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IRS Oversight

Improving Tax Administration Today

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Chairman Portman, Ranking Member Warner, and Members of the Subcommittee, thank you for the opportunity to testify before you on Improving Tax Administration Today. It is a privilege and an honor to speak with you about the Volunteer Income Tax Assistance (VITA) program. For nearly half a century, the IRS has enlisted the support of community partners leveraging the strength, skill, and good will of tens of thousands of volunteers to provide free tax preparation and filing for low-income Americans during the annual tax filing season. VITA volunteers come from all walks of life and endure a rigorous training and certification process to help low-income, elderly, disabled and limited English-speaking tax filers fulfill their civic obligation by filing an accurate tax return, claim federal and state credits for which they are eligible, and access other financial capability building services to strengthen their family's household financial well-being at tax time.

In my role as the Project Director of the Taxpayer Opportunity Network, I lead a national network of more than 2,500 stakeholders, including VITA volunteer program managers, site coordinators, volunteers, community, corporate and philanthropic partners, and others. Our Network serves as a convening body for VITA practitioners and stakeholders, providing a way for them to connect with one another, developing and distributing tools, resources, information and providing capacity-building support to strengthen VITA programs, ensure quality return preparation, and help to extend the reach of the VITA program to more low-income Americans.

For the last eight years, I have spent nearly every Saturday, and many a weekday from January through April in a VITA site. I have always enjoyed working in VITA sites, either through my prior roles as a VITA Program Manager, there to ensure that things run smoothly, or as a volunteer, using a unique skill set that I've acquired to help average, everyday Virginians.

For the last two years, since transitioning to my current role at Prosperity Now, and moving to Northern Virginia, I have had the pleasure of serving as a VITA volunteer co-site coordinator and quality reviewer with the Northern Virginia CASH Campaign, at the Employment Resource Center at the Prince William County A.J. Ferlazzo Building in Woodbridge, Virginia. Every Saturday morning throughout the filing season, I rise from my bed, much earlier than I would like to, and make my way down to the Ferlazzo building, joining about 10-12 other volunteers at my site, over 1,200 volunteers in Virginia and 55,000 volunteers nationwide, to help low-income, hard-working Americans meet their civic obligation by filing a tax return.

Our site is a small one, only open on Saturdays, serving just over 300 households. On average, our clients earned close to \$25,000 last year. That's not a lot, especially for a family living in Northern Virginia, and I often wonder how they make it. I'm fortunate, that as I take the time to review their tax return with them, we can chat, and I learn how they make it through, and share any information and resources I can to help them until I see them next year. I can vividly remember the first return I prepared at the Ferlazzo Building tax site. He was a single father, raising three young children. He had been unemployed for part of the year, and in addition to his unemployment statement, he had about three W-2s, where he was trying to piece together enough income to support his family. He had gone to a paid preparer to have his return prepared, but when he was quoted an estimate of \$382 for his preparation and filing, he decided to look for an alternative, and he found us. The return wasn't complex, it only took me about 30 minutes to do, but it saved him almost \$400 and he was very grateful for the assistance.

This year, 315 volunteers at 15 sites in the Northern Virginia CASH Campaign served 4,300 households, with an average Adjusted Gross Income of just over \$25,000. I always knew that Northern Virginia was one of the most affluent regions in the Country. Volunteering in a VITA site has helped me see the other side of the coin.

During the 2018 filing season, 24 VITA coalitions operating 121 VITA sites across the Commonwealth of Virginia (Central Virginia, Tidewater, Northern Virginia, Piedmont and Western Virginia) helped over 33,500 individuals and families file their tax return for free. Together we gave more than 60,000 volunteer hours in training and tax preparation in Virginia, bringing back almost \$35 million in federal refunds, including just under \$12 million in EITC refunds, and saving Virginians over \$6 million in tax preparation fees.

Nationally, more than 4,000 VITA sites helped 1.4 million households by preparing and filing their tax return for free. In addition to preparing and filing tax returns, many VITA sites connect the families we serve to public benefits, financial education and other financial capability services, such as financial coaching and credit building, providing strength and support to a family's financial future.

At their core, VITA volunteers are gifted translators with big hearts. We endure a rigorous training regimen that can in some cases take as much as 24 hours, and pass a certification test annually, so that we are well-equipped to translate what can be a daunting and complex tax code for our clients, into a meaningful representation of the life of the people we serve. We do it through conversational interviewing, using IRS Form 13614-C as a guide, to ensure we deliver high quality, accurate returns for the low-income, underserved, elderly, rural, disabled and limited English speaking populations in communities across America. And at the end of each return, there is an extensive quality review process, that involves reviewing the completed tax return with the client to ensure they understand how their life over the previous year has translated into their tax return, along with the acknowledgement that while we have done our part in assisting them, ultimately the responsibility for the information contained in that return lies with them. This process has consistently yielded unparalleled quality results, above 90% for the last several years, and 93% for the most recent filing season.

Last year, IRS Stakeholder Partnerships Education and Communication (SPEC) organization, which has oversight for the VITA and TCE programs, estimated that over 5.2 million lives were touched by our collective work. That includes all the people (spouses and dependents) who are covered and represented by the 1.4 million tax returns we prepared. For all the great work that we do, and all the people we serve, two things remain lacking. First, after nearly 50 years in operation, the VITA program has never formally been authorized by Congress. Formal Congressional authorization will put the VITA program on sure footing, ensuring that you recognize the value we bring to the American people we serve, and acknowledging that we should keep up the good work. Second, the VITA program lacks adequate funding. In December 2007, Congress first appropriated funds to the IRS to establish and administer a one-year matching grant program in consultation with the Taxpayer Advocate Service. VITA grant funding has grown from \$8 million in 2007, to \$12 million in 2012, to \$15 million in 2015. Still, there are millions of low-income, elderly, disabled, rural, underserved and limited English-speaking

populations who could benefit from our service, but we are constrained by our current funding level in our ability to reach and serve them.

During the last grant cycle, 243 community partners were awarded the VITA grant. Seventy percent (70%) of VITA sites are sponsored by organizations that receive grant funding from the IRS while thirty percent (30%) are wholly funded and operated by their sponsoring community partners who so greatly believe in the work we do and the impact it has in their communities, that their organizations bear the cost of operating a VITA program with no financial support from the IRS.

For its \$15 million investment in the VITA grant program, federal funds which must be matched dollar-for-dollar, by either cash, or in-kind contributions, the cost per return to the federal government is \$14.74. Doubling VITA grant funding to \$30 million will help the IRS extend more financial resources to support more community partners, which will in turn increase their ability to devote time to recruiting, training and managing volunteers, to purchase equipment, such as laptops and printers, to pay for internet service, to develop and to execute creative and innovative strategies to deliver services more effectively, and to market the program to extend their reach and serve more people.

Volunteering in a VITA site helps to keep me grounded, I witness first-hand and come to understand the unique, and sometimes complex challenges that low-income Americans face. Volunteering also helps me to see the impact of the work I do during the week, and to get to know the people who are impacted by the time I spend working on projects at my desk, or in meetings. It brings my work to life and helps me see things from the perspectives of the volunteers and clients. I get a “boots-on-the-ground” view that helps me to identify needs, and opportunities for program and process improvements that I take back to my job during the week and apply it in meaningful ways that will ultimately make life a little better, a little easier, and improve the financial well-being of those we serve collectively.

As I go about my daily routine, everywhere I look, I see potential VITA clients. They're helping me get to work – conductors on the commuter train, driving the Metro. They are in the grocery store, helping me make my weekly purchases of food and household items for my family. When I went on vacation earlier this summer, they were all around me, from the front desk, to the cleaning staff at hotels. They were in the airports, working in all different capacities to help me

and my family get to and from our destinations. When I go out to eat on occasion, they're all around me, serving, cooking and cleaning in the restaurants I visit. They are teaching my children, serving as school support staff, administrators and janitors. They are seniors drawing Social Security but still working to make ends meet, like the cafeteria worker who feeds my son lunch during the school year. She told me that she was using her refund to cover her household expenses during the summer months because she doesn't work when school isn't in session. She had paid almost \$300 over the last several years to have her return prepared. This year she decided that she just couldn't afford to pay someone to do her taxes. She found out about our service at the County office, where our site is located on Saturdays, when she went there to apply for SNAP benefits. Many folks are unaware of this diamond in the rough that we call VITA. Others swear by it and tell friends and relatives about the great service they found that can save them hundreds of dollars, all while providing information about and access to other resources that can help improve their family's financial future.

VITA clients, both current and potential, are hard-working, everyday Americans. They give so much, are the very fabric of America, and they serve me and my family every day. Helping them as many of them as we can to fulfill their civic obligation by filing an accurate return, accessing and claiming all the credits and benefits they're entitled to, and doing it for free, all while connecting them to resources and information that can improve their family's financial well-being, by making the VITA program permanent, with adequate funding, is the least we can do for them.

Thank you again Chairman Portman and Ranking Member Warner for providing me with this opportunity to share information with the Subcommittee about the VITA program. I look forward to answering any questions you or the other members may have about it at this time.