Connect the Dots: Enhanced Data Collection for VITA Programs

December 18, 2018 | 3:00-4:30 ET
Welcome

Carmen Shorter
Senior Manager for Learning
Prosperity Now
Housekeeping

- This webinar is being recorded and will be shared within one week
- All webinar attendees are muted to ensure sound quality
- Ask a question any time by typing the question into the text box of the GoToWebinar Control Panel
- If you experience any technical issues, email gotomeeting@prosperitynow.org
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Getting the Most Out of Today’s Call

- Join from a quiet space
- Grab a coffee or snack and settle in
- Engage! Send us your questions and comments as you listen
- Reflect on ways to apply what you learn today to your own work
To **connect, strengthen** and **inspire** community tax programs so that they can ...

- More effectively & efficiently **deliver critical tax assistance**
- Couple that assistance with other **financial capability services**
- **Advocate for fairer tax policy**
Taxpayer Opportunity Network Members...

▪ Participate in learning and advocacy opportunities
▪ Learn about the latest developments in the field
▪ Access valuable resources for volunteers, program managers and site coordinators
▪ Get discounts to Prosperity Now and Taxpayer Opportunity Network events

To join or learn more, go to:
prosperitynow.org/get-involved/taxpayer-opportunity-network
What’s in store for today?

- Welcome from TON
- The Data Question
- Innovations in Data Collection
- Enhanced Data Collection Pilot
- Getting Involved
- Q&A and Close

@ProsperityNow
prosperitynow.org
Poll Question:

Do you have a supplemental questionnaire that you use as a part of your intake process?

- Yes
- No
- Other (please share in the comments!)
Poll Question:

If you said yes to the previous question, do you ask any of these questions? (select all that apply)

▪ “What is your race/ethnicity?”
▪ “Did you save any of your refund last year?”
▪ “Do you have a bank account?”
▪ “How did you get your taxes done last year?”
▪ “Do you plan on saving any of your refund?”
Today’s Speakers

**Rebecca Thompson**
Program Director
Taxpayer Opportunity Network

**Dave Sieminski**
Policy Analyst
Office of Community Affairs
Bureau of Consumer Financial Protection

**Stephen Roll**
Research Assistant
Professor
Social Policy Institute
Washington University in St. Louis
Welcome from TON

Rebecca Thompson
Project Director, Taxpayer Opportunity Network
Prosperity Now
We Need Your Help!

- What we do (Advocacy)
- What we use (One-Pagers)
- What we know (End of Season Survey)
- Why we are here (R2S)
- What else is needed (More/Better data)
- How will we get it? (Data Collection Pilot)
The Data Question

Dave Sieminski
Policy Analyst
Office of Community Affairs
Bureau of Consumer Financial Protection
Disclaimer

This presentation is being made by a Bureau of Consumer Financial Protection representative on behalf of the Bureau. It does not constitute legal interpretation, guidance or advice of the Bureau of Consumer Financial Protection. Any opinions or views stated by the presenter are the presenter’s own and may not represent the Bureau’s views.

This document was used in support of a live discussion. As such, it does not necessarily express the entirety of that discussion nor the relative emphasis of topics therein.

This presentation includes references to third-party resources or content that consumers may find helpful. The inclusion of references to third-party sites does not necessarily reflect the Bureau’s endorsement of the third-party, the views expressed on by the third party, or products or services offered by that party. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve consumer needs.
10 promising practices for tax time savings

1. Communicate with consumers about saving before they come to the tax site
2. Offer saving choices more than once at the tax site
3. Provider multiple product choices for saving
4. Use “anchoring” and prompts to help consumers focus on a savings goal
5. Don’t overwhelm consumers by offering too many different types of services
10 promising practices for tax time savings

6. Provide incentives, including non-financial rewards, to encourage saving
7. Make saving fun and exciting
8. Build commitment among staff and volunteers to encourage saving
9. Make sure tax preparers know how to help consumers save while filing
10. Dedicate staff or volunteers to encourage saving
Practices usage within the cohort in 2018

Promising practices used by VITA programs

- Dedicated savings staff: 57%
- Trained preparers: 56%
- Staff and volunteer commit.: 38%
- Make savings fun: 34%
- Provide incentives to save: 50%
- Limit service options: 54%
- Anchoring prompts: 16%
- Multiple saving products: 24%
- Multiple offers to save: 47%
- Pre tax communication: 60%
2018 Tax Time Saving Initiative cohort results

- 71 VITA and AARP Tax Aide programs from 31 states
- 55 organizations completed end of tax season surveys
- 350,000 consumers were provided free tax preparation services
- 255,902 consumers served at a site using Bureau information

2018 tax season returns with a refund 181,598

- Series I Bonds: 0.5%
- Split 8888: 2.4%
- Claimed EITC: 36%
- Used Direct Dep.: 69%
2019 Tax Time Savings Initiative

- 2019 cohort: 76 programs, now underway
- Last year cohort members served ~500,000 tax filers
- Training and technical assistance for enhancing and expanding tax time savings efforts
- Documenting promising practices and sharing them with the field
How we think about and measure saving

- Savings = holding money for future use
- Accumulated savings often referred to as “assets”
  - Deposits in bank accounts, retirement accounts, education saving accounts, etc.
  - Homes or other tangible property, such as stocks, bonds, collectibles, commodities
- People with lower incomes are less likely to save in traditional saving vehicles
Many people save in different less traditional ways

Common reasons people do not keep money in bank account:
1. Do not have enough money to keep in an account
2. Avoiding a bank gives more privacy
3. Lack of trust in banks
4. Bank account fees are too high
5. Bank account fees are unpredictable

-Federal Deposit Insurance Corporation, *FDIC National Survey of Unbanked and Underbanked Households*, 2015.
Challenges in measuring tax time saving

Easy to track from tax return
- Split refunds into multiple accounts
- Using refunds to purchase savings bonds

Difficult to track from tax return
Most other forms of saving
### 9 programs tracked where 15,506 taxpayers deposited refunds

<table>
<thead>
<tr>
<th>1,272 Taxpayers (8.2%)</th>
<th>Directly deposited at least a portion of their federal refund into a savings-type account</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine programs reporting</td>
</tr>
<tr>
<td>$970,711 or $993 per taxpayer</td>
<td>Directly deposited into a savings-type account</td>
</tr>
<tr>
<td></td>
<td>Seven programs reporting</td>
</tr>
<tr>
<td>73 Taxpayers</td>
<td>Directly deposited at least a portion of their federal refund into a prepaid card account</td>
</tr>
<tr>
<td></td>
<td>Nine programs reporting</td>
</tr>
<tr>
<td>$124,501 or $1,705 per taxpayers</td>
<td>Directly deposited into a prepaid card account</td>
</tr>
<tr>
<td></td>
<td>Seven programs reporting</td>
</tr>
</tbody>
</table>

* Savings-type account = savings account at a bank or credit union, 529 plan, or retirement account
Direct deposits to saving-type accounts

557 (3.6%) with 8888

715 (4.6%) without 8888

1,272 (8.2%) directly deposited some or all in a savings account
Benefits of better measuring saving activity

- **Know your customer** – How consumers manage their money is important to how they are able to get by and get ahead

- **Tell your story** – better demonstrate the outputs and outcomes of your work to funders and your leadership

- **Make improvements to your program** – better understand what’s working and what could work better

- **Motivate volunteers and staff** – Share information on savings outcomes throughout tax season to encourage volunteers and staff
Stay in touch!

- Visit our webpage: consumerfinance.gov/empowerment
  - Sign up to get news and resources related to tax time savings and other topics

- Contact us: empowerment@consumerfinance.gov

- Find resources related to tax time savings: consumerfinance.gov/tax-preparer-resources/
Innovations in Data Collection

Stephen Roll
Research Assistant Professor
Social Policy Institute
Washington University in St. Louis
Since 2013, Washington University researchers have conducted surveys of LMI tax filers.

Refund to Savings: Randomized controlled trial in TurboTax

Household Financial Survey

6 months
Surveys show that roughly half of the refund is not spent immediately, but a common indicator of savings (split refunds) shows that only ~1% of filers “save”.

*** Indicates Expected is different from Actual, p<.01
Household Financial Survey Respondents’ Financial Lives are Very Volatile

In the six months prior to tax filing....

- 17% Needed a trip to hospital
- 32% Had a major vehicle repair
- 24% Lost a job or had income reduced
- 6% Incurred legal fees/expenses
- 16% Skipped rent
- 26% Skipped medical care
- 40% Skipped bills
- 28% Couldn’t afford adequate food
In the six months prior to tax filing...

12% Unemployment Rate

$900 Liquid Financial Assets

13% High Levels of Income Volatility

27% Used Alternative Financial Services
Refund Savers Are Less Likely to Experience Hardship

- Hard Meeting Expenses
- Skipped Bill
- Skipped Dental Treatment
- Skipped Medical Treatment
- Skipped Mental Care
- Skipped Prescription
- Skipped Rent

*** Saved Some of Refund different from Did Not Save Refund, p<.01
** Saved Some of Refund different from Did Not Save Refund, p<.05
How does this work translate to VITA sites?

• Our work with the Refund to Savings Initiative and the Household Financial Survey has allowed us to:
  – Evaluate savings interventions
  – Enhance measurement of refund savings behaviors
  – Develop profiles of low- and moderate-income tax filers
  – Understand filers’ financial needs and vulnerabilities
  – Track changes in filers’ outcomes over time

• The goal of the new VITA data collection instrument is to provide sites with a standardized tool to help sites do all of the above
How was the instrument developed?

• Prior to the 2018 tax season, a small group of researchers and practitioners met to develop the questionnaire
  – Prosperity Now, BCFP, Intuit, VITA managers, Washington University in St. Louis

• Aim was to develop an instrument that was (1) short, (2) captured a diverse array of tested indicators, (3) broadened refund savings beyond refund splitting

• Piloted at 5 sites during 2018 tax season
The 2019 Tax Year Instrument

• Collects data on:
  – Three measures of refund savings
  – Income volatility
  – Alternative financial services use
  – Credit card payment behaviors
  – Emergency savings
  – Financial well-being (BCFP)

• 10 total questions, with options to implement through TaxSlayer or through paper surveys
The benefits of incorporating this instrument into VITA sites

- Removes the need for sites to develop their own individual instruments
  - Though you can still customize the survey and add any site-specific questions to the instrument
- Allows the field to track standardized metrics for VITA clients as a population
  - Income volatility, emergency savings, etc.
- Sites can use these questions to conduct evaluations of different program offerings
- Can develop richer profiles of VITA clients allowing sites to better develop and target financial capability programs
- Participate in feedback to improve the survey
VITA Data Collection in Real Life

Joyia Yorgey
Executive Director
Arkansas Asset Builders
Benefits of better data collection

Know your customer
Tell your story
Make improvements to your program
Motivate volunteers, staff and partners
Know your customer

Do our clients already have savings?
Are they already interested in saving their tax refund?
How much of their refund are they interested in saving?
Do our VITA clients have bank accounts that they plan to use for saving?
Suppose that you have an emergency expense that costs $400. Based on your current financial situation, how would you pay for this expense?

142 responses

- **33.1%**: With the money currently in my checking/savings account or with cash
- **24.6%**: Put it on my credit card and pay it off in full at the next statement
- **15.5%**: Put it on my credit card and pay it off over time
- **14.1%**: Using money from a bank loan or lines of credit
- **9.2%**: By borrowing from a friend or family
- **4.1%**: Using a payday loan, deposit advance, or similar type of high-interest loan
- **3.3%**: By selling something
- **2.3%**: I wouldn't be able to pay for the expense
50.5%

Of our clients plan to save some of their refund for 6 months or more
$577
Average refund amount our clients plan to save
49.5%

Of clients who plan to save use a traditional savings account
Tell your story

Did our clients follow through on their intention to save?
How much money did they save?
What difference did saving make in their financial well-being?
75.6%

Of clients with refunds requested direct deposit
8.1%
Of clients with refunds used Form 8888
$599

Average amount saved on Form 8888
Portion of clients able to pay for a $400 emergency expense in 2019
Improve your program

Address barriers to saving refund on Form 8888:

- Navigate unwillingness to commit, “I’ll move the money later”
- Improve client messaging about tax-time savings opportunities
- Increase incentives to save directly from tax return
- Work with financial partner to open savings accounts for clients

Anchor tax-time savings conversations on using prior year clients’ responses
Motivate volunteers, staff and partners

Quantify tax season goals and know whether or not we have met them

- 10% of clients with refund using Form 8888
- Average amount saved >$600

Demonstrate to financial institutions the opportunities to provide clients with increased access and motivation to save

Demonstrate to local government and business leaders the long-term effect of VITA services on financial well-being of client population
Getting Involved

Justin Chu
Senior Program Associate, Field Engagement
Prosperity Now
The Process

Step 1
- Enter your information into Jotform
- Includes EFINs and Site Names

Step 2
- TON Team to upload files with TaxSlayer
- Print and mail surveys to programs

Step 3
- Administer the survey to your clients during the tax moment
- Join the TA call in January
- Some programs will receive a $500 stipend
What We Need From You

- Quality tax prep
- VITA Volunteers
- VITA Trainers and Site Coordinators

@ProsperityNow
prosperitynow.org
We Want You!

- If you have any questions, email me!
Discussion

What questions do you have?

Share them in the Questions box!
Final Thoughts

Key points and next Steps before we go
Thank you!

*Please complete our survey!*