASH Campaign were well positioned to continue their modified and virtual tax preparation work this filing season. As a result of the pandemic, creating and managing multiple service delivery models became the norm with program managers and site coordinators discovering new ways to engage new and existing volunteers, communicate with sometimes reluctant clients and continue to provide service while trying to get back to a normal filing season where many customers prefer face-to-face service delivery. Eighteen coalitions working with community volunteers received funding from the Earned Income Tax Credit grant.

The Virginia CASH Campaign highlights from January-July 2024:

- \$20 million in federal refunds
 - Over 19,700 federal returns filed
- \$6.2 million in EITC refunds
 - Almost 3,800 taxpayers claiming EITC
 - Over \$4.5 million saved in tax preparation fees
- Over \$5.2 million in Child Tax Credit/Additional Child Tax Credit
- \$4 million in state refunds
 - Over 16,800 state returns filed
- More than 800 Volunteers
 - Over 32,000 hours of tax preparation time with a value of \$10 million in volunteer hours donated to deliver this program

The modest state-funded \$185,725 EITC Grant program (average grant to each local program is \$8,800) resulted in over 800 volunteers working with 20 coalitions (two coalitions did not apply for funding) to provide free tax preparation and financial education services at almost 85 Volunteer Income Tax Assistance sites throughout Virginia. Due to inflation and the static appropriation level, sites are consistently struggling to maintain the same level of service as grant funds have not kept up with the level of need. Many sites have experienced significant turnover in their staff who manage the program, which includes coordinating volunteers and marketing the program. The sites have continued to demonstrate local and regional leadership in making these programs national models and see the need for this service growing exponentially.



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

More coalitions are offering Facilitated Self-Assistance which allows clients to file their own taxes where help is available if needed. [Independent Sector](#) estimates the 2024 value of volunteer time nationally at \$33.49 per hour. In Virginia, the value is \$33.38/hour. The Virginia CASH Campaign volunteers contributed over 32,000 hours of tax preparation to the program. Staff hours for the VITA program exceeded 20,000 hours. Additional hours were contributed for tax training and financial education. This equates to almost \$1.6 million in value to the program and communities where staff and 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.

VACAP co-hosted with Maryland CASH Campaign and Community Tax Aid, D.C., the 10th Common Cents Conference on September 19-20, 2023. Held virtually on the Attendee Hub platform, the theme was Learn, Connect, Grow and included sessions on payment systems and their effect on financial health, how to spot and stop financial exploitation, racial wealth gap – causes, effects and solutions, and why EITC is Important for the Whole Family among other sessions. 116 attendees plus speakers were in attendance and all sessions were recorded and were made available to attendees.

The new round of funding for the EITC Initiative was announced on September 25, 2023, and grant applications were due on November 1, 2023. Recipients were notified of successful proposals on December 6, 2023, and funds were disbursed beginning December 8, 2023. Each coalition submits a budget and plan as to how the grant funds will be used throughout the year. The largest funding allocation is personnel costs relating to VITA site and volunteer management (64%). Approximately 20% covers rent, equipment, supplies, training, and advertising.

Changes made to VITA because of the pandemic continue to make the coalitions more resilient making programs stronger, more robust and more responsive to clients. Virtual services like drop off and GetYourRefund continue to be used. Customers hoping to be back sitting face to face with their volunteer, found other models would work for them, resulting in more efficient use of everyone's time. Many clients in more rural areas found that virtual options requiring high speed internet were not going to work for them because of technological limitations. Filing season continued past its normal deadline of April 15 with many sites providing services until the October 15, 2024 filing season end.

Monthly VITA Chats hosted by VACAP continue to keep coalition partners engaged and current on tax law changes and other ongoing concerns related to providing services. The VITA Chats have been beneficial to keep partners learning from one another.



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

Linking the tax time moment with other opportunities for financial engagement and empowerment is a goal when providing VITA services. Because a tax refund with EITC and CTC may be the most money a client sees all year in one lump sum, it is important to connect the client with financial empowerment opportunities. Keeping taxpayers compliant is one of Virginia CASH's most important functions. If a taxpayer has a problem with the IRS or Virginia Department of Taxation, 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. Since then, the number of coalitions providing free tax preparation has risen from eight to a high of twenty-five and clients served from 2,600 to over 33,000 (prior to the pandemic of 2020-2021).

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 to promote the EITC through education, outreach and awareness; provide free tax preparation services to avoid the high cost of professional preparers and promote financial opportunities to the unbanked, building financial well-being for clients coming to 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 an [EITC page on its website](#) and hosts monthly VITA chat emphasizing timely topics and expanding learning opportunities. VACAP's distribution list serve for news and topics related to the VITA program reaches over 80 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 **2023** (filing season January – extended October 2024)

- 20 coalitions
- Over 19,700 returns prepared (electronic, paper, prior year and Facilitated Self-Assisted)
- Over \$20 million in federal refunds
- Over \$6.2 million in EITC refunds
- Over \$4.5 million savings in tax preparation fees
- Average adjusted gross income of clients - \$26,690

Highlights from tax year **2022** (filing season January – extended October 2023)

- 20 coalitions
- Over 18,200 returns prepared (electronic)
- 1,392 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$19 million in federal refunds
- Over \$5.4 million in EITC refunds
- Over \$4.5 million savings in tax preparation fees
- Average adjusted gross income of clients - \$26,000

Highlights from tax year **2021** (filing season January – extended October 2022)

- 23 coalitions
- Over 16,000 returns prepared (electronic)
- 1,173 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$26 million in federal refunds
- Over \$7.7 million in EITC refunds
- Over \$4 million savings in tax preparation fees
- Average adjusted gross income of clients - \$22,500

Highlights from tax year **2020** (filing season January – extended October 2022, with limited client face to face interaction)

- 23 coalitions
- 17,291 returns prepared (electronic)
- 1,111 (paper, prior year, and Facilitated Self-Assisted) returns filed
- Over \$24.5 million in federal refunds
- Over \$5.5 million in EITC refunds
- Over \$4.3 million savings in tax preparation fees
- Average adjusted gross income of clients - \$20,973



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Earned Income Tax Credit Initiative
Virginia CASH Campaign**

Fall 2023 EITC Grant Awards

VACAP provided grants to the following 18 coalitions whose staff and volunteers provide free tax preparation and financial capability services:

Grant Award	Organization
\$10,000	Appalachian Community Action
\$10,000	Clinch Valley Community Action
\$7,500	Community Tax Aid
\$7,000	Eastern Shore CAA/AAA
\$17,225	Hampton Roads Community Action
\$7,000	Lynchburg Community Action
\$13,000	Madison House
\$8,000	Mountain CAP
\$10,000	New River Community Action
\$7,000	People Inc. of Virginia
\$12,000	Pittsylvania Community Action
\$12,000	Rappahannock United Way
\$10,000	Rooftop of Virginia
\$8,000	STEP, Inc.
\$10,000	Total Action for Progress
\$8,000	Tri-County Community Action
\$16,000	United Way of Greater Richmond and Petersburg
\$13,000	United Way of Henry County & Martinsville
\$185,725	Total



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

The Value of Volunteer Time

From January through July 2024 (and continuing through October in some cases), volunteers and staff working with free tax preparation coalitions provided free tax preparation services. The data shows 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 also tell a meaningful story.

According to [Independent Sector](#), the 2024 Virginia Hourly Volunteer Value of Volunteer Time is \$33.49. It ranges from basic, simple tasks that might be valued at minimum wage, up to professional services given by lawyers or accountants that would be valued very highly. Visit [Virginia Service](#) for additional volunteer information.

During the past tax-filing season, there were more than 800 Virginia CASH Campaign volunteers who contributed over 32,000 hours to the free tax preparation efforts. If you include staff time (20,164) working with the VITA programs the \$33.49/hour value per volunteer hour translates to over \$1.6 million contribution to the free tax preparation programs in communities across Virginia.

The VITA program is proud of the dedication of volunteers giving back to their communities. The value of volunteer time combined with the savings by not paying expensive tax preparation fees continues to have a positive economic impact in the local communities.



**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. The Virginia refund amount includes the partially refundable EITC credit. Several coalitions partner with the local Commissioner of the Revenue (COR) office. The local VITA processes the federal return and then sends the taxpayer to the local COR for state filing. Many coalitions collect their own data which help them refine their messaging to target clients in need of assistance.

The coalitions working with VACAP and the Virginia CASH Campaign posted results for the extended **2023** tax year:

- **18,072** federal returns prepared electronically
- **1,629** federal returns (paper/out of state, FreeFile or FSA)
- **19,701** total federal returns filed
- **Over \$20 million** in federal refunds (electronic returns)
- **\$1,133** average federal refund

- **3,775** returns processed with EITC
- **Over \$6.2 million** in EITC refunds
- **\$1,651** average EITC refund

- **3,506** returns processed with Child Tax Credit/Additional Child Tax Credit
- **Over \$5 million** in Child Tax Credit/Additional Child Tax Credit

- **Over \$4.5 million** savings to taxpayers
- **Over 11,198** requested direct deposit
- **\$26,690** average adjusted gross income

- **16,814** state returns filed electronically
- **Over \$4.1 million** in state refunds



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

Plans for the 2024-2025 Season

As part VACAP's Pathways from Poverty to Prosperity Summit, held in Richmond October 22-24, 2024, the Virginia CASH Campaign held a half-day workshop for VITA program managers. Sessions included Volunteer recruitment campaign, IRS SPEC spoke about upcoming changes to taxation, and Serve Virginia presented on volunteer managements and its programs. The morning session concluded with a valuable peer discussion. The opening plenary of the conference also featured opportunities for expanding CASH Campaign efforts with a keynote panel on the topic. The Virginia CASH Campaign grant application had been announced earlier in October. Grant applications were due on November 4th using the new online portal.

Two upcoming VITA chat topics will include conversations about 100% online filing (GetYourRefund) and Tax filing rules and regulations specific to the Commonwealth of Virginia.

VITA coordinators are looking forward to a successful tax filing season. The coalitions focus their marketing campaigns to alert customers of the new income limits and opportunities for free tax preparation services that will start in January 2025.

The Virginia General Assembly increased the Appropriation for The Virginia CASH Campaign and its Earned Income Tax Credit Initiative. The increase in funding will allow coalitions to expand their services for the upcoming filing season. In addition, VACAP will provide needed centralized services to all coalitions. These services will include communications and marketing training, initiating a state-wide volunteer campaign for much needed VITA volunteers and online portal for grants and reporting. In January 2025, coalitions will model local EITC days on the IRS National EITC Day to highlight the value of the Earned income Tax credit and free tax preparation services. In June 2025 VACAP will once again co-host the Common Cents Conference.

We thank the members of the General Assembly and Governor's Administration and look forward to reporting in 2025 on the successes achieved before, during and after the upcoming tax filing season.

