



March 21, 2019

Testimony re: New Jersey FY 2020 State Budget priorities
Kiran Handa Gaudioso, Chief Operating Officer, United Way of Northern New Jersey

Dear Chairman Sarlo and members of the Senate Budget and Appropriations Committee:

Thank you, Chairman and Committee members, for this opportunity to speak to you on behalf of the **1.2 million** households in New Jersey who are **ALICE®** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed) or in poverty and struggle to afford the basics for their families.

I'd like to begin by thanking you all for the Legislature's ongoing support of public preschool expansion. This is a critical support for today's ALICE workers as well as our state's future workforce. Our ALICE research shows that **early childhood education is the top burden in a family's budget at more than \$1,500 a month on average**, costing more than housing.

By making quality, affordable preschool available, we give working parents the peace of mind and stability to be their most productive at work as well as put our children on the right path for future success. I know you've likely heard all the research already, but I'll briefly remind everyone that economists have found that over a child's life that **\$1 invested in quality preschool reaps a better return on investment than the stock market** for our communities in reduced crime, social services, and education costs.

Today, however, I'd like to focus on another service that provides an **unbeatable return on investment over the span of just three months**. As I'm sitting here now, there are hundreds of volunteers across our state who give up their time to help put some **\$36.5 million annually back into our economy in the form of federal tax refunds**.

This army of volunteers is deployed in local communities through the Volunteer Income Tax Program, perhaps better known to you as **VITA** or simply, **free tax preparation**. These are IRS-certified volunteers who are trained in the pre-season and then show up days, nights, and weekends to help families meet their tax obligations and get back any refunds they are owed.

The federal government allocates a meager **\$15 million** to support VITA. New Jersey gets just **\$550,000** of that funding. Considering that VITA returns **\$36.5 million in federal tax refunds to our state – that's an off-the-charts return on investment**.

We'd like to propose that the Legislature consider supporting this work with a matching grant to the state's VITA providers. This request is not without precedent. Other state and local governments support VITA. For example, Florida's Legislature allocated \$500,000 to United Ways for VITA. Our Florida colleagues tells us the state experienced an unprecedented **10 percent increase in voluntary prepared returns** the year they received this funding. This was in contrast with an average **nationwide decrease of 17 percent**.

We are a VITA provider in partnership with NORWESCAP RSVP, Greater Providence Missionary Baptist Church, Partners for Health Foundation, and Single Stop. Last year, we received a **\$79,000 VITA grant** and we helped **5,800 households** file their taxes for free. These families received more than **\$6.4 million in refunds**, including **\$1.5 million in Earned Income Tax Credits (EITC)** and more than **\$400,000 Child Tax Credits**. We also saved residents more than **\$1.5 million in tax preparation costs**.

Let me repeat that ROI: **\$79,000 brought back \$6.4 million in refunds to northern New Jersey residents.**

If any of you have tried to file your own taxes, you know, it's not as straightforward as it should be. And if you think the recent tax law has streamlined the process, I challenge you to try to fill out the IRS forms yourself online. I'm guessing you're like most of us who can afford the average **\$270 or more to hire a tax preparer** to deal with the headache for us or use an online site like Turbo Tax.

But for ALICE, that \$270 is a whole lot of food on the table or costly prescription medication, a heating bill or a car repair. ALICE can't afford to spend that money to get his or her family's hard-earned money back.

If our volunteers weren't so busy doing taxes right now, they'd be here to tell you that ALICE relies on these refunds to help pay for goods and services within our local communities like groceries and car repairs and down payments on a home. They hear the stories firsthand. That's why they are so dedicated. They know they are making a tangible difference in lives and they know the money is pumped right back into our state economy.

The federal funding supports only a fraction of the cost of running VITA sites. While the volunteers aren't paid, there are recruitment costs, training and supervision, not to mention all the equipment and space needs to execute this service.

The volunteers are doing their part. Nonprofits, we are doing our part. I'd like to propose that the Legislature chip in as well and match the federal grants that come to New Jersey. It's a small investment that can reap huge benefits for all of us.

Because, wouldn't we all like to get back what this state is owed from Washington?