Share Our Strength Community of Practice Grant Case Study: California

Improving Access to Tax Credits for Families

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The American Rescue Plan Act of 2021 (ARPA) temporarily expanded the child tax credit (CTC) for most families with children. The CTC was already a key policy that reduces poverty among children and their families along with the earned income tax credit (EITC; Fox and Burns 2021); the CTC expansion increased the maximum credit for many and extended benefits to very low–income families who had previously been ineligible for the CTC or received only limited benefits (Tax Policy Center 2021). ARPA also mandated that up to half of a family's expected CTC be delivered as advanced payments. Families received monthly payments from July through December 2021. Shortly after payments began, food hardship dropped (Perez-Lopez 2021).

Barriers to Receiving CTC

To be eligible for the CTC, adults must have a child under age 17 that has a Social Security Number (SSN). The claiming adult is required to have either an SSN or an Individual Taxpayer Identification Number (ITIN). An ITIN helps those considered ineligible for SSNs comply with federal tax reporting and are generally used by noncitizens. For many families, monthly payments of the CTC began shortly after the ARPA passed, with the IRS using family and bank information provided on tax returns filed in 2019 or 2020. However, families with very low incomes, who often had not previously filed a tax return, were more likely to need to actively apply for the CTC and thus were at risk of missing out on the monthly payments. Families with very low incomes are often not required to file a tax return as they are below the filing threshold and are not eligible for tax credits with income requirements. In limited cases, the IRS may have been able to send advanced monthly payments based on information individuals provided to claim an economic impact payment (i.e., stimulus check) in calendar year 2020. But often these families would need to apply to receive the CTC. Even when a tax return had been filed, it could contain outdated information on who is supporting a child, which could result in money being sent to the wrong person. For example, if a child's parents are not married, the filer claiming the child could change from year to year (including grandparents and other guardians). Previously filed tax returns also would not include children born after those tax returns were filed. Those most likely to miss out on the automatic advanced payment were Hispanic/Latinx families, non-Hispanic/Latinx adults who are American Indian/Alaska Native, Native Hawaiian/Pacific Islander, or more than one race; adults with very low incomes, Spanish-speaking households, and families with mixed immigration statuses (Fischer et al. 2022; Karpman et al. 2021).

Description of Initiative

To improve awareness and take-up of the newly expanded CTC, Share Our Strength, a national organization working to end childhood hunger and poverty in the United States, provided grants to organizations and Volunteer Income Tax Assistance (VITA) sites in 13 states to improve outreach, tax assistance, and policy advocacy following the regular tax season (the regular tax season to file 2021 taxes opened January 24, 2022, and ended April 18, 2022). These organizations came together as a community of practice, learning together and sharing information in pursuit of their common goals. To facilitate learning from the experiences of the community of practice, the Urban Institute conducted an assessment of their successes, challenges, strategies, and results. These insights can inform ongoing outreach efforts for the expanded CTC, as well as outreach efforts for other tax benefits directed toward low- and middle-income families like the EITC. The most recent IRS and Census estimates of EITC participation suggest that 22 percent of eligible taxpayers failed to claim the EITC in 2018 (IRS 2022).

The Community of Practice

Share Our Strength worked throughout the grant period to intentionally build a community of organizations engaging in similar work. Share Our Strength regularly checked in with grantees and conducted bimonthly peer learning calls that involved experts sharing information on relevant topics including outreach and media and how to collect stories from clients, among others. Share Our Strength offered grantees access to SimplifyCT, a nationwide virtual VITA service that provides one-on-one support for grantees with questions about the CTC application process via a tax advice hotline. Another key partner of Share Our Strength is Code for America, a nonprofit organization that seeks to reduce the gap between the public and private sectors in their use of technology and design. The organization provided technical assistance on outreach and the use of GetCTC Simplified Filing Portal. Share Our Strength partnered with the National Disability Institute (NDI) to increase awareness of the CTC and other tax credits within the disability community. NDI provided office hours and webinars to grantee and subgrantee staff throughout the grant period on best practices to reach taxpayers with disabilities. Share Our Strength engaged a policy expert to consult with grantees advancing state-level tax policies. Finally, grantees could communicate with each other through the community of practice's Slack channel to share updates, questions, and lessons learned.

The Case Studies

The Urban Institute's assessment of the community of practice initiative includes a case study of grantees in 10 states, as well as two briefs on nationally focused work being led by the NDI and work with Native communities in three additional states (Montana, South Dakota, and Minnesota) supported by the Oweesta Corporation. Case study reports summarize and document grantees' activities, strategies, successes and challenges, best practices, and any actions taken toward improving equitable receipt of the CTC. The Community of Practice focused on four areas of work:

- Outreach intended to improve knowledge about tax benefits
- Tax assistance for families that had not yet received the CTC or other state or federal tax credits
- Collection of narratives that could help policymakers and advocates understand the importance of tax benefits
- Policy work intended to improve tax benefits in the future

This case study describes our approach and provides an overview of the grantees in California and their grant-funded activities, including their policy, outreach, and tax assistance work, and closes with information on their lessons learned and future goals. The material in the case study is based on the interviews that we conducted with grantees, subgrantees, and partners. Subgrantees are defined as organizations that received direct funding from the grantee, whereas partners are groups that grantees collaborated with without exchanging money.

Case Study: California

California State-Level Tax Environment

People in all states have access to the federal tax credits, but in some states, additional state tax credits benefiting similar populations exist. California has refundable state-level EITC, as well as a Young Child Tax Credit (YCTC).

TABLE 1

California State Tax Credits

Tax Credit	About
Earned income tax credit	Yes (refundable[1]); California's EITC is independently calculated based on the filer's income but is roughly 45% of federal credit
Child tax credit	Young Child Tax Credit (YCTC): California allows a tax credit for families, including Individual taxpayer identification number (ITIN) filers, with a child under the age of 6 at the end of the year. A filer must be eligible for the state's EITC to qualify for the YCTC. In 2021, the maximum amount of credit allowable for a qualified family is $1,000. The credit phases out between $25,000 and $30,000 of earnings. Prior to 2022, families needed to earn at least $1 to qualify for the YCTC. That requirement was dropped in 2022.

Source: Waxman, Samantha, and Iris Hinh. 2023. "States Can Enact or Expand Child Tax Credits and Earned Income Tax Credits to Build Equitable, Inclusive Communities and Economies." Washington, DC: Center on Budget and Policy Priorities.

[1] Nonrefundable tax credits can only be used to offset taxes owed. If a family qualifies for a tax credit worth more than they owe in state income taxes, the excess is lost. Families receive the full value of refundable tax credits. See "What Is the Difference between Refundable and Nonrefundable Credits?" Tax Policy Center Briefing Book, Tax Policy Center, accessed February 20, 2023, https://www.taxpolicycenter.org/briefing-book/what-difference-between-refundable-and-nonrefundable-credits.

Nationally, an estimated 79.3 percent of eligible taxpayers claimed the federal EITC in 2019, and in California, 74.5 percent of eligible taxpayers claimed the federal EITC (IRS 2022). Families eligible for larger benefits are more likely to receive the EITC and the majority of people eligible for the EITC that do not receive the EITC do not file a tax return (Holt and Duratinsky 2021; Goldin 2018). CTC participation is less well understood. In general, participation is likely higher than that of the EITC. The vast majority of families eligible for the CTC file tax returns each year. In 2021, the participation rate likely dropped since families not required to file a return were made eligible for the full benefit.

Demographic Data on Families with Children

The national median annual household income for households with children under 18 in 2021 was $84,197 and was $93,600 in California.[1] The average national child poverty rate in 2021 was 16.9 percent, compared with 15.8 percent in California.[2]

In California, four in ten adults identify as Hispanic or Latinx of any race (39.5 percent), 35.8 percent identify as white, non-Hispanic, 14.7 percent identify as Asian, non-Hispanic, 5.4 percent identify as Black, non-Hispanic, and 4.6 percent identify as American Indian, Native Hawaiian and Pacific Islander, or some other race or two or more races.[3] California also has a food insecurity rate of 9.6 percent compared with 10.4 percent nationally.[4] California's Senate and House both lean Democrat.

Grant Structure in California

In California, the main grant recipients were Coachella Valley Community Tax Services (CVCTS), United Ways of California, and United Way of Kern County. They worked with four subgrantees: John Burton Advocates for Youth, Latino Community Foundation, Unidad Popular Benito Juarez Foundation, and Promotoras con Alma. We conducted interviews with CVCTS, United Ways of California, and United Way of Kern County in the summer and fall of 2022.

[1] "Median Family Income in the Past 12 Months (In 2021 Inflation-adjusted Dollars) by Presence of Own Children Under 18 Years," Table B19125, ACS 2021 1-year, Census Reporter, 2021, https://censusreporter.org/data/table/?table=B19125&geo_ids=040|01000US&primary_geo_id=01000US.

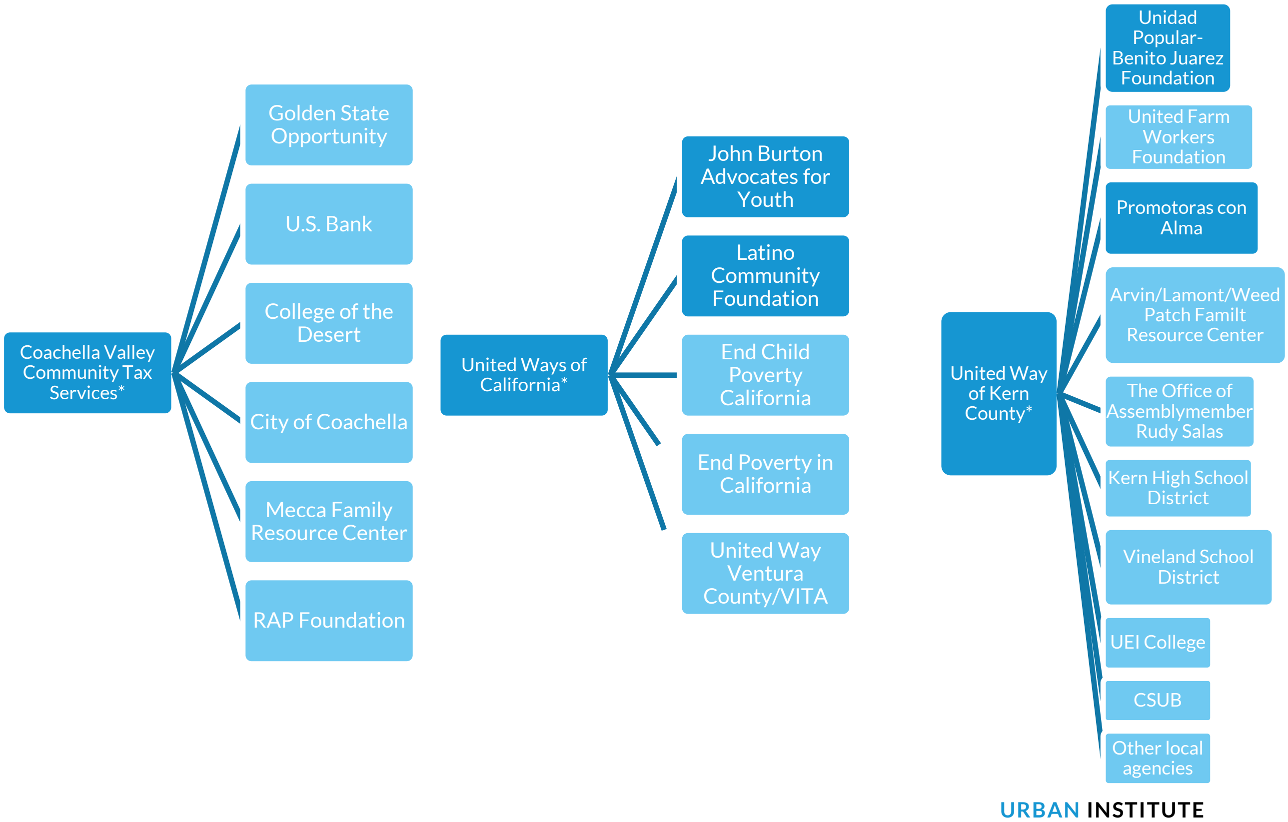
[2] "Small Area Income and Poverty Estimates (SAIPE): Under Age 18 in Poverty," United States Census Bureau, 2021, https://www.census.gov/data-tools/demo/saipe/#/?s_measures=u18.

[3] See table DP05 from the 2021 5-year ACS estimates in "Census Data," United States Census Bureauhttps://data.census.gov.

[4] Alisha Coleman-Jensen, Matthew P. Rabbitt, Christian A. Gregory, and Anita Singh, "Household Food Security in the United States in 2021," September 2022, https://www.ers.usda.gov/publications/pub-details/?pubid=104655.

FIGURE 1

Grantee, Subgrantee, and Partner Network in California



Source: Share Our Strength Community of Practice.

Notes: We interviewed those with an * next to the name. Grantees and subgrantees are in dark blue. Partners are highlighted in light blue.

TABLE 2

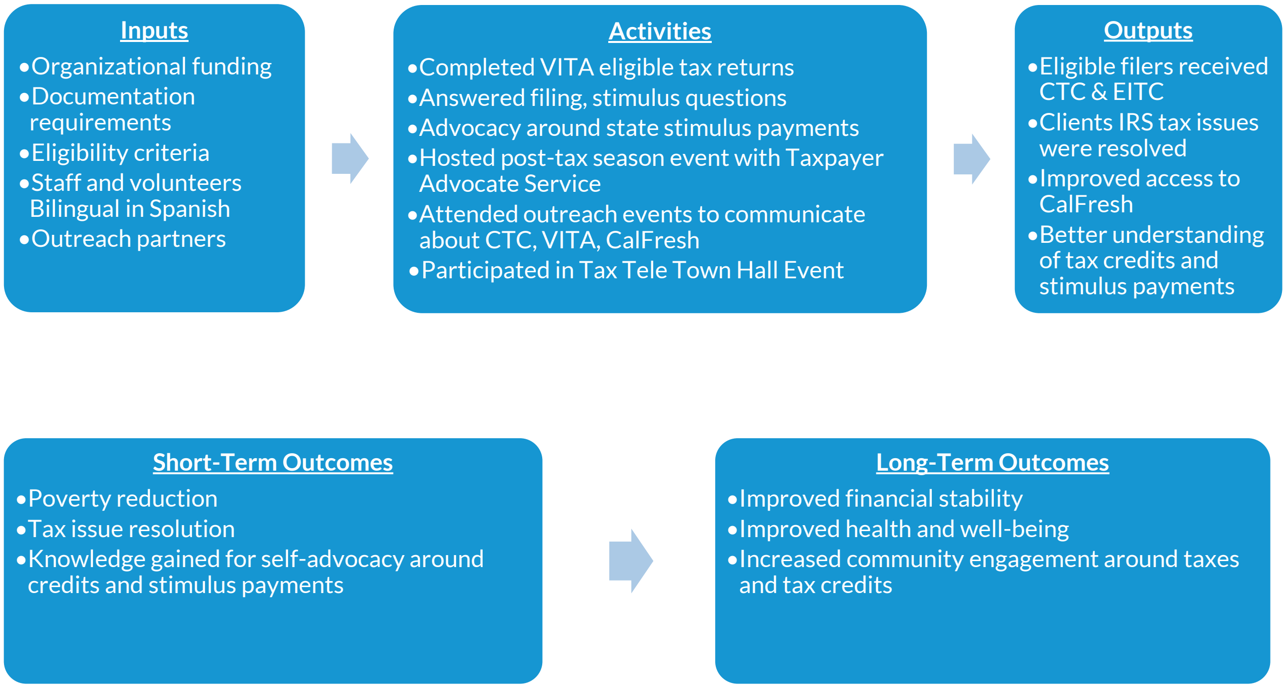
Description of Interviewed Grantees and Subgrantees in California

Grantee/Subgrantee	Description of Organization	Grant Activities	Target Population
Coachella Valley Community Tax Services (CVCTS)	Organization operating as a Volunteer Income Tax Assistance (VITA) site during the filing season.	The organization stayed open beyond the regular tax season, which they have not previously been able to do, and supported staff salaries.	Particular focus on Latinx families, including immigrant families, families with children, and Spanish-speaking families since Mecca, a city they serve, is a 99% Spanish speaking community.
United Ways of California	Organization focusing on improving the economic mobility, education, and health of California residents.	Focused on advocacy to improve access to California's tax system and credits, disseminated information to communities, and completed a video project highlighting the impact of tax credits on peoples' lives.	California residents
United Way of Kern County	Organization focusing on improving the education, health, and financial stability of Kern County residents.	Utilized a VITA branded vehicle to do mobile tax preparation, promoted credits like the Cal EITC and Young Child Tax Credit, and performed more outdoor outreach like canvassing and resource fairs.	Particular focus on Kern County residents which include immigrant communities, Black households, Latinx households, farmworkers, and indigenous communities.

Source: Organization websites and interviews with grantees and subgrantees.

FIGURE 2

Logic Model for Coachella Valley Community Tax Services



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Outreach Work

Grantees identified a minimum of two communities in their state to deliver post-tax season outreach to encourage enrollment in the CTC, EITC, and other relevant benefits. Grantees were allowed to develop and employ a wide range of strategies. Some grantees utilized GetCTC's unique URL system, an outreach tracking weblink that allowed GetCTC staff to track how many people were reached that started a tax return—a helpful metric in gauging effectiveness of outreach strategies. GetCTC is a national online platform developed by Code for America (CFA) that allows families with children with incomes below $25,000 to claim a CTC without filing a full tax return. Upon request, CFA created a unique URL for organizations working on reaching out to these communities to use to better track how people found GetCTC.

California's outreach strategy centered around building general awareness through a multitude of partners and stakeholders.

Coachella Valley Community Tax Services

- Conducted electronic communication via Facebook, Spanish language radio, and television; distributed flyers and mailed postcards; and posted business cards at businesses and local social service agencies

- Collaborated with food banks and soccer events to assist people with their taxes on the spot or at a future time; people could receive food supports and get their taxes done, which is a strategy that CVCTS has been focusing on

United Ways of California

- Conducted several text message campaigns, webinars, and social media posts to increase awareness of tax credits throughout California

United Ways of Kern County

- Built on previous success by focusing on in-person outreach including canvassing and prioritizing in-person events and presentations at centers, organizations, and agencies where people can ask questions

Successes

- **Partnerships help reach more populations:** Partnering with community organization allowed organization that serve as VITA sites to reach new communities. For example, CVCTS partnered with the College of the Desert to reach a younger college student population and one of United Ways of Kern County subgrantee's, Unidad Popular Benito Juarez Foundation, facilitated connecting with farm workers and underserved communities. Both partners are trusted entities in communities that had been difficult for VITA sites to reach.
- **Removing Barriers:** Operating at community events and having staff that speak multiple languages allowed CVCTS to help people that would typically need to wait weeks for an IRS taxpayer advocate to complete their tax returns. United Ways of California has learned a lot about ways to increase trust and make their content more accessible to people who are disabled because of their help from and discussions with the National Disability Institute.

Challenges

- **Lack of accessible technology:** CVCTS mentioned that Mecca, a community that is predominantly Latinx, immigrant, and farmworker, has limited access to technology and faces barriers utilizing their services.
- **Figuring out best practices around mediums of outreach:** United Way of Kern County was still testing out which social media platforms have the greatest reach. Additionally, they were figuring out what times of the day are the best to post-tax-related content.
- **Staffing capacity to do outreach:** United Way of Kern County had a marketing team of two people, and they were in the process of hiring another person to assist with outreach. Having more staff dedicated to marketing and outreach would improve their efforts to get more tax-related information to their community members.

FIGURE 3

Example of Outreach Flyer from Preble Street Resource Center in Arabic

Tax Assistance Work

Grantees in the cohort can either be statewide nonprofit organizations that engage in advocacy, policy, and outreach work, or they can be VITA sites. VITA sites offer free tax preparation help to low-income individuals, persons with disabilities, the elderly, and non-English speakers that otherwise face barriers preparing tax returns, including claiming valuable tax credits. Nationally, about 60 percent of tax returns are prepared with the help of a tax preparer, though it is not a requirement that one be used. Although VITA sites are used to prepare a relatively small amount of all returns (less than 2 percent of tax returns with incomes less than $30,000 are filed each year with VITA sites), they provide a critical resource that allows people to avoid costs associated with using a paid tax preparer and receive the full value of their tax credits.[5]

In California, CVCTS and United Way of Kern County were involved in tax preparation as VITA sites, while United Ways of California focused on outreach. VITA grantees or subgrantees were expected to offer post-tax season CTC outreach.

[5] "Why Do Low-Income Families Use Tax Preparers?" Tax Policy Center's Briefing Book, Tax Policy Center, accessed March 23, 2023, https://www.taxpolicycenter.org/briefing-book/why-do-low-income-families-use-tax-preparers.

Challenges

- **Many VITA clients lack information about taxes and tax credits:** CVCTS noted that approximately 80 to 90 percent of clients qualify for many tax credits but are not aware of them.
- **Lack of trust with anything tax-related:** Despite United Ways of California not offering direct tax preparation services, from their conversations with partners who do, they report the following challenge: "the tax system elucidates trauma within people." The challenges the three organizations highlight regarding reaching their populations support this sentiment. CVCTS mentions that the fear of the IRS is a barrier in reaching people to file their taxes especially people from historically marginalized communities.
- **Lack of services supporting tax filing:** Many clients faced structural barriers including needed to travel long distances to find an office able to process ITIN applications (a number the IRS assigns to people who are required to file taxes but are not eligible for an SSN). This poses a challenge for these organizations and the people they serve, especially because many VITA sites perform limited tax services and are often unable to acquire ITIN numbers for clients, so a site that can process ITIN applications is needed. CVCTS said the closest location that can process ITIN applications is one and a half hours away from most of the people it serves. United Ways of California also noted a dearth of reasonably close VITA sites, deeming some areas "VITA deserts." They highlighted the moratorium on a program helping people apply for and acquire ITINs, the Certified Acceptance Agent Program, which is expected to last until the summer of 2023. United Way of Kern County stated that the delay (four to six weeks) for tax refunds filed on paper is detrimental to people who need the money as soon as possible. Additionally, although tax refunds may be processed through a direct deposit option, which offers a quicker turnaround time, some community members do not have a bank account that allows direct deposit.

During the grant period, grantees in California did the following:[6]

- Filed **roughly 220** tax returns
- Helped individuals claim **roughly $2,700,000** in CTCs and EITCs

Collecting Participant Data

Share Our Strength believes that client narratives can be a powerful advocacy tool, helping policy makers understand the impact of tax credits for low-income families. United Ways of California produced a video project consisting of three videos that would help advocate for more VITA sites and to bring awareness to their partners who are doing the on the groundwork. United Way of Kern County collected three stories where people recorded their testimonies after receiving tax credits. Although

[6] These numbers are approximate and are pulled from ongoing reporting completed during the grant period. These may be inaccurate due to fluctuations and inaccuracies in the reporting process.

they have accomplished this, they were looking at ways to maximize their content, interview people in different languages, and find ways to engage more people by offering incentives for their time.

Policy Agenda

Share Our Strength also encouraged their grantees to partner with key stakeholders to identify and implement strategies to advance legislative or administrative priorities aimed at increasing access to tax credits. Most states include advocating for a state-level refundable CTC or EITC if the state does not already have one in their policy priorities. Other priorities include administrative changes such as creating simplified filing portals, advocating for tax forms in different languages, and data sharing between the IRS and state agencies. In regard to the simplified filing portals, at the time of the advanced CTC payments, the IRS faced a tremendous backlog of paper forms (GAO 2022). Families were encouraged to claim the CTC electronically to avoid new paperwork getting caught up in existing delays.[7] Given the diversity of political environments across the cohort, this work may have taken many forms. Unlike short-term outreach efforts to increase access to tax credits, policy work is typically a long-term endeavor.

In California, United Ways of California led this work given the size and coverage of their organization. Overall, they aimed to ensure support of budget requests and policy priorities, made key strategy decision, worked on policy amendments, and prepared for hearings and media strategies. One of the policy solutions they identified was to expand the young child tax credit to families with no earnings. Prior to 2022, families needed to earn at least $1 to qualify for the benefit. Although this is an extremely low threshold, removing the requirement can help families that may face barriers documenting employment. A big event they hosted to advocate for policies is their own statewide advocacy summit where they met with legislators. United Way of Kern County participated in this summit and had the opportunity to speak with legislators to support certain bills, and this was the primary way that United Way of Kern County was involved in tax-related policy matters. Additionally, United Way of Kern County highlighted accessing VITA sites or free tax services, maintaining funding, providing an enhanced statewide child tax credit for California residents, and allowing families that do not report income taxes or have taxable income to still be eligible. CVCTS's main policy goal was to allow filers to claim state stimulus payments past the California Franchise Tax Board filing deadline because most of their efforts revolve around direct tax preparation.

Lessons Learned and Future Goals

The expanded CTC in 2021 included substantial benefits for people who had previously received no or limited benefits from the CTC. To deliver those benefits, advocates in many states worked together to reach the communities least likely to receive the credit including Hispanic/Latinx, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, and low-income families. The temporary nature

[7] "2022 Tax Filing Season Begins Jan. 24; IRS Outlines Refund Timing and What to Expect in Advance of April 18 Tax Deadline," IRS, January 10, 2022, https://Content.Govdelivery.Com/Accounts/USIRS/Bulletins/304f388?Reqfrom=Share/.

of the credit also offered an opportunity for organizations to advocate for the credit's continuation at the federal level, or supportive state policies.

Share Our Strength facilitated groups in states working together toward improved outreach, policy and advocacy, and access to tax assistance. This community of practice met regularly, shared strategies, and generally coordinated efforts in the hopes of having a larger impact than they would have if they had not collaborated.

Lessons Learned

- Ensuring all eligible families received their CTC highlighted the necessity of a two-step process. First, organizations needed to educate their community about the credits, and second, information needed to be conveyed to communities who were likely to be unfamiliar with the tax system. "Not all of us have the same experiences working with certain communities but coming together is helpful with other organizations and people that have different experiences with different communities."
- Filing taxes can be a complex process for anyone but can be particularly daunting for someone who has not previously filed a tax return, or it has been many years since they filed a tax return. To claim a CTC, it is necessary to know who is eligible to claim the credit, which can be complicated in a case where a child lives with multiple adults throughout the year or custody is shared between unmarried parents. Different messaging is needed to target families with lower incomes who qualify for credits but are not filing taxes.
- "After the pandemic, we have to be reminded that the most important thing to do is build connection with someone." United Ways of Kern County also found that in-person outreach and services work best for their community. Additionally, to better understand what is working and not working, tracking data is key.

Future Goals

- CVCTS is looking to connect with groups and individuals within the Share Our Strength community of practice. They believe continuing the network of support would help more people file their taxes; claiming credits takes years to tackle, so continuing the grant and community would be critical. "Their dollars are making a difference in people's lives."
- United Ways of California highlighted the lack of best practices around which tax-related terms should be used in other languages. The direct translation of IRS terms are known, but they question who will use them, so agreeing on tax-related terms is something to think about for the tax community.
- All three main grantees were looking to expand their staff, volunteer base, and funding streams. They highlighted the need for more VITA sites, partnerships, mobile site locations, and marketing staff member capacity. Accomplishing all of this will require more people and money, which they are all working on.

- The separation between people in touch with communities likely to miss out on tax benefits and the tax preparer community has made some grantees reconsider the set of services they provide. United Ways of California is discussing whether some of their staff should become certified tax preparers so that they can become more knowledgeable for their clients since they themselves do not prepare tax returns.

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