



EITC Rapid Response Fund 2017 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 with emergent state EITC policy, research and communications needs. 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: Millions of people are working hard and still struggle to make ends meet. Working families living in poverty need both immediate relief and support that will help increase their children’s chances to move out of poverty in the future. The Earned Income Tax Credit (EITC) puts money back into the pockets of working families to help them to reduce the impact of poverty today— so that they are able to buy groceries, pay utility bills, and buy school supplies—and also helps them begin to break the cycle of poverty for future generations by getting additional education and training, better transportation, and saving for their children’s education. The EITC is one of the nation’s most powerful tools for reducing poverty—it kept 5.8 million people, half of whom were children, out of poverty in 2016. In addition to the federal EITC, 29 states and the District of Columbia now have state EITC policies that build on the impact of the federal policy.

2017 Rapid Response Fund Activities (*as of 12/31/17*): Currently, the Fund supports two kinds of activities: program contracts to support the work of state groups and technical assistance provided by national partners.

Program Contracts to State Groups: Since 2012, The Fund has awarded 34 rapid response contracts to state networks in 19 states, for a total of \$864,000 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
2016	5	\$180,000	Hawaii, Kansas, Maryland, *Missouri
2017	3	\$105,000	Hawaii, Michigan, and Montana
TOTAL	34	\$864,000	19 states

**two contracts awarded in same year*

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 provide direct technical assistance to Rapid Response Fund awardees and share learnings with the field. For example, in 2017, national field partners:

- Provided one-on-one communications strategy advice and reviewed and edited written work of Rapid Response Fund awardees;
- Participated in meetings and conference calls with local coalition partners hosted by state awardees to help shape strategy and build communications and advocacy capacity;
- Created infographics and other visualizations to support the communications objectives of awardees;
- Developed case studies of state EITC policy and advocacy campaigns;

- Conducted focus groups to help develop messages related to expanding the EITC to childless workers;
- Presented learnings at national policy and advocacy conferences;
- Tracked media coverage of state EITCs; 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). EITC Fund awardees contributed by sharing learnings with each other and the field through one-on-one peer technical assistance and presentations at field conferences.

2017 Rapid Response State Contract Overview:

State	Organization	Contract Amount	Date of Award	Strategy	Outcome/Status
Michigan	Michigan League for Public Policy	\$45,000	December 2016	Protect	Prevented reduction or elimination of state EITC despite significant threats from legislature.
Montana	Montana Budget and Policy Center	\$45,000	February 2017	Create	A refundable state EITC at 3% of the federal credit was passed with broad bipartisan support.
Hawaii	Hawaii Appleseed Center for Law and Economic Justice	\$15,000	March 2017	Create	Established a non-refundable state EITC at 20% of the federal credit.

Key Rapid Response Fund Awardee Activities

Rapid Response Fund awardees engaged in a variety of analysis, education, communications, and outreach activities. Although the campaigns ranged geographies and varied from defensive to offensive, awardees utilized some similar approaches, including:

- **Increasing dedicated staff support:** All three awardees used funds to hire consultants or staff to support communications activities. In Montana, former staff were brought back on a part-time basis to write blogs, guest editorials, talking points, and letters to the editor. In Hawaii, a communications consultant was hired to write op-eds, press releases and support social media strategies. In Michigan, a strategic communications firm was hired to run a positive campaign calling for the restoration of the state EITC after threats to reduce or cut the state EITC were blocked.
- **Coalition building and engagement of new allies:** All three awardees used funds to support coalition building efforts and several focused outreach efforts on engaging nontraditional partners. In Hawaii a new coalition was formed, including “unexpected”

allies such as the Sierra Club. In Montana, new allies, including the Montana Association of Christians, Northwestern Energy (Montana's largest utility), United Way, and the AFL-CIO served as powerful messengers. In Michigan, the Michigan League of Public Policy served as the primary convener of the EITC coalition and provided strategy and communications support to coalition partners.

- **Developing new messaging materials and securing media placement.** Each state created targeted messaging materials and worked to secure media coverage of their EITC campaigns. In Hawaii, op-eds, videos and a polling report were published, and legislative testimony generated to help make the case for a state EITC. In addition, a new web site and Facebook page were created, providing a central hub for updates, social media distribution and legislative advocacy. In Michigan, the League commissioned a poll, provided legislative testimony, placed op-eds, created a new blog, updated county and district level fact sheets and released new reports. In Montana, earned and paid media was secured in traditional and social media outlets, including guest editorials, talking points, letters to the editor and Facebook ads. Phone banking was also utilized to secure broad-based support.
- **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. For example, in Hawaii, short videos were created to capture personal stories of EITC impact and in Montana, the voices of real, hard-working people (including a grandmother raising her granddaughter and a former EITC recipient and survivor of domestic violence) provided powerful legislative testimony.

Summary of Results and Learnings

The rapid response element of The Fund was established in 2011 and developed as a mechanism to support the quick dissemination of targeted funds to state groups engaged in key communications battles. With more than six years of experience administering the RRF, we have been able to work out some of the “kinks” in our approach and develop a strong and trusting relationship with all Fund partners and recipients. This rapid response mechanism could easily be replicated to support other policies where there was a need for the quick dissemination of targeted funds to the states. As part of their contracts, organizations were asked to report on the successes and challenges they faced in their efforts to introduce, preserve, or expand the size of their states' EITC programs.

Successes:

- **New state EITCs were enacted in Montana and Hawaii.** A refundable state EITC at 3% of the federal credit was passed with broad bipartisan support in Montana. Approximately 80,000 working low-income families in Montana will benefit from the law. A nonrefundable state EITC at 20% of the federal credit was passed in Hawaii. This was a true breakthrough with EITC bills having been introduced, on and off, for at least the past 20-plus years.

- **Michigan was able to preserve the state EITC.** In Michigan, advocates were not only able to protect the state EITC from cuts or elimination, but also began to proactively build support for restoring the EITC to 20%.

Challenges:

- **Unpredictable legislative process.** In some cases, a lengthy process made maintaining awareness of the EITC and focus of coalition partners a challenge while in others, a speedy process left advocates scrambling to respond. For example, in Michigan, advocates did not anticipate the income tax repeal (EITC repeal) bill would move so quickly in the first few weeks of the new session and wished they had prepared for this right out of the gate.
- **Limited state revenue.** While not a new issue, the challenging fiscal landscape continues to make work to advance or protect state EITCs difficult. And, given the complexities of state revenue debates, the EITC is often caught up as a “pawn” in part of a larger game of state fiscal chess. For example, in Montana, the EITC was used as a bargaining chip for other legislative efforts, causing delays and creating new hurdles for advocates to overcome.

Lessons Learned:

- **It takes a village.** All awardees cited the positive impact of having resources to support coalition-based work in their state. Awardees used funds to strengthen existing partnerships and engage new allies (including business and faith communities), broadening the base of their support and cultivating new messengers and champions.
- **The importance of dedicated staffing.** All awardees used funds to hire consultants or staff to support communications activities, increasing their capacity for new and targeted strategies and products.
- **Messaging around refundability and fraud remain a challenge.** While refundability is a critical component of the effectiveness of the EITC, it is difficult to describe and defend. For example, a refundable tax credit was advocated for in Hawaii, but ultimately a non-refundable credit was passed, leaving advocates wishing they had highlighted the refundability issue earlier and more often. In Michigan, advocates found messaging around fraud and abuse continues to be a challenge, even with strong talking points.
- **Lifting the voices of those most impacted.** Several awardees noted incorporating the voices of those most impacted by the state EITC to be an effective strategy. For example, in Montana, advocates engaged constituents through citizen advocacy days where they shared personal stories with opinion leaders on how the federal EITC has impacted their lives and the importance and benefits of a state EITC. In Hawaii, short videos were created to capture personal stories of EITC impact and hundreds of citizens submitted legislative testimony.

Examples of Communication Materials:

Hawaii:

- Web Site (www.hitaxfairness.org): Created with assistance from the Rapid Response Fund. Coalition branding increased traffic and credibility. The [Stories of Tax Fairness page](#) was the most visited page of the site other than the home page.
- The Hawaii Tax Fairness logo/sticker: Having a logo and sticker that tax fairness supporters could wear to legislative hearings was helpful. It made it easy for legislators to see the volume of support for the tax fairness initiative.
- [Op-ed](#): If wealthy can get tax breaks, why not low-income earners? By Philip Ching, Randolph Moore and Crystal Rose, Honolulu Star Advertiser, Posted February 09, 2017. This op-ed, written by three wealthy and well-respected business and community leaders, was identified by legislators as being particularly helpful.
- [Working Family Tax Credit Infographic](#): This infographic, created by The Hatcher Group, was a well-received succinct summary of the benefits of a state EITC.



Michigan:

- The League [commissioned a poll](#) that showed that Michigan voters strongly oppose eliminating the income tax without a replacement.
- Along with its partners, [the League testified in opposition](#) to the repeal in the House Tax Policy Committee.
- The League [placed an op-ed](#) outlining the dangers of the repeal proposal.
- The League took advantage of EITC Awareness Day in January and released a [press release](#), published and promoted a [blog](#) on social media, and placed an [op-ed](#) from a local free tax preparer in the Lansing State Journal.
- The League updated its [county fact sheets](#) and its [legislative district fact sheets](#) to show the benefits of the EITC and the even greater benefits if the EITC were restored to 20%.
- The restoration of the EITC was included as a policy recommendation in the League's [Making Ends Meet Report](#).

Montana:

- Montana released [three separate Facebook ads](#), urging constituents in specific districts to contact their legislators to support HB391.
- [HB 391 – The Montana Earned Income Credit: Helping Montana's Working Families and Economy](#). This report provided detailed information for legislators and the public on the proposal to create a state Earned Income Tax Credit.