VITA PRACTITIONER PERSPECTIVES

PUBLIC SECTOR, PHILANTHROPIC AND PRACTITIONER COLLABORATIONS THAT STRENGTHEN THE IMPACT OF THE EITC AND VITA
Introduction

Early in the summer of 2017, thousands of community tax preparers across the country engaged in a campaign to defeat proposed cuts to the funding that enables them to provide resources to low-income tax filers nationwide. The effort highlights not only the power of coordinated advocacy, but also the vulnerability of public programs that serve low-income taxpayers.

The vulnerability of these programs is especially troubling given their effectiveness. One such example is the Volunteer Income Tax Assistance (VITA) program, which provides free tax preparation services to millions of low- to moderate-income workers, the elderly, people with disabilities, people with limited English proficiency and Servicemembers in cities and towns across the country. During the 2017 tax season alone, the 243 VITA grantees served close to 1 million tax filers in all 50 states and the District of Columbia, and returned nearly $1.4 billion to taxpayers in the form of tax refunds. Taking into consideration that the National Society of Accountants estimates that the average cost of professional tax preparation is $261, VITA sites also saved tax filers at least $242 million in tax preparation fees alone. Add to that the tax credits taxpayers took advantage of in the form of Earned Income Tax Credit (EITC) returns prepared by VITA programs—a number which grew by over 600,000 from 2010 to 2014—and it’s not hard to imagine the outsized role this small program plays in delivering huge savings.

Given threats to federal funding for VITA despite the program’s strong results, public-private partnerships at the local level are critical in supporting VITA programs. In part, local partnerships are essential because our state and federal tax codes are constantly changing; for example, 29 states have a state EITC now, compared to only 23 states just eight years ago. VITA tax preparers help low-income filers navigate the changing landscape, ensuring they receive all the credits for which they are eligible. Furthermore, local partnerships are critical because VITA programs connect clients with financial capability services, such as credit counseling, access to safe and affordable bank accounts, and more.

With this understanding of the VITA and EITC landscape in mind, this report shares insights from interviews with VITA programs that have built strong public-private partnerships at the local level. This report is aims to present new ideas for municipal leaders, funders, VITA practitioners and advocates to more effectively work together to expand the reach and scale the impact of VITA and the EITC.

Connecting VITA, EITC Advocacy & EITC Outreach Efforts

The EITC is one of the most effective anti-poverty programs in the nation. Last year, over 27 million eligible workers and families received more than $67 billion in EITC refunds, including select families that received up to the maximum credit of $6,269. Numerous studies show that the EITC helps families pay down debt, protect their homes from foreclosure by paying off property taxes, save for educational expenses and cover other necessities. However, of the existing state EITCs, only 24 are ‘refundable’ meaning that if the
amount the taxpayer owes is less than zero, then he or she is entitled to a payment from the government. Out of the states with a refundable EITC, only 12 states and the District of Columbia have a state EITC that is worth at least 15% of the federal credit. Advocating for refundable tax credits and tax credits that are worth a higher percentage of the federal tax credit will help reduce the state tax burden on low- and moderate-income working families.

Further, according to the IRS, one in five EITC-eligible workers don’t claim the credit. In turn, the personal losses from these unclaimed dollars mean less money invested into local economies, which has damming impacts on job creation, economic growth and more. The good news is that outreach efforts—marketing, advertising, hosting events and the like—can increase uptake of the EITC. VITA services can be a critical part of the equation for EITC outreach because many VITA clients are eligible for the EITC, and VITA volunteers are trained to screen for EITC eligibility. Moreover, VITA programs can help families maximize the impact of the EITC because the credit often represents the largest sum of cash a family will receive throughout the year. In other words, tax time is an opportune time to initiate conversations about longer-term financial planning because taxpayers are thinking about financial goals, and have the cash to start working toward those goals. For this reason, an increasing number of VITA sites are providing financial capability services in addition to tax preparation services. By providing assistance opening and maintaining savings accounts, offering financial coaching for how to best allocate tax refunds, sharing guidance on how to avoid predatory lenders and checking eligibility for public benefits, other social services and tax credits, VITA programs can have an impact on their clients’ financial lives well beyond April 15th.

Therefore, while expanding the EITC increases the impact of the credit for those who claim it, effective outreach and access to free tax preparation support can help expand the number of beneficiaries and connect eligible filers with important financial capability services. By telling this story in a more holistic way that includes the important role tax preparation plays in families’ financial lives, local leaders can ensure that the EITC is used to its full advantage. In other terms, the trifecta of advocacy, outreach and the integration of financial capability services into VITA programs ensure low-income taxpayers receive at least some of the benefit they deserve, but are often precluded from given our country’s upside-down tax code.

Key Insights

To better understand how VITA programs work with their local governments to strengthen the EITC, promote EITC uptake and provide financial stability services for low-income communities, Prosperity Now conducted interviews with VITA practitioners from six high-performing tax preparation programs across the nation. The interviews revealed five key insights:

1. VITA programs can play a significant role in advocating for the EITC, a critical tool for helping households climb the economic ladder.
2. Investing in VITA reaps significant returns on investment by stimulating local economies.
3. In addition to helping residents and municipalities save money, VITA helps philanthropists and municipal leaders implement their vision of financial stability for low-income communities.
4. VITA programs benefit from municipal governments and funders learning from one another across state lines.
5. Healthy partnerships require aligning resources with the needs of VITA programs.
The remainder of this section unpacks each of these key insights.

**Insight 1: VITA Programs Can Combat Poverty by Advocating for the EITC**

The EITC is widely considered the most effective federal anti-poverty program for working households. VITA program managers, volunteers and site coordinators are uniquely situated to advocate for the EITC and other tax credits for workers and their families. Since VITA volunteers have a strong understanding of the tax code and tax credits, they can articulate clear and persuasive arguments for defending the credits. They are also on the frontlines, working with communities that benefit from the tax credits, which gives them an understanding of the real impacts tax credits can have on working families. By default, organizations that are passionate about anti-poverty work understand that supporting credits like the EITC is essential to their mission.

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<td><strong>Accounting Aid Society (AAS)</strong> in Detroit actively defended Michigan’s EITC, which is 6% of the federal credit, from being eliminated. AAS worked with other statewide groups, provided testimony to the Senate Committee considering its elimination, and participated in media interviews to preserve the credit.</td>
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**The Boston Tax Help Coalition**, a public-private partnership of 30+ organizations managed by the Mayor’s Office of Financial Empowerment, provides free tax preparation to families earning less than $54,000 annually. The Coalition not only provides direct services, but also engages in advocacy at the state level to expand Massachusetts’ EITC.

To effectively advocate for the EITC, advocates and VITA practitioners should work together to evaluate and communicate the impact of EITC and VITA in their states or local communities. They can measure impact in terms of federal funds drawn down and infused into the state or local economy, or they can calculate savings from tax preparation fees that can be reallocated to the benefit of household balance sheets. While VITA outreach materials often include the millions of federal dollars that programs secure for low-income taxpayers, they do not always include the “multiplier effect,” or the local economic development that EITC funds can catalyze. To amplify these efforts, VITA practitioners and supporters should join state and federal coalitions that expand tax credits for workers and their families.

**Insight 2: Investing in VITA Stimulates Local Economies**

The interviews made clear that VITA sites provide a range of benefits not just for city and/or county residents, but for government leaders as well because more money in the pockets of taxpayers translates into more money spent in local communities and more state and local revenue. In short, investing in VITA has positive impacts that go far beyond the initial investment. Investing in VITA can increase tax compliance, provide supports for refugee and immigrant communities, improve financial stability and spark economic growth in hard-to-reach areas. Some local government leaders have recognized these benefits and support funding for VITA programs accordingly, while others have yet to fully take advantage of VITA’s potential.

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| **Accounting Aid Society (AAS)** is based in Michigan, where many of their clients are eligible for the Homestead Property tax credits and Home Heating credits that are available to seniors and low-income families. Almost a quarter AAS clients thus do not need to file a federal or state return or claim the EITC, but come in for the Michigan-specific tax credits. And, because households cannot claim the Home Heating tax credits retroactively, VITA sites spend a lot of energy promoting the credit before the September 30 deadline. Furthermore, the Ingham County Treasurer, where most of Lansing is located, recognized that VITA helped ensure that city taxes are filed and that delinquent taxpayers paid their debts before issues
escalated. Studies found that many Michigan households used their tax refunds to pay their property taxes, so being able to keep a higher proportion of their tax refunds enabled them to resist foreclosure.

*Asset Independence Coalition (Lansing, MI)* recognizes that VITA is a great municipal conduit and forum for outreach about property tax credits, the EITC and LIHEAP. The City Manager and City Treasurer co-chaired the VITA coalition at its formation, and kept the Mayor informed about the work and engaged with VITA. The County Treasurer also recognizes and supports the VITA program because of its ability to help taxpayers avoid foreclosure, since many VITA clients used their tax refunds to pay property taxes. Additionally, at least half of all VITA clients are eligible for the property tax credit which also helps homeowners avoid becoming delinquent, and results in realized revenue for the County since property taxes represent a significant revenue stream.

To reap the state and local economic development benefits VITA can make possible, state and municipal leaders should invest in EITC outreach and support VITA sites in their efforts to ensure that families receive the full amount of the credits. Doing so would be a win-win because it could generate revenue and create cost savings for municipalities.

*Insight 3: VITA Helps Advance a Vision of Financial Stability for Low-Income Communities*

Civic leaders often have lofty ambitions to increase financial stability for low-income communities, but these efforts are difficult to implement without on-the-ground support. Because municipal and county-level leaders across the nation are already engaged in EITC outreach and promotion, they can easily use these channels to simultaneously promote VITA services. For example, if a given mayor’s office is already involved with issuing proclamations about filing for the EITC, the office can easily build on these proclamations by guiding clients to VITA sites as a place to claim the EITC.

While municipal leaders have tremendous convening power and influence over government agencies and social service organizations, VITA practitioners can provide crucial bottom-up support by giving their leadership a platform. For example, for a county executive who wants to communicate the federal benefits for which residents are eligible, a VITA site could host an event and invite the county executive to speak. In this way, VITA programs can amplify key messages, thereby serving the interests of the clients they serve and the municipal leaders they need to engage.

*Stories from the Field*

According to the *Campaign for Working Families* in Philadelphia, the City Council understands the value of EITC and VITA. As a result, the City of Philadelphia’s Department of Revenue helps spread the word about VITA by listing free tax preparation sites on its website. The department also provides about half of the overall funding for the VITA program, which covers some marketing and general program operations, in addition to sponsoring street teams and bus advertisements to raise awareness about the program.

*Accounting Aid Society* and the City of Detroit work together to pursue a joint vision of financial stability for the City’s low-income residents. The City of Detroit supports AAS’s outreach efforts by hosting press conferences, creating a video that advertises VITA sites, hosting a tax site at the city office, and funding and directing a local EITC outreach campaign.

The *United Way of King County*, a major funder and provider of vital human services to residents of the greater Seattle area, supports a variety of social services with the goal of fighting poverty and strengthening communities. The City of Seattle is a main source of funding, while King County service providers and government agencies provide outreach support. The City’s funding mostly covers site manager pay, overhead and other operational costs.
Cuyahoga County is one of the original founders and the first funder for the Cuyahoga EITC Coalition, and has remained incredibly supportive and engaged. The County sends mailings about filing for the EITC to households that receive TANF. It also hosts two tax sites in their service centers and provide feedback about the quality of tax preparation services by sending out auditors and secret shoppers. At the onset of each tax season, the County sends out a press release promoting the Coalition’s Super Saturday events and the program overall.

To help state and municipal leaders advance their vision for financial stability, VITA practitioners should monitor changes in local governments, seeing these changes as an opportunity to build or strengthen relationships and explore future partnerships. VITA programs should also support the efforts of local leaders to boost residents’ financial well-being. For example, when the City of Detroit set out to create a manual to educate taxpayers about what tax preparers should charge for various services, there was a clear opportunity for the VITA program to provide strategic advice. Finally, VITA programs should develop and share one-pagers and other materials that describe the impact of their programs to clarify for municipal leaders the positive economic value VITA brings in local neighborhoods.

**Insight 4: VITA Sites Benefit When Government & Philanthropy Exchange Lessons**

Because there are numerous municipal governments and funders working on EITC and VITA nationwide, there are plenty of opportunities for leaders in these areas to share best practices and educate one another about effective strategies. Interviewees from three separate VITA programs attributed their positive relationships with municipal governments to municipal staff’s willingness to adopt best practices from other cities. Funders have also found success in emulating models in other cities.

**Stories from the Field**

The Campaign for Working Families (CWF) is in its third year of a partnership with the City of Philadelphia. During the first year, CWF’s IRS Relationship Manager reached out to the city’s Department of Revenue after learning that the Department was interested in drawing on lessons from New York’s VITA program. This outreach laid the groundwork for a close relationship between CWF and the City of Philadelphia and helped spark increased funding in subsequent years.

According to Accounting Aid Society (AAS), the Detroit Mayor’s Office wanted to expand its EITC Campaign based on the success of New York’s VITA program. By working with Bloomberg Associates, a philanthropic consulting group that was already advising Detroit Mayor Mike Duggan on various economic development initiatives, AAS and other community tax preparation partners in the state were able to secure a commitment from the Mayor’s Office to invest in VITA and EITC outreach.

Because VITA practitioners can feel isolated when there is no clear communication method to learn from other programs, funders should facilitate learning between programs by supporting networking and learning events. By convening VITA practitioners from various cities and states, funders can play an important role in improving services for individual VITA programs while magnifying the impact of their own advocacy goals. This would be especially empowering for VITA practitioners in rural communities, as they often feel they lack influence over advocacy priorities compared to their counterparts in more populated areas.

**Insight 5: Healthy Partnerships Require Aligning Resources & Needs**

Strong, healthy partnerships between municipal governments, funders and VITA programs require a transparent understanding of all the resources required to provide the many services requested of VITA sites. As states continue to tie new financial incentives and benefits to tax refunds, VITA volunteers adapt
to ever-changing and complex needs. The interviews revealed that there are several opportunities for increasing knowledge among funders and municipal leaders about the resource requirements associated with free tax preparation.

There are also certain pitfalls to be avoided. Just because VITA sites are staffed by volunteers does not mean free tax preparation can be administered without funding, and describing VITA programs as “zero cost” can undercut what it truly takes to run an effective VITA program. For example, an increasing number of VITA clients need off-season support, often due to owing back taxes or other complications. Furthermore, because many local IRS Taxpayer Assistance Centers have decreased the number and types of in-person services available, and no longer provide tax preparation assistance, VITA programs have had to address this gap in services and open more sites that provide year-round assistance. As a result, VITA programs require more than just financial support, and for more than just the traditional “tax season.”

Stories from the Field

The City of Dallas, Texas, used Foundation Communities’ EITC take-up data from their initial grant year to establish a baseline for EITC returns on which to improve. However, the year they wrote the grant, the site had an unusually high EITC take-up rate which exceeded the national average, so improving has been difficult. Using a state average as the baseline may make more sense than past performance at an individual site or program. Further, the closure of many AARP tax sites drove a number of low-income elderly taxpayers to Foundation Communities’ tax sites, but since the majority of them were retired or not working for other reasons, they did not qualify for the EITC. As a result, Foundation Communities served more clients, but did not improve its EITC take-up rate. Other options to not tie funding to EITC take-up rates include measures of success such as client satisfaction, client retention or the number of outreach campaigns the site participated in.

To ensure that funders clearly understand the return on investment they can expect, the Cuyahoga EITC Coalition compiled a four-page sponsorship package describing the various outcomes the VITA program could deliver based on a funders’ level of investment.

United Way of King County found that placing their tax sites at both nonprofits and locations run through the local government helps build strong partnerships with local municipal governments. For example, last year UWKC established a tax site at a King County Public Health Center, which allowed the public health administrators to automatically witness the number of VITA clients coming in and the positive impacts of the tax services on clients. By hosting a VITA site, the public health center was able to both perform outreach on behalf of VITA and also gain important visibility for clients whom they may not have otherwise reached. In this way, this relationship served both organizations and the King County Public Health Center served as an entry point for relationships with other municipally run offices. Given the success of this tax site, UWKC was able to work with the County to add 90 additional hours at the Public Health Center to meet the community need.

To align resources with the needs of VITA programs, funders and municipal leaders should support the development of marketing and promotional materials that city and county officials can distribute, thereby contributing to the perceived legitimacy of VITA programs. Municipal leaders and funders should also coordinate with VITA programs on branding and logos so taxpayers recognize that the VITA program is engaged in a partnership with the local government. Furthermore, at least one VITA practitioner mentioned that while they appreciate when the mayor’s office issues proclamations or offers free marketing in its newsletter, the people who read these products aren’t often part of the target communities. Distribution of letters and fliers can be very helpful in spreading the word, but should be targeted to outlets where VITA- and EITC-eligible taxpayers are most likely to see the advertising. Finally, many VITA sites mentioned that infrastructure funding (office space, laptops, printers, etc.) and support for creating video-based training materials for volunteers is critical; funders should keep these needs in mind as they determine whether and to what extent they will support VITA programs.
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Background and Methodology

Since 2016, with the generous support of the W.K. Kellogg Foundation, Prosperity Now, has been researching effective strategies for increasing EITC uptake, and scalable strategies for how VITA programs can serve as an on-ramp for financial capability services for the clients they serve. The research reflected in this brief is aimed to better understand how Volunteer Income Tax Assistance (VITA) programs work with their local governments to promote EITC uptake, EITC outreach and financial stability services for low-income communities.

Early in the process, Prosperity Now discussed the project goals with our partners at the EITC Funders Network, which was concurrently focused on helping its members explore ways in which private philanthropic organizations can work with the public sector in supporting EITC outreach and free tax preparation. Given the parallels between our research priorities, we decided to collaborate on the project, with Prosperity Now leading efforts to explore VITA practitioner perspectives and the EITC Funders Network leading efforts to explore funder perspectives. Interviewees from both groups represented roughly the same geographic areas.

From June through October 2017, Prosperity Now conducted interviews with VITA practitioners from six high-performing tax preparation programs in the East Coast, Midwest, South and Pacific Northwest regions. The organizations or coalitions interviewed were selected based on their geographic regions, the size of their cities’ populations and the presence of a relationship with city or county leaders. Below is the list of regions and the organizations or coalitions interviewed in each.

- **East Coast:** Campaign for Working Families (Philadelphia, PA)
- **Midwest:** Cuyahoga EITC Coalition (Cleveland, OH); Accounting Aid Society (Detroit, MI); Assets Independence Coalition (Lansing, MI)
- **South:** Foundation Communities (Dallas, TX)
- **Pacific Northwest:** United Way of King County (Seattle, WA)

Prosperity Now presented the interviewees with a common list of questions to understand each organization’s relationship with its local government, sources of funding and in-kind donations, potential financial stability service offerings, level of involvement in advocacy, relationships with other local partners and evaluation practices. Below is an abridged list of questions asked of all interviewees.

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<td>1. Share the history and evolution of the partnerships you have with the city and the county and other partners.</td>
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<td>2. Has the city/county’s support enabled you to provide services you otherwise would not be providing?</td>
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<td>3. What percent of your overall program budget is funded by the city and/or county? Does the city and/or county provide in-kind services?</td>
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<td>4. Does your mayor have his/her own EITC campaign, and if so, is VITA included in the outreach campaigns?</td>
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<td>5. How has the number of EITC eligible clients changed over the years?</td>
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<td>6. What are the largest challenges you face in increasing EITC take-up at your site?</td>
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<td>7. What metrics do you use to evaluate success, and how does with align with or differ from the metrics used by your funders?</td>
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<td>8. Do you take part in advocating for state EITC increases or VITA funding?</td>
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<td>9. What impact have your partnerships with local organizations had on your services or service delivery?</td>
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<td>10. If you had a wish-list for items or services that would best serve your VITA site, what would be on it?</td>
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During the same time period, the EITC Funders Network identified four funders with which to discuss the ways private philanthropy works with the public sector to support EITC outreach and VITA. The Network’s researchers selected the four organizations based on (1) their connections to a wide range of charitable entities in a variety of locations, and (2) geographic alignment with the VITA practitioners interviewed, when possible. Below are the four types of funders interviewed and the institutions that were interviewed to represent each.

- **Operating Foundation**: Golden State Opportunity Foundation (Los Angeles, CA)
- **Financial Institution**: Third Federal Savings & Loan (Cleveland, OH)
- **Regional Foundation**: The Abell Foundation (Baltimore, MD)
- **United Way**: United Way of Greater Philadelphia and Southern New Jersey (Philadelphia, PA)

Below is an abridged list of topics discussed with all interviewees.

1. Describe your role in your respective public-philanthropic collaboratives including how the relationship began, how the collaboration evolved, and what the work looks like on a practical level.
2. Discuss how this work fits into your organization’s overall mission.
3. Explain the reasons that you believe both philanthropic and public-sector contributions are essential to helping more families access the EITC in free and low-cost settings.
4. Name any lessons learned from collaborating with the public sector and any advice you have for other private funders based on your past experiences.

Prosperity Now and EITC Funders Network staff communicated throughout the interview process, keeping abreast of interview progress and initial findings. In October 2017, both organizations’ respective findings were combined, and the organizations came together to discuss ways to jointly share the findings from our research. Ultimately, we decided that the distinct findings and audiences for which they would be useful warranted the publication of two separate reports, but that each report should be shared in conjunction with the other because both sets of findings ultimately offer critical insights.

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**Cuyahoga EITC Coalition (Cleveland, OH)**

The Cuyahoga EITC Coalition started in 2005 as part of the IRS Volunteer Income Tax Assistance program to help low-wage workers increase their income with refundable tax credits. The Coalition serves families, individuals and seniors from across the County at 25 tax preparation locations. The Coalition was started in response to the IRS-proposed EITC precertification requirements that would have required certain non-traditional households (e.g., grandparents and single fathers with custody) to produce documents that are difficult to obtain prior to filing for the EITC. The Coalition hoped to either help their clients pre-certify or fight the requirements. After the proposed requirements failed to pass, the Coalition continued providing high-quality, free tax preparation services; offering financial counseling services; and advocating for policies and practices that promote the economic well-being of all workers. The Coalition receives about half of their funding from Cuyahoga Job and Family Services, a division within the Department of Health and Human Services. The remaining expenses are funded by local financial institutions, United Way of Greater Cleveland and the IRS.

**The County has been a strong partner to the Coalition from the onset.** Cuyahoga County is one of the original founders and the first funder for the EITC Coalition, and has remained incredibly supportive and engaged. The County sends mailings about filing for the EITC to households that receive TANF. It also hosts two tax sites in their service centers and provide feedback about the quality of tax preparation services by sending out auditors and secret shoppers. At the onset of each tax season, the County sends out a press
release promoting the Coalition’s Super Saturday events and the program overall. The County is also a great source for volunteer recruitment. The City of Cleveland lends its support in less direct ways than the County. Mainly, the City issues proclamations about the Coalition’s services, adds the Coalition’s logo to fliers and provides free marketing in their newsletters. Having the City’s support helps add credibility to the VITA program and assures clients that they are dealing with a viable, trustworthy organization. The Coalition has also found that having councilmembers visit the sites is very helpful for maintaining volunteer morale and retention. This is especially important because as unemployment has been improving, sites are finding it a bit more difficult to recruit and retain volunteers—though the volunteers they do have are more committed than ever.

The Coalition cannot do what it does without the active involvement of partners in the community. The Coalition has found that having a connected community of services and sites that clients visit for more than just tax preparation allows clients to access more services than just tax preparation. For example, the Coalition has a solid relationship with immigrant services organizations which also provide translation services throughout the tax preparation process. When the hosting organization is just opening the doors to VITA volunteers, this can be very effective for completing taxes but there a limitation to the number of additional financial services the client is exposed to or offered.

The Coalition has a strong focus on increasing EITC uptake, but it would be misguided to gauge their success on this metric alone. The Coalition found that in their first year of operating, the percentage of tax filers claiming the EITC was the highest. Although the number of EITC filers has increased year after year, as a percentage of overall returns completed, this number declined before plateauing at about 31% for the last several years. This can be attributed to several factors, particularly the departure of several AARP tax preparation sites from the city. As a result, elderly clients who are eligible for VITA services due to their low income have turned to the Coalition’s sites, but they are not eligible for the EITC because many of them are retired. The clients have a 60% return rate and 96-98% of survey respondents state that the service is “good” or “great.” However, because of the refund delay last year, the Coalition noticed a decrease in EITC filers and heard anecdotally that former clients turned to paid tax preparers for Refund Anticipation Loans and Checks.

Campaign for Working Families (Philadelphia, PA)
The Campaign for Working Families, Inc. (CWF) was organized in 2003 to help working families achieve economic empowerment by providing free tax preparation, access to savings products, help with credit counseling, financial education, information about public benefits and referrals to other community services. There are currently fifteen sites in southern New Jersey and twenty sites in Philadelphia, but CWF is in the process of switching to a “super-site” model with a central location for completing taxes. Last year, the Campaign coordinated 37 sites with 880 volunteers, putting $46 million back into the community. CWF sends out postcard mailings each year; last year, they mailed two and this year they are aiming to send three with news updates, such as information about the refund delay and reminders to clients to gather their documents early. The City of Philadelphia provides about half of the overall funding for CWF’s VITA program. The United Way provides approximately a quarter of the program’s funding, and the remaining funds come from banks, the IRS and a state government agency.

CWF attributes much of their success to the City of Philadelphia’s support. Fortunately, the city council recognizes the value of VITA and EITC, and they contribute funding for marketing as well as general funding. The city lists all the CWF tax sites on their website and funds street teams and bus advertisements. They hope to continue to work with the city in aligning branding so that consumers more readily associate the city’s advertising with their services. Over the years, the amount of funding CWF received from the city’s Department of Revenue has increased and, in turn, the city has expected the organization to complete greater numbers of tax returns. Hitting the target of 25,000 Philadelphia resident returns can be challenging,
especially since it requires more resources for marketing and communications. CWF also receives funding from the United Way of Greater Philadelphia & Southern New Jersey. Sun National Bank provides space for three tax site locations and their IT and management staff volunteer as greeters.

**The United Way of Greater Philadelphia and Southern New Jersey’s investment in expanding CWF’s services essentially “saved the organization.”** The United Way approached CWF to cover Southern New Jersey in addition to Philadelphia—an arrangement which essentially “saved the organization” when they were in desperate need of funds. The United Way’s financial investment has increased annually over the last three years, which has led to more VITA sites spanning a larger geographic area.

**CWF continues to think bigger and look for more opportunities.** CWF is hoping to create other partnerships that will allow them to service clients who have a more difficult time leaving their neighborhoods or feel unsafe doing so. Their goal is to find the funding to revive their mobile team operation, using that method to deliver services deeper into the underserved communities. CWF is currently partnering with Clarifi to provide credit counseling services at VITA sites. During the upcoming tax season, CWF will partner with the state treasurer’s office to educate clients about creating 529 and ABLE accounts to promote tax-advantaged savings for education and disability expenses, respectively. Finally, CWF has partnered with Enroll America to increase health care enrollment.

**There are continuing changes in volunteer and client trends.** Similar to other organizations that depend on volunteers, CWF has noticed a decrease in volunteers since the economy improved, but the volunteers they do have tend to be more dedicated and have a higher retention rate. The percentage of clients who are eligible for the EITC has increased over the last three years; the current rate is 41%, compared to 38% last year and even lower the year prior.

For more information, read a [2004 Brookings paper about CWF](#).

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**Foundation Communities (Dallas, TX)**

The Dallas Community Tax Centers, part of Foundation Communities, offer free tax preparation services to assist low- and moderate-income families in North Texas reach financial stability. Since 2010, Foundation Communities has prepared over 78,000 tax returns and continues to operate the majority of the VITA sites in Dallas. The Dallas Community Tax Centers receive approximately 34% of their funding from the City of Dallas, with the remaining funds coming from the IRS and other private foundations. The City initially prioritized increasing EITC uptake, but more recently, they have been focused on increasing savings for their clients by helping them save portions of their refunds and avoid payday and high interest loans.

**Word of mouth is still the most effective means of marketing.** Foundation Communities has attempted to expand their clientele by different means such as posting on social media and advertising on the radio. The radio spots were not nearly as effective as they had hoped, however, and word-of-mouth is still the most effective.

**There has been a noticeable decline in the number of EITC-eligible clients.** In recent years, the organization’s EITC uptake rate was much higher: approximately 30% initially and now 25%. Starting with a relatively high uptake rate has been difficult to explain to funders, since many public and private funders expect their financial support to lead to a direct increase in uptake rates even though it’s challenging to improve upon an already-high number. They believe that the refund delay partly explains the decline in EITC-eligible clients during the last tax year, since many of them potentially opted for Refund Anticipation Loans. On the plus side, their client retention is very strong. The organization credits their dedicated volunteers for having such high client retention, because the clients feel comfortable meeting with the same volunteers every year.
Foundation Communities stated that given the size of the city and the depth of Dallas’ poverty, the 12,000 returns it completes is only a drop in the bucket and that completing more returns will require more funding. Funding is especially important for resources such as laptops, printers and dedicated office space that practitioners can use without relying on partners. Resources for training volunteers, such as creating a training video that volunteers can watch repeatedly for refreshers, would also be helpful.

Accounting Aid Society (Detroit, MI)

Accounting Aid Society is a VITA program that’s been offering tax and financial services to taxpayers and small businesses in Detroit and southeast Michigan for the past 45 years. In 2017, Accounting Aid Society provided 42,000 services totaling $28 million back to the community. They maintain a diversified portfolio in terms of funding, with funding coming from local corporations, the IRS, the United Way and occasionally from the City of Detroit. The organization’s activities span more than just tax preparation; they also provide legal assistance to low-income individuals who are facing issues with the IRS, provide financial counseling based on clients’ goals and help small businesses become more financially stable. They also participated in state-level advocacy to protect the state EITC from further cuts.

Accounting Aid Society is fortunate to have champions at the municipal level who understand and value their services. The City of Detroit has helped promote their services by holding press conferences, creating an advertising video, hosting a tax site at a municipal office, and having an EITC outreach campaign. The City also works with a larger working group that includes the United Way for Southeastern Michigan, Bloomberg Associates and the Community Economic Development Association of Michigan (CEDAM). The Oakland County Treasurer also hosts a tax site and distributes fliers about VITA.

The organization’s biggest challenges stem from capacity. Accounting Aid Society’s staff is often tasked with finding new funders since most of their grants are only for one year. Having multi-year grants would allow them to focus more time on their services rather than looking for funding sources. Healthy partnerships with funders also requires a clear understanding of the resources required for specific services. For example, funders may mistakenly assume that the organization does not need as many full-time staff members because of their large volunteer base. Other needs include technology such as laptops and printers and volunteers with existing tax knowledge. Further, because of Michigan’s unique homestead and heating tax credits, the organization receives many clients who do not need to file a federal or state tax return, but need the services anyway to receive these unique credits. As such, Accounting Aid Society spends a lot of energy providing services for these clients and promoting the Home Heating credits before the yearly cutoff.

Asset Independence Coalition (Lansing, MI)

The Asset Independence Coalition (AIC) was established in 2004 with the purpose of bringing together resources and the community to help families in mid-Michigan gain greater financial stability. The Coalition provides free tax preparation services for mid to low income families in Eaton, Ingham, and Clinton Counties. They also partner with community organizations and hold an annual “Show Me the Money Day” with workshops about strengthening financial capabilities. Their funding sources are the IRS, the three counties they serve, foundations including Our Community Foundation and the Capital Region Community Foundation, and local financial institutions.

AIC relies heavily on support from local government. The Ingham County Treasurer provides invaluable in-kind support in the form of year-round administrative offices and utilities. The City of Lansing was an initial organizer of the program and supportive from the very beginning, partially because of the assumption that VITA services could help increase city income tax compliance. The City Manager and City Treasurer co-
chaired the VITA coalition and kept the Mayor informed about and engaged with VITA. The County Treasurer was also supportive of VITA because of its ability to help taxpayers avoid foreclosure, since many VITA clients used their tax refunds to pay property taxes. Additionally, at least half of all VITA clients are eligible for the property tax credit which also helps homeowners from being delinquent.

**AIC is exploring new strategies to serve rural communities** through remote VITA locations. One of their biggest challenges is understanding how to reach sparsely populated areas with the greatest need. The organization plans to create VITA drop-off sites in five underserved communities at which trained volunteers will compile and upload clients’ documents to a secured server for processing at a central location. The VITA site previously offered financial counseling services onsite but has since discontinued offering additional services due to underutilization and limited staff and volunteer resources.

The organization struggles to recruit, train and maintain volunteers but they have a solid volunteer base from Michigan State University. The University built a student organization centered around VITA volunteerism. However, students naturally leave after about three years of service upon graduation (though many continue to volunteer at VITA sites wherever they move). Currently, they have more student volunteers than community volunteers.

AIC states that VITA is a great municipal conduit and forum for outreach about property tax credits, the EITC and LIHEAP. That said, the refund delay had a severe impact on the number of EITC-eligible clients who used their services this past year. While some repeat clients stayed with them, many more seemed to turn to paid tax preparers.

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**United Way of King County (Seattle, WA)**

The United Way of King County is a major funder and also provides vital human services to residents of the greater Seattle area. It supports a variety of social services with the goal of fighting poverty and strengthening communities. In addition to tax preparation, the organization also works to end homelessness, promote childhood education and reduce hunger. The tax preparation part of the organization has grown since it first began in 2003. In 2017, the United Way of King County prepared 22,700 tax returns, returning $30.5 million to taxpayers’ pockets.

**United Way of King County partners with a variety of local government agencies, charitable organizations and service providers.** The City of Seattle is a main source of funding, while King County service providers and government agencies provide outreach support. The City’s funding mostly covers site manager pay, overhead and other operational costs. Children’s advocacy groups have also approached them because of the understanding that EITC helps improve child outcomes. United Way of King County is working with hospital providers to send out direct mailers about VITA to their patients and explored having tax preparation services at their clinics. Partnering with service providers that clients already trust in the community is especially helpful. The United Way holds a one-day event with the Hearing, Speech & Deaf Center and hires translators and interpreters to provide services for the hearing-impaired. The organization also partners with refugee and immigrant center service providers.

Increasing EITC uptake is a main driver of the campaign. In fact, it was initially called the EITC Campaign, but the name was changed because it caused confusion about what services the group provided. The organization still provides some foundational education about the EITC, but now also focuses on highlighting the free tax preparation services available to low- and moderate-income earners. Brookings data shows that 41% of EITC filers in King County are paying to have their taxes prepared. The group also engages in advocacy to support federallevel VITA funding. The United Way collaborates with other VITA programs in Washington and connects with peers through various conferences.