

## 2011 KSRE State Report

### Financial Education and Income Saving at Tax Time

Income tax season can be a ‘teachable moment’ for individuals and families as they focus attention on personal finances. Nationally the IRS trains volunteers and sponsors local volunteer income tax sites, such as Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), and AARP Tax Aide sites. Seven KSRE agents reported having chosen to partner with locally sponsored volunteer tax sites in their communities or sponsor such a site if options are limited. These agents also collaborated with numerous other local tax site supporting agencies and asset-building coalitions.

Target audiences for IRS sponsored volunteer income tax assistance sites are low to moderate income individuals & families (incomes \$49K or less) including the elderly, military, Headstart families, those with disabilities, and English language learners. In 2011 five KSRE Agents reported working with volunteer income tax sites with average tax payer Adjusted Gross Incomes (AGI) that ranged from a low of about \$15,000 to a high of just over \$36,000. KSU student volunteers, working at a tax assistance site to fulfill course-work requirements, reported gaining a better understanding of different socio-economic situations.

The combined tax site results reported by six agents for 2011 indicated that the volunteer tax preparers they worked with completed over 10,000 federal returns that resulted in over \$11 million in federal tax refunds returned to Kansas communities. Agents reported local preparation fees that ranged from \$80 to \$250. Using \$200 as an average cost of tax preparation, the estimated total value in fee savings performed by volunteers to be over \$2 million. One agent reported; ‘When one considers that our Extension budget is \$470,000, and this program returns \$550,000 to the local economy, we’ve more than paid for ourselves with this one program!’ Another agent said, “The value of refunds and preparation fee savings for our community totals over \$12.1 million.”

Tax site partnerships offer KSRE agents the opportunity to expose new audiences to Extension programs, and distribute financial publications such as how to use tax refunds wisely – *save it, pay down debt, or use for special needs*. Several agents and volunteers provide taxpayers one-on-one financial coaching about record keeping, documentation required for tax returns, adjusting withholding amounts, importance of emergency savings, and other related money management topics. One agent obtained a \$10,000 IRS site grant; another got a \$5000 United Way grant and estimated receiving an in-kind donation of well over \$15,000 for office space, equipment and supplies. Four agents served in leadership site manager roles; four Extension offices sponsored a site; many helped recruit, train and recognize income tax site volunteers; all agents reported educational outreach and major media promotion.

The Center on Budget and Policy Priorities invited two KSRE Family Resource Management PFT members, one in 2010 and another in 2011, to travel and participate at no-cost in the ‘Tax Credit Outreach Train-the-Trainer Seminar’ in Washington DC to gain skill in promoting public knowledge about the Earned Income Credit (EIC) and Child Tax Credit (CTC).

IRS Sponsored Volunteer Income Tax Site Outreach to Low and Moderate Tax Payers  
Based on reports from 6 K-State Research and Extension - KSRE Offices

Extension Office	# Federal Tax Returns	Average Client Income	Dollar Value Refunds	Est. Preparation Fee Savings (Reported Range @ \$80-250)	Tax Liabilities Paid	EIC
Geary	169	\$36,048	\$181,187	\$33,800	-	-
Johnson	336	-	361,755	84,000	-	-
Marshall	144	15,615	158,553	11,520	\$5,007	-
Miami	341	15,021	105,079	78,089	-	\$20,771
Riley	400	17,468	553,256	80,000	32,179	-
Shawnee	8746	26,379	10,367,011	2,185,500	1,055,251	\$2.4 mil
<b>Totals</b>	<b>10,136</b>	<b>\$22,106</b>	<b>\$11,367,011</b>	<b>Fee Savings @ \$200 each Fed Return = \$2,027,200</b>		

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