

EITC Rapid Response Fund & Policy Development Fund

The EITC Rapid Response Fund (RRF) was developed in 2012 as a rapid response fund mechanism to facilitate the quick dissemination of targeted funds to state groups engaged in key communications battles. The RRF is guided by an advisory group and administered by the Grantmakers Income Security Taskforce (GIST) and the EITC Funders Network. The W.K. Kellogg Foundation and an anonymous donor participate in a pooled fund and The Annie E. Casey Foundation provides administrative and parallel support. The Hatcher Group and the Center on Budget and Policy Priorities (CBPP) – two national partners deeply engaged in EITC advocacy work – help administer the fund and provide technical assistance to awardees.

Recognizing that in some states changing the public dialog on state EITCs will take a longer-period of time, a new invitation only State EITC Policy Development Fund (PDF) was created in 2015 to provide multi-year support. To help maximize learning and shared experiences, the PDF focused on selecting participants from southern states.

The EITC Rapid Response Fund

Overview

The RRF is a pooled fund that provides emergent and rapid support to state advocacy organizations for protecting, expanding, or creating state EITC policies. The RRF was developed in 2012 during a time when many state legislatures contemplated reducing or eradicating their EITCs due to the Great Recession and a general lack of awareness around state EITCs. The funds were originally intended as an infusion of support for communications tactics to help inform policy debates that were nearing a tipping point. In 2015, the fund evolved to support additional advocacy strategies, including coalition building, building public will, and educating influencers. This expansion was in response to state advocates' needs to prepare for campaigns with tactics that required more in-depth planning and execution time. To date, 34 RRF awards have been made to 20 state policy and advocacy groups totaling \$864,000 (organizations from several states received multiple awards). See www.gistfunders.org for additional information on awards.

Process

At least once a year, The Hatcher Group and CBPP prepare a state EITC scan memo that examines the policy environment and the readiness or capacity of the state advocacy network to execute a EITC awareness building effort. This memo is shared with the advisory group to help the team understand the current policy landscape and identify states that might benefit from an RRF award. As CBPP and Hatcher are made aware of emergent opportunities or threats, the advisory group determines whether to invite a state-based policy and advocacy organization to submit a proposal. The RRF is an invitation-only fund. Proposals are short (5 pages) and reviewed by GIST staff, RRF funders, The Hatcher Group, and CBPP. There is no scoring sheet or template for reviewing proposals. Instead, the committee discusses each proposal's merits and may request additional information prior to making a final decision. Funding decisions are made within ten days of receiving a proposal. To date, almost all proposals have received

funding at some level. Contracts are awarded for the current legislative session and have ranged from \$8,500-\$45,000. Larger contract sizes (\$30,000-\$45,000) have been made in recent years due to a larger RRF budget and feedback from awardees that larger contracts allow for greater leverage of resources and impact in their EITC communications efforts and outcomes. Awards are made on a rolling basis to align efforts with various legislative calendars. The entire process, from initial planning to the awarding of funds takes approximately four months. Two months after the legislative session ends, awardees report on their activities, challenges, and successes. They are also asked to identify lessons learned to share with other state advocates.

Outcomes

The EITC Rapid Response Fund (RRF) has played an important role in building capacity among state-based policy and advocacy organizations to increase public support for state EITCs. Rapid Response Fund awardees have engaged in a variety of analysis, education, communications, and outreach activities to create, protect and expand state EITCs. Several awardees have used funds to successfully establish a state EITC. For example, in Montana a state EITC (equal to three percent of the federal EITC) was created with broad, bipartisan support. In Colorado, a permanent state EITC was created (equal to 10 percent of the federal credit) and in Hawaii a bill has been passed creating a non-refundable state EITC (equal to 20 percent of the federal credit). Several awardees have used funds to successfully defend their state EITC. For example, in Kansas, the EITC was preserved despite significant budget shortfalls and threats of reduction or elimination. In Vermont, the EITC was preserved after a Democratic governor proposed reducing it by two-thirds. In Michigan, the state's EITC structure was maintained at a reduced rate in the face of multiple efforts to eliminate it. In Oregon, legislation was passed that renewed the EITC for six years and in 2017, Illinois, as part of a larger income tax measure, increased the state EITC to 18%. While not all efforts supported by the RRF led to policy victories, many awardees were able to lay the important groundwork to build support for future efforts. For example, in Maryland and Missouri significant partner and legislative support was garnered, but budget woes and time ultimately prevented an EITC from being established or expanded.

The State EITC Policy Development Fund

Overview

Developed in 2015, the State EITC Policy Development Fund (PDF) builds on RRF efforts by offering multi-year support to state advocates working to change the public dialogue around creating state EITCs. The awards are intended to build capacity among state-based policy groups and to help groups build the initial case for consideration of a state EITC. To help maximize learning and shared experiences, the PDF focuses on the Southeastern United States. The South was chosen because of the tremendous need to develop new and shore-up existing state EITCs in this deep-poverty region, to encourage peer learning through shared experiences, and the desire to work collaboratively with the vibrant community of local and regional southern funders. 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. Contracts are awarded for \$75,000

per year for two years. Should substantial capacity be built in the initial two-year contract period, awardees may be eligible for an additional year of support.

Process

The PDF is an invitation-only fund. In spring 2015, nonprofit organizations in 10 states in the Southeastern United States who did not yet have a state EITC were invited to apply for a two-year award. Nine organizations submitted proposals. Applications were due in May and awards made in July. Proposals were reviewed by GIST staff, RRF funders, The Hatcher Group, and CBPP. No scoring sheet or template was used to review proposals. Instead, the committee discussed each proposal's merits and requested additional information prior to making a final decision. In the first PDF award cycle (August 2015- August 2017), \$450,000 was awarded to non-profit advocacy organizations three states (Georgia, Mississippi, and West Virginia).

Outcomes

PDF awardees have been able to make good progress in raising awareness for the value of developing a state EITC. In Georgia, efforts have focused on convening and engaging a reliable nucleus of partner organizations, exploring potential paths for unusual suspect alignment, conducting a power mapping analysis of legislative opportunities and developing tools to encourage and support mobilization. In West Virginia, playing offense, building bi-partisan support/champions, and seeking out unlikely allies have provided the most movement for their campaign to date. In Mississippi, efforts have focused on building a cross-sector network of partners and broadening the diversity of voices to advocate on budget and tax policy. Several insights and lessons have been gleaned from their work to date.

- **Dedicated staff support** -- For several awardees, hiring dedicated staff to support their EITC campaign has been instrumental to their efforts. For example, in Georgia, PDF funds were used to hire a new Digital Communications and Outreach Coordinator, enabling them to build a state EITC microsite in-house and develop tailored communication tools in a timely manner.
- **Coalition building and engagement** -- All awardees reported the importance of engaging new allies in their campaigns. For example, in West Virginia, securing the West Virginia Bankers Association has given the campaign instant legitimacy with the business community. And in both Mississippi and Georgia, coalition building efforts have led to new partners adopting the state EITC as a major component of their policy platform.

While progress has been made, PDF awardees have faced challenges. For example, in Mississippi the states 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). In Georgia, while substantial moment has been seen, it may be coming at the cost of other programs and policies to support low-income families, including the minimum wage. PDF awardees are learning how to build awareness of the EITC while navigating anticipated, but still very difficult, political landscapes.

Polling and Message Testing

In 2012, the fund contracted with a national polling firm (Hart Research) to explore public attitudes towards the EITC and to develop an updated communications framework around state EITCs. Hart Research conducted two focus groups and a 1,000 person national poll. The findings were disseminated to state advocates through webinars and briefs and the fund provided technical assistance to RRF awardees to implement this new messaging in 2013.

In 2015, the fund built on these polling and focus group findings by contracting with a messaging firm (Topos Partnership) to explore the set of messages that might shift how people think about the EITC. This research, using deep “talk-back” message testing in several locations across the country, explored how people think about the EITC as a mechanism to reduce poverty and their reactions to messages regarding fraud and abuse of funds and other key message points. This research culminated in a set of tools, including a memo and a “before and after” video, that are used by The Hatcher Group and CBPP to help share and promote research findings among state advocates.

Evaluation

In 2016, the fund hired two consultants to conduct an evaluation of the RRF and PDF. Evaluation activities include document reviews, awardee surveys and interviews, group data collection at convening(s), funder and leadership team interviews, awardee coaching on data collection, awardee capacity assessments, surveys of a subset of awardees’ peers/partners, funding landscape analysis, and in-depth case studies. The evaluation began in Summer 2016 and will conclude in December 2017.

RRF Evaluation Outcomes and Lessons Learned

In 2016, the fund hired the Center for Evaluation Innovation and Innovation Network to conduct a retrospective evaluation of the RRF. The evaluation sought to address three key questions:

1. Are the RRF processes and resources structured as effectively as possible?
2. Are there common contextual factors affecting RRF outcomes?
3. What is the range of outcomes resulting from RRF funding (policy wins, changes in capacity, changes in coalition strength, etc.)?

Key evaluation findings are outlined below, based on surveys, interviews and a meeting with representatives of almost all RRF awardee organizations.

All awardees believe RRF adds unique value, due to its flexibility and the added capacity it often provides that would otherwise be out of reach. This targeted injection of funds often hits the mark from a process perspective, and opens the door to tactical creativity, but it may benefit from some further thinking around the funding timeline and needs of supported groups.

- **Application and reporting:** The RRF application and reporting process is notably simple and awardees appreciate the ease with which they receive and report on the awards. No major adjustments were recommended.
- **Timing and structure:** There has been an evolution of tactics and orientation in the EITC campaigns that may benefit from some shifts in the timing and structure of the RRF.

- Focusing rapid response funds as originally structured on the types of tactics that are more likely to be successful when there is only a short time frame for design and execution—such as paid media or retooling existing messaging—may increase the impact of the funding. In cases where awardees need an infusion of funds for tactics that require more in-depth planning and execution time, or where the tactics take longer to bear fruit (such as coalition building or citizen engagement work), the timing of the funds is less effective. Providing funds earlier in the campaign planning cycle for these kinds of tactics would allow advocates to maximize their use.
- Earlier notification of the availability of awards would enable awardees to more effectively design and carry out the expanded range of tactics the funds support.
- **Definition of success:** EITC policy victories were the primary goal of these campaigns, but many awardees spoke to contributions RRF made to coalitional, organizational, and momentum building successes. These other successes are important milestones for awardees working on longer-term investments in an engaged electorate and a more favorable and progressive tax climate that can support a state EITC. These kinds of milestones feel equally valuable to awardees given the instability of the current political climate and consequent threats to the sustainability of any progress or “wins.”
- **Focus and scope:** The focus of RRF has always been to promote state EITCs, and in only limited cases have awardees combined the EITC together with other tax credits to promote or protect a suite of credits simultaneously. Feedback from awardees indicated an interest in broadening the mandate of the RRF to include other low-income tax credits. While shifting the focus off of EITC can be seen as straying from the initial, and very clear, RRF goal of raising awareness of state EITCs, advances on other tax credits can themselves be important momentum-builders towards EITC success in the future.
- **Technical assistance:** Assistance from technical assistance providers is an integral part of RRF and awardees deeply value both the big picture view and concrete skills and resources they bring to in-state campaigns. In some instances, awardees do not understand the full range of assistance available to them, or seek additional tailored support, but the bulk of the assistance to awardees is successful as-is.

As a result of reflections from fund partners and the evaluation, the fund is exploring making changes including providing support for year-long efforts, starting the work with awardees sooner in the planning cycle, and providing greater transparency as to when funds might be available.

PDF Evaluation Findings and Lessons Learned

In 2016, the fund hired the Center for Evaluation Innovation and Innovation Network to conduct an evaluation of the PDF. The evaluation seeks to address three key questions:

1. Are the PDF processes and resources structured as effectively as possible?
2. Is the technical assistance provided to states sufficient and on the mark?
3. What is our value added with the PDF work?

PDF evaluation activities are still underway. Findings and lessons learned will be available in early 2018.

Budget

The budget for the RRF and PDF grew from \$275,000 in 2012 to \$605,000 in 2017. Each year modest allocations are provided for staffing and technical assistance, with the majority of the funds dedicated to state contracts. In addition, since its inception, \$170,000 was allocated to support polling and messaging work (Hart Research and Topos) and \$119,000 to support an external evaluation. A draft budget for 2017 is outlined below.

2017 EITC Rapid Response and Policy Development Fund Budget

Staffing	\$30,00
Technical Assistance	\$50,000
RRF and PDF State Contracts	\$385,000
Evaluation	\$110,000
Indirect	\$30,000
TOTAL	\$605,000

Secrets of Success of the RRF and PDF Pooled Funds

Collaboration requires trust. The fund is guided by a collegial advisory group where trust has been built and relationships are strong. This effort works well because there is clear understanding among the partners as to what we are doing together and strong personal relationships have been built. This trust is central to the pooled funds' success and has allowed partners to work effectively, as part of a unit, rather than as individual actors.

National partners critical to success. Having the support and guidance of the national partners (CBPP and Hatcher) was critical to good oversight of the fund and ensured that learnings were disseminated broadly. This was not a function that GIST staff could have or should have played. GIST and the EITC Funders Network provide a neutral platform for the pooled funds and Hatcher and CBPP provide credibility and critical insight as trusted experts in the field. National partners provide on-the-ground expertise and are in ongoing contact with state advocates. Engaging our national partners as part of the fund is vital to the success of this effort.