

CONNECT WITH VITA

TO PUT MILLIONS OF DOLLARS BACK IN WORKING FAMILIES' POCKETS



Families in most major cities remain one financial crisis away from falling into poverty

Although our nation's economy is finally recovering from the depths of the Great Recession, the falling unemployment rate hides a painful truth: poverty still remains stubbornly high in cities and urban areas.

Liquid asset poverty — a household's ability to subsist at the poverty level for three months in the event of a job loss, medical emergency or other financial crisis — is consistently high in cities across the country. In fact, over 30% of families are living on the financial edge in all but two of the largest 35 cities.¹ Even in cities that have instituted critical increases in the minimum wage, low- and moderate-income families remain woefully unprepared to weather a financial storm. This is a crisis situation. In order to achieve real financial security, families need tools and resources to build savings. That's where the Volunteer Income Tax Assistance (VITA) program can help.

VITA opens the door to financial security during tax preparation

For more than four decades, VITA programs have provided high-quality filing assistance to low- and moderate-income families completely free of charge. These risk- and cost-free services allow tax filers to access much-needed tax credits for working families like the Earned Income Tax Credit (EITC) without paid preparers' high fees eating up their refund. Every year, VITA sites prepare millions of returns with a high level of accuracy. In fact, this level of accuracy has been steadily increasing over the years, from 85% in 2009 to 94% in 2015, despite stagnant funding and increased demand for VITA services. The 94% accuracy rate is higher than any other category of tax preparation services, including CPAs and major tax preparation services companies.

For many filers who receive a refund, the infusion of cash can be a substantial part of their annual income. Filers who owe, on the other hand, often need support in managing payments and staying afloat. VITA plays a critical role in supporting all filers by directly providing or partnering with other community-based organizations to provide credit counseling, open bank accounts and access other resources to help filers reach their financial goals. Many VITA sites take advantage of the "tax-time moment" to offer these financial capability services that help households build emergency savings, reduce liquid asset poverty and increase overall financial security.

Mayors can strengthen financial capability through VITA

With the direct support of mayors and other local leaders, VITA programs can have an even greater impact in their communities. Civic leaders can take several simple actions to ensure VITA's success and help build financial security for residents.

- ▶ **Alert filers about late tax payments in 2017:** Due to federal administrative accuracy requirements, payments of all EITC and CTC credits will be delayed until at least February 15, 2017. This is an especially critical issue for early filers who are dependent on these tax credits and might take out predatory refund anticipation loans
- ▶ **Develop direct relationships with local VITA sites:** Reach out to program administrators who have first-hand knowledge of the financial realities of the communities they serve. Planning VITA site visits, hosting community roundtables, encouraging volunteerism and promoting innovative savings opportunities (like the myRA check box on the tax form) to increase long-term savings planning are excellent ways to begin building these connections.
- ▶ **Encourage integrated service delivery by facilitating connections between community-based organizations:** VITA, financial counseling and other financial capability services are most effective when offered with other family support services. City leaders have tremendous convening power that they can leverage to convene VITA and other community-based social service organizations to promote holistic service delivery on an ongoing basis along with the funders to support the work.
- ▶ **Advocate for free tax preparation services and expanding EITC:** Many states directly fund VITA services and EITC outreach. Mayors who develop state legislative agendas should include these issues in their platform of anti-poverty priorities. Mayors can use their influence informally to advocate for expanding financial capability.

¹Source: 2016 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), for US and States (excluding AK, DC, SD, WY).

CALENDAR OF OPPORTUNITIES FOR MAYORS TO ENGAGE YEAR-ROUND

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

January: Celebrate National EITC Awareness Day by publicly promoting VITA programs and events to kick off the tax filing season. Check out this toolkit: <https://www.eitc.irs.gov/Partner-Toolkit/awarenessday>

February-April: Encourage long-term savings opportunities by promoting the myRA check box on income tax forms to dedicate a portion of refunds to retirement savings. More here: <https://myra.gov/>

May-August: Plan a visit to a local VITA site to meet with program coordinators and volunteers to learn first-hand about the quality services delivered and the problems directly facing communities. Find your local VITA site here: <http://irs.treasury.gov/freetaxprep/>
Or contact the Taxpayer Opportunity Network: taxpayeropportunity@cfed.org

September: Host a roundtable of local VITA programs and community leaders to get a better grasp of the financial security landscape.

October-December: Promote volunteering at VITA sites by developing local public service announcements and campaigns.