



UTAH DEPARTMENT OF
**WORKFORCE
SERVICES**
**HOUSING & COMMUNITY
DEVELOPMENT**
STATE COMMUNITY SERVICES OFFICE

EARNED INCOME TAX CREDIT PROGRAM

Policies & Procedures

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Introduction:

The Federal IRS Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

The 2022 Utah Legislature passed SB 59, which created the Utah Earned Income Tax Credit. The Utah EITC is a nonrefundable tax credit worth 15% of the federal EITC.

The State of Utah appropriates funds to assist with the coordination and development of broad partnerships designed to successfully recruit households which qualify for the State and Federal EITC. The program is administered through the State of Utah, Department of Workforce Services (DWS), Housing and Community Development Division (HCD), State Community Services Office (SCSO).

Eligibility Requirements:

SCSO administers the EITC Program through contracts with community partners. These partners' primary objective is to provide community education and outreach strategies to recruit households which qualify for the State and Federal EITC. Outside of funding provided by the EITC Program, partners may also provide free tax preparation services for low- to moderate-income households through the establishment of Volunteer Income Tax Assistance (VITA) sites, educate the public about VITA, refer households to VITA, recruit, train and qualify volunteers to participate in VITA, and offer financial education to help families out of poverty.

In order to be considered eligible for this grant, an organization shall meet the following requirements:

- Applicant must be a 501(c)(3) nonprofit organization or association of governments.
- Applicants must demonstrate the following expertise and experience:
 - broad partnerships,
 - collaboration in successful recruitment of EITC eligible households,
 - marketing ability,
 - coalition building skills.

Outreach Criteria:

Grantees shall create program service measures that are designed to address the most vulnerable low-income/homeless persons that are eligible for assistance, demonstrate knowledge of VITA services available in the designated service area, and provide EITC specific community outreach and education through community partners. Listed below are outreach expectations:

- Grantee shall conduct outreach activities designed to assure that eligible households are made aware of the State and Federal EITC and available VITA assistance providers. Outreach activities include but are not limited to:
 - EITC Awareness Day and education events
 - EITC community presentations
 - Social Media campaigns
 - Other Media campaigns (newspapers, radio, etc.)
 - Flyers distributed through community partners
 - EITC recruitment and education through VITA
- Grantee shall work with VITA sites.
 - **If Grantee hosts VITA sites:** Grantee shall seek to establish VITA sites including the recruitment, training, and qualifying of tax preparers who are able to increase the EITC benefits for qualified households.
 - **If Grantee does not host VITA sites:** Grantee shall establish partnerships, coordinate with, and refer households which qualify for the EITC to VITA sites.
- Grantee shall educate the public about EITC and VITA.
- Grantee shall offer financial education to help families out of poverty.
- Grantee shall coordinate services with similar and related programs in their service area.
- Grantee shall show coordination of other funding resources that are directly related to program activities, for example: in-kind services, volunteers' service hours, or donations of other similar funding sources.
- Grantees may use funds for administrative use that are directly related to the EITC program.
 - If EITC program funding is used for the preparation of tax returns, **separate client files must be maintained**. Please see "[Allowable Costs](#)" for more information.

Applying for Funds:

Public Notice:

SCSO adheres to HCD Public Notice and Public Meeting Policy.

Request for Grant Applications (RFGAs) are advertised statewide through local media and through direct email notice to prior year grantees. Information regarding application for funding is provided in public notice forums including the Department of Workforce Services Grant Opportunities Page:

<https://jobs.utah.gov/departments/rfg/index.html>

All applications received by the deadline and in the format indicated in the published RFGA will be reviewed by a scoring panel. Available funds are awarded based on score. Notices of conditional award are emailed within 30 days of application review.

Application and Scoring:

Request for Grant Applications (RFGA) for the EITC Program are published annually outlining application questions, deadlines, eligibility requirements, and scoring rubrics. Application and scoring guidelines include but are not limited to:

- Each organization may only submit **one** application for the Earned Income Tax Credit grant, regardless of the number of projects proposed or sites supported by the funding.
- Application asks may not exceed \$20,000.
- The amount of the grant will be awarded based on the program application, evaluation criteria and funding availability.
- Grant applications that receive 50% or less of total possible points may not be considered for funding.
- Returning applicants will be evaluated on prior year grant performance. Applicants that receive 50% or less of total possible admin points may not be considered for funding.
- Returning applicants will be evaluated on prior year monitoring results. Applicants that have unresolved or ongoing findings and/or weaknesses may be disqualified from consideration for award.
- Funding is distributed on a cost reimbursement basis.

Required Documentation:

Applicants are required to submit the following documentation with their EITC Application in order to be considered eligible for funding:

- A 501(c)(3) designation documentation (if not an association of government or municipality)
- List of Board of Trustees
- Proof of Liability Insurance (if a non-government entity)
 - DWS Grant Terms and Conditions requires non-government entities to maintain general liability coverage of a minimum of \$1,000,000 per occurrence, and \$3,000,000 in aggregate (which can include umbrella coverage). During the grant term, DWS must be named as an additional insured for general liability, however if the organization's insurance does not currently include this, it can be updated after an award is made.

Allowable Costs:

Outreach:

EITC funds may be used to support outreach activities. Examples of outreach expenses include:

- Media campaign fees
- Equipment purchases to produce outreach materials (i.e. computer, printer, etc.)
- Transportation expenses to assist with the cost of providing community outreach (i.e. staff mileage reimbursements, fuel, etc.)
- EITC staff Salaries & Fringe for outreach activities

Other/Capacity Building/Operations:

EITC funds may be used to support operation and capacity building expenses. Examples of allowable operational/capacity building costs include:

- Utility Operation Costs
- Establishment of VITA sites
- Volunteer/Staff Training and Appreciation
- EITC staff Salaries & Fringe
 - If EITC funds are used to support Salaries & Fringe of staff members preparing tax returns, separate client files must be maintained and available for monitoring.

EITC Program Policies and Procedures:

Reporting:

Reporting requirements for awarded entities are as follows:

- Grantees must submit Quarterly Reports detailing progress made on spenddown and Scope of Work outcome goals. Deadlines are outlined in the Grantee's Scope of Work.
- Grantees must submit a Final Outcome Report for project activities based on their contract Scope of Work within 15 days from the contract's expiration, detailing total outcomes achieved within the contract period (July 1-June 30). Specific contract reporting requirements are detailed in the scope of work.
- Other reports may be requested by SCSO on an ad hoc basis and timely submission is expected.

Requests for Reimbursement:

Requests for Reimbursement for the EITC Program are submitted via WebGrants. Expectations for requests for reimbursement (claims) are as follows:

- Requests for reimbursement must be submitted quarterly.
 - If requests for reimbursement are contingent upon tax season and cannot be submitted quarterly, requests for reimbursement must be submitted monthly beginning in Quarter 3.
- At minimum, all claims submitted for reimbursement are expected to include a general ledger detail reflecting all incurred expenses. Additional documentation may be requested for any claim.
- Claims must be limited to activities and costs allowed by the funding source and by the organization's scope of work and budget. For examples of allowable costs and project please see ["Allowable Costs"](#).
- Additional considerations for claims:
 - Costs incurred during appropriate and reported time frame
 - Include description of product/service
 - Include evidence of payment
 - Invoices, quotes, and estimates are not evidence of payment
 - Sales tax is NOT allowed for non-profits
 - Copies must be legible
 - Date of Purchase
 - No accruals
 - Include notes as needed (there is a place for this in WebGrants)

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- For equipment or other purchases, construction, or other projects requiring hiring a vendor, SCSO defaults to each organization's internal procurement policies & procedures so long as it is **at least as restrictive** as the DWS procurement policies & procedures. Procurement policies include but are not limited to:
 - When the individual procurement item cost is more than \$1,000 the organization must obtain at least 3 competitive quotes.
 - Grantee shall not use Grant funds to make any payments to related parties without the prior written consent of DWS. Grantee is obligated to notify DWS of any contemplated related party payment prior to making a purchase. Payments made by Grantee to related parties without prior written consent may be disallowed and may result in an overpayment assessment.
 - Grantee is defined as all owners, partners, directors, and officers of the organization or others with authority to establish policies and make decisions for the organization.

Debt Management / Error in Payment:

EITC does not provide loans. In the case of an error identified for a claim repayment:

If an error in payment is determined, the EITC staff will begin the following:

- No fewer than three (3) documented reasonable attempts made to the party or parties impacted
 - A reasonable attempt is defined as either a phone call, email, or mailed letter
 - No less than three (3) business days shall pass between reasonable attempts
- If no response is received by the party or parties after the third reasonable attempt, EITC staff will then refer to legal counsel in order to determine legal remedies and next steps

Record Retention:

All records shall be retained by GRANTEE for at least six (6) years after final payment, or until all audits initiated within the six (6) years have been completed, whichever is later.

Contract Amendments:

Contract amendments require approval from SCSO prior to initiating the amendment process. Requests to revise the contract period, budget, and/or Scope of Work shall be submitted to SCSO in writing and shall include:

- Detailed information addressing the need for the proposed change

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- Description of the impact that the change will have on services to low-income community members
 - Updated budget sheets and budget narrative, if applicable
 - Updated performance targets and/or Scope of Work outcomes, if applicable
 - Other information as requested by SCSO

Contract amendments that are proposed within two months of contract expiration will not be considered by SCSO. Exceptions may be granted by SCSO on a case-by-case basis.

SCSO will respond in writing to contract amendment requests within twenty days of receipt of the request.

Budget Adjustments:

Budget adjustment requests require approval from SCSO and DWS Finance. Budget adjustments are limited to moving funds between budget lines and to adding narrative to budget lines. The movement of funds may include moving to a newly created budget line. Budget adjustments **DO NOT** involve the addition or reduction of funds.

Budget adjustment requests need to be made to SCSO as soon as Grantee is aware of a need for one. These requests shall be submitted in writing to SCSO and include:

- Detailed information addressing the need for the proposed change
- Description of how the change will help the organization facilitate spenddown
- Detailed description of each line item that needs to be changed including
 - amounts of reduction and/or addition of funds to a line item
 - removal and/or creation of a new line item
 - updated line item narrative(s)
- Updated budget narrative (template provided by SCSO)
- Other information as requested by SCSO

Monitoring:

Program Monitoring Requirements and Process:

Grantees will be monitored at least once a year by an on-site visit or remote review for programmatic and fiscal compliance. Notification of visit will be provided at least twenty days in advance of the scheduled monitoring review.

Each awarded grantee is subject to ongoing contract monitoring for the entirety of the grant period of performance. Monitoring may include, but is not limited to, site visits, technical assistance, desk reviews, expenditure document review, or monitoring by a third party.

Monitoring reports will be issued within 30 days of the monitoring visit. The monitoring report will include any findings or weaknesses identified throughout the review period.

Monitoring Preparation

A monitoring review notification letter and questionnaire will be emailed to the grantee. The grantee will return the questionnaire 1 week (no earlier than 3 weeks) in advance of the monitoring visit, per SCSO instruction. Additional documentation may be requested at that time.

For desktop reviews as well as desktop preparation for on-site visits, relevant documents for compliance with the terms of the contract including permits, proof of insurance, and eligibility determination will be reviewed. SCSO may request documentation it does not already have. Review will include the following:

- Executed EITC contract agreement and Scope of Work
- Submitted Requests for Reimbursements including attached fiscal back up documentation, timeliness, accuracy, and spenddown progress
- Progress on Scope of Work outcomes including review of measurement tools and data tracking tools
- Submitted Quarterly Reports
- Proof of 501(c)(3) status (if applicable)
- Review of EITC outreach materials
- Review EITC education materials including EITC Awareness Day or other community education presentations
- Review of new and/or strengthened community partnerships
- Records pertaining to previous monitoring reviews (if applicable)

Contract Findings & Weaknesses

Organizations will be issued grant management contract findings and/or weaknesses for issues of non-compliance. Grant management includes but is not limited to:

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- Timeliness and Accuracy of Reporting
 - Timeliness and Accuracy of Requests for Reimbursement
 - Data Tracking
 - Non-compliance with Scope of Work Outreach Requirements
 - Timely communication with SCSO regarding contract or budget challenges and changes in organizational staff. Grantees must notify SCSO of any changes in agency leadership and finance leadership as well as in EITC program management **within 30 days of the change**.

Recurring issues with timeliness, accuracy, or other areas of non-compliance may result in findings and/or weaknesses and will adversely affect admin scores on future applications. Recurring weaknesses across funding cycles may result in contract findings.

Failure to address and resolve monitoring weaknesses and findings may result in reduction of award and/or termination of contract.

Corrective Action:

When findings and/or weaknesses are identified during a monitoring review, SCSO requires that a corrective action plan be outlined and executed by Grantees in order to stay in compliance with contract requirements and maintain EITC funding. SCSO will send a preliminary monitoring report identifying each contract finding and/or weakness. Additionally, SCSO will send notification if any contract findings and/or weaknesses are identified during the ongoing review. Grantees will have 10 days to respond to SCSO with a plan for correction for each identified finding and/or weakness. Grantees that 1) do not respond with an acceptable corrective action plan to resolve the identified findings and/or weaknesses; 2) do not follow through on the corrective action plan; 3) refuse to take corrective action may have funding reduced, have their contract terminated, and/or jeopardize future funding through SCSO.

Compliance:

Once compliance is determined, the Organization will receive from SCSO confirmation of compliance and closure of the finding(s). If compliance is not met, the process will be repeated for determining proper corrective action. If compliance continues to not be met, SCSO may move to terminate funding.

Grievances and Fraud:

Grievance Procedure:

Grantee shall establish and implement a system through which beneficiaries of the services provided may present grievances about the operation of the program as it pertains to and affects said beneficiary. The Grantee shall advise applicants of their right to present grievances concerning denial or exclusion from or operation of the program. The Grantee will advise applicants in writing of their rights and the procedures to appeal. The Grantee will accommodate limited English proficiency and visually disabled applicants in advising applicants of their rights and the procedures of appeal.

Fraud, Waste, and Abuse:

Fraud occurs when an EITC applicant, vendor, grantee, sub-recipient, or employee knowingly and willfully misuses or withholds information, or provides false information to provide eligibility- based assistance, distribute funds, or claim grant reimbursement:

- If there is evidence that fraud has been committed by a vendor, grantee, or employee, appropriate measures will be taken under the direction of SCSO or DWS Internal Audit team.

Procedures for Fraud, Waste, and Abuse:

The monitoring review process ensures that each organization has internal controls that would protect EITC funds from waste, fraud, and abuse. During the monitoring reviews, SCSO staff will ensure that organizations are compliant with the rules. If fraud is discovered, SCSO may move to terminate the contract.