



Brian J. Stiger  
Director

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**COUNTY OF LOS ANGELES  
DEPARTMENT OF  
CONSUMER AND BUSINESS AFFAIRS**

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*"To Enrich Lives Through Effective and Caring Service"*

Members of the Board

Hilda L. Glis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

March 20, 2018

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

14 March 20, 2018

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

**APPROVE A NON-FINANCIAL MEMORANDUM OF UNDERSTANDING BETWEEN THE  
DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS AND THE U.S. CONSUMER  
FINANCIAL PROTECTION BUREAU TO COLLABORATE ON A CONSUMER EDUCATION AND  
AWARENESS CAMPAIGN  
(All Supervisorial Districts) (3 Votes)**

**SUBJECT**

The Department of Consumer and Business Affairs (DCBA) requests your Board's authorization to approve and execute a non-financial Memorandum of Understanding (MOU) with the Consumer Financial Protection Bureau (CFPB). The agreement will allow DCBA to receive training and consumer educational materials to encourage low-moderate income County residents to save a portion of their income tax refund.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director to sign the enclosed non-financial MOU to enter into partnership with the CFPB and share data with the CFPB regarding the results of the project.
2. Delegate authority to the Director, or his designee, to negotiate and execute amendments to the agreement described in paragraph 1, to make technical changes and extend the agreement terms as may be needed to implement and sustain efficacy of the programs, upon approval as to form by County Counsel, with the requirement that DCBA report to your Board and CEO within 30 days of execution.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

DCBA has been assisting residents of Los Angeles County since 1976. The number of services to the community have expanded, and one of the department's core mandates is consumer financial protection and education. As part of the effort to increase our services, DCBA is forming a partnership with the CFPB to engage in education and outreach to encourage County residents who are eligible to receive the Earned Income Tax Credit (EITC), to save a portion of their income tax refund. Additionally, the Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make \$54,000 or less, persons with disabilities, and the elderly and limited English speaking taxpayers who need assistance in preparing their own tax returns. DCBA will engage the community as volunteer VITA staff and receive training from the CFPB.

This agreement furthers the mission of both organizations to improve the financial capability of consumers by, among other things, promoting a culture of saving. The recommended action meets your Board's directive to increase public services to the community and improve economic stability.

The Tax Time Saving Initiative is a project of the CFPB Office Financial Empowerment with support from the Office of Financial Education. Over the past five years the CFPB has engaged tax assistance providers, including Volunteer Income Tax Assistance (VITA) programs and commercial tax preparation providers, to support savings encouragement and to identify promising practices for helping people to save while filing their tax return.

The 2018 Tax Time Savings Initiative County partnership will allow the CFPB to provide the County with education and informational materials, training, tools and technical support for staff, tax preparation volunteers, and consumers. CFPB will offer training on the use of the materials and tools via webinar to DCBA designated staff volunteers engaged in tax preparation or other services at its IRS-approved Volunteer Income Tax Assistance (VITA) sites.

### **Implementation of Strategic Plan Goals**

This request supports the County strategic plan as follows:

#### **Goal 1 - Make Investments that Transform Lives:**

By investing in this program, Los Angeles County can increase the services offered to the public. The program will add additional access to County services to help clients save money by offering free tax preparation and education regarding tax time savings.

#### **Goal 2 – Foster Vibrant and Resilient Communities:**

The target audience for this program includes all community members that have issues with financial protection and wealth management. The partnership will enlist CFPB to bring additional resources to the public to foster vibrant and resilient communities. By providing consumers with education and assistance, we increase growth and development in individuals and the community.

#### **Goal 3 – Realize Tomorrow's Government Today:**

This innovative program will partner the County and CFPB to increase assistance to targeted communities. Furthermore, it will expand our staff knowledge base and capacity to assist the public thus ensuring the growth of County staff.

## **FISCAL IMPACT/FINANCING**

The proposed MOU and partnership agreement are both non-financial and have no fiscal impact.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On June 14, 2016 your Board adopted a motion to establish the Center for Financial Empowerment (CFE) in the County as a two-year pilot project. The CFE is housed within DCBA. The CFE's mission is to help low-moderate income County residents achieve greater economic security and well-being. The motion called for the CFE to play a leadership role in the region by establishing strong collaborations with advocates, practitioners, public agencies, financial institutions, and the philanthropic community.

DCBA has deemed individuals and families eligible for the federal and state Earned Income Tax Credits as one of its target populations for CFE. As a result, DCBA has partnered with the CFPB in the proposed non-financial MOU to allow DCBA to advance its goals of increasing the financial capability of County residents who are eligible for the EITC. For the 2018 Tax Time Savings initiative, the CFPB will provide to DCBA education and informational materials, tools, and technical support for staff, tax prep volunteers, and consumers.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The approval of this recommendation will not reduce services currently provided by DCBA. Approval of this request would help bring a much needed additional services to the community.

DCBA would:

- Incorporate one or more of the promising practices into its approach to promoting saving at its tax sites. DCBA will identify in advance of tax season which practices it expects to use,
- Incorporate CFPB training materials into training for VITA site volunteers and staff,
- Include pre-commitment worksheet in mailings or other communications to previous year tax customers where feasible,
- Use pre-commitment tools for client engagements prior to tax time where appropriate,
- Report to the CFPB at the end of tax season with information it currently collects on aggregated savings activity and other non-personalized return data including:
  - o Number of total returns prepared
  - o Number of taxpayers utilizing the EITC
  - o Number of taxpayers who elected to save a portion of their refund using an IRS form 8888
- Participate in other post-tax season information collection activities including focus groups,
- Provide similar aggregated and non-personalized savings and return data from last year's tax campaign, if available, and
- Provide a written report at the end of tax season describing the effectiveness of the promising practices it incorporated, plus the tools, materials, and training provided by CFPB, and any recommendations for improvement.

## **CONCLUSION**

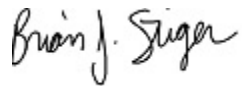
The Honorable Board of Supervisors

3/20/2018

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Upon Board approval, please return one adopted copy of this letter to DCBA.

Respectfully submitted,

A handwritten signature in cursive script that reads "Brian J. Stiger".

BRIAN J. STIGER

Director

BJS

Enclosures

**Memorandum of Understanding  
between the Consumer Financial Protection Bureau and  
County of Los Angeles (LA) Department of Consumer and Business  
Affairs  
to Engage in an Education and Community Awareness Campaign**

**October 10, 2017**

The Consumer Financial Protection Bureau (CFPB) and the County of LA Dept. of Consumer and Business Affairs hereby agree to collaborate on an education and community awareness campaign, to encourage individuals in the County of LA Dept. of Consumer and Business Affairs service area who are eligible to receive the Earned Income Tax Credit (EITC), and other consumers with low-incomes, to save a portion of their tax refunds. This agreement furthers the mission of both organizations to improve the financial capability of consumers by, among other things, providing opportunities for consumers to access financial services during the preparation process to claim earned income tax credits and other benefits.

**Background**

The CFPB is dedicated to helping consumer financial markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

**Office of Financial Education:** The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), Pub. L. 111-203 § 1013(d)(1), mandates the establishment of the Consumer Financial Protection Bureau’s Office of Financial Education (OFE) “to educate and empower consumers to make better informed financial decisions.” The Dodd-Frank Act also authorizes the OFE to provide consumers access to wealth building and financial services during the preparation process to claim the EITC and other federal benefits. *Id.* § 1013(d)(2)(F).

**Office of Financial Empowerment:** The Dodd-Frank Act directs the Bureau to provide “information, guidance, and technical assistance regarding the offering and provision of consumer financial products or services to traditionally underserved consumers and communities.” *Id.* § 1013(b)(2). The Office of Financial

Empowerment focuses on serving the needs of traditionally underserved consumers, including un-banked and under-banked, low income and economically vulnerable consumers.

The ***Tax Time Saving Initiative*** is a project of the CFPB Office Financial Empowerment with support from the Office of Financial Education and is intended to address the legislative mandates of the Dodd-Frank Act.

Over the past five years the CFPB has engaged tax assistance providers including Volunteer Income Tax Assistance (VITA) programs<sup>1</sup> and commercial tax preparation providers to support savings encouragement and to identify promising practices for helping people to save while filing their tax return. As a result we have identified ten (10) practices that have shown promise in increasing the savings rate of consumers. One goal of this project is to implement these practices with participating organizations and test their effectiveness in a variety of environments. The 10 CFPB promising practices can be found in the attached white paper *Building the capacity of tax preparation providers to encourage saving*.

### **Terms of the Memorandum of Understanding**

For the 2018 ***Tax Time Savings initiative***, the CFPB will provide to County of LA Dept. of Consumer and Business Affairs education and informational materials, tools and technical support for staff, tax prep volunteers and consumers. The CFPB intends that these products will include:

- Training focused on implementation of promising practices including tools to help you identify and implement promising practices that may be most appropriate for your organization
- Education and informational materials and aids for tax prep volunteers
- Savings pre-commitment worksheet and tools for consumers
- Consumer-facing posters and flyers for tax sites that encourage saving
- Text message content to promote free tax help and savings options
- Short video promoting saving at tax time

The CFPB intends that all training materials will be provided in English and all consumer-facing materials will be provided in English and Spanish.

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<sup>1</sup> The Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make \$54,000 or less, persons with disabilities, and the elderly and limited English speaking taxpayers who need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals. <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>

CFPB, in collaboration with its vendor, ICF, will offer training on the use of the materials and tools via webinar to County of LA Dept. of Consumer and Business Affairs designated staff and volunteers engaged in tax preparation or other services at its IRS-approved Volunteer Income Tax Assistance (VITA) sites. Webinars will be scheduled in coordination with County of LA Dept. of Consumer and Business Affairs and other ***Tax Time Savings Initiative cohort members***.

For the 2018 ***Tax Time Savings Initiative***, County of LA Dept. of Consumer and Business Affairs agrees to:

- Incorporate one or more of the promising practices into its approach to promoting saving at its tax sites. County of LA Dept. of Consumer and Business Affairs will identify in advance of tax season which practices it expects to use.
- Incorporate CFPB training materials into training for VITA site volunteers and staff,
- Include pre-commitment worksheet in mailings or other communications to previous year tax customers (only where those communications are already planned and inclusion is feasible),
- Use pre-commitment tools for client engagements prior to tax time (where appropriate),
- Use promotional materials including brochures and posters at tax sites where feasible,
- Use looping video for training and at tax site (only where capacity is available),
- Report to the Bureau at the end of tax season with information it currently collects on aggregated savings activity and other non-personalized return data including:
  - Number of total returns prepared
  - Number of taxpayers utilizing the EITC
  - Number of taxpayers who elected to save a portion of their refund using an IRS form 8888
- Participate in other post-tax season information collection activities including focus groups,
- Provide similar aggregated and non-personalized savings and return data from last year's tax campaign (only if available), and
- Provide a brief (no more than 2 page) written report at the end of tax season describing the effectiveness of the promising practices it incorporated, plus

the tools, materials and training provided by CFPB, and any recommendations for improvement.

Each party is solely responsible for the activities, and any associated costs, identified above within their area of responsibility, and no party will be liable to any other for costs or cost overruns outside of their respective areas of responsibility.

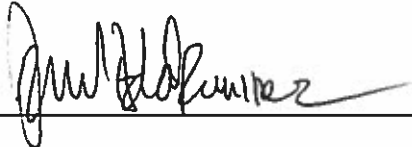
To the extent permitted by State or Federal law, as applicable, each Party shall assume financial and legal responsibility for the negligent acts or omissions of its own officers, employees or agents, in connection with or arising out of the performance of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party, its officers, directors, employees, and agents from and against any and all claims (including attorney fees and reasonable expenses for litigation or settlement) for any damage, demand, cause of action, loss, cost, expense or liability in proportion to the extent such damages are caused by the officers, directors, employees or agents of each respective Party, in the performance of this Agreement.

This Memorandum of Understanding is the complete agreement between CFPB and County of LA Dept. of Consumer and Business Affairs and shall be governed by the laws of the United States of America. This Memorandum of Understanding may only be modified or amended in writing upon the written request of either party.

This Memorandum of Understanding will become effective on the date of the last signature herein and will remain in effect until August 1, 2018.

**Agreed to and Approved by:**

Daniel Dodd-Ramirez, Assistant Director, Office of Financial Empowerment, CFPB

SIGNATURE:  \_\_\_\_\_

DATE: January 11, 2018

Name, Position, County of LA Department of Consumer and Business Affairs

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_