



EITC Rapid Response Fund 2015 Summary

Background: Established in 2012, the Earned Income Tax Credit (EITC) Rapid Response Fund (The Fund) was developed as a rapid response fund mechanism to facilitate the quick dissemination of targeted funds to state groups engaged in key communications battles around state EITCs. The Fund is administered by the Grantmakers Income Security Taskforce (GIST) and the EITC Funders Network in partnership with the Center on Budget and Policy Priorities (CBPP) and The Hatcher Group.

A Virtual Fund: GIST and the EITC Funders Network support a “virtual fund” structure. That is, we provide a table around which multiple funders can align support for key ideas and grantees. Sometimes, these funds are pooled in a centrally administered fund while other funders work collaboratively but deploy their own funds directly.

Why the EITC: The EITC is one of the nation’s most powerful tools for reducing poverty—it kept 6.2 million people, including 3.2 million children, out of poverty in 2013. The credit reduced the severity of poverty for another 21.6 million people, including 7.8 million children. In addition to the federal EITC, 26 states and the District of Columbia now have state EITC policies that build on the impact of the federal policy. While both the federal EITC and many state EITCs have received broad support across the political spectrum, in recent years several state EITCs have been under attack. From 2010 to 2013, five states either cut back or eliminated their state EITCs, and funders and the field recognize that this critical tool is threatened with reduction or elimination in others.

Rapid Response Fund Activities: The Fund supports three kinds of activities:

- Communications contracts to support the work of state groups
- Polling and message testing
- Technical assistance provided by national partners

Communications Contracts to State Groups: To date, the Fund has awarded 26 rapid response contracts to 17 state groups, for a total of \$579,000 of support.

Award Year	Number of Awards	Total Award Amount	States Awarded Funds
2012	4	\$67,000	Kansas, Michigan, Oklahoma, Washington
2013	7	\$112,000	Colorado, Kansas, Michigan, North Carolina, Oregon, Utah, Vermont
2014	10	\$250,000	Colorado, Illinois, Kentucky, Maine, North Carolina, New Mexico, Rhode Island, Utah, Virginia
2015	5	\$150,000	Illinois, Kansas, Maryland, Michigan, Montana

Polling and Message Testing: In 2012, The Fund contracted with a national polling firm (Hart Research) to support new research on EITC messaging through focus groups and national polling. In 2013, The Fund provided technical assistance to Rapid Response Fund awardees to implement this new messaging.

In 2015, The Fund built on these polling and focus group findings by contracting with a messaging firm (Topos Partnership) to explore the set of messages that might shift how people think about the EITC. This research, using deep “talk-back” message testing in several locations across the country, explored how people think about the EITC as a mechanism to reduce poverty and their reactions to messages regarding fraud and abuse of funds and other key message points. Findings from this research are available upon request.

Technical Assistance from National Partners: To help shape the work of The Fund and deliver technical assistance to state groups, The Fund also provides support to two national field partners – CBPP and The Hatcher Group. Each year, these two national partners work collaboratively to prepare a scan of the state EITC policy field and identify opportunities and challenges that The Fund could work to address.

National field partners also provide direct technical assistance to Rapid Response Fund awardees and share learnings with the field. For example, in 2015, national field partners:

- Provided one-on-one communications strategy advice and reviewed written work of Rapid Response Fund awardees;
- Participated in local coalition meetings hosted by awardees to help shape strategy and build the capacity of local coalition partners;
- Created infographics and other visualizations to support the communications objectives of awardees;
- Provided consultation on the development of state EITC-focused websites;
- Held trainings on the Topos messaging work with state groups interested in communicating about the EITC; and
- Shared the strategies and learnings of awardees with other state-based groups seeking to improve their communications through one-on-one connections, group meetings, and electronic communications (e-newsletters, for example).

2015 Rapid Response State Contract Overview: In 2015, The Fund awarded \$150,000 in EITC Rapid Response Funds to five state organizations (Illinois, Kansas, Maryland, Michigan, and Montana) to improve their communication efforts in advocating for their respective states’ EITC programs. The table below presents an overview of each organization’s contract date, contract amount, state EITC status at the time of the proposal, primary goal, and a summary of the outcomes.

Organization	Date	Amount	State EITC status at the time of the proposal	Goal	Outcome
Kansas Center for Economic Growth (KCEG)	March 2015	\$30,000	Refundable state tax credit at 17 percent of the federal credit. KCEG anticipated action to eliminate or significantly reduce the Kansas EITC. Following unprecedented tax cuts in 2012 and 2013, Kansas revenues plummeted and were forcing mid-year budget cuts. The seriousness of the budget crisis forced Kansas to burn through all of its reserves. Every option for plugging the budget hole was on the table.	Protect the state EITC	During the 2015 session, lawmakers considered a bill to reduce the EITC to 8 percent of the federal credit and make it non-refundable. The measure failed and the EITC was protected.
Montana Budget and Policy Center (MBPC)	March 2015	\$30,000	No state EITC. MBPC saw that for the first time since 2009 (when a bill passed second reading but died in the appropriations committee), an opportunity to push for a state EITC was presenting itself. In March 2015, a moderate Democratic legislator introduced a bill to establish a refundable state credit, set at 10 percent of the federal credit. Following a very impactful hearing on the bill, it appeared that there were enough votes to get a bill out of committee and onto the House Floor for debate.	Establish a refundable state credit, set at 10 percent of the federal credit	Although the bill ultimately died in the House Appropriations Committee, it marked the most progress a Montana state EITC bill has made since 2009.
Fiscal Policy Center (FPC) at Voices for Illinois Children	April 2015	\$30,000	Refundable state credit at 10 percent of the federal credit. FPC saw opportunity to expand the state's EITC. Democrats and Republicans agreed that the ultimate fiscal year 2016 budget deal must include significant new sources of revenue to close the large budget gap. Many of the revenue sources were likely to be regressive. The EITC was seen as a high-profile way to increase tax fairness and equity. Illinois saw House and Senate legislation to double the EITC over a five-year period with bi-partisan support and the inclusion of an EITC expansion in the list of Governor Rauner's 2016 policy goals.	Expand the EITC from 10 to 20 percent of federal credit	A budget solution was not in sight at the end of the grant period, but expanding the EITC continued to be part of the behind-the-scenes budget negotiations.

Organization	Date	Amount	State EITC status at the time of the proposal	Goal	Outcome
Michigan League for Public Policy (MLPP)	June 2015	\$30,000	Refundable state credit at 6 percent of the federal credit. The existence of the Michigan state EITC was threatened. The House had just introduced and passed a new road funding proposal, which included elimination of the state EITC to help raise revenues for roads. The Senate was working on its road funding package and the Senate Majority Leader had announced that he and his caucus supported the elimination of the EITC.	Protect the state EITC.	At the end of the grant period, elimination of the EITC as part of the road funding package was still an unknown. Ultimately, MLPP successfully kept EITC cuts out of the road funding bill.
Maryland CASH Campaign	August 2015	\$30,000	Refundable state tax credit at 25.5 percent of the federal credit (An increase to 28 percent is scheduled to phase in over 4 years). Advocates saw an opportunity to expand the age and income eligibility of the Maryland state EITC. After the civil unrest in Baltimore in April 2015, there was significant discussion and focus on the needs of disconnected youth and identifying incentives to promote work. Leaders from the Baltimore delegation and the state General Assembly were looking for proposals for the 2016 session. Given this moment, advocates chose to take the lead on crafting a legislative proposal to expand the EITC.	Expansion of the EITC for childless workers, particularly workers under 25.	At the end of the grant period, the legislative session had not begun, but significant groundwork was established. Now there are three EITC bills before the General Assembly (more details below).

Key Rapid Response Fund Awardee Activities

Rapid Response Fund awardees engaged in a variety of communications and outreach activities. Although the campaigns ranged across geographies and from defensive to offensive, some key activities overlapped and included:

- **Developing and supporting allies.** Several organizations anchored multi-organization coalitions and worked to engage and support coalition partners by providing them with effective, customized communication tools. The Michigan League for Public Policy reconvened a previous iteration of a coalition focused on EITC advocacy and provided partners with communication tools including fact sheets and talking points. The Kansas Center for Economic Growth developed a messaging strategy for four separately branded partners and served as coordinator for the approach. Some campaigns reached out to and developed strategic new partners. The Montana Budget and Policy Center worked to engage the business community and the Montana Chamber of Commerce in the campaign, emphasizing the value of support from outspoken businesses leaders.
- **Keeping decision makers informed.** Organizations agreed that it was essential to get policymakers the most recent data on tax policy within their states. Groups put forth county-level impact analyses, illustrating the impact and importance of the EITC to policymakers' constituents. The organizations also saw the value in reaching out to and building relationships with decision makers to better educate them on the issue and diffuse concerns they might have through one-on-one meetings. The Fiscal Policy Center at Voices for Illinois Children, for example, created deeper support among key caucuses by holding small, intimate legislator education events on the benefits of the EITC.
- **Launching strategic traditional and new media campaigns.** Most of the organizations focused on expanding social media efforts to include blog posts, videos, and other innovative applications. Some also created or updated state EITC-specific websites (for example, Michigan's saveeitc.com and Illinois' EITCWorks.org). The Fiscal Policy Center at Voices for Illinois Children added both House and Senate district-level resources to their website as well as the ability for site visitors to contact their state legislators directly. Kansas Center for Economic Growth strategically opted to purchase media spots. As leadership in both the Kansas House and Senate came from major media market areas, ability to reach these markets was essential.
- **Connecting constituents to lawmakers.** Several organizations focused specifically on tools to readily connect constituents to their elected officials. Voices for Illinois Children was able to help 2,000 constituents reach out to their state representatives via patch-through calls. Montana Budget and Policy Center partnered with Montana Women Vote to run paid and volunteer phone banks to drive supportive contacts to targeted legislators. Michigan's website (saveeitc.com) allowed constituents to easily send email in support of the EITC to their lawmakers, legislative leaders, and the governor.
- **Lifting up the voices of EITC recipients.** All organizations focused some aspect of their messaging on portraying EITC recipients - highlighting who actually receives the EITC

and lifting up these voices. Maryland CASH Campaign, for example, used pass-through funding to collect and tell clients' stories about the value of the EITC and the proposed impact of expansions. The Michigan League for Public Policy used videos as powerful statements of how the EITC has affected individuals. The Montana Budget and Policy Center organized a strong showing at the legislative hearing that included testimony from current and former EITC recipients.

- **Engaging professional consultation.** Several organizations hired professional consultants in areas where they could use increased expertise and assistance, including legislative strategy development and implementation, polling, and technical support. By engaging experts, the organizations were able to more finely target efforts. For example:
 - The Fiscal Policy Center at Voices for Illinois Children used a contractor to update EITCWorks.org, creating accessible district-specific data.
 - Maryland CASH Campaign noted that given the large potential price tag for their proposed legislation, a consultant would be critical to securing legislative buy-in at a leadership level and crafting messages rooted in the current political context.
 - Kansas Center for Economic Growth hired a communications consultant to help develop messaging for a multi-branded messaging approach with key partners.
 - In Michigan, a consultant worked with the League and CBPP to develop polling questions to gauge support for the EITC, to shape messaging, and to create the state EITC-specific website.

Summary of Results and Learnings

As part of their contracts, organizations were asked to report on the successes and challenges they faced in their messaging to introduce, preserve, or expand the size of their states' EITC programs. A few states cited concrete successes. For instance, Kansas preserved the EITC despite budget shortfalls. Although Montana's legislation was ultimately killed in the House Appropriations Committee, the fact that the bill passed out of the House Taxation Committee and onto the House Floor was the most progress a state EITC bill had made since 2009. In the three other states, final outcomes are still pending; however, in all states significant groundwork has been laid. Collective highlights are described below.

Successes:

- **Cultivating non-traditional champions.** Through one-on-one meetings, small events, and targeted messaging, organizations successfully educated and cultivated champions, especially non-traditional ones. Advocates in Kansas cited the support of the Chair of the Senate Tax Committee as a success. This long-time policymaker was not a natural champion of the EITC and his and others' public comments during the tax debates will enable advocates to hold policymakers accountable when efforts to reduce or eliminate the EITC arise in the future. Success in Michigan included a number of Republicans speaking out against elimination of the EITC as the Senate debated and voted on their plan. In Illinois, due to legislator education efforts, a bipartisan group of lawmakers who have been negotiating a budget deal continue to include EITC expansion in every draft.

- **Coalition building.** All organizations cited the positive impact of having resources to support coalition-based work in their state. The Michigan and Kansas groups re-engaged coalitions and advocates in Maryland created and led a state coalition to expand the EITC. Maryland also found that while individual sign-ons are important, endorsements from larger coalitions were key and these relationships were fostered. Advocates in Montana developed relationships with the Montana Credit Unions Network and the Montana Chamber of Commerce, both of which were strategic and important allies.
- **Laying the groundwork for support.** All organizations noted that future debates will be better informed because of the groundwork laid in this legislative session. Several grantees cited creating educational resources - including interactive websites, district-level fact sheets, and other materials such as infographics - that were useful during this year's campaign and will continue to be useful in future campaigns.

Challenges:

- **Timing.** Although the five campaigns worked in very different political contexts, almost all noted the challenges of timing during this past year. Whether it was not having adequate time to create a session-long campaign around the EITC in Montana, waiting for a bill drafting process that took much longer than expected in Maryland, or facing the uncertainty of an unresolved budget discussion in Illinois and an unpredictable legislative schedule in Michigan, advocates in each of these states faced unexpected timing challenges. All of these campaigns noted the difficulties, but were able to move their strategies forward.
- **Lack of transparency.** Advocates in Kansas experienced a slightly different structural challenge and noted that there was little transparency or notice of legislative discussions or hearings during the past session. Some bills were only conceptually introduced, allowing the Kansas group and their partners no opportunity to produce analysis or reference bills during advocacy efforts. While the Kansas Center for Economic Growth and its partners routinely monitored legislative calendars for hearings, the 2015 session saw an unusual move by policymakers to call for comment during committee meetings and consider this sufficient for a full hearing on bills.
- **Competing priorities.** Some organizations discussed the struggle of making the EITC a priority during this period of fiscal challenge. Even in a state with a budget surplus, Maryland advocates found themselves in competition for funding and at odds with the campaign of one of their primary partners.

Lessons Learned:

- **Business leaders can be effective messengers.** Advocates in Montana worked to gain the support of the State Chamber of Commerce and believe that the voice that was missing from the debate was local business. Moving forward, advocates hope to cultivate and strengthen relationships with business leaders.

- **Fraud arguments are still pressing.** Advocates in Kansas noted that for the first time in the debates surrounding the state EITC, arguments regarding fraud and overpayment were leveraged by policymakers seeking to erode the credit. Well-developed messaging strategies to equip partners to counter this argument will be important to neutralizing this approach in the future. Advocates in Montana did in fact contend with fraud arguments, but were able to diffuse the concerns with a “myth buster” document.
- **Connect the EITC to “making work pay.”** Advocates in several states stated that making a clear connection to work and “working families” helped garner more support for the EITC with both partners and legislators.
- **Know your neighbors.** Advocates in Kansas contended with arguments that the state’s EITC was one of the highest in the region and therefore policymakers should consider falling in line with the region as a whole by reducing the state credit. Advocates were able to pivot and lift up the number of progressive features of surrounding states’ tax codes to counter the argument that Kansas was out of synch.
- **Emphasize bi-partisan support and tailor messages.** Advocates trying to garner bi-partisan support used quotes by and evidence of Republicans championing the EITC on the state and federal level and tailored their messages to their audience. Advocates in Illinois, for example, found that Republican legislators were most receptive to narratives around local economic benefits and the promotion of work while for Democrats, highlighting the anti-poverty effects of the EITC and tax fairness arguments was particularly powerful.
- **Frame the EITC as part of a broader message of “economic opportunity” for the state.** Advocates reported that inserting the EITC into broader dialogues about the economic health of the state worked well. Montana advocates, for example, pressed the narrative that a state EITC is good for working families, businesses, AND local economies. Advocates in Kansas found that using messaging around EITC recipients spending their refunds locally and supporting the Kansas economy worked given the emphasis on the state becoming a consumption-based economy.
- **Emphasize potential income mobility.** Advocates in Montana found that testimony from *former* EITC recipients was compelling as it emphasized that EITC can be a short-term assistance tool and recipients are much more likely to “income out” of the program when they are working.
- **Talk about tax fairness.** Advocates in Michigan and Maryland noted that tax fairness arguments resonated with the general public. Advocates in Maryland found that most individuals understand the policy value of not focusing solely on tax benefits for the wealthy and for business without a balance for low-income workers. Research in Michigan also showed that people see the EITC as a way to make the tax system more fair.

- **Less is more.** Advocates in Maryland found that there was some confusion about who is covered by their proposal. Separating out single filers from those with dependents was at times perceived as technical and confusing. The group overhauled their one-pager and materials to include infographics and less text.

What's Ahead for EITC in Each State?

- **Kansas:** Despite passage of a revenue-raising package during the 2015 Kansas Legislative Session, policymakers failed to address the underlying problem of the unprecedented and unaffordable 2012 and 2013 tax policy changes that will continue to drain the state of revenue. The additional revenue raised as part of the budget in the 2015 session was a combination of one-time transfers and regressive sources, leaving the need to raise additional revenue in the coming years. While tremendous gains were made in advancing the conversation around the need for responsible revenue and protecting progressive features of Kansas' increasingly regressive tax structure, advocates expect that until there is an ideological shift in the make-up of the majority in power, the EITC will continue to come under threat on an annual basis.
- **Montana:** Although there was no full legislative victory this year, advocates are excited by the widespread and diverse support that occurred and will continue to foster the relationships built and will continue building them leading up to the next session. Governor Bullock supports establishing a state EITC, though it has never been included in his budget. The Montana Budget and Policy Center will need to think through how to engage the Governor on this issue. For example, with a continued conservative legislature, it is not always helpful to have a proposal included in the Governor's budget (it can become a political target). Advocates believe there is a moderate Republican willing to sponsor EITC legislation in the 2017 session. Building that relationship will be key as will discussing this topic with other moderate Republicans.
- **Illinois:** Advocates believe it is likely that the EITC may be expanded in the next 12 months. While a budget solution is not yet in sight, the General Assembly and Governor will reach an agreement. There are high-profile EITC champions who have committed to expanding the EITC and Governor Rauner has previously signaled his support for EITC expansion. Fiscal Policy Center at Voices for Illinois Children will continue to work to ensure that EITC expansion remains a priority for lawmakers. One outstanding question is what level any EITC expansion would be. Advocates have educated lawmakers about the benefits of doubling the EITC from 10% to 20% of the federal credit over a 5 year period (in equal 2 percentage point increments each year). Some have suggested moving the EITC immediately from 10% to 15% of the federal credit.
- **Michigan:** At the time of the report summary, it remained difficult to predict the future of the state's EITC. Although the road funding plan had passed in the House, the plan did not win approval in the Senate, and negotiations reached an impasse. Ultimately, advocates successfully kept the EITC cuts out of the road funding bill. Michigan advocates have learned that there is good general support for the state EITC (polling in the state showed that two thirds of voters support the Michigan EITC and are opposed to

plans to eliminate it to support road funds) and will continue to work with the coalition and use the website and tools put in place during the campaign.

- **Maryland:** At the time of the final report, advocates hoped that the EITC would be expanded to include non-custodial parents and younger workers and would be matched at 100% of the federal credit for this group when the bill drops during this legislative session. Maryland CASH Campaign was also working hard to expand the income requirements for EITC eligibility for single filers aged 18-24. Now that the 2016 legislative session has started, things are moving quickly. There are now three EITC bills before the General Assembly. One from the Governor (Republican) accelerates the 2014 EITC expansion to 28% in one year (instead of four). The other two bills focus on the childless worker expansion PLUS the acceleration of the 2014 expansion and increasing the EITC to 30% of the federal credit, respectively.

Sample of Key Communications Materials Developed by Awardees

Kansas:

- [Why Lawmakers Should Leave EITC Alone](#) (Wichita Eagle, Editorial board in key legislative district)
- [Preserve Tax Credit](#) (Kansas City Star op-ed by United Way of Greater Kansas City, EITC Partnership member)
- [Protect Low-income Tax Credit](#) (Wichita Eagle op-ed by Sisters of Charity of Leavenworth, EITC Partnership member)
- [Preserve Kansas' Earned Income Tax Credit](#) (infographic)
- [EITC: A Tax Credit that Works for Working Families](#) (policy brief)

Illinois:

- www.EITCWorks.org (includes statewide and district-level data and related fact sheets)
- Email blasts to Voices' email list:
 - [May 11, 2015](#)
 - [May 19, 2015](#)
 - [May 27, 2015](#)

Maryland:

- [Baltimore Sun Op Ed](#) by Congressman Cummings (based on education materials provided by awardee)
- One pager on childless worker concept (visual by The Hatcher Group) – attachment
- [Supporter sign on](#) (individual and organizational)
- Augustine Commission recommends supporting the EITC and accelerating the 2014 EITC expansion - picked up widely, so this is just a sample. ([WBAL TV](#), [Baltimore Sun](#), [Washington Post](#))
- Governor Hogan proposes accelerating the 2014 EITC expansion - also just a sample ([Washington Post](#), [Baltimore Sun](#), [Maryland Reporter](#))

Michigan:

- www.saveeitc.com (includes data, updates and engagement opportunities)
- [Any State Roads Plan Needs to Retain Earned Income Tax Credit](#) (Crain's Detroit Business Op-Ed)
- [Michigan Needs to Keep EITC](#) (The Detroit News Op-Ed by Common Sense Kids Action)
- [Road Plan is a Tax Hike on Working Families](#) (Hometown Life Editorial)
- [Supporters Stand Up for Earned Income Tax Credit](#) (WILX News Report)
- [Save Our EITC: Meet Ramona](#) (personal story)

- [At Risk, a Lifeline for the Nation's Working Poor](#) (Detroit Free Press op-ed by faith leaders on the federal EITC)
- [Help Support Veterans with Pro-Work Tax Credits](#) (Lansing State Journal op-ed on the federal EITC)

Montana:

- [Montana Credit Unions Support Hard Working Families](#) (Op-ed in The Missoulian)
- [A State EITC Helps Montana's Economy](#) (blog post)
- [EITC Matters to Montana's Rural Communities](#) (blog post)
- [How Does a State Earned Income Tax Credit Work?](#) (blog post)
- [A Montana Earned Income Tax Credit Helps Low-Income Working Families and Bolsters the Economy](#) (blog post)

For more information on the GIST and EITC Funders Network EITC Rapid Response Fund please contact Ami Nagle at 202-379-2929 or anagle@gistfunders.org