



EITC Policy Development Fund – First Cohort

Impact Summary

Background

The EITC Policy Development Fund (PDF) was established in 2015 to provide multi-year support to state-based policy groups laying the groundwork to develop or improve state EITCs. Awards are made in the early Fall at \$75,000 a year for two years. Awardees may be eligible to apply for additional support at the end of their two-year contracts if funds are available. The PDF is administered by Economic Opportunity Funders (EOF) and the EITC Funders Network in partnership with the Center on Budget and Policy Priorities (CBPP) and The Hatcher Group. EOF and the EITC Funders Network support a virtual fund structure – 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

Many working families with children struggle to make ends meet on low wages. A full-time job at the federal minimum wage yields about \$15,000 — often insufficient income for a family to afford food, transportation, and other basic necessities. The EITC, a federal tax credit for people earning low and moderate pay, boosts income and improves the outlook for children in low-income households. It also helps women and communities of color — two groups that disproportionately work in low-wage jobs — see the fruits of their labor and share more fully in economic growth. State lawmakers can build on the proven effectiveness of the federal EITC to address low wages with a state-level credit.

The EITC is one of the nation’s most effective tools for reducing hardship for families and children. In 2017, 27 million workers and families received the EITC, lifting 5.7 million people — over half of them children — out of poverty. In addition to the federal EITC, 29 states, the District of Columbia, Puerto Rico, and New York City now have state and local EITC policies that build on the impact of the federal policy.

2015-2018 Policy Development Fund Activities

The EITC Policy Development Fund (PDF) was established in 2015 to provide multi-year support to state-based policy groups laying the groundwork to develop or improve state EITCs. To help maximize learning

and shared experiences, the PDF decided to focus on selecting participants from southern states. The South was chosen because of the tremendous need to raise awareness of the value of state EITCs in this deep-poverty region, to encourage peer learning through shared experiences, and to work collaboratively with the vibrant community of local and regional southern funders. The PDF released a Request for Proposals to policy and advocacy groups in 10 southern states. A competitive review process led to the award of three, two-year PDF awards to the Georgia Budget & Policy Institute, Hope Policy Institute (Mississippi), and the West Virginia Center on Budget and Policy. In each of these states, the goal was to build capacity—internally and among partners—to build public and political will to create a state EITC. Due to progress made to build capacity, Georgia and West Virginia were awarded a third year of PDF support¹.

[The Georgia Budget & Policy Institute](#) (GBPI) launched a communications and engagement campaign to raise awareness of the value of developing a refundable state EITC set at 10% of the federal credit. This award helped GBPI develop outreach and communications materials, build new partnerships, organize meetings to coordinate partner organizations, publish EITC research, develop a campaign website to engage the broader public, and identify allies to write letters, tell stories, and energize the public.

By the end of the three-year PDF award, multiple EITC bills were introduced in both the House and the Senate. Education with key lawmakers has gone well and they are hopeful that lawmakers will enact a credit in 2020.

[Hope Policy Institute](#) (formerly known as The Mississippi Economic Policy Center) worked to grow their strategic communications around establishing a state EITC. The Hope Policy Institute used this award to develop a website devoted to information on a state EITC, produce factsheets for legislators about the benefit of a state EITC to their district, partner with nonprofits and advocacy organizations to develop a message that reaches multiple stakeholder groups, and launch a social media campaign highlighting EITC benefits. Unfortunately, the state's terrible fiscal crisis has meant that significant policymaker attention has gone to finding ways to reduce the budget and not increase it (as would an EITC).

[The West Virginia Center on Budget & Policy](#) (WVCBP), West Virginia Healthy Kids and Families Coalition, and West Virginia Alliance for Sustainable Families are coming together to raise awareness of enacting a state EITC at 15% of the federal level. This award helped WVCBP convene a state-wide tax coalition to articulate a vision for fixing the state's upside-down tax code ahead of the legislative season and hold policy workshops, a policy symposium, and in-district community meetings. WVCBP also led a public information campaign with the assistance of potential EITC beneficiaries, religious organizations, the banking and finance industry, local businesses, and West Virginia Head Start.

Legislation to create a West Virginia EITC has been introduced for the past three legislative sessions and has bi-partisan support with lead Republican sponsors in both the West Virginia House and Senate.

¹ The Georgia Budget and Policy Institute and West Virginia Center on Budget and Policy both applied for and were awarded a Campaign Fund allocation after their PDF awards ended. Because each organization built enough internal and external capacity over the three years of PDF support, both were ready to apply for Campaign Fund support. Visit the [EOF website](#) for addition information on the Campaign Fund.

Despite promising developments, lawmakers turned their attention to issues related to teacher pay in 2018. WVCBP hopes to capitalize on new legislative support for the EITC through 2019 and into 2020.

In 2017, two additional states were offered Policy Development Fund awards—Arkansas Advocates for Children and Families and Commonwealth Institute for Fiscal Policy (VA)—their first round of capacity support will end in June 2019.

Lessons Learned

While the political and organizational ecosystem of the states and strategies of the groups varied, several themes emerged:

- **Building capacity takes a variety of forms**—The PDF supported capacity building for robust state EITC policy, research and advocacy efforts. Key capacity building outcomes included:
 - **Increased human resources** -- All awardees used PDF funds to hire new staff or to cover existing staff time to dedicate to EITC efforts. Additionally, one awardee hired a consultant to do outreach to legislators with whom they historically did not have access. Increasing staff capacity was a necessary first step in bolstering awardee capacity to advocate for an EITC. For example, West Virginia expanded staff to be the primary message carrier and outreach coordinator of their EITC work. This dedicated capacity allowed the organization to step into a lead position and bring substantial support to their partners.
 - **Increased advocacy know-how** -- PDF awardees experienced advances in their own advocacy capacity (with technical assistance from CBPP and The Hatcher Group), and built the advocacy capacity and buy-in of their in-state partner organizations via messaging trainings and one-on-one meetings. Awardees expanded their ability to make the case for a state EITC through creating and disseminating data reports. For example, Mississippi published the first report examining the impact of a state EITC and developed the messaging that helped them to explain the policy's impact.
 - **Expanded and more productive relationships with partner organizations** – Awardees identified that building capacity to advance the EITC meant generating buy-in around an EITC with partner organizations and encouraging partners to adopt an EITC as a talking point and policy goal in interactions with legislators. Building partnerships with organizations who echoed the importance of an EITC improved the perception that support for an EITC was more widespread. For example, Georgia developed relationships with a small number of close-in partners to help create and implement their EITC strategy. This approach was an effective way to ensure that a few key partners were willing to co-lead the effort to build the case for a state EITC.
 - **Increased influence with the opinion leaders** -- This was a top-tier increase in capacity generally achievable only after building staff capacity, advocacy capacity, and relationship capacity. For PDF awardees, just scheduling a meeting with opinion leaders on issues impacting low-income families could be a challenge. But as their work advanced, they noted that they were finally able to schedule—and keep—meetings with

important members of the legislature. For example, Mississippi used the advent of the publication of their policy report to set a meeting with opinion leaders, create new relationships with legislators, and were invited to the House Democratic Caucus and the Mississippi Black Legislative Caucus. Efforts in Georgia led the issue of tax credits to support working families to become a plank in the platform for a candidate for Governor.

- **Developing specific connections to new audiences** – Both Georgia and West Virginia found success in creating targeted messages and materials for key partners. The partners were able to connect with new audiences and deliver the EITC message in ways that the awardee couldn't. For example, Georgia developed targeted messaging linking EITC to improved health outcomes. They found that organizations focused on children or on health quickly showed their support of a potential state EITC when they learned of the new Emory-led study linking state EITCs to healthier birth weights among infants, which lead in turn to children doing better in school and eventually earning higher wages. Georgia used this same approach to targeted messaging with military families and women's rights advocates. West Virginia developed targeted messaging and relationships with bankers. Their partnerships with the West Virginia Bankers Association brought a new voice to the conversation and lent a different level of credibility to their campaign.
- **Improving advocacy across policy campaigns**– Allowing awardees time to build their own expertise and relationships without expectation of policy change outcomes shifted the conversation to building for the long-term. This long-term thinking turned out to have lasting impacts for both Georgia and West Virginia. For example, in West Virginia, the engagement of local grassroots partners in EITC issues enabled them to develop deep relationships that they have been able to return to over time and on other issues. In Georgia, the shift in strategy to develop relationships with a smaller cadre of close in partners with deep investments in a state EITC led them to use this same approach—going for deep quality relationships—in other policy campaigns.