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OFFICE OF THE CITY CLERK  
OAKLAND

2018 NOV -1 PM 1:02

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Sara Bedford  
Director, Human Services

**SUBJECT:** AC-OCAP State ETIC Grant Report  
and Resolution

**DATE:** October 22, 2018

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City Administrator Approval *Mananpha Sriz* Date: *11/1/18*

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## RECOMMENDATION

**Staff Recommends That The City Council Adopt A Resolution Authorizing the City Administrator To:**

- 1) Accept, Appropriate, And Allocate A Grant In The Amount Of \$176,000 From The California Department Of Community Services And Development (CSD), And Any Additional Funding That May Become Available, Without Returning To Council, To Implement the California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance Program;**
- 2) Enter Into Grant Agreements And Amendments With Service Providers To Implement the California Earned Income Tax Credit Free Tax Preparation Assistance Program Throughout Alameda County; And**
- 3) Amend The Agreements To increase The Amount If Additional Funding Becomes Available During The Grant Period of November 1, 2018 to June 30, 2019, Without Returning to Council.**

## EXECUTIVE SUMMARY

Staff requests that City Council approve a resolution 1) authorizing the City Administrator to accept, appropriate, and allocate a grant in the amount of \$176,000 from the California Department of Community Services and Development (CSD) with funding from the Franchise Tax Board (FTB) to implement the California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance Program throughout Alameda County and 2) approve grant agreements with designated state approved EITC service providers and Volunteer Income Tax Assistance Sites (VITA).

The Alameda County – Oakland Community Action Partnership (AC-OCAP) CalEITC Free Tax Preparation Assistance Grant will provide direct financial support to the Alameda County EITC Expansion Project to help increase the number of low-wage earners accessing the state and federal Earned Income Tax Credit.

Item: \_\_\_\_\_  
Life Enrichment Committee  
November 13, 2018

The initial term for the state contract is November 1, 2018 to June 30, 2019 in alignment with the 2019 tax season.

## **BACKGROUND / LEGISLATIVE HISTORY**

In 1975, Congress created the federal Earned Income Tax Credit (EITC) to offset the adverse effects of the Medicare and social security payroll taxes on low-wage earners and to encourage and incentivize low-income families to seek employment. Over the last 40 years, EITC has become the largest federal anti-poverty program. However, hundreds of millions of federal dollars go unclaimed by Alameda County's low-wage earners due to a relatively low percentage of eligible individuals participating in the federal EITC program.

In 2015, the State of California authorized a state EITC (CalEITC) to build upon the strength of the federal Earned Income Tax Credit. The CalEITC amplifies the poverty-reducing effects of the federal EITC for California's low-wage earners in an effort to 1) alleviate their tax burden; 2) enhance wages and income received; 3) ensure that California receives its share of the federal money available through the federal EITC program; 4) ensure that low-wage Californians take advantage of the state EITC, and 5) help inject additional state and federal money into the California economy.

According to the January, 2018 *Update and Expansion of the "Left on the Table"* a report by Antonio Avalos, PhD, California has the third highest federal EITC non-filer rate (24.9%) in the nation. Not all taxpayers who are eligible claim the credit for reasons including language and cultural barriers, and lack of education or awareness of about the credit itself. For tax year 2015, this translates into 32,447 eligible Alameda County low-wage earners leaving \$49,313,000 of unclaimed federal EITC dollars on the table. The report further indicates that 54.1% of those who did not claim the EITC on their tax returns are families with no children under the age of 18 –working adults.

To address this issue, the California legislature passed the Budget Act of 2018 appropriating \$4.9 million to the Franchise Tax Board (FTB) for Free Tax Preparation Assistance (FTPA) efforts to increase awareness and support no-cost tax preparation services for eligible low-income Californians.

Expanding the state and federal Earned Income Tax Credit, in Oakland and throughout Alameda County, is a critical step toward not only ending poverty for single working adults, but also ending child poverty because it allows more low-wage working families to keep more of what they earn. The Center on Budget and Policy Priorities reports that lifting low-income families' income when a child is young not only tends to improve a child's immediate well-being, but is associated with better health, more schooling, more hours worked, and higher earnings later on as an adult.

The Georgetown Center on Poverty and Inequality states the EITC is the most effective strategy for addressing economic inequality and poverty. It not only rewards work and increases employment and earnings, but it also improves the overall health and educational achievement and outcomes for low-income families.

**ANALYSIS AND POLICY ALTERNATIVES**

The City of Oakland has been supporting free tax preparation assistance to Oakland’s low-wage income individuals and families for years through its partnership with the American Association of Retired Persons (AARP) to provide free tax assistance at city libraries. In 2003, the Alameda County – Oakland Community Action Partnership (AC-OCAP) joined the local planning effort of the Alameda County EITC Coalition Steering Committee, a partnership of community organizations, foundations, financial institutions, and local and federal governments all committed to working to increase the County’s EITC take-up rate to help working low-income families attain greater financial stability.

In 2016, AC-OCAP transitioned into serving as the chair and coordinating entity for convening the Alameda County EITC Steering Committee to ensure continuity of the coalition’s county-wide targeted strategic planning efforts in alignment with the regional, state and federal efforts.

The implementation of the California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance grant is in partnership with the following Alameda County Volunteer Income Tax Assistance (VITA) service providers as approved in the grant award:

2018 Cal EITC Free Tax Preparation Assistance Programs	Program Description	Grant Allocation (not to exceed)
Alameda County Social Services Agency	Expand Alameda County Social Services Agency’s VITA services and capacity throughout the County’s high needs areas of Oakland, San Lorenzo, San Leandro, Hayward, Ashland, Cherryland, and Fairview	\$20,000
Chabot-Las Positas Community College District, DBA Tri-Valley One-Stop Career Center	Expand the capacity of VITA services in Alameda County’s overlooked suburban Tri-Valley area of Pleasanton, Livermore, and Dublin through expanded on-site and virtual VITA services.	\$10,000
Eden I&R Inc	Provide Information and Referral to help promote the EITC Campaign to help low-wage earners identify free tax sites across Alameda County	\$10,000
Fremont Family Resource Center Corporation	Provide expanded virtual VITA tax preparation services for partners throughout Alameda County and expand VITA program capacity at sites in the high-growth, high-needs area of the County’s Tri-Cities: Fremont, Newark, and Union City	\$30,000

Peralta Community College District, DBA Laney College	Expand on-site and establish virtual VITA services for Laney College students at the Restoring Our Community Center.	\$5,000
San Antonio Community Development Corp	Expand VITA services in high-needs areas of East Oakland's San Antonio neighborhood	\$20,000
<b>TOTAL NOT TO EXCEED</b>		<b>\$95,000</b>

In addition, AC-OCAP will enter into a professional service agreement with Community Connect Labs to provide mobile messaging outreach, using approximately \$17,600 of the grant funds, to Head Start and Social Services Families; and Urban Strategies Council will conduct an evaluation of the program, using approximately \$13,000 of the grant funds.

**FISCAL IMPACT**

1. Funding for the programs and services will be derived from the state's California Franchise Tax Board (FTB) administered by the California Department of Community Services (CSD) in the amount of \$176,000 for AC-OCAP's CalEITC Free Tax Preparation Assistance grant for contract period November 1, 2018 to June 30, 2019.
2. The Human Services Department will appropriate and allocate state funds into the State of California Other Fund (2159), CSBG – Admin Organization (78361), CAL EITC 06 30 19 Project (1004521). Failure to accept the state grant would result in loss of funding in the amount of \$176,000 in revenues for vital EITC support and services to Oakland's and the surrounding Alameda County's low-wage earners and their families.
3. If additional grant funds become available from the grantor (CSD), within the existing grant term for the same purpose, staff is seeking authorization to accept and appropriate funds without returning to Council within the duration of the grant term (November 1, 2018 – June 30, 2019).

**PUBLIC OUTREACH / INTEREST**

There was no public outreach associated with this report.

However, residents can get information on current AC-OCAP programs and services, including EITC, by visiting the agency's website at [www.AC-OCAP.com](http://www.AC-OCAP.com), or <https://www.eitc.irs.gov/>, or <https://www.ftb.ca.gov/>, or <https://earnitkeepitsaveit.org/alameda-county/>, or by calling Eden Information and Referral at 2-1-1 to locate the nearest no-cost IRS certified tax preparation site.

## **COORDINATION**

The Office of the City Attorney, Budget Bureau, and the Contracts and Compliance Division of the City Administrator's Office has been consulted in the development of this report and resolution.

In addition, AC-OCAP's programming funded through this CalEITC grant is enhanced by the commitment of our partners that range from large systems like the Alameda County Social Services Agency to trusted, culturally competent, grassroots community based organizations like the San Antonio Community Development Corporation, Fremont Family Resource Center, Oakland Business Assistance Center, and the Tri-Valley One-Stop Career Center.

AC-OCAP also coordinates and leverages its regular Community Services Block Grant (CSBG) EITC programming and outreach efforts with CDBG, Community Housing Services, Oakland Unite, Head Start, Alameda County Interagency Children's Policy Council (ICPC), First 5 Alameda County, Eden I & R, Safe Passages Elev8 Oakland, Oakland Housing Authority (OHA), Alameda County and Oakland Workforce Investment Boards (WIB), United Way of the Bay Area, Alameda County Community Food Bank, Spectrum, ALL IN Alameda County, Tri-Valley Anti-Poverty Collaborative and a host of community based partners.

## **PAST PERFORMANCE, EVALUATION AND FOLLOW-UP**

In 2004, AC-OCAP sponsored its first pilot Volunteer Income Tax Assistance (VITA) site at the California Employment Development Department in East Oakland where 15 City of Oakland employee volunteers contributed a total of 450 hours of service that provided information to over 170 Oakland residents. As a result, 88 tax returns were prepared, resulting in a total of \$21,156 in EITC and \$45,000 in state and federal tax refunds being returned to Oakland's low-income wage earners and their families.

Since 2005, AC-OCAP shifted its focus to help sustain and expand the Alameda County Earn It, Keep It, Save It (EKS) campaign on a local level by financing printed post cards in several languages, billboard and bus shelter ads with Clear Channel, funding the Alameda County EITC Information and Referral Services provided by 2-1-1, and co-hosting Alameda County's annual National EITC Awareness week event.

In 2016, the county-wide coalition prepared 23,087 individual returns that resulted in \$26.2 million in tax returns with \$8.9 million in EITC brought back to our low-income communities.

For 2017, the Alameda County EITC Coalition had 51 Volunteer Income Tax Assistance (VITA) sites that provided 20,562 (10,451 for Oakland) low-income residents with free tax preparation, resulting in \$23.5 million (\$12,626,820 for Oakland) in tax refunds. This includes \$7.2 million in EITC credits brought back to low-wage earners throughout Alameda County.

In 2018, AC-OCAP led the City's efforts, as a local employer, to pilot a Virtual-VITA intake site located in the City's Business Assistance Center (BAC) where clients were able to drop off tax documents and return one week later to sign and pick up their free prepared tax return.

For 2019, AC-OCAP will use a portion of the funding to leverage its existing CSBG investment to hire an EITC Project Coordinator to oversee the city's VITA site at the BAC. This position will work with City employee volunteers to complete the training necessary to staff the full-service VITA site and pilot a pop-up EITC site at local Head Start locations. AC-OCAP will also be piloting a mobile messaging platform to help boost outreach, education, and access to the state and federal EITC.

The 2018 tax year projection below represents the Alameda County EITC Coalition Expansion Project and its partners (Alameda County Social Services Agency, Fremont Family Resource Center, San Antonio Community Development Corporation, Tri-Valley One-Stop Career Center, & AC-OCAP) contracted outcomes to the state.

<u>Tax Year</u>	<u>Total Tax Returns Completed</u>
2015	7,240
2016	7,954
2017	8,012
2018 (Projection)	8,625

A final report and evaluation will be prepared and submitted to the state as part of the grants contracted obligation.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The Earned Income Tax Credit (EITC) is the number one most effective poverty-fighting strategy. Expanding and promoting the state and federal EITC efforts will help increase the economic security and stability of hard working low-income families.

**Environmental:** There are no specific environmental opportunities.

**Social Equity:** AC-OCAP will continue to focus its efforts on supporting the City's goal of providing social equity for all of Oakland's, and the surrounding Alameda County's, low-income residents. The Earned Income Tax Credit Program is a specific strategy targeted at improving the conditions for low-to moderate-income communities. The City's EITC program promotes social equity by directing no cost tax preparation services to underserved low-wage working residents and their families.

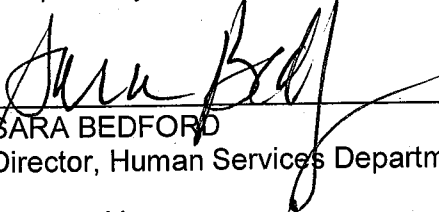
**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Authorizing the City Administrator To:

- 1) Accept, Appropriate, And Allocate A Grant In The Amount Of \$176,000 From The California Department Of Community Services And Development (CSD), And Any Additional Funding That May Become Available, Without Returning To Council, To Implement The California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance Program;
- 2) Enter Into Grant Agreements And Amendments With Service Providers To Implement The California Earned Income Tax Credit Free Tax Preparation Assistance Program Throughout Alameda County; And
- 3) Amend The Agreements To Increase The Amount If Additional Funding Becomes Available During The Grant Period of November 1, 2018 to June 30, 2019, Without Returning to Council.

For questions regarding this report, please contact Estelle Clemons, AC-OCAP Program Director at 510-238-3597.

Respectfully submitted,



SARA BEDFORD  
Director, Human Services Department

Prepared by:  
Estelle Clemons, Program Director  
AC-OCAP DIVISION

Emily Derenthal, Program Analyst  
AC-OCAP DIVISION

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

  
City Attorney

# OAKLAND CITY COUNCIL

2018 NOV -1 PM 1:02

RESOLUTION No. \_\_\_\_\_ C.M.S.

## RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO:

1. ACCEPT, APPROPRIATE, AND ALLOCATE A GRANT IN THE AMOUNT OF \$176,000 FROM THE CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD), AND ANY ADDITIONAL FUNDING THAT MAY BECOME AVAILABLE, WITHOUT RETURNING TO COUNCIL, TO IMPLEMENT THE CALIFORNIA EARNED INCOME TAX CREDIT (CALEITC) FREE TAX PREPARATION ASSISTANCE PROGRAM;
2. ENTER INTO GRANT AGREEMENTS AND AMENDMENTS WITH SERVICE PROVIDERS TO IMPLEMENT THE CALIFORNIA EARNED INCOME TAX CREDIT FREE TAX PREPARATION ASSISTANCE PROGRAM THROUGHOUT ALAMEDA COUNTY; AND
3. AMEND THE AGREEMENTS TO INCREASE THE AMOUNT IF ADDITIONAL FUNDING BECOMES AVAILABLE DURING THE GRANT PERIOD OF NOVEMBER 1, 2018 TO JUNE 30, 2019, WITHOUT RETURNING TO COUNCIL

**WHEREAS**, Alameda County has the seventh highest proportion of California residents who would benefit from free tax preparation assistance, as evidenced in 2015 when an estimated 32,447 eligible Alameda County households did not claim the EITC, according to 2018 Update and Expansion of the "Left on the Table" a report by Antonio Avalos, PhD (January, 2018); and

**WHEREAS**, the Alameda County-Oakland Community Action Partnership (AC-OCAP) applied for, and was awarded \$176,000 in funding from the State Franchise Tax Board (FTB) for the 2018 CalEITC Free Tax Preparation Assistance Grant for Alameda County administered by the State of California Department of Community Services and Development (CSD); and

**WHEREAS**, AC-OCAP would like to accept, appropriate, and allocate the 2018 Cal EITC Free Tax Preparation Assistance Grant in the amount of \$176,000 from the State of California Department of Community Services and Development to support the implementation of the 2018 Alameda County EITC Coalition Expansion Project; and

**WHEREAS**, the City will enter into professional service agreements with 1) Community Connect Labs to provide mobile messaging outreach using approximately \$17,600 of grant funding and 2) Urban Strategies Council to prepare reports and conduct evaluations using approximately \$13,000 of grant funding; and

**WHEREAS**, the seven-month program grant is from November 1, 2018 through June 30, 2019; and



**WHEREAS**, the Human Services Department will appropriate and allocate state funds into the State of California Other Fund (2159), CSBG – Admin Organization (78361), CAL EITC 06 30 19 Project (1004521); and

**WHEREAS**, the City of Oakland would like to enter into grant agreements and amendments with service providers to provide tax preparation assistance and support in accordance with said grant; therefore, be it

**RESOLVED:** That the City Administrator, or her designee, is hereby authorized to accept, appropriate, and allocate a grant from the State of California Department of Community Services and Development in the amount of \$176,000 for the purpose described above and to conduct all negotiations and distributions, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, terminations and related actions which may be necessary; and be it

**FURTHER RESOLVED:** That should additional funds be received from the grantor (CSD), within the existing grant term, the City Administrator, or her designee, is hereby authorized to accept and appropriate the grant funds for the same purpose without returning to council within the duration of the grant term (November 1, 2018 to June 30, 2019); and be it

**FURTHER RESOLVED:** that the City Administrator is hereby authorized to execute grant agreements and amendments for the term of November 1, 2018 through June 30, 2019, as provided in the table below, so long as the cumulative amount of program funding in the table below does not exceed the total amount appropriated towards grant agreements and contracts:

2018 Cal EITC Free Tax Preparation Assistance Grantees	Program Description	Grant Allocation (not to exceed)
Alameda County Social Services Agency	Expand Alameda County Social Services Agency's VITA services and capacity throughout the County's high needs areas of Oakland, San Lorenzo, San Leandro, Hayward, Ashland, Cherryland, and Fairview	\$20,000
Chabot-Las Positas Community College District, DBA Tri-Valley One-Stop Career Center	Expand the capacity of VITA services in Alameda County's overlooked suburban Tri-Valley area of Pleasanton, Livermore, and Dublin through expanded on-site and virtual VITA services.	\$10,000
Eden I&R Inc	Provide Information and Referral to help promote the EITC Campaign to help low-wage earners identify free tax sites across Alameda County	\$10,000
Fremont Family Resource Center Corporation	Provide expanded virtual VITA tax preparation services for partners throughout Alameda County and expand VITA program capacity at sites in the high-growth, high-needs area of the County's Tri-Cities: Fremont, Newark, and Union City	\$30,000

Peralta Community College District, DBA Laney College	Expand on-site and establish virtual VITA services for Laney College students at the Restoring Our Community Center.	\$5,000
San Antonio Community Development Corp	Expand VITA services in high-needs areas of East Oakland's San Antonio neighborhood	\$20,000
<b>TOTAL NOT TO EXCEED</b>		<b>\$95,000</b>

; and be it

**FURTHER RESOLVED:** That if additional funds become available the City Administrator is authorized to amend the above-referenced grant agreements to increase the grant amount during the grant period of November 1, 2018 to June 30, 2019, without returning to Council; and be it

**FURTHER RESOLVED:** That said grant agreements and contracts shall be approved as to form and legality by the Office of the City Attorney and placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California