

**California Self-Employment Tax Initiative  
REQUEST FOR PROPOSAL (RFP)  
September 2009**

## **OVERVIEW**

The California Association for Microenterprise Opportunity is launching its third round of the California Self-Employment Tax Initiative (CA-SETI) program in September 2009 and is seeking proposals for innovative ways of using tax preparation in a way that will reach large numbers of entrepreneurs who could benefit from business assistance and microloans.

## **PURPOSE**

Filing the Schedule C is the single most important entry point for acknowledging and formalizing micro businesses in the US. It represents an opportunity to reach low and moderate income entrepreneurs who could benefit from business assistance, microloans, and in some cases from Earned Income Tax Credit. It can also function as an annual tool for helping new owners understand their business' finances.

The **Making Work Pay (MWP)** tax credit, a part of the recently passed American Recovery and Reinvestment Act, will have a large impact on US micro business development since the credit is available to *90% of all unincorporated micro enterprises*. This new code provides the micro enterprise field with a unique opportunity to raise public awareness through local, regional, and statewide campaigns promoting this new micro enterprise tax credit. Because of the nature of micro enterprise taxation, new micro enterprises (estimated 2-3 million, nationwide) will not realize the benefit of the tax credit until next year's tax prep season (Jan-April 2010). Tax year 2009 presents a unique opportunity for a focused **"Start Your Business Right"** campaign built around a sub-theme of "and get your micro enterprise tax credit now."

Right now, microenterprise development organizations are reaching less than 1% of lower income entrepreneurs in our state. Additionally, there are business owners operating in the informal economy who, with the right help, could formalize their businesses and get into the Social Security system. According to the Aspen Institute, there are an estimated 2 million low and moderate income self employed business owners in California. All of them must file

taxes, but most have no place to turn for the comprehensive business tax preparation and planning assistance they need to "get their businesses right".

## **FUNDING & GOALS**

CAMEO will award up to 12 grants for programs to collect and report on a comprehensive list of data of their Tax Year 2009 Schedule C/C-EZ filers served. The purpose of this data collection is for CAMEO and its members and network to better understand their low-income self-employed market. The aim is to capture the demographic, economic and other descriptive profiles in order to gauge what services and products micro development organizations should offer their clients to grow and succeed.

The total collective award to organizations will not exceed \$25,000 in 2008. The average award will be \$1,500 per organization. There is a possibility that extra funding may become available by October 2009. Applicants will be notified upon confirmation.

Organizations are invited to apply under the "VITA" track, the "H&R Block" track, or both tracks. Attachments A and B describe the data that will be requested under each track.

## **APPLICATION PROCESS**

The RFP process will be as follows:

September 25, 2009	Release of RFP
October 9, 2009	Deadline for proposal submission
October 20, 2009	Notification of Grant Award

Email your proposal to:

senglish@microbiz.org

## **CRITERIA**

The applying organization must be a microenterprise development organization providing small business technical assistance and/or microloans. For purposes of this RFP, technical assistance and microlending may include the following services:

- Business Management Training
- Business Planning

- Access to Capital
- Business Basics
- Financial Literacy Training
- One on One Consulting and Mentoring

## **REVIEW PROCESS**

Applications of organizations located in and providing services in California will be considered.

Funding decisions will be based upon:

- ◆ Demonstrated ability to deliver effective technical assistance programs and microloan services that will increase the development of low-income, minority, disabled, and women business owners.
- ◆ Organization's history of providing measurable, effective technical assistance and/or microloan programs in their community.
- ◆ Experience and skills of the management team and program staff.
- ◆ Demonstrated capacity and willingness to provide aggregate self-employed tax data in a timely manner. (VITA track, see attachment A)
- ◆ Demonstrated capacity and willingness to establish relationships with outside tax preparers and provide aggregate data in a timely manner. (H&R Block track, see attachment B)

## **APPLICATION**

In a 1 page document describe your proposed activities for the project and explain how this will increase the number of small businesses served by your organization.

In addition to this narrative include the following organizational information and staff contact for this specific project:

- ◆ One paragraph introducing the organization.
- ◆ Organization's mission statement.
- ◆ Micro enterprise training experience.
- ◆ Microlending experience.
- ◆ Tax Preparation (VITA) experience (Include expected number of Schedule C and C-EZ returns to be filed for tax year 2009).
- ◆ Relationships and/or proximity to private tax preparers and/or larger networks of tax preparation such as H&R Block.

## **RESPONSIBILITIES & RESOURCES AVAILABLE TO MEMBERS OF THE CA-SETI NETWORK**

### **Responsibilities:**

- \* Capture data as described on attachment A or B, and submit via electronic survey. This includes specified data on self employment demographics, program capacity, and program implementation;
- \* Market your organizations services via VITA sites or H&R Block offices using custom designed folders (CAMEO will provide) and track folder disbursement;
- \* Participate in up to four grantee conference calls to take place during the project period;
- \* Compile and submit a final report; and
- \* Help provide stories and photos for the CAMEO website

### **Additional Grant Support (via the SETI network):**

- \* Facilitated peer learning opportunities;
- \* Technical Assistance;
- \* Invitations in related convening, webinars and similar learning opportunities;
- \* Access to promising practices and other successful self-employed tax prep models;
- \* Information and updates on policy and practice developments that impact self-employment taxation.

## **FOR MORE INFORMATION**

Please contact Shufina English, CAMEO Director of Member Programs and Operations, via email [senglish@microbiz.org](mailto:senglish@microbiz.org) or you can reach her by phone at 415.348.6214.