

# Code for America and GetYourRefund.org Non-filer Learnings and Recommendations

April 15, 2021

## About Code for America

Code for America, a mission-driven nonprofit organization founded in 2009, believes government can work for the people and by the people, in the digital age. We work with government at all levels to build digital tools, change policies, and improve programs. Our goal: a resilient government that effectively and equitably serves all Americans.

Starting in the 2020 tax season, Code for America partnered with the IRS Volunteer Income Tax Assistance (VITA) program to develop GetYourRefund.org, a digital service that connects low-income Americans to VITA volunteers across the country to receive free, trustworthy, clarifying, and accessible tax preparation services. Our experience with GetYourRefund taught us that many people face insurmountable barriers to filing a tax return, and miss out on critical benefits delivered through the tax code, such as the Child Tax Credit (CTC), Earned Income Tax Credit (EITC), and Economic Impact Payments (EIPs). We often see that those who could benefit the most from these tax credits face the highest barriers to completing a full tax return—limiting the impact of new policies aimed at reducing poverty. Our goal is to reach families who are missing out, and help them access the tax benefits that they've earned. To this end, Code for America is able to offer: technical assistance, including human-centered design and user research; lessons learned from GetYourRefund.org; and our partnership in helping to make sure all families access the benefits they deserve.

## Overall Lessons Learned and Recommendations

This document outlines the key lessons learned and recommendations based on our experience serving over 800,000 clients through a variety of services at GetYourRefund.org.

- Broad outreach alone is insufficient to convert non-filers into filers. Outreach needs to be targeted, informed by data, and paired with high quality, accessible services.
- Current IRS and VITA identity verification processes unnecessarily exclude marginalized families. The IRS can develop inclusive ID verification processes that prevent ID theft without blocking families from accessing benefits.
- Many of the most marginalized non-filers cannot complete a full tax return, even with the support of VITA. We need to create streamlined processes to allow non-filers to access benefits like the CTC and EIPs, without filing a full return.
  - With a schema or way to electronically file with the IRS, Code for America could potentially launch a pilot of a simplified filing process, focused on serving marginalized households who are unable to file a full return.
- Community-based navigators, similar to the Affordable Care Act (ACA) navigators, can help hard-to-reach clients navigate access to tax benefits.
- VITA sites are struggling and need more resources to keep up with demand.

**Broad outreach alone is insufficient to convert non-filers into filers. Outreach needs to be targeted, informed by data, and paired with high quality, accessible services.**

## **Our outreach recommendations:**

1. To have a significant impact, outreach must be paired with easy to access, accurate, and low-cost or free tax prep resources, like GetYourRefund.org or VITA.
2. Outreach should come from trusted sources, such as public benefits agencies and community-based organizations.
3. Outreach should take multiple different forms (e.g. paper, digital, phone, and in-person) to reach different subpopulations of non-filers.
4. Outreach should be paired with assistance from community-based navigators.

## **Outreach alone does not convince eligible clients to file.**

Various studies and our own research have shown that simply telling someone about a benefit like the EITC or CTC does not mean people will claim the benefit, unless the process to claim the benefit is significantly simplified and clear. Still, very targeted, thoughtful outreach can have a small effect.

- In a series of randomized trials, over 1 million California residents received text messages and letters designed to inform them of the EITC and CalEITC. Although recipients engaged with the resources, ultimately the effort had no effect on increasing the number of people who filed a tax return or claimed the credits ([source](#)).
- GetYourRefund ran our own outreach experiment, identifying EITC-eligible applicants from our SNAP service GetCalFresh, and referring half of them to existing tax prep services. About 30% of those in the treatment group clicked on our ad, showing us that clients were clearly interested. However, despite this interest, the experiment ultimately made no difference in filing rates.
- A targeted Virginia outreach experiment with public benefits recipients found that a multiple outreach strategy had a small positive effect (2.4%) on filing tax returns ([source](#)). Even with this small effect, the increase in EITC benefits outweighed the cost of the outreach, making it worthwhile.

## When outreach is targeted at non-filers and paired with reducing barriers to filing, more non-filers will claim their benefits.

- New York City Department of Finance did the paperwork for households that were missing out and had much better results. They identified eligible households who filed but didn't claim the EITC, and pre-filled tax amendments for them, asking for corrections as needed. Among the households they identified, they were able to reduce the EITC participation gap by 28% in a single year ([source](#)).
- An IRS field study strategically modified the content and appearance of IRS tax mailings and distributed these to Californians who failed to claim their 2009 Tax Year EITC. Each mailing, consisting of a reminder notice, claiming worksheet, and a return envelope, communicated program eligibility and offered recipients an additional opportunity to claim benefits. The researchers found that simplicity and display of benefits significantly increases take-up, and the most effective interventions could reduce incomplete program take-up from 25% to 22%. ([source](#))
- Trusted partners, such as public benefits agencies or community navigators, can help skeptical clients overcome barriers to filing. Outreach partnerships with SNAP agencies were 3.5 times more likely to help GetYourRefund successfully serve clients who were previously non-filers or lapsed filers.

**Current IRS and VITA identity verification processes unnecessarily exclude marginalized families. The IRS can develop inclusive ID verification processes that prevent ID theft, without blocking marginalized families from accessing benefits.**

## **Our ID verification recommendations:**

1. Provide multiple options for clients to verify their identity digitally, including options that do not rely on a credit history.
2. Allow a broader range of identity documents, including state IDs, passports, birth certificates, and other verification documents to provide clients with secure alternatives.
3. Leverage trusted third parties for ID verification (like banks, state agencies, or other benefit providers like SSA or USDA).
4. Consider the use of in-person navigators or community partners to help verify identities of those who can't verify online. [More from CBPP.](#)

## **Identity verification is a major barrier to filing a tax return.**

Our most significant point of dropoff in our full service VITA tax preparation process and in our 2020 EIP-only shortened process was at identity verification. In order to get clients successfully through a process to file their taxes or claim the CTC, ID verification must be inclusive and user-friendly for non-filers—in addition to secure.

Our first identity verification process used a 3rd party verification partner, ID.me, that met the NIST 800-63 security standard. It required clients to log in to a portal, upload photos of identification, verify their phone number with a text message, and take a photo of themselves.

**88% of our clients dropped off when asked to log into the ID.me portal due to usability issues or errors in validating their identity.**

The biggest challenges our clients (who are in a lower income bracket and likely to be non-filers) had with the process included:

- Not able to pass a telephone check with a prepaid phone, address that did not match their telephone bill, or used phone
- Not able to pass a credit check due to lack of credit history
- Usability challenges for folks with low tech literacy, including difficulty uploading or taking photos of identity documents
- Lack of a phone number that could receive text messages

With IRS Stakeholder Partnerships, Education & Communication (SPEC) approval, we then moved to using a new method of identity verification, which includes an upload of a photo ID, social security card or ITIN paperwork, and photo of the client holding their ID. We removed the barriers around credit and telephone checks to create an equally secure but more inclusive verification process. We found that significantly more clients are able to successfully verify their identities with those barriers removed, but we still see our largest dropoff at this point.

*"I need help with filing my taxes still. I have had so much trouble trying to get my social security cards for my daughter and.. I am now... I am homeless, and I have really been struggling but is there any way that you can help me out?"*

We found that 42% of clients reaching our ID upload process leave the website without being able to verify their identity using the current process. Our user research has shown that the most common reason for dropping off at this point is because people do not have access to their physical social security card. In our efforts to reach non-filers, we are also often working with clients facing barriers to technical literacy—and who have limited access to smartphones or scanners.

**Unfortunately, those who need these benefits the most face the highest identity verification barriers.**

Clients with prior year returns (non-filers) are more likely to drop off at identity verification: 61% of clients with current year only returns get through this step, compared to 45% of clients with prior year returns.

*"Mine and my kids social security cards and birth certificate are at my ex boyfriends house in another town and I can't get them right now. How would I processed with my taxes we need them as soon as possible. I know the numbers, I just don't have the cards on me."*

**Many of the most marginalized non-filers cannot complete a full tax return, even with the support of VITA. We need to create streamlined processes to allow non-filers to access important benefits like the CTC and EIPs without filing a full return.**

#### **Our simplified filing tool recommendations:**

1. Leverage best practices in accessible, mobile and user-friendly design. Many folks in the nonfiling group either do not have access to a desktop computer or are more comfortable using a smartphone. 74% of clients that start the GetYourRefund filing process are on a mobile device. To demonstrate some of these principles, Code for America has created an example of a user-friendly, simplified filing process for the CTC, viewable in [this document](#).

2. Ask questions to determine whether clients would benefit from filing a full return, and refer them to free tax prep services. Allow clients to move forward with simplified filing if they do not want to or are unable to file a full return.
3. Use inclusive ID verification methods to ensure accessibility.
4. Create support channels (whether it is chat, email, hotline, or in-person) for clients to get clear answers.
5. Create a schema that allows private tax prep partners to create simplified filing tools to help non-filers claim the CTC and EIP. This schema should allow tax returns to be generated and filed electronically. It should also be paired with safeguards that limit any fees, marketing, or ancillary products from paid tax preparers.
6. Allow VITA and other high-quality tax preparation partners to prepare and submit simplified returns without requiring a phone call.
7. Create a mechanism for clients and tax prep partners to see if a return has already been filed and view the status of the return.

**There was a lot of interest in a streamlined process to claim the stimulus, showing the potential of a streamlined form that helps non-filers access their benefits. Unfortunately, barriers and confusion prevented many clients from successfully finishing the process.**

- GetYourRefund piloted a shortened EIP-only process that gained a large amount of client interest. Ultimately, 52,100 clients indicated that they had not filed their taxes, did not have a filing requirement, and were looking for help claiming their stimulus check.
- Unfortunately, identity verification and other barriers led to low filing rates (clients still were required to upload a photo of an ID and SSN card and complete a phone call with a VITA volunteer). Only 25% (2.4k) completed the entire process and filed their EIP-only return, due to not having their identities verified successfully (they may have submitted an ID we did not accept), not completing the process, or missing the required phone call.



## **There was immense confusion as to what non-filers should do to claim their stimulus check and whether they had taken the right steps.**

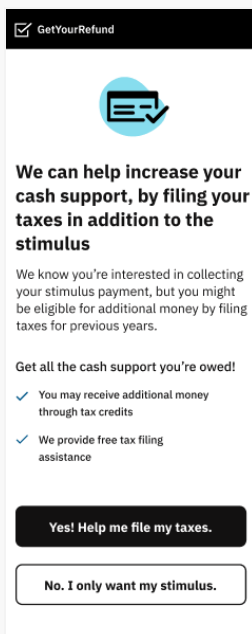
- Most clients that came to us had already done what was required to claim their stimulus check, but they had not yet received the credit. They were unsure about the status of their payment, and believed that they had not completed all of the required steps to receive the money they deserved.
- We found that 39% (129,008) of clients who clicked that they wanted stimulus help had already filed their taxes for 2018 or 2019, meaning they should have already done everything needed to receive their stimulus.
- Additionally, 75% of those clients (97,007) said they didn't need to correct any information, meaning they were waiting on the IRS to distribute their payment and were unsure of how to check their status.
- Clients were unsure if they needed to use the non-filer tool to claim their benefits. In the summer of 2020, 50% of live chats on GetYourRefund.org were from non-GetYourRefund clients needing help accessing the stimulus and not sure if the non-filer tool was for them.
- Clients did not receive a clear confirmation or next steps communication from the non-filer portal, so they did not know whether they had successfully completed the process to claim their benefits.
- Of those that used the GetYourRefund EIP-only process to file, 24% were rejected because the client had already been claimed on a tax return, had used the IRS non-filer tool (see “the filing trap” below), or had already filed a full return.

*“I sent my 2019 taxes to you but I used the non-filers form by accident”*

## **Confusion over who should use the IRS's non-filer tool led many clients into a “filing trap.”**

- Our client support staff spoke with many clients who used the IRS's non-filer tool in an attempt to access their stimulus check—and were later prevented from filing their full return (and therefore were blocked from claiming other benefits like the EITC and CTC) because they did not realize that the non-filer tool was actually filing a tax return. This issue again speaks to the need for clear instructions and criteria for any new tool. More information can be found in [this article in Slate](#).

*“I tried to submit through TurboTax and it won’t let me. It said it has already been submitted...I have not received my stimulus check yet. Do you know what the reasons could be for not receiving it yet? I filed a non-filers and I wasn’t sure if I was supposed to do that... There is no phone number to call and all the local centers are closed because of Covid-19. Any help would be appreciated.”*



**Because of real and perceived barriers to filing a full return, most non-filers chose our streamlined EIP process, even when they were told that a full return would get them more money.**

As part of the intake process, we asked clients who wanted to claim their stimulus check if they had any earned income. If they did, we encouraged them to file a full return so that they could receive additional tax credits such as the EITC or CTC.

**We found that 75% of clients (52,100 people) who indicated that they had earned income still preferred to use the shortened form.** Only 10% of the non-filers chose to try to file a full return to claim additional benefits.

**Of those who tried to file a full return, virtually all of them failed to file successfully.** Of that 10%, less than 1% were able to successfully make it through the process of filing a full return, and claiming all the benefits they were eligible for.

*“We are working with extremely high need, vulnerable clients living in covid hotels. They don’t have any of the tax docs they need to file a full return, and GetTranscript isn’t working for them. I have one client- to file a full return he would have to file on paper - and he just can’t wait until October or however long it takes- he could literally be evicted or dead by then. I talk to these clients about a full return - but a lot of them need 1800 now more, they can’t wait, even if they could get more money.”*

### **Lack of employment documentation prevents many clients from filing a full return, forcing non-filers to look for an alternative process to access their tax benefits.**

- We found that 21% of clients say they don’t have the employment documents we ask for, such as a W2s or 1099s. Although we work with clients to obtain these documents from their employer or GetTranscript, many are unsuccessful, blocking them from being able to file a full return.
- Often, the IRS already has the documents that clients are missing. Creating more equitable access to tax documents would help more marginalized non-filers file a full return. For example, allowing VITA to access documents on a client’s behalf could potentially help many clients overcome this barrier.

## **Community-based navigators, similar to ACA navigators, can help hard-to-reach clients access tax benefits**

### **Our support recommendations:**

1. Create a program for community-based navigators to support marginalized non-filers to complete the process of filing their taxes.
2. Navigators should be available by online live chat, phone, and in-person.

## **Marginalized filers need additional support to complete the complex tax process.**

- Despite our extensive efforts to make GetYourRefund accessible to non-filers, we have learned that not everyone can use GetYourRefund on their own, whether that's due to identity verification, technology, language, document access, lack of trust, disabilities, or other barriers.
- Community-based navigators can help clients with the highest need to access tax benefits by supporting them through the full process, including providing in-person identity verification. Navigators can also bring trust and validation if they are directly or indirectly associated with trusted community institutions or partners.
- Initial data suggests that navigators can encourage and support clients in completing the filing process. Through GetYourRefund, some sites offer a drop-off version of intake where clients bring their information in-person, and a navigator completes an intake interview, reviews the client's documents, and inputs their information into our system while the client is on site. We see much higher conversion rates in this model (60% completion), compared to our fully online model (32% completion).
- Navigators can also boost VITA's limited capacity by ensuring clients have all documents ready for tax prep.
- GetYourRefund is in the process of launching a navigator pilot to reach people with limited English and people experiencing homelessness or incarceration—and we will be tracking outcomes to be able to evaluate their impact.

*"Here in the Bay Area, working with trained volunteers and non-profits is so critical to be able to provide tax services to those who need it most. So many of our most in-need clients are unhoused, or have little to no access to the internet, and need a digital translator to be able to help them access survival funds."*

- California VITA Coalition Leader

*"Navigators at our intake sites have really helped us because they are usually groups or organizations that have deep connections into these difficult-to-reach populations where taxpayers are extremely low-income, cannot speak English, or do not have access to technology. There is a level of trust that these taxpayers have with these organizations already, that makes it easy for us to collaborate with them."*

- VITA Site Coordinator

## **We can draw upon learnings from the implementation of the Affordable Care Act (ACA) and its use of navigators to ensure successful uptake.**

From [Consumer Assistance in Health Insurance: Evidence of Impact and Unmet Need](#):

- Consumers valued help they received, and many questioned whether they would have obtained coverage without assistance. Overall, 94% of consumers who got assistance said it was very or somewhat helpful. Four in ten consumers who got help enrolling in coverage said it was somewhat or very unlikely they would have gotten their coverage without help; 50% said it was somewhat likely they would have gotten coverage. In addition, 27% of consumers who received help enrolling said they returned to their assister with help for other post-enrollment questions, such as help understanding how to use their new insurance.
- Many consumers sought help from the same navigators in previous years. Another indication of how consumers value enrollment assistance is the rate at which they return to navigators for help year after year. Most people who received consumer assistance (60%) this year returned to someone who had helped them in the past, with 36% reporting they had been helped in two or more prior years by the person or agency who helped them this year.

## VITA sites are struggling and need more resources to keep up with demand

### Our VITA recommendations:

1. Provide additional funding for VITA sites to stay open past the tax filing deadline to continue to help non-filers claim the CTC.
2. Waive the matching funds requirement for any additional federal funding for VITA sites.
3. Provide additional funding for VITA sites that want to establish navigator programs.

**The past year has taken a huge toll on the VITA field, and VITA organizations cannot continue to serve clients without additional resources. VITA is the service that is best able to meet the needs of most non-filers.**

- Our initial landscape analysis of the tax prep field found that among available services, VITA best meets non-filer needs. Specifically, non-filers often cannot afford to pay for tax prep services. Our own user research with non-filers and a recent audit of the Free File program found that most households eligible for Free File software ended up paying for the service. Of 104 million eligible taxpayers, only 2.4% were ultimately able to use Free File software for free ([source](#)).
- VITA provides trustworthy, clarifying, and thorough service—and has an accuracy rate of 93%, which is higher than paid preparers. But VITA already struggled to meet demand—the pandemic only worsened this issue.
- Over the past year, VITA organizations have been forced to shutter brick-and-mortar locations, create new models to serve clients virtually, manage long tax seasons that burn out staff and volunteers, and navigate changing tax law and exciting new benefits mid-season. All of these challenges have significantly reduced their capacity to serve clients. At the same time, more families than ever are motivated to file their taxes and need to navigate a confusing tax system to access the benefits they deserve. As a result, VITA sites are exhausted and unable to continue to serve clients without additional resources.

- Our best estimate, based on conversations with national VITA leaders, is that only about 20% of VITA sites plan to stay open past April 15.
- Of the GetYourRefund partner sites that responded to our survey about what would support them to stay open until October 15th, 67% said they needed volunteers, 54% staff, 43% funding, and 13% technical support.