

City of Burlington / CDBG 2012 Application Form

Eligibility _____ National Objective _____ NRSA _____
(Office Use)

Project # _____
(Office Use)

Project Name: Volunteer Income Tax Assistance

Project Location/Address: 255 S. Champlain Street, Suite 9, Burlington, VT, 05401

Organization: Champlain Valley Office of Economic Opportunity/Chittenden Community Action

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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 CVOEO VITA site to benefit from a scheduling and screening system, which increases program efficiency and prevents clients that are not eligible for VITA from arriving at the site 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 incorporated in 1965, and is one of five Community Action Agencies in Vermont. CVOEO serves primarily the northwestern corner of the state -- Franklin, Grand Isle, Chittenden, and Addison Counties. The three Coordinated Statewide Housing Services programs of CVOEO (the Fair Housing Project, the Mobile Home Project, and Vermont Tenants, Inc.) serve residents statewide. CVOEO has hosted VITA sites in the Champlain Valley since 1980.

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.

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 one VITA site in Chittenden County in partnership with the CASH Coalition. CVOEO 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 Home Ownership 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

The VITA site will prepare taxes on Monday and Wednesday from 9am to 4pm, Tuesday and Thursday from 9:00 am to 8:30pm, and Saturday from 10am to 2pm. The program will open on February 1st and end on April 16th. The site will 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, pensions, 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 scheduler/screener 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	Scheduler/Screenener	Screen clients for income eligibility and complexity of return, schedule appointment at tax site, 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 weeks 	10%

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 Income Tax Preparation Assistance	700 HH	580	105	15	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 *	580	105	15	0

* Each Household will only be assisted once

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

Through the documentation needed to prepare tax returns at the site, for example, W-2 forms.

VI. Problem Statement

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

The Earned Income Tax Credit (EITC), is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. The initially modest EIC has been expanded by tax legislation on a number of occasions, including the widely-publicized Reagan Tax Reform Act of 1986, and was further expanded in 1990, 1993, and 2001. When EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. As of tax year

2009, eleven states (Kansas, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New York, Rhode Island, Vermont, Wisconsin, plus the District of Columbia) have a refundable state EIC which is at least 10% of the federal EIC.

EITC is the largest (by dollar amount) federal anti-poverty program and 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 site (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. The client calls one number (2-1-1) to reach someone who can screen them for eligibility (both on income and on the complexity of their return); has access to both calendars (daytime an evening/weekend) and sends reminder letters with the appointment time, directions to the site, and a list of the documents the clients needs to bring with them.

b. How was this need identified?

CVOEO began providing free tax assistance in 1980 and could not by itself meet the demand. Casey Family Services and then the City of Burlington stepped in for several years ago, increasing the program capacity. However, both Casey and the City

have opted out of the program for a variety of reasons, mostly related to staffing issues. CVOEO is the lone provider of services and will attempt to serve almost as many households by operating 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 is able to serve only around 1,200 clients each year - most living in Burlington but also coming from the rest of the county and beyond.

The need for a scheduler was identified 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 a scheduler allows the VITA program to function more efficiently and increases the 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 \$25,000) 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. This year the program will be co-located with CVOEO's Financial Futures Program and will pull credit reports for clients, if they wish, while they are having their taxes prepared.

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 to assist local employers on-site for their eligible workers and to reach English language learners we routinely hire foreign language interpreters. Outreach is conducted using posters and flyers at neighborhood locations such as food shelves, libraries, laundromats, the Reach Up office, and other locations normally frequented by low income people.

VIII. Equal Opportunity/Accessibility:

a. How do you make sure your programs are accessible to all, inclusive and culturally appropriate?

VITA program flyers are translated into multiple languages. The VITA site coordinator makes 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 scheduler alerts 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.

b. Describe the diversity status of (i) your staff for this program and (ii) your Board. How does that compare with the diversity status of the clients of the program / project you're requesting funding for?

Chittenden Community Action has an African woman, fluent in five languages, on staff. A member of the CVOEO Board of Directors is also African.

c. Describe the diversity / cultural competency trainings that your staff and Board have participated in during the last year.

All CVOEO staff in the Burlington office, including VITA staff, recently had the opportunity to participate in a year-long cultural competency project with the City of Burlington's Community and Economic Development Office (CEDO). CEDO's "We All Belong AmeriCorps*State Program" envisions a more welcoming and inclusive community by removing barriers that perpetuate poverty, racism and social inequity. It is an education, outreach, and community engagement initiative that engages diverse populations in the school, community and public life. Our Cultural Competency journey, which included book club, a tour of shops owned by new Americans in the old North End and a luncheon with ethnic foods has allowed us to begin developing a defined set of values and principles, and demonstrate behaviors, attitudes, policies and structures that assist us to work effectively cross-culturally.

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 1,209 in the 2010 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.

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 predicted that we would serve 700 Burlington households.

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.

VITA actually served 815 Burlington 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 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 as has the United Way of Chittenden County. We also partner with the state Department of Children & Families and Fletcher Allen Health Care.

b. Who do you mainly work with (i.e., what partners) to get the outcomes you want for your clients?

Our chief partners are; the CASH Coalition, the Internal Revenue Service, Champlain College, St. Michael's College, the United Way of Chittenden County and Fletcher Allen Health Care.

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 project 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 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?

None that we are aware of.

XIII. Readiness to Proceed

a. Is the project ready to begin July 1, 2012 and be completed by June 30, 2013?

Yes

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

N/A

c. Are there any other conditions (i.e., obtaining permits, the availability of other funding, etc.) 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 over 900 training hours) and then put in a total of about 1,400 hours of time helping clients at the tax sites. At the 2010 Vermont Department of Labor average figure for volunteer time (\$19.86 per hour), that represents nearly \$46,000 of matching funds needed for the IRS VITA grant. The site 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?

CVOEO's administration cost in the current budget is 5.7%. The remainder of funds are used for program activity.

XV. Budget

a. Summary

	Project		Agency	
	Current	Projected	Current	Projected
CDBG	\$3,508	\$4,000	\$23,901	\$37,000
State	\$1,100	\$1,500	\$2,287,306	\$2,844,060
Federal	\$12,834	\$12,834	\$6,591,660	\$6,764,792
Federal ARRA			\$2,001,174	\$0
United Way	\$3,000	\$3,000	\$162,786	\$167,670
Private	\$1,500	\$2,000	\$1,454,138	\$1,497,775
Program Income			\$262,003	\$365,250
Other			\$59,255	\$60,000
In Kind			\$5,100,000	\$5,355,000
Total	\$21,942	\$23,334	\$17,942,223	\$17,091,547

Proposed Project Budget Sources

CDBG	\$ 4,000
Other Federal – please specify funder and program (i.e., HUD – Emergency Shelter Grant, etc.)	
Internal Revenue Service	\$ 12,834
State – please specify funder and program (i.e., Department of Health – AIDS Prevention, etc.)	
State Office of Economic Opportunity	\$ 1,500
United Way of Chittenden County	\$ 3,000
Private – please specify (i.e., individual donations, foundations, faith-based organizations, etc.)	
Northfield Savings Bank	\$ 2,000
Other – please specify (i.e., fee-for-service, etc.)	
TOTAL	\$ 23,334

c. Proposed Budget Uses: Please be sure that all funding uses (including staff) that appear in Section IV also appear here.

Line Item	CDBG	Other	Total
Salaries, Site Coordinators	\$	\$8,792	\$8,792
Salary, Scheduler	\$4,000	\$1,000	\$5,000
Fringe		\$2,617	\$2,617
Fees, Instructor	\$	\$600	\$600

Fees, Foreign language Interpreters	\$	\$3,500	\$3,500
Food and Volunteer Recognition	\$	\$900	\$900
Postage		\$1,125	\$1,125
Supplies		\$800	\$800
TOTAL	\$4,000	\$19,334	\$ 23,334