

## California Tax Credits Ecosystem Summary Brief

### Overview

In the fall of 2022, on behalf of Blue Shield of California Foundation the EITC Funders network undertook a scan of the California tax credit ecosystem. This ecosystem is comprised of organizations, public and private, working to ensure that low- and moderate-income Californians learn about the tax credits and receive all those credits that they are eligible for.

The goal of the project was to better understand this ecosystem: the major field and funder players working to improve access to state tax credits for low- and moderate-income Californians, the various roles they play, and the questions that need to be answered to increase the number of low- and moderate-income families who have access to California tax credits.

This initial, quick-turn-around inquiry yielded a wealth of information about the California (CA) tax credits outreach and engagement ecosystem. It is important to note that with such a large and complex ecosystem, we were only able to connect with a fraction of the organizations and funders engaged in work related to tax credits.

### Approach

To reach the inquiry goal, the team used a three-pronged approach eliciting input from three critical groups working in the California tax credit ecosystem:

#### CA Field Focus Groups

Three virtual focus groups were conducted with the aim of better understanding the ecosystem, the ways in which the field is addressing challenges the collective is facing, and questions they would like to see addressed in a larger inquiry. We invited a diverse set of voices working at different levels, in different regions, and within different communities (see Appendix 1 for characteristics of focus group registrants). An honorarium of \$200 was provided for participation. Focus groups dates and the number of participants were:

- Focus group 1: November 30: 10:00 - 11:30 (PT), 7 participants
- Focus group 2: December 5: 1:00 - 2:30 (PT), 6 participants
- Focus group 3: December 14: 2:00 - 3:30 (PT), 8 participants

#### CA Funder Interviews

Ten interviews were conducted with CA funders. These funders represented a range of geographies and giving sectors. The goal in these interviews was to gather information on who is funding in state tax credits, their strategies (using the ecosystem of change as a jumping off point), and questions they would like to see addressed in a larger inquiry.

#### CA Philanthropic Serving Organization Interviews

Four CA Philanthropic Serving Organizations (PSOs) were also interviewed as a part of this inquiry to gather information on the work they are doing to support funders in this conversation, key funders who are part of this ecosystem, and questions they would like to see addressed in a larger inquiry.

## Guiding Questions

The inquiry sought to gain insights on the following guiding questions:

- Who are the major field and funder players working to improve access to state tax credits for low- and moderate-income Californians?
- What are the roles played by organizations working within the ecosystem?
- What are the strengths, bright spots? challenges? gaps?
- What questions need to be answered to increase the number of low- and moderate-income families who have access to California tax credits?
- What else/who else should the Blue Shield Foundation know about as it scans the tax credit ecosystem (other funders? organizations? initiatives? etc.)?

## Key Take-aways

What follows is a summary of the information gathered in each of the key areas of questioning. However, for a snapshot of the inquiry, we first share some “key take-aways.”:

### Key take-aways:

- 1) CA has made incredible progress on its tax credits policies. While there is a lot of activity and engagement, there is still a long way to go until all low- and moderate-income taxpayers are accessing all the credits for which they are eligible.
- 2) The tax credit ecosystem is robust and there are still significant challenges reaching eligible taxpayers, especially those in BIPOC, marginalized and rural communities.
- 3) The CA tax-credits ecosystem includes some well-recognized and well-respected organizations, but there is still additional work to do to connect these larger, state-wide efforts to the groups on the ground who are closest to the hardest to reach taxpayers and those most likely to miss out.
- 4) There are funders in this space, but not a centralized table around which they are gathering to exchange information and align strategies.
- 5) Field and funder colleagues have lots of questions about best practices, understanding who is being left out of current efforts, needed systems changes, and shifting narratives.

## Who are the major field and funder players working to improve access to state tax credits for low- and moderate-income Californians?

Focus group, funder and PSO partners all offered information on the major field and funder players working to improve access to state tax credits for low- and moderate-income Californians. Multiple informants raised the following as major field partners:

- **Golden State Opportunity:** Golden State Opportunity is a nonprofit dedicated to ending poverty by providing all Californians with the tools to build financial well-being and thrive (<https://www.goldenstateopportunity.org/>).
- **United Ways of California/VITA:** United Ways of California improves the health, education and financial results for low-income children and families by enhancing and coordinating the advocacy and community impact work of [California's 29 local United Ways](https://www.unitedwaysca.org/). (<https://www.unitedwaysca.org/>).
- **CAL EITC Coalition:** The CalEITC Coalition is a group of dedicated advocates and organizations who fought to create the credit in 2015, who work to ensure that expansions of the credit benefit all low-income households (<https://www.goldenstateopportunity.org/caleitc-coalition/>).
- **Code for America:** Promotes economic justice through tax benefits (<https://codeforamerica.org/>).
- **End Poverty in California:** EPIC aims to end poverty in California by elevating the voices of people experiencing it, creating and implementing bold policies rooted in their needs, and advancing a state agenda focused on equal opportunity for all (<https://endpovertyinca.org/who-we-are/>).

- California Budget & Policy Center:** The California Budget & Policy Center (Budget Center) is a nonpartisan, research and analysis non-profit committed to advancing public policies that improve the lives of Californians who are denied opportunities to share in the state’s wealth and deserve the dignity and support to lead thriving lives in their communities (<https://calbudgetcenter.org/about/>).

In addition to these major players, focus group, funders and PSO partners all named a significant number of regional or local groups engaged in outreach and engagement on tax credits and policy work related to tax credits. Those engaged in the on-the-groundwork represented a range of kinds of organizations, including immigrant-serving non-profits, local social service agencies, and grassroots organizations engaged in COVID relief, anti-hunger, or health education work.

Appendix 2 includes a list of all the informants (funders, PSOs, and field partners) who were approached, contacted, or mentioned in this inquiry. Those highlighted have already participated in this inquiry (either through an interview or focus group).

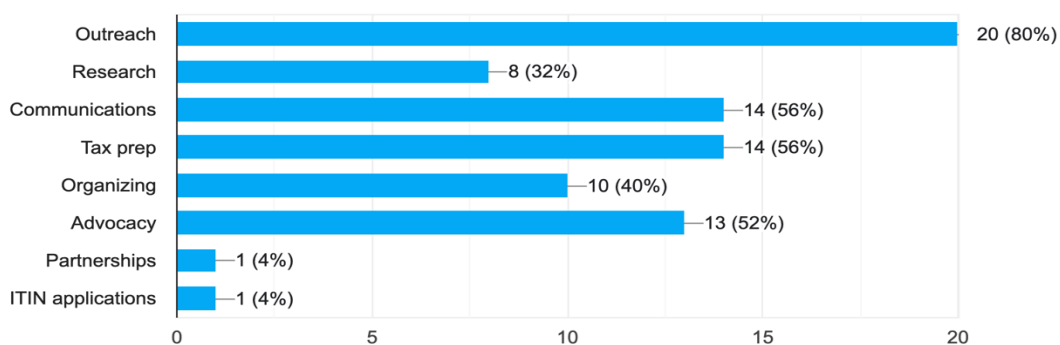
## What are the roles played by organizations working within the ecosystem?

The California tax credit ecosystem is large and complex. Within it, field partners play varied roles, including reaching out to families to make sure they know about the credits, research on uptake rates and effective practices, advocacy to expand and modernize the credits, free tax prep, and promoting and sharing best practice in reaching isolated and historically under-represented communities.

Based on our focus group data, 80% of those registered play a role in outreach; 56% work in the realms of communication and tax prep; 52% work in advocacy; 40% in organizing; 32% in outreach; and 4% in partnerships and supporting ITIN applications. This latter figure is of particular interest given that according to a 2011 report, “California has more unauthorized immigrants than any other state, about 2.6 million of the nation’s 11 million; they make up 7 percent of the total California population and 9 percent of the state’s labor force.”<sup>1</sup> That only one organization (4%) is the kind of organization that can file ITIN returns, from the perspective of this data, potentially represents a capacity issue in the sector.

What role(s) does your organization play in the tax-credits/benefits access space (check all that apply)?

25 responses



Of the funders interviewed for this effort, most noted that they were relatively new to funding in the tax credit space, and they all tend to fund the larger/major players and coalitions. Funders are supporting a range of strategies, including tax credits advocacy, data and research, outreach, free tax preparation, and message testing. Most are supporting some local outreach and engagement work—this is especially true for the

<sup>1</sup> Laura E. Hill and Hans P. Johnson, “Unauthorized Immigrants in California Estimates for Counties”, Public Policy Institute of California, July 2011.

community foundation interviewees. Only one funder noted plans to work directly with a state agency (California Department of Social Services).

## What are the strengths, bright spots? challenges? gaps?

There are many organizations working at all levels of the CA tax credit space, and there are strengths to be leveraged and some critical gaps. The focus groups invited participants to reflect on both the strengths and bright spots as well as the challenges. First, let's look at the **bright spots** elevated:

- **Collaborations and partnerships within the ecosystem**—The tax-credit space is truly an ecosystem and one of the strengths mentioned many times is the power of the relationships within it. There are partnerships at all levels. Those mentioned include:
  - **The CAL EITC coalition:** This 55-member strong coalition was highlighted as being the go-to place for people who want to know more and for its role in strengthening relationships in the sector. Also noted were some newer members just entering the tax credit space, these include Just in Time for foster youth and trusted messenger and community health organizations going door to door in hard-to-reach communities.
  - **United Ways of California:** A number of United Way participants mentioned the role that United Ways of California plays in fostering learning and sharing. They host monthly VITA meetings, provide branded materials and flyers translated into 14 languages, marketing materials, and facilitate connections to a law firm (Legal Aid Society) who are on hand to help with troubleshooting.
  - **CA Budget and Policy Center:** Also noted were partnerships with CA Budget and Policy Center for the mix of advocacy, policy, and research.
- **VITA**—VITA is a core component of the tax-credit landscape and there is much to say about it. VITA work is varied and complex and it faces many challenges. Despite these, there are bright spots within this system, including:
  - **Reaching rural geographies:** Through mobile sites, services, and partnerships, VITA is able to offer tax services in rural areas, for example, through partnerships with libraries, and family resource centers.
  - **Engaging new volunteers**—Engaging volunteers is a critical component of VITA. Some promising recruitment initiatives include using paid social media, targeting specific zip codes, and recruiting students at community colleges and universities. Two models aimed at engaging student volunteers were offered. The first sees colleges giving students class credit for volunteer hours; the second sees introducing VITA as a curriculum component. Although the latter is very challenging, one participant shared the example of Sierra College in Placer County which offers a class where participating students provide VITA services. Finally, these varied efforts to recruit volunteers mean promotional materials targeted at different audiences: the general public, retired professionals, and students.
  - **Expanding VITA into new communities:** One CBO spoke of a different realm of work at two community colleges. In their model, staff have become certified to file both foreign student and staff taxes, thereby expanding who they are able to serve.
  - **Offering year-round services:** One organization shared how they have transitioned from a volunteer VITA model to a fully staffed, year-round operation. This has significantly increased their capacity to help with back taxes and earlier filing.
- **Language capacity**—The outreach language capacity of CBOs continues to evolve. There are many bright spots in outreach here and flyers provided in multiple languages. There is also wide recognition that offering tax services in native languages is important. There are translation services that help with this and there are also programs that offer tax services in Spanish in addition to other languages, such as Tongan.
- **Relationships with policymakers**—During the focus groups participants noted that in comparison to the federal tax credit system, California is ahead from the perspective of relationships with policymakers in the legislature, with budget staff, and with the executive branch. This broad support means that there is little need to sell the merits of the policy.

- **Work to expand the benefits**—Focus group participants shared that as the tax credit ecosystem has evolved, more time has been created for a focus on expanding benefits.
- **The 211 system**—This system was mentioned for the role it plays in helping taxpayers set appointments at local VITA programs. The methodology works well, and the software system is seen as being truly helpful for tax preparers.
- **Leveraging outreach**—In addition to the above, one key funder informant noted the success and opportunity that the Promatora model offers. They imagined what could be achieved with greater infrastructure and the ability to leverage outreach across initiatives.

There are many strengths in the ecosystem and there is much opportunity. At the same time, there remain many challenges. All participants were asked to reflect on **gaps, challenges, and missing links**. These are offered as places of potential impact.

- **VITA**—Although the VITA system is established, it faces many challenges. Some of these are in the realms of volunteers, others in capacity and infrastructure. All of them render the model vulnerable. Here’s what we heard about the challenges of VITA:
  - **Rethinking the free tax preparation program:** There is general recognition among CBOs that although VITA plays a critical role, it is flawed. You can’t recruit and train sufficient volunteers. There are scalability issues. There can be long waits. All this means that there is a need to invest in free tax prep and to look outside of VITA. As shared in one focus group. “We’re at the point where we, as advocates, need to say that basing the structure on volunteers only, isn’t good. This is a real job.”
  - **A year-round effort:** Many of the focus group participants expressed a strong interest in the provision of year-round tax services. They noted that the notion of the *tax-season* is a *myth* and that it is not realistic—it necessitates the creation and dismantling of significant infrastructure. In addition to this, a year-round model would enable sites to offer tax preparation services earlier, with the option of filing back taxes, hence increasing their ability to compete against the paid preparers.
  - **VITA sustainability and volunteers:** Although there are initiatives to recruit new volunteers into VITA, there is a critical issue with volunteer recruitment and the overall sustainability of the model. As one participant noted, “Every year we’re scraping together anyone with a pulse.” As long as the model remains reliant on volunteers, it will be impacted by the vulnerabilities and capacity limitations of them. On top of this is the need to recruit volunteers who can speak different languages. All of this is to say that bridging the volunteer gap is key, and outside of automatic filing, the field recognizes this as a significant challenge.
  - **AARP closing down sites:** Numerous participants noted that the capacity within the tax credit ecosystem has been significantly eroded by AARP VITA site closures. One CBO shared how they have been able to step into some gaps; another spoke of the city reaching out to their UW to see if they can open sites in AARP’s closed locations.
  - **VITA funding and funding diversification:** Having solid and reliable funding is a challenge, and on top of this lies the ability to offer year-round employment at a decent wage. Some participants spoke of the need to diversify VITA funding and then the flip side of success, with diversified funding bringing extra demands, such as reports. There was also a mention of extraneous costs of VITA, such as laptops, printers, and food for volunteers, and then the limitations on what certain pots of funding can be used for.
  - **The role of sharing and learning:** Focus group participants shared that much of the work of collaborating and learning within the tax credit ecosystem sits on top of what organizations are funded to do. Their request is that funders fund participation, and to examine this through the lens of equity—currently there are organizations which cannot spare staff time to play a role at the collaborative table. In their words, “If we want to see more equity in participation, we have to pay for that.”
  - **Serving hard to reach communities:** Although VITA offerings are nimble, there remain significant challenges in serving rural and isolated communities. This is especially true in the far north of the state where challenges are exacerbated by drive times, distances, volunteer recruitment and fluctuations in volunteer levels, sustainability of funding, and the decline of AARP sites.

- **Messaging**— Although there has been much progress in this area, making sure the message is getting to the right people, in a way that is accessible, remains a challenge.
- **ITIN process**—Serving ITIN filers, including providing legal representation, presents a significant capacity challenge. As the tax credit has expanded to include ITIN filers, this has increased demand in that sector which led to the August 2022, IRS ITIN Acceptance Agent Applications Moratorium (in place until Summer 2023). Although the goal of the moratorium is to provide greater efficiency in the system, it has limited the number of CBOs who are able to process ITIN returns. In addition, although the campaign for EITC expansion was strong in many communities and community organizations were interested and involved, this has fallen off due to shifting priorities. There is a worry now that these organizations may be less focused on implementation, so connections with community groups who can reach immigrant filers and legal groups to provide appropriate services will need to be strengthened.
- **The narrative**—There are a cluster of narrative challenges that need to be overcome—of people getting “free” money because they’re poor, of mistrust of government, of the tax system, and within black communities especially (exacerbated during the Trump presidency) a “story” that you don’t file if you don’t owe, for fear of punitive government action. Focus group participants asked, “How do we overcome this stigma? How do we tell a better story around poverty and tax credits?” And then, “How do we leverage this to build power?” On another dimension, some funders suggested using the strong narrative supporting guaranteed basic income to support expansion of tax credits.
- **Not much grassroots power**—Focus group participants spoke of the need to build grassroots power. They suggested that at this point they do not have the strength of numbers. And although they have good relationships within the political system, they are short on political power.
- **Connecting smaller, local non-profits to state-wide efforts**—Although there are some robust sharing opportunities within the state, there are many organizations that are isolated within the ecosystem. They are not aware of, or not yet connected, to these opportunities to share resources, emerging trends, infrastructure, learning, and capacity building. Interestingly, in two of the focus groups, new connections were made, elevating the opportunity to further weave connections within the tax credit ecosystem.
- **Coordinating data systems**- All groups, funders, field partners and PSOs noted that the lack of coordinated data systems (either public benefit or social service data systems, for example) makes doing effective outreach more difficult and expensive. Some of the benefit applications are linked through a combined form (CalFresh, CalWORKs, Medi-Cal) but it does not include information related to tax credits. Having coordinated data systems could potentially tell us where to find people who are eligible for support. This inability to leverage existing successful data systems beyond their original purview, into areas such as health, benefits, and tax credits, is inefficient and a strain on limited capacity.
- **Paid preparers**—According to an Industry Revenue of “Accounting, Tax Preparation, and Bookkeeping Services in California from 2012 to 2024,”<sup>2</sup> total revenues for 2022 are projected at \$20.47 billion. Of this, \$1.08 billion is identified specifically as tax preparation (separate from accounting, and bookkeeping). Focus group participants recognize paid preparers as a challenge. They have greater capacity to move money quickly, can offer year-round services, refund advance loans, and they have a lot of political sway at the state and federal levels. In the words of one focus group participant, “We can’t make smart structural changes because they squash everything that appears to be a bottom-line threat.” Finally, although this dynamic has always existed, it appears to have been exacerbated by COVID.
- **Creating a fairer tax system:** Closely connected to the above point is what is perceived to be an aversion in the state to a systemic overhaul of the tax system—to modernize the tax structure to address inequities and access to credits. Although there may never be a good time to undertake the complex work of creating a fairer tax system, there is an ongoing need—to expect much more from the government; to dramatically simplify and make automatic the way tax credits are provided; to address the structural issues of what a credit looks like, and the time and administrative burden of getting the credit.
- **Learning at legislature**—The learning curve that needs to happen in the legislature is perceived to be a challenge. Although there has been a lot of education about tax credits, VITA and outreach, the role and potential, the importance of filing for free and why the state needs to support it, there are many

<sup>2</sup> <https://www.statista.com/forecasts/1205012/accounting-tax-preparation-bookkeeping-services-revenue-in-california>



new legislators who probably need educating and then there is also the work of maintaining champions.

- **Funding challenges**—Focus group participants spoke of the challenges of sustainable funding and the additional pressures of increasing costs due to inflation. Flexible funding was also flagged here, as participants noted that there are often limits on what funding can be used for, for example, paying for food. This leads to additional fundraising demands and makes it harder to fill the gaps.
- **Franchise Tax Board**—The role of the FTB is mainly to collect money from taxpayers and to crack down on people who dodge taxes. However, in a new role, they are now receiving funds from the state for outreach. This is not a natural fit for the agency, and it is perceived to be an impediment to the flow of information.

Many of the challenges above were reiterated by the funder and PSO key informants, especially around the constraints and challenges of the VITA structure. However, there were additional nuances offered, as well as some slightly different narrative threads, which have the potential to increase equity to benefits access. These include:

- **Funder coordination**—On the funder side, there is not yet a robust CA network in this space. As more than one key informant mentioned, although traditionally they have not worked much within this space, there is strong interest. One PSO mentioned a significant uptick in requests about how to be engaged in the roll out of big federal initiatives (ARPA, vaccines, etc.) as well as state-wide initiatives. Although there is a history of funding at all levels, a number of funders also shared an increasing interest in working in this space—seeing the potential of the unclaimed resources that many families are not claiming, the role of VITA, and the role of tax credits in lifting people out of poverty.
- **Implementation**—There is interest in the funder community in making sure the policies work well and that there is investment in robust and accountable implementation.
- **Leveraging strategic alignments**—There are a number of opportunities to increase alignment and coordination in the sector. The first of these is in the area of intersections between Guaranteed Basic Income and tax credits, all of which are vehicles for reaching the same goal. Another opportunity identified is around outreach, and using opportunities to piggy-back, for example on COVID outreach. This could see outreach workers broadening the menu of service connections that they are able to facilitate, and funding staff time for trusted messengers who do currently outreach, but not necessarily tax outreach.
- **Funding in less well-resourced areas**—There is perceived to be less funding available for certain types of work within the tax credit ecosystem—policy and advocacy work, grassroots advocacy, and strategies for engaging people of color and those with lived experiences. Key informants echoed what we heard in the focus groups about funding gaps for ITIN filers and newly eligible families, immigrant, and refugee communities. As one key informant noted, “We only have one lawyer in town that works on this.”
- **Funding for data systems**—One perceived gap elevated in the key informant interviews is the research and funding of data integration, for example working with FTB to map the zip codes of eligible families. This has implications for implementation of the American Rescue Plan Act—there is \$16 million in funding for The Poverty Alleviation Initiative, but successful implementation will rely on knowing where that money is needed.

## What questions need to be answered to increase the number of low- and moderate-income families who have access to California tax credits?

At the heart of this inquiry was an interest in identifying the questions that field partners, funders, and PSOs have that, if answered, might help to ensure that more low- and moderate-income taxpayers have access to the California tax credits that they are eligible for.

What follows is a summary of key areas of questioning that arose in the scan. A full and complete set of the potential research questions shared by field partners, funders, and PSOs is included as Appendix 3.

**The VITA system:** Because VITA is such a critical component in the tax credit ecosystem there are many questions about leveraging it. Questions fell into three broad areas:

- **VITA capacity**—Although capacity is generally recognized as a challenge, scan participants would like a deeper understanding of this. For example, how many people qualify for free tax preparation? What percentage of that number are served? How many, and where are, current VITA sites? What populations and regions are underserved or not accessing VITA services?
- **Recruitment**—Participants would like to explore ways of sustaining (or not) the volunteer model. Specific areas of questions here include understanding more about the barriers to finding volunteers, potential partners that could facilitate recruitment, ways of leveraging students, and whether there are ways of having more sites with self-assistance guided by volunteers.
- **Bridging the barriers to VITA**—There are well-recognized challenges to connecting low-moderate-income Californians with VITA services. In this area participants are interested in understanding more about the barriers themselves, ways of building trust and driving people to VITA sites, and ways of combining personal assistance with lower-touch assistance.

**Outreach:** Scan participants are interested in learning what works in outreach and leveraging this across the region so that they can more easily and efficiently connect with people and communities that are not accessing free services and/or the tax credits that they're eligible for. The broad areas here include:

- **Foundational data gaps**—There is a desire to know who is being missed through current outreach, why they are being missed (whether it is a lack of access to information or services), and whether this differs across subpopulations.
- **Leveraging successful models**—Participants are interested in learning more about successful models of outreach and enrollment that could be built on. This is especially true in the areas of trust, connecting to populations with concerns about immigration status or the cash economy, and facilitating the sourcing and sharing of culturally and linguistically appropriate information.
- **Leveraging other systems**—One thread that became clear is that informants see potential opportunities to connect with and leverage other systems for greater impact. Here question areas included ways of resourcing organizations and provider networks (like childcare centers, schools, etc) to engage in outreach and information sharing about tax credits. This line of questioning extended to include sector and business groups that could be engaged, along with curiosities about how the state could partner with local municipalities to get the word out.

**Grassroots/trusted messengers and hard to reach filers:** Although this is closely connected to other centers of work, participants have some very specific questions about the strategy of trusted messengers and the relationships that facilitate this. There is a desire to gain clarity about the priorities of grassroots partners themselves. Is tax credit expansion a priority for them? What are their priorities? How are they being funded? What are the barriers to their participation in tax credit policy advocacy? Is there even a desire to engage?

**Changing the narrative:** Two themes emerged in this question area:

- **Exploring new narratives**—This includes questions around socializing ideas and identifying language that resonates. It also includes exploring how language about “tax credits” might act as a barrier and how field partners might better communicate the transformational aspect of the policy.
- **Aligning the tax credit narrative with that of Basic Guaranteed Income**—It is perceived that there is a connection here that could be aligned and leveraged. These questions seek to understand how this might be facilitated and how this might impact the work.

**Learning more about ITIN filers:** There has been a downward trend of EITC filings for ITINs. In this area participants seek to understand the cause of this downturn and how to better serve and support this population.

**The digital divide:** The digital divide is recognized as a challenge for those who have been historically excluded. In order to learn more about this dynamic, scan participants would like to understand where the barriers reside more specifically. They are also interested in ways of ensuring that there are resources to help better serve communities who have low technology literacy or access.

**Information access:** There are questions about how information is being made accessible. For example, in ways that policies and practices are/aren't built into county and agency policy manuals related to tax filing and



credits. Then there are questions regarding specific populations and how they are accessing information. For example, foster youth and other specialty populations (college students, individuals experiencing homelessness, parents, etc.).

**Leveraging data:** There are perceived to be data gaps that hamper strategic action within the tax credit ecosystem. Questions here fall in the following broad areas:

- **Gaining clarity on tax filings**—Although the FTB knows the number of VITA filings across the state and the IRS has the data for VITA sites, it is unclear how much of this data is shared, who the people are who are eligible and not currently receiving the credits, and what the geographical differences in need are across the state.
- **Using existing data for greater impact**—In regard to data being collected by field partners, there are questions about what’s missing, how this data could be made more useful, and what additional indicators might be collected. Related to this is how the data is represented and whether there might be more compelling ways of using the data, a map for example, to tell the story of demographics and equity measurements (like real cost measure of cost of living and who is claiming (or not) tax credits.
- **Paid providers**—Scan participants would like to know more about the economics of paid providers, about how much money paid tax preparers make from low-income filers, and how much of the state’s CalEITC/YCTC investment goes to subsidize them.

**The tax system:** There are questions about what it might take to modernize the tax system, to make it fairer and more equitable. Questions here fall into the following categories:

- **Beyond VITA**— These questions seek to understand what, in big and small ways, it would take to create a simpler, more durable, and sustainable system, one that provides free tax preparation and automate refunds, and how to encourage government investment to this end. It also includes questions about the use of field partners resources—how much to focus resources on such tax systems change versus outreach and education.
- **The tax preparation workforce**—Questions in this category are designed to explore the role that philanthropy could have in creating diverse and local tax preparation offerings by investing in the pipeline at the university or college levels.
- **Political awareness**—Here participants are interested in understanding how people do or don’t connect benefits access with the larger political system (voting and the democratic process).

**Coordination:** Although there is coordination within the tax credit ecosystem, there are questions regarding how this might be leveraged for greater impact. Here participants have questions about ways of coordinating the dialogue among safety net efforts. They also wonder whether coordination of safety net access efforts (like no wrong door) increase uptake. Finally, there are questions about ways health workers might be reimbursed (by Medicaid or Medicare) for doing tax credit outreach.

**Emerging practices:** California is a place for experimentation, when it comes to economic security, and participants have questions that seek to gain a greater understanding of which of these pilots are most impactful and how to get from pilot to policy.

**Funding and sustainability:** In this area participants hold questions regarding the sustainability of funding in the context of yearly variances, staff capacity, and the challenges of reliable funding.

## What else/who else should Blue Shield know about as it scans the tax credit ecosystem? (Other funders? Organizations? Initiatives? etc.)

A number of informants shared reports and resources they thought would help in providing additional context and information about tax credits and other benefits in the CA ecosystem.

- John Burton Advocates for Youth’s report on engagement in CA’s new foster youth tax credit ([https://jbay.org/wp-content/uploads/2022/08/Jbay\\_PilottoPractice\\_V5.pdf](https://jbay.org/wp-content/uploads/2022/08/Jbay_PilottoPractice_V5.pdf))

- Report by California Pan-Ethnic Health Network, ChangeLab Solutions, and Prevention Institute explored how California’s Community-Based Organizations Filled the Gaps for Underserved Communities ([https://cpehn.org/assets/uploads/2021/09/CA\\_CBOs\\_Covid\\_Report\\_FINAL\\_20190908.pdf](https://cpehn.org/assets/uploads/2021/09/CA_CBOs_Covid_Report_FINAL_20190908.pdf))
- California Budget and Policy Center’s explanation of what policies are currently available and what policies should be changed. (<https://calbudgetcenter.org/resources/2022-23-california-state-budget-explained/>)
- Ending Poverty in California’s Blueprint for a Just and Inclusive Economy (<https://endpovertyinca.org/wp-content/uploads/2022/02/policy-paper.pdf>)
- California Community Foundation’s Enroll LA impact report ([file:///C:/Users/User/Downloads/EnrollLA%20Brief%209.19.22\\_distribute.pdf](file:///C:/Users/User/Downloads/EnrollLA%20Brief%209.19.22_distribute.pdf))
- Cal Policy Lab’s report on increasing uptake of the EITC. ([www.capolicylab.org/wp-content/uploads/2020/05/Increasing-TakeUp-of-the-Earned-Income-Tax-Credit.pdf](http://www.capolicylab.org/wp-content/uploads/2020/05/Increasing-TakeUp-of-the-Earned-Income-Tax-Credit.pdf))
- Research being undertaken by Dr. Rita Hamad on CAL EITC uptake (<https://profiles.ucsf.edu/rita.hamad>)
- Lifting Children and Family Out of Poverty Task Force: Recommended Strategies to Address Deep Child Poverty and Child Poverty in California <https://cdss.ca.gov/Portals/9/CalWORKs/AB1520%20-%20Final%20Report.pdf?ver=2018-11-19-145600-677>

## Conclusion

Based on the information gathered for this brief, the CA ecosystem of funders and field partners have collectively made tremendous progress on behalf of families with the most need for these important tax credits. That said, there is still much more work to do to improve coordination and equitable access so more families can benefit from the EITC and CTC. With the strong assets of the ecosystem, CA is poised to address these challenges and be an example to states across the country about what is possible when partners strategically work together on a common goal.

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## Appendix 1. Characteristics of field partners engaged in focus groups

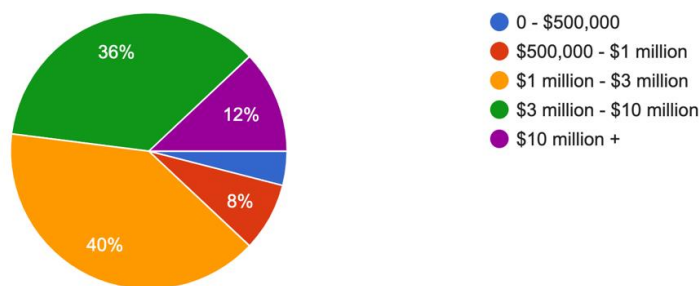
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To make sure that we were understanding the field partners' perspective, we held three focused groups. Our aim was to reach a diversity of CBOs across the state. A total of twenty-five organizations submitted a registration form; twenty-one participated in one of the three focus groups offered to partners. The registration form was designed to elicit basic organizational data, to ensure that the information received was diverse in a variety of areas: geographically, in terms of organizational size and staff capacity, communities served and role in the ecosystem.

When we look at budget size, of those organizations that registered for a focus group, we can see that 12% have a budget of over \$10 million, 36% have a budget between \$3 million and \$10 million and the majority, 40%, sit in the \$1 million to \$3 million band. Interestingly the two slimmest bands in the chart represent those organizations with a budget of \$500,000 to \$1 million (8%) and less than \$500,000. This represents a good distribution of resources and perspectives.

What is your organization's budget size (approximate)?

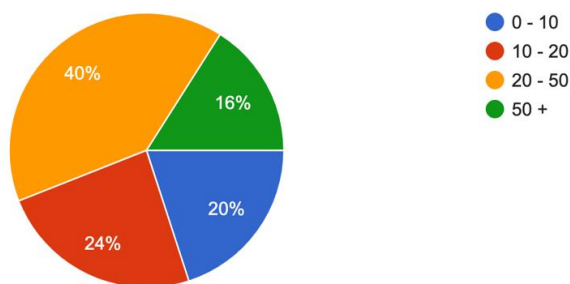
25 responses



The following chart shares how many staff those organizations employ.

How many staff are there in your organization (approximate)?

25 responses

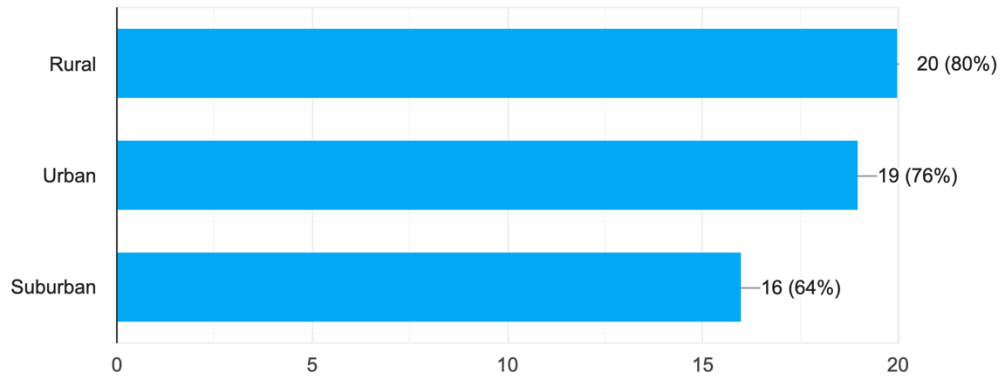


When we asked how many staff work in tax credits/other benefits, we saw that for a few organizations this is all their focus, with 100% of staff designated to tax credit and other benefits work. For others, it is a smaller proportion of their work focus.

The final chart illustrates that the geographies served by the focus group registrants were diverse, with a good representation of urban, rural, and suburban providers.

What are the geographies served by your organization (check all that apply)?

25 responses



**Appendix 2.** A list of all the entities (field partners, funders, PSOs,) who were approached, contacted, or mentioned in this inquiry.

**Chart 1: Community Based Organizations**

The organizations highlighted in yellow have already participated in this inquiry, either by registering for, or attending, a focus group.

COMMUNITY-BASED ORGANIZATIONS		
Organization	Name	Title
211 Connecting Point	Tim Giuliani	Executive Director
CA Policy Lab	Jesse Rothstein	Carmel P. Friesen Chair in Public Policy
CA Urban Policy Center	Gregory Acs	Income and Benefits Policy Center
California Budget & Policy Center	Chris Heone	Executive Director
California Immigrant Policy Center (CIPC)	Sasha Feldstein	Economic Justice Policy Manager
Central City Neighborhood Partners	Margarita Alvarez Gomez	Executive Director
Children's Defense Fund-CA	Thomas Harvey	Executive Director,
Comunidades Indigenas en Liderazgo (CIELO)	Odilia Romero	Co-founder/ executive director
Dreams for Change	Teresa Smith	CEO
Economic Security Project	Teri Olle	California Campaign Director
El Centro de Ayuda	Raul Estrada	Executive Director
End Poverty in CA (EPIC)	Devon Gray	Chief of Staff
Golden State Opportunity	Sabrina De Santiago	Senior Director of Policy & Programs
Grace—campaign to end child poverty	Shimica Gaskins	President and CEO
JEDI (Jefferson Economic Development Institute)	Pandora Kane	Special Projects Manager
John Burton Advocates for Youth	Anna Johnson	Associate Director of Housing and Health

LA County Poverty Alleviation Initiative	Carrie Miller	Executive Director
Lighthouse Family Resource Center	Gary McDonald	Executive Director
MAOF (Mexican American Opportunity Fund)	Susy Contreras	Community Development Director
Mexican American Opportunity Foundation	Martin Castro	CEO
Monument Impact	Judith Ortiz	Executive Director
Placer County, HHS Human Service Division (VITA)	Mary Barker	Health Care & Nutrition Outreach & Education Supervisor
Project SCOUT (tax prep program of the Senior Council)	Eduardo Santana	Program Manager
Sierra Native Alliance (Outreach and navigator services for Native populations)	Mateo Ortega	Youth Support Coordinator
SIREN	Maricela Gutiérrez	Executive Director
South Asian Network	Shakeel Syed	Executive Director
SparkPoint Contra Costa County	Betty Geishirt Cantrell	Director
Special Service for Groups/Asian Pacific Islander Forward Movement (SSG/APIFM)	Heng Lam Foong	Co-Director
United Way Bay Area	Gezche Graves	Senior Program Manager, Earn It! Keep It! Save It!
United Way Fresno Madera	Viri Perez	Program Manager
United Way Northern California	Kary Tuers	Outreach Manager
United Way Northern Santa Barbara	Eddie Taylor	CEO
United Way of Kern County	Annelisa Perez	Financial Stability Initiatives Manager
United Way of San Diego County	Carolyn Winn	Senior Impact Manager
United Way Orange County	Omid Missaghian	Senior Program Manager
United Ways of California	Anna Hasselblad	Public Policy Director
Western Center on Law and Poverty	Crystal Crawford	Executive Director
Young Invincibles	Kristin McGuire	Executive Director

**Charts 2 and 3: Funder and PSO contacts**

Again, all those highlighted have participated in this inquiry.

<b>FUNDERS</b>		
<b>Organization</b>	<b>Name</b>	<b>Title</b>
Acton family Foundation		
California Community Foundation	Rosemary Veniegas	Senior program officer for health
California Franchise Tax Board	Jeanne Harriman	Director of Financial Management

Community Foundation of Santa Cruz County	Kevin Heuer	Director of Engagement & Impact
Crankstart Foundation	Amanda Katz	Program Officer
East Bay Community Foundation		
Helman Foundation		
Magic Cabinet Foundation		
Office of Governor Gavin Newsom	Elena Quesada- Elena Chávez Quezada	Senior Advisor for Social Innovation
Placer Community Foundation	Veronica Blake	Chief Executive Officer
Anthony & Jeanne Pritzker Family Foundation, Pritzker Foster Care Initiative		
Silicon Valley Community Foundation		
Sobrato		
Stupski		
Sunlight Giving	Anitra Smith	Program Officer
The Balmer Group	Kim Patillo Brownson	Director of Strategy and Policy
The California Wellness Foundation	Jeff Kim	Program Director
The David and Lucile Packard Foundation	Deborah Kong	Program Officer
The James Irvine Foundation	Rachel Estrada-Wolstan	Senior Program Officer
The San Diego Foundation	Katie Rast	Director of Community Impact
The San Diego Foundation	Allan Gamboa	Manager, Community Impact
The Santa Barbara Foundation		
Together Toward Health		
Ventura County Community Foundation		
Y & H Soda Foundation		
Walter and Elise Haas Fund		
Zellerbach Family Foundation		

<b>PSO</b>		
<b>Organization</b>	<b>Name</b>	<b>Title</b>
Asset Funders Network	Mona Masri	Senior Director
Catalyst of San Diego & Imperial Counties	Kamaal Martin	Vice president of Programs and Initiatives
League of California Community Foundations	Laura Seaman	Chief Executive Officer
Northern California Grantmakers	Sarah Frankfurth	Director of Regional Programs and Partnerships
Orange County Grantmakers	Taryn Palumbo	Executive Director
Southern California Grantmakers	Christine Essel	President and CEO



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**Appendix 3.** A full and complete set of the potential research questions shared by field partners, funders, and PSOs.

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**VITA:**

- How many people qualify for free tax preparation? What percentage of that number are we serving? What is the gap/opportunity?
- How many VITA sites are there? What is their yearly capacity?
- What specific populations are underserved/not accessing VITA services? What are some locations that need VITA sites? Where could we do pop up sites?
- What is needed to increase capacity in the region to serve more community members with VITA services?
- What organization can we partner with on this work? What existing infrastructure is there we can tap into?
- What are the barriers to someone getting free tax preparation? How do we build trust and drive people to VITA sites?
- What are barriers to finding volunteers? What are some partnerships/organizations where we can find VITA volunteers? How can we do a better job at getting volunteers every year? How do we get more volunteers, how can we make sure that those interested follow through with the certification process?
- What could we do to get more college students to participate in VITA?
- What is the most efficient shared scheduling software? What is the most effective way for people to schedule an appointment for free tax services? (Call, online, text?)
- How can we better combine personal assistance with lower-touch assistance (e.g., electronic filing assistance) to better serve the population? What would it take to have more sites with self-assistance guided by volunteers? Do we need more technical support/training to train VITA staff?
- How do we help to facilitate behavioural shifts?

**Outreach:**

- Who are we missing in outreach and how can we reach them? What percentage of moderate-income folks are accessing the benefits? What percentage of efforts are aimed at them?
- To what extent is information about the credits a barrier, versus the ability to file claims for the credits among those who do know? How does this differ across subpopulations?
- What are the successful models of outreach and enrollment that could be built on? What's the best avenue for communicating information to people?
- How can trust barriers be overcome? For example, concerns about immigration status, cash economy, etc. How does building relationships with local organizations overcome trust barriers for areas where there is more capacity? How can we convince more taxpayers that the system is safe and beneficial? How do we help people not think the EITC outreach materials are not spam or a scam?
- How and where are we providing culturally appropriate information? What's working? What can be shared? What language capacity is needed to address the language diversity present in CA? How can we engage trusted messengers with accurate outreach messaging?
- Is there room for streamlining in collateral development so that resources can be spent on services? Too many organizations are recreating collateral because the reading level is not accessible and there are different audiences (VITA volunteers, public, etc), would a repository be useful?
- How do we resource organizations and provider networks (childcare centers, schools, etc) to engage in outreach and info sharing on tax credits? How can we leverage other opportunities happening in the state such as Communities Schools to meet families where they are?
- How do we facilitate a parallel between education and implementation of service/credits?
- What cross sector/business and groups need to be engaged in messaging? How does the state partner with local municipalities to get the word out?
- Can we find some Hollywood/influencers to help spread the word? One of the parents from the show the Fosters did a post last year about federal EITC and a lot of foster youth responded well to that message.

**Grassroots/trusted messengers and hard to reach filers:**

- Is tax credit expansion a priority for grassroots organizations/those on the ground working on economic mobility, justice and inclusion that aren't policy advocacy organizations or tax prep outreach and volunteers?

- For the organizations that work directly with filers, what are their priorities—access to free tax prep, increasing the credit, going after paid tax preparers, or removing barriers to access through simplified filing systems or portals?
- How do organizations that have direct contact with communities get the appropriate funding to provide services?
- What are the barriers to grassroots participation in tax credit policy advocacy? Is there a desire to engage?
- How do we engage those with lived experiences in this research?
- What are funders doing to support rural counties in CA?

#### **Changing the narrative:**

- How do we measure the efforts to socialize ideas – around deservedness, around misapprehensions re tax credit eligibility, and measure changed minds?
- Can we explore how language about “tax credits” might act as a barrier to claiming and communicating the transformation aspect of the policy. What harm does it do to not have terms that make sense to the average person/family?
- What is the Black Women Best framework in this space?
- How can we improve and elevate the narrative around EITC, so it is more in line with the type of energy around guaranteed income?

#### **ITIN filers:**

- There has been a downward trend for EITC filings for ITINs:
  - What is the root cause of the downward trend for the reduction of ITINs filing?
  - Is there an enhanced chilling effect?
  - Have people been pushed out of the eligibility range for tax credits due to receiving other forms of relief?
  - What do we need to better support ITIN filers?

#### **The digital divide:**

- The digital gap is a challenge for those historically excluded, are there specific points in the process that are particular barriers?
- How can we ensure that there are resources to help us better serve communities who have low technology literacy or access? Some areas have reduced internet or cell reception. Some populations do not know how to use computers. Some populations do not trust online tax preparation.

#### **Information access:**

- What infrastructure exists for foster youth and other specialty populations (college students, individuals experiencing homelessness, parents) to access accurate tax information?
- What policies and practices are built into county and agency policy manuals related to tax filing and credits? How can we uplift policies and practices as examples?

#### **Leveraging data:**

- FTB knows the number of VITA filings across the state and the IRS has the data for VITA sites. How much of that data is shared out?
- Who are the people who are eligible and not currently receiving the credits? Which existing programs and services are currently in contact with those people? What are the geographical differences in need across CA?
- How do we use the data that grantees/community partners are recording regarding free tax prep? What are we doing to make it meaningful?
- What’s missing from this data? Does it tell us what we need to know? Might there be better indicators?
- How can we represent what we know on a map: demographics, equity measurement (like *real cost* measure of cost of living)? How are we keeping ourselves accountable to improving equity between who is eligible and who is claiming (or not) tax credits?
- How much money do paid tax preparers make from low-income filers, i.e., how much of the state’s CalEITC/YCTC investment goes to subsidize paid preparers?

**The tax system:**

- What would we need to do to fully automate sending people tax credits they're eligible for?
- What would it take (\$, systems change) to expand and modernize the tax credit system so that it provides a guaranteed income for people? Is it possible, and if not, why?
- How can we create a more durable, sustainable system that provides free tax preparation? (In other words, what else could we do beyond VITA?)
- Are there partnerships that can be supported by philanthropy and universities/colleges and state dollars for paid prep roles? Build a workforce pipeline for free tax prep?
- How could we get government to do more to simplify the process and how can we get them to invest in simplifying the process?
- How much should we focus on more outreach and more education vs how much to focus on changing the system?
- How do/don't people served connect benefits access with the larger political system (voting and the democratic process)?

**Coordination:**

- What efforts have been undertaken to coordinate the dialogue among safety net efforts? Does coordination of safety net access efforts (like no wrong door) increase uptake?
- How could we get community health workers to be reimbursed (by Medicaid or Medicare) for doing tax credit outreach like they are for other types of outreach?

**Emerging practices:**

- California is a place for experimentation. There are a lot of pilots going on when it comes to economic security. It would be great to know which of the pilots are the most impactful and can be turned into actual public policy? How do we get from pilot to policy?

**Funding and sustainability:**

- Is there something Blue Shield and other funders could do for sustainability? The variances yearly make keeping staff capacity a challenge. Even with the state program moving year-round, it happens, especially with the state funding being refundable not upfront.

For more information on this brief, contact Ami Nagle at the EITC Funders Network ([ami@eitcfunders.org](mailto:ami@eitcfunders.org)).