

Virtual VITA

Preparing for the future



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U.S. DIGITAL SERVICE

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Executive summary

VITA partners have experimented with a variety of virtual and “hybrid” services, combining aspects of the traditional in-person VITA experience with remote and asynchronous service delivery. For some clients, virtual services offer a superior taxpayer experience, reducing time and transportation burdens, offering greater flexibility for work schedules and childcare obligations, and meeting people where they are. They can expand VITA’s reach to new audiences; as one partner noted, “It’s helpful in reaching rural communities where [we] can’t provide services.”

This experimentation predates the pandemic, and data shows that early adopters were more resilient in weathering the storm. The pandemic accelerated the transition, although smaller partners in particular were more likely to be left behind. While in-person service delivery is expected to return as the mainstay of the VITA program, partners want virtual services to continue to play a role.

Depending on the specifics of the model chosen, partners will need to address five core virtual needs: intake, document management, case management, scheduling and communication. Toolkits created by national conveners recommend products such as JotForms and Google Drive that can be configured to solve these needs. However, the burden of configuring and administering these tools falls to individual partners, who note it’s “a big lift for some to figure out how to do it right.” These ad hoc solutions have often created new pain points and risks.

Similar to how SPEC today offers partners TaxSlayer and OPI, some partners hope that IRS will offer a “vanilla” solution for these virtual needs. Said one, “I think it would be wonderful for the IRS to provide a tool in this space, because a lot of small- and mid-size [partners] really struggled to navigate the challenge.” Even absent this direct intervention, SPEC could take steps to help shepherd the field toward maturity.

What is Virtual VITA?

The Volunteer Income Tax Assistance (VITA) program has traditionally served clients in person at designated locations. In recent years, VITA partners have experimented with a variety of approaches that take parts of this in-person interaction and shift them to occur remotely or asynchronously, often through the use of online tools.

Only some of these models are fully virtual; most are “hybrid” models that involve some combination of in-person and remote services. This proliferation of different approaches is a strength, allowing partners to select models that work for them, their clients, their volunteers, and changing circumstances. Some partners will support multiple models. One partner described how their sites would switch from a full in-person model to a drop-off model during high-demand periods. They would complete just the intake portion for people still awaiting service, and would leave preparation to be completed remotely. This flexibility enabled them to serve everybody.

Figure 1. VITA partners combine remote and in-person services in a variety of ways

	TRADITIONAL	HYBRID SERVICES						VIRTUAL
	In Person	Remote to In Person	Valet VITA	In Person Drop-off & Pick-up	Remote Drop-off & Pick-up	Remote Drop-off	In Person to Remote	Remote
STAGES								
Intake Form	In Person	Remote*	In Person	In Person	Remote*	Remote*	In Person	Remote*
Document Collection	In Person	In Person	In Person	In Person	In Person	In Person	In Person	Remote
Interview	In Person	In Person	In Person	Remote	Remote	Remote	Remote	Remote
Preparation	In Person	In Person	Remote	Remote	Remote	Remote	Remote	Remote
Quality Review	In Person	In Person	Remote	Remote	Remote	Remote	Remote	Remote
Return Review	In Person	In Person	In Person	In Person	Remote	Remote	Remote	Remote
Sign-off & Filing	In Person	In Person	In Person	In Person	In Person	Remote	Remote	Remote
Rejection Resolution	In Person	In Person	In Person	In Person	Remote	Remote	Remote	Remote

* This chart defines “remote” intake as when the taxpayer is off-premises answering questions via **phone call, online form, or fillable pdf**. If the taxpayer is on premises, even if they are filling out questions via digital media, this chart considers the interaction to be “in person.”

When a step in the VITA process occurs remotely, that does not necessarily mean that it has occurred online. For example, the in-person drop-off model often relies on a combination of documents brought to a physical location and phone-based communication with the client. However, even when the client does not themselves interact with a digital tool, such tools are often in the mix; the documents might be scanned and uploaded to an online repository, and the return might be assigned to a volunteer using an online spreadsheet.

We consider all of these hybrid models to be examples of virtual services, because they will typically implicate one of five needs:

Intake: how a client verifies their identity and provides information about their tax situation using Form 13614-C.

Document management: how a client shares their tax documents and how volunteers access documents for their clients.

Case management: how a VITA partner distributes and tracks returns as they move between volunteers from intake through filing, including ensuring steps like quality review have been performed.

Scheduling: how VITA partners arrange for client interactions to take place, including phone interviews, return reviews, or visits to a physical location. This may also include volunteer scheduling for in-person and hybrid models.

Communication: how a client and a volunteer communicate, including via phone call, text message, email, or videoconference.

This report examines how VITA partners have managed to solve these needs, and how these solutions could be improved in the future.

The need for virtual

While in-person service delivery will return as the mainstay of the VITA program, virtual options will play a growing role, increasing partner resilience, improving taxpayer experience, and enabling new taxpayers to be served.

Experimentation with virtual services predates the pandemic

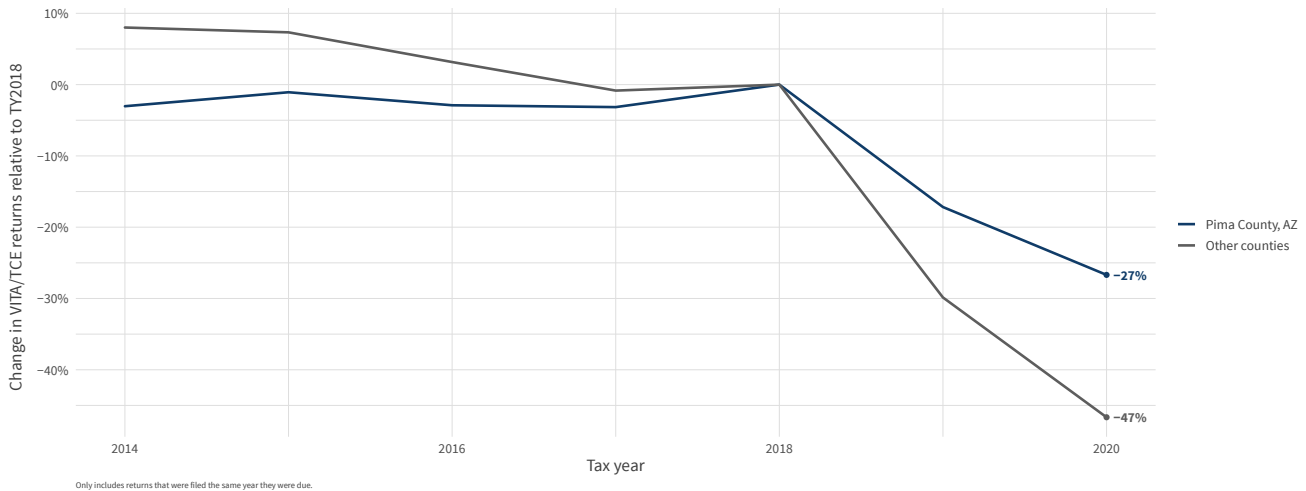
Even before the pandemic, VITA partners were exploring the potential of virtual and hybrid services. One partner conducted research on “digital divide” issues and saw that while their clients generally owned smartphones, there was an opportunity to increase comfort using these devices for tasks like personal banking and scheduling doctor’s appointments. Their early forays into virtual experiences thus served dual purposes of increasing access to VITA services while also building digital literacy in their community. “We were lucky we had this developed before COVID!” they said.

One of the more prominent examples is the “Valet VITA” program, developed by United Way of Tucson and Southern Arizona. Originally conceived as a means of mitigating transportation barriers, the program enabled clients to visit a temporary “pop-up” location—the materials and equipment for which could fit in a briefcase—and participate in a 20-minute intake interview. After the interview, their documents would be scanned and uploaded to an online case management system for later preparation. United Way of Tucson said, “If the site is overrun and there are ten people left and only one hour, we switch to hybrid. Tax preparers start doing intake and prepare later. And we can serve everyone.”

The Valet VITA program inspired Code for America’s GetYourRefund tool. Building on United Way of Tucson’s use of distributed virtual preparation, GetYourRefund sought to enable a fully online intake experience that could be completed via smartphone. A pilot for the Tax Year 2019 filing season included five partner sites, but the pandemic prompted a rapid scaling. GetYourRefund now includes over 200 partner sites and has prepared more than 92,000 returns.

We can observe the benefits of mature virtual services by comparing Pima County, Arizona to national trends. Residents of Pima County filed 27% fewer VITA returns for TY2020 than they did in TY2018 (the last complete filing season before the pandemic). But this compares to a far larger national drop of 47%. While this may reflect multiple factors, the maturity of the solutions and the experience of the partners in Pima County contributed to increased resilience in the face of a public health emergency.

Figure 2. VITA returns from residents of Pima County were less impacted by the pandemic



Partners see value in continuing to offer virtual services

Many partners and volunteers look forward to a time when they can return to face-to-face tax preparation. Even among those who embraced remote preparation, there is a recognition of the challenges. One partner noted efficiency losses, saying, “The reality is that when you're preparing a return and the client isn't right there to ask a question,

that adds time.” Some described barriers of acquiring equipment or training their volunteers. And others acknowledged that their improvised solutions are less than ideal.

Despite these challenges, and while in-person should be expected to remain the primary mode of service, many partners want to continue to include virtual services in their offerings. As one partner said, “It will be an augmentation [of in-person] and add on to what we do, to save extra trips and reach a clientele we don't have right now.” Another said, “For the most part, taxpayers understand it and volunteers have now embraced it. We see it would be advantageous to continue this process.”

Partners described three main advantages of virtual services. First, they note that a set of their clients and volunteers prefer it. One of the motivations of the Valet VITA program was to reduce the time burden on clients, reducing a three-hour interaction to just 20 minutes. As for volunteers, one partner described that while some of their volunteers are principally motivated by social interaction, others are more interested in the “technical tax stuff” (they described a “50/50 split”). And as VITA’s client and volunteer demographics shift generationally, more will expect such a service to be digitally intermediated as part of a positive taxpayer experience.

Second, virtual services expand the geographic reach of VITA. As one partner described, “It's helpful in reaching rural communities where [we] can't provide services.” Even within cities, transportation can be a major barrier. We visited an urban site that was not near a bus stop; this could be particularly difficult for clients who had to travel between the site, a Taxpayer Assistance Center, and back again to retrieve transcripts.

“It's helpful in reaching rural communities where [we] can't provide services.”

Finally, virtual services offer clients and volunteers greater flexibility in hours of operation as compared to some physical locations. This flexibility is particularly valuable to clients and volunteers with difficult work schedules and childcare obligations. One

partner said, “Some of my volunteers like to do returns at 1am in the morning. They're night owls. ... I get up in the morning, they're done. You have to know your people, that's all, and give them the flexibility to do it.” Another partner concluded of virtual options, “It's more beneficial to us because it allows us to service more people.”

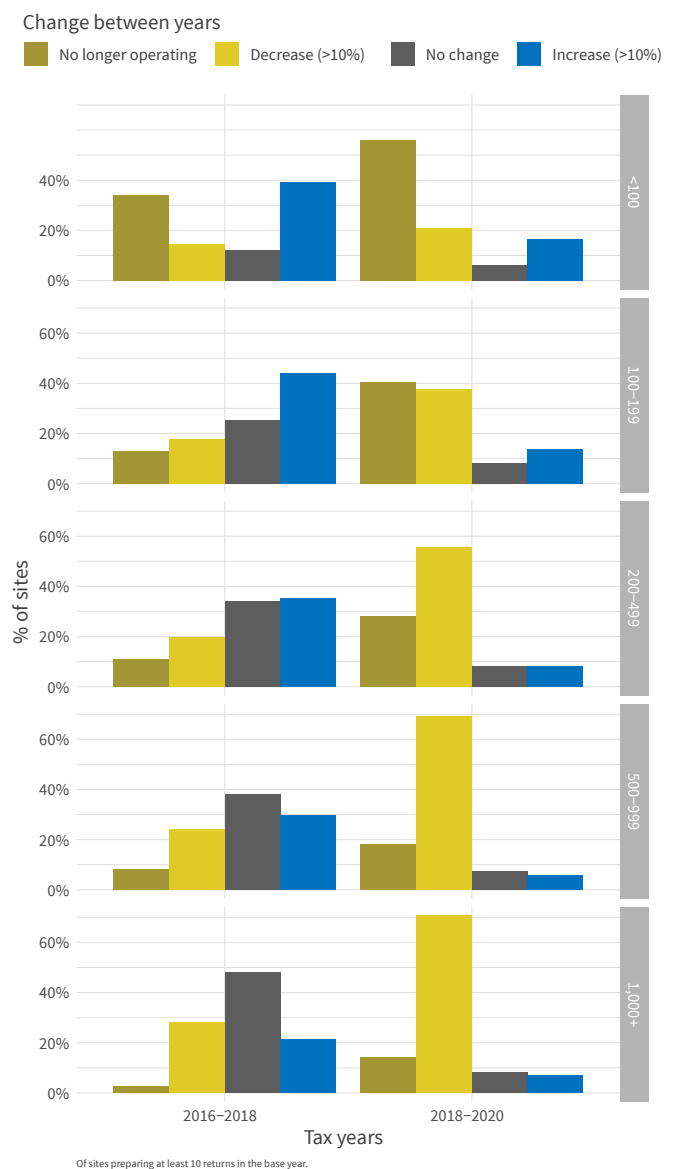
Small- and medium-sized sites face acute challenges

In order to open during the pandemic, partners had to improvise solutions for distanced tax preparation. VITA sites range in size from preparing a few dozen returns to more than a thousand returns per filing season. Sites of every size struggled, resulting in the vast majority of sites preparing fewer returns. But these challenges were acutely felt by small- and medium-sized sites. Of sites preparing fewer than 100 returns in Tax Year 2018, 56% closed for TY2020. Of sites preparing between 100 and 200 returns, 40% closed.

Small- and medium-sized sites are important for highly rural areas. 78% of sites in highly rural areas prepared less than 200 returns in TY2020; 51% prepared less than 100. Small sites also have the greatest potential to reach new taxpayers. 14% of TY2020 returns from sites preparing fewer than 100 returns are for a taxpayer who did not appear on a tax return in the last tax year, as compared to 11% of other sites.

SPEC partners contribute to IRS's mission both by preparing returns but also through outreach to taxpayers. The diversity of partners enables taxpayers to connect with a trusted organization that understands them and their needs. With virtual options, returns can be prepared anywhere. But if smaller partners are unable to maintain viable virtual services, this could limit the effectiveness of the partners that are best positioned to reach the most disconnected taxpayers.

Figure 3. Smaller sites were more likely to close during the pandemic



Ensuring that small- and medium-sized sites are able to offer a high-quality virtual experience to their clients will increase the resiliency of the VITA programs during pandemic-like disasters—or even just snowy weather. It will also ensure that these essential partners are not left behind as demand for virtual options grows.

EITC-eligible nonfilers are a large addressable market

In 2020, IRS debuted the “Non-Filers: Enter Payment Info Here” tool or nonfiler portal, an online resource to allow taxpayers without a filing requirement to receive Economic Impact Payments. Millions of new or lapsed filers rushed to take advantage of this tool. However, by doing so, they gave up the opportunity to claim the Earned Income Tax Credit (EITC) to which many were eligible.

Using W-2 wages and 1099 non-employment compensation to estimate nonfiler portal users’ earned income, we can identify 1.56 million households without a filing requirement who, had they not used the nonfiler portal, would have been eligible to receive EITC. (Households who used the portal but have apparent income above the filing threshold have been excluded.) Of these, about 75,000 had children, missing out on an average estimated credit of \$1,448, and 1.48 million were childless adults, missing out on an average of \$230. (These figures are based on TY2019 tax law; with childless EITC expanding in TY2021 and potential future tax years, the latter figure would be significantly increased.)

This population represents a set of taxpayers with a demonstrated willingness to use online tools to claim tax credits. If VITA partners were able to serve these taxpayers and help them to file full returns, hundreds of thousands of additional EITC-eligible individuals could be reached, particularly if the childless EITC expansion is made permanent. Given the VITA program’s focus on taxpayer education, offering a compelling and accessible alternative to a nonfiler portal could have lasting benefits.

Opportunities to improve

New modes of interaction bring new pain points and risks, and technology solutions will need to mature in order to become a sustainable part of the VITA program in the long term.

Risks associated with current case management approaches

When client interactions aren't each completed in a single continuous in-person session, it becomes possible to lose track of where each client is in the process. One site, operating a drop-off model, used the physical packets of client paperwork as their tracking mechanism. One set of boxes contained packets ready for a preparer and another set contained packets for quality review. Some of the volunteer preparers worked on site in the senior center, while others would pick up some packets and take them home. If a client came looking for a status update and their paperwork had gone home with a volunteer, there was generally no way of knowing who had it or where it was. In this case, the risk included not just losing track of client status, but of actually losing client documents.

Another site developed their own fairly sophisticated virtual intake workflow using JotForm along with client tracking and volunteer management in a shared Google sheet spreadsheet. This was one of the more robust processes we saw, and it's worth celebrating that success and sharing the parts that worked best with others so that not everybody has to develop something from scratch. But this group was also asking for help with their workflow management and identified it as one of the things they were struggling with the most. They wished that they didn't have to invest quite so much time developing that system and also wished that they could get better insight into how long it was taking to serve clients and whether any were stuck in one status, starving for attention.

Multiple partners expressed dismay at the amount of time they were spending keeping track of clients and matching with volunteers, as opposed to interacting with clients and getting their returns done. Some partners hired full-time staff members to manage this process.

We heard that scheduling was hard. Most sites seem to be leaving scheduling up to individual volunteers, though we also heard of some using Acuity or other web-based tools. Scheduling, client tracking and volunteer assignment are challenges that exist with all service modes, and ideally the same approach could be taken for virtual, hybrid and in-person services.

Some sites continued to operate in-person, but even in those cases, some themes emerged where it's possible to see how tooling developed for virtual models can have a benefit for traditional in-person service. For example, at one site, the burden of scheduling uncertainty was mostly put on the client ("Come back later today, and wait until we get to you").

Inconsistency in interview and quality review processes

SPEC partners have found ways to offer alternative services using the tools and people available. A side-effect has been that taxpayer conversations with preparers and quality reviewers are inconsistent across the landscape of VITA implementations.

The intake interview is not always happening between the preparer and the taxpayer as envisioned by the IRS. In some models, the taxpayer never speaks to a preparer or quality reviewer, instead interacting only with paid staff members or intake volunteers who are not in all cases tax-certified. Some programs saw conversations between the preparer and taxpayer happening on an as-needed basis only, "the greeter or screener does that initial contact, they're the face of the program... the only time preparers call them about the return is if they're missing information." Or it can be prevented intentionally, "only the intake specialists talk to the clients... we don't want the clients to know there's all these other random people touching their information."

Steps may even be reordered or combined, such as the interview and quality review conversations happening together after initial preparation, "for the most part we had the preparer figure out the return on their own before it went to quality review... but

sometimes it was so hard to get in touch with the taxpayer that the questions happened during QR."

As partners have found new ways of working, SPEC has new challenges for oversight – if aspects of the process are virtual, it is no longer possible to visit a site and observe the process end to end. But there are also new opportunities; virtual processes can be more easily tracked at scale. For example, if SPEC wished to ensure a consistent process with return review occurring with the taxpayer, a case management tool could be used to enforce this practice. Additionally, such tools could provide insight into the places clients are falling through the cracks or having difficulty. One partner estimated that 5% of the drop-off returns they prepared in TY2020 are on hold, pending the taxpayer's review and signature. Such issues could be more readily identified with effective case management solutions.

Challenge of remote communication

“Sometimes it's harder to reach folks when you're doing the virtual.”

Partners lack ready and effective solutions for communicating with clients. One program that offered virtual and hybrid services couldn't find a way to enable its volunteers to call clients without use of personal phone lines, so it arranged for a handful of people to come into the office to handle all client communications. “Staff and closing volunteers ... come in and use [the site's] phone lines to contact the clients.” Another program employed

an inventive but hard-to-scale switchboard solution. “We didn't want people to call on person[al] phone numbers. We have a VITA hotline and we take turns staffing it with a VITA team member... the calls are rerouted to our cell phones via Google number.”

Even when they had phone lines, partners found it challenging to reach taxpayers. Sometimes intake prompted clients to leave a daytime phone number, “but then the number they put was not a number that was available. Might have been a business number, we might get it at 10 at night and we couldn't call them, [and] they couldn't text and e-mail.” Timing was often an issue. “Sometimes it's harder to reach folks when you're doing the virtual. It's better because you can text and call, but maybe they're in the grocery store [when you reach out].”

One partner promoted texting over phone calls, theorizing calls may have gone unanswered because of taxpayer wariness of junk calls. "I also focus on texting because no one answers the phone anymore. ...As long as you can mask volunteer identity - and there are ways you can mask your text - if you have a good intro paragraph you'll get a reply back right away because they want to resolve that return. I've been real successful with texting them and getting an answer." Another partner "found [a] text message is far more effective than trying to do phone calls. The less-intrusive the better."

Partners want an out-of-the-box solution

Some groups have assembled guidance for VITA sites looking to stand up virtual or hybrid service models. These included the Taxpayer Opportunity Network's "Virtual VITA Toolkit" and the United Way of Tucson's "Valet VITA" model. These toolkits outlined what sites needed to consider in order to create their own processes. The kits offered suggestions of commercial or free tools that could be made to serve as pieces of a larger VITA workflow. For example, the survey tool JotForms could be used to collect information from taxpayers for Form 13614-C, and Google Drive could be used to manage documents.

The problem was that none of it was ready to go out of the box. Partners still needed to evaluate which tools they should choose and implement a process around these tools themselves. Said one, "Definitely people [are] happy to do it remotely, but [it's] a big lift for some to figure out how to do it right."

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Publication 5408 acknowledges the challenges involved in implementing new service models, stating, "Starting a new virtual process may involve additional partner start-up costs for new hardware and software, as well as training and coordination for volunteers who may only know the traditional process." But even IRS's guidance on going remote brought partners up against unfamiliar concepts and technologies. "Do you

know this Pub says we need VPNs if we're working from home?' Everyone was caught off guard. No one knew what it was.”

Putting together these technical solutions is not a core competency of VITA partners. One partner said, “We have a lot of partners who do taxes well but are tech-challenged and we have volunteers in that respect as well. The shift is a lot harder for them than you would anticipate when [you’re] thinking about [large programs] as the model for what the VITA community looks like.” The consequences when partners lack technical capacity is severe. Another partner recounted, “I’m part of a coalition, they were shut down and didn’t have capacity and didn’t know how to do it.”

Paths forward

As adoption of virtual services continues to increase, IRS will choose how best to shepherd the field toward maturity. The most direct approach would be to support a set of (optional) solutions for partners' virtual technology needs. Alternatively, IRS could take a more hands-off approach.

Outlook for the evolution of virtual services

In the upcoming filing season, we expect VITA partners to continue to adapt to the need for virtual services, particularly in the eventuality that the pandemic continues in some form. Partners with the resources to do so will continue to refine their home-grown processes and tools. If this follows the pattern of the current year, that set of partners will operate successfully, but will also be investing more time and effort than they'd like on challenges outside their core competency and mission. Partners with comparatively little budget, time, or ability to stitch together solutions will continue to struggle.

A new development will be the availability of the TaxSlayer client portal functionality. This functionality will enable clients to access a website through which they can upload additional documents and sign a completed return. Notably this functionality will not enable virtual intake, nor will it dramatically impact communication, scheduling, or case management challenges. However, particularly for drop-off models of service, this functionality will be a valuable enhancement of the client experience and can provide a secure and trustworthy document sharing option to partners to reduce the use of more risky improvised solutions.

GetYourRefund will remain the most fully-featured option available to sites. GetYourRefund includes two components. One is a virtual intake that can be completed online

by the client on their own or with assistance, and another is the “Hub,” a case management and communication tool designed to facilitate the VITA process. The Hub does not include scheduling functionality, and this is unlikely to be added for the next filing season. With enthusiastic support from the Taxpayer Opportunity Network, GetYourRefund will likely continue to expand to more sites and clients. While GetYourRefund can and does facilitate a number of hybrid models, in the absence of explicit IRS direction, Code for America’s focus will likely continue to be on providing a single national entry-point to VITA, as opposed to supporting the needs of partners working with their local clients.

IRS could provide an out-of-the-box solution

Today, SPEC’s non-monetary supports to VITA partners include tax preparation software (TaxSlayer), Over-the-Phone Interpretation (OPI) services, training and guidance, and materials. While partners can choose whether and how to use these resources – some choose to use independently procured tax preparation software, for example – these resources enable a consistent baseline experience that VITA sites of any size can provide to their clients.

As virtual services continue to play a bigger role in VITA, some partners hope that IRS will provide a default or “vanilla” solution, particularly for small- and medium-sized sites that are more likely to struggle to piece together their own approach. One partner said, “I think it would be wonderful for the IRS to provide a tool in this space, because a lot of small- and mid-size [partners] really struggled to navigate the challenge... having one process, a vanilla flavor process that the IRS has signed off on that's going to be suitable for, you know, a broad subset is going to really relieve the programming stress for most small- and mid-sized VITA partners. Maybe even big ones.”

“I think it would be wonderful for the IRS to provide a tool in this space, because a lot of small- and mid-size [partners] really struggled to navigate the challenge.”

Within SPEC, some employees hope for IRS to be able to engage with partners using the same tools. A person working on quality review processes said, “I would love for us to be able to communicate with our partners technology-wise. If we had a platform that they could use and we could use to help us facilitate our reviews, and help facilitate the intake and quality review process, that's the ultimate goal. That was the biggest barrier – the technology piece.”

“I would love for us to be able to communicate with our partners technology-wise.”

Unlike tax preparation software, however, where demand from tax preparers supports a viable commercial marketplace of options, technology to power VITA processes will necessarily be specific to VITA, although it could potentially leverage underlying commercial platforms. As a result, should IRS choose to provide partners with technology to support virtual services, it will not be able to procure a commercial off-the-shelf product for this purpose and will need to develop and maintain its own solution. (Code for America’s willingness to build and support GetYourRefund stems from its unique position as a civic technology nonprofit and is unlikely to be replicated by others.)

Alternatives to direct IRS involvement

While directly providing tools is the option we see as being the most valuable enabler for partners, there is another viable path.

IRS has important reasons to prefer a more hands-off approach. These include the cost of adding a new technology tool to the set of resources SPEC makes available to VITA partners and the assumption of risk for information security and data management. The needs of partners are varied, and a SPEC-provided solution is unlikely to be adopted by as many partners as use SPEC-provided tax preparation software. To provide a default, albeit optional, technology implementation of VITA processes would break with SPEC’s historical inclination to define process through guidance and leave its implementation to partners. Finally, there is a perception risk from the tax preparation industry should IRS act too aggressively to push greater adoption of user-friendly virtual services within VITA.

If IRS chooses not to provide its own solution, it should consider how to get ahead of the expiration of the unprecedented flexibility afforded by the pandemic. This flexibility gave partners the ability to stay open but has added risk for security and quality. A too rapid imposition of more restrictive compliance rules could lead to many, particularly smaller partners shutting down their virtual offerings entirely. A more gradual approach to introducing new guidance, and careful coordination with the Taxpayer Opportunity Network and others to ensure that there are ready examples for sites to adopt, could ensure that progress in building virtual capacity is not lost.

It is possible that the ad hoc solutions created during the pandemic will not be sustainable without such flexibility. There are risks if Code for America establishes a de facto monopoly on virtual services. For one, the continued viability of virtual services would hinge on the willingness and ability of a single nonprofit to support the underlying technology. An additional risk is that Code for America would enter into a position to define for many partners how VITA processes are implemented on the ground. Recognizing the importance of GetYourRefund as a comprehensive solution, IRS should consider ways to engage proactively with the roadmap of that tool and to create opportunities to collaborate with its developers to implement process improvements.

IRS must also reimagine what quality site review looks like when preparation is happening remotely. It would be valuable to develop a virtual analog to the in-person “secret shopper” checks in order to understand the taxpayer experience when much of that experience is remote. It could also explore entering into a data sharing agreement with Code for America in order to obtain a quantitative understanding of the taxpayer experience and variations in quality.