

Communiversality

**The Minnesota Benefit Bank: Piloting Tax
Preparation and Tax Credits**

Prepared in partnership with
Minnesota Council of Churches

Prepared by
David Henriksen
Research Assistant

University of Minnesota
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Center for Urban and Regional Affairs (CURA)
University of Minnesota
330 HHH Center
301--19th Avenue South
Minneapolis, Minnesota 55455
Phone: (612) 625-1551
Fax: (612) 626-0273
E-mail: cura@umn.edu
Web site: <http://www.cura.umn.edu>

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THE MINNESOTA COUNCIL OF CHURCHES

**The Minnesota Benefit Bank:
Piloting Tax Preparation and
Tax Credits**

Written By:

Dave Henriksen

CURA Intern

University of Minnesota

Dave.Henriksen@mnchurches.org

Edited by: Rev. Chris Morton

Director of Organizational Development

Minnesota Council of Churches

Chris.Morton@mnchurches.org

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The Minnesota Benefit Bank Tax Pilot Project

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The Minnesota Council of Churches is providing leadership to implement *The Minnesota Benefit Bank* pilot with hopeful assistance from multiple community partners. The pilot is aimed at providing a resource for individuals to complete their tax returns, while becoming familiar with *The Minnesota Benefit Bank*. Should the tax pilot prove to be successful, it is the hope of *The Minnesota Benefit Bank* Civic Infrastructure Working Group that there will be a growing desire and recognition of need for a more comprehensive implementation of all public benefit and tax credit programs. Should the interest be there, and when funding is available, Food Support, Cash Assistance, and Medical Assistance will be added. The proposed pilot will be implemented in seven to fifteen locations across the twin cities area, using paid staff and volunteers to assist the process. Essentially, the ultimate goal of *The Minnesota Benefit Bank* is to become a tool to strengthen families and build stronger community assets in Minnesota.

I. *The Minnesota Benefit Bank – An Overview*

The Minnesota Benefit Bank is a web-based, counselor-assisted program that simplifies and centralizes the process of applying for many state and federal benefits for low- and moderate-income individuals and families. Individuals and families are supported by a trained counselor as they go through the application process in case they need help understanding the questions and forms presented to them. Trained counselors, (whether volunteers, or staff of existing agencies), will provide the support that individuals and families need when they are applying for public benefits and tax credits through *The Minnesota Benefit Bank*. While supporting the people applying for the programs, the trained counselors will encourage them in their quest for economic security and family stability, and challenge them to secure additional support as appropriate for employment, housing, and education.

The Minnesota Benefit Bank utilizes a screening tool to estimate possible credits and benefits an individual would likely receive based on income and other substantial factors. If the estimates sound appealing to the individual they then can click another button that moves them to the application screen. The applicant then answers the simplified questions prompted by *The Minnesota Benefit Bank* system and uses the individual's responses to populate the State and Federal Tax forms. This process is similar to AccountAbility Minnesota. After a successful pilot of *The Minnesota Benefit Bank* (tax focus), *The Minnesota Benefit Bank* will add other forms such as Cash Assistance, Medical Assistance, and Food Support to the existing Tax application system, making *The Minnesota Benefit Bank* a 'one-stop-shop' for individuals in need of multiple benefits. Applicant's answers to the questions posed by *The Minnesota Benefit*

Bank populate multiple benefit forms all at once, thereby eliminating the need to answer the same question, or provide the same information twice for multiple public benefits, or tax credit programs. Even though the reliability accuracy of applications derived from *The Minnesota Benefit Bank* will be above 95 percent, it does not determine eligibility; deeming eligibility remains the responsibility of the State of Minnesota. *The Minnesota Benefit Bank* provides support to applicants and simplification. Another feature of *The Minnesota Benefit Bank* is once an individual completes their tax returns, the information a person enters is stored securely, so an individual who wishes to reapply for benefits, apply for new benefits, or file future tax returns simply needs to enter his or her username and password to initiate this new action.

The Minnesota Benefit Bank is developed and maintained by Solutions for Progress (SfP), Inc., a Philadelphia-based public policy technology company, whose mission is to deliver technology that directly assists low- and middle-income families to obtain public benefits, and also has the ability to integrate with electronic government systems to help more individuals gain access to the funds available to them.

II. Purpose and Focus of *The Minnesota Benefit Bank* Tax Pilot

The purpose and focus of *The Minnesota Benefit Bank* tax pilot is to help individuals complete their State and Federal tax returns. By completing these returns it will enable them to receive the credits (ex. Tax Stimulus, Earned Income Credit, Child Care Credit, and Minnesota Family Tax Credit) and refunds available through the government depending on withholdings, income limits, number of children etc...It is difficult to determine even an estimate of your refund and tax credits due to complex requirements and limits, which is why *The Minnesota Benefit Bank* becomes such a valuable asset. As mentioned previously an individual will be able to go to one of *The Minnesota Benefit Bank* sites use the screening tool for an estimate of credits and their refund and then be able to complete their returns. In an analysis conducted on six other states who have implemented The Benefit Bank, compared to other public benefit programs the credits and returned withholdings from state and federal governments generated the most dollars for individuals and families to spend in their communities.

I asked Timothy Kenny, Taxpayer Services Director at AccountAbility Minnesota, to investigate The Benefit Bank Tax software. He said the software is user friendly and will be great for most returns. For returns that are too complicated, individuals will be referred to locations like AccountAbility. I also contacted The Benefit Bank regarding returns needing correction after they have been submitted (incorrect social security number or birthday). The Benefit Bank receives notice within 24 hours from the IRS after which they mail a notification to the individual notifying the individual of the changes they need to make in their return. The individual then goes back to the nearest Benefit Bank, makes the corrections, and re-submits their return. It is imperative each Benefit Bank site check for proper documentation to minimize errors.

III. Current and Proposed Infrastructure

The Minnesota Council of Churches has established a Civic Infrastructure Working Group made up of nearly 15 partner organizations including AccountAbility Minnesota, Children's Defense

Fund, Stairstep Initiative, Minnesota Community Action Partnership, Minnesota FoodShare, and is also working with the Minnesota Tax Education and Assistance Coalition (MN TEAC).

The Civic Infrastructure Working Group seeks to creatively engage the assets of low-income communities. That is why community development is the larger vision being cast by the Civic Infrastructure Working Group so that *The Minnesota Benefit Bank* becomes a tool to strengthen families and build stronger communities. The existing Civic Infrastructure Working Group will develop into a statewide Commission to continue the overall planning and evaluation of *The Minnesota Benefit Bank*. Each county will develop its own Civic Infrastructure Working Group for local application; planning, implementation, and evaluation. By engaging faith communities, in partnership with government agencies, nonprofit organizations, and even for-profit businesses, *The Minnesota Benefit Bank* will overcome common barriers for individuals applying for benefits and make tax and public benefit programs more accessible to low-income families, create a more supportive environment at the point of application, and reach people where they live, work, eat, pray, and play --- with the end result being more stable families living in stronger communities.

Piloting the tax module in seven counties will enable *The Minnesota Benefit Bank* to demonstrate the value of *The Benefit Bank*, while also allowing us to work through the details of statewide implementation. The seven counties were chosen because of their location, size, and demographics. An additional consideration was the fact that the Minnesota Department of Human Services received a federal grant to enhance Food Support Program applications in three counties in Southern Minnesota using *Technology Visions*, the Minnesota Community Action Partnerships' technology tool that will become a "front door" to *The Minnesota Benefit Bank*.

1. **Anoka County** is the Northern border of the seven-county Twin Cities Metropolitan region. With a population of 321,000 it is the fourth most populous county in Minnesota and one of the fastest growing.
2. **Clay County** is a major regional center in Northern Minnesota and is part of the Moorhead-Fargo Metropolitan Area. Agricultural and food products are the key components of the local economy. Population is approximately 51,229.
3. **Itasca County** is located in north central Minnesota and is home to the City of Grand Rapids. Geographically the third largest county in the state covering 3,000 square miles, much of it in timber, with a population of 43,000 citizens.
4. **Kandiyohi County** is located 100 miles west of the Twin Cities. This rural community county is home to 41,000 people, fifteen percent of whom are Hispanic/Latino.
5. **St. Louis County** stretches 43,000 acres along the westernmost portion of Lake Superior, home to the City of Duluth (pop. 87,000 people). Another 100,000 people live in rural communities.
6. **Hennepin County** is the most populous county in the U.S. state of Minnesota. The county is bordered by the Mississippi River on the east and north and the Minnesota River on the south. Hennepin County is at the center of seven-county Minneapolis-St. Paul, the sixteenth largest metropolitan area in the United States with about 3.2 million residents. The U.S. Census Bureau estimated the population of Hennepin County at 1,122,093 in 2006.
 - ✓ **North Minneapolis** has more than 67,000 people living in its 15 neighborhoods, with more than 40 percent of them being African Americans and nearly 20 percent of who are

Hispanic/Latino or Asian. Unemployment remains at 10 percent, and more than 15 percent of households in North Minneapolis received public assistance as one source of income. The number of children under the age of five living in poverty more than doubled.

- ✓ **Little Earth of United Tribes Community** is the nation's only urban housing development with American Indian preference. The people who live in the more than 200 housing units are very low-income, with an average income of \$8,685, and more than 65 percent of whom are on public assistance. Little Earth's 10-year strategic plan adopted in 2008 focuses on increasing the safety and well-being of the community borne from self-determination and an expectation for success.
- 7. **Ramsey County** is the second most populated county in Minnesota, located to the East of Hennepin County. In 2006 Ramsey County had 493,215 and had a median household income of \$47,000. This statistic informs us that half of the population could use *The Minnesota Benefit Bank* to file their taxes.

IV. Site Selection and Requirements

The Minnesota Council of Churches will work closely with its Civic Infrastructure Working Group to find proper locations in each one of the previously mentioned counties. Sites may include, but are not limited to refugee resettlement agencies and mutual assistance agencies

A potential pilot site includes, but is not exclusive to:

- A location where many low-income individuals are visiting regularly and/or are familiar.
- The site should have a telephone, desks, chairs, a computer/s, internet, and a printer/s (In year two of *The Minnesota Benefit Bank* there is greater potential to have an increase in funding streams and increase software and hardware and other site equipment).
- Potential to have employees of that organization serve as volunteers of *The Minnesota Benefit Bank*

V. Paid Staff/Volunteers

The proposed staff structure for *The Minnesota Benefit Bank* model is to have a paid director of *The Minnesota Benefit Bank*, responsible for recruiting, training, and supporting volunteers, and recruiting new sites. The Director will work in close collaboration and partnership with the Civic Infrastructure Working Group through this process. Volunteers will likely come from the church community surrounding the selected sites, non-profit organizations, and local corporations. Training for *The Minnesota Benefit Bank* Software only requires 4 hours of training to become a volunteer counselor for *The Minnesota Benefit Bank*. As funding permits we hope to provide a limited stipend to help operate *The Minnesota Benefit Bank* sites who have the greatest need.

VI. Implementation Model

There are two major thoughts for an implementation model for the pilot. The first model is to have a volunteer at a Benefit Bank site for a consistent period of time daily. The second model is to have roughly four computers, volunteers etc., and schedule appointments for multiple people

to come at specific times and complete their tax forms (see end of document for illustration). Another option The Benefit Bank could pursue in addition to the previously mentioned models is the idea of 'Blitz Days'. This entails having 5-8 major days every year where every Benefit Bank site is open and staffed to meet a large demand. Those days would be advertized throughout the communities and would be used to create a buzz about The Benefit Bank while helping large numbers of individuals complete their tax returns. The second model will be similar to AccountAbility Minnesota's model for providing free tax assistance.

I had the opportunity to visit AccountAbility Minnesota on a Saturday (in St. Paul), where witnessed how they administer their free tax preparation. I was extremely impressed with the efficient and effective way in which they operated. AccountAbility uses a 'batching' operations system, similar to the second model mentioned in the previous paragraph. AccountAbility makes appointments and schedules certain time slots to have individuals come in and receive free tax assistance.

The Tax Pilot will operate for two years. The first year, January through December 2010, there will be 10 – 15 sites in Minneapolis and St. Paul. During the second year (2011) the number of sites will be expanded in Hennepin and Ramsey Counties, and new sites will be added in Anoka, Clay, Itasca, Kandiyohi, and St. Louis Counties. Year one will be a time to develop the needed infrastructure in all seven Pilot Counties to more fully roll-out The Minnesota Benefit Bank, and prepare for full implementation of the Tax Module in all 87 Counties throughout Minnesota in years three and four (2012 and 2013).

VII. Outreach Efforts in Minnesota for Tax Assistance and Tax Credits

MN TEAC is the largest consolidated outreach program in Minnesota for taxes. It is a group of government agencies and non-profit organizations that pool resources to provide tax education and other tax related services. They discuss not only EITC, but all the different tax benefits for low income workers/families. Members or representatives in the coalition include, but are not limited to; The United Way of the Greater Twin Cities, Hennepin County, ACORN, the University of Minnesota, Legal Aid Society of Minneapolis, AccountAbility Minnesota, and MinnCAP. Members of MN TEAC work closely and coordinate efforts with the Minnesota Department of Revenue and the Internal Revenue Service. The MN TEAC coalition uses bus signs, posters (provided by the Minnesota department of Revenue), Public Service Announcements, DVDs, webinars, fliers, and some members even provide their own free tax preparation sites. I have personally attended one of their meetings and am impressed with MN TEAC's comprehensive effort to help more low income individuals receive financial support through the completion of their tax returns. The Minnesota Council of Churches hopes to be able to work closely with MN TEAC in the promotion of *The Minnesota Benefit Bank* sites to increase the number of individuals completing their tax returns and receiving the much needed credits and refunds needed to strengthen their families and build stronger community assets in Minnesota

Contacts

Accountability Minnesota:

Bonnie Esposito, Executive Director, 651-287-0187x105 besposito@accountabilitymn.org

Timothy Kenney, Taxpayer Services Director. 651-287-0187x101

tkenney@accountabilitymn.org

Minnesota Community Action Partnership:

Arnie Anderson, Executive Director, 651-645-7425 arnieanderson@minncap.org

Minnesota Emergency Foodshelves:

Tim Barnes,

Karen Declouet, kdeclouet@emergencyfoodshelf.org

The United Way:

Marcia Fink, Community Impact Director – Basic Needs, 612-340-7413

finkm@unitedwaytwincities.org