



# EITC Rapid Response Fund 2016 Summary

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**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:** The EITC is one of the nation’s most powerful tools for reducing poverty—it kept 6.5 million people, including 3.2 million children, out of poverty in 2015. The credit reduced the severity of poverty for another 21.2 million people, including 7.7 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. But there have also been areas of positive movement, in 2016 alone, three states expanded their EITCs.

**2016 Rapid Response Fund Activities:** Currently, the Fund supports two kinds of activities:

- Program contracts to support the work of state groups
- Technical assistance provided by national partners

**2016 Rapid Response Fund Activities** (as of 12/31/16)

**Program Contracts to State Groups:** Since 2012, The Fund has awarded 31 rapid response contracts to 19 state networks, for a total of \$759,000 of support.

<b>Award Year</b>	<b>Number of Awards</b>	<b>Total Award Amount</b>	<b>States Awarded Funds</b>
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

*\*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 2016, 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;
- Provided consultation on the development of state EITC-focused websites;
- Developed case studies of state EITC policy and advocacy campaigns;
- Held trainings on the Fund-supported messaging work with state groups interested in communicating about the EITC;
- 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).

***2016 Rapid Response State Contract Overview:***

<b>Organization</b>	<b>Date</b>	<b>Amount</b>	<b>State EITC Status at the Time of Proposal</b>	<b>Goal</b>	<b>Outcome</b>
<b>Hawaii Appleseed Center for Law and Economic Justice (HACLEJ)</b>	January, 2016	\$30,000	None. Working to establish state refundable EITC.	Establish a state EITC, at 10% of the federal EITC.	EITC bills were introduced in the state legislature, but did not pass.
<b>Kansas Center for Economic Growth (KCEG)</b>	January, 2016	\$30,000	Kansas' EITC is refundable at 17% of the federal credit.	To preserve the state EITC at its current level as the last tax credit remaining in Kansas for working families in light of a self-imposed budget crisis.	Kansas' EITC remains refundable at 17% of the federal credit.
<b>Maryland CASH Campaign</b>	October, 2016	\$45,000	Maryland has a refundable EITC that rose to 27% of the federal credit on January 1, 2017 and will rise to 28% on January 1, 2018. There is a small non-refundable credit set at 50% of federal EITC.	To expand the credit for workers not raising children.	TBD – work continues into 2017

<b>Organization</b>	<b>Date</b>	<b>Amount</b>	<b>State EITC Status at the Time of Proposal</b>	<b>Goal</b>	<b>Outcome</b>
<b>Missouri Budget Project (MBP)</b>	January, 2016	\$30,000	No State EITC.	To build significant support for the creation of a Missouri State EITC among business and civic leaders and elected officials.	MBP built a diverse coalition of 38 supporting organizations from across Missouri, representing diverse sectors including business leaders, health care advocates and providers, poverty and justice advocates, child advocates, faith groups and municipal officials.  A state EITC bill was approved by the Missouri House.
<b>Missouri Budget Project (MBP)</b>	October, 2016	\$45,000	No State EITC.	To build significant support for the creation of a Missouri State EITC among business and civic leaders and elected officials.	TBD – work continues into 2017

***Key Rapid Response Fund Awardee Activities<sup>1</sup>***

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:

- **Developing messaging materials.** Each state found it necessary to create messaging materials to help explain and promote the state EITC. For example, in Hawaii HACLEJ helped commission a poll and built targeted message materials based on poll results. In Kansas, KCEG produced a policy brief on the importance of the state EITC in lifting families out of poverty. They also produced two infographics, one with an offensive approach and one with a defensive approach.

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<sup>1</sup> Summary reflects contracts awarded before October 2016 to Hawaii, Kansas and Missouri.

- **Media placement.** All awardees worked to secure coverage of the EITC in the media. Hawaii and Missouri worked to earn media placement in newspaper articles and magazines. Findings from HACLEJ poll were in a front-page *Star Advertiser* newspaper story as well as covered by radio and television stations. In Missouri, the MBP's communications strategies resulted in 433 media hits including print and broadcast media stories and editorials on the Missouri EITC. They were also able to obtain spots on the Missouri Viewpoints Broadcast where they shared 60-second video commentaries weekly on over 33 broadcast networks.

In addition to earned media, KCEG secured paid media for some of their coverage of EITC issues. Their paid media efforts included a statewide radio campaign and social media campaigns to raise awareness of the importance of a state EITC.

- **Engaging allies through outreach.** Building relationships with allies and opinion leaders was important to each state awardee. HACLEJ met with over 30 elected officials and others in key positions of influence on this issue. HACLEJ shared handouts showing the dollar amounts by which residents stood to benefit, along with one-pagers on the EITC and copies of their January 2016 report. KCEG reached out to policymakers through their earned media campaigns. They created district profiles to provide lawmakers with more information about the fund and they distributed through newspaper articles and social media campaigns. MBP developed a coalition of 38 organizations in support of a Missouri EITC.
- **Work with legislative champions.** For example, HACLEJ provided background educational materials to state legislative leaders who ultimately introduced four separate bills to establish a state EITC.

### ***Summary of Results and Learnings***

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. A few states cited concrete successes. For instance, Kansas preserved the EITC despite budget shortfalls. Although Missouri's legislation was ultimately rejected by 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. Collective highlights are described below.

#### **Successes:**

- **Coalition building.** The biggest success of each organization was building a coalition of partners and opinion leaders. In Hawaii, HACLEJ utilized data from a public opinion poll to galvanize their local coalition partners. In Missouri, MBP was able to develop a statewide coalition of organizations and successfully facilitated the engagement of those partners by providing timely and effective communications tools. The diversity of the coalition resulted in securing broad, bipartisan support for the EITC.

- **Targeted messaging.** Awardees found that targeted messages were a key to success in engaging target audiences. For example, in Kansas, KCEG developed a strategy to distribute specific messages to key audiences. Through this targeted approach they were able to help the EITC to “fly under the radar” and keep the proposed policy out of the spotlight while still gaining exposure.

### Challenges:

- **Timing.** The quick and changing pace of legislative debates always present a challenge for policy and advocacy groups. For example, in Hawaii the debate on the EITC was over before HACLEJ could complete and distribute its poll. In Missouri, while great progress was made in 2016, the legislature ran out of time to fully consider the measure before the end of session.
- **Overall fiscal concerns.** State EITCs are not the only fiscal policy issue being discussed. Competing fiscal issues stood in the way of some efforts. For example, some coalition partners did not support the MBP because of their views on how much it could cost. In addition, MBP had to overcome concerns from the Missouri Association of CPAs related to allegations of “fraud” in the federal EITC.

### Lessons Learned:

- **Start early.** Each grantee reported that they wished they had started their efforts earlier. With additional lead time, they believe their efforts could have gone farther. For example, KCEG believes their data sheets would have been very helpful to help sway policymakers to join their coalition. Unfortunately, they did not have them complete with sufficient time to shape public opinion.
- **Creating urgency.** Even in supportive climates there is a need to build a sense of urgency around tax credit legislation. For instance, in states like Montana and Missouri, bills to enact a new EITC or expand an existing one came extremely close to passing but fell short due mostly to a limited sense of urgency. Such cases underscore the vital need for testing new communications strategies that move lawmakers to action.
- **Refund-ability hurdle.** While a critical component of the effectiveness of the EITC, the refundable portion is difficult to describe and defend. For example, in MO though some lawmakers support the creation of a state EITC, a handful of lawmakers were able to prevent the advancement of a refundable version of the credit.
- **Bring along partners.** No group can advance a state EITC without the support of coalition partners and unusual allies. This can be challenging work, especially in tight fiscal times. For example, while MBP worked to ensure support of a broad range of partners, when the EITC began to move certain key partners decided not to support the effort due to their concern about the fiscal impact. MBP does believe they will be able to convince those same partners to support them in the future.

*Examples of Communication Materials:*

**Hawaii**

- [EITC Talking Points](#)
- [EITC Infographic](#)
- [Star Advertiser Editorial](#)

**Kansas**

- [Key messaging and radio spots](#)
- [EITC Infographic](#)

**Missouri**

- [EITC Infographic](#)
- [Saint Louis Post Editorial](#)

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](mailto:anagle@gistfunders.org).