



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 OCT 10 PM 3:55

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Sara Bedford
Director, Human Services

SUBJECT: AC-OCAP State EITC Grant Report
and Resolution

DATE: September 30, 2019

City Administrator Approval

Date:

10/10/19

RECOMMENDATION

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

1. Acceptance and Appropriation Of A \$176,000.00 Grant, And Any Additional Funds, Including For And Through A Second Grant Year To June 30, 2021, From The California Department Of Community Services And Development (CSD), To Implement The California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance Program (Program); And

2. The City Administrator, Or Designee, Without Returning To Council, To:

- A. Award And Execute Grant Agreements With Service Providers To Implement The CalEITC Program Through June 30, 2020; And**
- B. Amend Said Agreements To Increase The Amounts And/Or Duration Through June 30, 2021.**

EXECUTIVE SUMMARY

Staff requests that the City Council approve a resolution 1) authorizing the City Administrator to accept, appropriate, and allocate a grant in the amount of \$176,000.00 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.

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The initial term for the California CSD contract is October 1, 2019 to June 30, 2020 in alignment with the 2019 tax season. CSD has stated that at their sole discretion, CSD may extend this contract for one additional year, through June 30, 2021, depending on funding availability.

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.

In 2019, Governor Gavin Newsom expanded CalEITC in the Fiscal Year 2019-20 California State Budget Act by \$1 billion, extending the household income limit to \$30,000 for all eligible filers and effectively increasing the number of eligible participating households from 2 million to 3 million.

With this expansion, the FTB and CSD partnered to make a second year of grant funding available for community-based, free tax preparation assistance efforts through a Notice of Funding Availability. AC-OCAP applied for and was awarded these funds for Alameda County in 2018 for the 2018-2019 tax season. AC-OCAP applied for and was awarded a second year of funding for the 2019-2020 tax season. CSD has also stated that they may extend funding for an additional year, through June 30, 2021, depending on funding availability.

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 and seniors, 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.

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, 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.

This second year of 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:

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.	\$20,000
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 / East Bay Asian Local Development Corporation / The Spanish Speaking Unity Council of Alameda County, DBA The Unity Council	Expand on-site and establish virtual VITA services for Laney College students at the Restoring Our Community Center.	\$22,000
San Antonio Community Development Corp	Expand VITA services in high-needs areas of East Oakland's San Antonio neighborhood	\$20,000
TOTAL NOT TO EXCEED		\$112,000

FISCAL IMPACT

Funding for the programs and services will be derived from the state's California FTB administered by CSD in the amount of \$176,000 for AC-OCAP's CalEITC Free Tax Preparation Assistance grant for contract period October 1, 2019 to June 30, 2020, with the possibility of extending to June 30, 2021 at the discretion of CSD.

The Human Services Department will appropriate and allocate state funds into the State of California Other Fund (2159), CSBG – Admin Organization (78362), CAL EITC 06 30 19 Project (1004521). Failure to accept the state grant would result in loss of funding in the amount of \$176,000.00 in revenues for vital EITC support and services to Oakland’s and the surrounding Alameda County’s low-wage earners and their families.

Grant Allocation	Amount (\$)
Grants to Service Providers for CalEITC Free Tax Preparation Assistance Programs	\$112,000
Staff and Administration Costs	\$64,000
Total	\$176,000

If additional grant funds become available from the grantor (CSD), within the existing or extended grant term for the same purpose, staff is seeking authorization to accept, appropriate, and allocate funds without returning to Council within the duration of the initial grant term (October 1, 2019 – June 30, 2020) and through June 30, 2021 should CSD extend the grant term.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures. However, residents can obtain information on current AC-OCAP programs and services, including EITC, by visiting the agency’s website at 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 have 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 the City’s 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 Community Development Block Grant programming, 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

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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

As the CalEITC Free Tax Preparation Assistance Grant recipient in 2018 – 2019, AC-OCAP established the Alameda County EITC Coalition Expansion Project comprising new and existing VITA sites including Alameda County Social Services Agency, City of Oakland Business Assistance Center, Fremont Family Resource Center, San Antonio Community Development Center, and Tri-Valley Career Center. Other partners included Eden I&R, Alameda County's 2-1-1 provider for information and referrals; Community Connect Labs, which piloted a texting campaign to allow residents to text a phone number for information about VITA services; and the Urban Strategies Council, which conducted an evaluation of free tax preparation assistance delivery in Alameda County. The Alameda County EITC Coalition Expansion Project experienced a **7 percent increase** in the number of returns prepared from the 2017 – 2018 tax season. 8,520 federal returns were prepared, including 2,208 federal EITC returns claiming over \$4.2 million; and 8,544 California returns were prepared, including 1,656 CalEITC returns claiming \$344,656.00 in CalEITC.

The 2019 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.

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

<u>Tax Year</u>	<u>Total Federal Tax Returns Completed</u>
2016	8,008
2017	8,599
2018	8,520
2019 (Projection)	8,868

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 associated with this report and resolution.

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.

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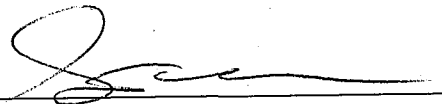
ACTION REQUESTED OF THE CITY COUNCIL

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

1. Acceptance and Appropriation Of A \$176,000.00 Grant, And Any Additional Funds, Including For And Through A Second Grant Year To June 30, 2021, From The California Department Of Community Services And Development (CSD), To Implement The California Earned Income Tax Credit (CalEITC) Free Tax Preparation Assistance Program (Program); And
2. The City Administrator, Or Designee, Without Returning To Council, To:
 - A. Award And Execute Grant Agreements With Service Providers To Implement The CalEITC Program Through June 30, 2020; And
 - B. Amend Said Agreements To Increase The Amounts And/Or Duration Through June 30, 2021

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

Respectfully submitted,

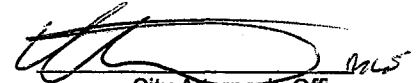


SARA BEDFORD
Director, Human Services Department
ACTING FOR SARA BEDFORD

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

Prepared by:
Emily Derenthal, Program Analyst
AC-OCAP DIVISION

FILED
OFFICE OF THE CITY CLERK
OAKLAND


City Attorney's Office

2019 OCT 10 PM 3: 55

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AUTHORIZING:

1. ACCEPTANCE AND APPROPRIATION OF A \$176,000 GRANT, AND ANY ADDITIONAL FUNDS, INCLUDING FOR AND THROUGH A SECOND GRANT YEAR TO JUNE 30, 2021, FROM THE CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD), TO IMPLEMENT THE CALIFORNIA EARNED INCOME TAX CREDIT (CALEITC) FREE TAX PREPARATION ASSISTANCE PROGRAM (PROGRAM); AND
2. THE CITY ADMINISTRATOR, OR DESIGNEE, WITHOUT RETURNING TO COUNCIL, TO:
 - A. AWARD AND EXECUTE GRANT AGREEMENTS WITH SERVICE PROVIDERS TO IMPLEMENT THE CALEITC PROGRAM THROUGH JUNE 30, 2020; AND
 - B. AMEND SAID AGREEMENTS TO INCREASE THE AMOUNTS AND/OR DURATION THROUGH JUNE 30, 2021

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, in 2018 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) to run the 2018 CalEITC Free Tax Preparation Assistance Grant for Alameda County, resulting in 8,544 individuals and families receiving assistance and a 7% increase in the number of returns prepared over the previous tax season; and

WHEREAS, in 2019 AC-OCAP applied for, and was awarded, a second year of funding in the amount of \$176,000 from the FTB administered by the California Department of Community Services and Development (CSD) for the 2019 – 2020 CalEITC Free Tax Preparation Assistance Grant for Alameda County; and

WHEREAS, AC-OCAP would like the City to accept and appropriate the 2019-2020 CalEITC Free Tax Preparation Assistance Grant in the amount of \$176,000 from CSD to support the Alameda County EITC Coalition Expansion Project; and

WHEREAS, CSD has stated that "at CSD's sole discretion, it may extend each contract for one additional year, through June 30, 2021, depending on funding availability"; and

WHEREAS, AC-OCAP seeks authority for the City Administrator to execute contracts with CSD as required to facilitate acceptance and appropriation of the aforementioned grant funding from CSD for 2019-2020, and for 2020-2021, as necessary; and

WHEREAS, the initial nine-month grant program is from October 1, 2019 through June 30, 2020; and

WHEREAS, the Human Services Department will request the City appropriate and allocate state funds into the State of California Other Fund (2159), CSBG – Admin Organization (78362), CAL EITC 06 30 19 Project (1004521); and

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

WHEREAS, staff seeks authority, should additional funding become available, to accept and appropriate the additional funding and amend the agreements with the below-identified service providers to increase the amounts for the initial nine-month grant program of October 1, 2019 through June 30, 2020 limited to the amount of additional funding; and

WHEREAS, staff seeks authority, should CSD extend the underlying contract for one additional year with funding for that year, through June 30, 2021, to accept and appropriate the initial additional funding and any further funds during the additional year, and amend and extend the agreements with the below-identified service providers through June 30, 2021 limited to the amount of additional funds; now, therefore, be it

RESOLVED: That the City accepts and appropriates a grant from grantor CSD in the amount of \$176,000 for the purpose described above; and be it

FURTHER RESOLVED: That grant funds in the amount of \$176,000 shall be appropriated in the State of California Fund (2159), CSBG Administration Organization (78362) and in the CalEITC Project (1004521); and be it

FURTHER RESOLVED: That should additional funds be offered by the grantor (CSD) within the initial grant term (October 1, 2019 to June 30, 2020), the City hereby accepts and appropriates the grant funds for the same purpose, without returning to Council; and be it

FURTHER RESOLVED: That should the grantor (CSD) extend funding for and make available funds during an additional year through June 30, 2021, the City hereby

accepts and appropriates the grant funds for the same purpose without returning to Council; and be it

FURTHER RESOLVED: That the City Administrator is authorized to execute contracts with CSD as required to facilitate acceptance and appropriation of the aforementioned grant funding from CSD for and during 2019-2020 and 2020-2021, as necessary; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to award and execute grant agreements and amendments for the term of October 1, 2019 through June 30, 2020, 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 awarded by CSD during that period and appropriated towards grant agreements and contracts:

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.	\$20,000
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 / East Bay Asian Local Development Corporation / The Spanish Speaking Unity Council of Alameda County, DBA The Unity Council	Expand on-site and establish virtual VITA services for Laney College students at the Restoring Our Community Center.	\$22,000
San Antonio Community Development Corp	Expand VITA services in high-needs areas of East Oakland's San Antonio neighborhood	\$20,000
TOTAL NOT TO EXCEED		\$112,000

; and be it

FURTHER RESOLVED: That should the grantor (CSD) extend funding and the grant period for an additional year, through June 30, 2021, the City Administrator is hereby authorized to amend and extend the grant agreements in accordance with the table above, so long as the cumulative amount of program funding does not exceed the total amount awarded by CSD through that date and appropriated towards grant agreements and contracts, without returning to Council; and be it

FURTHER RESOLVED: That if additional funds become available from the grantor (CSD) during the initial grant term through June 30, 2020 and/or during an additional grant year through June 30, 2021, the City Administrator is authorized to extend and amend the above-referenced grant agreements to increase the grant amounts during the initial and/or additional grant period, limited to the amount of additional funds so awarded by CSD for said period(s), without returning to Council; and be it

FURTHER RESOLVED: That the City Administrator, or designee, is authorized to conduct all negotiations and distributions, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, extensions, payment requests, terminations and related actions which may be necessary; 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 - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California