GET IT BACK

Tax Talk Thursdays with CASH Campaign of Maryland & Center on Budget and Policy Priorities

Tips for funding your free tax filing program

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Presented by the Center on Budget and Policy Priorities' Get It Back Campaign

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Funding Your Free Tax Filing Program

Justine Trybus, CASH Campaign of Maryland

Identifying New Funding Sources

- Research potential funders
    - Use subscription databases like Instrumentl, Foundation Directory Online, or Grant Station, all of which require an annual fee
        - Grant Station is the most affordable of the options
    - Subscribe to free newsletters like Philanthropy News Digest, Urban Awareness USA, and Grant Station Insider
    - Conduct an online search
        - Local foundations in your area may have a better idea of the needs within your community and may be looking to partner with local organizations
        - Local and state agencies such as the mayor's office, comptroller's office, department of human services, and department of social services may provide funding
        - Organizations and corporations in your area can also be potential options

- Also consider financial institutions such as Capital One, Bank of America, and PNC Bank
  - o Visit Grants.gov
    - Internal Service Revenue (IRS): Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)
      - Recommend applying for the VITA grant based on personal experience, however, other organizations have had success applying for both programs
      - Federal grant programs often have a "match" requirement which requires proof of other funding you can leverage prior to receiving the award
    - U.S. Dept. Of Housing and Urban Development (HUD): Community Development Block Grants (CDBG)
- Understand funder priorities
  - o Ensure there is a common goal between your organization and the funder to fit their priorities
  - o Free tax preparation programs can look for funders that are dedicated to supporting low-to-moderate income households with financial stability, economic advancement, community development, workforce development, or economic development
    - All these programs relate to increasing household income and providing financial security
  - o In addition to IRS grants, CASH receives funding from state agencies, corporations, and institutions
    - Many corporations fund nationally, but some have geographic locations they will support

Writing Compelling Grant Proposals

- Address barriers, solutions, and broader implications, a section commonly known as the statement of need
  - o Identify challenges and barriers in your community (What are they? Why do they exist? Provide historical context, if possible. Who & how many people does this affect?)
  - o Frame your program as the solution (How does your program reduce or eliminate the challenges and barriers in your community? What is the outcome? What does the future look like without your solution?)
    - In addition to saving taxpayers money and connecting them to refunds and tax credits, emphasize the broader need to connect people to

essential resources that boost their income and improve their financial stability

- Explain how free tax preparation achieves this and elaborate on the importance of financial stability and how it impacts all aspects of families' lives

- Set realistic goals and outcomes
  - Clearly define achievable goals and the expected impact of your services (What do you hope to achieve? What do you expect the results will be? Why?)
  - Use prior results to support your projections
    - If you are a new program and don't have historical data to support your claims, you can reference a similar, more establish program as a model
  - Ensure you can collect and provide data
    - You want to avoid overpromising and not box yourself into a corner with data you can't collect due to client confidentiality
- Provide data and statistics
  - Share program data such as the number of returns prepared, and the amount of refunds/tax credits claimed to support your anticipated outcomes
  - Provide data and statistics from reliable sources to demonstrate the impact of free tax preparation and the power of tax credits
    - Sources: Center on Budget and Policy Priorities, Brookings Institution Tax Policy Center, Institute on Taxation and Economic Policy, IRS, Prosperity Now (Taxpayer Opportunity Network), Urban Institute, Comptroller's Office
  - Include data specific to your geographic location because you want to show the impact of your work not just on a larger scale, but also on the immediate community

Tyler Brockington, Center on Budget and Policy Priorities

Things to Avoid

- Fundraising that is crisis-driven or reactive, since these tend to burn out audiences
- Responsibility for fundraising being exclusive to a few people (for example, a Development Director or Executive Director)
- Development activities viewed as costs rather than investments, resulting in a development effort that is often under-funded or inadequately staffed
- Communication with donors limited to solicitations

Best Practices

- Don't neglect funders and donors in between grant deadlines and appeals
- Make donors feel informed, engaged, and connected by:
    - Keeping them informed about the impact of their investment
    - Providing updates on other news about your organizations
    - Reminding them why their support matters and how their giving advances your shared values
- Examples to engage with funders include:
    - Virtual engagement: newsletters, "insider" email updates, webinars, social media outreach, & phone calls
    - In-person engagement: funder briefings, policy conferences, donor briefings, house parties, & luncheons and receptions

Making the Ask

- Think about your organization. Why does it exist? Why do you want to do the work?
    - This is the story we need to tell
- When you know the "why," the ask comes easier
    - What does your organization need philanthropic support for? What is the impact of a gift?
- Tailor your language and messages, "speak their language"
    - The messaging for a funder organization with insight into tax policy will be different than that of a general audience

VPSA Framework

- **Value:** Leading with value-forward language is a prove strategy to resonate with audiences
    - The Opportunity Agenda suggests highlighting "opportunity values" like equity, mobility, community, and security
- **Problem:** Clearly and succinctly define the problem in concrete terms and frame it as a threat to the previously mentioned values
    - Example: cutting property taxes for the wealthy is a direct threat to equality and community
- **Solution:** Emphasize a clear solution to the previously stated problem
    - By making the solution clear, this prevents hopelessness and "compassion fatigue," and provides a positive outlook for audiences
    - Connect the dots to your specific policy solutions
- **Action:** Give your audience a call to action that will help make your proposed solution a reality

- o Make this concrete: donate, phone banking, sending an email, peer recruitment, signing a petition, etc.

Putting It All Together

- **Value:** "Our economy thrives when filing taxes is free and fair for hardworking families."
- **Problem:** "But our current tax system is complicated, and corporate tax filing services and software create financial barriers for families."
- **Solution:** "Our organization provides free tax help for families in our community. Our volunteers prepare taxes free of charge for eligible folks, uncomplicating the tax filing process and uplifting those who would be left behind by our current tax system."
- **Action:** "With your support, we can expand our free tax filing services to 500 more families in the area and continue building an equitable future for our state. Will you make a contribution today?"

Resources

- [Center on Budget and Policy Priorities](#)
- [Brookings Institution Tax Policy Center](#)
- [Institute on Taxation and Economic Policy](#)
- [Internal Revenue Service](#)
- [Prosperity Now (Taxpayer Opportunity Network)](#)
- [Urban Institute](#)
- [Maryland Comptroller's Office](#)
- [The Opportunity Agenda's Communication Toolkit](#)

Q&A

- **Do you have suggestions when the action in VPSA won't be for serving more people because we are trying to replace lost funding or higher maintenance costs?**
  - o TYLER BROCKINGTON: Highlight the work that you are already doing, such as the number of people you are serving or have served, and highlight the need for funding to "close the gap" if you are facing less funding. For example, we need to raise X amount to close the gap so that we can provide the same level of service. Funders and grantmaking institutions tend to resonate with this.
- **We are a for-profit business running two VITA sites that will be adding CAA services. Have any other for-profit businesses received funding other than state funding to run and grow their VITA program? Are there any recommendations?**

- AUDIENCE: Donors may be looking for that tax deductible moment. You might have to set up a separate nonprofit with an independent board to be able to take advantage of the funding. Corporations that are spending marketing money may not be looking for a donation but rather a marketing expense. You could do naming rights or branding and think of it that way.

Audience Insights

- "It is difficult because the IRS didn't end up providing the VITA grant this year until after the tax season, so I think a lot of organizations struggle with that. I can't imagine a small organization who is mostly doing VITA, how they would even be able to operate. I think that's been a huge drawback in receiving the VITA grant."
- "For one, the IRS grant program just requires so much information. Second, they check out whether you're tax compliant and their computers don't talk with each other. In our last grant, they told us that our university did not pay its payroll taxes. We got the forms to show them, and then they gave us conditional compliance and wanted us to prove it by going onto another IRS website and getting the official tax transcript. It was really strange and somewhat painful."
- "The TCE grant is very difficult to manage since it's a reimbursement grant. Trying to get our organization to understand what that means has been difficult."
- "As a reminder, you cannot use VITA and TCE funds for the same tax site. Each Electronic Filing Identification Number (EFIN)/Site Identification Number (SIDN) can only be associated with one VITA or TCE grant."
- "I think corporate funding is really hard depending on where you are, for example if you are seated in a small community with small businesses. A check from a corporation itself is coming out of their marketing budget, so you need to find the right person and right connection. Corporate has always been a mystery to me. It seems like you need a lot more work and a lot more bandwidth."
- "If I apply for a grant, it does have to go through my university's bureaucracy. There are too many cooks in the kitchen. Our bureaucracy is so bad that a sub-awardee still has not gotten paid since the past year."
- "Because there is a large overhead percentage, sometimes that can be a deterrent for federal funds because they know that a large amount of the funds is going to go for the overhead. Locally, we know other organizations that haven't been able to do it because they're part of a large group that has the same tax compliance issues, so they had to find a different group to be the fiscal agent to apply for the grant."