



*Asset Formation Initiative*

## **VITA - MORE THAN TAX PREP**

**COMMUNITY ACTION AGENCIES  
PROMOTE ASSET FORMATION BY INTEGRATING  
ADDITIONAL SERVICES WITH THE EITC  
AT VOLUNTEER INCOME TAX ASSISTANCE SITES**

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**Sandra Venner**



**Institute on Assets & Social Policy**  
The Heller School for Social Policy and  
Management, Brandeis University  
<http://iasp.brandeis.edu>

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Sandra Venner

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### **Massachusetts Association for Community Action (MASSCAP)**

The Massachusetts Association for Community Action (MASSCAP) is the statewide association of the 24 Community Action Agencies (CAAs) in Massachusetts. CAAs were created 40 years ago under a federal mandate to combat poverty. Since their inception, CAAs have evolved into multi-service agencies which assist tens of thousands of individuals and families each year. MASSCAP's mission is to enhance the abilities of CAAs to assist low-income and working poor families and individuals across Massachusetts in their efforts to gain needed services and to attain economic self-sufficiency. The 24 CAA Executive Directors make up the Board of Directors of MASSCAP and develops policy and program initiatives at the state and federal levels.

**MASSCAP**, 105 Chauncy Street, 3rd Floor, Boston, MA 02111  
Phone: (617) 357-6086 <http://www.masscap.org/>

### **Institute on Assets and Social Policy (IASP), Brandeis University**

The Institute on Assets and Social Policy is a research institute at the Heller School for Social Policy and Management at Brandeis University, dedicated to promoting a better understanding of how assets and asset-building opportunities improve the well-being and financial stability of individuals and families left out of the economic mainstream. IASP pursues its mission through original research, policy analysis, program evaluation, technical assistance, community engagement, organizational capacity building, and leadership development.

**Institute on Assets and Social Policy**, Heller School for Social Policy and Management  
Brandeis University, 415 South Street, Mailstop 035, Waltham, MA 02454  
Phone (781) 736-8685 <http://iasp.brandeis.edu>

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## EXECUTIVE SUMMARY

### **The Initiative**

In 2006, MASSCAP (Massachusetts Association for Community Action) implemented a multi-year plan to expand asset formation opportunities for low-income people in Massachusetts through a coordinated and assertive strategy. The goal of this initiative is to more effectively help low-income people attain sustainable economic self-sufficiency by expanding the capacity of the statewide network of Community Action Agencies (CAAs) to provide asset formation services.

The first report on the initiative, *Achieving Greater Financial Stability*, examined the instrumental role of the Earned Income Tax Credit (EITC) and financial education in advancing economic security in low-income households as the core of asset formation efforts at CAAs. This study found that many EITC recipients are achieving greater financial stability by using their tax refund to cover everyday expenses, pay off debt, and begin to invest in the future.

To further promote integration of asset formation efforts into overall service delivery, six CAAs piloted provision of free tax preparation services coupled with access to other financial and support services during the 2010 tax season. This model is referred to nationally as Super VITA (Voluntary Income Tax Assistance) sites. Super VITA sites promote asset formation by linking clients to services that complement VITA sites such as financial coaching, credit counseling, and access to public benefit programs.

This report examines the support and financial services best suited for CAAs to offer in conjunctions with tax preparation services and effective service delivery. Site visits were conducted at two sites and all of the Super VITA site coordinators were interviewed at the end of the tax season. In addition, tax filers who had received additional services through contact with the Super VITA sites were surveyed at four of the participating pilots and contacted for follow-up interviews to better understand the benefits from the availability of additional services and their experiences in receiving these services.

### **Study Results**

Each of the six CAAs participating in the study faced certain limitations in design and scope and needed to modify their Super VITA site operations to accommodate available physical space and budgetary allowances for staffing. Factors that appear to have the greatest impact on success were a thorough intake process, a skilled site coordinator with sufficient time to attend to additional services, and adequate physical space for separation of functions.

It was found that those receiving additional services and responding to the survey present a different demographic profile than the recipients of EITC who were previously surveyed for this initiative. While the EITC recipients share characteristics similar to the general population receiving services from the CAAs, it appears that efforts to offer additional services linked to tax preparation provide an opportunity to reach people not as likely to be already connected to the agency and not among the traditional target population for VITA outreach that is associated with promotion of EITC. These recipients were more likely to be male, over age 45, and not to have dependent children present in the home.

Those receiving additional services sought access to programs that support basic needs, with almost one-quarter applying for fuel assistance and/or accessing SNAP (food stamps). Many were also interested in taking advantage of financial opportunities, such as direct deposit of the tax refund into a bank account, checking credit scores, and obtaining information on how to increase next years tax refund.

Examining the interest in additional services by age group and household type results in somewhat different findings. Respondents age 45 and older were more likely to seek computer or job training, information on how to increase their tax refund, and assistance with direct deposit than their younger counterparts. On the other hand, they were distinctly underrepresented in proportion to their numbers in seeking assistance with eligibility for SNAP and health insurance. Although individuals in households without children more commonly sought additional services than their counterparts, they do not appear to have received multiple services at the same rate with especially notable low levels of applications for fuel assistance.

Overall, recipients of additional services reported that the opportunity to access these services at the time of tax preparation was very helpful. The greatest degree of satisfaction was reported for help with direct deposit of the tax refund. Many service users highly rated the helpfulness of being able to apply for the fuel assistance and SNAP (food stamps) as did those who were assisted in checking their credit score or given information on how to increase their tax refund next year. Follow-up interviews showed that general satisfaction levels remained high, however, several of those who sought services involving a separate application process encountered difficulties with paperwork requirements and are still in the process of applying or have given up.

## **Recommendations**

The success of CAAs' integration of asset formation services has resulted in many people who are already familiar with some of the services provided by the agency using the VITA tax service. But Super VITA sites also create the opportunity to reach low- and moderate-income people who do not traditionally turn to CAAs or who are newly experiencing need for financial assistance due to the downturn in the economy, such as

older adults and households without children. As importantly, CAA Super VITA sites create the opportunity to engage tax filers in discussions regarding the importance of credit scores, managing their finances, and maximizing their tax refund, and they provide convenient access to financial services that can increase future savings.

This study demonstrates that many factors come into play when attempting to function as a Super VITA site. Specific recommendations for an effective Super VITA site include:

Customize outreach activity to draw attention to additional services available at the VITA site and target outreach to non-traditional clients and non-EITC recipients, such as males, older adults, and households without children.

Communicate availability of agency resources through knowledgeable staff at intake or the site coordinator or on-call CAA staff to answer questions about services and pre-screen applicants for SNAP (food stamps), fuel assistance, computer and job training, and other services.

Create an asset formation environment by having easily accessible handouts that can be distributed to people when doing their taxes that emphasize asset building strategies and credit/money management solutions.

Assist with money management by having a trained person meet one-on-one to help do budget planning and credit checking and to introduce the opportunity for one-on-one financial coaching or financial education courses right after tax season.

Help maximize tax return by training tax preparers to discuss and assist with direct deposit, splitting refund between checking and savings accounts or purchasing U.S. Saving Bonds, and suggesting ways to increase next year's tax refund.

Increase workforce development opportunities by partnering with their local One Stop Career Centers or other workforce development networks to provide information about jobs, education and skills training opportunities for people using the Super VITA sites.

## INTRODUCTION

### The Initiative

In 2006, MASSCAP (Massachusetts Association for Community Action) implemented a multi-year plan to expand asset formation opportunities for low-income people in Massachusetts through a coordinated and assertive strategy involving the statewide network of Community Action Agencies (CAAs) and contributing partners. Expanding the capacity of the state's CAAs to provide asset formation services is seen as critical to more effectively help low-income people attain sustainable economic self-sufficiency.

The goal of MASSCAP's Asset Formation Initiative is to help CAAs to launch new programs or to significantly expand existing ones that create opportunities for low and moderate income families to begin to build assets. MASSCAP's approach to meet this goal is based on a model that offers a continuum of asset formation services, with free tax preparation and financial education at its core. Through this initiative MASSCAP has successfully aided all 24 CAAs in launching or expanding free tax preparation sites which collectively process about 14,000 tax returns per year. Many of the CAAs also offer financial education and Individual Development Account (IDA) programs.

Funding from The Boston Foundation has provided resources to conduct an assessment of the asset formation initiative in partnership with the Institute on Assets and Social Policy (IASP) at Brandeis University a leading research center in the asset field. The Institute's work builds on an understanding that assets play a unique role in poverty reduction by providing a foundation for financial stability and economic mobility. The knowledge acquired through research and program evaluation is extremely valuable for sustainability and continuous improvement of asset formation services provided by CAAs and other community-based organizations.

The study findings from the first two years of the Asset Formation Initiative are reported in *Achieving Greater Financial Stability*.<sup>1</sup> This report examines the instrumental role of the Earned Income Tax Credit (EITC) and financial education in advancing economic security in low-income households and becoming the core of asset formation efforts at CAAs.

Most recently, to further achieve integration of asset formation efforts into overall service delivery, six CAAs piloted provision of free tax preparation services as a vehicle to increase access to other financial and support services. Across the country, sites that couple access to other services with tax preparation have come to be referred to as Super VITA (Voluntary Income Tax Assistance) sites. This report examines what support and financial services are best suited for CAAs to include with tax preparation services and how these services can most effectively be delivered.

## **Need and Challenge**

Since 2000, the official poverty rate in Massachusetts had declined slightly then risen again to 10% or 650,000 people in 2008, as economic times worsen. The percent of children in poverty was 12% or approximately 172,000 poor children<sup>2</sup>. This percent is much higher for certain minority groups with 40% of Latino and 28% of African American children living in poverty.<sup>3</sup> At the same time, Massachusetts has been found to have between the seventh and the fourth largest income disparity in the nation in the last few years.<sup>4</sup> This phenomenon exists primarily due to stagnating or declining wages for those at the bottom of the wage scale, while incomes for the top 5% have almost doubled over the last two decades.<sup>5</sup>

Focus on the importance of sustaining financial stability has highlighted the issue of asset poverty. Over half of all Massachusetts families do not have an asset safety net as defined by asset development research; that is sufficient resources to maintain their households for three months of essential (and reduced) living expenses if wage income is lost. Further, for African American and Latino families, asset poverty characterizes a large majority of their community.<sup>6</sup>

IASP examined the asset profile of very low and low-income Massachusetts households in a study for the Massachusetts Asset Development Commission. Using U.S. Census data, IASP found that among very low-income (under \$22,000) households, the financial asset base is very weak, with little or no safety net.<sup>7</sup> Typically, this population is employed serving food, washing dishes, caring for others' children, selling goods, and as cashiers. Work may be intermittent and their financial status may be such that at times they experience housing insecurity, even homelessness. The picture is improved slightly for low-income households (between \$22,000 and \$37,000). While almost half own their own homes and have nominal net financial assets,<sup>8</sup> this provides virtually no safety net to tide them over in the case of a personal or health crisis, or layoff. This group is typically employed in such occupations as service representative, janitor, wait person, and office clerk. They live on the margins of income poverty and, for all practical purposes, are asset-poor.

## **Importance of Asset Formation**

Assets are a combination of resources that enable people to take control of their lives and participate in society in meaningful ways. Assets are investments in various forms that hold value over time. They include financial resources (e.g. savings, 401k accounts, individual retirement accounts, equities), material possessions that have monetary value (e.g. a house, an automobile, or a small business), and investments in non-tangible assets (e.g. such as education, training, and development of social networks). Families need both income and assets to be economically secure. While income is what families use to cover daily living expenses (often along with credit), assets are what families use to



move ahead directly and by leveraging those assets for education, small business investment, and development of networks and community, and to transfer opportunity to the next generation.<sup>9</sup>

**Families need both income and assets to be financially secure. While income is what families use to cover daily living expenses, assets are what families use to move ahead and leverage the transfer of opportunity to the next generation.**

Building assets strengthens families and communities. Assets contribute to an improved future orientation by increasing individuals' confidence in their abilities to save and intentions to save which promote longer-term investments and more careful planning of resources.<sup>10</sup> Children achieve better in school, there is greater civic engagement in communities, increased security in retirement, and decreased family violence in low-income families accumulating assets.<sup>11</sup> Asset-holding appears to have positive effects on individuals' physical and mental health by helping

individuals manage unanticipated health costs and encouraging them to seek diagnoses and treatment and by reducing stress that can bring on, or exacerbate, health issues.

Earlier research for the initiative found that many EITC recipients are seeking financial stability by using their tax refund to pay off debt and begin to invest in the future. In 2007 and 2008, EITC recipients at CAA VITA sites were surveyed at the time of tax preparation and again about three months later. The Institute's two-year study of EITC recipients at CAAs offering free tax preparation services found that tax filers at these sites most commonly used the tax refund to cover everyday expenses, but it was also frequently used to pay off debt which looms large for many. While about two-thirds of recipients intended to save some of their tax refund, only about half that number reported actually being able to do so due to unanticipated expenses or the pressure of debt. For those who did save, the most frequent goals were to buy or repair a vehicle and for education for their children or themselves.<sup>12</sup>

### **Role of Super VITA Sites**

To further the development of integrated services and an asset-building environment at CAAs, the project piloted "Super VITA Sites" at CAA locations where low- and moderate-income people can receive on-site services that will help lead them toward asset development and economic self sufficiency. Across the country VITA centers have experimented with providing additional services, such as:

- Enrollment in public benefits programs including SNAP (food stamps)
- Assessment of needs and introduction to other services, such as job skills training or English as a Second Language (ESL)

- Opening a bank account or using Direct Deposit to put some of refund into savings
- Purchasing US Savings Bond
- Free checking of credit score and credit report and explanation of implications
- Providing debt counseling and consolidation plan assistance
- Signing-up for financial education programs
- Recruiting for participation in IDA programs
- Introducing to 529 college savings plan

Through experimentation and evaluation much has been learned about the effectiveness of providing additional services at the time of tax preparation. Strategies that have been found to improve the receptiveness to taking part in other asset building programs during tax time include: having a lead staff assigned; training all tax preparation volunteers on the benefits and services available; and expanding the use of technology for screening and tracking clients. Super VITA sites have found that services for tax filers should be simple with minimal requirements. Standardized systems should be established for workflow on site and referrals to other services off site.<sup>13</sup>

Experiences from around the country also teach that in attempting to increase ease of access to additional supports and to encourage greater participation in financial learning and sound financial services, site administrators should not lose sight of the fact that participants accessing the VITA sites have primarily come to have their tax returns prepared. (See Appendix D for overview of services options for Super VITA sites and Appendix E for case studies of successful Super VITA sites from around the country.)

## **Methodology**

In this phase of the MASSCAP Asset Formation Initiative, CAAs piloting Super VITA sites were asked to integrate at least two additional asset building or work support services (in addition to information and referral) at their tax assistance sites. To assist CAAs in developing the Super VITA sites, IASP conducted research on best practices and challenges experienced by established Super VITA sites and provided training to the participating CAAs. The project also incorporated the knowledge and findings from the prior two years of research aimed at improving financial education and the receipt of the EITC along with more intentional integration of asset formation into services at CAAs and other community-based organizations.

The Institute evaluated the effectiveness of the pilot sites by conducting surveys of tax filers using the additional services at the sites and follow-up interviews to assess the perceived value of the services. Site observations were conducted in two locations to gain greater insight into the response to services offered and the degree to which the availability was viewed as beneficial. The CAA VITA site coordinators were

interviewed to ascertain their observations and assessment of the process. The findings of this phase of the Asset Formation Initiative are summarized in this report to:

- Provide information for CAAs and other community-based programs on best practices for general operation of a Super VITA site
- Aid potential providers of Super VITA sites in assessing what resources and services are most beneficial for their users
- Assist Super VITA sites in anticipating challenges and developing solutions
- Inform best approaches to outreach and recruitment to maximize participation in the additional services and resources offered

## STUDY RESULTS

### CAA's Super VITA Site Models

The six CAA Super VITA pilot sites operate in diverse venues as do the other more than 12,000 VITA sites across the country. Although what distinguishes these six sites from many other VITA sites is their association with multi-service agencies located in the heart of low and moderate income communities. Like other CAAs across the country, the agencies originated from the Economic Opportunity Act of 1964 and have a long history of providing basic support and educational services to families and individuals living in poverty.

**What distinguishes the CAA Super VITA sites from many other VITA sites is their association with multi-service agencies located in the heart of low and moderate income communities.**

Under MASSCAP's Asset Formation Initiative, the focus of CAAs in Massachusetts has expanded to include services that will not only address immediate needs, but also aid families in reaching greater long-term financial stability and economic security. CAAs' efforts to integrate asset formation services, including VITA free tax preparation

and promotion of receipt of the EITC, into overall service delivery are in at least their fourth year. The success of this initiative is evidenced by the fact that all the Super VITA site coordinators reported that over half of the 2010 tax filers were current or prior recipients of CAA services.

The operation of Super VITA sites, with their emphasis on the addition of services to core tax preparation and the referral of VITA site clients to other appropriate services, exists in the context of Massachusetts' CAAs' operating principle of "no wrong door." CAAs seek to arrange a set of services for clients that are appropriate to their needs through central intake or comprehensive program-based intake. Either through a case

manager or through a system of internal and external referrals, the service system implemented by CAAs is marked by a holistic approach.

Massachusetts CAA VITA sites process about 14,000 tax returns total and are dependent on a blend of resources which can vary year-to-year. As with all their core services, CAAs rely on the Community Services Block Grant to provide underlying agency support. Additional federal funding was available in 2010 through the American Relief and Recovery Act (ARRA) which several pilot sites used to directly support their VITA services. In 2010, the pilots also received modest funding from grants from The Boston Foundation and Citizens Bank to operate Super VITA sites. In past years, the CAA VITA sites have received grants from the IRS and special funding from the HSS Office of Community Services and the state Department of Housing and Community

Development. Other sources of support may come from in-kind contributions of local financial institutions and city government. But the tenuous nature of year-to-year funding usually leaves the CAAs assessing prior to each tax season exactly what they can provide in both tax preparation and additional services.

The purpose of piloting Super VITA sites is to further promote asset formation by taking the integration of existing CAA services another step and linking clients to services that complement VITA sites such as financial coaching, credit counseling, and access to public benefit programs.

The six CAAs participating in this study each needed to modify their Super VITA site operations to accommodate available physical space and budgetary allowances for staffing, resulting in differing models that face not uncommon restrictions in design and scope. The CAAs were able to creatively overcome the challenges imposed by these constraints with differing degrees of success.

To ensure greater accessibility, all the Super VITA sites were open Saturdays and most offered late afternoon and evening hours. Below is an overview of the specific arrangements and services at the six sites and Appendix A provides a more in-depth description of the Super VITA sites operated by ABCD and VOC.

Action for Boston Community Development, Inc. (ABCD) (750 tax returns at two sites):

Two of its 14 VITA sites across the city of Boston participated in the pilot. At both sites, tax preparation was by appointment and included a pre-assessment regarding need for additional services and completion of a comprehensive intake form upon arrival. ABCD staff was available by appointment to provide information and application assistance for ABCD's youth employment, Head Start, ESL classes, and fuel assistance

programs. Tax filers could also make appointments to complete and submit applications for SNAP and Mass Health via the online Virtual Gateway. The program did not offer these additional services on site at the time of tax preparation because applicants may not have all the necessary information to complete the process. Private on-site credit counseling and credit check was provided at one site and both sites made referrals for financial coaching. Although both sites are located in neighborhoods with populations who typically experience higher levels of being unbanked or under-banked, the opportunity to open an account was not offered as there are several accessible banks nearby.

Valley Opportunity Council (VOC), Chicopee and Holyoke (760 tax returns): VOC 's tax preparation services were provided primarily by appointment, but walk-ins were taken, time permitting. At the Chicopee site, tax filers could apply for fuel assistance and WIC in offices in the same building during working hours. Applications for SNAP and Mass Health were available on site when the outreach worker was present or otherwise by phone. VOC's appointment scheduling process did not include a pre-assessment or discussion regarding the availability of additional services, or instruction to bring necessary application documents to the tax site. Staff was available for credit counseling on site or by follow-up appointment. A representative of a local bank was present most of the hours the site was open; 75 new accounts were opened at tax time.

Community Action! of Franklin, Hampshire, and North Quabbin Regions (460 tax returns): Tax preparation services were by appointment with intake conducted over the phone. Time permitting, sufficient intake inquiry was made to determine potential eligibility for other services. "First Call Rovers" (supported by special, one-time funding) contacted identified individuals to pre-screen eligibility for fuel assistance, WIC, SNAP, and other resources and make appointments to complete the process at time of tax preparation or separately. Materials on money management, tax tips, and financial education classes were available at the site and the Rovers were also available to discuss these topics, but not as frequently as planned.

Quincy Community Action Program (QCAP) (530 tax returns): Tax services were by appointment with initial intake over the phone. Space did not allow for delivery of other services on site, so at intake additional questions were asked to determine eligibility for SNAP, Mass Health, and other CAA services. Follow-up calls were made to answer questions and schedule separate appointments. On site Greeters and tax preparers also provided information on additional services and written materials were available. But the high volume of tax filers did not permit the site coordinator to approach tax filers about additional services as frequently as was intended.

North Shore Community Action Program (380 tax returns): At the time tax preparation appointments were made by an intake person, information was given to incoming tax filers on whom to contact regarding additional services based on indicators of need.

There is little evidence that many people acted on this information to inquire about services or schedule appointments. As the volume of tax services provided at the site maximizes use of available space, there was not sufficient privacy to discuss additional service needs at intake. This year the site coordinator needed to rely on inexperienced volunteers rather than agency staff and trained interns for tax services. These volunteers did not have the time or knowledge to provide information about additional services during the course of tax preparation.

Self-Help, Inc., Brockton (480 tax returns): All tax preparation services were on a walk-in basis. The CAA did not have sufficient staff dedicated to the program to make appointments and do advance intake. This year inexperienced tax preparer volunteers and technical problems limited time the site coordinator had to provide information on additional services. Agency staff was not available to process applications for fuel assistance and Head Start, or to pre-screen for SNAP and Mass Health, as intended.

It should be noted that all Super VITA site pilot coordinators reported that pre-tax season promotion and advertising did not include information about the opportunity for site users to access additional services at tax time. Most CAAs took advantage of flyers provided by their local EITC campaign and publicity from the state Department of Revenue and the IRS, all of which promoted the receipt of EITC as the draw to bring people to the VITA sites. The site coordinators hesitated to include with this promotional material information about additional services offered at the site not knowing if large numbers of tax filers would overwhelm their ability to offer these services and what demand to expect. Two exceptions to this lack of publicity focus were the media coverage that VOC received at its kick-off event, which provided an opportunity to emphasize the additional services, and presentations by ABCD on VITA that included references to the availability of additional services.

### **Profile of Recipients of Additional Services**

Tax filers who had received additional services through contact with the Super VITA sites were surveyed at four sites (ABCD, VOC, QCAP, and Community Action!) to better understand who benefits from the availability of additional services and their experiences in receipt of these services. A total of 49 tax filers completed the survey at the tax sites and 25 provided additional information when contacted for follow-up interviews two to three months later. (See Appendix B for complete responses.)

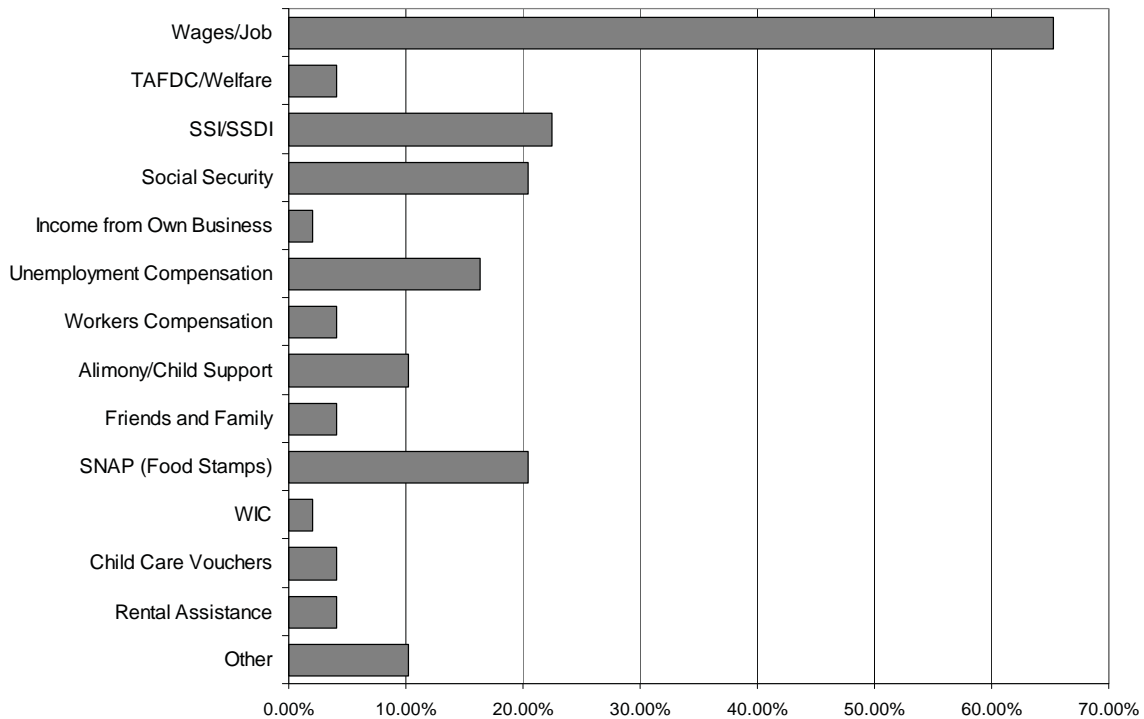
It was found that those receiving additional services and responding to the survey present a different demographic profile than the recipients of EITC who were previously surveyed for this initiative. While the EITC recipients share characteristics similar to the general population receiving services from the CAAs, it appears that efforts to offer additional services linked to tax preparation provide an opportunity to reach people not

as likely to be already connected to the agency and who are not the traditional target population for VITA outreach that is associated with promotion of EITC.

These recipients of additional services were more likely to be male (31% vs. 25% for EITC recipients surveyed), older, and not to have dependent children present in the home. Almost two-thirds (65%) were 45 years of age or older. Fifty percent live in single person households and 19% live in couple households with no children present. Fifteen percent of survey respondents were African American, 69% were white and 24% were Hispanic (any race).

As with the target population served by CAAs, the majority of recipients of additional services and responding to the survey were low and moderate income. Fifty percent had a total household income between \$10,000 and \$25,000. While almost two-thirds report wages as a source of income, additional significant income sources included SSI, Social Security, Unemployment Compensation and SNAP, probably both indicative of the typical age of the respondents and the current state of the economy. (See Table 1.)

**Table 1: Sources of Income**



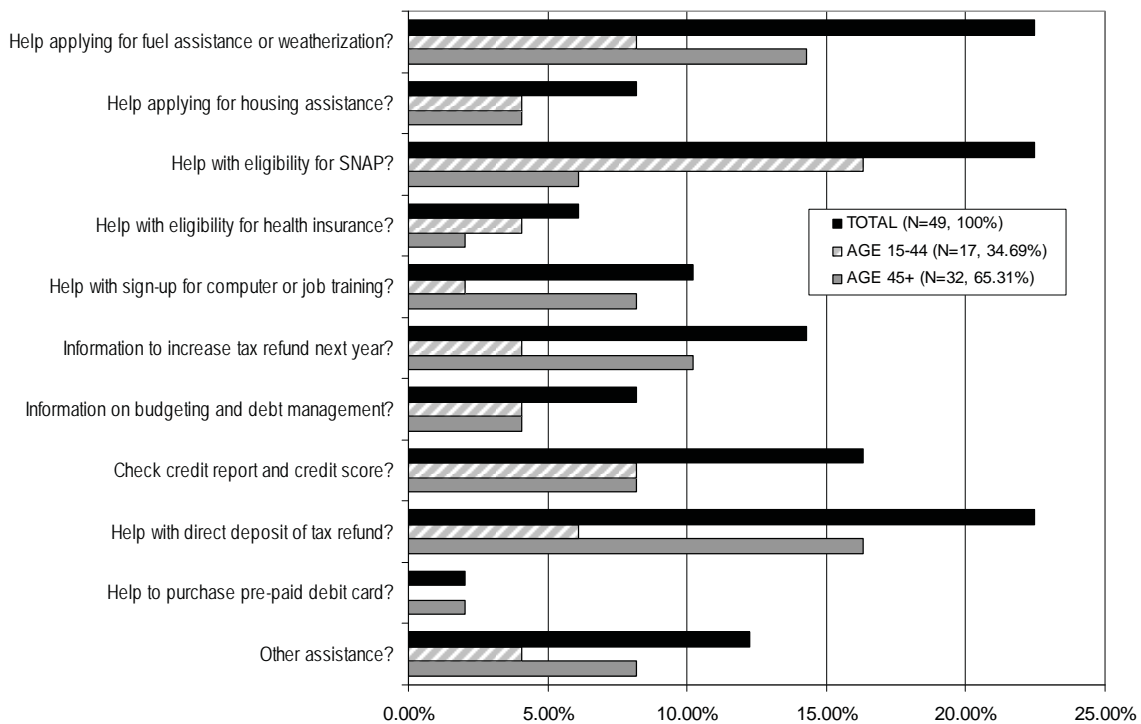
**Additional Services Received at Time of Tax Preparation and Prior Two Years**

Many tax filers receiving additional services sought access to programs that support basic needs, with almost one-quarter (22%) seeking to apply for fuel assistance and the same number seeking access to SNAP (food stamps). Many were also interested in

taking advantage of financial opportunities. Twenty-two percent of responding tax filers also had their tax refund directly deposited in a bank account to make it readily available. The next most frequently sought services were the opportunity to check credit scores and have it explained (16%) (service only offered at two sites) and to obtain information on how to increase next years tax refund (14%). (See Tables 2 and 3.) Note: There were 75 new bank accounts opened at the one Super VITA site with a bank representative present, but new account holders did not complete the survey.

Examining the interest in additional services by age group and household type yields somewhat different findings. Respondents age 45 and older were more likely to seek computer or job training, information to increase their tax refund, and assistance with direct deposit than their younger counterparts. On the other hand, they were distinctly underrepresented in proportion to the numbers seeking assistance with eligibility for SNAP and health insurance. (See Table 2.)

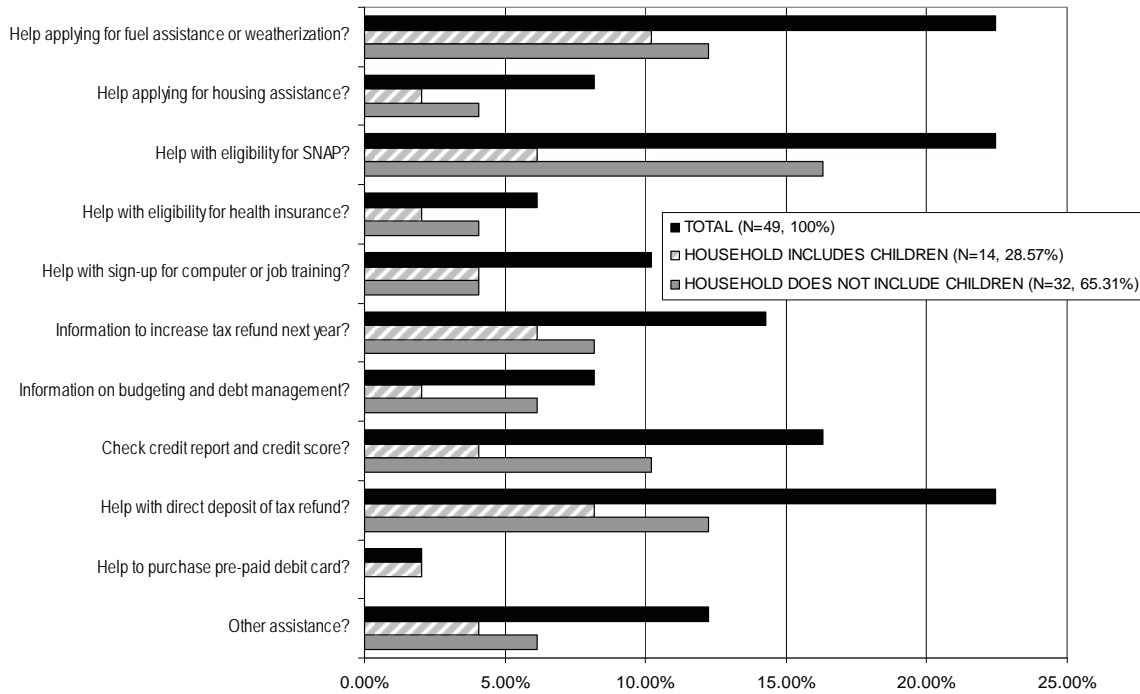
**Table 2: Receipt of Additional Services by Age**



Although individuals in households without children more commonly sought additional services than their counterparts, they do not appear to have received multiple services at the same rate. Only in seeking assistance with SNAP eligibility, information on budgeting and debt management, and check of credit scores are they represented in proportion to their numbers. Their notable low level of application for fuel assistance raises a question as almost two-thirds have income under \$15,000. (See Table 3.)

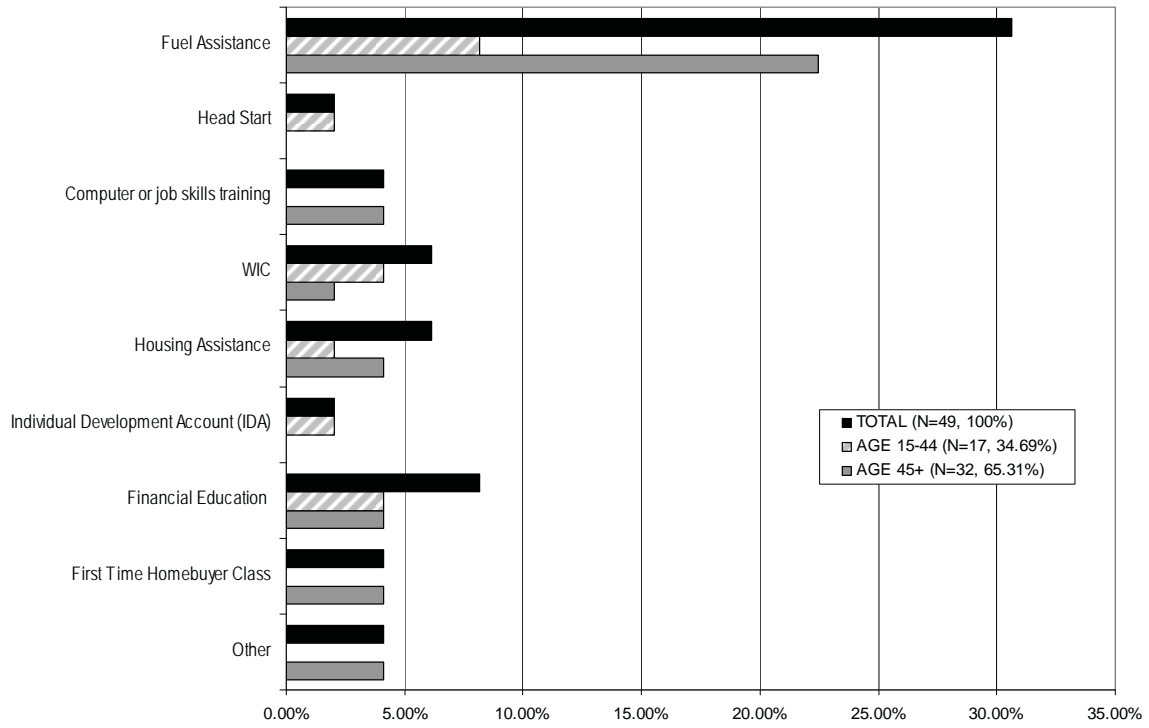


**Table 3: Receipt of Additional Services by Household Type**

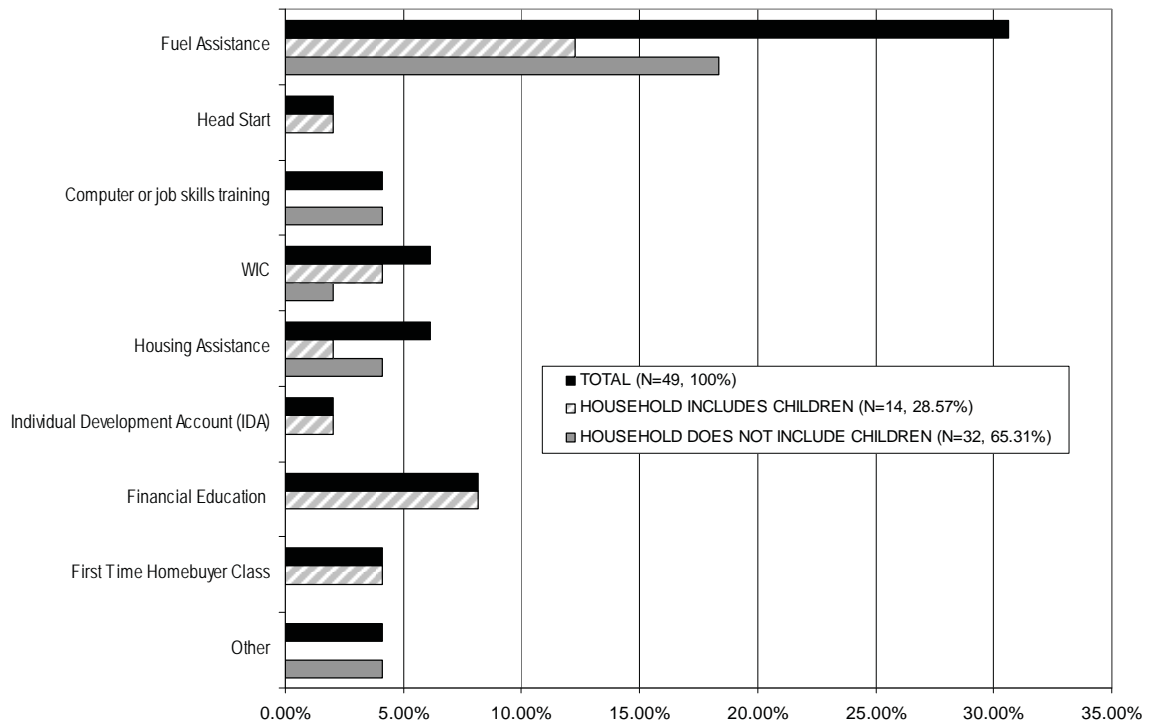


Nearly half (47%) of tax filers responding to the survey for those who received services at tax time reported recently receiving at least one other service offered by the CAA in the past. The most common services provided by CAAs that these tax filers reported receiving in the prior two years was fuel assistance. This was especially true for respondents age 45 and over. All the individuals reporting receiving computer or job training were age 45 or older and living in households without children. On the other hand, no one living in households without children reported receiving the asset formation services of financial education, IDA participation, or first-time homebuyers classes. (See Tables 4 and 5.)

**Table 4: Receipt of Past Services by Age**



**Table 5: Receipt of Past Services by Household Type**



## Results from Accessing Additional Services

Overall, recipients of additional services reported that the opportunity to access these services at the time of tax preparation was very helpful (78%). The greatest degree of satisfaction was reported for help with direct deposit of the tax refund (100% of users). Many service users highly rated the helpfulness of being able to apply for the fuel assistance and SNAP (food stamps) as did those who were assisted in checking their credit score or given information on how to increase their tax refund next year. (See Table 6 and Appendix B for complete interview responses.)

**Table 6: Reported Degree of Helpfulness of Services Received**

| How helpful was getting the service?           | Very | Somewhat | Not very | Not at all |
|------------------------------------------------|------|----------|----------|------------|
| Applying for fuel assistance or weatherization | 9    | 1        |          |            |
| Applying for housing assistance                | 1    |          | 1        | 1          |
| Checking eligibility for SNAP (food stamps)    | 9    | 1        |          |            |
| Checking eligibility for health insurance      | 2    |          | 1        |            |
| Signing-up for computer or job training        | 2    |          |          | 3          |
| Info to help increase tax refund next year     | 6    | 1        |          |            |
| Info on budgeting and debt management          | 1    | 3        |          |            |
| Checking credit report and credit score        | 6    | 1        |          |            |
| Help with direct deposit of tax refund         | 10   |          |          |            |
| Help to purchase pre-paid debit card           | 1    |          |          |            |

Twenty-five of the tax filers who were surveyed regarding receipt of additional services gave their consent for follow-up contact and were reached for a phone interview two to three months after having their taxes prepared. This provided an opportunity to learn what had subsequently transpired. While general satisfaction levels remained high, several of those who applied for services that involved a separate application process encountered difficulties with paperwork requirements and are still in the process of applying or have given up. For example, of the six people contacted who were assisted with a SNAP application, two are currently receiving services and four have not yet provided the additional documentation required or were found not to be eligible. Of the five people who reported applying for fuel assistance, three are receiving services, one needs to provide documentation from her second job, and one was deemed ineligible. More frustration was expressed by the two individuals who are trying to pursue computer training; one is uncertain if he got the right information and the other reports not receiving a return call to her inquiry. (See Appendix B for complete responses and Appendix C for more detailed accounts of the experiences of Super VITA recipients.)

### Quotes from Recipients of Additional Services

*"When I had my taxes done, it was suggested I go to the VOC career counselor as I was unemployed. He was very helpful. I now have a temp job, but if I lose it, I will go back to him again."*

*"I would have liked more information on housing assistance. I got a flyer when they did my taxes, but I want to talk to a person about it."*

*"I received some very useful information at the VITA site. I started a new savings account, learned how credit ratings and credit cards work, and got info on classes on budgeting. I also learned how to use mint.com and find it very helpful."*

*"My tax preparation went very smoothly. I would have liked some information about MassSave and how to get rebates for energy efficient appliances. I had to wait for the tax preparer so that would have been a good time to look through information."*

*"I learned about a few items that I can deduct next year, such as medical co-pays, from the person who prepared my taxes."*

*"I found the credit check to be very useful because I was denied credit and didn't understand why. I discovered I had an unpaid telephone bill!"*

*"When I was at the tax site, I would have liked someone to give me a quick overview of the other services the agency offers. I am interested in job search assistance and English classes."*

### CONCLUSION AND RECOMMENDATIONS

In the years since MASSCAP began its Asset Formation Initiative, substantial progress has been made by CAAs across the state in successfully linking new asset formation services to the more traditional poverty alleviation services and incorporating the concept of striving for greater long term financial stability and security into the overall service delivery approach. This is further exemplified by the fact that many of the tax filers coming to the Super VITA sites were already CAA service recipients. The high reported past use of CAA services by those seeking additional service confirms the observations of the VITA site coordinators that over half of those receiving assistance filing their taxes were current or former users of agency services.

Although CAA VITA sites will continue to serve many people who are already familiar with some of the services provided by the agency, Super VITA sites create the

opportunity to reach low- and moderate-income people who do not traditionally turn to CAAs or who are newly experiencing need for financial assistance due to the downturn in the economy. This study demonstrates that more older adults and households without children accessed the support services offered than those typically serviced by CAAs. As importantly, CAA Super VITA sites create the opportunity to engage tax filers in discussions regarding the importance of credit scores, managing their finances, and maximizing their tax refund, and they provide convenient access to financial services that can increase future savings.

This study also demonstrates that many factors come into play when attempting to function as a Super VITA site, and unanticipated complications can not always be overcome. Two models emerged from the CAAs participating in this pilot that demonstrated the most success in delivering additional services as planned and the greatest degree of positive tax filer receptivity. In one model thorough intake is conducted prior to tax filers arriving at the site so that separate appointments could be made to assist with additional services either at the site or at another time. another version of this model is to have a skilled intake person on site who is able to identify service needs and suggest how to access additional services or actually initiate the first step. The other model involves site operations organized in a manner so that the site coordinator or other agency staff has sufficient time to directly respond to interest in additional services or to provide sufficient information and direction to effectively link people with the requested resources.

Another significant factor contributing to successful provision of additional services is whether tax preparation is by appointment or solely on a walk-in basis. While all sites in the pilot processed more tax returns this year than in the past and sometimes this interfered with the delivery of additional services, the one that operated as a walk-in found that the increased traffic overwhelmed the intended plan for additional services. Physical space also has an important role in whether there is sufficient privacy for tax filers to comfortably engage in what could be sensitive conversations.

Another challenge faced by Super VITA site administrators is the tenuous nature of the year-to-year funding. Although the pilot CAAs have built VITA services into their core operations, they are depended on additional funding to provide added services. The uncertainty of funding levels as planning for the next tax season begins in the fall can cause site coordinators to be cautious about how ambitious they are in designing the scope of services for the Super VITA site.

Site coordinators identified several other factors that greatly impacted the ability to effectively deliver additional services. If taxes are processed by inexperienced volunteers rather than seasoned volunteers or agency staff, site coordinators are typically spending significant amounts of time addressing problems that arise and the tax preparers themselves are far less comfortable conveying information about additional services on

top of their responsibilities for tax preparation. Site coordinators also noted that at the beginning of the tax season it can be expected that there will be technical difficulties with the filing process that will demand their attention. The tax filers themselves commented that if problems such as these extend the time it takes to file their taxes, they are less inclined to want to stay longer to participate in additional services.

## **Recommendations**

In addition to the value of a thorough intake process, a skilled site coordinator with sufficient time to attend to additional services, and adequate physical space, recommendations for an effective Super VITA site include:

Create an asset formation environment: The training for tax preparers should include introduction to handouts that can be distributed to people when doing their taxes that emphasize asset building strategies and credit/money management solutions. (For this purpose, United Way of Massachusetts Bay and Merrimack Valley has developed a comprehensive set of fact sheets under the tag line “Smart Choices”.)

Communicate availability of agency resources: As a regular practice, CAAs should have staff present or on call that have in-depth knowledge of the agency’s services to answer questions about services and pre-screen applicants for SNAP (food stamps), fuel assistance, computer and job training, and other services.

Help maximize tax return: Train tax preparer to discuss and assist with direct deposit, splitting refund between checking and savings accounts or purchasing U.S. Saving Bonds, and to discuss ways to increase next year’s tax refund.

Assist with money management: To the degree possible, the site coordinator or another informed staff person or volunteer should be available to meet one-on-one to help do budget planning and credit checking and to introduce the opportunity for one-on-one financial coaching or financial education courses right after tax season.

Increase workforce development opportunities: The wages reported on a tax return can be an indicator of workforce development needs of people using the Super VITA sites. CAAs should partner with their local One Stop Career Centers or other workforce development networks to provide information about jobs, education and skills training opportunities for people using the Super VITA sites.

Customize Outreach Activity: While readily available outreach material emphasizing the EITC is useful, CAAs operating Super VITA sites need to generate their own promotional material and publicity to draw attention to additional services available at the site. Special effort should be made to reach non-traditional and non-EITC users, such as males, older adults, and households without children.

## APPENDIX A: CAA Super VITA Site Case Studies

### ABCD's Jamaica Plain Super VITA Site, Boston, MA

This Action for Boston Community Development (ABCD) VITA site is centrally located in the middle of the Jamaica Plain neighborhood, on the main street, amidst shops, restaurants and local businesses. It is open for tax preparation through the mid-day three days a week and accepts clients by appointment only. ABCD has operated VITA sites since 1991 and serves over 5,000 tax filers a year. (Note: Other VITA sites operated by ABCD around the city are open evenings and Saturdays.)

At reception, tax filers are given a form that asks what service they might need and what services they are already receiving. The waiting room is sunny and comfortable, and the walls are lined with flyers advertising classes, job fairs, opportunities to participate in medical research studies, YMCA programs, etc. There is also a computer with an internet connection in the waiting room for clients to use.

An intake worker conducts an initial interview to assess needs and informs the tax filer of any services that she might be eligible for, such as SNAP or fuel assistance. She suggests that the tax filer make an appointment to come back and apply for these programs. She also informs the tax filer that she can access her credit score and have it explained after her taxes are completed. Tax filers meet with an ABCD staff person or a VITA volunteer for tax preparation. The site can accommodate seven people having taxes processed at once, taking about 45 minutes to complete.

In a separate room, tax filers work with another volunteer to access their credit score, and have it explained along with receiving a fact sheet. This volunteer also gives budgeting advice if the tax filer requests it. Finally, if the tax filer wishes to return to apply for other services, an appointment is made through the receptionist to come back to complete an application or participate in a class, such as:

- Eligibility screening and application for SNAP and Mass Health through the Virtual Gateway
- Eligibility screening and application for fuel assistance
- Help with applications for housing assistance
- Access to year-round food pantry
- Transition to English class that meets in the summer
- Credit advising and information on debt management

## **VOC's Super VITA Site, Chicopee, MA**

The Valley Opportunity Council (VOC) in Chicopee, Massachusetts, has operated this VITA site for several years. The site is open some weekday late afternoons and evenings and Saturday mornings. Tax preparation is by appointment, although drop-ins are accommodated if the site is not too busy. About 760 tax filers were served in 2010 at this site and two others operated by VOC.

The Super VITA program operates out of a four-station computer lab in VOC's downtown office building. Most of the tax preparers are volunteers; many are college students. VOC has a partnership with two local colleges for students to get course credit for volunteering. Students who are studying accounting find participation in the VITA program to be very useful. VOC also has volunteers who have been working at this site for several years. The site coordinator is a full-time staff person.

When a client comes to the site, the site coordinator assigns the client to a tax preparer and assesses the client's needs. The tax preparation typically takes half an hour. If the site coordinator determines the tax filer would benefit from additional services, they are given the appropriate information or services.

### Support Services

- VOC has offices for fuel assistance and WIC on the same floor of the building. These offices are open on weekdays. If the tax filer could benefit from either of these programs, they are referred directly to the offices or urged to come back when the office is open.
- An outreach worker from SNAP is at the VITA site some of the time the site is open. She can assess a client's eligibility for SNAP and sign a client up for the program. When she is not there, she can be contacted to do an eligibility assessment over the phone.
- The site coordinator alerts clients to other programs that VOC offers, such as the Seniors Companion Program. If appropriate, tax filers are referred to VOC's career counselor, whose office is in the same building.

### Financial Education and Services

- If the tax filer does not have a bank account, they are advised to meet with the representative of a local bank who is on site. The bank offers checking accounts with no minimum balance and no ATM or checking fees, and a \$100 bonus to VITA clients who open accounts and use direct deposit for their refunds. Opening an account takes approximately fifteen minutes; the tax filer must have a driver's license and an address. Seventy-five new accounts were opened this year.
- The site coordinator provides credit counseling on site or by appointment. Information is also provided on VOC's financial education classes and one-on-one financial counseling.
- In 2010, the site also offered the Prepaid MasterCard from Advent Financial to provide quicker access to tax returns for those who do not have bank accounts for direct deposit.



## APPENDIX B: Survey of Special Services at Tax Time (49 responses) Follow-up Interviews (25 responses)

### A. SERVICES IN ADDITION TO TAX PREPARATION

1. Did you receive assistance or information about any of the services below while at the tax center, or were you contacted by the agency after filing your taxes to see if you wanted any of the services below? (Please choose all that apply.)

|    |                                                |    |                                                                                                                  |
|----|------------------------------------------------|----|------------------------------------------------------------------------------------------------------------------|
| 11 | Applying for fuel assistance or weatherization | 7  | Info to help increase tax refund next year                                                                       |
| 0  | Applying for WIC                               | 4  | Info on budgeting and debt management                                                                            |
| 0  | Applying for Head Start                        | 8  | Check credit report and credit score                                                                             |
| 4  | Applying for housing assistance                | 11 | Help with direct deposit of tax refund                                                                           |
| 11 | Eligibility for SNAP (food stamps)             | 1  | Help to purchase pre-paid debit card                                                                             |
| 3  | Eligibility for health insurance               | 0  | Help to purchase U.S. Savings Bonds                                                                              |
| 5  | Sign-up for computer or job training           | 6  | Other <u>“classes de English” “first time buyer” “food bank contact” “job search” “open up checking account”</u> |

2. If you received any of the services listed above, did you find it helpful to get this service when you filed your taxes or when you were contacted later? (Only answer for services you received.)

| How helpful was getting the service?           | Very | Somewhat | Not very | Not at all |
|------------------------------------------------|------|----------|----------|------------|
| Applying for fuel assistance or weatherization | 9    | 1        | ○        | ○          |
| Applying for WIC                               | ○    | ○        | ○        | ○          |
| Applying for Head Start                        | ○    | ○        | ○        | ○          |
| Applying for housing assistance                | 1    | ○        | 1        | 1          |
| Checking eligibility for SNAP (food stamps)    | 9    | 1        | ○        | ○          |
| Checking eligibility for health insurance      | 2    | ○        | 1        | ○          |
| Signing-up for computer or job training        | 2    | ○        | ○        | 3          |
| Info to help increase tax refund next year     | 6    | 1        | ○        | ○          |
| Info on budgeting and debt management          | 1    | 3        | ○        | ○          |
| Checking credit report and credit score        | 6    | 1        | ○        | ○          |
| Help with direct deposit of tax refund         | 10   | ○        | ○        | ○          |
| Help to purchase pre-paid debit card           | 1    | ○        | ○        | ○          |
| Help to purchase U.S. Savings Bonds            | ○    | ○        | ○        | ○          |

3. Were there any services that were **not available** at the time you were assisted with filing your taxes that would be helpful to you and others?

3 Yes, I would like to have available “classes de ingles” “computer classes” “help” “I need small business development assistance”

4. FOLLOW-UP INTERVIEW QUESTION: Was it helpful to receive additional services? What could have made the experience better? See attached

5. FOLLOW-UP INTERVIEW QUESTION: For those who were pre-screened for eligibility for financial assistance programs or applied for public assistance **Are you now participating in the program(s)? If not, why?** See attached

6. FOLLOW-UP INTERVIEW QUESTION: For those who received financial info on site (Smart Choices fact sheets, credit counseling, budgeting & debt management, etc) ask first question and appropriate follow-up **How have you used the information?** See attached

7. FOLLOW-UP INTERVIEW QUESTION: Did you get your refund? Do any of the funds remain? If so, what are your plans for the funds? See attached

8. Prior to coming in to file your taxes, did you participate in a financial education class to help you plan how to most effectively use your tax return?

4 Yes

42 No

9b. If yes, did you find it helpful to attend this class and why?“it is very helpful and she have good attitude and good listening” “to see where I stand” “yes the IDA savers program is great”

9. Which services have you used IN THE PAST TWO YEARS? (Please choose all that apply.)

|                                       |                                         |
|---------------------------------------|-----------------------------------------|
| 15 Fuel assistance or weatherization  | 3 Housing assistance                    |
| 1 Head Start/child care assistance    | 0 Small business development assistance |
| 0 Adult Basic Education               | 1 Individual Development Account (IDA)  |
| 0 English as a Second Language (ESOL) | 4 Financial education                   |
| 2 Computer or job skills training     | 2 First Time Homebuyer Classes          |
| 3 WIC                                 | 2 Other <u>taxes</u>                    |

10. Do you receive the Earned Income Tax Credit (EITC) last year **OR** are you eligible for it this year?

17 Yes

15 No

15 Don't know

## B. GENERAL INFORMATION

### 1. Gender:

- 15 Male
- 34 Female

### 2. In what age group are you?

- 2 15-24 years      12 45-54 years
- 6 25-34 years      14 55-64 years
- 9 35-44 years      6 65 + years

### 3. Do you have health insurance?

- 45 Yes
- 3 No

### 4. What best describes your household?

- 23 Single person
- 11 One Parent with child(ren)
- 3 Two Parents with child(ren)
- 9 2 or more Adults – no children
- 2 Other 1: "family household"

### 7. What was your total annual household income last year?

- |                     |                   |
|---------------------|-------------------|
| 4 \$0-4,999         | 3 \$25,000-29,999 |
| 4 \$5,000-9,999     | 4 \$30,000-34,999 |
| 10 \$10,000 -14,999 | 3 \$35,000-39,999 |
| 7 \$15,000-19,999   | 2 \$40,000-44,999 |
| 7 \$20,000-24,999   | 4 Over \$45,000   |

### 8. What were all your sources of income and support in the past year? (Please choose all that apply)

- |                             |                                                                                                                                              |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 32 Wages/job                | 5 Alimony/child support                                                                                                                      |
| 2 TAFDC/ welfare            | 2 Friends and family                                                                                                                         |
| 11 SSI/SSDI                 | 10 SNAP (food stamps)                                                                                                                        |
| 10 Social Security          | 1 WIC                                                                                                                                        |
| 1 Income from own business  | 2 Child care vouchers                                                                                                                        |
| 8 Unemployment Compensation | 2 Rental assistance                                                                                                                          |
| 2 Workers Compensation      | 5 Other: <u>"Federal Pension"</u> <u>"borrowed and drained annuity account"</u> <u>"Retirement Railroad"</u> <u>"state retirement check"</u> |

### 5a. Do you have one or more dependent children?

- 17 Yes
- 27 No

### 5b. What are their ages? (Please choose all that apply)

- 5 Under 6      4 14-18      5 Over 25
- 4 6-13      2 19-24

### 6a. Your Race:

- 1 American Indian/Alaskan Native
- 0 Asian
- 6 Black/African American
- 0 Hawaiian/Pacific Islander
- 27 White
- 2 Other "Brazilian" "Puerto Rican"
- 3 Multi-Race (optional)

### 6b. Your Ethnicity:

- 9 Hispanic
- 29 Not Hispanic

For those who applied to programs, the results of their applications are as follows:

SNAP:

- Currently receiving it (2)
- Not receiving it (4):
  - Has not heard back from them
  - Asked to provide additional documentation and has not done so (they wanted proof of his divorce)
  - Application denied because he is a US citizen but his wife is a resident alien. Therefore, he is subject to the eligibility limit for a single person, not a married couple. His income (from SSDI) is too high to be eligible as a single person; as a married couple, they would be eligible. His wife cannot work because he is disabled and she has to care for him full-time
  - Application denied

FUEL ASSISTANCE:

- Receiving it (3):
  - Asked to supply additional documentation before their application was accepted, so their first payment was delayed by 6 to 12 weeks (2)
- Not receiving it (2):
  - Asked for additional documentation and has not submitted it (she gave them a letter from her primary employer but they also wanted a letter from her second job)
  - Application denied

MASS HEALTH:

- Receiving it (1)
- Not receiving it because they wanted additional documentation (they asked him for a copy of his birth certificate and he is still trying to find it) (1)

JOB/COMPUTER TRAINING

- Received career counseling but then found a temp job independently (1)
- Not receiving computer training (1):
  - Told there is an eight-week wait (note: this person was very confused on the phone, and it was not clear if he understood the question)
  - Left her name and number and they never called her back

How useful was the budgeting/credit information you received?

- Very useful (4):
  - Started a savings account as a result of it

What did you use your tax refund for? (14 responses)

- Pay bills (10):
  - Also did some kitchen renovations
  - Paid tuition

- Is saving it for summer bills because she has no income in the summer (1)
- Did not get money back (2)
- Bought a new car
- 1 put it savings account to use toward veterinary costs for new cat

Prepaid debit card?

- Bought one but never put money on it or used it. Had her refund put on another debit card she already had. Did not put money on this new debit card because it costs \$4.95 to do so

Was the service helpful? How can it be improved? (18 responses)

- Satisfied overall (17):
  - Had made an appointment, but when she got there, they had no record of her appointment, so she had to come back another time
  - Preparer was a “novice” and had to ask for supervisor’s help 4-5 times
  - Wished they could have done his out-of-state taxes as well
  - Was told that she needed more documents than what they had initially told her they would need, so she had to come back another time with these documents
  - The room was crowded and somewhat disorganized
  - Would have liked information about MassSave
  - Had to come back with additional documents for fuel assistance application and wishes she had been told to bring these the first time
  - Would like English classes
- Not satisfied because she had to wait 30-40 minutes and she had to pay \$150 (1)

## **APPENDIX C: Experiences of Super VITA Service Recipients**

### Experiences of a Older Single Man

Mr. Rodriguez, a 65-year-old single retiree who speaks little English and understands some, arrives to have his taxes prepared. The volunteer tax preparer is a seasoned volunteer who knows a great deal about taxes but does not speak Spanish. However, there is a SNAP outreach worker at the site who is bilingual. With her help as a translator, the preparer completes Mr. Rodriguez's taxes using TaxWise. Mr. Rodriguez then reveals that he did not file his taxes for the previous year. TaxWise will not accept taxes from previous years. Therefore, the tax preparer downloads the previous year's tax forms from the IRS website and spends about an hour completing them for Mr. Rodriguez. When he is done, he prints out the completed forms as well as addressed envelopes and instructs Mr. Rodriguez to sign and mail them in.

While doing his current taxes, Mr. Rodriguez also revealed that he did not have a bank account. When his taxes are completed, the site coordinator suggests that Mr. Rodriguez meet with the bank representative at the site. The bank has a special offer: Clients of the VOC VITA site who open bank accounts receive a hundred dollar bonus. With Mr. Rodriguez's driver's license and address and a quick phone call, Mr. Rodriguez is approved for a checking account. As it is Saturday, the site coordinator holds off submitting Mr. Rodriguez's taxes to the IRS. On Monday the bank representative will open an account in Mr. Rodriguez's name, with one cent in it. She will then call the site coordinator and give him Mr. Rodriguez's account number to submit the return, so that Mr. Rodriguez's tax refund will be deposited directly into his new bank account. Once his refund is deposited, the bank will automatically deposit the hundred dollar bonus into his account.

### Experiences of a Younger Single Women

Jan, a 24-year-old woman who lives alone, comes to have her taxes prepared before going to work. The intake worker asks if she needs any additional services. She already has an application for SNAP pending, but would like to find out her credit rating and what it means. A volunteer tax preparer completes her taxes for her, and then sends her to the next room to find out her credit score. Another volunteer looks up her credit score and explains what it means and how to increase it. He then talks to her about budgeting and the importance of a financial cushion. She has a checking account, but not a savings account, and he encourages her to open one. He prints out her credit report and a fact sheet explaining it, and also gives her a flyer with information on a class that meets nearby on budgeting to build a financial cushion.

Jan goes to the bank the next day and opens a savings account. When her tax refund arrives, she deposits it in her savings account immediately. Jan has wanted a pet for a long time, but has worried about the financial obligation. She realizes that with money set aside in her savings account, she can get a pet and be prepared for unexpected veterinary bills. The next week, she goes to the shelter and adopts a kitten.

## **APPENDIX D: Overview of Super VITA Site Options for CAAs**

### **Prior to tax season widely publicize tax credits targeted to asset building**

- Saver's Credit for those who contribute to retirement savings plans with credit covering up to 50% of contribution for total up to \$2,000 for couples
- American Opportunity Tax Credit – for higher education tuition, fees, and course materials up to \$2,500/yr for 2009 and 2010 tax year
- First-Time Home Buyers Credit - \$8,000 if purchase home prior to 12/01/09

### **Eligibility determination of and application for other services by person(s) on site**

- determine eligibility for and enroll in programs offered at CAA such as fuel assistance, Head Start, housing assistance, transportation, etc.
- conduct preliminary determination of eligibility for other public assistance work supports such as SNAP (food stamps), child care, health insurance, etc. or have qualified person process applications for public benefits on site at select times

### **Introduce and refer to assistance for post-secondary education, job training and Adult Basic Education by person(s) on site**

- provide info on what is available through the one-stop Career Center
- provide assistance with completing FAFSA for financial aid and info on programs available through local community college
- provide details on American Opportunity Tax Credit for higher education tuition, fees, and course materials up to \$2,500/yr for 2009 and 2010 tax year
- provide info on what businesses/corporation in the area offer employer-based training to consider accessing if they currently work for such a company or to keep in mind when seeking employment in the future

### **Encourage savings and aid in accessing targeted savings plans**

- assist in opening savings account, if not have one, and urge Split Refund for deposit into account
- introduce to IDAs and screen for possible eligibility and sign-up on site
- aid in completing forms to commit part of tax refund directly to 529 college savings plans or to split refund with investment in U.S. Savings Bond
- offer on site financial counseling on retirement savings options

### **Debt counseling and other basic financial education by person(s) on site**

- pull and help interpret credit reports and discuss its impact
- have handout and discuss tips on controlling spending, avoiding financial traps, accessing free or low cost financial services, etc. and info on upcoming comprehensive financial education training
- complete checklist that gauges financial health and discuss areas of concern

- make arrangements with financial institution to offer Pre-paid Debit Card to provide quicker access to tax return for those who do not have bank accounts

### **Host Super VITA site day(s) at special location(s) targeting population needs**

#### Head Start – special service options could include:

- debt counseling and other basic financial education
- introduce to IDAs and screen for possible eligibility and sign-up on site
- aid in completing forms to commit part of tax refund directly to 529 college savings plans and seek funding to make small match to provide incentive
- assist with splitting refund to take out U.S. Savings Bond
- introduce and refer to assistance for post-secondary education, job training and Adult Basic Education

#### Career Center – special service options could include:

- debt counseling and other basic financial education
- determine eligibility for programs offered at CAA such as fuel assistance, Head Start, housing assistance, transportation, etc.
- conduct preliminary determination if eligible for other public assistance work supports such as food stamps, child care, health insurance, etc.
- have someone qualified to process applications for public benefits on site at scheduled times

#### Housing Authority – special service options could include:

- debt counseling and other basic financial education
- introduce to IDAs and screen for possible eligibility and sign-up on site
- PHA use opportunity to promote Family Self-Sufficiency program
- provide info on what is available for whom through the one-stop Career Center
- provide info on eligibility for and how to apply for financial aid for post-secondary education and programs available through local community college

#### Community College – special service options could include:

- debt counseling and other basic financial education
- determine eligibility for and enroll in programs offered at CAA such as fuel assistance, Head Start, housing assistance, transportation, etc.
- conduct preliminary determination if eligible for other public assistance work supports such as food stamps, child care, health insurance, etc.
- introduce to IDAs and screen for possible eligibility and sign-up on site
- provide info on what is available for whom through the one-stop Career Center
- college representative provide info on eligibility for and how to apply for financial aid for post-secondary education



## APPENDIX E: Other Super VITA Site Case Studies

### Center for Economic Progress (CEP), Chicago, Illinois

Erika Shaffer, Director of Financial Service #312-630-0286

CEP partners with CBOs across Illinois to operate 39 VITA sites from January thru April each year. CEP trains 1,300 volunteer tax preparers and up to 100 seasonally employed site staff to coordinate and manage the sites. All of the sites operate as walk-ins. During the first two weeks of tax season, at some of the busiest sites tax filers can wait up to 4 hours to have their tax returns completed.

#### Opening Bank Accounts and Pre-paid Debit Cards

Many sites have an arrangement with a local bank to have a representative present for the unbanked to open a new checking or savings account to facilitate direct deposit of their tax refund. Five sites also have CEP staff or volunteers on site to offer clients the option to acquire a pre-paid debit card to use for direct deposit, appealing to tax filers who were disinterested in or unable to open a traditional bank account.

#### Assist with Financial Aid Forms

During the 2009 tax season, four sites began offering assistance completing financial aid forms (FAFSA) – located at a community college, a suburban library, a CBO and associated with a high school. Outreach targeted prior year tax filers who listed “student” as their occupation or had children 17-19 years old, while non-traditional students also sought out assistance. Over 800 people completed the FAFSA application, with 430 of those at the VITA sites and the rest at other events and CEP’s Chicago office.

#### U.S. Savings Bonds

Several sites participated in the Doorways to Dreams (D2D) program the last few years. Families viewed one-time \$50 U.S. Savings Bonds for their children’s education as more realistic than making continued contributions to a 529 plan. Some questioned the interest rate compared to other savings programs and found it favorable. CEP found that success varied with the enthusiasm of those promoting the bonds.

#### Financial Coaches and Financial Education

CEP received a grant to have financial coaches at sites to promote the financial products being offered and to get people thinking about credit counseling, budgeting, etc. The approach to offering these services varied by site, but CEP found that the financial coaches were more effective if they focused on only a few products/services. At some sites, coaches approached tax filers if it was assessed at intake they would benefit from one of the financial offerings. At other sites, the tax preparers would note who would benefit, provide some financial information directly and check interest in having the financial coach do follow-up contact with the family. CEP has found it is not effective to offer financial education classes to groups at the VITA sites.

### Referrals to IDAs

Some CBOs offering VITA services run IDA programs and have had success making referrals for those with the goal to save for their own or older children's education, but have seen little uptake to save for homeownership.

## **Milwaukee Asset Building Coalition (MABC), Milwaukee, WI**

Tara Pray, Asset Development Manager or Jacquelyn Griffith, Asset Development Coordinator #414-906-2700

MABC is a private/public partnership that as one of its programs coordinates 20 VITA sites in Milwaukee County, three of which are fixed Super Sites and one is a mobile site. The Social Development Commission is the lead agency for MABC. Together the 20 VITA sites completed 12,800 tax returns in 2010. Three of the Super Sites were open expanded hours, operating for 12 hours Mon.-Fri. and 8 hours on Saturday. People arriving to have their taxes returns processed are given numbers for appointments on first-come, first-serve basis with a block of 50-75 served each morning, afternoon and evening. By February, people may be turned away as all appointment slots are taken.

Most effective outreach is still word-of-mouth. MABC also distributes 20-30,000 flyers throughout their network. When they do Super Saturdays, local radio and TV provides coverage and interviews the coordinator. Information about VITA services directs people to 211 for VITA site locations.

### Services at each fixed Super VITA site

- Representative from a financial institution - last year 736 people opened new bank accounts
- Person to sign-up people for energy assistance
- Milwaukee Dept. of Health representative to assist people with application for Badger Care and Food Share

### Mobile Super Site

The mobile team operates 40 hours per week Mon.-Sat. It goes to hospital sites, a financial institution, a homeless veterans shelter, and a few CBO sites with a standard schedule as to where it will be each day of the week. In past, it went to an elementary school and Head Start sites, but not many parents used the VITA services. It is thought that parents were in too much of a rush going to and from work.

### Video on Financial Literacy

Over five years ago MABC had a VHS looping video with different financial literacy messages that was shown while people waited at VITA sites. Currently, in the waiting room there is a DVD video playing with information on a large number of our other services, including financial education, that are available at the Social Development Commission.

### Ways to Work program promoted on Super Saturdays

This program gives low cost loans to people with bad credit for purchase or repair of a vehicle. People who are employed at least 20hrs/wk complete three hours of financial education and then can apply for the program which includes an analysis of their household budget to determine if they can afford the vehicle and insurance. Thirty-two auto loans have been made to-date.

## **Making Connections, City of San Antonio, TX**

John Scarfo, VITA Coordinator #210-207-5007

The City of San Antonio is part of the Alamo City Coalition for Economic Self-Sufficiency (ACCESS). The coalition has 25 to 30 VITA sites each filing season, with the City operating approximately 22 to 26 sites each year. The coalition prepared 37,000 to 39,000 tax returns each year. Four of the coalition sites are located at colleges and do not provide any additional services. All sites provide walk-in tax services, except those equipped to serve persons with disabilities who come by appointment. Experience has shown that the most effective services that can be offered in conjunction with tax prep are those that are directly tied to the tax return itself and use the split-refund option. The exception may be small sites where the staff is very knowledgeable about the services offered and the people who use the site.

### Refund Express as alternative to RALs

Through a partnership with Generations Federal Credit Union, the coalition has offered Refund Express as an alternative to Refund Anticipation Loans - high interest rate loans based on the taxpayer's own refund. Refund Express is a free loan, providing access to the taxpayer's refund within 2-4 working days. Taxpayers complete an application on site for an interest-free loan from Generations and are assigned an account number by the site coordinator. The account number is used on the tax form for direct deposit of the return. In tax filing season 2009 almost 2,500 tax filers used the Refund Express, saving on average \$250 in RAL fees. Refund Express is offered at 17 of the coalition's larger and most productive VITA sites. After problems in the past with federal stimulus payments, it was decided the loans associated with Refund Express would be limited to 80% of the return, rather than 100%. The remaining 20% of the taxpayer's refund would be placed in the taxpayer's account, when the IRS made direct deposit of the taxpayer's refund. Generations reports that many of the taxpayers using Refund Express were leaving the remaining 20% of their return in an open account with the credit union.

### Low interest auto loans

Tax filers have been made aware of the opportunity to refinance high interest auto loans (over 9%) in partnership with Generations. Highly visible information is posted at all tax sites directing them to Generations to see if they are eligible for refinancing. Annually about 140 people seek refinancing and about 40% of those who apply have a

credit background and payment history that makes them eligible for the lower interest loan, saving on average \$125-150 per month in payments.

#### One-stops as VITA sites

Caseworkers at three of the coalition's VITA sites which also function as Career one-stops have been trained to do tax returns. This practice has met with limited success as it is hard for the caseworker to combine this service with their other responsibilities and do it all well.

#### Exploring opening IDA accounts at VITA sites

In an endeavor to provide taxpayers with some asset building choices at VITA sites, the City began partnering with Security Services Federal Credit Union to offer Individual Savings Accounts (IDAs) at six City VITA sites as a pilot program. Security Services is authorizing and training VITA staff to perform credit checks in order to establish IDA savings accounts on site. The taxpayer may then use the account number to have a portion of their refund deposited into their IDA account. It is expected this program will be introduced during the 2011 filing season.

#### Financial education class not a success

In past, the coalition has offered one-hour financial education classes at several of its VITA sites, however, this practice was not very successful for reasons such as taxpayers being intent on getting their tax returns completed and leaving class when it was their turn to have their taxes done and parents having children with them.

## **Community Action Project of Tulsa (CAP), OK**

Pam Smith, Coordinator #918-382-3225

Each year during tax season, CAP provides free tax preparation assistance to Tulsa families with annual incomes of \$50,000 or less, and singles with incomes of \$40,000 and less. CAP assists more than 17,000 households in filing their taxes. CAP offers other asset-building opportunities in conjunction with tax preparation, such as screening of public benefits; establishing bank accounts free of charge through Bank of Oklahoma; and, for qualifying families, the option to apply for Oklahoma's Promise, a publicly funded full scholarship program for state two and four-year colleges. Through split refunds, tax filers also have the option to deposit funds directly into a savings account or invest in U.S. Savings Bonds.

#### Lessons Learned in Offering Public Benefit Screening

For the last five years CAP has conducted eligibility screening for public benefits such as SNAP (formerly Food Stamps), Child Care Subsidy, SCHIP and many others. Through an ongoing partnership with the Oklahoma Department of Human Services, CAP performs these screenings through online software developed by Seedco; a non-profit organization out of New York. The software program determines client eligibility based

on information input by the screener. If the client is interested in one or more programs they may be eligible for, an application is completed electronically, printed and faxed in to OKDHS with all necessary supporting documentation.

In order to integrate benefit screenings into CAP's Free Tax Preparation Program, paper pre-screening forms were created. In the beginning CAP used an "opt in" approach asking tax filers at intake if they were interested in screening for benefits. There was very little uptake as people were concerned that they would "lose their place in line" or "not have enough time" even though they had set tax prep appointments. In 2009, CAP switched to an "opt-out" approach with people moving from station to station for each service. With funds from the George Kaiser Family Foundation, they hired part-time employees to pre-screen everyone at intake. All who were not already receiving public benefits or did not have health care and appeared eligible were sent on to the station for full screening, then went on to the station for filing their taxes.

Participant surveys reported that people viewed this as a seamless process that was not too time consuming. It resulted in greatly increased number of households screened and preliminarily found eligible for public benefits, especially Sooner Care. The only complication was tax prep volunteers waited for the first tax filers to get to their station.

#### Opening Bank Account with Bank of Oklahoma

Bank representative at each VITA site assists with starting a checking or savings account for which tax filers get an immediate account number that they can use for direct deposit of their tax return. Each year about 3% (400-600) of tax filers open new accounts.

#### Investing in Savings Bonds

CAP ran a 3-year pilot with Doorways to Dreams (D2D) offering the option at two sites to use the split refund to invest in U.S. Savings Bond. Representatives at the two sites have brochures and explain the program. In 2008, 300 people invested \$58,000 in savings bonds. Most people buy the bonds on behalf of their children or grandchildren.

#### Other services offerings that have not been successful

Promoting special tax prep days for companies with many low and moderate income employees did not result in much uptake.

Offering VITA services at Head Start centers at the time parent's pick-up children also did not result in much uptake. A reason for this could be that families filed earlier in the season than the CAP program start up. Some programs entice early filing using pay stubs in place of W-2's in order to entice EITC filers to take out rapid refund loans. Additional promotion and outreach efforts will be made to encourage Head Start families to use the free tax prep for the upcoming season to engage these eligible filers to wait one or two weeks saving themselves hundreds of dollars in prep fees.

## ENDNOTES

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<sup>3</sup> *Child Poverty in Massachusetts: A Tale of Two States*, (September 2008). Massachusetts Citizens for Children, Boston, MA.

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<sup>5</sup> *Pulling Apart: A State by State Analysis of Income Trends*, (April 2008). Economic Policy Institute and Center on Budget and Policy Priorities, Washington, D.C.

<sup>6</sup> The Asset poverty threshold is calculated as net financial assets (not including a home) coupled with unemployment benefits (should they qualify), to cover 75% of median essential household expenses for three months in the absence of wage income. See Meschede, T. and Shapiro, T. (November 2009). *Asset Security and Opportunity Index*. Institute on Assets and Social Policy, Brandeis University, Waltham, MA.

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<sup>12</sup> Venner, S. and Parker, J. (February 2009).

<sup>13</sup> *The Role of Asset Building Services for Community-Based Tax Preparation Programs*, (August 2007). PolicyLab Consulting Group, LLC, report for the Center for Economic Progress.