HEALTHY FAMILIES TAX CREDITS COALITION

July 25, 2025

Dear Governor Healey and Lieutenant Governor Driscoll,

On behalf of over 80 community-based organizations, direct service providers, health care institutions, legal advocates, and grassroots networks across Massachusetts, the Healthy Families Tax Credits Coalition thanks you and your Administration for your continued support of the Volunteer Income Tax Assistance program (VITA) and refundable family tax credits. The $500,000 allocated in line item 1201-0100 to support VITA in the FY2026 budget will help families with low incomes across the Commonwealth access health-boosting tax credits like the recently expanded Child and Family Tax Credit (CFTC) and Earned Income Tax Credit (EITC). However, this allotment represents a two-thirds decline in funding - down from $1.5 million in FY2024 - leaving VITA sites struggling to meet growing demand and unable to stay open past April 15, resulting in a significant reduction in taxpayers served.

We recognize the challenging budgetary landscape in Massachusetts shaped by federal cuts and economic uncertainty. At the same time, as more families with low incomes rely on VITA to navigate tax filing and connect with social services - while simultaneously facing devastating cuts to and barriers to access food assistance and health care - small budget cuts to the program represent big revenue losses for families and the state. In fact, for every $1 invested, VITA helps bring in $30-$60 in federal refunds alone, primarily through the EITC, Child Tax Credit, and other refundable federal credits. **We urge you to protect and restore investment in VITA in any supplemental budget to ensure this critical infrastructure remains strong. We also ask that the FY2026 earmarked funds are promptly allocated to sites to ensure this critical infrastructure remains strong**.

At VITA sites, often located in community-based organizations, IRS-certified volunteers provide free, high-quality tax preparation to families with low and moderate incomes - generally those earning under $67,000 - and other populations who may face challenges navigating tax filing, including seniors, people with disabilities, and individuals with limited English proficiency. VITA offers a reliable alternative to costly paid preparers with a 96 percent accuracy rate.[1] These services ensure families receive the full value of credits like the CFTC and EITC, rather than seeing their refunds reduced by preparation fees.

The impact of VITA is significant. Eligible Massachusetts families receive an average federal EITC of $2,350, and with the state EITC matching 40 percent, their total refund can rise to $3,290.[2] If receiving the maximum EITC, this can reach $10,962. Families with children under age 13 or dependent adults also qualify for an additional $440 from the state CFTC. These tax

[1] *Quality Statistical Sample Review Results for SPEC Partners and Employees*. IRS. (2024). https://www.irs.gov/pub/irs-pdf/p5347.pdf

[2] *Statistics for tax returns with the earned Income Tax Credit (EITC)*. IRS. (2024). https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-the-earned-income

refunds, especially EITC dollars, are often spent immediately and locally - on housing, groceries, transportation, child care, and other bills and necessities. In some communities, tax season is an economic lifeline. Yet, 20 percent of eligible working families miss out on the EITC, highlighting the need for strong outreach and filing support.

Reduction in VITA funding will inevitably lead to a reduction in free tax services offered. For example, the Boston Tax Help Coalition, a cross sector VITA collaboration for Boston residents, will experience a 27% overall program budget cut in FY2026, leaving more than 35 free tax sites in the Boston area with significantly reduced capacity. As a result, an estimated 3,240 fewer residents will be served by the Boston Tax Help Coalition than FY2025, when the program was funded at $820,000. Without access to free tax preparation services, these filers will face average tax preparation fees of $220 per return, plus an additional $65 for EITC filers (25% of claimants). This totals $765,450 in added costs for low and moderate income residents.

VITA sites have a 60 to 1 return on investment, and bring federal dollars into the state. In a typical year, over 30,000 Massachusetts taxpayers served by VITA receive a cumulative $60M. This money stimulates the local economy, fosters economic stability, and boosts health and well-being for children and families. Ensuring as many people as possible are able to claim and keep their full credits may help offset some of the most harmful effects of recently passed federal legislation.

VITA sites also act as an introduction point for other critical services. This includes financial education and connection to supports like fuel assistance, Head Start, and nutrition assistance. Funding cuts in FY25 ($1.5 million to $820,000) resulted in reduced hours and closures of sites. With the further reduction in FY26 - as well as IRS cuts impacting federal investment - we anticipate fewer families connected with the vital services they need to thrive.

As cuts to the federal safety net dramatically increase the costs of living for families, it is more important than ever that the 80 VITA sites across the Commonwealth are able to serve as many low income families as possible. The Healthy Families Tax Credits Coalition appreciates that the Administration is working proactively to protect Massachusetts families from federal cuts, and encourages you to consider VITA as a tool to mitigate that impact.

We respectfully request that the Administration protect VITA resources, ensure funds are not withheld, and restore full funding in any supplemental budget.

Sincerely,

The Healthy Families Tax Credits Coalition

A full list of the 80+ coalition member organizations is available here.