Preserving the Structure to Fight Another Day: Lessons from Michigan’s 2011 Campaign to Protect its Earned Income Tax Credit

This case study is part of a series examining the strategies and messages used by advocates to create, expand or protect the state Earned Income Tax Credit.

Background

In 2011, Republican Governor Rick Snyder took office following a Democratic governor, with Brian Calley as his lieutenant governor. The Michigan Senate had been controlled by Republicans since 1983; Republicans gained control of the Michigan House of Representatives in 2011.

The governor had pledged during his campaign to eliminate the Michigan Business Tax. He also promised to reduce child poverty and increase young children’s readiness for school. In December 2010, advocates learned that one legislator was recommending eliminating the Earned Income Tax Credit (EITC), which at that time was set at 20 percent of the federal credit. In January, another legislator introduced a bill to do this and the House Speaker voiced his support. However, advocates only learned that the governor was also considering this in early February 2011. On February 18, the Governor’s official budget proposal recommended replacing the Michigan Business Tax with a flat 6 percent corporate income tax, which would equal a $1.8 billion tax cut. To balance the state budget, he also proposed eliminating many tax credits, including the state EITC, and slashing state spending. Eliminating the EITC would raise taxes on 800,000 working families and push 14,000 children into poverty. The governor described his tax proposal as necessary for creating jobs, eliminating a projected $1.4 billion deficit and achieving a sustainable state budget.

Advocates immediately began to educate the new governor and legislators on the benefits of the EITC, including its role as a powerful anti-poverty tool. They focused much of their advocacy on the lieutenant governor, who had been put in charge of the governor’s tax reform effort.

On April 20th, the lieutenant governor announced in testimony before the House Tax Policy Committee that the administration had agreed to provide a credit of $25 per child for filers who had qualified for the state EITC. This child tax credit was estimated to cost about $25 million, far less than the state EITC.

Advocates viewed this solution as an unacceptable substitute. The change would virtually eliminate the poverty protection of the state EITC, with about 14,000 children still expected to be pushed below the poverty line despite the child tax credit. Determined to preserve the structure of the state EITC, they continued their work. They sent a sign-on letter supported by more than two dozen organizations to Lt. Gov. Brian Calley urging the administration to use the $25/child credit as well as a proposed enhancement to the Homestead Property Tax Credit to fund a 10 percent EITC. They also met with key members of the administration, including the governor’s Chief of Staff and Chief of Strategy. They worked with Michigan Voice to place constituent calls to key policy makers using phone banking. In addition, advocates increased their efforts to get media coverage and engage social media during this period.

At the end of April, the Tax Policy Committee and the full House passed a tax package that replaced the state EITC with this child tax credit. But only a few weeks later on May 10th, with the support of the administration,
a Senate substitute for the House bill was introduced that included a state EITC at 6 percent, a reduction from the then-current 20 percent but preserving the structure of the credit. Advocates, recognizing that they had achieved their goal of retaining the EITC structure, announced that they would support the bill. The bill passed the Senate (with the lieutenant governor breaking a 19-19 tied vote) and the House, and was signed into law by the governor on June 21, 2012. Advocates believe the Senate’s tie vote demonstrated how successful their work had been; if the governor had not agreed to retain the EITC in some form, his tax package might have been rejected by the Senate. The reduced EITC rate went into effect for tax years beginning after December 21, 2011.

**Campaign Structure and Strategy**

When proposals began to emerge in December to eliminate the state EITC, the Michigan League for Human Services (now known as the Michigan League for Public Policy) and its allies knew they needed to act quickly. It would be very difficult if not impossible to retain the EITC at its current level. They set a goal of preserving the structure of the EITC. This would allow them to fight in subsequent years to return the credit to its prior level. If the structure of the credit were lost, they concluded it would be much harder to restore it. Because the governor had put the lieutenant governor in charge of tax reform, they targeted him as well as the governor and legislators.

While the EITC had only been enacted five years before in 2006, the advocates knew that many legislators were new. They needed to educate everyone about the credit’s structure and benefits. They also identified a number of key messages. Since the governor had announced that reducing child poverty was one of his priorities, the advocates decided to focus their messages on the poverty reduction role of the EITC as well as its strong connection to work. Another key message was that the proposal would raise taxes on working families in order to cut business taxes. Because the EITC had first been enacted with near-unanimous support, they decided to lift up the bipartisan support it had received in the state and nationwide. Partly because the governor was claiming his proposal would increase economic activity, they decided to highlight the economic benefits and multiplier effect of the credit. They also chose to use data to highlight for legislators the impact of eliminating the EITC in their districts on their constituents.

The League knew that it had to engage a bigger advocacy community. The League pulled together a coalition of advocates, many of whom had worked to encourage working families to file for EITC. The League was able to convene the coalition quickly, just a week after the governor announced his budget, to advocate to preserve the credit. This coalition included the organization that convenes a coalition that works to promote the state’s volunteer income tax assistance (VITA) programs. This meant that advocates could work with the VITA sites to locate families who had benefited from the credit. The Catholic Conference, although not an official member of the coalition, was an important partner with the League in many behind the scenes conversations with the administration.

**Coalition partners included:**
- The Arc Michigan
- Center for Civil Justice
- Community Action of South Central Michigan
- Community Economic Development Association of Michigan (CEDAM)
- Disability Advocates of Kent County
- Food Bank Council of Michigan
- Kent County Essential Needs Task Force
- Kent County Tax Credit Coalition
- Michigan Association of Community Mental Health Boards
- Michigan Association for Infant Mental Health
- Michigan’s Children
- Michigan Citizen Action
- Michigan Community Action Agency Association
- Michigan Federation of Teachers
- Michigan Forward
- Michigan League for Human Services
- Michigan Nonprofit Association
- Michigan Prevention Association
- Michigan State AFL-CIO
- Muskegon Oceana Community Action Partnership, Inc.
- Ottawa County Community Action Agency
- Prevention Network
- St. Augustine’s Episcopal Church, Benton Harbor
- Sugar Law Center for Economic and Social Justice
Implementing the Strategy

The League’s first step was to prepare and release in January a set of materials that stated the basic elements of their messages. These included a letter to the governor, a basic fact sheet on the credit and a fact sheet showing that the state EITC kept 14,000 children out of poverty each year. They also commissioned a poll that showed that three out of four Michigan voters, across every demographic group (even Republican men and Tea Party supporters), opposed eliminating the credit.

In February, the day before the governor’s budget proposal was released, the coalition held a press conference at which many coalition partners shared their reasons for preserving the credit. Just six days after the governor’s budget was released, they also released the poll showing strong support for the credit.

Throughout the legislative session, the coalition held regular conference calls to keep groups engaged and informed about developments. They also communicated through a Facebook page and a website, www.saveoureitc.org. While advocates had hoped that these resources would help stimulate broad public discussion, they turned out to be more important for communicating with coalition partners and others who were already engaged in the debate.

The League developed materials for the coalition partners to use, including a set of messages that partners could incorporate into their activities and a fact sheet that showed for each legislative district how many people received the EITC. A communications firm they had hired to work on this campaign produced a daily social media advisory sent to coalition members. These had suggested tweets and Facebook postings. In addition, the firm created a series of postcards that were hand delivered to lawmakers each day during session for a three-week period. These had key messages and questions. The firm also produced postcards that were handed out at Capitol rallies for constituents to fill out. The League mailed several hundred of these to lawmakers.

Coalition partners held more than 70 meetings with legislators to get their messages across—particularly with new legislators who were unfamiliar with the EITC. The faith community started contacting legislators early on but the coalition was not initially aware of their activities. Once they were brought on board, messaging materials were provided to them to maintain consistent, factual information and talking points. The faith community added its voice to sign-on letters and circulated information to congregations across the state. They were very valuable partners.

The League continued to produce analyses that underlined their messages. They issued statements and wrote blogs that emphasized that the budget would shift taxes from businesses to working families. Working with ITEP, they produced an analysis that showed that even after receiving the credit, tax payers at various incomes and family structures still paid significant state income tax. They also produced an analysis showing just how much the governor’s proposal would increase taxes on working families.

By April, these activities had created enough pressure that the administration felt obligated to respond. The lieutenant governor announced that the administration was proposing a $25 child tax credit for families that used to get the EITC.

Moving quickly, advocates met with legislators to explain why this was an unacceptable substitute. They also developed a letter to the lieutenant governor signed by many coalition partners, and gave it to the governor, lieutenant governor and every legislator.

Although the House passed the tax bill with the $25 child credit, the administration apparently recognized that it needed to modify the bill to secure passage in the Senate. It announced that it was supporting a Senate version that would include an EITC at 6 percent of the federal credit. Advocates had achieved their goal of retaining the
EITC structure and the League announced that it would support the plan, while acknowledging that they would have preferred retaining the full credit. Thereafter, the bill moved quickly through the House and Senate and was signed by the governor.

Reaction to Key Messages

Messages about how many children would be moved into poverty resonated. Conservative legislators did not want to be responsible for pushing children into poverty. It helped that reducing child poverty was a priority for the governor, who used the child poverty rate as a major indicator of economic health.

Data on the importance of the credit to individual legislative districts was very helpful and clearly affected individual legislators.

The video proved particularly effective at conveying the importance of the credit for working families. While relatively few people viewed it on YouTube, advocates were able to bring it into two tax policy legislative hearing and show it directly to legislators. Members were very attentive. Using people who earned the credit was widely considered very effective. In hindsight, it was particularly valuable because it included a member of the military and a businessman.

Messages about the regressive nature of the tax code and the need to keep the EITC to ensure fairness in the tax code did not resonate or work so well.

Next Steps

Advocates continue to fight to restore the EITC. In 2012 and 2013, advocates have implemented a number of new communications strategies and messages, relying in part on the messaging research conducted in 2012. These new approaches include blogs that tell the stories of individual recipients focusing on how hard they work, materials that show how many members of the military and veterans receive the credit and materials focusing on how it helps working mothers. Bills were introduced both years to restore the credit. The governor, in the summer of 2012, indicated at a meeting sponsored by a foundation that he would consider restoring the EITC. In subsequent meetings with the administration, it became clear that this was an off-the-cuff remark. When the state had new revenues in 2013, although advocates urged that a portion of the revenues be used to raise the EITC to 10 percent of the federal credit, legislators used the funds elsewhere.

Tips from the Advocates

Timing matters. Advocates knew in December that a proposal to eliminate the EITC was likely, so they began work even before the proposal was made public. That allowed them to hold a press conference the day before the budget was published and to release the poll just six days after the budget was released.

It helps to put a human face on the credit, and that can be done through many vehicles. The video never went viral and had relatively few viewers, but it was nonetheless critically important because advocates were able to play it for legislators in a hearing.

Social media must be used for specific goals. Tax issues do not generally draw broad public attention, and the campaign’s Facebook page and website had a limited audience. They were very useful in keeping the coalition partners engaged and active—for example by posting regular messages to be delivered to legislators—and as a place where advocacy materials could be made available. Social media was a daily way for partners to stay easily engaged and on message. It also exposed others in advocates’ personal networks to the importance of the issue.
Regular coalition calls were helpful. They kept groups engaged and informed about latest developments.

The coalition work strengthened the League’s relationship with many partners, including Michigan Voice.¹

The faith community was very important. In addition to the faith group activities described above, the Michigan Catholic Conference partnered with the League to attend editorial board meetings in Detroit, Pontiac and Kalamazoo. It was an effective way to add a voice of moral authority.

Perseverance pays off. Although at times it looked like the EITC was doomed, advocates never gave up. As a result, they were able to preserve the EITC structure, albeit at a reduced level.

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Tax Credits For Working Families, through its website [www.taxcreditsforworkingfamilies.org](http://www.taxcreditsforworkingfamilies.org), provides easy access to research and resources regarding the Earned Income Tax Credit, Child Tax Credit, Child and Dependent Care Tax Credit and the Property Tax Circuit Breaker. It also provides information and tools to help community-based organizations and elected officials raise awareness of these important tax credits as a means of helping working families get ahead. Tax Credits for Working Families is managed by The Hatcher Group with support from the W.K. Kellogg Foundation and the Annie E. Casey Foundation.

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¹ Michigan Voice is part of a national organization called State Voices, which provides critical civic engagement tools, resources and support to state tables. The State Voices network has grown to engage 22 states across the country, connecting more than 600 organizations nationwide.