

TABLES AND FIGURES

Figure 1 Location of survey respondents.....	5
Figure 2 Geographic location of respondents by Community Action Agency service area	6
Table 1 Types of income earned in 2007 and 2008	7
Table 2 Reasons why Vermonters polled do not use a free tax preparation service	8
Table 3 Source of tax preparation service of Vermonters polled	8
Figure 3 Plot of average \$ spent on tax preparation by four categories	9
Table 5 Average and range of refund amounts received compared by source of preparation	10
Table 4 Status of tax filing and refunds	10
Figure 4 Dispersion of reported refund amounts for 2007 tax year.....	11
Figure 5 Dispersion of reported refund amounts for 2008 tax year.....	11
Table 6 How respondents saved their tax refund over time	12
Table 7 How respondents spent their tax refund over time	13
Figure 6 Tax return spending patterns compared by two lower-income thresholds.....	15
Table 8 Types of income earned by VITA clients	16
Table 9 Resource for tax preparation in previous year	16
Table 10 Referral source to VITA site.....	17
Table 11 Percentage of repeat clients compared by VITA location, all survey respondents over time	17
Table 12 Eligibility for EITC and receipt or not.....	17
Table 13 Use of tax refunds and credits received from previous year	18
Table 14 Anticipated use of tax refunds and credits	18
Figure 7 Status of banking accounts	19
Table 15 Level of Indebtedness over time.....	20
Table 16 Assets realized in six months prior to survey.....	20

METHODOLOGY

Vermont Poll 2009

The Vermont Poll is an annual public opinion survey of Vermont residents who are 18 years of age and older, conducted by the Center for Rural Studies (CRS) at the University of Vermont, to gauge Vermonters' opinions on current issues of interest to non-profit agencies, government officials, and researchers. Questions on Vermonters' tax preparation and filing practices, awareness, and use of refunds and credits, and employment status that were asked in 2008 were repeated during the 2009 Vermont Poll. More specifically, the Vermont CAA's were interested in learning if respondents used free tax preparation services, which their offices offer statewide, and if not, why not. Questions were also asked to gather data on other sources of tax preparation services, approximate cost of these services, receipt of the Earned Income Tax Credit (EITC), amount and use of refund, including spending and saving patterns and types of income earned.

The Vermont Poll is a statistically representative, statewide telephone poll conducted annually by CRS.

variables by year is the focus of this evaluation and not comparing data by each CAA. Over the three years, the majority of surveys (36%, 406) were completed by clients at Central Vermont Community Action Council (CVCAC); 22% (245) came from Bennington, Rutland Opportunity Council (BROC); 21% (235) came from Southeastern Vermont Community Action (SEVCA); 16% (181) came from Northeast Kingdom Community Action (NEKCA); and 6% (69) came from Champlain Valley Office of Economic Opportunity (CVOEO).



Figure 1 Location of survey respondents

Staff Focus Group

In June 2008, the evaluators held a focus group with staff and project partners who played various roles for the VITA project. A totT 0 0 1 125.78 279.0

FINDINGS

Vermonter Poll 2008-09

The following summarizes the demographic profile of 2009 Vermonter Poll respondents only (N=615), however this profile is consistent with respondents from 2008. Gender of respondents was fairly evenly split, with 51% (312) of

Table 1 shows the different types of income that respondents self-reported having earned in 2007 and 2008 based on forms they filed for their tax returns, selecting all that applied to them. The proportion of income earned over the past two years is fairly consistent, with the majority of Vermonters, 60% in 2008, earning wages or a salary from an employer. Including those who filed forms Schedule C, 1099, and 1040, 26% (154) of Vermonters in 2008 were self-employed, either in addition to earning other forms of income or not.

Table 1 Types of income earned in 2007 and 2008

Income	2007 Taxes	2008 Taxes
Wages, W-2	66%	60%
Self-employed, Schedule C	20%	19%
Dividend/Interest income, unearned income	16%	14%
Subcontracted work, 1099	5%	9%
Farm income, 1040	2%	3%

Table 2 Reasons why Vermonters polled do not use a free tax preparation service

Reason	2008 Poll	2009 Poll
Self-prepare my taxes	17%	23%
Prefer to work with a professional tax preparer	44%	14%
Loyalty to current tax preparer	5%	13%
Feel taxes are too complicated	6%	11%
Not aware of free tax preparation services available	19%	10%
Prefer to pay for tax preparation	9%	10%
Family member or friend prepares my taxes	10%	8%
Not eligible	3%	7%
Do not trust a free tax service	2%	7%
Feel taxes are too simple	2%	3%
Free services do not offer a rapid refund loan	1%	0
N	542	527

Table 3 displays the tax preparation services/resources that

All respondents were asked to report the approximate amount that they paid for their tax preparation. Including those who spent \$0 on their taxes, in 2007 respondents paid between \$0 and \$2,000 on their taxes with an average of \$152, median of \$100, and mode of \$0 spent. In 2008, the range of dollars spent on tax preparation was greater as respondents paid between \$0 and 6,000 on their taxes, which reflects a higher average cost of \$202. However, the

As of the time of the survey in February 2009, 29% (153) of respondents had already filed their taxes while 72% (383) had not yet filed their taxes, which is somewhat expected as taxes are due to be filed by mid April for most Americans. Table 4 breaks down that 61% of survey participants either had already received or expected to receive a refund on their 2008 taxes due to overpayment on taxes throughout the year or eligible credits. On the other hand, 40% did not or were not expecting to receive a refund. More than half (55%, 285) of Vermonters filed their taxes electronically and 45% (232) filed paper documents by mail. Additionally, 62% (65) received their refund in the form of a direct deposit into their bank account and 38% (40) received a check in the mail.

A majority of respondents (85%, 501) reported being aware of the Earned Income Tax Credit (EITC) while 15% were not aware of this credit. Sixty one percent (357) said they were not eligible to receive this credit, 13% (76) were eligible and 26% (151) were not sure if they were eligible or not. Of the 76 Vermonters polled who said they were eligible to receive the EITC, 65% (49) had already or would be receiving this credit for the 2008 tax year, 11% (8) said they did or would not be receiving this credit, 9% (7) did not know, and 16% (12) had not yet filed their taxes. Reasons given for why eligible respondents did not receive the EITC were: one person did not apply, a family's child had moved out of the house, two were not sure why they didn't receive it and one person noted that they could no longer receive credit for energy saving household items in 2008.

The dollar amount of refunds received ranged from \$70 to \$8,800 with an average refund of \$2,375 (\$1,180 in 2008), median of \$1,700 (\$750 in 2008), and mode of \$2,000 (\$500 and \$600 in 2008). Refunds received in 2009 for the 2008 tax year appear to be higher than those received in 2008 for the 2007 tax year, possibly to additional tax credits offered in 2008 to help stimulate the U.S. economy. Figure 4 displays a histogram of refund amount data from the 2007 tax,

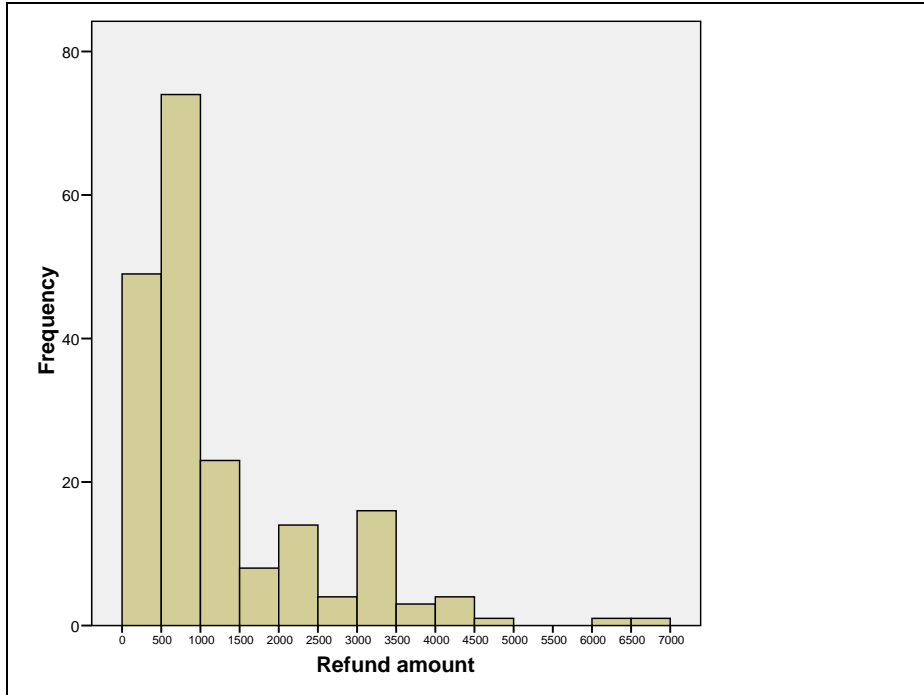


Figure 4 Dispersion of reported refund amounts for 2007 tax year

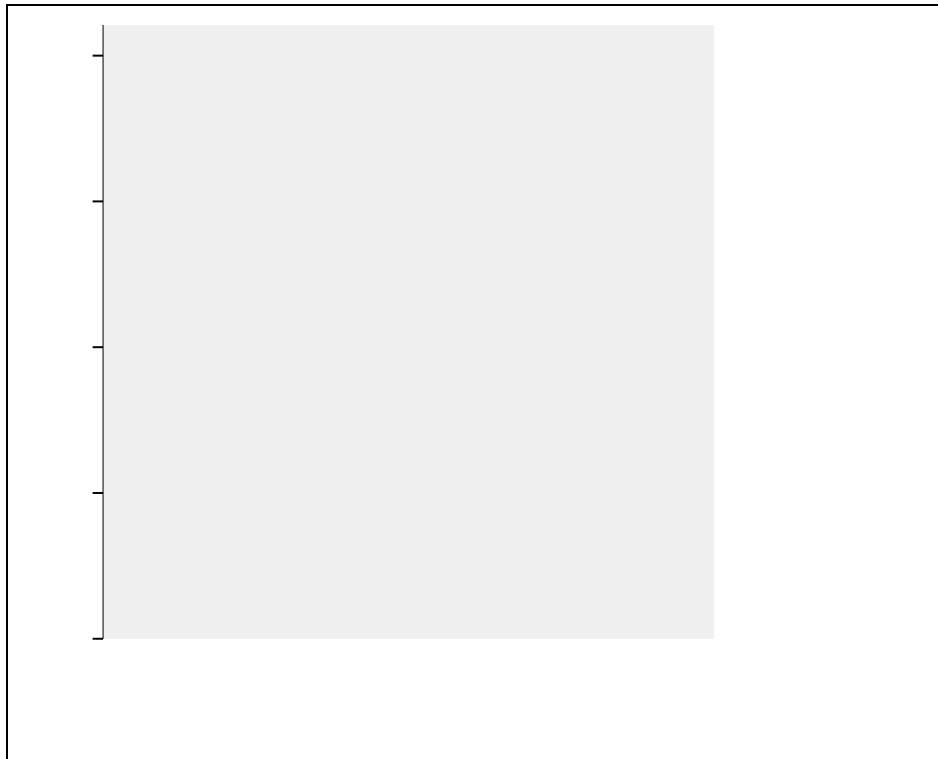
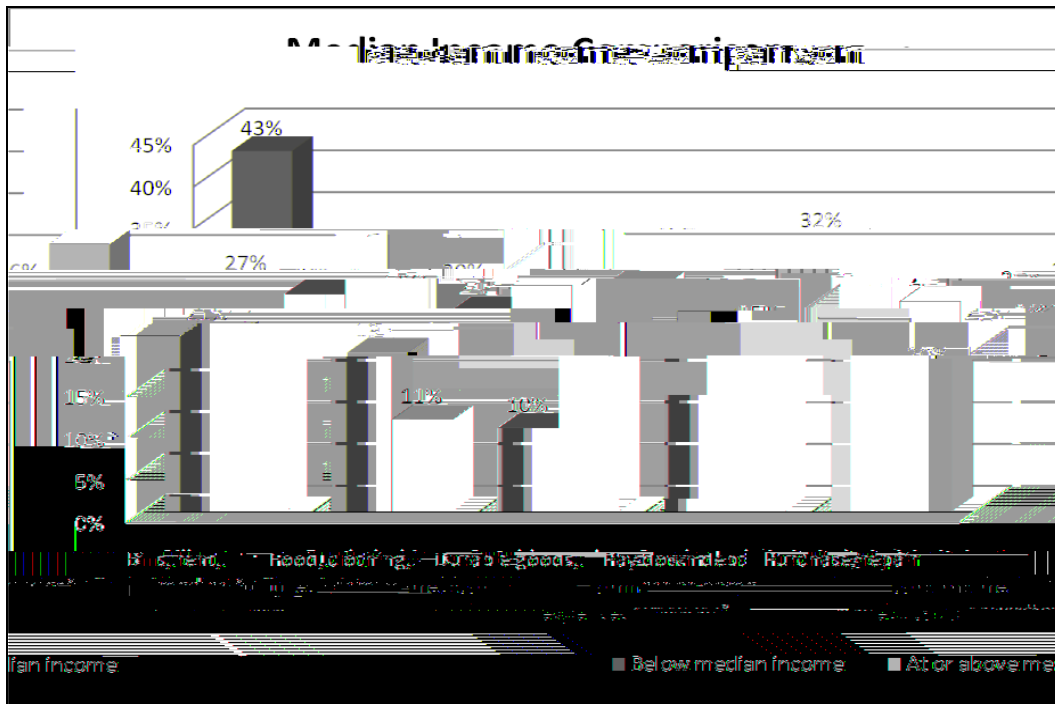
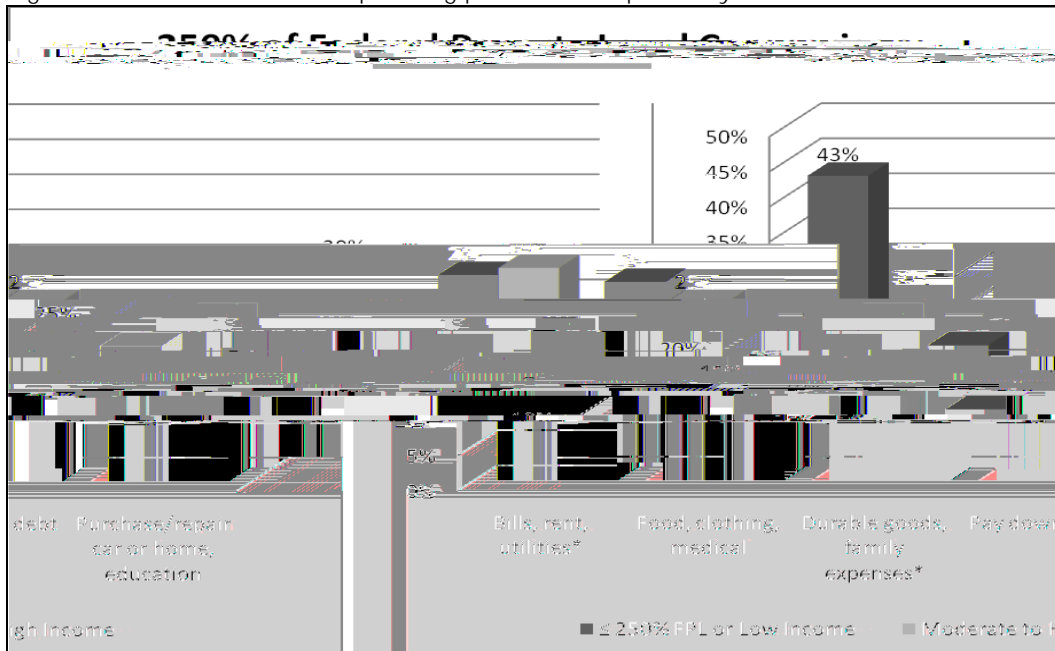


Figure 5 Dispersion of reported refund amounts for 2008 tax year

Figure 6a and 6b Tax return spending patterns compared by two lower-income thresholds



Of all clients surveyed over time, an aggregate 80% (823) of respondents reported having a savings account, checking account, or both. Figure 6 depicts the specific responses provided by respondents when queried about their banking habits, over time. In 2009, 40% (138) reported having both a checking and savings account, 33% (113) have a checking and 9% (31) have a savings account. Ten percent (33) do not have nor want an account, while 6% (20) do not have but would like one. A few people 3% (11) felt they do not qualify for a bank account.

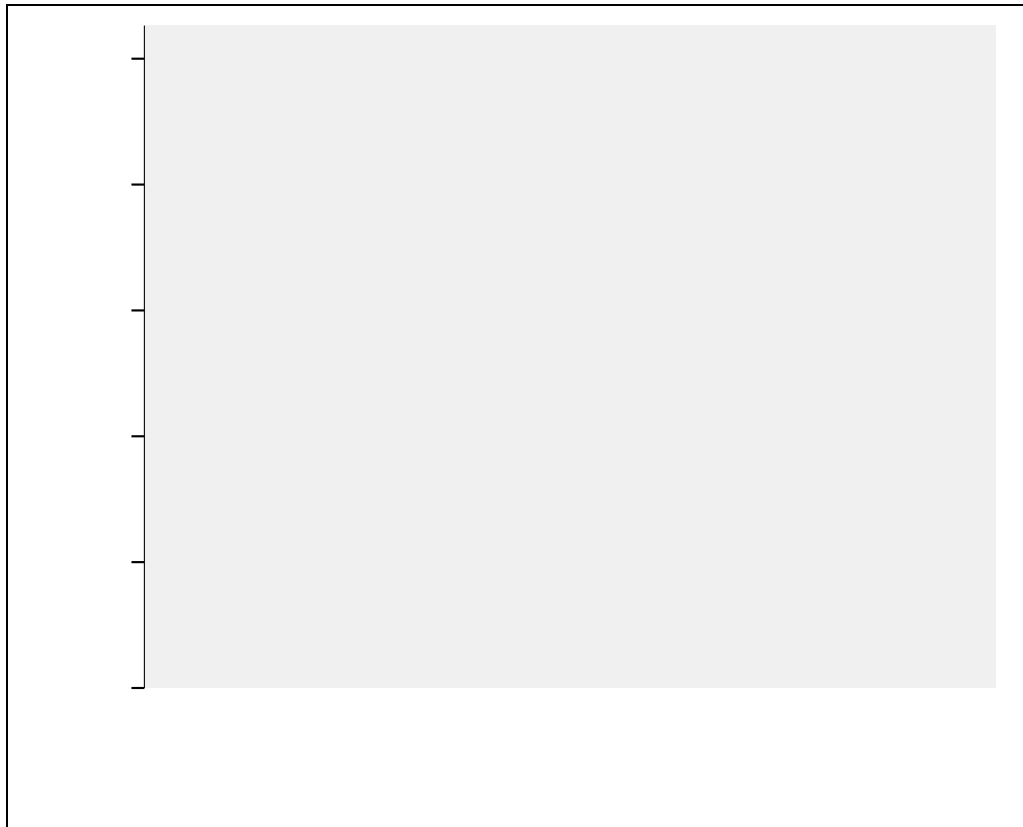


Figure 7 Status of banking accounts

Of those who save money, the main reasons cited by clients for saving were to purchase a house or vehicle, pay bills or property taxes, for education, a vacation, or for an emergency. Of those clients who are not saving money, the main reasons for not saving were that people are not making enough money, are living paycheck to paycheck, bills are too expensive, or they are in debt and cannot save money.

A small portion of all respondents over time (4%, 30) utilize an IDA account to earn matched savings to purchase a home or save money for a college education. However, 29% (169) of respondents were interested in learning more about an IDA account. Regarding retirement, 23% (185) of all respondents over time said they are saving money for retirement.

Focus Group Report

Staff discussed various issues and barriers that clients face when in tax filing and in preparation for using VITA services. A main obstacle that most self-employed persons served face is not properly keeping track of their records and need financial management education. One person in the focus group said that sometimes people are marketing their services even though they are not yet registered with the Vermont Secretary of State. They also have a lot of energy and enthusiasm for their business but are not well-informed when it comes to filing taxes for their business. Self-employed taxes can be complicated; especially if a business is paying employees or a person has multiple forms of income or businesses. In addition, clients often come to VITA services without being prepared with completed

Another internal recruitment strategy was to provide other CVCAC outreach staff and direct service providers, not affiliated with VITA, with fliers and information packets on VITA services to reach their clients. Some of the internal services included the financial literacy course "Build Your Money Muscles" and the Head Start program. CVCAC counselors also held workshops specifically on taxes, which provided clients with assistance on establishing and maintaining a system to improve their tax record collection. By educating clients in this manner, and simultaneously informing them about VITA services, clients are prepared to work with a VITA tax preparer if they choose to do so. Another recruiting strategy was to mail information to all clients who completed their taxes with VITA in previous years. One staff person also noted that they sent out tax information and fliers earlier in the year, coordinated with when people receive their tax materials, so that business owners could complete their taxes with VITA as early as December. Several staff said that business owners like to complete their taxes earlier than March, thus this strategy of marketing earlier than the time frame from last year helped to increase the number of business owners who used VITA. Staff also commented that word of mouth is an important marketing strategy as micro business owners share information and resources with other business owners.

In addition to speaking directly with clients and recruiting clients internally, staff also mailed fliers to external agencies serving their target audience, including offices of the Department for Children and Families' Economic Services Division in three counties, for them to advertise VITA services to their clients. Information was also sent to staff at the state Community Economic Development office and the Vermont Women's Business Center. Multiple media sources were also used as outreach materials were printed in various agency newsletters and press releases were printed in local newspapers.

In the second year of this grant, staff who worked at VITA sites noted anecdotally that the number of people who came in for services had increased significantly since last year. One person said that they "had a steady flow of clients." Self-employed persons specifically utilized the drop off option where they could drop off their Schedule C and related documentation at their convenience and have the materials filed for them. However, some of the business counselors noted that when they informed clients about VITA services they inquired if they were eligible for such a program based on their income or if they had multiple businesses.

This past grant cycle, VITA services operated similar to last year with in person and drop off tax assistance services provided to clients. Staff agreed that the drop off method to file a Schedule C is the option most self-employed persons take advantage of so they do not take time away from their business operations. In general, focus group attendees felt that this current year went smoother than last year, noting that the "team work was excellent." One person described the main strength of the second year as being the mix of "capacity, skills and expertise of all business counselors and tax preparers working in collaboration to serve clients." Another person commented that "everyone did what they were

To encourage clients to save part or all of their refund, almost all who filed their taxes through the drop off method met with CVCAC's IDA counselor when they picked up their completed returns. The IDA specialist noted that often clients are not aware of the IDA program and do not think of it as something they should consider. Yet working with clients to maximize their tax refund and receive a stimulus check provided the perfect opportunity to educate them about the IDA program and how they could benefit through this program by saving some or all of their refund. The IDA specialist commented that they enrolled about five new clients into the IDA program through the VITA service.

Staff discussed the various impacts they felt this grant and the free tax preparation services had on clients served. By offering a free tax preparation service, Vermonters can save an average of \$326 that they might spend if they worked with a paid service⁴. Tax counselors also noted that if a self-employed person has their Schedule C filed with a national chain, it would cost a minimum of \$250. In addition to diverting money spent on tax filing, tax preparation counselors estimated that their services helped to return almost a quarter of a million dollars to lower income people and business owners. In addition, tax filers received a portion of the federal economic stimulus package. Anecdotally, tax counselors said that VITA services took the "fear factor out of tax preparation for a lot of people as otherwise a client would not know what to do or feel overwhelmed." VITA services place the focus on serving self-