



Contact:

Lisa Clay
Director of Communications and Members Services,
MASSCAP
774 573 3319 or lisaclay@masscap.org

Joe Diamond,
Executive Director, MASSCAP
617 645 2949 or joediamond@masscap.org

Free Tax Prep for Low-Income Wage Earners Threatened

Boston, MA, May 14, 2019 – One Holyoke family is now finally able to make the down payment on their first home. This family with 2 young children and 2 working parents who have been saving for some time left the [Valley Opportunity Council \(VOC\)](#) Volunteer Income Tax Assistance (VITA) site smiling. This year, between their refund and the money they saved on the tax preparation, they are able to better their lives and have a stable home.

“As the State Senate prepares to debate the FY20 budget and is addressing proposals related to revenues and expenditures, it is critical that we promote resources to help low-income wage earners maximize their earnings and bring money back into our communities,” said Joe Diamond, Executive Director, MASSCAP. “More specifically, more resources are needed for the 80 Volunteer Income Tax Assistance sites across the Commonwealth. VITA sites not only provide free tax preparation and access to the EITC and other tax credits to low-income taxpayers (folks who work one, two, or even three jobs) but also link them to other critical services strengthening families and the local economy.”

The story of poverty is a story of low wage work. Wages for low wage workers have barely grown over the last 20 years while incomes for the top 1% have more than tripled ([Obstacles on the Road to Opportunity: Finding the Way Forward](#)). VITA sites help bridge this wage gap by providing free tax preparation. VITA sites are staffed by IRS-certified volunteers donating their time to provide free, accurate and timely tax preparation. They help taxpayers access the Earned Income Tax Credit (EITC) and other tax credits – amounting to an average of \$2,400 and up to over \$5,000 - allowing them to pay bills, cover essential expenses and emergency needs, save and plan for the future. VITA sites are typically located in community-based organizations (close to half are in Community Action Agencies) and connect taxpayers to additional services including financial planning and education.

Jennifer from Quincy was able to pay off her debt, increase her credit score and start to save by doing her taxes through the [Quincy Community Action Programs \(QCAP\)](#) Volunteer Income Tax Assistance (VITA) site. They helped her to access the Earned Income Tax Credit (EITC) and save. She then continued to work with a Financial Coach at [QCAP's Financial Reach Center](#) and within a year has more than tripled her savings and boosted her credit score by +150 points. Jennifer is now working toward home ownership. It all started with free tax preparation through VITA.

Senator Diana DiZoglio and Senator James Welch are proposing \$800,000 to support resources for Volunteer Income Tax Assistance (VITA) sites in Amendment FY2020-S3-12 (OTH) to the FY20 Senate Ways and Means budget. The \$800,000 resource would provide each VITA site with \$10,000. That amount together with modest support from the IRS would cover about half the cost of running a site (expenses include coordination, space, computers, printing etc.) which averages about \$25,000 per site. The state investment would allow the 80 VITA

sites to reach more low-income taxpayers. The resource would also stabilize the system. Every year a few VITA sites have to cease operations because of limited funds. In addition, the support would add to the effectiveness of the recent increase in the state's Earned Income Tax Credit – the Legislature and Governor have doubled the state EITC over the past four years.

The return on investment is up to 60:1 and the multiplier has been assessed by the researchers at the Boston Medical center as \$1.44 for every \$1 that comes back to the state. VITA site resources are an excellent investment for the state benefiting not only our hard-working low-income taxpayers, but also the state and local economies.

//End