

HHS COMMITTEE #4
May 5, 2021
Worksession

MEMORANDUM

May 4, 2021

TO: Health and Human Services Committee

FROM: Vivian Yao, Legislative Analyst

SUBJECT: FY22 Operating Budget: Department of Health and Human Services (DHHS) - Volunteer Income Tax Assistance (VITA) Program

PURPOSE: Review and make recommendations on operating budget item

Those expected to attend this worksession:

- Raymond Crowel, Director, DHHS
- Sharon Strauss, Executive Director, Community Action Agency, DHHS
- Jason Rundell, Budget Team Leader, DHHS
- Deborah Lambert, Office of Management and Budget

Councilmember Glass in the May 4 memorandum to HHS Committee members (©1) requested that the Committee consider expanding funding to the VITA program and other nonprofit-supported tax-support programs to better serve low-income residents and those with limited or no access to a computer. He explained that this “tax filing year will be more complicated than in year’s past given recent federal and state changes including child care tax credits, COVID-19-related tax supports (such as unemployment insurance relief), as well as the expansion of the Earned Income Tax Credit (EITC) and Working families Income Supplement (WFIS). He also noted that all appointments for the program are filled until late June and the program has carried a wait list since March.

The Council has also received correspondence from Rosie Allen Herring, President and Chief Executive Officer of the United Way of the National Capital Area (©2-3) She states that the United Way NCA supports increased funding for VIAT services and its partners who offer free tax preparation and EITC outreach given the significant investment in the Earned Income Tax Credit (EITC) and WFIS, including the recommended addition of \$20 million in support of the WFIS and the addition of equitable service to Individual Taxpayer Identification Number (ITIN) filers. She notes that for tax season 2020, United Way supported the Coalition for the Advancement of Financial Education Montgomery Maryland’s (CAFÉ Montgomery) test campaign to increase VITA and EITC awareness among the Asset Limited, Income Constrained,

Employed (ALICE) population in Montgomery County. This campaign increased the need for free tax preparation, but the need has exceeded the capacity of services providers. Ms. Allen Herring concludes that “this support is especially important to ensure that the one in three low-income households in the Montgomery County, which are typically new filers, receive the economic assistance needed to thrive, regardless of race, age gender, income, or ability.”

Council staff requested the following information from Executive staff; however, that information was not available at the time of packet publication.

- What new or expanded tax-relief programs are individuals able to access for tax years 2020 or 2021?
- How many people has VITA been able to serve for tax year 2019 and 2020, how does this level compare to pre-COVID years? How many people are currently on the waitlist for services?
- Please describe challenges that CAA and other tax preparation programs like RSVP have experienced during the COVID pandemic.
- What are the staffing and operating budgets for the program in FY21 and FY22 rec. How many staff and FTEs are supporting the VITA program?
- How much would it cost in staffing and operating expenses to eliminate the wait list for services and ensure that vulnerable population have the information and support they need to file their taxes and access relief programs that they qualify for? To what extent to the CAA partner with other community-based nonprofit to provide tax preparation assistance? Are there technology-based solutions that can help people understand what tax-relief supports they are entitled to or assist them with their filings? If so, how much would implementing these solutions cost?

Council staff recommendation: Council staff believes that a proposed expansion to VITA and other tax preparation and outreach services is needed to provide economic support to vulnerable individuals in the County. This expansion would be appropriately included as a one-time, non-recurring expenditure related to COVID-19 response and recovery that should be prioritized for ARPA funding, if funding can be made available at the end of FY21 or early in FY22. The Committee should seek additional information from Executive staff about the level of additional staffing and operating expenses needed to meet the demand for services in the County, but program a placeholder amount of \$180,000 to support two additional full-time broker positions at \$80,000 each and \$20,000 for additional operating expenses to support enhanced outreach.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

EVAN GLASS
COUNCILMEMBER
AT-LARGE

TRANSPORTATION & ENVIRONMENT COMMITTEE
HEALTH AND HUMAN SERVICES COMMITTEE

MEMORANDUM

TO: Vice President Gabe Albornoz, Chair, Health & Human Services Committee
Craig Rice, Health & Human Services Committee

FROM: Councilmember Evan Glass

SUBJECT: Expanding Tax Services for Low-Income Residents

DATE: May 4, 2021

This tax filing year will be more complicated than in year's past given recent federal and state changes, including child care tax credits, Covid-19-related tax supports (such as unemployment insurance relief), as well as the expansion of the Earned Income Tax Credit (EITC) and Working Families Income Supplement (WFIS). As such, we should consider increasing the capacity of the Community Action Agency's Volunteer Income Tax Assistance (VITA) and other nonprofit supported tax support programs to help serve more people. This is especially relevant as different Covid-19 relief funding is tied to federal taxes.

Recently, an elderly constituent with no computer access contacted my office looking for tax filing assistance. After calling the VITA helpline, he was informed that all appointments were filled until late June, which is after the federal filing deadline. I inquired with the Community Action Agency about their capacity and resources for constituents who cannot access online systems. I was informed that they have had a wait list since March, which includes seniors and people with technology and other access barriers.

In order to better serve low-income residents and those with limited or no access to a computer, I ask that we consider expanding funding to VITA and other nonprofit supported tax support programs.

CC: County Councilmembers
Sharon Strauss, Executive Director, Community Action Agency

May 3, 2021

Honorable Council Vice President and Chair of the HHS Committee Alborno and
HHS Committee Councilmembers Glass and Rice
Montgomery County Council
100 Maryland Ave.
Rockville, MD 20850

Dear Honorable Council Vice President and Chair of HHS Committee Alborno and HHS Committee Members Rice and Glass,

On behalf of United Way of the National Capital Area (United Way NCA), I am writing in support of Montgomery County Community Action Board's FY22 budget priorities. Specifically, programs such as Volunteer Income Tax Assistance (VITA) and Earned Income Tax Credit (EITC) that provide opportunities for equity among residents.

For nearly fifty (50) years, United Way NCA has been a resource for Montgomery County and the Greater Washington area by furthering the health, education and financial stability of our community and we are now more committed than ever. United Way NCA's partnership with Montgomery County will continue to promote economic opportunity through our Montgomery County Financial Empowerment Center (FEC). United Way NCA's FECs offer direct access to high-quality financial services and guidance in a welcoming, professional environment at no cost; provide free high quality financial capability and asset building services, reduce disparities, and increase equity for all residents to gain the financial stability they deserve.

The Coalition for the Advancement of Financial Education Montgomery Maryland (CAFE Montgomery) will serve as the lead partner of the Montgomery County FEC. CAFE Montgomery has a close, historic relationship with the Montgomery County Community Action Agency, a program of the Montgomery County Department of Health & Human Services (HHS) which delivers VITA and EITC outreach, with a mission to advance social and economic mobility among communities and neighbors through services, partnerships, and advocacy using an equity lens. CAFE Montgomery also partners with the CASH Campaign of Maryland, the nonprofit partner who sponsors the Maryland Community Fellow Program and coordinates state-wide financial capability, including support for VITA and EITC. United Way NCA, in collaboration with CAFE Montgomery, have scaled its services to offer a year-round FEC with integrated financial services for the wider Montgomery County community.

The FEC is currently operating virtually to meet the needs of the community and to adhere to the Covid-19 restrictions. CAFE Montgomery, United Way NCA and HHS are working together to identify a physical space, in the vicinity of Wheaton/ Downtown Silver Spring, that will offer in-person services in the coming months.

United Way NCA is thrilled that the County Executive's budget includes an additional \$20 million in support of the Working Families Income Supplement (WFIS), and that it will now equitably serve ITIN filers. With this significant investment in EITC and WFIS, United Way NCA supports increased funding for the VITA services provided by the Agency and its partners who offer free tax preparation and EITC Outreach. For tax season 2020, United Way was able to support CAFE Montgomery's work with the Agency in creating a text campaign that increased VITA and EITC awareness among the ALICE population in Montgomery County. Preliminary data shows that this campaign has yielded an increase in traffic to free tax preparation

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sites, calls to both 311 and the VITA hotline. However, the need for support is exceeding the capacity of the service providers.

This support is especially important to ensure that the one in three low-income households in Montgomery County, which are typically new filers, receive the economic assistance needed to thrive, regardless of race, age, gender, income, or ability.

Thank you for all you do to make Montgomery County and beyond a health community to live, work and play. Your leadership is deeply appreciated.

Sincerely,



Rosie Allen-Herring
President and Chief Executive Officer