

House District \_\_\_\_\_  
Senate District \_\_\_\_\_

THE TWENTY-SIXTH LEGISLATURE  
HAWAII STATE LEGISLATURE  
APPLICATION FOR GRANTS & SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: 29-0

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

*Rec'd*  
JAN 28 2011

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual: Hawai'i Alliance for Community-Based Economic Development

Dba: \_\_\_\_\_

Street Address: 677 Ala Moana Blvd., Suite 702, Honolulu, HI 96813

Mailing Address: 677 Ala Moana Blvd., Suite 792, Honolulu, HI 96813

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name ROBERT AGRES

Title Executive Director

Phone # (808) 550-2661

Fax # (808) 534-1199

e-mail bagres@hacbed.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION  
 FOR PROFIT CORPORATION  
 LIMITED LIABILITY COMPANY  
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

PROVIDE FREE TAX ASSISTANCE TO LOW-TO-MODERATE INCOME WORKERS TO HELP THEM SAVE MONEY AND CLAIM VALUABLE FEDERAL TAX CREDITS INCLUDING THE EARNED INCOME TAX CREDIT (EITC) AND PROVIDE FINANCIAL LITERACY SERVICES TO ASSIST TAXPAYERS IN MAKING BETTER DECISIONS REGARDING THE USE OF THEIR REFUNDS

4. FEDERAL TAX ID #: \_\_\_\_\_

5. STATE TAX ID #: \_\_\_\_\_

7. AMOUNT OF STATE FUNDS REQUESTED:

FY 2011-2012: \$ 175,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)  
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \_\_\_\_\_  
FEDERAL \$ 25,000 (ENDS 6/30/2011)  
COUNTY \$ \_\_\_\_\_  
PRIVATE/OTHER \$ 75,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

ROBERT AGRES, JR EXECUTIVE DIRECTOR  
NAME & TITLE

1-28-2011  
DATE SIGNED

## **Application For Grant**

### I. Background and Summary

1. The Hawai'i Alliance for Community Based Economic Development (HACBED) is a 501(c) (3) non-profit organization established in 1992 as a State-wide intermediary organization to "achieve economic, social, and environmental justice in Hawai'i through community-based economic development." HACBED has, over the last 19 years, strategically focused on projects that build and strengthen the capacity of communities and community-based entities to expand economic choices, increase wealth, create hope, and promote self-empowerment and self-sufficiency for individuals, families, and communities across the islands.

HACBED was the facilitating organization for the State's Asset Building Task Force and is currently leading the Ho'owaiwai Asset Building Initiative in Hawai'i, which includes a package of comprehensive public policies including tax incentives, regulatory changes, and other mechanisms that help people earn more, save more, protect hard earned assets, start businesses and become homeowners. HACBED also coordinates the Ho'owaiwai Asset Building Network, which brings together a range of community stakeholders from including families, youth, policymakers, community practitioners, financial institutions, and private sector entities interested in organizing around actions that address asset poverty and build the wealth and financial stability of Hawaii's working families.

One of the major goals of HACBED's asset policy agenda is to expand communities' awareness of and access to free tax assistance and valuable federal tax credits, particularly the Earned Income Tax Credit (EITC), which is considered the nation's most effective work-incentive program and asset building tool. In 2009, the Family and Individual Self-Sufficiency Program ("FISSP"), which started at Aloha United Way in 2005, moved to HACBED to facilitate its efforts to meet this objective.

The FISSP coordinates free tax assistance sites on Oahu and most neighbor islands for low-to-moderate income taxpayers, expands free tax assistance services by recruiting community partners, conducts extensive outreach to the public to educate them about the EITC and other valuable tax credits, performs recruitment,

training, and coordination of volunteer tax preparers, and compiles and tracks data pertaining to all of its partnering sites.

Since it began, the FISSP has more than quadrupled the number of filings at free tax sites partnering with the FISSP and has increased the number of sites and clinics from 4 to 49 for the current Tax Season. As of the last tax season ending April of 2010, the FISSP has helped over 9,175 taxpayers obtain more than \$11.2 million in refunds, over \$4.67 million in EITC benefits, over \$2 million in Child Tax Credits, and has saved these taxpayers more than \$1.376 million in tax preparation fees.

Program Summary as of April 2010:

Summary	TS 2006	TS 2007	TS 2008	TS 2009	TS 2010	TOTALS
<b>No. of Sites</b>	4	6	12	33*	45*	<b>1,025% increase</b>
<b>Total Returns</b>	654	1259	1822	2610	2,830	<b>9,175</b>
<b>Total refunds</b>	\$727,794	\$1,478,255	\$1,879,852	\$3,066,901	\$4,068,859	<b>11,221.661</b>
<b>EIC filers</b>	131	328	690	836	961	<b>2,946</b>
<b>Total EIC</b>	\$306,022	\$736,676	\$889,796	\$1,185,667	\$1,552,310	<b>\$4,670,471</b>
<b>CTC filers</b>	60	153	261	473	576	<b>1,523</b>
<b>Total CTC</b>	\$138,985	\$283,206	\$344,840	\$575,227	\$703,435	<b>\$2,045,693</b>
<b>Fees Saved**</b>	\$98,100	\$188,850	\$273,300	\$391,500	\$424,500	<b>\$1,376,250</b>
<b>Volunteers</b>		65	91	169	211	<b>559.38% increase</b>

\*\*Based on the Report of Nina Olson, National Taxpayer Advocate, released July 13, 2006 (Doc 2006-13343) which stated that the average taxpayer spends \$150 on commercial tax preparation fees. According to the fee schedule of a commercial tax preparer operating on Oahu, the fee for a simple return currently exceeds \$150.

**2. Goals and Objectives**

The goals and objectives of Applicant's request are to **(1)** educate low-to-moderate income taxpayers about the benefits of filing a tax return and about the EITC and other valuable tax credits to which they may be entitled through extensive outreach utilizing print media, radio, social media and the internet, and community-based efforts that deal directly with these taxpayers, **(2)** inform these taxpayers about the availability of free tax assistance services through similar outreach efforts and to

persuade more of these low-to-moderate income workers to use this free service so that they will receive the full benefit of their refunds and tax credits, (3) expand free tax assistance services in order to assist more low-income taxpayers, particularly those residing in homeless and transitional shelters and rural or other hard-to-reach areas of the State, and (4) link the free tax assistance program to financial literacy and asset building efforts so that taxpayers will learn to make better financial decisions regarding the refunds that they receive and the money that they save by using free tax assistance services.

**3. Public Purpose and Need.**

**The Earned Income Tax Credit (“EITC”) is the nation’s most effective anti-poverty and work-incentive program** and, as a result, it has continually received strong bi-partisan support. In 2009, President Barack Obama expanded the reach of the EITC to 5.8 million more Americans and increased its benefits for another 6.2 million Americans as part of his plan to stimulate the nation’s economy. A study conducted by the Center on Budget and Policy Priorities in 2006 found that in 2003, census data showed that without the EITC, an additional 4.9 million people would have been in poverty, including 2.4 million children. According to the CBPP, “Census data show that the EITC lifts more children out of poverty than any other single program or category of programs.” Furthermore, since the EITC is a credit that is only available to those who have earned income, it serves as an incentive for people to enter and/or remain in the workforce or to establish their own business. In fact, the EITC is credited with substantially increasing the participation of single mothers in the labor force because of the greater effects of the credit on single women with children.

**For states, the EITC draws a huge amount of federal dollars into the local economy every year.** For Tax Year 2009, the IRS has reported that Hawaii residents received \$205,063,688 in EITC benefits. Even if only 80% of that amount was spent locally, the State of Hawaii received more than \$6,562,038 million in general excise taxes (using 4% as the applicable tax rate and *excluding* any multiplier effect) as a result of this one tax credit alone.

In order to illustrate the impact of the EITC, the following comparison has been made with a popular industry that has been widely credited for bringing large amounts of money into Hawaii's economy:

MOVIE INDUSTRY	TAX CREDIT - EITC
<b>\$807 Million</b> estimated over 7 seasons	<b>\$1.08 Billion</b> of federal funds via <b>ONE</b> tax credit only – the Earned Income Tax Credit – over last 7 tax seasons (2003-2009)
Funds go primarily to people involved in some way with the film industry.	Funds go directly into the pockets of those who need it the most: low-to-moderate income <i>workers</i> .
Funds offset by the State's Act 221 which provides qualified investments in technology businesses, such as the film industry, with a 100% tax credit. Star Advertiser article dated July 18, 2010, reported that between 2001 and 2008 this credit has "cost the state up to \$1.2 billion in forgone income tax revenues."	There is no such offset. This money represents new federal funds that went directly into the pockets of those who need it the most and who, in turn, spent most of these funds on local goods and services, thereby stimulating the local economy and increasing the State's general excise tax revenues.
Funds can cease if Hawaii no longer attractive as a film site	The Earned Income Tax Credit has been in existence since 1975 and has bi-partisan support.

In addition to putting much needed money back into the pockets of the working poor and drawing a substantial amount of new federal dollars into the State every year, the EITC also:

- Stimulates the local economy since taxpayers use these funds to purchase much needed goods and services for themselves and their families from local businesses.
- Generates income for the State in the form of general excise taxes on more than one level since there is a multiplier effect when new funds enter into the State's economy.
- Provides an incentive for workers to remain employed and for the unemployed to enter the workforce which also increases the State's revenue from income taxes and reduces the burden on public welfare programs
- Boosts the annual income of some workers by as much as 30 to 40 percent without any cost to employers.
- Reduces the gap between income and "affordable rent" for cost-burdened households with children.

However, in spite of the obvious benefits of the EITC, the IRS has estimated that between 20 to 25 percent of EITC-eligible taxpayers fail to claim this credit every year because they fail to file a federal return or they self-prepare their returns and are unaware of this valuable tax credit or the fact that they are eligible to claim it.

Applying the lower 20 percent estimate to the State of Hawaii, the following chart shows the amount of **unclaimed EITC benefits** for the 7-year period 2003-2009.

YEAR	EITC-eligible (based on 20%) who failed to file	Average EITC refund for the year	Unclaimed
2003	20,575	\$1,569	\$32,282,175
2004	21,308	\$1,662	\$35,413,896
2005	20,950	\$1,658	\$34,735,100
2006	21,344	\$1,718	\$36,668,992
2007	22,833	\$1,737	\$39,660,921
2008	22,632	\$1,819	\$41,167,608
2009	25,684	\$1,996	\$51,265,264
		<b>TOTAL</b>	<b>\$271,193,956</b>

In addition to the unclaimed EITC amounts, Hawaii workers fail to claim tens of millions of dollars of *withholding tax* refunds every year. Each year the IRS issues a bulletin announcing the amount of unclaimed refunds that are due to expire under the 3-year rule for claiming refunds. Last year, the IRS announced that over \$10 million were available for Hawaii workers who did not file a 2006 return and that they had until April 15, 2010 to claim their refunds.

The need for the free tax assistance program: Applicant's free tax assistance program:

- Educates taxpayers about the benefits of filing a tax return and the availability of valuable tax credits such as the EITC through extensive and aggressive outreach utilizing print media, radio, free workshops, social media such as Facebook, internet postings, and a dedicated website, and by working together with

organizations that provide service to those who most likely fall into the category of non-filers.

- Enables taxpayers to receive the full benefit of their refunds and tax credits by:
  - saving taxpayers a substantial amount of money in tax preparation fees. Since it began in Tax Season 2006, Applicant's free tax assistance program has saved low-income taxpayers approximately \$1,376,250 in tax preparation costs.
  - protecting taxpayers from predatory "fast refund" loan products such as Refund Anticipation Loans (RAL's), which charge the taxpayer extremely high interest rates and which are heavily marketed to low-income taxpayers. According to the National Taxpayer Advocate, EITC-eligible taxpayers account for 56% of those who obtain RALs which have annualized interest rates that range from 97% to 2000%.
- Links taxpayers to financial literacy and asset building efforts to help them make better decisions about how to use their refunds. Free tax assistance sites are the perfect places to promote financial literacy and asset building strategies since, for many of low-income taxpayers, tax time is the only time of the year when they will have access to a substantial amount of money in one lump sum and can seriously consider paying off their debts and saving. Accordingly, the FISSP has established a referral system at some of its partnering sites in order to assist taxpayers in finding the help that they need. During the last tax season, **677** taxpayers who indicated that they were interested in getting rid of debt, repairing their credit, starting or running a small business, and/or learning about taxes and tax credits, were referred to the FISSP's website where they were able to obtain information on free classes and workshops that were being offered on these topics. **132** taxpayers with tax-related problems or back returns to file were referred to organizations such as Volunteer Legal Services Hawaii. In addition, **43** were provided with the contact information for Consumer Credit Counseling Service, **27** were referred directly to the Program Coordinator to sign up for small business and tax information workshops, **17** were referred to Alulike, Inc. for job-related training and literacy training, and **12** were referred to KEY Project for information on the Competency Based High School Diploma (CBASE) program. The FISSP hosts free financial literacy workshops that cover such topics as the

actual cost of using credit cards, the importance of having an emergency fund, and avoiding and stopping habits that keep a person in debt – such as obtaining RALs and using check cashing services. The FISSP also sponsors classes on topics such as understanding taxes and tax credits and how to properly start and manage a small business.

The foregoing demonstrates the need for continuing the free tax assistance program and EITC campaign in Hawaii. It is also important to note that unlike other types of assistance programs, expansion of this Program has NOT resulted in a corresponding increase in operating costs. This is due to the fact that the free tax assistance program is largely volunteer driven. Tax sites are established at organizations that desire to provide this service to the public and to the clients that they serve. Those who prepare tax returns at these sites are all volunteers from the community. There is only one paid full-time position. All other services are provided pursuant to short-term subcontracts or by the primary organization.

In fact, the more the Program expands and succeeds, the more it will pay for itself because expanded services result in more federal dollars being drawn into the State and more money saved by taxpayers which generates more income for the State through general excise taxes as well as reduces the burden on public welfare programs.

Total funding by the State of Hawaii since 2005:	\$584,800
Total received via federal VITA grants including 2011:	<u>\$159,700</u>
Total government funding:	\$744,500
Total Refunds for taxpayers using free tax sites as of last year:	\$11,221,661
Anticipated refunds this tax season:	\$ 4,500,000
Tax preparation fees saved by taxpayers as of last year:	\$ 1,376,250
Amount of savings anticipated this season:	<u>\$ 450,000</u>
Total financial benefit to taxpayers	\$17,547,911
Applying a flat 4% percent GET rate:	\$701,916
Using a 1.5 multiplier**:	\$26,321,867



\*\* Economists suggest that every increased dollar received by low and moderate-income families has a multiplier effect of between 1.5 and 2 times the original amount in terms of its impact on the local economy and how much money is spent in and around the communities where these families live.

#### **4. Target Population To Be Served**

The target population for this Program is low to moderate income taxpayers, particularly those who are qualified for the EITC and/or other valuable tax credits (Child Tax Credit, Additional Child Tax Credit, Child and Dependent Care Credits) and are unaware of these credits and the availability of free tax assistance. The Program will emphasize outreach and service to those who the IRS believes fails to file for the EITC. This includes income earners who are:

- Living in rural areas
- Disabled
- Childless
- Not proficient in English
- Recently divorced, unemployed, or others who have experienced changes to their marital, financial, or parental status which may now qualify them for the EITC and other tax credits.

Also included in the target population to be served are the homeless, hidden homeless, those who are considered “at risk” – i.e., those who are 3 monthly paychecks away from being homeless- many of whom are employed full or part-time but cannot afford to pay rent - and those who are transitioning from homeless shelters.

#### **5. Geographic coverage**

The geographic coverage of this Program is Statewide with a focus on underserved geographic and/or hard to reach areas. For the past three tax seasons, the Applicant's Program has coordinated and funded free tax assistance services on the island of Molokai where unemployment is almost double the Statewide average and the per capita income is among the lowest in the State. Molokai also has the highest percentage of young children living in poverty.

For the current tax season, the Program is also establishing a clinic on the island of Lanai. On Oahu, the FISSP has recruited new organizational partners located in those areas where many who belong to the target population are located including the Leeward Coast, Waialua, and areas on the Windward side such as Kahaluu and Waimanalo.

## **II. Service Summary and Outcomes**

### **I. Scope of work, tasks and responsibilities.**

**Program Coordinator:** The Program Coordinator has been and continues to be the only salaried full-time position under the FISSP. The following describes the scope of the Program Coordinator's work and responsibilities:

- Conducts on-going recruitment of organizational partners in order to establish new sites and expand services to low-income taxpayers.
- Works with the IRS-SPEC agents to deliver and collect all necessary paperwork from organizations that want to participate in the free tax assistance program and to assure that sites are provided with their software, e-file authorization, and site identification numbers.
- Conducts recruitment of volunteers for all partnering sites utilizing print media, radio announcements, the internet, flyers, and internal recruitment campaigns at financial institutions and other organizations.
- Manages a volunteer database to enable direct communication with old and new volunteers which increases the number of returning volunteers.
- Coordinates as well as conducts volunteer training sessions, assists volunteers through the certification process, and arranges for training sessions to be conducted on the neighbor islands by Oahu trainers.
- Communicates directly with volunteers, tracks their certification, and puts them in contact with sites requesting volunteer assistance.
- Conducts extensive outreach regarding the EITC and other valuable tax credits and the availability of free tax assistance through print media, radio announcements, social media and the internet including the Program's own

website at [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org) and tens of thousands of flyers delivered to government agencies, unions, non-profit organizations.

- Prepares a combined listing of free tax assistance sites which is provided to 2-1-1, the information and referral system at Aloha United Way, and to various organizations and agencies in order to facilitate referrals of taxpayers who are seeking to have their returns prepared.
- Arranges for airfare, accommodations, ground transportation, and per diems to volunteers to enable them to assist neighbor island sites.
- Prepares and distributes a supplemental survey form to sites to enable the collection of relevant information about the taxpayers that receive service.
- Provides banners, supplies and equipment to sites upon request or as necessary.
- Prepares detailed reports regarding the results of all aspects of the Program.
- Assists as necessary at sites as an intake specialist, quality reviewer, or tax preparer.
- Works with IT support to purchase computer equipment and related hardware that meet IRS and TaxWise specifications and to install necessary software on computers to be used at free tax sites.
- Works to link free tax assistance to financial literacy efforts, arranges and conducts free workshops on reducing debts, managing credit, budgeting and life planning for workers and those who are self-employed.
- Arranges a Volunteer Recognition and Mahalo Event at the end of the season for all volunteers and partners to share and celebrate the results of their efforts.

**Marketing:** The program coordinator works with an outside marketing firm – Pentate Creative - to produce all printed materials such as flyers and posters, newspaper advertisements, press releases, internet postings, and radio public service announcements. The marketing firm has also helped the program coordinator develop an informational website: [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org) The marketing firm is small,, reasonably priced, and has extensive experience working with non-profits. It has

developed marketing materials for clients such as Hawaii Community Foundation, The Nature Conservancy, and Connection For Children. The firm's solid relationship with the media has also enabled the program coordinator to obtain reasonable publication and broadcasting rates.

**Finance Department:**

- Administers any and all grant funds.
- Reviews all requests for payments and reimbursements.
- Prepares expenditure and budget reports.
- Arranges for audits as necessary or required.

**IT Support:**

- Works with the Program Coordinator to purchase equipment that meets IRS specifications
- Loads software programs as necessary.
- Repairs computer equipment if possible.
- Disposes of computer equipment that is no longer usable.

**2-1-1 Information and Referral Service**

- Answers all calls relating to the EITC and free tax assistance service.
- Collects information from callers based on questions provided by the Program Coordinator and prepares monthly and end-of-season reports.
- Informs callers about basic EITC eligibility requirements and what they are required to bring with them to a free tax site and assists callers in locating a site that best suits their needs.

**Participating organizations**

Participating organizations that sponsor free tax assistance sites provide locations for tax preparation, at least one volunteer to act as a site coordinator, and assist in the distribution and collection of the FISSP's survey form. Participating organizations who do not sponsor a free tax assistance site assist in outreach through the distribution of information about free tax help. Organizations such as the Hawaii

Credit Union League provide access to its members for recruitment and outreach purposes. Organizations that are participating in the Applicant's Program include:

ALU LIKE, Inc.  
Bank of Hawaii  
Bank of the Orient  
Chaminade University  
City and County of Honolulu's Section 8 Family and Self-Sufficiency and Home Ownership Program  
Council for Native Hawaiian Advancement  
Goodwill Industries of Hawaii  
Hawaii Credit Union League  
Hawaii Schools Federal Credit Union  
Hickam Federal Credit Union  
Honolulu Community Action Program – Main office and all 5 District Offices  
ING Direct  
Kekaha Federal Credit Union  
KEY Project  
Labor's Community Services Liaison Program of Hawaii  
Leeward Community College  
Queen's Federal Credit Union  
Valley Isle Community Federal Credit Union  
Volunteer Legal Services of Hawaii  
Volunteer Tax Prep – Kauai  
Waialua Federal Credit Union  
2-1-1 at Aloha United Way

**2. Annual timeline**

**July through September:** Recruitment of new partners to assist with sponsoring a site, recruiting volunteers, and/or conducting outreach regarding the EITC and free tax assistance sites. Obtain confirmation from established sites of continued participation in the Program. Design, produce, and distribute marketing materials to partners and potential partners. Obtain and submit to the IRS all necessary paperwork for new partners in order to obtain their site identification numbers (SIDNs) and e-file identification numbers (EFINs). Update content of website with new information regarding tax credits, volunteer opportunities, and training schedules as such information becomes available.

**September through October:** Continue recruitment of partners. Commence volunteer recruitment utilizing newspaper ads, press releases, radio

announcements, the Program's website, internet announcements on sites such as Volunteer Hawaii, Craigslist and Facebook, and intranet services of certain organizations such as Bank of Hawaii.

**October through December:** Continue volunteer recruitment, Commence outreach to the public regarding the EITC and availability of free tax assistance services through print media, radio, the Program's website, internet postings, and direct delivery of flyers. Communicate with those interested in volunteering informing them of training options, certification requirements, and the availability of resources and support to assist them in getting certified. Coordinate and conduct volunteer training, deliver training kits to those interested in training online, and arrange for training on the neighbor islands. Conduct site coordinator meeting to confirm their responsibilities, their paperwork, and the assistance that they need.

**December through January.** Volunteers who did not attend early training sessions begin training at Chaminade and Leeward Community College during January. Program Coordinator compiles and provides 2-1-1 with list of free tax assistance sites, new EITC information, and questions to ask callers to collect data. Preparation of client survey and distribution of survey to site coordinators for the purpose of collecting relevant data regarding those who use free tax assistance sites. Outreach for EITC awareness and availability of free tax assistance continues. Oversee volunteer certification and coordinate volunteer referrals to sites needing assistance. Additional training sessions held regarding State tax law and credits and use of the TaxWise software. Arrange and coordinate special early clinics.

**February through April:** All sites are operational. Arrange for information regarding financial literacy programs and other topics of interest to be distributed to taxpayers at the free tax sites. DVD of the financial literacy program piloted by the existing program is shown on a television screen to taxpayers while they wait for service at certain sites that have the necessary equipment and space to accomplish this. Taxpayers are invited to sign up for free seminars, workshops or classes relating to financial literacy. Commence collecting surveys and compiling a report on the results.

**May through June:** Complete tabulation of survey results and collect and compile site results from site coordinators. Results are shared with volunteers at Mahalo Event held in May. A detailed written report containing results of the tax season is prepared and shared with partners as well as distributed to organizations that may be interested in participating in the free tax assistance program during the next season. Financial literacy seminars, workshops and classes continue through the summer.

### **3. Quality Assurance and Evaluation**

Since the free tax assistance program is established in connection with the Internal Revenue Service's VITA (Volunteer Income Tax Assistance) program, certain required procedures are in place to enhance the quality of site operations and the accuracy of returns prepared. All of the organizations participating in the free tax assistance program are required to provide at least one person from their organization who will act as a site coordinator. Site coordinators are required to train and be certified as site coordinators. Quality reviews of all returns are required and those who perform these reviews are required to be certified at a higher level than volunteer tax return preparers. All volunteers preparing returns are required to train and be certified. Certification requires the passing of an online test accessible through the IRS' website. Training regarding State tax laws and forms and use of the software program is also required of volunteers.

Classroom training for volunteers ranges from 16 hours (accelerated instruction) to 24 hours. The amount of time involved in online training depends on the individual volunteer but usually takes at least 10-12 hours. The amount of time spent on the certification test is also dependent on the individual volunteer but usually involves an additional 5 hours. State tax law training and use of the software for tax return preparation involves an additional 5 to 8 hours. Whenever possible, new volunteers are invited to sit with an experienced volunteer while a tax return is being prepared to make them more comfortable about using the software.

All sites are encouraged to provide services "by appointment only". This enables the appointment taker to inform taxpayers of the documents that they are required to bring to the site. This procedure reduces the number of taxpayers that are

turned away because of insufficient documentation and therefore increases the efficiency of the site. This procedure also allows the appointment taker to determine whether the taxpayer can be helped at their site. If the taxpayer's situation requires the preparation of a complex return, it is necessary that a volunteer who has been trained and certified at that level of complexity is present at the tax site. Otherwise, the taxpayer is referred to another site. At the site, intake specialists review the taxpayer's documents and complete a mandatory interview and intake form. All returns prepared are quality reviewed by another volunteer or the site coordinator prior to being e-filed.

Site coordinators are offered disposable cell phones during the season. The numbers of these cell phones are used as the appointment line for the sites which reduces the amount of taxpayer phone calls to the organization's main phone number - a situation which, in the past, resulted in complaints from the organization that taxpayer phone calls were preventing them from servicing their own clients. Individuals are recruited and/or paid to answer these appointment lines. Certain trainers are also provided with disposable cell phones so that they can be contacted by site coordinators who may need assistance during the tax season. Accessibility by new site coordinators to trainers and more experienced coordinators helps to reduce the number of errors on returns.

The program coordinator assists and remains in contact with the site coordinators throughout the tax season and requests periodic reports regarding any problems they have encountered in running their sites, including any rejected returns, the reasons for rejection, and how the problem was resolved. At the end of the season, site coordinators are required to submit the results of their sites to the program coordinator and requested to suggest changes that they feel may improve delivery of the services.

#### **4. Measures of effectiveness**

**Volunteer recruitment:** All outreach materials for volunteer recruitment refer interested individuals to the program's website - [www.hawaiiitaxhelp.org](http://www.hawaiiitaxhelp.org). The number of "hits" on the website is recorded and indicates the amount of interest generated by the outreach. Individuals who proceed to



complete a request for information form provide data that shows where they reside and how they heard about the program. The program coordinator is then able to determine the level of response from the different islands and the effectiveness of the various types of outreach methods that were used. The program coordinator responds to interested individuals with general information about the program and training requirements. If a person thereafter requests training, their names and contact information is entered into a volunteer database. The trainers provide the program coordinator with a list of volunteers who attended the classroom training sessions. For volunteers who opt to train online, the program coordinator mails or delivers all training materials. At the end of the tax season, site coordinators are required to provide the program coordinator with a complete listing of all of their certified volunteers. This enables the Program Coordinator to determine how many of those who trained or requested training materials actually obtained their certification and volunteered.

**Outreach for EITC and free tax services:** All site coordinators are required to submit a report to the program coordinator at the end of the tax season. The report, which is generated by the tax preparation software, contains data pertaining to the number of returns filed, total amount of refunds claimed by taxpayers, number of EITC filings, total amount of EITC dollars claimed, number of Child Tax Credit filings, total amount of CTC dollars claimed. The results from the individual sites are compiled into a list that compares the current tax season results with the results of the previous tax seasons. An increase in filings is considered a direct result of effective outreach. An example of the type of data generated is shown at the beginning of this Narrative

**Client demographics:** Since all outreach materials direct interested persons to call 2-1-1 or to log onto the program's website, the effectiveness of the program's outreach efforts is also measured by the number of calls received by 2-1-1 and the number of hits recorded on the website. 2-1-1 is also instructed to ask all callers certain specific questions, including how they heard about the EITC and free tax assistance. The callers' responses are logged and 2-1-1 is capable of tabulating these

responses and providing the FISSP with a written report monthly or for any particular time period.

The program coordinator also collects relevant data regarding those who use free tax assistance sites through a survey form that clients are requested to complete during the intake process. At the end of the last tax season, 1,770 forms were returned to the program coordinator by the site coordinators. Volunteers manually tabulated the surveys from the various sites and the program coordinator totaled all individual tabulations to arrive at the final results. The following shows the type of data that is collected by this method:

- 58.5% of the clients used a free tax assistance site last year, indicating satisfaction with the service that they received.
- 19.5% used a paid preparer last year and 40.5 % of these taxpayers indicated that they paid to receive a quick refund. This indicates that the FISSP's outreach efforts, which encourage workers to save money by using a free tax site, have been successful.
- Most of the clients were unmarried (78.4%), had at least one child under the age of 19 (51.9%), and were between the ages of 25 and 64 (69.1%). Since the EITC is most beneficial to single parents and is also available to childless individuals who are older than 24 but under 65 years of age, these statistics indicate that the FISSP's outreach efforts have been successful in reaching its intended audience.
- 57.5% of the responding clients stated that they heard about free tax assistance through the venues utilized by the FISSP – i.e., flyers/posters, internet, newspaper ads, radio, and 2-1-1. However, the largest single source of information was word-of-mouth (hearing about the service from a family or friend) (40.1%), which indicates the importance of delivering good service to the taxpayers who use free tax assistance sites.
- 75.8% of those who completed the survey stated that they owned a bank account and 67.9% said that they were expecting a refund, but only 55.8% said that they would deposit their refund directly into a bank account. One reason for this may be that many taxpayers are already in trouble with their banks or creditors and are concerned that funds in their bank accounts can be seized or “frozen”.
- 50.7% of the responding taxpayers stated that they were renters, 28.8% were living with family, 8.6% were homeowners, and 6.2% were homeless. There was a marked increase in the amount of homeless clients during Tax Season 2010. Last tax season, only 3.9% of the clients indicated that they were homeless.
- Hawaiians comprised the largest ethnic group (32.8%), then Asians (17.3%), Caucasians (13.9%), Filipinos (13.8%), Pacific Islanders (10%), Hispanics (3.8%), African-American (2%), Native American (1%), and “Other” (5.4%)
- 73.5% of the responding clients received their income from a job, 10.5% from unemployment benefits, 4.6% from self-employment, and 11.4% from other sources.

- 9.1% of the responding clients indicated that they were disabled while an additional 7.3% indicated that they had a family member who was disabled.
- More females (68.1%) than males (31.9%) took advantage of free tax services.
- Ages of clients: 18-24 (20.5%); 25-40 (33.8%); 41-64 (35.3%); 65 and over (10.4%)

**III. Financial**

1. The budget is attached to this request. As previously mentioned, the expansion of this program cost does not result in a corresponding increase in operating costs. In fact, because a substantial portion of the program is volunteer driven and because a system is already established with respect to outreach and data collection, the program could continue growing for several years without any increase in the annual amount requested.

2. The anticipated quarterly funding requests for fiscal year 2011-2012:

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$30,000	\$60,000	\$65,000	\$20,000	\$175,000

3. Other sources of funding applied for:

For the third year in a row, the existing program has been awarded one of the VITA grants provided by the Department of the Treasury – Internal Revenue Service – in the amount of \$52,400. These funds are required to be spent by June of 2011 and there is no guarantee that further VITA grants will be offered. However, if another VITA grant opportunity arises, this program intends to apply once again.

No other funds have been applied for at this time.

**IV. Experience and Capability**

**A. Necessary Skills and Experience**

The Program Coordinator who will be in charge of this program has managed the EITC campaign and free tax assistance program since October of 2005 (i.e., for the last four tax seasons). Under her management, the number of free tax assistance sites has increased from 4 permanent sites during Tax Season 2006 to 45 confirmed sites to be operating during this tax season.

The Program Coordinator also has experience in working with grants on the State and federal levels, complying with governmental cost principles, and preparing detailed reports focusing on the Program's outcomes

Applicant HACBED has, over the last 19 years, developed, coordinated, or otherwise been substantially involved in various State-wide projects, workshops, and conferences that have focused on enhancing the financial skills of low-to-moderate income workers, particularly through community-based efforts. Applicant is currently leading the Ho'owaiwai Asset Building Initiative in Hawai'i, which includes a package of comprehensive public policies including tax incentives, regulatory changes, and other mechanisms that help people earn more, save more, protect hard earned assets, start businesses and become homeowners. HACBED also coordinates the Ho'owaiwai Asset Building Network, which brings together a range of community stakeholders from including families, youth, policymakers, community practitioners, financial institutions, and private sector entities interested in organizing around actions that address asset poverty and build the wealth and financial stability of Hawaii's working families. Since it is and has been involved in community-based efforts on several islands, Applicant has developed a strong connection with a network of organizations that will help to expand the EITC and free tax assistance program, particularly on the neighbor islands.

**B. Facilities**

Tax return preparation occurs at the premises of organizations who have agreed to sponsor free tax assistance sites. Since the sites are established in conjunction with the IRS' VITA program, they are required to comply with ADA requirements. Therefore, all sites that are not situated on the ground level have lifts or elevators to accommodate those with mobility problems.

**V. Personnel: Project Organization and Staffing**

**Proposed Staffing**

Program Coordinator. This is the only paid full-time position in the Applicant's program. All other positions related to tax return preparation are staffed by

volunteers. The marketing company is paid but are not considered part of the staff as they will be operating pursuant to independent contractor agreements.

Site Coordinators: Site coordinators are generally employees of the partnering organizations and not staff of the Applicant. Site coordinators are responsible for making appropriate arrangements at their sites for scheduling clients for tax preparation, managing the volunteers who elect to work at their sites, ensuring that their sites comply with federal regulations pertaining to non-discrimination, privacy, and VITA guidelines, and working with the IRS-SPEC representative on matters such as ordering software and checking the adequacy of equipment to be used. Site coordinators are also responsible for doing quality reviews of tax returns prepared at their sites, e-filing all tax returns, and resolving any problems that may arise regarding any returns submitted to the IRS.

Volunteer intake specialists: Intake specialists greet clients, conduct the initial interviews of those clients, review the clients' documents to make sure that the clients have brought all necessary documents with them to the site and that the documents and the information provided during the interview are accurate, and assist in completing the required intake and interview form provided by the IRS. They are also responsible for having the clients complete the survey forms provided to each site by the Program Coordinator.

Volunteer tax return preparers. Preparers meet with the clients, confirm information on the intake and interview form, and prepare the tax returns, state and federal, for the clients. Preparers also do quality reviews of other preparers' returns. It takes approximately 1 hour to 1 ½ hours to prepare the average tax return. Most sites are open approximately 4 1/2 hours each session. Therefore, one volunteer can service, on the average, 3-4 clients per session. This presumes that all clients keep their appointments and bring with them all the necessary documents that will enable the volunteers to prepare a proper return.

### **Staff Qualifications**

Program Coordinator: The Program Coordinator has worked with this Program since October of 2005 when the Program started. She thus has over 5 years of experience in successfully coordinating, establishing, and supporting free tax assistance

services, conducting outreach through various marketing venues, and volunteer recruitment and has experience in and the ability to collect and compile data, generate reports, and create databases. She has knowledge of and understands state cost principles and reporting procedures.

Site Coordinators: Must be trained in federal and state tax law (approximately 20-24 hours of training) and be able to pass an IRS certification exam. Must learn to use the IRS' software for preparation of tax returns and undergo additional training relating to management of their respective sites and their volunteers and to familiarize themselves with the laws and regulations concerning non-discrimination and protection of taxpayers' privacy. Must also be able to perform quality reviews of tax returns prepared by their volunteers and to e-file the tax returns prepared at their sites. Responsible for resolving any errors on returns filed at their sites by working with the clients and the IRS. This year, site coordinators are required to perform additional training because of the many changes in the tax law.

Intake Specialists: Must be trained in conducting interviews of taxpayers using the IRS' intake and interview form and the survey form provided by Applicant. Must understand the rules and regulations pertaining to non-discrimination and protection of taxpayers' privacy.

Tax Return Preparers: Must be trained in federal and state tax law (approximately 20-24 hours of training) and be able to pass an IRS certification exam. Must learn to use the IRS' software for preparation of tax returns and be able to conduct quality reviews of tax returns prepared by other volunteers. Must also be able to communicate with clients effectively.

**Training and Supervision.** Volunteer tax return preparers are required to receive training in federal tax law, state tax law, and use of the IRS' TaxWise software. After training, they are required to pass a certification test online at the IRS' website regarding the federal tax law portion.

In-class training on Oahu is conducted by accounting professors at Chaminade University and Leeward Community College. In preparation for this current tax season, training sessions were also held at various sites – Honolulu Community Action Program, Alulike, Bank of Hawaii, and INGDirect.

Volunteers can also train online at the IRS' website. For volunteers selecting this option, the Program Coordinator will provide them with the necessary training materials and assistance by e-mail or telephone.

All training includes federal tax law, state tax law, and use of the TaxWise software.

Site coordinator training is available online and through ongoing assistance provided by the Program Coordinator and experienced site coordinators.

The Program Coordinator is the initial contact for all new volunteers. The Program Coordinator provides volunteers with detailed information about the Program, training requirements and options, and the certification exam. For volunteers selecting classroom training, the Program Coordinator will forward the names of all interested persons to the trainers to assure availability of necessary training materials. For volunteers who desire to train online, the Program Coordinator will mail them an online training kit or direct them to a site that has available kits and remain in contact with them to help them navigate the IRS' website and resolve any problems they may encounter. The Program Coordinator also recruits experienced preparers to present classroom-type training to volunteers on the neighbor islands utilizing a powerpoint presentation that was developed by the Program Coordinator.

All volunteers who complete the training and pass the certification test on the IRS' website will contact the Program Coordinator and receive a list of sites and contact information for the site coordinators. The site coordinators will provide the Program Coordinator with a list of the volunteers who have elected to work at their sites. All information regarding volunteers, including their contact information and their selection of a site, is entered into a database.

Once a volunteer selects a particular site, the volunteer will work directly with the site coordinator. Site coordinators are required to provide all volunteers with a password so that they can access the tax preparation software provided by the IRS. This prevents unauthorized use of the software and allows the site coordinator to track returns prepared by a particular volunteer.

Intake specialists are trained by the site coordinators and/or the Program Coordinator with respect to conducting client interviews, reviewing documents,

completing surveys, and privacy and non-discrimination laws and regulations. Intake specialists are supervised by the site coordinators.

The Program Coordinator reports directly to and is supervised by the Executive Director of the Applicant.

**Organization Chart**

See the attachments for the Organization-wide and Program organizational charts.

**VI. Other**

**A. Litigation**

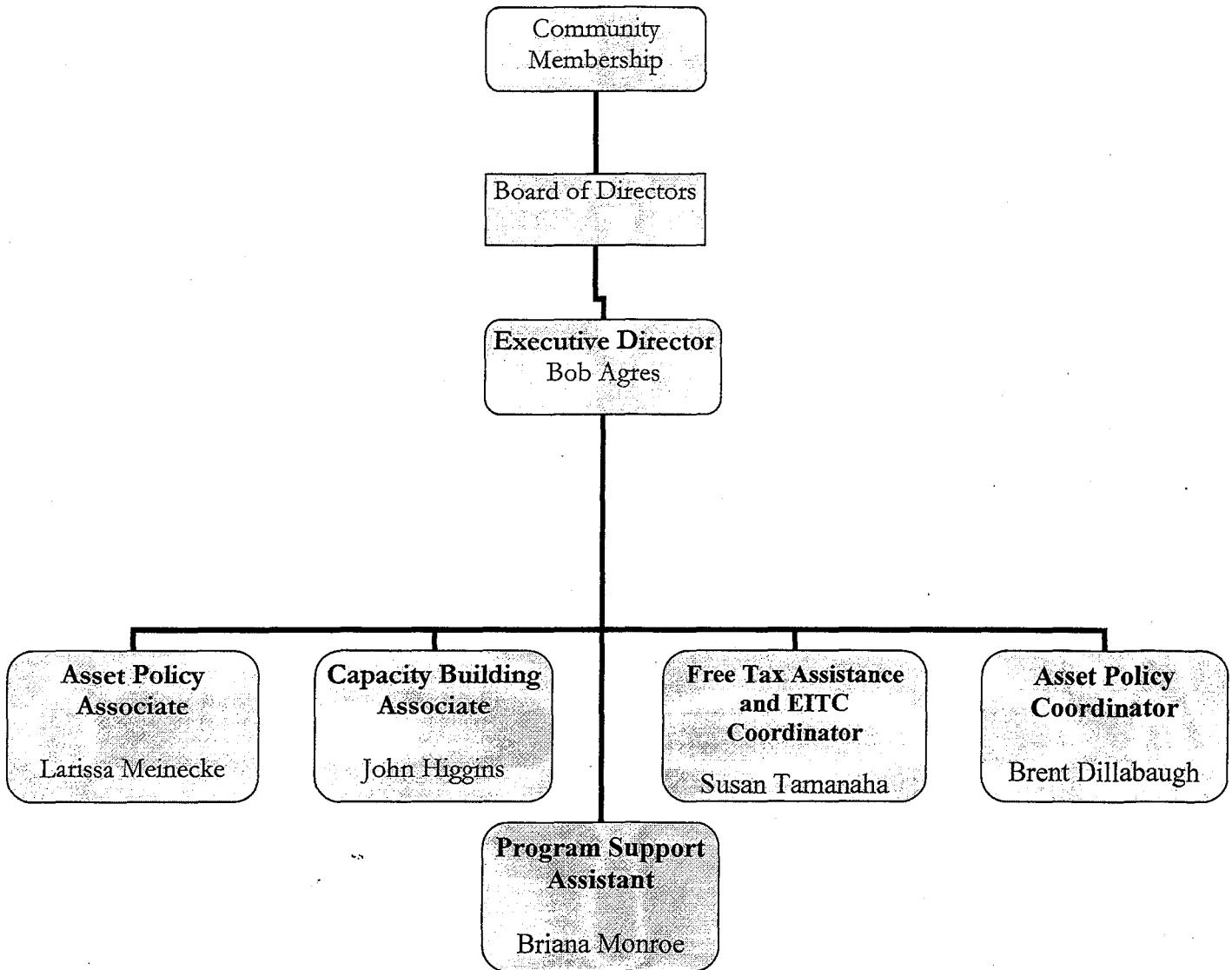
Applicant is not involved in any pending litigation and has no outstanding judgments against it.

**B. Licensure or Accreditation**

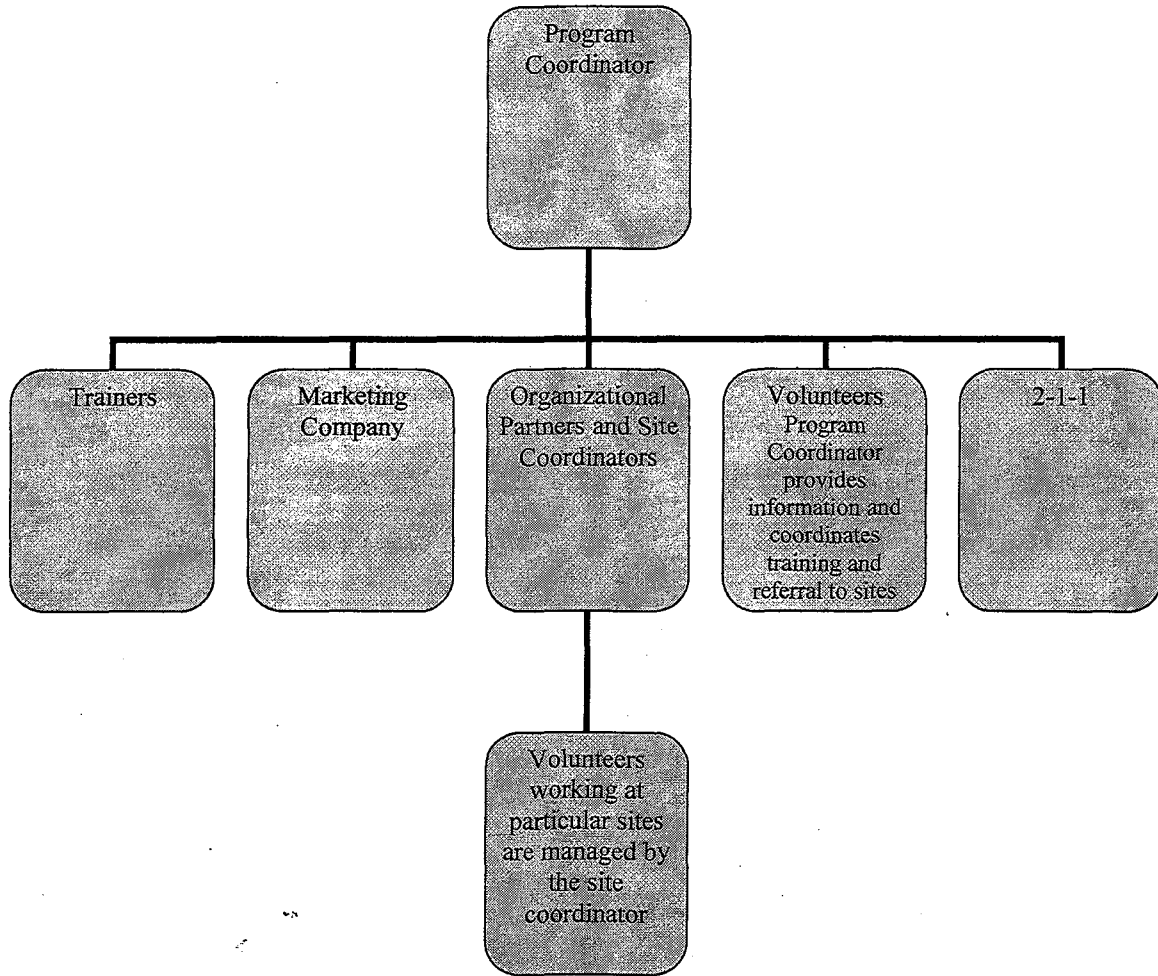
The Program Coordinator is a licensed attorney with a degree in business and experience in marketing, promotion, project management, and writing reports with a focus on outcomes. The Program Coordinator is also a certified site coordinator and tax preparer. Applicant HACBED is not required to be licensed or accredited in connection with this project.



## HACBED ORGANIZATIONAL CHART




PROGRAM ORGANIZATIONAL CHART



**BUDGET REQUEST BY SOURCE OF FUNDS**  
(Period: July 1, 2011 to June 30, 2012)

Applicant: \_\_\_\_\_ Hawai'i Alliance for Community-Based Economic Development

<b>BUDGET CATEGORIES</b>	<b>Total State Funds Requested (a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>A. PERSONNEL COST</b>				
1. Salaries	50,200			
2. Payroll Taxes & Assessments	5,200			
3. Fringe Benefits	4,200			
<b>TOTAL PERSONNEL COST</b>	<b>59,600</b>			
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island	6,500			
2. Insurance	200			
3. Lease/Rental of Equipment				
4. Lease/Rental of Space	3,000			
5. Staff Training	4,000			
6. Supplies	1,700			
7. Telecommunication	2,000			
8. Utilities				
9. Contractual Services - Admin	2,500			
10. Contractual Services - Subcontracts	12,000			
11. Mileage				
12. Publication and Printing	35,000			
13. Postage, freight, delivery	1,000			
14. Subsistence/Per Diem	9,000			
15. Supplies	2,600			
16. Transportation	2,500			
17. Program Activities	33,400			
18.				
19.				
20.				
<b>TOTAL OTHER CURRENT EXPENSES</b>	<b>115,400</b>			
<b>C. EQUIPMENT PURCHASES</b>				
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>				
<b>TOTAL (A+B+C+D+E)</b>	<b>175,000</b>			
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	175,000	Susan Tamanaha - Program Coordinator (808) 381-0881		
(b)		Name (Please type or print) Phone		
(c)		 <span style="float: right;">1-28-2011</span>		
(d)		Signature of Authorized Official Date		
<b>TOTAL BUDGET</b>	<b>175,000</b>	Robert Agres, Jr. Executive Director		
		Name and Title (Please type or print)		

## BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Hawai'i Alliance for Community-Based Economic I  
Development (HACBED)

Period: July 1, 2011 to June 30, 2012

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
PROGRAM COORDINATOR	1	\$50,200.00	100.00%	\$ 50,200.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				<b>50,200.00</b>
<b>JUSTIFICATION/COMMENTS:</b>				
This position is the only full-time salaried position of the Program				

# BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant:   Hawai'i Alliance For Community  
Based Economic Development

Period: July 1, 2011 to June 30, 2012

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

## BUDGET JUSTIFICATION CAPITAL PROJECT DETAILS

Applicant: \_\_\_\_\_

Period: July 1, 2011 to June 30, 2012

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2009-2010	FY: 2010-2011	FY:2011-2012	FY:2011-2012	FY:2012-2013	FY:2013-2014
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
<b>TOTAL:</b>						
JUSTIFICATION/COMMENTS:						

**DECLARATION STATEMENT  
APPLICANTS FOR GRANTS AND SUBSIDIES  
CHAPTER 42F, HAWAI'I REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawai'i Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

For a grant or subsidy used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Hawai'i Alliance for Community-Based Economic Development (HACBED)

(Typed Name of Individual or Organization)



1-28-2011

(Date)

Robert Agres, Jr.

(Typed Name)

Executive Director

(Title)