



Virginia CASH Campaign

EITC Initiative

2020-2021 Earned Income Tax Credit Grant Application and Guide



Name of Grant Program: Virginia CASH Campaign EITC Initiative

Source of Funds: Temporary Assistance for Needy Families Block Grant

Language: Virginia General Assembly appropriated \$185,725 in FY 2020 to Virginia Community Action Partnership (VACAP). Item 346 A.2. states: Out of this appropriation, \$185,725 the first year and \$185,725 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with the Virginia Community Action Partnership to provide outreach, education and tax preparation services via the Virginia Earned Income Tax Coalition and other community non-profit organizations to citizens who may be eligible for the federal Earned Income Tax Credit. The contract shall require the Virginia Community Action Partnership to report on its efforts to expand the number of Virginians who are able to claim the federal EITC, including the number of individuals identified who could benefit from the credit, the number of individuals counseled on the availability of federal EITC, and the number of individuals assisted with tax preparation to claim the federal EITC.

Eligible Recipients: VACAP will provide grants to local organizations to provide outreach, education and free income tax preparation services to those who may be eligible for TANF and/or the federal Earned Income Tax Credit (EITC). Funding will support and expand the efforts of VACAP through the Virginia CASH Campaign to assist local coalitions as they provide individuals and families access to the federal EITC and other tax credits. This is the 15th year of the grant funding program.

Requirements: Volunteer Income Tax Assistance (VITA) partners in Virginia that provide outreach, education and free income tax preparation services to eligible EITC recipients. Funds should focus on serving TANF recipients. Completed applications for funding must reflect compliance with Internal Revenue Service (IRS) regulations for VITA sites providing free tax preparation services.

Because of the uncertainty surrounding the global COVID-19 pandemic and what the tax filing season may look like in 2021, coalitions should now be exploring alternative options like Facilitated Assistance, Free File or Virtual VITA as it relates to both clients and volunteers. Please be prepared to outline preparedness plans for tax season since it appears that face-to-face may be unlikely. If your planned tax season activities or your method of operation changes prior to, or during the tax season, you may amend your application. It is recommended that someone from the coalition participate in the bi-weekly VITA chats.

All coalitions are asked to use the Virginia CASH Campaign logo in conjunction with their free tax preparation programs. Coalitions are encouraged to engage other community partners in providing financial education and other asset-building initiatives. Data capture is essential for reporting all VITA activities and reports should be submitted in a timely manner. VACAP encourages coalitions to invite local elected officials to their VITA site so they can see first-hand how the free tax program positively impacts the community.

Included for your information are guidelines from CAPLAW and the IRS regarding budgets and allowable spending for volunteers and other line items.

Grant Awards: Coalitions will be awarded a base amount grant in recognition of the fact that all sites have basic expenses to cover. Remaining funds will be divided among coalitions based on timely report submission, successful program results and final grant reports. New coalitions will be awarded funds based on grant proposals, geographic area and services provided. Please keep in mind that poorly prepared, incomplete or late reports will have a negative impact on future funding.

Application Deadline: VACAP will briefly review the application process at the virtual Fall Classic on **Thursday, September 17, 2020**. VACAP will post the application to www.vaeitc.org after the meeting. VACAP will host a grant application conference call on **Tuesday, September 29, 2020 at 11:00 AM** to review the application process and answer questions. Applications must be received on or before **Tuesday, October 20, 2020**.

Please submit **ONE** copy by mail to the VACAP office at 8921 Three Chopt Road, Suite 303, Richmond VA 23229. Because I am not in the office full time, please do not send with a signature required. **ONE PDF copy** via email to cspohrer@vacap.org. Make sure that the mailed copy and the emailed copy are identical.

Decisions made by: Grant recipients will be notified by **November 17, 2020**. Funds will be disbursed by **December 6, 2020**.

VACAP contact: For assistance or questions please contact Carolyn Spohrer, Deputy Director at 804-644-0417 or by email at cspohrer@vacap.org.

Project Summary

Organization Name: _____

Coalition Name: _____

Contact Person/Project Director: _____

Address: _____

Telephone: _____

Your email: _____

Who else should receive emails regarding the EITC grant and deadlines and general information during tax season (list name and email address):

Grant deadline emails: _____

General VITA information: _____

You are encouraged to participate in the bi-weekly VITA Chats. Who will be participating? _____

Agency federal Tax ID#: _____

Grant Amount Requested: _____

Virginia General Assembly Senator(s) and Delegate(s) in area to be served by grant:

Summary: (50 words or less)

Project Description (please answer all questions)

1. Is the VITA program part of your agency strategic plan? Is it now one of your core programs? Briefly explain how and why or why not.
2. **Given the unprecedented nature of the last filing season, what is your plan to use alternative tax preparation models, such as Free File, Facilitated Self-Assistance, MyFreeTaxes, Drop off or Virtual VITA, especially if social distancing guidelines are still in place? Please explain your processes including volunteer management.**
3. **Describe contingency plans in place to change your VITA processes if circumstances change, i.e. restrictions by local agency or government as a result of continuing global pandemic?**
4. Are VITA program outcomes shared with agency President/CEO and or board?
5. Document the need for free tax preparation services in your area including population and geographic area to be served.
6. Document how you will capture: Do you receive assistance from any of the programs for fuel assistance, housing, Medicaid, SNAP, or TANF?
7. Describe your plan to include financial education or financial coaching.
8. If you are planning to participate with any financial capability initiatives, tell us who and what, why and how. (Virginia Saves, BankOn, Prize Linked Savings programs)
9. If applicable, list other community organizations that will collaborate with you. Include a brief description and what activities/programs they will provide. (Include one sample copy of Memoranda of Understanding as attachment.)
10. Other funding sources (if applicable):
11. Did your coalition apply for a federal VITA grant this year? How much will you receive?
12. Do you do benefit screening at any of your tax preparation sites? With which partner?
13. Are your objectives for this year clearly stated and based on measurable outcomes or overcoming challenges you voiced in the final report last year? How and why?
14. How will you overcome challenges to meet the new measurable outcomes?

Signature: _____

Printed Name: _____

Date: _____

Project Budget
(State Fiscal Year July 1, 2020 - June 30, 2021)

Budget should be submitted AFTER the grant awards have been announced

Budget Category	Request
Rent/Office space	
Personnel	
Travel	
Equipment	
Printing	
Advertising/Promotion	
Television/Radio/Billboards	
Web Design/Maintenance	
Telephone/Internet	
Office Supplies	
Mailing costs	
Training	
Volunteer Recruitment	
Meals/Recognition	
Financial Education	
Conferences	
Indirect Costs (10% or less)	
PPE (if necessary)	
Other (define)	
Total	

VACAP hopes that we will be able to meet face to face next year and continues to recommend that your budget include amounts that will allow coalition representatives to attend state, regional and national conferences relating to free tax preparation programs, VITA, FSA and financial education and financial coaching.

Refer to CAPLAW and IRS guidelines for some budget line items (meals, recognition, volunteer spending)

Activities/Outcomes Plan

Activity	Goal	Measurable Outcome	Evaluation
		<p>Numbers and or percentages</p> <p>For example:</p> <p>We will increase the number of returns by 200 (or by 10%).</p> <p>We will increase the number of volunteers by 12 people.</p> <p>We will reduce our error rate from 5% to 3%.</p>	

Important Dates

Date	Event	Outcome
September 17, 2020	Virtual Fall Classic	Grant announcement
September 17, 2020	www.vaeitc.org	Grant application posted
September 29, 2020	Grant application conference call at 11:00 AM	Link will be emailed closer to event
October 20, 2020	Grant application deadline	One copy mailed*; one PDF emailed
November 17, 2020	Grant recipients notified	Email notification
December 1, 2020	Report to Governor, General Assembly and JLARC	Submitted by VACAP and posted on www.vaeitc.org
December 6, 2020	Grant funds disbursed	Checks mailed
January 31, 2021	Progress report #1	Submitted to VACAP- email
February 28, 2021	Progress report #2 (cumulative)	Submitted to VACAP- email
March 31, 2021	Progress report #3 (cumulative)	Submitted to VACAP- email
April 30, 2021	Progress report #4 (cumulative)	Submitted to VACAP- email
May 14, 2021	Final Coalition Report- by email and mail	Submitted to VACAP (one copy mailed*; one PDF email copy)

***mail to (no signature required):**
VACAP
8921 Three Chopt Road, Suite 303,
Richmond VA 23229

Grant Application Checklist

- Has the Grant application been completed?**
 - all information in Project Summary (p. 4)**
 - all 13 questions of Project Description (p. 5)**
 - other email recipients (p. 5)**
 - all sections of Activities/Outcomes Plan (p. 7)**

- Have the Important Dates been reviewed? (p. 8)**

- Have the General Terms and Conditions and CAA Q&A been reviewed? (pp. 10-15)**

- Has the Program Director/Executive Director signed the Grant Application? (p. 5)**

- Does the submitted application include one signed original and one PDF copy email of the completed application?**

- Have you included a copy of your W-9? (available for download at www.vaeitc.org or you can submit your own form)**

General Terms and Conditions

- A. **Anti-Discrimination:** The contractor certifies to VACAP that it will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the Contractor agrees as follows:
 - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.
 - d. In accordance with Executive Order 61 (2017), a prohibition on discrimination by the contractor, in its employment practices, subcontracting practices, and delivery of goods or services, on the basis of race, sex, color, national origin, religion, sexual orientation, gender identity, age, political affiliation, disability, or veteran status, is hereby incorporated in this contract.

2. The contractor will include the provision of 1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

- B. Drug-Free Workplace:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

- C. Nondiscrimination Of Contractors:** A contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

- D. Ethics In Public Contracting:** The contractor certifies that the contract is entered into without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. Immigration Reform And Control Act Of 1986:** The contractor certifies that it does not and will not during the performance of this contract knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.
- F. Debarment Status:** The contractor certifies that it is not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this contract, nor are they an agent of any person or entity that is currently so debarred.
- G. Political Activity Prohibited:** Programs funded under this contract shall not use these funds, provide services, or employ or assign personnel, in a manner supporting or resulting in the identification of such programs with:
1. Any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;
 2. Any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or
 3. Any voter registration activity.
- H. Applicable Laws And Courts:** This contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the Commonwealth of Virginia *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.

CAA Q&A: Is It OK to Give Volunteers Gift Cards?

By Eleanor A. Evans, Esq., CAPLAW

Question:

Should my agency continue its practice of occasionally giving volunteers gift cards worth \$20 to \$50 redeemable at retail stores in appreciation for their volunteer service?

Answer:

No. The IRS may consider the value of the gift cards to be reportable compensation paid by your agency to the volunteers for their services. Therefore, the best approach is to recognize volunteers on occasion with gifts of relatively low-priced items that cannot be redeemed for cash – such as flowers, food, books, event tickets, T-shirts, hats and the like – which do not need to be reported.

Whether the IRS will think the gift cards are compensation depends on factors such as how frequently and regularly your agency gives them out, their value, and whether the volunteers expect to receive them in exchange for the services they provide the agency. If the gift cards' value is compensation to volunteers, your agency may be required to report (and, in certain cases, withhold income and employment taxes on) the gift cards' value. If a volunteer is considered an employee, your agency would be required to report the value of any gift cards the volunteer received during the year on Form W-2 and withhold on that amount. If a volunteer is considered an independent contractor, the agency would need to report the value of the gift cards on a Form 1099-MISC, but only if the value of gift cards and any other compensation the volunteer received from the agency during the year is \$600 or more. Whether a person who performs services for your agency is considered an employee or an independent contractor depends on the relationship between that person and your agency. In general, the more control your agency has over the way the person provides the services – e.g., by training and supervising the person – the more likely the person is to be considered an employee.

Although most of your volunteers may qualify as independent contractors, it is best to avoid the reporting issue altogether by giving the types of items described above instead of gift cards. Infrequent gifts of nominal value made to volunteers or employees, such as holiday turkeys, are not considered income to the recipient because they qualify under Internal Revenue Code section 132 as “de minimis fringe benefits” (i.e., fringe benefits the value of which is so small – taking into account the frequency with which the organization provides similar benefits to volunteers or employees – as to make accounting for those benefits unreasonable or administratively impractical). Guidance issued by the IRS indicates that neither cash nor cash equivalent fringe benefits (such as gift certificates), nor items worth \$100 or more qualify as de minimis fringe benefits. Therefore, if your agency wants to avoid triggering potential reporting and withholding obligations on gifts given to volunteers, it should recognize volunteers with items of nominal value that cannot be redeemed for cash and should give these gifts only occasionally. As to gift cards your agency may have already given out – the issue may not come up in an IRS audit and, even if it does, many of the volunteers may qualify as independent contractors, meaning that any compensation below the \$600 threshold that your agency may have paid them would not need to have been reported.

NOTES FROM IRS Publication 4671 on Budget, spending, volunteers

D. Equipment (and Technology) – Documentation would include receipts for items purchased and the payment records.

1. Federal funds may be used to purchase, lease or rent equipment and related technology to support the program. Examples of items covered in this category include computers, printers, projection equipment for training (not a television), software, Internet connectivity, network cards, copier, etc. Equipment purchased with federal funds should remain in use in the program in future years or may be used to support other federal programs. Equipment may be used to support non-federal programs when use does not interfere with the purpose for which it was purchased. Grant recipients may keep all equipment purchased beyond the current year if participating in the VITA Program for an additional two years. The purchase of tax preparation software with VITA Grant funds is prohibited. The IRS provides tax preparation software annually to participants in the VITA Program that meet minimum production requirements at no cost. This category does not include disposable technology expenses such as printer cartridges or back up media. These items are considered supplies.

2. Non-federal funds used to pay these expenses may be used for matching when incurred specifically for the delivery of the program. Donated or loaned equipment may be included as matching and is valued at the fair market value of the property at the time of loan or donation. Equipment already on hand may be considered matching as well but the value must reflect normal depreciation.

3. Special Limitations: The value of the donated equipment is not reimbursable either as a direct or indirect cost. It may only be used as a source of matching funds.

E. Supplies - Documentation would include receipts for items purchased and proof of payment.

1. Federal funds may be used to purchase general supplies needed for the program's operation. This would include general office supplies such as pens, paper, staplers, staples, shredders, printer cartridges, copier toner, cable locks, power cords, back up media, etc. It may also include storage cabinets for records and/or equipment. Desks and/or tables for tax preparation activities may also be purchased. Federal funds may be used to purchase volunteer recognition but are limited to \$10 per volunteer.

2. Non-federal funds used to pay these expenses may be used for matching when incurred specifically for the delivery of the program. Donated or loaned supplies may be included as matching and is matched at the fair market value of the property at the time of loan or donation.

3. Special Limitations: Federal funds used to purchase volunteer recognition are limited to \$10.00 per volunteer. Donated goods, i.e., expendable personal property/supplies may be furnished to a non-profit organization. The value of the goods is not reimbursable either as a direct or indirect cost. It may be used as a source of matching funds.

F. Contractual – Documentation would be contracts and payments.

1. Federal funds may be used for contractual agreements to provide specialty services such as an interpreter, appointment scheduling, space rental, etc. A contract for space rental may include such additional services as security, maintenance, and cleaning. If the contract covers the use of the service for other than the VITA Program, only the portion directly attributable to the VITA Program may be charged. For example, a facility is used to support four programs and the VITA Program operates during 30% of the time. The cost of rental is \$2000 per month, it would be limited to 30% or \$600 for only those months that the VITA Program is in operation.

2. Non-federal funds used to pay these expenses may be used for matching when incurred specifically for the delivery of the program.

G. Construction – This category is not applicable to this grant. No expenses are allowed.

H. Other – Documentation would be receipts and proof of payment.

1. Federal funds may be used for other categories of items as well. Items such as publicity, audit services (when required because of the amount of federal funds expended), and installation of phone lines or Internet access are common expenses under this category for VITA grant recipients. Organizations may include the cost of food and beverages provided for volunteers at VITA sites. It is an allowable expense as long as the purchase meets all OMB established criteria (necessary, reasonable, allocable, and allowable). It must be a direct cost (not indirect) and incurred solely in support of the program. Total expenses for food and beverages may not exceed \$500. Purchase of food and beverages for customers is not allowed because it is not in support of the program. A reasonable proposal that includes this expense considers the number of volunteers, days and hours the site operates, length of the site session and type of food and beverages provided. The cost of food and beverages purchased in conjunction with an event considered entertainment or social activity is not allowable.

2. Non-federal funds used to pay these expenses may be used for matching when incurred specifically for the delivery of the VITA Program.

3. Special Limitations: Donated use of space may be furnished to a non-profit organization. The value of the space is not reimbursable either as a direct or indirect cost. It may be used as matching.

I. Indirect Charges – Limited to the grant recipient. Charges for expenses not directly related to the program but required for effective operation of the overall grant recipient. These charges might include such things as the accounting personnel tracking all expenses and/or processing time, maintenance, cleaning, insurance, security, etc. The calculation of how indirect charges are assigned to the grant must be provided in each calculation. The Indirect Cost Rate Agreement should be included with the application, if applicable. Organizations meeting the conditions established at 2 CFR 200.414(f) may elect to charge a de minimis rate of 10% of modified total direct costs.

1. Federal funds may be used to cover indirect charges as allowed in the applicable cost principle for the type of agency applying for a grant.

2. Non-federal funds used to pay these expenses may be used for matching when prorated to only VITA Program activities.