



State EITC Policy Development Fund Second Cohort Impact Summary

Background

Established in 2015, the State Earned Income Tax Credit (EITC) Policy Development Fund (PDF) was developed to provide multi-year support to state-based policy groups laying the groundwork to develop or improve state EITCs. Proposals are requested by invitation and 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 intended to support the development and execution of EITC state policy work. While generous, these funds are not intended to comprise the entirety of a campaign or effort. It is anticipated that these funds will be part of a larger effort. Awardees have technical assistance available to them from the Center on Budget and Policy Priorities and the Hatcher Group and are required to work with these firms to discuss campaign strategy, coalition building, and communications.

To date, \$1,540,000 has been awarded to seven state networks in policy development funds (AR, FL, GA, MS, PA, WV, VA) and \$75,000 to three state networks in policy development planning funds (FL, ID, PA).

The PDF is one of four funds 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 awardees. 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 Earned Income Tax Credit (EITC) puts money back into the pockets of working families struggling to make ends meet. It helps provide immediate relief— so that they are able to buy groceries, pay utility bills, and buy school supplies—and 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 lifts more than 6 million Americans, including 3 million children out of poverty each year, making it one of the nation’s largest and most successful anti-poverty programs. In addition to the federal EITC, 29 states and the District of Columbia have established state EITCs.

2017-2020 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.

Initial Geographic Focus on the South

To help maximize learning and shared experiences, the PDF decided to begin with a focus on supporting state EITC policy development in the South. 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.

First Cohort (2015-2018): 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 support. Learn more in our first cohort impact summary [here](#).

Second Cohort (2017-2020): The PDF released a Request for Proposals to policy and advocacy groups in four southern states. A competitive review process led to the award of two, two-year PDF awards to Arkansas Advocates for Children and Families and The Commonwealth Institute (Virginia). In each of these states, the goal was to build capacity—internally and among partners—to build public and political will for refundable state EITCs.

Arkansas Advocates for Children and Families: Operating in Arkansas, where there is no current EITC policy in place, Arkansas Advocates for Children and Families (AACF) aimed to improve the understanding of state-EITC among policymakers and influencers, engage strategic partners and supporters in the work, and create and implement a statewide communications plan. They sought to do this by cultivating legislative supporters and allies, engaging non-traditional allies in the health care and business communities, and increasing public support and awareness for state-EITC.

By the end of year three, despite the conservative political landscape, the PDF investment has allowed AACF to make progress. Through their outreach, they have begun to cultivate champions in the legislature and in 2019, EITC legislation progressed farther than it ever has in the past. Engaging strategic partners, particularly in the health care community, provided the most forward momentum

and was a key element in the Senate’s passage of state-level EITC legislation in 2019. Although they did not make the expected progress in the implementation of a statewide communications plan, this remains a project strategy, and a statewide communications plan is being developed with strategic partners. Polling is being conducted to further this goal and should be incorporated into the plan in time for the 2021 legislative session.

The Commonwealth Institute: The Commonwealth Institute (TCI) aimed to ensure that a refundable EITC was included in the ongoing debates in Virginia about the future of state tax policy. After the state General Assembly passed a large tax package during the 2019 legislative session, The Commonwealth Institute (TCI) pivoted to make the case for a refundable Earned Income Tax Credit (EITC) as a way to include taxpayers who were largely excluded from that deal. They proposed to make the most of the inequitable tax package as an organizing mechanism; bring people together who would be directly impacted by a refundable EITC into the policy debates around the issue; and capitalize on the momentum from the prior session to build stronger champions and advocacy partners for the campaign.

As a result of the work undertaken during the grant period, TCI now has a large outreach list of families who would directly benefit from a refundable state EITC, and who are engaged to take action. They have also built and engaged an active coalition around the issue. Finally, at the start of the 2019 legislative session, most Virginia state lawmakers had limited to no understanding of how the EITC works. Now it has become a mainstream talking point in tax policy conversations in the General Assembly and is supported by the increasingly powerful Virginia Legislative Black Caucus.

Lessons Learned

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

1. **There was progress despite the challenging contexts:** Both grantees operate in politically challenging contexts and struggled to gain traction in their respective political ecosystems—often meeting with hostility and ambivalence. Despite this, they have made progress to create strong foundations and forge new alliances to support the EITC work. And, they leave the funded period with tools and approaches honed for the specific contexts and increased capacity to engage partners.
2. **Outreach capacity increased:** The PDF supported capacity building for robust EITC outreach and awareness efforts. Key capacity building outcomes included:
 - **Increased awareness of EITC**—Both organizations were able to increase their ability to raise awareness of EITC. TCI strengthened its outreach to directly impacted families and other supporters of the policy. Through social media campaigns and texting they were able to expand their mailing list so they now have a large outreach list of engaged families who would directly benefit from a refundable state EITC. Related to this, the social media presence of the Virginia Work Credit Coalition (as measured by “likes” and “followers”) grew enormously, from just a handful of people to over 2,000. Additionally,

TCI has received media coverage from several state media outlets that highlighted their analyses. ACFE has also continued to uplift the state-EITC as a policy solution using both earned and social media. For example, their Health Impact Assessment of a potential state-EITC in Arkansas received coverage by Pew and they advocated for a state-EITC in the Arkansas Democrat-Gazette. Like TCI, they utilized social media and in addition engaged in 11 Events/Presentations to organizations during which EITC was a focus.

- ***Forging new relationships to further the work***—Relationships are critical to this work and as a result of the grant funding, both organizations were able to forge new relationships, cultivate new and stronger champions and advocacy partners, and bring the EITC to new audiences. An important milestone for ACFE has been the progress made to nurture relationships in both the health care and business sectors, as shown by the support of a state-EITC by the Arkansas Chapter of the American Academy of Pediatrics. They have also started to work more closely with Entergy and other businesses friendly to a state-EITC. Similarly, TCI built an engaged and active coalition around the issue and worked with several partner organizations, including the United Way of Greater Richmond and Petersburg where they spoke to tax filers at their free tax prep site.
- ***Increasing the capacity of other partners working in the field*** — Both organizations increased their capacity to engage partners, allowing them to work with old partners and new on a wider variety of policy issues. For example, TCI was able to help some advocacy partners engage more deeply on the issue. They held coalition meetings and using overlap with some federal EITC work, supported several partner organizations to place op-eds in newspapers, including in Northern Virginia and Roanoke. Finally, they coordinated testimony among partners for the legislation during subcommittee. Three partner organizations testified in support.
- ***Re-framing the EITC***—Although the details of the work differ, both organizations have learnt about re-packaging the EITC. For example, ACFE built their communications capacity by conducting focus groups exploring how to frame the state-EITC for conservative audiences. It is the hope that this will help them devise strategies to move conservative lawmakers on other critical policy priorities, like juvenile justice reform, education, and health care. TCI was called to re-frame in a different way. They leveraged the wider discussions around race and racism happening in Virginia, to make a more explicit racial equity case for the EITC. This has helped to move the effort forward.
- ***Building understanding of complex issues***—For both organizations, one of the most important learnings has been that tax policy, especially around a somewhat technical tax credit, is often complicated and creates a communications challenge. Both organizations are planning strategies to mitigate this in future efforts.

3. **With change come challenges and opportunities:**

- In a field where relationships are critical to progress, both groups faced turnovers—one within their organization and the other within the political environment, with a new political party in power. Both of these shifts impeded progress.
- In addition, the advent of COVID-19 caused unforeseen instabilities and shifting priorities at all levels. Given the pandemic and societal outrage around racial inequity, both organizations saw opportunities within these challenges. While TCI started to build a connection between tax credits and racial equity in 2018, as a result the pandemic they began to strategize around how the EITC can fit into the post-pandemic tax policy landscape and how the proposal could potentially be adjusted to overcome some of the past policy/advocacy challenges and resonate with future policymakers. In Virginia, the dialogue around racism allowed TCI to make a more explicit racial equity case for the EITC that helped to move the effort forward by garnering support among lawmakers of color, the Virginia Legislative Black Caucus (VLBC), and the Virginia Latino Caucus. In Arkansas, the economic fallout from COVID-19 has increased public awareness around the need for relief that a state-EITC would address and AACF is now exploring ways to leverage this shift in the dialogue.

Bolstering Community Engagement

In 2019, The Fund decided to expand its geographic focus beyond South and bolster the community engagement aspects of its work and provide support for policy and community engagement groups to plan state EITC policy development work collaboratively. Three \$25,000 planning grants were awarded to policy, advocacy and grassroots organizations in Florida, Idaho and Pennsylvania to explore the opportunity for deeper alignment and develop a joint proposal to build capacity to undertake EITC policy development work in their state. Florida and Pennsylvania submitted proposals in 2020 and were awarded two-year contracts to establish inclusive state EITCs (PA \$120,000 a year; FL \$125,000 a year). Idaho requested an extension and will submit a proposal later this year.