

Share Our Strength Community of Practice Grant Case Study: Virginia

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 Even when a tax return had been filed, it could contain outdated information on who is supporting a child, which could result in money being sent to the wrong person.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 Virginia 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: Virginia

Virginia 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. Virginia has a state-level EITC. In tax year 2021, the period studied, Virginia’s EITC was nonrefundable, but starting in tax year 2022 the state’s EITC became a refundable credit. Virginia does not have a state-level CTC, but does offer a child and dependent care tax credit. Virginia uses child care expenses listed on the filer’s federal tax return for its deduction, but the state’s calculation is separate from the calculation of the federal credit.

TABLE 1
Virginia State Tax Credits

Tax Credit	About
Earned income tax credit	Yes; Tax Year 2021 (nonrefundable ¹); 20% of federal credit ² ; Tax Year 2022 (refundable); 15% of federal credit
Child tax credit	No
Other tax credits	Child and dependent care deduction can reduce the amount of income families owe state income taxes on by up to \$3,000 per child (\$6,000 per family) of childcare expenses for children under age 13. Must claim the federal child and dependent care tax credit to qualify for this state benefit.

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 Virginia, 78.9 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 slightly 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 \$102,100 in Virginia.¹ The average national child poverty rate in 2021 was 16.9 percent, compared with 13.3 percent in Virginia.²

A majority of people in Virginia identify as white, non-Hispanic (60.6 percent), 18.7 percent identify as Black, non-Hispanic, 9.8 percent identify as Hispanic, Latinx, 6.7 percent identify as Asian, non-Hispanic, and 4.4 percent identify as American Indian, Native Hawaiian and Pacific Islander, or some other race or two or more races.³ Virginia also has a food insecurity rate of 7.8 percent, compared with 10.4 percent nationally.⁴ Virginia's Senate leans Democratic and House leans Republican.

Grant Structure in Virginia

The primary grant recipients in Virginia were CASA, the Commonwealth Institute for Fiscal Analysis (TCI), and the United Way of Greater Richmond & Petersburg. For this project, they worked with partners but not subgrantees.

We conducted interviews with CASA, TCI, and United Way of Greater Richmond & Petersburg 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.

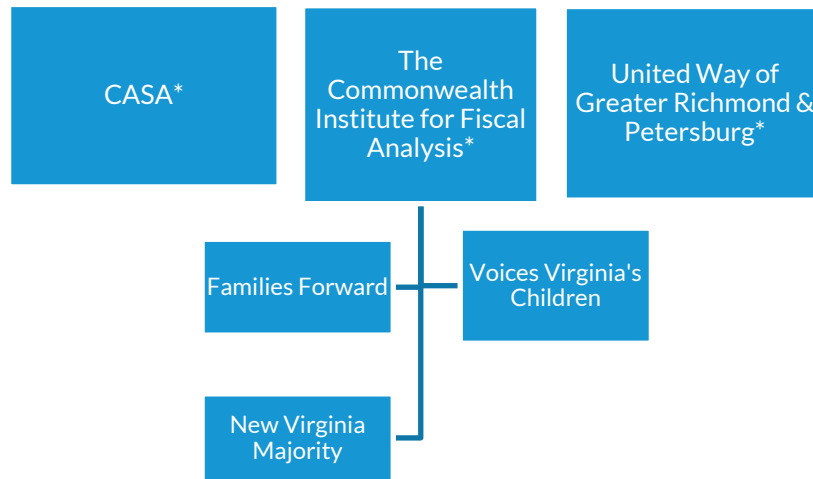
² "Small Area Income and Poverty Estimates (SAIPE): Under Age 18 in Poverty," United States Census Bureau, 2021, https://www.census.gov/data-tools/demo/saipe/#/?s_measures=u18.

³ See table DP05 from the 2021 5-year ACS estimates in "Census Data," United States Census Bureau <https://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 Virginia



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Source: Share Our Strength Community of Practice.

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

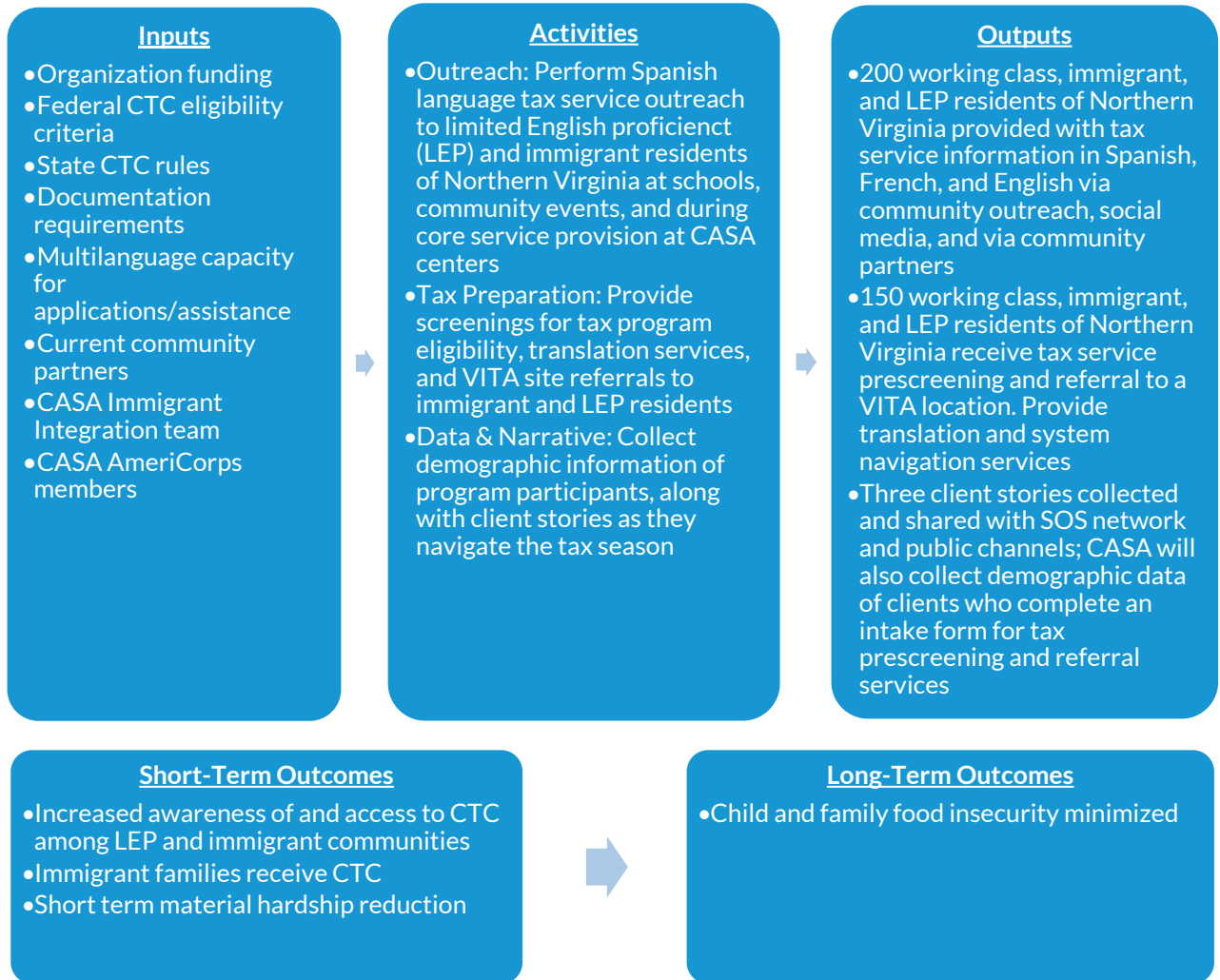
TABLE 2

Description of Interviewed Grantees and Subgrantees in Virginia

Grantee/Subgrantee	Description of Organization	Grant Activities	Target Population
CASA	Organization providing an array of services around immigration, education, and health	Worked to become a Volunteer Income Tax Assistance (VITA) site in 2023 to provide free tax preparation services to the community	Services open to everyone but because of the primarily Latinx staff and connections to the Latinx community, the population tends to be Latinx and immigrant communities
The Commonwealth Institute for Fiscal Analysis (TCI)	Organization aiming to advance racial and economic justice for people in Virginia by advocating for evidence-based policies	Worked on legislation to improve the state Earned Income Tax Credit (EITC) and advocate for a state Child Tax Credit (CTC) for low-income families in Virginia	Families with children, low and middle-income households; families of color; people with disabilities; Individual Taxpayer Identification Number (ITIN) holders and Spanish speakers
United Way of Greater Richmond & Petersburg	Organization focused on creating community based and led solutions that improve the education, financial stability and health of people	Principal VITA site in the area; provided assistance with tax filing through 13 in-person sites and virtual site; coordinated with 211 (a free service that connects Virginians with needed resources) to share information specific to the 2021 CTC expansion and virtual tax filing assistance through community resource days; shared this information through literacy kits to kindergarten classrooms	Served 11 localities and rural areas in Virginia; Specifically, families with children, low- or middle-income households, limited-English proficiency households, bilingual Spanish speaking community, and in the past, the deaf and hard of hearing community

Source: Organization websites and interviews with grantees and subgrantees.

FIGURE 2
Logic Model for CASA, Inc.



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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.

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

CASA

- Took a "we are trying everything we can" approach, which consisted of Short Message Service (SMS) text campaigns, presentations, social media posts, community events, words of mouth, and flyers.
- Tried to ensure flyers were in English and Spanish, contact information was clear on the flyers, and distributed to places where families go like laundromats, supermarkets, and community centers

TCI

- Since TCI's focus is on policy, they mainly report on tax findings via reports, blogs, and op-eds
- Created a social media toolkit consisting of graphics in multiple languages to raise awareness on claiming the improved EITC which was shared with community members
- Produced a research brief, one pager, and videos about the CTC that will be used in and distributed for the 2023 legislative session

United Way of Greater Richmond & Petersburg

- Conducted outreach via social media posts, flyers, tabling, Facebook ads, presentations, and newsletters, and sent out 2,500 literacy kits with tax-related information to children in schools and their families
- A partnership with the Virginia social services department led to targeted tax-outreach via text messages to people who receive public benefits like SNAP and Temporary Assistance for Needy Families (TANF); the Virginia social services department identified people who were likely to be eligible for the expanded federal CTC or EITC who had children under age 18 and income but who had not filed a Virginia tax return for 2021; these families received texts promoting the CTC which led to people being connected with the Get CTC portal (individuals did not need income in 2021 to claim the expanded CTC but did need earnings to claim the EITC)

Successes

- **Information accessibility and trust:** CASA ensured that all the flyers they made were in English and Spanish since they serve many Latinx individuals. Further, they tried to post flyers at locations where residents would meet. They also focused on making their information as clear and concise as possible because of the misinformation rampant in the news. The United Way of Greater Richmond & Petersburg also put a lot of thought into their messaging, especially their outreach via text messages, given the high level of text message scams that exist.

- **Partnerships are key:** The United Way of Greater Richmond & Petersburg valued its partnership with the Virginia Department of Social Services to reach families who had not filed their tax return, which led to more people connecting with the GetCTC portal.

Challenges

- **Language barriers:** Despite efforts to make flyers more accessible, TCI and the United Way of Greater Richmond & Petersburg highlighted how tax-related information in more languages is needed to reach more people.
- **Identifying who hasn't been reached:** It can be difficult to know who are the people that still need to be reached. For example, people who are not required to file a tax return but would benefit from the EITC might need better outreach.

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 Virginia, United Way of Greater Richmond & Petersburg was involved in tax preparation. CASA is in the process of becoming a VITA site in 2023, and TCI focuses on advancing policy. To claim tax credits and properly file a tax return, it is important that people providing assistance to families understand basic income and demographic information including who lives together in a household, the relationships of people living together, age of children, and in some cases, how long a child has lived with the adults in the household. Helping people that speak languages other than English presented challenges for VITA preparers. The United Way of Greater Richmond & Petersburg notes that having interpreters on hand is imperative to helping these populations accurately file their tax returns. Another challenge is identifying people who may not be required to file a tax return but who would benefit from doing so because they are eligible for the EITC or CTC. Comprehensive outreach strategies can reach people at risk of not receiving tax benefits.

During the grant period, grantees in Virginia did the following:⁶

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>.

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.

- Filed **roughly 700** tax returns
- Helped individuals claim **roughly \$430,000** 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. TCI produced videos of parents discussing how strengthening the EITC will improve the quality of their lives which received media coverage. CASA is looking for potential stories to capture but highlights that attempting to acquire stories on mixed-status families can be challenging, requiring nuance given immigration-related factors.

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 Virginia, TCI led this work given their existing expertise. Their major policy accomplishments include a strengthened EITC that was included in the 2022–24 biennial budget that made the EITC refundable at 15 percent of the federal credit, meaning that more low-income families will qualify. They also drafted legislation to create a state CTC that was filed in both houses of Virginia’s General Assembly. Overall, TCI staff are thinking about changes that can be made to expand Virginia’s EITC and focused on enacting a CTC. Moreover, they are thinking of how to implement new data sharing agreement among local and state agencies to improve tax outreach. They also hope to establish funding designated for tax credit outreach, which could include VITA sites. CASA, which has a location in Maryland, saw success in expanding the Maryland state EITC to ITIN holders and hopes to accomplish that with Virginia’s EITC. Given that CASA serves many mixed-status families, improving their access to tax credits has become a significant priority for CASA. The United Way of Greater Richmond & Petersburg did not focus on policy for this grant, but they have partnered with TCI on policy in the past. United Way of Greater Richmond & Petersburg anticipates collaborating with TCI on future efforts.

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/>.

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 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

- Most adults in the United States voluntarily file a tax return but some low-income households are not required to do so and do not because they are not eligible for tax credits with income requirements. When the ARPA removed income requirements for the CTC, families with very low incomes who previously did not file needed to be made aware of their eligibility for the program and needed to provide information to the IRS to get the benefit. The IRS was limited to sending automatic payments of the CTC out to those who had either filed a tax return that included a child in the past two years or had claimed an Economic Impact Payment (EIP, also known as a stimulus payment) in the previous year. Overcoming barriers to provide the appropriate information directly to families and also to organizations that may have contact with these families as well as barriers to claiming the credit could be time consuming. Families also needed to file a tax return to get the second half of their credit or, if they had not received the first half as advanced payments, to claim the full credit. Tax season is a busy time for VITA sites with tax preparation, so the added task of making sure all eligible families receive the CTC puts extra pressure on them. One lesson that people who work with VITA shared, "Start as early as you can." Having everything ready or as much as one can have ready is key to a good start to the tax season because once it comes, it's a hectic time.
- Tax preparers, including those at VITA sites, should expect a diverse clientele. To best serve their clients, it was important to have interpreters on hand for populations who speak another language apart from English. This included interpreters for the deaf and hard of hearing community.

Future Goals

- Throughout the grant period, CASA completed approximately 200 prescreenings for their VITA site set to open in 2023, which allowed them to identify future clients. Hence, continuing to prescreen and subsequently helping clients file their taxes is the top priority for CASA.

- United Way of Greater Richmond & Petersburg is focused on expanding their VITA sites and ensuring as many people claim the EITC in 2023 as possible.

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