

City of Burlington / CDBG 2011 Application Form

Eligibility _____ National Objective _____ NRSA _____
(Office Use)

Project # PS28
(Office Use)

Project Name: Volunteer Income Tax Assistance

Project Location/Address: Burlington City Hall, 279 No. Winooski and 46 Main Street in Winooski

Organization: Champlain Valley office of Economic Opportunity

Mailing Address: P.O. Box 1603, Burlington, VT, 5402-1603

Contact: Peggy Treanor

Title: Director

Phone #: (802) 863-6248 x736

Web Address: www.cvoeo.org

Fax #: (802) 859-3462

E-mail: mtreanor@cvoeo.org

I. CDBG Funding Request:

\$ 4,000

II. Project Summary: Briefly describe the project or program to be funded with CDBG. (Please use a one or two sentence description – there is room in Section IV for more detail.)

The Volunteer Income Tax Assistance (VITA) program offers free tax preparation to help low-income taxpayers access tax refunds (including the Earned Income Tax Credit) without fees and without associated predatory consumer products such as refund anticipation loans. CDBG funding will help the two CVOEO VITA sites to benefit from a central scheduling and screening system, which increases program efficiency and prevents clients that are not eligible for VITA from arriving at the sites that or without the necessary documents and photo identification.

III. Description of Organization: Describe the capacity of your organization to successfully carry out the program activities. What is your mission, and how do the proposed activities fit with your mission?

CVOEO was created in 1965 as a part of the nationwide 'War on Poverty' and chartered as a Community Action Agency (CAA) – a private non-profit corporation, locally initiated and governed, and designated by local, state and federal officials as the 'anti-poverty agency' serving the northwestern corner of Vermont – Addison, Chittenden, Franklin and Grand Isle Counties. The Community Services Block Grant funds the anti-poverty Community Action Agencies and family self-sufficiency efforts of a network of 1,100 community agencies, serving the poor in every state as well as Puerto Rico and the Trust Territories. By promoting self-sufficiency, not dependency, Community Action Agencies manage more than \$5.6 billion in public and private resources annually, serving more than 9.3 million low income persons.

The mission of the Champlain Valley Office of Economic Opportunity (CVOEO) is to address the fundamental issues of economic, social and racial justice and to work with low income people to achieve economic independence. CVOEO provides a variety of programs to help people struggling on low incomes to lift themselves out of poverty. CVOEO is one of five Community Action Agencies in Vermont.

The number of households living below the federal poverty level continues to increase in Vermont and across the nation. Meanwhile, incomes have not risen to help people meet their rising expenses; livable wage jobs remain scarce. Even solid middle-class Vermonters now find it difficult to afford their basic needs.

CVOEO is applying for this funding as a partner in the CASH Coalition of Chittenden County, which works to build assets and wealth for low and moderate income residents through free tax assistance, financial education, credit repair and other programs. CVOEO will operate two VITA sites in Chittenden County in partnership with the CASH Coalition. CVOEO has been offering free tax assistance for 30 years and has been a member of the CASH Coalition since it was formed in 2003. Other members of the CASH Coalition include the City of Burlington's Community & Economic Development Office; the Internal Revenue Service; the U.S. Department of Housing & Urban Development; Vermont Legal Aid; Northfield Savings Bank; USDA Rural Development; United Way of Chittenden County; Opportunities Credit Union; the VT Department for Children & Families, Economic Services Division; the HomeOwnership Center of the Champlain Housing Trust; and Doorway 2 Dreams Fund, Inc.

IV. Project Description:

- a. Describe the specific activities to be carried out by your project with CDBG dollars and the accomplishments you plan to achieve. Please distinguish the total number to be served from the number of Burlington clients to be served. Be specific about the tasks / work that CDBG will pay for. Use the table below, adding rows if necessary. You may add narrative below the table if needed for further description.

Specific Service / Activity:	CDBG will pay for:	Unduplicated Total # of Households / Persons to be Served in this Service / Activity:	Unduplicated Total # of Burlington Households / Persons to be Served:	Outcome(s) to be Achieved:
Free tax preparation assistance	1 person to screen clients and schedule appointments at all tax sites	1,200 HH	700 HH	<ul style="list-style-type: none"> • 100% of clients will save tax preparation fees, in the estimated aggregate amount of \$210,000 • 98% of clients will get refunds, in the estimated aggregate amount of \$2 million • 5% of clients will purchase savings bonds directly from their refunds for themselves or family members

There two CVOEO VITA sites in Burlington:

- One at Chittenden Community Action, 191 North Street, open Monday through Friday from 9 a.m. to 3 p.m.
- One at City Hall, open Monday and Thursday evenings from 5:30 to 8:30 p.m. and Saturdays from 10 a.m. to 2 p.m.

The sites serve any income eligible client (household income must be less than \$50,000) who has a basic simple tax return. (The volunteers who help with tax preparation are not trained to assist with complex small business returns, capital gains, or other more complicated tax issues.) The sites work together with other members of the CASH Coalition to recruit and train the volunteers who help with return preparation; to do outreach and advertising; and to raise funds to sustain the program. The sites also share the scheduler/screener who serves as the first contact point for any client wishing to access the program.

- b. If you plan to pay for staff with CDBG funding, describe what they do in relation to the specific service(s) / activity(ies) described above. All staff that appear in the salary / benefits line items in your budget (Section XV) must be described below. Add rows if necessary.

Specific Service / Activity	Position/Title	Work Related to CDBG-Funded Activity	# of Hours per Week spent on this Specific Service / Activity	% of Hours per Week spent on this Specific Service / Activity to be paid with CDBG
-----------------------------	----------------	--------------------------------------	---	--

Free tax preparation assistance	Central Schedulers	Screen clients for income eligibility and complexity of return, schedule appointments at all tax sites, send appointment letters to clients with list of documents to bring with them	<ul style="list-style-type: none"> • First 2 weeks of January, 29 hours for training • After that, 20 hours/ week for 14 	10%
---------------------------------	--------------------	---	--	-----

V. Beneficiary Information

- a. For each service / activity you identified in Section IV, please project how the Burlington residents will break out into the following income categories. Use the Income Table at http://www.cedoburlington.org/cdbg/income_limits.htm.

Service / Activity:	Unduplicated Total # of Burlington Households / Persons to be Served:	# Extremely Low-Income	# Low-Income	# Moderate-Income	# Above Moderate-Income
Free tax assistance	700 HH	370	250	80	0

- b. Please provide a single unduplicated total beneficiary count below:

Unduplicated Total # of Burlington Households / Persons to be Served:	# Extremely Low-Income	# Low-Income	# Moderate-Income	# Above Moderate-Income
700 HH*	300	370	80	0

*Each household will only be assisted once

- c. How will/do you document beneficiary income levels?

Through the tax returns prepared at the sites.

VI. Problem Statement

- a. What particular problem or need will this project address?

The Earned Income Tax Credit (EITC), which offers refundable credits to low income working taxpayers, is the largest (by dollar amount) federal anti-poverty program. (Refundable credits mean that when the amount of the credit exceeds the client’s tax liability, the client gets the rest back as a refund.) The EITC lifts around 5 million people out of poverty each year. Through the EITC and other federal and state tax credits (such as the Child Tax Credit and the Renters Rebate), many low income workers receive the largest lump sum of cash at tax season that they will see all year – money to pay bills, purchase necessities and (hopefully) to put into savings. For example, a working single mother with two children may see as much as \$5,000 or \$6,000 (or even more, depending on her circumstances) coming to her at tax time in federal and state refunds.

Because the tax forms required to claim these credits are fairly complex, and because refunds come more quickly when the return is filed electronically, many low income taxpayers pay for preparation assistance – and are charged fees typically running from \$150 to \$250. In addition, these taxpayers are often seduced into “rapid refunds” and other predatory products such as “pay stub” or “holiday” loans. These are actually high-cost short-term loans with Annualized Percentage Rates running as high as 700% - and they usually shave only a few days off the time when the taxpayer would get his/her refund anyway. A “rapid refund” (refund anticipation loan) generally works like this: The client pays nothing up front to have his/her taxes done. Once the return is prepared and the amount of the refund calculated, the preparer gets the client’s consent to open a dummy bank account into which the refund will be deposited. The client signs a loan agreement

authorizing the preparer to deduct return preparation fees, a fee for opening the account, loan fees and interest from the bank account, and gets a check for the remainder of the refund. The client must waive the right to use the account for any other purpose. Once the IRS deposits the refund into the account and the preparer collects the fees and interest, the account is closed. If for any reason the refund turns out to be less than calculated (or if the refund is intercepted by the IRS for payment of back taxes, child support, etc.), the client gets charged additional interest until he/she is able to pay the fees and original interest – which often turns out to be the following tax season, thus obligating the client to go back to that same paid preparer. Though refund anticipation loans are legal, they give paid preparers a financial incentive to take improper tax return positions in order to inflate refund claims.

The VITA sites (which offer electronic filing) get the taxpayers their returns quickly with no fees and with no associated consumer traps. The only associated product offered by the VITA sites is the opportunity to purchase U.S. Savings Bonds (for themselves or for their children / grandchildren) directly out of their refunds. Through Doorway 2 Dreams, the VITA sites were able to offer this option as part of a national pilot program and due to the success of the pilot, the Treasury Department has made this an option for all taxpayers. CDBG funding will specifically help to pay for the Scheduler/Screeners shared by the free tax sites. With the Central Schedulers, the clients call one number (2-1-1); reach someone who can screen them for eligibility (both on income and on the complexity of their return); has access to both site calendars and can offer appointments during daytime, evening and weekend hours; and sends reminder letters with the appointment time, directions to the site, and a list of the documents the clients need to bring with them.

b. How was this need identified?

When the Earned Income Tax Credit was enacted in 1975, it created the need for tax preparation assistance for large numbers of low income working taxpayers. Paid preparers jumped in to make a profit by meeting that need – and also by coming up with associated products such as refund anticipation loans. The profits were substantial: in 2004, for example, paid preparers earned over \$1.24 billion in fees and interest related to refund anticipation loans.

CVOEO began providing the alternative of free tax assistance in 1980 and could not by itself meet the demand. Casey Family Services and then the City of Burlington stepped in to help several years ago, doubling and tripling the program capacity. For the upcoming tax season, both Casey and the City have opted out of the program for a variety of reasons, mostly related to staffing issues. CVOEO will be the lone provider of services and will attempt to serve almost as many households by operating two sites, 6 days per week. However, demand for the VITA program still exceeds program capacity. Based on IRS data from prior tax years, there are probably at least 8,000 Burlington taxpayers who would be eligible for VITA services; the VITA program was able to serve only around 1,400 clients each year – most living in Burlington but also coming from the rest of the county and beyond.

The need for Central Schedulers was identified three years ago when the agencies operating the sites realized that they couldn't individually meet the demands of answering the phone and scheduling appointments during the tax season, and clients were getting frustrated with having to call multiple numbers to get an appointment that fit with their schedule. Having Central Schedulers allowed the sites to function more efficiently and increases their capacity to serve more clients.

c. Why is this a funding priority for Burlington?

This program brought over \$2 million back to low income residents last year. On top of that, it saved low-income residents at least \$200,000 in fees. It's a relatively inexpensive program (with a total budget of around \$38,000) that has a big return on investment.

VII. Program Goals: How will this project reduce the number of people living in poverty? Will it help people move out of poverty? Prevent people from entering poverty? Address basic needs of people living in poverty?

The VITA volunteers work to ensure that taxpayers are claiming every credit that they are eligible for, including the Earned Income Credit, the Child Tax Credit and the Renters Rebate. Those credits, coupled with the savings on tax preparation fees, provide a relatively large boost to the income of our VITA clients, helping them to meet the needs of their families and hopefully, to begin to accumulate savings.

We also try to link our tax clients to other services such as the biannual Free Credit Report Review days, where people can get their credit score and report for free and sit down with a credit counselor to learn how to correct errors and improve their scores – thus lowering their costs for loans, insurance and housing. Most tax clients sign up to receive notice of these events.

a. Are you targeting any specific disadvantaged population/group of people? If so, who are they? (i.e., people with disabilities, minorities, women with children living in poverty, people with limited English proficiency, at-risk youth, etc.)

We do specialized outreach to reach specific disadvantaged groups. We do mobile tax sites (generally one-time events) at the Reach Up offices (to reach low-income women with children), at Spectrum (to reach homeless youth), and at the offices of the Association of Africans Living in Vermont, the Somali Bantu Association and the Refugee Resettlement Program (to reach people with limited English proficiency). Site coordinators assist local employers on-site for their eligible workers; last year seven companies participated at 8 sites and 46 employees were served. In addition, one of our site coordinators goes to 3 to 5 homebound taxpayers' homes each year to do their taxes.

VIII. Equal Opportunity/Accessibility: How do you make sure your programs are accessible to all and culturally appropriate? What equal opportunity efforts do you make in hiring and, if applicable, Board recruitment?

VITA program flyers are translated into multiple languages. VITA site coordinators make special outreach visits to meetings of the Refugee and Immigrant Service Provider Network to talk about available services and to recruit volunteers from culturally and linguistically diverse populations. The training for volunteers includes training on how to work with an interpreter. The central schedulers alert the tax sites to situations where clients need interpretation services, and the sites provide those services. Doing mobile tax sites, as described above, also increases accessibility.

IX. Impact and Evaluation:

a. How do you define success? How do you measure it? How many of your beneficiaries achieve it?

We define and measure success by the number of clients we are able to serve, the amount of money we are able to save them in tax preparation fees (and associated loan fees and interest), and the amount of money we are able to help them access in refunds. We have seen a steady increase in the number of clients we've been able to serve, from 816 in the 2006 tax season to 1,183 in the 2008 tax season to 1,477 in the 2009 tax season. We've seen associated increases in the amount of fees saved and in refunds claimed. We also measure success by the number of clients we're able to help put part of their refund into a savings vehicle. During tax season 2009, the 3 CASH Coalition sites (CVOEO, Casey Family Services and the City of Burlington) assisted clients to deposit \$14,629 into new savings accounts and purchase 41 US savings bonds valued at \$9,800. The first 60 households to open new savings accounts received incentives of \$10 gift cards.

b. If this is an existing project:

1. What were your projected accomplishments for your most recent completed funding period or fiscal year?

Last year, we projected that we would serve 1,460 clients, up from 1,150 the previous year.

2. What were your actual accomplishments for that period? If you did not meet projections, please explain (i) why and (ii) how you will overcome that issue in the future.

We actually served 1,477 households. For the next tax season, the two CVOEO VITA sites projects to prepare 1,200 returns. The decrease in projections is due to the loss of our two Chittenden County partners; Casey Family Services and the City of Burlington, but still a lofty goal since last year CVOEO served 540 households.

X. Community Participation & Partners

a. How are the community and/or program participants involved in decision-making and in identifying the program need, design and/or evaluation?

The CASH Coalition partners review the program each year, bringing a variety of community perspectives to the program design and evaluation. In addition, most of our tax clients choose to fill out surveys at the tax sites that help the Coalition to identify needs and successful strategies. The survey questions include information on how clients have had their returns prepared in the past, what they do with their refunds, how they heard about our services, whether they have/want a bank account, and whether they're using high-cost non-mainstream financial services (such as money orders, check cashers or pay day lenders).

b. What other agencies or sectors (i.e., government, private) do you work with on this project/program?

The VITA program is sponsored by the Internal Revenue Service, and the local IRS Stakeholder, Partnerships, Education and Communication staff are actively involved in program management. Local CPA's typically provide the training for volunteers, who are then certified by the IRS. Champlain College offers 1 course credit to accounting students who agree to volunteer for at least 40 hours, with around 25 to 30 students participating each year. St. Michael's College provides 6 to 8 interns each year who put in 130 hours of volunteer time in exchange for 4 credit hours. The UVM Accounting Club sends 10 or so volunteers each year to help prepare taxes. Volunteers are also recruited from the community at large, with a number returning year after year. Two local banks – Northfield Savings Bank and Key Bank – have regularly supported the VITA program with contributions. We partner with the state Department of Children & Families (and in particular, the local Reach Up office), with several local employers (such as Rhino Foods) and with a number of nonprofit agencies to bring mobile one-day tax preparation services to their sites.

XI. Sustainability

a. How will this project have a long-term benefit to the City of Burlington?

The dollars that taxpayers gain, both to spend and to save, as a result of this program increases their self-sufficiency. Their spending circulates in the local economy. The links to other financial services, such as the free credit report review days, increases their ability to be credit-worthy and therefore pay less for loans, insurance, and housing.

b. If the projects ends, will that benefit continue?

If free tax preparation services were no longer available, clients would have the benefit of the money they've saved in the past, but many would probably turn to paid preparers in the future. Some might decide not to file, or might prepare their own returns but not claim everything they're entitled to.

c. If CDBG funding ends, will the project be sustainable (i.e., able to continue)?

The project will continue, but may need to contract and serve fewer people.

XII. Consistency

a. What Consolidated Plan objective does this project support?

EO-1.3, Help 50 residents with improved access to economic opportunity each year over the next five years

b. What other City plans, if any, does this project support or complement?

The VITA sites have been part of two National League of Cities projects that Burlington was selected to participate in: the Cities Helping Families Build Assets Technical Assistance project, and the Poverty Reduction Peer Network.

XIII. Readiness to Proceed

a. Is the project ready to begin July 1, 2011 and be completed by June 30, 2012?

Yes.

b. If not, what are the expected start and completion dates?

N/A

c. Are there any other conditions that may affect your ability to begin or complete this project?

No.

XIV. Financial Narrative

a. Why should CDBG resources, as opposed to other sources of funding, be used for this project?

This program relies on a mix of funding sources. Some are sustainable from year-to-year, but some must be raised year-to-year. There are no administrative or development staff associated with the program, so we have limited fundraising resources. Having CDBG as a part of the funding mix will make the program more sustainable and, hopefully, allow it to grow and be able to serve more clients as funds raised from other sources can be used to increase site hours.

b. Describe your use of community resources. For example, will your project be matched or leveraged with other funding sources or resources (such as volunteers) that don't appear in the budget summary below?

The bulk of the services at the free tax sites is provided by volunteers. Each year, around 60 people volunteer to be trained and certified to assist with tax preparation (putting in a total of about 900 training hours) and then put in a total of about 1,400 hours of time helping clients at the tax sites. At the 2009 Vermont Department of Labor average figure for volunteer time (\$19.86 per hour), that represents nearly \$46,000 of match. The two sites also provides free use of space, computers and printers for the program.

c. Has your organization had any significant changes in funding levels over the last year? If so, please describe.

The budget for the VITA program has not changed significantly over the past few years. And, the IRS first offered a competitive VITA grant program in 2008; resources obtained through that grant program have offset United Way contributions to some extent.

d. What percent of Agency funds are used for administration vs. program costs?

The administration cost is the \$150 needed to cover the agency audit costs for this program – less than 1% of the budget.

XV. Budget

a. Summary

	Project		Agency*	
	Current	Projected	Current	Projected
CDBG	\$ 4,000	\$ 4,000	\$ 28,750	\$ 37,000
State	0	0	1,614,600	1,620,000
Federal	12,834	25,806	\$6,545,100	6,740,000
Federal ARRA	0	0	2,739,166	1,003,200
United Way	3,000	1,000	180,820	186,000
Private	3,610	4,500	370,000	395,000
Program Income	0	0	21,000	21,000
Other	0	0	1,390,000	1,432,000
In-Kind	0	0	5,300,000	5,300,000
Total	\$ 23,444	\$ 35,306**	\$ 18,189,436	\$ 6,734,200

*Agency budget covers a four-county service area. Budgets cannot be moved from one county to another.

b. Proposed Project Budget Sources

CDBG	\$ 4,000
Other Federal – please specify funder and program (i.e., HUD – Emergency Shelter Grant, etc.)	
IRS VITA grant	\$ 19,548
Community Service Block Grant	\$ 6,258
State – please specify funder and program (i.e., Department of Health – AIDS Prevention, etc.)	
United Way of Chittenden County	\$ 1,000
Private – please specify (i.e., individual donations, foundations, faith-based organizations, etc.)	
Bank contributions	\$ 4,500
Other – please specify (i.e., fee-for-service, etc.)	
TOTAL	\$ 35,306**

c. Proposed Budget Uses

Line Item	CDBG	Other	Total
Salary and Fringe, Site Coordinators	\$ 0	\$ 28,456	\$ 28,456
Salary, Central Scheduler	\$ 4,000	\$ 200	\$ 4,200
Fees, Tax Instructors	\$ 0	\$ 600	\$ 600
Postage and Supplies	\$ 0	\$ 600	\$ 600
Interpreter Services	\$ 0	\$ 700	\$ 700
Food and Volunteer Recognition	\$ 0	\$ 600	\$ 600
Audit Services		\$ 150	\$ 150
TOTAL	\$ 4,000*	\$ 31,306	\$ 35,306**