

A Guide to Effective EITC Advocacy

Over the last few years, advocates have had to fight hard to protect and expand current state Earned Income Tax Credits (EITCs) or to create new ones. For a variety of reasons, there has been an unprecedented level of state legislative activity around these credits.

In the wake of the Great Recession, states faced increased demands on their resources just as their revenues fell dramatically. The result: significant budget gaps in nearly every state, and proposals to reduce state EITCs and other tax credits for working families to help balance the budget. At the same time, many conservatives promoted reductions in business and income taxes, and even the complete elimination of state income taxes, on the theory that this would promote economic growth. These proposals sometimes included reducing or eliminating tax credits for working families to offset lost state tax revenue as a way to balance the budget.

In the face of these challenging circumstances, advocates in several states have been able to protect their state EITCs and even create new ones as state revenues recover.

To assist advocates leading state EITC campaigns, the Hatcher Group, which manages Tax Credits for Working Families, has compiled a set of case studies of recent tax credit battles. The first four case studies include Colorado, where in 2013 advocates won a new permanent EITC; Michigan, where in 2011 advocates maintained the state EITC structure at a reduced rate in the face of efforts to eliminate it; Oklahoma, where in 2012 advocates preserved the state EITC and other working family credits even though both House and Senate voted to eliminate them, and Vermont, where in 2013 advocates preserved the full state EITC after a Democratic governor proposed reducing it by two-thirds.¹ This resource guide highlights the lessons of these four case studies; advocates should read the full case studies to see how advocates implemented the features highlighted here.

Findings

These case studies identify a number of elements that contribute to success. Some of these are common to many advocacy efforts on a wide range of topics. Others are more specific to tax credits.

Elements common to many advocacy campaigns include:

- **Coalitions** that convene regularly (typically weekly) throughout the legislative session, whether in person or by phone, are the most effective, along with those with a **coalition coordinator** who can keep all the coalition partners active and engaged and keep the strategy on track.
- **A well-thought-out strategy** developed at the beginning of the campaign is critical, with **clearly identified advocacy targets** selected because they are the ones who will make the decision. Advocates noted that the people who talked the most were not necessarily the most important ones; focus on the real decision-makers.

¹ We thank Kathy White of the Colorado Fiscal Institute, Gilda Jacobs and Judy Putnam of the Michigan League for Public Policy, David Blatt of the Oklahoma Policy Institute and Paul Cillo of Vermont's Public Assets Institute, who allowed us to interview them, shared their analysis of what worked in their campaigns, and were kind enough to review the case studies for accuracy and completeness. The analysis in the case studies and in this resource guide owes a great deal to them; the errors are entirely ours.

- **A clear set of messages is necessary, including a positive alternative vision framed around values and used by all coalition partners.** For example, in Vermont, advocates insisted that continued austerity cannot lead to prosperity. They offered as their alternative vision, “We want to live in one Vermont, where we make smart investments in people, programs and infrastructure that ensure the well-being of all Vermonters and provide the opportunity for all to succeed.” In Oklahoma, the advocates were very clear that their values were both adequacy—the ability to meet the needs of Oklahomans—and equity—a fair, balanced tax system. By putting these values first, the advocates in Oklahoma made sure that everyone understood what was at stake.
- Every campaign studied made sure that all coalition partners used the same or consistent messages. In order to hone messages over the course of the campaign, it was also important to **monitor messages** to see if they were working and if necessary, refine them. For example, Vermont revised its message about how the EITC cut would affect families over time. As noted below, some EITC messages worked well in some states and were not helpful in others, so monitoring and revising is particularly important.
- Successful advocates secured and supported **one or more legislative champions** with information and materials, but they also communicated frequently **with all legislators**. Successful campaigns consistently gave their information, materials and media coverage directly to all legislators—not just to their key targets.
- **Clear goals and refusal to bargain against their own proposals.** Instead of reducing the size of the credit, advocates in Colorado found new sources of revenue to support it. Similarly, advocates in Vermont found it important to have clear goals to set boundaries on compromise. In Michigan, advocates set a goal of preserving the structure of the credit and once that was secured, they accepted compromise while stating they would continue to work to restore the full credit.
- **Effective timing was critical.** In Michigan, advocates’ success was largely due to their speed in ramping up the campaign; the threat to the credit was first identified in December, by January advocates had released a set of materials framed around most of their key messages and by the time the proposal was officially made in February, they had held a press conference with coalition partners and had a poll showing public support for the credit ready for release. (Rapid responses were also critical in Vermont and important in Colorado and Oklahoma.) It’s also essential to time tactics for maximum effectiveness within the legislative process. For example, in Vermont, advocates took advantage of a two- week legislative recess to educate the media on the issues and placed a radio ad at a critical juncture. Some social media efforts were ineffective in Colorado because legislators and partners were not even aware of the issue yet. Conversely, a video supporting the EITC was not ready in time to show to legislators in Oklahoma.
- **Persistence is a must.** The Colorado campaign succeeded after more than a decade of effort. By comparison, the EITC was threatened in Vermont because it had not been publicly debated for decades and so its merits were not well-known.

Elements unique to campaigns for tax credits for working families include:

- **Education of policy makers about tax credits, year after year.** Working family tax credits are not widely known or understood. In Vermont, because the credit had not been controversial, administrators and legislators were not aware of the credits’ merits, making it vulnerable to attack. In Colorado, years of education meant that legislators knew and valued the credit, but even there new legislators needed to be educated.
- **Messages that emphasize:**
 - o work and working families,
 - o the role of the EITC in keeping people out of poverty,
 - o the effectiveness of the credits in promoting outcomes that are also priorities for other components of the state budget, such as child health, education, and long-term adult success,
 - o the role of the EITC in keeping the tax system fair
 - o and a reduction in tax credits is a tax increase on working families.

In every state, a critical message was that people who receive the credit work and they pay other taxes; the related message that people who work full time should be able to afford basic needs and support their families also was important. Even the selection of the credit name can convey this message—in Colorado the new credit is named the Working Families Credit. In at least two states, Michigan and Vermont, messages about keeping children out of poverty also played important roles. In Colorado and Vermont, the value of the EITC in promoting outcomes such as child health, education and long-term success helped defuse arguments that other priorities are more important. In addition, this messaging helped convey the point that a small investment in tax credits makes a big difference for working families. Messages about the regressive nature of the tax code and the need to keep the EITC to ensure fairness in the tax code were very important in Oklahoma but did not resonate or work so well in Michigan. The message that a reduction in tax credits is a tax increase on working families proved to be very powerful in Vermont and Michigan; it was not as persuasive in Oklahoma. Tax credit campaigns can seem technical and obscure, so it's particularly important to monitor reactions to messages and refine them if needed.

- **The use of data to quantify how many people will benefit (or be harmed) by the decision.** In particular, Colorado, Michigan and Oklahoma effectively used federal IRS data to show legislators how many constituents in their districts would benefit (or be harmed) by their decisions. In Vermont, advocates found their message was most effective when they honed it to contrast succinctly the number of people who would be hurt against the number who would benefit by using the revenues elsewhere. In Oklahoma, analyses undertaken with the help of the Institute for Taxation and Economic Policy (ITEP) helped show exactly which families, at what income levels, would be harmed by the proposals.
- **The stories of people who claim the credits.** Advocates shared these stories in many ways: in person through testimony, meetings and legislator visits to VITA sites, or through videos, blogs and other materials. Veterans, military leaders and business people were particularly persuasive speakers on the value of the credit.
- **Identification of alternative funding sources that can be used to pay for the EITC or support other initiatives without tapping the EITC.** This was valuable in both Colorado and Vermont.
- **Focus primarily on legislators and other insiders, not the general public.** Most of the campaigns were primarily “insider” campaigns. Oklahoma, with its broad coalition and efforts to energize many different kinds of communities, was the exception to this rule. A related element was the use of social media to communicate with allies and partners, rather than to create broad public interest. Facebook, websites and videos all had limited public appeal but had very specific uses within the campaigns.
- **National partners.** Advocates in all four states worked closely with national partners, including ITEP, The Center on Budget and Policy Priorities and the Hatcher Group.

Comparison to earlier case studies:

In 2005, the Hatcher Group conducted case studies of five state EITC campaigns in the wake of the last recession. We concluded then that the state campaigns included these important elements, many of which remain important today:

- Building consensus among advocacy groups.
- Recruiting legislative champions.
- Developing a compelling data-driving localized case.
- Building bipartisan alliances.
- Emphasizing the local impact of the EITC.
- Developing effective media and messaging strategies.
- Being flexible and willing to compromise when necessary.
- Finding alternative sources of funding for state EITCs.
- Using expert resources.
- Publicizing successes.

However, the political landscape has changed and our new case studies found two important differences. First, bipartisan alliances did not play a significant role in any of our new case studies. Second, in all our case studies advocates had great success by refusing to compromise and bargain against themselves. For example, in Colorado instead of reducing the size of the credit, advocates found and supported new sources of funding. Advocates in Michigan determined that saving the EITC structure was essential and refused to accept other credits in its place. And advocates in Vermont refused to agree to any reduction in the EITC even when the administration reduced the amount it was proposing to cut.

Conclusion:

In all four states studied, advocates succeeded in creating or protecting the Earned Income Tax Credit against great odds. These case studies make it clear that their success was due to thoughtful strategies carefully implemented. They were not incidental or due to luck. These case studies offer advocates in other states a wealth of guidance in implementing their own EITC campaigns.

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Tax Credits For Working Families, through its website 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.