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# Volunteer Income Tax Assistance Program: The Intersection of Business and Social Good

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## **Abstract**

Over the past few years, Molloy College has produced a series of conference papers that illustrate what can be made possible when a disposition toward social responsibility becomes an academic program learning outcome. The belief that business can both damage the world, but also save the world, is at the foundation of why graduate students are required to demonstrate that the skills and knowledge gained can be applied to solve a real-world business problem. The twist is that the business problem must emerge from an organization that traditionally would not have available to it a team of consultants who can think creatively and proactively about the problem. These student consultants are charged to make actionable recommendations that potentially solve the organization's business problem.

This is a paper that couples a pedagogical philosophy with evidence of learning. This paper demonstrates that the students were able to draw from academic program learning to focus on the development of a solution-driven plan. The Molloy College mission establishes the founding belief in social responsibility, service, community, and study. The college's commitment to academic excellence and the promotion of lifelong learning demonstrates the transformative education experienced by the students.

This paper focuses on the consulting work performed for the not-for-profit organization, *The Health and Welfare Council of Long Island*.

**Key words:** The Health and Welfare Council of Long Island, Volunteer Income Tax Assistance Program, VITA, social entrepreneurship.

## **1 PEDOGOGICAL PHILOSOPHY**

The design of the Molloy College graduate program intends to develop future leaders. The leadership focus is not only for the student's chosen profession, but also to fill the dearth of leadership in our country, and in our world. It is the college mission to prepare the student to become a participating member of society; to become a socially responsibility citizen. These future leaders must have strong skills that emerge from knowledge of business practices with the disciplines of management, finance, accounting, and marketing. As a Capitalistic economy, each benefits from the sweat of each brow, yet all are collectively connected in a global network. The pedagogical philosophy establishes that all can benefit from a capitalistic economy where

innovation and hard work is rewarded, but the social focus and connection is never lost. The mission of the college articulates the focus on transformative education; it promotes a lifelong search for truth and the development of ethical leadership (Molloy College Mission Statement).

In 2012 the annual theme of Civic Engagement was selected to focus the college's energy. As a result, this is the year that the MBA capstone course was overhauled so that student learning would be coupled with social responsibility. By definition, a capstone is that last stone put in place to show the community that the structure is complete and has integrity. Briefly, the consulting capstone course intends to provide the students with the opportunity to demonstrate all that has been learned by working with a client that serves society.

The 2016 Fall MBA Capstone Class was divided into three consulting teams serving two clients. This paper reports on the recommendations by the students under the consulting team name of, "*Lion's Consulting Group*." Each team used the Bloomberg Philanthropies, "Mayor's Challenge" application to guide the consulting process. This process takes the students through four stages: (1) establishing a solution-driven vision, (2) developing a turnkey implementation plan, (3) determining the impact of the plan, and (4) determining if the solution can be replicated.

## **2 THE CONSULTING PROBLEM**

The clients are invited into this program by the Capstone professor. The client must have a social mission, be a not-for-profit, or be a governmental agency. The client also must acknowledge that the students are not interns, but consultants. The client identifies the real-world problem and must share the background of the problem. Then, for the most part, the client steps away to allow the student consultants to study the market, industry, company, competitors, and problem. The consulting problem that is discussed in this conference paper emerges from the President of The Health and Welfare Council of Long Island:

*The Health and Welfare Council of Long Island does not have a comprehensive outreach program to reach those most in need of free tax preparation services. Last year HWCLI launched, in partnership with the Food Bank of NYC, the Virtual Volunteer Income Tax Assistance Program (VITA). An outreach program is needed to inform our clients about the Virtual Volunteer Income Tax Assistance Program*

(VITA). This program allows HWCLI to complete the tax preparation, which is then uploaded into the Food Bank's on-line system; the client's taxes are completed virtually. Households with annual incomes below \$50,000 are eligible and many of these clients are also eligible for the Earned Income Tax Credit. [Source: August 16, 2016 letter to Gwen O'Shea].

The students met with the client on November 1, 2016 for the first time. The recommendations, summarized in this conference paper, were presented in a public forum to both the President and the Chief Operating Officer of the Health and Welfare Council of Long Island on Tuesday, December 20<sup>th</sup>, 2016.

### **3 THE VISION**

The Health and Welfare Council of Long Island (HWCLI) currently serves vulnerable and at-risk communities throughout Nassau and Suffolk counties. Specializing in areas such as healthcare, disaster recovery, nutritional security, and regional planning, The HWCLI is now incorporating economic stability into its organizational and strategic focus. Last year, the HWCLI launched a pilot for its Virtual Volunteer Income Tax Assistance (VITA) program in an effort to provide tax preparation for underprivileged clients. With over \$84 thousand in total federal refunds received for 60 clients, the HWCLI now seeks to expand its outreach initiative.

Lions Consulting Group (LGC) created a sustainable and multifaceted marketing plan for the HWCLI that will increase the depth, breadth, and scope of virtual VITA awareness. This multi-platform plan consists of three parts:

#### **Awareness Campaign**

LGC's focus is centered on increasing awareness for the virtual VITA program within all current vulnerable and at-risk populations serviced by HWCLI and its partners. LGC generated for its client a series of highly specific content driven materials including informational cards, posters, and brochures that are to be distributed directly through HWCLI. With a focus on engaging and activating individuals through content marketing, the client was given the tools necessary to inspire action.

#### **Virtual VITA Partnership Plan (VVPP)**

Previously, the HWCLI's Virtual VITA location was maintained through its temporary partnership with *Food Bank for New York City* (FBNYC). LGC created a Virtual VITA Partnership Plan (VVPP) that outlined all specific resources and infrastructure necessary to establish a virtual VITA location at an academic institution on Long Island.

#### **Digital Strategy**

In 2015, the Corporation for Enterprise Development launched the first Volunteer Income Tax Assistance (VITA) Awareness Day to call attention to the importance of VITA programs in the communities it serves. The event continues to grow each year as engaged partners and advocates across the country help raise the profile of community tax

preparation. Marking the event are a series of policy forums in Washington D.C., national press conferences, and a #VITAworks social media campaign. LGC capitalized on VITA awareness Day through the creation of *vitadayli.com*, which specifically targets Long Island communities. The site acts as Long Island's 'VITA hub' and can be used to further engage and inspire both partners and clients to expand the virtual VITA program's outreach.

### **4 CONCLUSION and DISCUSSION**

The VITA program offers free tax preparation for individuals who make less than \$54,000 annually and do not have a business that reports expenses greater than \$5,000. While 42% of Long Island residents are eligible for VITA, only 3% use the service. Instead of using the VITA program, 62% of eligible individuals use a paid preparer and 35% self-file.

For the 2016 filing season, the VITA program prepared 3.6 million tax returns that generated \$3.9 billion in tax refunds. Across the United States, 81 million individuals are eligible for the VITA Program. While this accounts for nearly 55% of all tax returns, only 4.5% of eligible individuals took advantage VITA services.

Instead of using VITA, individuals use paid preparers such as H&R Block and Jackson Hewitt, or self-filing software such as TurboTax. The average charge for preparing a 1040 tax return is \$152, nationally. TurboTax software costs \$55 plus a filing fee of \$37. Therefore, the majority of individuals are paying for services they can get for free.

One of the greatest benefits of the VITA program is helping individuals take advantage of the Earned Income Tax Credit (EITC). The EITC was created in 1975 with the goal to encourage individuals to work, reduce unemployment and welfare caseloads, and ease the burden of taxes paid by low income taxpayers. It is one of the most successful programs at reducing poverty and increasing economic stability.

In total, 75% of eligible individuals take advantage of this credit but only 1.5% of those taxpayers use VITA preparation services. As of 2008, 67% of taxpayers eligible for EITC and the VITA program used a paid preparer to file their taxes, adding unnecessary financial burden. Paid preparers like H&R Block offer Refund Anticipation Loans to taxpayers so they do not have to wait for their EITC. Nearly 40% of taxpayers eligible for EITC receive these loans, which increases the cost of filing taxes by nearly 33%.

The VITA program offers free services that can help struggling individuals receive their EITC and rise out of poverty.

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