



Moving Toward Inclusion: Lessons from Minnesota's Working Family Credit Campaign

Background

In June 2019, [Minnesota](#) Governor Tim Walz (DFL) signed legislation to increase the state's Earned Income Tax Credit (EITC), known as the Working Family Credit (WFC), as part of a broader tax package. Building on Minnesota's earlier work to include younger workers in its state EITC, this legislation further expands the WFC for workers without dependent children. Minnesota also catches up with other states and the federal EITC by providing an expanded credit for larger families (those with three or more children). The new legislation expands the WFC by \$30 million per year and is estimated to benefit 275,000 households—including 33,000 newly eligible households.

Unlike other state credits, the WFC is structured as a percentage of a worker's earned income, not as a percentage of the federal EITC, although its structure is very similar to the federal EITC. The value of the credit decreases after a taxpayer's earned income passes a certain threshold, which is based on the number of qualifying children they have. The new legislation makes two primary changes: it adds a fourth tier for families with three or more dependent children, and it substantially increases the credit value and qualifying income level for workers without dependent children.

Minnesota has made strides over the years to make the state's EITC more inclusive. In 2017, Minnesota became the first state to pass legislation to expand the credit to younger workers. Advocates still felt there was more to do to strengthen the credit, especially for two groups that benefitted less from the credit as it was currently structured: 1) larger families and 2) workers without dependent children. The original structure of the credit did not offer a larger credit for families with three or more children, which failed to acknowledge the greater financial responsibilities of larger families. Similarly, the credit was extremely small for workers without dependent children

compared to families with children, and the income phase-out for "childless workers" was too low. For example, a single worker without dependent children working full-time, year-round earning the state minimum wage made too much to qualify for the credit.

As Minnesota worked to update the state tax code in 2019, advocates felt it was the perfect time to fight for an expansion and highlight how the state could prioritize these two groups.

Campaign Structure and Strategy

[The Minnesota Budget Project](#) credits this year's expansion victory to a multi-year effort to make the state's EITC more inclusive. Led by the Minnesota Budget Project, this campaign involved an informal coalition consisting of advocacy organizations, policy organizations, faith-based organizations, and organized labor partners. It leveraged key strengths of coalition partners, including policy expertise; relationships built over time with champions in the legislature and the Walz administration; media outreach and social media; and supporting Minnesotans with lower incomes to bring their voices into the public debate, while also expanding its civic engagement strategies.

The focus of the campaign was educating state legislators about the credit and the coalition's specific priorities for expansion. A new gubernatorial administration and a significant number of new members of the state legislature had been elected, which provided the coalition with new potential champions. However, it also meant there needed to be an intense education campaign to ensure new policymakers understood the benefits of the credit and made expansion a priority. The coalition also had to educate lawmakers on why an expansion should be a priority in a year when the tax committees' primary focus was updating the state's tax laws in response to the substantial federal changes enacted in 2017.

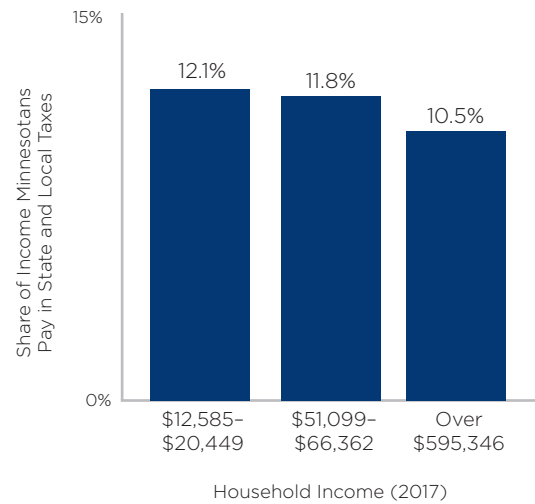
A key aspect of the campaign was elevating the voices of workers who claim the credit. Advocates felt it was important to highlight the direct impact an expansion could have in people’s everyday lives. The Minnesota Budget Project, Children’s Defense Fund-Minnesota, Prepare + Prosper, Voices for Racial Justice, Ujamaa Place, and Youthprise hosted an education and listening session for young working Minnesotans. This event was grounded in youth voices and included a spoken-word performance by Individuals with Dreams, a group of African American youth. Attendees learned about the credit and talked about what an additional \$100 each year from an expanded credit would mean to them. Attendees detailed how that extra money would be helpful in buying necessities for home and work, transportation to get to and from work, and increasing savings for unexpected expenses. They spoke about how they could strengthen their communities by spending those additional dollars in their own neighborhoods. Their answers were used to educate legislators on how an expansion would support young workers to invest in themselves and their futures.

In addition, coalition partners supported other community members to testify before the state legislature and engaged in direct outreach to legislators in support of the credit. Coalition partners also used civic engagement strategies that resulted in about 1,000 constituents contacting their legislators in support of WFC expansion.

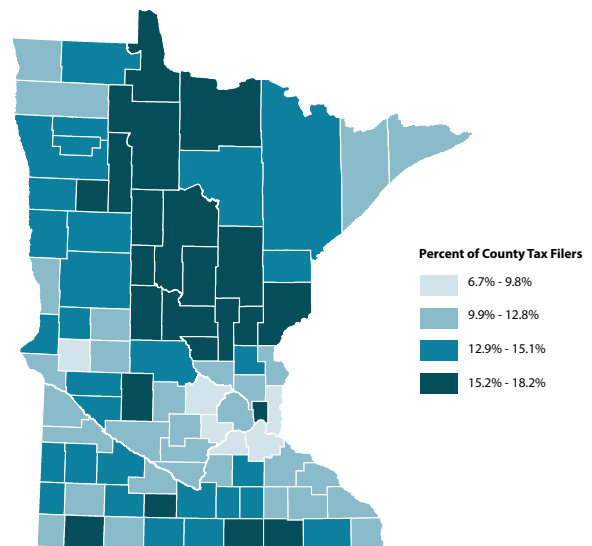
The campaign also made it a point to highlight the credit’s connection to larger issues impacting the state, particularly racial and geographic equity. **Households of color make up about 18 percent** of the state’s population, but in 2015, 34 percent of Minnesota households eligible for the federal EITC were people of color. The campaign drew attention to the EITC’s role in making Minnesota a place where everyone can succeed, regardless of who they are or where they live. Similarly, **a map demonstrating that the WFC reaches every part of the state** was a high-impact educational tool.

The biggest obstacle the coalition faced was ensuring the credit remained a priority for the legislature. In the state Senate, lawmakers passed a “zero-target” tax bill, which would require any funds used for a credit expansion to be raised within the bill itself. While there were several opportunities to raise revenues within the proposed tax bill, there were also many competing priorities. Ultimately, the WFC coalition’s efforts to keep the credit at the forefront of the conversation drove lawmakers to include the expansion in the final version of the bill.

Taxes are a Bigger Share of Lower-Income Families’ Budgets



Percent of Households Received the Working Family Credit




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Key Messages Used

- The WFC reaches residents in all parts of the state:** The credit effectively reaches workers and families who face geographic barriers to economic stability. About half of the households that receive the WFC live in the Twin Cities metro area and half live in Greater Minnesota.
- It's time to make the WFC work for all kinds of families:** The credit did not meet the needs of workers without dependent children and larger families. An expanded credit would allow young people starting their work lives to invest in themselves, their futures, and their communities.
- The WFC helps Minnesotans succeed in the workplace and save:** The WFC helps workers better afford things that help them get to and stay on the job, like tools, uniforms, or transportation. It can also enable workers to save so they have the resources to respond to challenges, such as a needed car repair, that could otherwise result in losing wages or their job.
- The WFC is a tool for advancing racial equity:** The WFC is one tool in overcoming historical and structural barriers to financial stability. Almost 34 percent of EITC-eligible taxpayers are households of color.

Looking Ahead

Newly eligible young workers may not yet be in the habit of filing their income taxes or be aware that they can qualify for the WFC. Prepare + Prosper will conduct outreach to younger workers so they will claim the state EITC for which they are eligible, using messages informed by the young people engaged in this campaign.

The Minnesota Budget Project believes that states should continue to innovate on EITCs, continue to improve it, and include more workers. Advocates in several states are working to make the EITC more accessible to immigrant families, and the Minnesota Budget Project sees allowing workers with Individual Taxpayer Identification Numbers (ITINs) to claim the WFC as an important future policy change. Currently, workers must have a Social Security number to claim the credit at the federal and state level.

PARTNERS

Prepare + Prosper

Children's Defense Fund-
Minnesota

Minnesota Asset Building

Coalition

Joint Religious Legislative
Coalition

Voices for Racial Justice

Minnesota AFL-CIO

Legal Services Advocacy Project

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