



EITC POOLED FUND

A DECADE OF ADVANCING TAX FAIRNESS AND ECONOMIC OPPORTUNITY

APRIL 2022

TEN YEARS AGO, THE EITC POOLED FUND WAS JUST A NEW IDEA.

Ten years ago, the EITC Pooled Fund was just a new idea. Two philanthropic networks – Economic Opportunity Funders and the EITC Funders Network, along with partners The Annie E. Casey Foundation, the W.K. Kellogg Foundation, and an anonymous donor – saw an opportunity to align their efforts in supporting Earned Income Tax Credit (EITC) advocacy as part of their larger

goals in the fight against poverty. Now, a decade later, and with the addition of The Rockefeller Foundation and the Bernard and Anne Spitzer Charitable Trust, the Fund has awarded more than \$6.2 million to 35 state networks and four national networks, helping to advance economic opportunity for low-income workers and their families across the country.



FOCUSING IN ON THESE TOOLS OF GOVERNMENT IS A GREAT WAY TO MARRY A CHARITABLE FOUNDATION STRATEGY AND A GOVERNMENT STRATEGY.

“I don’t think in our mind’s eye, we would have imagined that we would have been seeding some of the most important efforts helping to secure state and federal expansions of the EITC and Child Tax Credit,” said Ami Nagle, co-director of Economic Opportunity Funders and director of the EITC Funders Network.

The Fund’s overarching goal is to advance tax fairness and economic opportunity for low-income workers and families through the protection and expansion of the federal and state earned income tax credits, child tax credits, and other tax credits. Over time, other goals have emerged, including building capacity of organizations and states to combine policy advocacy and grassroots engagement; and serving as a model for charitable foundations working in alignment on their economic opportunity strategy.

The focus on tax credits stems from decades of research that solidify their role among the most effective anti-poverty tools. Tax credits, such as the EITC and Child Tax Credit (CTC), have brought millions of low-income workers above the poverty level each year. They have a profound, positive impact on early childhood outcomes, health outcomes, education outcomes, and employment stability.

“Focusing in on these tools of government is a great way to marry a charitable foundation strategy and a government strategy,” said Nagle.

While the Fund has always focused on improving and expanding tax credits for low-income workers and families, its approach to this work has evolved over the last decade. In the Fund’s early days, it focused on rapid response funding – quick infusions of support to help a campaign overcome a communications challenge or seize an opportunity. Awards were made on a rolling basis and ranged from \$15,000 – \$30,000. The Fund’s leaders quickly realized that this was a narrow framework that enabled them to only help certain kinds of organizations. This led to the 2015 creation of the State EITC Policy Development Fund (PDF), which focused more on supporting state-based groups who were in the early stages of their

THE EITC POOLED FUND: THROUGH THE YEARS

2012: Economic Opportunity Funders and EITC Funders Network launch the **State EITC Rapid Response Fund**.

2015: The **State EITC Policy Development Fund** is established.

2016: The Fund conducts a retrospective evaluation of the Rapid Response and Policy Development Fund.

2017: The **State EITC Campaign Fund** is established.

2020: The **Federal EITC Campaign Fund** is established, and the fund begins connecting economic security policy and grassroots funders to help create ecosystems of change.

2012-2021



Total invested in **39** networks
\$6,253,000

work. The PDF began with a focus on supporting state EITC policy development in the South, where funders saw a tremendous need to raise awareness of the value of state EITCs in a region experiencing deep poverty. By funding groups in southern states with larger, \$75,000 awards per year over the course of two to three years, their capacity grew, and their campaigns were set in motion.

A 2016 evaluation of the first cohort of PDF awardees indicated that investing in community mobilization through grassroots partners could also bolster EITC efforts. PDF awardees described community mobilization as being critical to their efforts, especially in deeply conservative states. As a result, in 2019, the Fund decided to elevate the community engagement aspects of its work and provide support for policy and community engagement groups to plan state EITC policy development work collaboratively.

“Scholarship alone is not necessarily going to move the needle,” said Danielle Goonan, managing director, U.S. Equity and Economic Opportunity Initiative at the Rockefeller Foundation. “We need the voice of American workers to say, ‘this is an important issue for us.’”

The 2016 evaluation also indicated a middle ground between rapid response funding and long-term funding. In 2017, the Pooled Fund launched the State EITC Campaign Fund to support year-long efforts in a state where a window of opportunity to promote or defend a state EITC seems urgent. Awards range

from \$30,000 - \$125,000, depending on the size and scope of the campaign. In 2019, a new round of PDF support was offered, this time expanding to states outside of the original geographic focus on the South, increasing award sizes to \$125,000 per year, and incentivizing policy and grassroots groups to work together to develop capacity to promote tax credits in their states.

Today, the Fund is led by an advisory committee comprised of representatives from five national funders and administered by EOF and the EITC Funders Network in partnership with the Center on Budget and Policy Priorities and The Hatcher Group. The Fund supports several ancillary efforts to support the Fund’s overall goals and the field:

TECHNICAL ASSISTANCE: The Fund supports the Center on Budget and Policy Priorities and The Hatcher Group in identifying opportunities and challenges that the Fund could work to address. These partners also provide direct technical assistance to awardees and share learnings with the field through blog posts, case studies, and other resources.

POLLING AND MESSAGE TESTING: Partnering with national research firms, Hart Research and Topos Partnership, the Fund supported new research in 2012 and 2015 on the most effective EITC messaging through polling, focus groups, and other message testing.

EVALUATION: Between 2016 and 2018, the Fund conducted an evaluation of the Rapid Response

EITC POOLED FUND SUPPORTING MEMBERS



**The Bernard and Anne
Spitzer Charitable Trust**

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DONOR**



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and Policy Development Funds through document reviews, awardee surveys and interviews, data collection, interviews, in-depth case studies, and more, to develop reports on lessons learned from the Funds.

DATA PRODUCTS: With support from the Fund, Tax Policy Center and later, the Center on Budget and Policy Priorities developed a dashboard that provides state-level data on how public programs such as EITC, SNAP, Medicaid, CHIP, and SSI benefit participants living with low incomes. This tool helps funders and grantees better understand and communicate to policymakers the reach and impact of these programs in local communities.

FUNDER LEARNING: Too often the foundations working on equity and the foundations working on policy are not in the same room sharing analyses and strategies. With support from The Rockefeller Foundation, the Fund also supported activities to help build connections between economic security policy funders and grassroots funders to help build ecosystems of change. Activities included a landscape analysis, two case studies on successful EITC campaigns in [New Mexico](#) and [Washington](#), an [infographic](#), and a conversation for Florida funders to explore the ties between economic policy and engagement work.

IMPACT OF THE FUND

To date, the EITC Pooled Fund has awarded \$6,253,000 to 35 state networks and four national networks between 2012 and 2021. Broken down by fund, it has awarded \$1,513,000 in state EITC rapid

response funds, \$2,365,000 in state EITC campaign funds, \$1,865,000 in state EITC policy development funds, and \$510,000 in federal EITC campaign funds.

And awardees have gone on to make a real impact in the lives of tens of thousands of American families and workers with that investment.

“We’ve seen our awardees really lead their field on innovations and modernizations for their tax credits,” said Nagle.

State awardees have been among the first to promote the expansion of the EITC to younger and older workers as well as to immigrant workers or those who file with an individual taxpayer identification number – expansions that are now being discussed nationally. And beyond expanding and improving existing state tax credits, the Fund has also helped support the creation of at least six new tax credits in states across the country.

Beyond the impact of state awardees, the Fund has also played an important role in building the field of knowledge around what it takes to establish and expand tax credit policies at the state level by funding this work year after year and making connections between awardees. The Fund has helped connect states who are working on similar efforts to learn from each other.

“At New Mexico Voices for Children we’ve been able to connect with a lot of other states doing this type of work. And that I think speaks to the long-term relationship that the EOF funders have with the networks that we operate and exist in across the states,” said Amber Wallin, executive director of

New Mexico Voices for Children. Wallin noted that multistate learning was crucial when it came to expanding state EITCs to include those filing with an ITIN and to all the success New Mexico has had with improving the credit.

LESSONS LEARNED

Along the way, the Fund has learned several lessons about managing a pooled fund:

- ✔ **Build trust and make decisions collaboratively.** By creating a collective understanding of both the problems and solutions among funders and TA providers, the Fund strengthened its ability to manage its resources, keep all the partners engaged, and clearly articulate why the work they do matters. The Fund operates on a consensus model, which, while challenging at times, allows everyone to understand the different points of view on how to achieve their goals and make thoughtful, sound decisions together. And that collaboration requires trust, which is central to the Fund's success. It takes time and effort to build relationships, but those quality relationships allow the partners to work effectively as part of a unit.
- ✔ **Stay flexible in thinking and approaches based on changes in the field.** Each year of the Fund has looked a bit different in terms of grantmaking timing and practice to best meet the needs of the field. By really listening to awardees, the Fund has stayed nimble and responsive, allowing for the evolution of each of the different funds. Additionally, the Fund began providing additional support for grassroots engagement partners after feedback from policy groups that they were vital to state efforts to advance tax credits.
- ✔ **When possible, grant larger amounts for longer periods of time.** Many EITC campaigns are a multi-year effort. By supporting campaigns and organizations for the long haul, funders can help expand capacity and knowledge so that organizers can lay important groundwork and

seize on opportunities as they arise, as well as dedicate the staff and resources necessary for a strategic effort. Larger amounts of funding support allow for the hiring of dedicated staff to manage campaigns, re-granting to grassroots organizations who are critical to campaign success, and implementation efforts.

- ✔ **Articulate success beyond a policy win.** While the Fund is thrilled to celebrate in successful policy wins, they also know the path to get there is often long, with smaller wins along the way. Gaining support from legislative champions, building capacity, developing robust, long-term relationships between policy and grassroots partners, and implementation successes are important to uplift and communicate.
- ✔ **Attend to group dynamics.** Over the course of ten years, staff changes at participating foundations and new foundations added as contributors to the Fund meant new faces at the table. Like any time new people are added to a group conversation, the perspectives shifted and broadened. Ensuring that the Fund was attending to bringing on new voices, hearing and learning from new perspectives, and building towards consensus has been critical to keeping the conversation dynamic and the focus of the Fund strong.

Through ongoing communications with field partners, the Fund has also gathered some lessons learned about their work.

- ✔ **Policy groups can't do the work alone.** Engaging and supporting grassroots partners, which often represent constituencies of color, is a crucial part of making progress on tax credits campaigns. Because these partners are close to the communities the tax credits are ultimately meant to benefit, their voices, knowledge, and capacity matter, not only for campaigns but for implementation afterwards as well. By supporting them, the Fund has helped broaden the ecosystem of organizations working on state tax policy.

- ✔ **Policymaker champions are crucial.** At the end of the day, policy makers are the ones who make the changes needed to establish or expand tax credits. All efforts on this front should be done in conversation with legislative champions who can help develop ideas and eventually provide a pathway to those ideas becoming law.
- ✔ **Campaigns need dedicated staffing.** The Fund's support has helped campaigns hire dedicated staff to manage the EITC campaign work. Those staff are able to focus every day on how to move the work forward, rather than piecing things together on the fly or in fragmented ways.
- ✔ **When it comes to partners, it's about quality, not quantity.** Some states need a big tent coalition with many different partners. For other states, a small, strategic set of partners was the key to making progress. Each campaign must think critically about who needs to be part of their work to make it a success.
- ✔ **Communications is a key component of success.** Funding allowed many campaigns to expand their communications capacity.

Campaign leaders held op-ed writing workshops with community-based organizations, developed mailer and advertising campaigns, and translated materials into constituents' most commonly-spoken languages. These efforts helped to better engage the communities the tax credits were meant to benefit and increase their commitment to this work long-term.

- ✔ **While popular, tax credits still suffer from some perceptual weaknesses.** Despite broad bi-partisan support, myths about tax credits persevere. The "welfare queen" stereotype continues to appear in conversations about social safety nets, as well as the misconception that widespread fraud is a major problem when it comes to claiming these credits. There is much work to be done to counter these myths and communicate the benefits for tax credits for workers and their families, as well as for communities as a whole.



ONE OF THE GREAT HALLMARKS OF THE EITC POOLED FUND IS FLEXIBILITY AND ADAPTABILITY.

LOOKING AHEAD

"One of the great hallmarks of the EITC Pooled Fund is flexibility and adaptability," Nagle said of the Fund's future. She sees the Fund continuing to support state policy advocacy, as well as federal advocacy and engagement, while also adapting new opportunities. These might include new state tax credits or supporting the implementation of existing credits.

"We'll see what opportunities come our way," Nagle said.

The COVID-19 pandemic has helped to shed light on the importance of a social safety net and the power of getting cash into the hands of people who need it most. In 2021, expansions to tax credits as part of the American Rescue Plan Act, lifted millions out of poverty. While the future of these one-year expansions and modernizations is uncertain, state and local leaders are continuing their tireless efforts to improve and establish tax credits wherever and however they can. And the Fund will be there to support them along the way.