



INNOVATION ABSTRACTS

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VITA INCOME TAX PREPARATION: A WIN-WIN-WIN-WIN PROGRAM

VITA, Volunteer Income Tax Assistance, is a program sponsored and supported by the Internal Revenue Service in cooperation with volunteers. In 2001-2002, Schoolcraft College became the first community college in Michigan to host a VITA site. Annually, this service-learning program for the community is coordinated by the IRS and four college groups: the Women's Resource Center (WRC), Accounting Department, Schoolcraft Scholars Honors Program, and the office of Academic Computing. VITA is a win-win-win-win experience for student clients, the accounting department staff and students, honor student volunteers, and the community-at-large.

Program

VITA certifies volunteers to provide free assistance to low-to-moderate-income citizens filing tax returns. The Women's Resource Center sees a specific need for this program among its clients. When students apply for financial aid, the WRC staff routinely assists, utilizing income tax information. The staff noticed that individuals with low to moderate incomes often paid high commercial tax advisor fees to complete and file simple income tax returns. Many single parents or displaced homemakers, who are a large percent of WRC clientele, often do not know about all the deductions or credits for which they qualify. For example, many may not know about Earned Income Tax Credit (EITC). The Office of the Governor reports that the Michigan EITC Outreach Initiative (1 October 2003) estimates that the "working poor" of Michigan could receive up to \$49 million a year by taking advantage of EITC. VITA is definitely a win-win experience for the taxpayer and the community.

On the college's VITA day in 2005, a total of 104 clients were served, and 79 income tax returns were e-filed for quick processing. Data indicate that VITA taxpayers saved a total of \$20,800 in tax preparation fees, using \$200 as an average preparation fee. In addition to these direct savings, the VITA taxpayers received

a total of \$137,937 in income tax refunds to spend or save in Michigan. Finally, because the VITA tax preparers helped educate citizens about income tax deductions and Earned Income Tax Credit, almost all the VITA taxpayers think they are likely to have a "better" or "much better" tax-paying experience in the future.

College students frequently need financial assistance to meet tuition costs. The VITA program design allows student taxpayers to file their Free Application for Federal Student Aid (FAFSA) immediately after completion of their 1040 income tax form. By early completion of FAFSA, students maximize their potential for federal/state/local grant opportunities that pay tuition and fees.

The technical assistance and cooperation of the Academic Computing Office is integral to the success of the program. Installation of the IRS software, software testing, maintenance of confidentiality and data, and the set-up of computer terminals on the VITA day make e-filing and document production possible.

The accounting curriculum may be the most substantial winner from the learn-and-serve VITA experience. Faculty members provide Intermediate Accounting students an opportunity to serve as client greeters and intake clerks on VITA days. Consequently, students experience accounting in action and practice the interviewing skills accountants need to serve business clients. Since Tax Accounting students are trained and certified by the IRS to work as tax preparers, VITA is also a direct assessment and outside measure of competency. In 2003, 2004, and 2005, the IRS certified 100% of Schoolcraft's Tax Accounting students as VITA tax preparers.

VITA has inspired the full and part-time accounting faculty to envision new courses. The accounting faculty developed two two-hour survey courses about personal income tax (federal and state) to increase tax awareness and compliance among the general college population and business majors, attract more students to the accounting profession, and become a model for other community college accounting departments.

Finally, accounting students win through this civic engagement and learning experience, putting their professional skills to the test. As one student notes in a



VITA reflection, her civic engagement has made her feel more confident about majoring in accounting. She had been worried that the profession would not give her enough interaction with people, but VITA illustrated how important “people skills” are to accounting.

Accounting students also learn first-hand how the profession of accounting serves the community. In one focus group, an accounting student observed how society might learn to value skill with numbers. “We’re taking accounting because we’re good at numbers, good at figures,” she mused, “but people we’re helping are not necessarily on that same plane.” She thought it was “nice to learn” that her talent “is useful to other people,” rather than just herself. Students involved in service activities like VITA learn the habit of civic engagement and return in subsequent years to participate in VITA days at our college.

A Venture Grant from Michigan Campus Compact (2004 and 2005) and a Curriculum Development Grant from the Schoolcraft College Foundation (2006) have supported the expansion of VITA at Schoolcraft and its goal to become a service learning model for others.

The VITA program and Preparation Day

1. Schedule client appointments, and send clients a letter including a checklist of materials and forms to be brought to the preparation day.
2. Prepare the room where clients will be completing their tax forms. Allow ample space for privacy of clients and ease of discussion with tax preparers. Be sure to include a printer, paper shredder, and a network connection to allow for maintenance of secure data.
3. Greet clients when they arrive on the preparation day, and review their documents. Place the documents in the order that will assist the tax preparer.
4. Introduce the client to the tax preparer.
5. Print all of the appropriate forms; shred information that is not retained.
6. Invite clients to use their tax information to complete the Free Application for Federal Student Aid (FAFSA) at the same site.
7. Invite clients to complete a survey/evaluation.
8. Place all newly prepared income tax forms and data into a folder appropriately labeled with the date, and give to the client for future reference.

Following the preparation day, student volunteers, both greeters and tax preparers, are invited to complete a reflection paper and/or attend a focus group to discuss their experience and enhance their personal learning.

Schoolcraft College students, faculty, and staff believe that VITA is:

- A WIN for the student client because it provides free tax preparation and learning
- A WIN for the college because it provides the application of classroom learning in a real context
- A WIN for the Accounting Department because it has provided the context for the creation of two new courses
- A WIN for the community because refunds provide cash to be spent locally.

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