

# Promoting financial security for Wisconsin families: the Volunteer Income Tax Program



**“The VITA program and excellent oversight provided by Extension’s leadership in the Financial Education Center provide a major community benefit and help...reduce homelessness and increase financial stability.**

—Nan Cnare  
United Way of Dane County

## Situation

Rising costs for food, fuel and other necessities in the wake of a struggling economy are straining the budgets of many Americans. For low-wage working families, the impacts of the economic downturn are significant.

Many low-income families and individuals qualify for tax credits and programs that provide some relief, but accessing these resources can be difficult.

To help, the Internal Revenue Service (IRS) sponsors Volunteer Income Tax Assistance (VITA) sites in communities throughout Wisconsin. Volunteers trained and tested by the IRS and the Wisconsin Department of Revenue prepare basic income tax returns free of charge. Clients who come to VITA sites may learn they are eligible for the Earned Income Tax Credit—the largest tax credit for low-income working families, and one that eligible taxpayers often overlook.

By using VITA services, clients save the money they would have spent on paid tax preparers—as much as one-third of their refunds or more.

Many VITA sites offer free electronic filing, ensuring that earners with bank accounts receive their refunds within a few days. Getting quick refunds is important because it reduces the chance that clients will need a refund anticipation loan and forfeit part of their refund paying it back.

Each VITA site is unique in the services it offers, the partnering agencies involved, the volunteers and number of clients. But all share a common goal—providing a resource for families who might not otherwise claim tax credits for which they are eligible—and bringing that money back to Wisconsin families and communities.

## Response

Cooperative Extension family living educators in four counties—Dane, Iowa, Winnebago and Shawano—are actively involved in coordinating VITA sites. Family living colleagues provide leadership for the program, bringing community partners together to provide VITA services for low-income residents.

—The UW-Extension Dane County Financial Education Center (FEC), along with numerous community partners, hosts one of the largest community-based tax preparation sites in the country. Dane County partners include AARP, the Wisconsin Department of Revenue, the City of Madison, Second Harvest Food Bank, University of Wisconsin-



Madison, Dane County Credit Union, Lafollette High School, United Way of Dane County and Wal-Mart. Debra Neubauer, family living educator and administrator of the FEC, hosts and supports the site in south Madison. She coordinates logistics to handle a large volume of taxpayers and volunteers and makes arrangements for representatives from financial institutions to be present on site.

—In **Shawano County**, family living educator Linda Olson works with CoVantage Credit Union to provide VITA. The credit union supplies office space and printers. Computers were purchased with an IRS grant administered by the College of the Menominee Nation. CoVantage also offers taxpayers the opportunity to open an account. The VITA site is open one evening a week and Saturday mornings, making it possible for volunteers with full-time jobs to prepare taxes. Olson takes leadership in coordinating volunteers and conducts informal education about taxes, helping people understand the criteria for receiving certain tax credits. Volunteers from the Shawano site also staff the Gillett and Pulaski sites one day a week.

—**Iowa County** has a rural VITA site drawing taxpayers from 28 zip codes and 19 school districts. Family living educator Ruth Schriefer has provided leadership for the site for six years, recruiting and supporting training of volunteers, and securing a site, equipment and technical assistance. Iowa County partners include Southwest Wisconsin Technical College, Southwest Wisconsin Community Action Program and the Family Resource Center of Iowa County. Schriefer also assisted the Southwest Wisconsin Technical College with setting up the VITA site.

—Family living educator Kristi Cutts worked with the Oshkosh Area United Way to start a VITA program in **Winnebago County**. Other VITA partners include AARP, UW-Oshkosh College of Business, and the Senior Center. These agencies all work to provide tax assistance, promote financial literacy and help community members conserve limited dollars. Cutts provides leadership for the program and is adding to knowledge about how taxpayers use their financial resources by conducting surveys of VITA clients. In 2010, the survey showed that 63% of county clients planned to use their refund to pay bills and 8% wanted to put the money into a savings account.

## Outcomes

VITA partners offer Wisconsin taxpayers ways to strengthen their personal financial security. For example, local financial institutions participate at VITA sites and help clients receiving refunds to open savings accounts or learn about other options, such as savings bonds. Extension educators also respond to questions about budgeting, credit and money management.

The evaluations that Family Living conducts on all its programs show the difference that VITA programs are making for Wisconsin residents.

For example:

- In Dane County in 2010, 3,718 people had their taxes prepared free of charge, yielding \$4,846,164 in taxpayer refunds.
- In Shawano County, the VITA project has grown from 50 returns in 2006 to 465 in 2010. Clients received total federal refunds of \$291,853—a 64% increase.
- In 2010, volunteers prepared 282 tax returns in Winnebago County, saving families a total of \$56,055.

- Dane County Credit Union employees were on hand to open accounts for 20 “unbanked” taxpayers, allowing them to receive their refunds via direct deposit.

- Of 282 Winnebago County taxpayers, 117 (41%) had refunds directly deposited into their accounts in 2009. A follow-up survey found that 46% had a savings account; 20% did not have a savings account but wanted to start one; and 14% were not currently saving but planned to start.

- In Iowa County in 2010, six volunteers filed 90 tax returns but drew clients from rural areas outside the county. Family Living’s Ruth Schriefer reports that “When we started our site in 2005, many of our taxpayers were eager to get their refunds and go on a spending spree....In 2010, taxpayers were talking about being able to make dentist appointments, put gas in their cars, buy more energy-efficient appliances and pay off utility bills.”

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As the economy slowly begins to recover, Extension educators and community partners will continue to provide VITA services, helping working families build financial security and bringing taxpayer dollars back to communities.

### To learn more

To contact family living educators Ruth Schriefer, Debra Neubauer, Linda Olson or Kristi Cutts about their counties’ VITA programs, click on the appropriate county office link at: <http://yourcountyextensionoffice.org>