



Human Services Administration

Linda Haugan
Assistant Executive Officer

Volunteer Income Tax Assistance (VITA)

Overview: The Volunteer Income Tax Assistance (VITA) Program offers free tax preparation service to low-income families and promotes Temporary Assistance to Needy Families (TANF) job training.

Challenge: San Bernardino County has historically had one of the highest unemployment rates in the country, peaking at 15% in July 2010. As a result, the demand for public assistance by County residents has been exceptionally high, especially for TANF and Welfare-to-Work (WtW) services. Although economic conditions have improved, the unemployment rate in San Bernardino County is 5.6% as of April 2016, which is higher than the national average of 5.0%. Additionally, the need for job skills training is critical for TANF recipients to compete in today's job market and to reach self-sufficiency before their public assistance time limits expire.

Based on the 2014 United States Census Bureau information the per capita income for San Bernardino County was \$21,384 with 20.4% of the population in poverty. Frequently, taxpayers with such low incomes are uneducated about the benefits of filing their taxes. Research has shown that one out of five households eligible for the Federal and State Earned Income Tax Credit (EITC) fails to claim the credit. Those who do file often resort to predatory tax preparation services that charge 30% or more of the taxpayers' total refund in exchange for a quick refund check or a high interest "Refund Anticipation Loan". This results in tax filers receiving only a percentage of their available refund, which in turn deprives the household and local economy of additional income.

Innovative Solution: San Bernardino County identified the need to provide free tax preparation and job skills training to meet the needs of its TANF recipients. Through the VITA program additional revenue is brought into the local economy and a new source for job skills training under the WtW subsidized employment program was created. The San Bernardino County Transitional Assistance Department (TAD) partnered with the Internal Revenue Service (IRS) in 2010 to train TANF recipients to provide free tax preparation assistance and e-filing services for qualifying low-income families under the County's VITA Program. The program has expanded substantially over the last seven tax seasons and has proven to be highly successful in meeting the economic and job skills development challenges.

TANF recipients provide a valuable public service that increases income to families and the community, while receiving job skills in specialized tax preparation training resulting in IRS certification prior to providing services. They obtain computer usage experience and public relations skills throughout the program, all of which are added to their work history and resumes. TANF recipients are paid through the WtW subsidized employment program, which offsets the amount of public assistance issued to support the family.

Through the county VITA Program, low-income families are informed about special tax credits for which they may qualify, such as the Federal and State EITC, Child Tax Credit, Credit for the Elderly or the Disabled, First-Time Homebuyer Credit,

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and Education Credits. Most of the VITA Program qualified taxpayers were eligible to receive at least one of these credits. All tax preparation and submission services are free, and all tax return monies go directly to the taxpayer, not to a third-party tax preparation service or the County.

Originality: Due to the success of the County VITA program, the IRS and the State of California came to San Bernardino County to gain a best practice model to implement with other counties throughout the state to better serve the low-income community, resulting in an enhanced collaboration between the IRS and other agencies/counties.

Cost Effectiveness: The cost of implementing and maintaining the VITA Program is minimal. The IRS provides training materials (books, publications and forms), tax software licensing, and IRS staff time for training and support at no cost to the County. The County provides space, personal computers, and staff for administration and oversight of the VITA Program. The total estimated staffing cost for the 2016 VITA effort was \$338,878. This cost includes TAD staffing, which is 100% federally funded.

Results: The chart below displays the outcome measurements of the VITA program over the past seven tax seasons:

Outcome Measurements	2010	2011	2012	2013	2014	2015	2016
Tax Returns Prepared	1,512	1,743	5,043	7,720	11,362	14,308	17,262
% Growth of taxpayers served Current Year vs Prior Year	-	15%	189%	53%	47.2%	26%	20.6%
Federal Return Dollars	\$3,827,221	\$4,112,136	\$9,756,220	\$14,512,863	\$20,831,717	\$25,468,147	\$30,698,508
Federal EITC Dollars (included in Federal Return Dollars)	\$2,165,341	\$2,364,366	\$5,116,275	\$7,236,639	\$10,372,816	\$12,952,941	\$15,307,650
State Return Dollars CA EITC (included in State Return Dollars)	\$74,497	\$98,506	\$488,988	\$778,342	\$1,171,231	\$1,564,405	\$3,371,277
							\$1,324,746

Since 2010, the San Bernardino County VITA program has processed over \$109 million in Federal and \$7.5 million in State tax returns. EITC households tend to spend their credits/refunds quickly and locally, which produces a strong "multiplier effect." It is estimated that the EITC generates at least \$1.50 - \$2.00 in local economic activity for every \$1.00 received. By offering this free service to eligible tax payers and ensuring those eligible to EITC take advantage of it, the County keeps more money in the pockets of low-income families and the local economy.

The number of TANF recipients hired in unsubsidized employment positions as a result of the VITA Program has increased each year since 2010. The 2015 VITA Program saw 48.6% of subsidized VITA staff obtaining unsubsidized employment within six months. It is through the VITA program that San Bernardino County has successfully filled the need for free tax preparation for its low-income population utilizing TANF participants as trained tax preparers giving them the job skills required to obtain unsubsidized employment and ultimately self-sufficiency.

Project Contact: Nancy Swanson, Director of Transitional Assistance Department; TAD Administration, 860 E. Brier Dr., San Bernardino, CA 92415-0520; (909) 388-0245; nswanson@hss.sbcounty.gov.