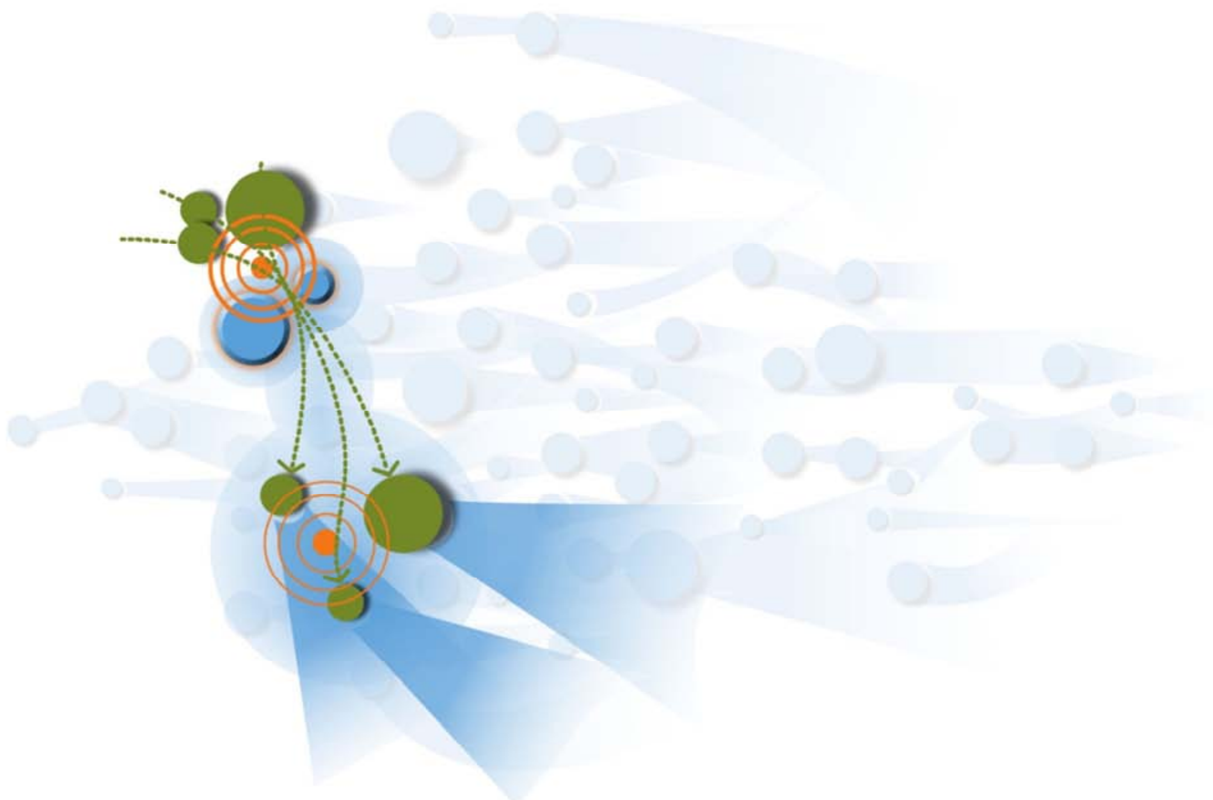
The Annie E. Casey Foundation and the EITC: An Inadvertent Venture into Complexity- Final Draft

By Steve Holt and Kirsten Moy

June 2011



THE ASPEN INSTITUTE

One Dupont Circle, NW, Suite 700
Washington, DC 20036

ACKNOWLEDGMENTS

This study was made possible through the generous support of the Annie E. Casey Foundation. In particular, we would like to thank Tom Kelly, who inspired us to undertake this nontraditional analysis; Irene Skricki, who assisted us in tracing a number of the critical paths of influence and connection in our observations; and Bob Giloth and Mike Laracy for their insights and historical perspective. We would also like to thank Bonnie Howard and Irene Lee, who participated in the launch of this project and provided subsequent information and materials.

We conducted a number of interviews with leaders in the field, and we are grateful for the information, experiences and insights that they shared. These individuals are listed in Appendix A, and we thank them all. The authors conducted one group interview in Philadelphia, and we are indebted to Khadijah Jones and Jean Hunt, the present and former heads of the Campaign for Working Families, for bringing together the members of that extraordinary network. We would like to thank all the members of the Campaign who participated for their candor and for the richness of the experiences and learnings they shared.

Special thanks go to Bryan Coffman of InnovationLabs for his creative illustrations, which, in the process of capturing our thoughts, helped us to further develop and refine our thinking.

Finally, we would like to thank our colleagues Jan Simpson, who edited this report, and Colleen Cunningham, who was responsible for the final layouts of the illustrations and the final formatting of the report. They're always there when we need them.

Table of Contents

BACKGROUND/CONTEXT/FRAMING

Genesis of the study

In the summer of 2009 one of the researchers, Kirsten Moy of the Aspen Institute, explored with Tom Kelly of the Evaluation unit of the Annie E. Casey Foundation (AECF) the value of carrying out an assessment of the AECF Foundation's multifaceted support of the Earned Income Tax Credit (EITC) over time utilizing frameworks, perspectives and principles from the field of complexity science. Both Moy and Kelly were familiar with some of the fundamentals of this emerging science and intrigued by its explanative power in the study of complex systems in a growing number of fields ranging from physics to biology, economics, organizational management and the social sciences.

These discussions resulted in the awarding of a grant, in the fall of 2009 to the Aspen Institute, to carry out an assessment to explore the roles of the AECF in the support and promotion of the EITC movement. Steve Holt of Holt Solutions joined the research team at the end of 2009 and the study was formally launched in January 2010.

Why a complexity science approach

The AECF involvement in the promotion and expansion of the use of the EITC has been particularly comprehensive in scope, national in its reach and longstanding, spanning a period of over 20 years from the late 1980s to the present. It has involved senior management of the Foundation as well as program officers from multiple AECF units, though not necessarily in a consciously coordinated way. Important aspects and components of the AECF work over time included funding of legislative and policy initiatives, public awareness campaigns, support of free tax preparation campaigns on the ground, support for national convenings involving practitioners and other stakeholders from multiple sectors of the EITC and free tax preparation world, the creation and fostering of networks in the field, funding for the collection and analysis of data both nationally and locally, and the development and dissemination of a number of published reports.

While there have been many anecdotes of influence and contributions to results in the EITC field coming out of the history of AECF leadership and funding, there has been no way to convincingly document this influence or contribution through conventional analytical means. Observed results over more than two decades have included policy changes, the creation of viable networks and improvement of practice in the field, an unusually collaborative field with many shared standards, the creation of industry infrastructure, and visible influence on the government (e.g., the IRS) as well as the private market of paid preparers. What role(s) did AECF play in all this? What can be attributed to the Foundation's efforts?

The premise of this paper is that complexity science frameworks, approaches and methodologies can provide more appropriate guidance and produce deeper insights into what has taken place in the complex world of the EITC than the frameworks, approaches and methodologies of conventional evaluative analysis.

Introduction to salient aspects of complexity science

Many of us are now familiar with the concept of six degrees of separation. The playwright John Guare originated the term "six degrees of separation" in his 1991 play of that title, but the phenomenon of small-world connectedness he was referring to was discovered – or arguably rediscovered – by Harvard professor Stanley Milgram in 1967. Milgram was attempting to find the "distance" between any two people in the United States. He defined this distance as the number of acquaintances it would take to connect two randomly selected individuals and sent letters to 160 randomly chosen residents of Wichita and Omaha asking them to forward a small folder of information to one of two targeted people he had selected in Massachusetts. Individuals receiving his request were instructed to only forward the folder to the target person if he/she had previously met the person and knew the person on a first-name basis; otherwise, the individual was to mail the folder to a personal acquaintance people he/she knew well enough to call by that person's first name and ask them to forward the folder to the target person or an acquaintance they thought might know the target person. What happened caught Milgram totally off guard: 42 of the 160 letters eventually reached their targets, and while some took a dozen intermediaries, the median number of intermediate persons was 5.5 (thus 6 degrees of separation if you round up). Guesses for the number of intermediaries it would take (no one really had any idea) were as high as a 100.

The 80/20 rule, or "power laws," represents a concept that many of us are not only familiar with, but use (or could stand to use) in our work and everyday lives. The distribution of most phenomena in nature can be described by a bell curve (or what's termed a "normal distribution") with a limited range of possible values, a median, an average and standard deviations. But many important phenomena have a totally different distribution. In the late 1900s, the noted Italian economist Vilfredo Pareto, by historical accounts an avid gardener, noticed that 80 percent of his peas were produced by only 20 percent of his peapods. As an economist studying economic inequality, he saw 80 percent of Italy's lands in the hands of 20 percent of the Italian population, and his most celebrated discovery was that income distribution follows a power law, with the majority of the income (Pareto himself never used the phrase 80/20) going to a small minority of the population and a majority of the population with a very small share. Today, as physicist and network theorist Albert Barabási describes in his book, *Linked: How Everything is Connected to Everything Else and What It Means for Business, Science, and Everyday Life*:

> . . . Pareto's Law or Principle, known also as the 80/20 rule, has been turned into the Murphy's Law of management: 80 percent of profits are produced by only 20 percent of the employees, 80 percent of customer service problems are created by only 20 percent of the customers, 80 percent of decisions are made during 20 percent of meeting time. . . It has morphed into a wide range of truisms as well: for example, 80 percent of crime is committed by 20 percent of criminals. . .

> Under different guises, the 80/20 rule describes the same phenomenon: In most cases, four-fifths of our efforts are largely irrelevant. (66)

One last example may help to illustrate the extensive inroads made by complexity science into our 21st century thinking: the concept of the tipping point, which was popularized by Malcolm Gladwell in his book of the same name. As Gladwell put it,

> . . . the best way to understand the dramatic transformation of unknown books into best sellers, or the rise of teenage smoking, or the phenomenon of word of mouth or any number of mysterious changes that mark everyday life is to think of them as epidemics. Ideas and products and messages and behaviours spread just like viruses do. (7)

Some small thing or combination of things, often so apparently insignificant that it is ignored, may act to push a system or ecosystem out of a static or equilibrium state and send it on a rampage. While exactly what things or phenomena will take off may be a mystery to us (especially if we are ignoring relevant factors because they seem too insignificant), the mathematics of spreading, whether of an idea, a fad or a disease, is not. Science writer Mark Buchanan explains it in a few words in his much-lauded book on complexity, *Nexus: Small Worlds and the Groundbreaking Science of Networks:*

> The mathematics is quite simple. If the number of secondary infections is larger than one, then the number infected will multiply and the epidemic will take off. If it is less than one, then the epidemic will die out. . . . The balance point is the tipping point . . . even the most sophisticated epidemiological models show precisely the same pattern. . . . All it takes is a few changes to push a disease over the tipping point. (163-164)

While these applications of complexity science have entered the popular lexicon and imagination, complexity science comprises a far greater body of knowledge.

First of all, we need to look at situations and systems where the science applies – i.e., to situations where we are dealing with complex systems. A complex system is one in which there are a large number of independent entities or components with no centralized control, and where simple rules of behavior for the individual entities or components give rise to complex collective behavior which is difficult to predict. In recent years, systems as diverse as ant colonies, immune systems, the World Wide Web, economies of nations and neighborhoods and communities have been identified as complex systems. The authors believe that what has come to be known as the EITC field or movement constitutes a complex system.

While the many parts of a complex system operate independently, they are connected in multiple ways, so that there are continual interactions between/among the parts of the system, simultaneously as well as sequentially. In addition, because of this connectivity, no complex system can be fully understood in terms of its component pieces — i.e., the whole is greater than the sum of its parts.

Causality is not easily determined in a complex system; with so much connectivity, we have interaction effects, iterative or cumulative impacts, tipping points and other effects that cannot be traced to any one action or even one factor. In addition, the magnitude of a result may bear no relationship to the magnitude of the effort. Small efforts may produce large outcomes and great efforts very little. And there are always unintended consequences, because we cannot see all the ways in which things are connected.

As mentioned earlier, the collective behavior of a complex system is difficult to predict, partly because of the adaptive behavior of such systems; complex systems are capable of sophisticated information processing through feedback mechanisms and adaptation through learning or evolution.

Networks represent a common form of connectivity in complex systems. In complex systems, networks are mechanisms for the spread of innovation, adaptation and change.

Most real world networks show a high degree of clustering (e.g., two people who know each other are more likely to have friends who know each other), but their most valued property may be their ability to connect individuals from widely separated or disparate clusters. A few random links thrown into a network will generally drastically reduce the degrees of separation in the network and dramatically improve connectivity. The keys to networks are their hubs: i.e., the nodes that are simultaneously part of many large clusters and that have unusually large numbers of links.

What is the relevance or implication of these principles for the work of the Foundation with respect to the EITC?

In the course of going back and trying to document how some of the most significant results in the EITC work were achieved, we found histories of rich, varied and complex interactions among entities in the field, no simple causal pathways in the achievement of any of the significant results studied, a lack of correlation between the effort/resources expended on a project or program and the resulting outcome, the importance of what some would call coincidence or luck (and others synchronicity), the criticality of networks and the value of reducing the degrees of separation among entities in a field to create more effective networks, and the inability to accurately predict the results of interventions and what interventions are most likely to succeed.

As described in the following section, the documentation of how these results were accomplished takes the form of seven "Influence Observation Pathways" and a series of 12 diagrams illustrating a new theory of change, which represent key deliverables of the study.

Major Activities Carried Out in the Course of the Study

We carried out a literature review, gathering and reviewing a wide variety of reports, studies and background papers provided by AECF staff as well as other sources.

We conducted individual and group interviews, talking to approximately two dozen individuals key in the history of the EITC initiative (See Appendix A); these included

- AECF program officers who have provided funding for different aspects of Foundation work relating to the EITC
- Representatives of organizations (e.g., the Center for Budget and Policy Priorities) who have played pivotal roles in the EITC movement
- Researchers who have studied and documented the creation and growth of the credit and its impact on individuals and communities
- Advocates in the field
- Officials from the IRS
- Practitioners who have run EITC campaigns at sites around the country
- Representatives of paid preparers
- Representatives of other funders or funder networks.

We conducted one site visit/focus group to study in detail, on the ground, how relationships and networks played out in a community considered by many to be particularly well-connected, i.e., The Campaign for Working Families in Philadelphia.

We developed a timeline and history of the EITC field including events initiated and actions taken by the Foundation over a 20-year period (see Appendix B).

We traced the history and nature of influence and interactions among numerous actors and events to document how certain critical results or impacts were achieved over time and documented seven of these in the form of "Influence Observation Pathways."

We worked with an artist to develop a series of 12 graphical depictions of the nature of the interactions, illustrating varied ways in which influence and interactions can occur apart from direct action or influence, thus effectively articulating a new theory of change for a movement or sector.

In the end, the investigative techniques we used were very similar to techniques utilized in many studies; it was not so much the activities but the lens applied that made the difference in the nature of the findings. But, it was necessary to create specialized deliverables, e.g., the Influence Observation Pathways and the Theory of Change illustrations, to communicate our findings.

HISTORY

Earned Income Tax Credit as Core Policy Tool

The Earned Income Tax Credit (EITC) – often cited as the largest federal anti-poverty program – has had significantly beneficial effects for its recipients and their communities (Holt 2006).

The EITC was first made available as a temporary economic stimulus measure in 1975, offering up to $400 to low-income workers with children and it was made permanent in 1978. The Tax Reform Act of 1986 expanded the EITC to make it a significant source of assistance, while also excluding a greater amount of income from the federal income tax. The combined effect was paradoxical: fewer households needed to file a tax return to satisfy payment obligations, but only by filing a return could households claim the increased tax credit.

Various supporters advanced different rationales for the EITC in its early days; principal among them were an offset to payroll taxes, a mechanism for reducing taxes for low-income families with children, and a work-based welfare transfer payment. This combination of purposes helped explained what made the EITC unique in the tax code as of 1986: its refundability; that is, the ability to receive a credit in excess of one's federal income liability (Steuerle and Wilson 1987).

The multiplicity of purposes associated with the EITC grew with large expansions in 1990 and 1993. New goals included assistance with child-care costs, offsets to excise tax increases, a better-targeted alternative to a higher minimum wage, supplemental assistance to parents of young children, help for low-income workers with out-of-pocket health insurance costs (Steuerle 2004), and the broader idea of "making work pay"; that is, helping a minimum-wage worker support himself or herself and family with full-time work (Hotz and Scholz 2003).

Both the rationales underlying the EITC and its design – notably the principle of refundability – have greatly influenced other tax policy, including state and local EITCs, the federal Child Tax Credit (CTC), the Making Work Pay Credit, and refundable credits tied to expenditures on health care, fuels, higher education, and home purchase.

Evolution of AECF Involvement with EITC

AECF's involvement with EITC-related work dates to the late 1980s and a conversation between Doug Nelson and Robert Greenstein (Center on Budget and Policy Priorities, or CBPP) regarding the need for outreach to inform low-income families of the availability through the tax code of financial assistance tied to work. This represented a meshing of AECF's work in welfare reform and tax policy, and this combined focus continued and grew throughout the 1990s. Interest in the importance of and strategies for asset development among low-income households added another strand to the work toward the end of the decade.

By 1999-2000, AECF was beginning to see the EITC as a central vehicle for expanding economic opportunity for families with children and the communities in which they live. The Neighborhood Transformation/Family Development initiative that became Making Connections included EITC work in its soft launch in 22 cities. This work was informed by more EITC-focused pilot projects in two of the communities (Camden and Milwaukee) and by projects supported at Community Action Project of Tulsa County and later in Chicago.

AECF became more significantly involved in tax policy in 2000 as it became clear that major tax cut legislation would be advanced, regardless of the outcome of that fall's presidential election. An AECF-initiated process led directly to the enactment, in the fall of 2001, of an expanded Child Tax Credit with partial refundability based on the principles of the EITC.

AECF's EITC work expanded greatly beginning in 2001. The Brookings Metropolitan Policy Program released the first of what would be a series of reports on the impact of the credit on metropolitan areas. An AECF-financed and facilitated meeting in Tulsa brought together the emerging leaders in the field. This was followed in 2002 with a Making Connections peer learning event in Tulsa, an internal strategy paper highlighting the importance of supporting the connection of low-income working families to the income tax infrastructure, and a wide range of work related to capacity building.

A seminal event occurred after an AECF-supported meeting in Chicago in June 2002 when representatives of leading community tax programs decided to create a network that became the National Community Tax Coalition (NCTC). This network developed as a parallel structure building off AECF's continued investment in EITC work in Making Connections communities. This included the development of a data collection system and a framework for EITC-related performance measurement.

In January 2003, through the Hatcher Group, AECF launched the National Tax Assistance for Working Families Campaign using the "Earn It, Keep It, Save It" slogan. This provided an enduring framework for both funded work in the field and other community initiatives, even as Making Connections itself was narrowed to ten cities.

The depth of AECF's EITC-related investments increased with the release in 2003 of the "High Cost of Being Poor" study and funding for more focused work on refund anticipation loans and the initial development of infrastructure to facilitate funding of savings vehicles from tax refunds. Brookings opened its interactive website featuring ZIP code-level tax data and hosted a meeting regarding assessment of EITC participation rates. By 2004, AECF was supporting research and field work regarding scale and sustainability of the community tax sector and quality improvement.

Since 2004, AECF has continued to be a significant investor in these many aspects of work tied to the EITC. This work has been increasingly informed by research and practice in behavioral economics. There were cooperative efforts with H&R Block. Much of the community-level work initiated through Making Connections has been sustained with local support after AECF contributions diminished. Support for NCTC has continued and has attracted substantial involvement from other funders.

A timeline of milestones in AECF's EITC work is included as an Appendix.

INFLUENCE

The varied work related to the EITC is an example of a complex adaptive system. This makes it a good model for studying the process of influence. Specifically, we can observe how AECF influenced – intentionally and unintentionally – what may be viewed as the EITC ecosystem. This, in turn, provides insights into the multifaceted ways in which change occurs and how interventions can be structured to affect that process.

Influence in complex adaptive systems is seldom a linear process; that is, it is not a matter of A pushing B to cause C. The impacts of an intervention are normally multidimensional, change over time, and are influenced by the actions and reactions of others. Multiple interventions have interactive and iterative effects. The results are sometimes similar but rarely identical to what was desired, and they are sometimes quite unexpected (both positively and negatively).

This may be seen in the context of AECF's EITC work through seven observations of influence. These are stories of cumulative effect, constructed from series of specific interventions. An AECF activity (generically considered an investment) is denoted in **bold**, each representing a grant or contract or convening or staff involvement or other intentional action. These stories do not comprise the complete AECF narrative, but they are illustrative and exemplify the complex pathways of change.

Influence observation #1: Expansion of tax-based work supports through a partially-refundable Child Tax Credit is significantly attributable to AECF.

Background environment

AECF investments in **CBPP** supported both a national EITC outreach campaign to ensure that low-income working families filed returns to claim the credit, and policy analysis to demonstrate and build on the value of the EITC.

Although the EITC was very beneficial for lower-income households with children, the credit's structure and other tax policies created problems, such as complexity, marriage penalties, high effective marginal tax rates, and vertical and horizontal inequities. By the end of the 1990s, growing federal budget surpluses were generating interest in tax cut proposals that created opportunities for addressing tax-based work supports.

AECF influence on tax policy development

AECF made grants to create **online forums** (through the Electronic Policy Network and the Welfare Information Network) to facilitate sharing ideas, data and analyses promoting income supports related to the "making work pay" concept.

National think tanks (Brookings Institution, Economic Policy Institute, Urban Institute) conducted analyses, developed policy proposals, convened discussion roundtables and disseminated papers. This resulted in specific suggestions for addressing problems with the EITC-based income supports, including both new credits and modifications to the Child Tax Credit (CTC) that had been created in 1997 to assist mostly moderate-income families with children.

National thought leaders (David Ellwood and Jeffrey Liebman) and **local innovation leaders** (New Hope Project in Milwaukee) supported by AECF also provided analysis and participated in discussions.

AECF convened **roundtables** – in September and November of 2000 – bringing together these and other experts for briefings on policy, the political environment and ideas to promote. These resulted in both the development of a specific proposal for a partially-refundable CTC (making it available to workers with children not earning enough to incur federal income tax liabilities) and ongoing collaboration among key innovators.

AECF publications contributed to the policy debate by featuring articles analyzing the issues and proposals.

AECF commissioned **focus groups and polling** to examine attitudes toward low-income families and assistance policy, including the use of the tax system to benefit those families. This work – finding strong public support for refundable tax credits – was shared with national think tanks, other grantees and policymakers.

The **National Campaign for Jobs and Income Support,** developed in conjunction with other funders in 2001, provided a mechanism for grassroots organizations and low-income families to participate in the national policy deliberations. This provided key support, especially in states with senators instrumental in advancing the refundable CTC proposal.

The refundable CTC proposal fostered by AECF was adopted as part of the Economic Growth and Tax Relief Reconciliation Act of 2001. It made the increased CTC in the legislation partially refundable in an amount equal to a percentage of earnings (like the EITC) above an earnings threshold. This increased the amount of work support available to lower-income families through the tax code and underscored the importance of facilitating filing of tax returns to claim those benefits.

Influence observation #2: The community partnerships model on which IRS SPEC is based and many of its policies are attributable to AECF.

Background environment

The **CBPP** EITC outreach campaign – both as a seminal concept and in its execution from 1989 – helped reinforce and institutionalize within the IRS the need for ongoing marketing of the EITC (promotional materials, public relations efforts, etc.).

Local innovation leaders had recognized the need to invest in free tax return preparation (VITA) to meet demand generated by outreach (and avoid inadvertently driving the target population to predatory commercial preparers). **Documentation of local innovation** – namely Mayor Daley's EITC campaign in Chicago – provided a template for replication.

The broad IRS reorganization initiated in the mid-1990s included consolidation of many functions such as taxpayer education and outreach and public affairs (including operation and oversight of the VITA program) into Stakeholder Partnership, Education, and Communication, or SPEC, within the Wage and Investment Operating Division headquartered in Atlanta. SPEC started out in 2000 with a very broad mission and little specific direction beyond an understanding that budgetary limitations would require pursuing leverage through partnerships. An initial plan was to focus on working with large employers.

AECF influence on SPEC development and implementation

Soft launch of Neighborhood Transformation/Family Development (**Making Connections**) in 1999 to 2001 involved significant staff connections to, and learning about, 22 local areas nationwide. **Pilot programs** in Camden and Milwaukee specifically focused on EITC strategies, including VITA.

CBPP and **local innovation leaders** became interested and invested in SPEC direction and success.

AECF FES (Family Economic Success) staff interacted with SPEC leadership. **Making Connections** principles of community partnership resonated with SPEC mission and director's interest (as a marketing professional new to the IRS) in new approaches.

Frequent **Making Connections** planning and technical assistance meetings structured as **cross-site learning exchanges** created a *de facto* national network of local projects. **Convenings** in Tulsa in October 2001 and subsequent meetings in Baltimore and Chicago in 2002 led to the AECF-created **National Tax Assistance for Working Families (NTA) Campaign** and AECF-funded **NCTC**. SPEC staffers were invited to early meetings, giving them connections they were not able to make on their own, providing credibility, and establishing a pattern of two-way communications and influence between SPEC and community-level leaders. **National promotional theme** of "Earn It, Keep It, Save It," launched in 2003, was effectively adopted by SPEC.

The **NTA Campaign** data infrastructure provided SPEC with an opportunity to adopt a more open, community-oriented policy toward data collection and use.

SPEC's own data resources provided the basis for **Brookings Metropolitan Policy Program** research on EITC topics, including use of refund anticipation loans and enabled creation of an interactive EITC database; these each altered SPEC's work nationally and locally.

Local innovation leaders, **Making Connections** and **NCTC** facilitated SPEC's disinvestment (responsive to funding reductions) in VITA infrastructure that transformed it from an IRS operation to a collection of community projects with IRS oversight and modest support (purchase of return preparation software and some furnishing of computer equipment).

AECF-funded **national partners** (for example, the National League of Cities) became key partners in SPEC initiatives.

The Aspen Institute research on scale and sustainability helped guide SPEC planning.

SPEC was able to respond to external criticism about the quality of returns prepared at VITA sites by building on the field work of **AECF consultant** Amy Brown and her subsequent development with **Aspen** of a training tool for tax site quality reviewers (disseminated through the EITC Platform).

NCTC promoted efficient communication by SPEC with local partners and gave those partners a voice and opportunity for influence with SPEC. The national network provided an infrastructure for viable implementation of new SPEC initiatives, such as the Real Economic Impact Tour started with the National Disability Institute in 2006.

The Self-Employment Tax Initiative led by **CFED** provided a mechanism for SPEC to work with community tax campaigns to respond responsibly to demands for preparation of returns from low-income workers with self-employment income.

The "Save It" concept developed through AECF investments in **D2D, pilot projects** and **local innovation leaders**, as well as **AECF FES staff** interactions with H&R Block, led to the creation of the Form 8888 split refund and savings bonds purchase options promoted by SPEC, and contributed to the development of the broader Financial Education and Asset Building (FEAB) Opportunities for Taxpayers rolled out in 2009.

Influence observation #3: The viability of NCTC is primarily attributable to AECF investment.

<u>Background environment</u>

The enactment of the Tax Reform Act of 1986 expanded the EITC but also required fewer poorer households to file tax returns. The **CBPP** EITC outreach campaign was the seminal approach to addressing the need to ensure that low-income working families filed returns to claim the refundable tax credit. Local organizations involved in outreach work linked in many places with the IRS and its VITA program and became progressively more involved with the preparation of returns. Also, new organizations formed to coordinate volunteer return assistance efforts among tax professionals.

AECF invested, through various portfolios, in **local innovation leaders** that were among these organizations involved in EITC outreach and tax return preparation (e.g., Community Action Project of Tulsa County and the Center for Law and Human Services (now Center for Economic Progress) in Chicago).

Some of the organizations involved in tax return preparation (particularly those in Tulsa, Chicago, Detroit, and Minnesota) started discussing the potential for a cross-community free tax preparation coalition.

<u>AECF influence on NCTC</u>

Soft launch of Neighborhood Transformation/Family Development (**Making Connections**) in 1999 to and **pilot programs** in Camden and Milwaukee involved AECF in EITC work in several more communities nationwide.

Frequent **Making Connections** planning and technical assistance meetings structured as **cross-site learning exchanges** created a *de facto* national network of local projects. EITC-focused session in Tulsa in October 2001 (financed and facilitated by AECF) and subsequent meetings in Baltimore and Chicago in 2002 led to the AECF-created **NTA Campaign.**

At the 2002 gathering in Chicago, **local innovation leaders,** involved in prior discussions about the creation of a cross-community coalition, were joined by representatives of **Making Connections**-related organizations in an informal post-meeting discussion that resulted in creation of a Tax Roundtable working group. This led to creation of a listserv and eventually to the formal **NCTC.**

AECF funded **NCTC** through grants to the Center for Economic Progress to operate it and develop it into a national intermediary building the capacity of community tax campaigns.

AECF's parallel support of **cross-site learning exchanges** for the **NTA Campaign** and national meetings of **NCTC** eventually merged into annual (and then biannual) conferences.

Brookings Metropolitan research, using ZIP Code-level data from IRS SPEC, led to the development of a national interactive EITC database that provided a common data foundation for organizations working in the field.

AECF-funded **national partners** (for example, the National League of Cities) became involved with NCTC.

Metis Associates and **AECF consultant** Steve Holt developed a software tool (the NTA Application) to facilitate the extraction of data from the IRS-provided return preparation software in a manner consistent with privacy requirements and to produce reports. This was made available through NCTC to other community tax campaigns as an industry standard.

AECF consultants (e.g., Amy Brown, Steve Holt) provided technical assistance to NCTC staff and affiliate organizations in various areas.

AECF FES staff interactions with SPEC leadership and H&R Block helped legitimize NCTC and facilitate direct relationships with NCTC and its affiliates

Aspen developed and implemented **pilot programs** to test innovative models for achieving scale and sustainability in EITC and related asset-building programs. Aspen also studied the quality of tax return preparation among a sample of local tax campaigns and issued a report outlining that a formal on-site quality review process was consistently associated with lower levels of return preparation mistakes. Aspen (in partnership with its subcontractor Innovation Labs) conducted a "charrette" in Chicago with NCTC leaders to look at the current status of the EITC field and future directions. AECF funded Aspen to launch the **EITC Platform** to offer the quality review training and other innovations designed to advance the field.

AECF investments in **D2D, pilot projects,** and **local innovation leaders** leading to the creation of the Form 8888 split refund and savings bonds purchase options and other asset program innovations provided a foundation on which NCTC and its affiliates could build.

Influence observation #4: The success of efforts to curtail refund anticipation loans (RALs) is significantly attributable to AECF.

Background environment

Explosive growth in the late 1980s and early 1990s of commercial tax preparers focused on lower-income communities (notably, Jackson Hewitt) was fueled by products paying taxpayers their refunds at the time of return preparation through a short-term bank loan (the RAL) facilitated by the preparer.

Initial wave of community activism focused on the availability of EITC included looking at state regulation of RALs to require improved disclosure (e.g., Milwaukee's EITC Campaign successfully advanced legislation in Wisconsin in 1992-93). The **CBPP** EITC outreach campaign kits included information about the perils of RALs in 1995.

In 1994, the IRS terminated its "direct deposit indicator" (a tool for determining whether there would be offsets against a refund), causing a large drop in RAL activity. A similar tool ("Debt Indicator") was reinstituted in 1999 and RAL use resurged.

The National Consumer Law Center (NCLC), in partnership with the Consumer Federation of American (CFA), began studying the RAL industry using internal funding derived from residual payments from class action settlements (*cy pres* awards). NCLC/CFA released their first report in 2002.

AECF influence on efforts to curtail RALs

Brookings Metropolitan research using ZIP code-level data from IRS SPEC was augmented with investigative work in the Washington, DC area to produce a 2002 report describing disproportionate location of Jackson Hewitt and other commercial preparers in areas with large numbers of EITC claimants, the association with RALs, and the high fees involved.

CFA (work on high-cost credit supported by AECF beginning in 2001) and **NCLC** (AECF funding for work on RALs started in 2003) began releasing annual reports on trends in RALs, industry actors, legal action, and model legislation and special reports (e.g., the role of the Debt Indicator). These reports received increasing press coverage, both nationally and locally.

Making Connections local work related to EITC and the AECF-created **NTA Campaign** developed the national promotional theme of "Earn It, Keep It, Save It" and specified work to combat RALs as part of the "Keep It" element for communications and programming.

Strategy meeting convened at AECF in 2004 assembled representatives from **national** and **local innovation leaders** to develop a common understanding of RALs and a coordinated strategy for research and advocacy.

AECF FES staff interactions with H&R Block included asking them to stop marketing RALs. **Local innovation leaders** maintained communications with H&R Block and pursued joint innovation projects.

NCTC conferences provided a forum for: 1) the community tax field to be well-informed about RAL developments and strategies; and 2) H&R Block, IRS SPEC, and others to learn from advocates, researchers, and service providers about the financial services environment that was helping to feed demand for RALs and the potential for other products.

A few **local innovation leaders** maintained communications with H&R Block and pursued joint innovation projects designed to supplant RALs. Others began offering alternative RALs that 1) diverted demand from commercial providers and 2) provided interested taxpayers with much more favorable terms.

Support for **NCLC/CFA** and **local innovation leaders** was augmented to include "mystery shopper" testing in Durham, Philadelphia, Arkansas, and New York, resulting in reports released in 2008 and 2010 that received notice from regulators.

National thought leaders who had been supported by AECF in various capacities (e.g., Michael Barr, Sheila Bair, Joshua Wright) assumed leadership roles in public institutions with influence on the RAL industry.

The combined effect of the foregoing work at the national, state and local levels increased the reputational risk to institutions involved in RALs and helped motivate their withdrawal (e.g., JPMorgan Chase in 2010). Attention to the role of the Debt Indicator helped lead the IRS to terminate the tool for 2011 and federal regulators took further restrictive action based on the resulting credit risks to financial institutions.

Influence observation #5: The infrastructure to facilitate savings of tax refunds via tax returns is significantly attributable to AECF.

AECF influence on return-based savings infrastructure

D2D – initially funded by AECF in 2001 to look at using the administrative infrastructure of 401(k) plans for Individual Development Accounts – suggested "bifurcation": the splitting of tax refunds as a savings mechanism. AECF funded R2A (Refunds to Assets) **pilot programs** to test the refund splitting concept in partnership with **local innovation leaders** (first in Tulsa, then also in New York City, and then in five additional communities).

Using the evidence from the pilot projects, **D2D** persuaded the IRS in 2006 to create Form 8888 to formalize the ability to directly deposit tax refunds into up to three financial institution accounts.

In 2005, in the context of a broader look at reviving U.S. Savings Bonds as a savings device, **D2D** advocated permitting taxpayers to purchase bonds with tax refunds. AECF – in cooperation with the H&R Block unit in regular dialogue with **AECF FES staff** – operated supported **pilot programs** in 2007 with five **local innovation leaders** at VITA sites and at H&R Block offices to test the use of refunds to purchase savings bonds.

Strategy meeting convened at AECF in 2007 assembled representatives from **national** and **local innovation leaders** to review the results of pilots and develop strategies for moving forward.

With support from AECF, **D2D** has conducted since 2008 (through the Savings Bonds Working Group it founded) successively expanded **pilot programs** with VITA sites promoting use of split refund mechanisms to purchase savings bonds.

National thought leaders who had been supported by AECF in various capacities (e.g., Mark Ivry, Peter Orszag, Michael Barr, Joshua Wright) assumed leadership roles in public institutions with influence on tax return and savings bonds infrastructure. For tax year 2010, the IRS and the Bureau of Public Debt made it possible for taxpayers to purchase savings bonds on their tax returns, and for tax year 2011 this was fully integrated with Form 8888.

NCTC conferences and the Asset Building Working Group promoted the split refund idea and purchase of savings bonds, and served as recruitment vehicles for campaigns interested in testing and promoting the concepts. **CBPP** EITC outreach kits have highlighted the new savings tools.

Influence observation #6: The EITC Platform (www.eitcplatform.org) is the product of a history of sustained investment by AECF.

AECF influence leading to the EITC Platform

Soft launch of Neighborhood Transformation/Family Development (**Making Connections**) in 1999 to 2001 and **pilot programs** in Camden and Milwaukee involved AECF in EITC work in several communities nationwide.

Through the **TARC** (Technical Assistance Resource Center) component of **Making Connections**, AECF funded **Aspen** Economic Opportunities Program beginning in 2001 to support sites in their work on financial services and asset building.

Making Connections planning and technical assistance in the form of **cross-site learning exchanges** created a *de facto* national network of local projects involved with EITC work, leading in 2002 to the AECF-created **NTA Campaign** and the AECF-funded **NCTC**.

Aspen was involved in **cross-site learning exchanges** as a presenter on topics such as "EITC Campaigns and Financial Services" in 2002 and 2003.

AECF consultant Amy Brown wrote "Thoughts on Scale in EITC Campaigns" in 2004, referencing an **Aspen** model describing how organizations grow, expand their reach and become sustainable.

In 2004 and 2005, AECF funded **Aspen** to assist five **local innovation leaders** in developing and implementing **pilot programs** to test innovative models for achieving scale and sustainability in EITC and related asset-building programs. Analysis of the results of the pilots indicated that all had failed in the fundamental goal of showing potential for scale and that there needed to be a new focus on creating a practical infrastructure for scale.

In 2005 through 2007, AECF funded **AECF consultant** Amy Brown to study the quality of tax return preparation among a sample of local tax campaigns. These studies found that campaigns using a formal on-site quality review process were consistently associated with lower levels of return preparation mistakes.

In 2006, AECF funded **Aspen** (in partnership with its subcontractor Innovation Labs) to conduct a "charrette" at the Federal Reserve Bank of Chicago with leaders of **NCTC** to look at the current status of the EITC field and future directions. This session built on sessions Aspen had done with the Federal Reserve regarding scale in the community development finance field that had included presentation by CCA Global on the power of platforms and networks.

At the **NCTC** conference in 2006, **Aspen** conducted a polling exercise to assess priority needs of the field, local campaigns and tax sites.

AECF funded **Aspen** (with Amy Brown as the lead consultant) to develop an online training course – in partnership with CCA Global and as the centerpiece for a new EITC Platform – to prepare tax site personnel to provide the quality review function identified in the earlier study as being associated with lower rates of return preparation error. A prototype was demonstrated at the 2007 **NCTC** conference and the EITC Platform was launched in advance of the 2008 tax season.

Influence observation #7: Philadelphia is an example of a community where multiple strands of investment by AECF have contributed significantly to an effective network operating within the EITC framework.

<u>AECF influence on EITC work in Philadelphia</u>

Philadelphia was one of the communities invited to participate in the Neighborhood Transformation/Family Development (precursor to **Making Connections**) process. This involved representatives of some local organizations in the **cross-site learning exchanges** that were part of the planning and technical assistance process. This process highlighted several areas for community-level work, including the use of the EITC and other work supports to help families improve their economic security.

Philadelphia was an original participant in the **NTA Campaign** created by AECF in 2002 and branded with the "Earn It, Keep It, Save It" theme in early 2003. The **local innovation leader** in Philadelphia (the Campaign for Working Families, with its partner organizations in a vibrant local network) adopted this framework as it pursued the improvement and expansion of the IRS's existing VITA program providing free tax return preparation services.

Philadelphia was not selected as a **Making Connections** community, but this meant that it received (through the **local innovation leader,** the Campaign for Working Families) a limited-term substitute AECF investment that was used to continue the local work started under the umbrella of the **NTA Campaign.**

The **NTA Campaign** contributed to the development of the AECF-funded **NCTC**. The Philadelphia **local innovation leader,** the Campaign for Working Families, was an active early participant and regularly utilized the national network formally and informally as part of a continuous improvement process. This included adapting programming from other **local innovation leaders** (e.g., Nehemiah Gateway Community Development Corporation in Delaware's use of alternative account devices for direct deposit of tax refunds).

Philadelphia benefited particularly from AECF's investment in **D2D** and the development of the split refund option, as well as the work of **AECF FES staff** with H&R Block that contributed to the various pilot initiatives. Philadelphia was one of two cities selected to participate in 2006-2008 in a pilot funded by H&R Block through **CFA** testing social marketing strategies to promote refund splitting. Through the pilot, the **local innovation leader** (the Campaign for Working Families) strengthened its relationship with Consumer Credit Counseling Services of Delaware Valley (with whom they had worked on providing credit report services at tax sites) and used funding associated with the pilot to link with community tax site hosts and hire community ambassadors and cash coaches linked to tax sites (innovations that were subsequently institutionalized as part of the local service delivery model).

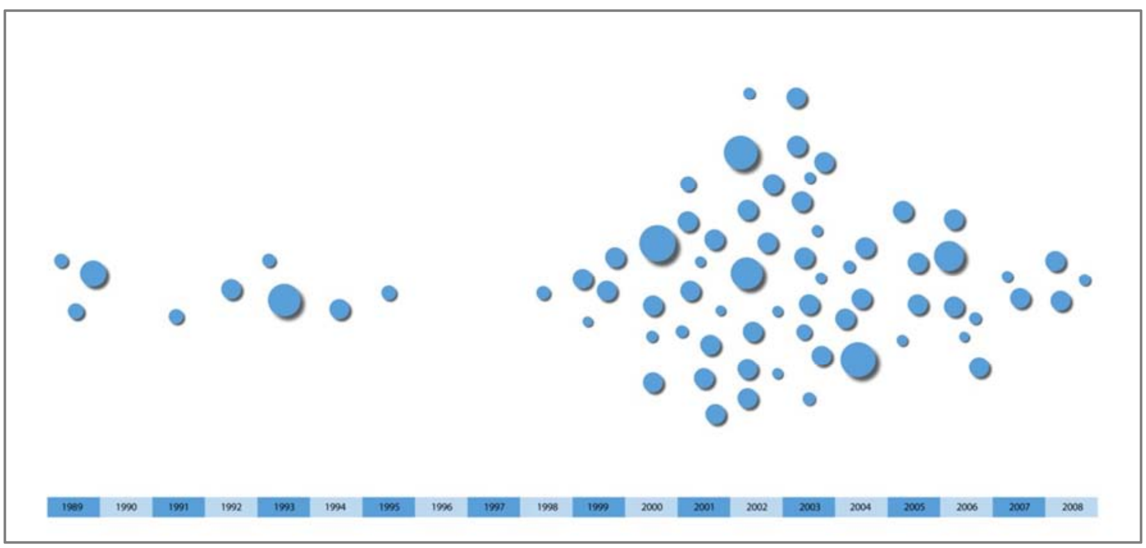
Philadelphia was also able to take advantage of AECF's investment in the efforts by **CFA** and **NCLC** to combat refund anticipation loans. The **local innovation leader,** the Campaign for Working Families, participated in the "mystery shopper" testing that resulted in local press coverage and national reports detailing abuses among commercial tax preparers.

THEORY OF CHANGE

These examples of AECF influence on the EITC "ecosystem" point toward a new theory of change. One cannot read through these seven examples without being struck by the complexity of how change occurs. There are instances of direct funding leading to some result, but more what the research revealed were long strands of actions, interactions, and influence operating to create certain cumulative results and ultimately a system or ecosystem. This theory of change produces results consistent with the findings of the research on scale carried out at the Aspen Institute over the last eight years. What follows is an attempt to depict this theory with a series of 12 diagrams representing the different types of actions, interactions, influence, and results that we found. In all the diagrams, the blue circles represent Casey investments or other actions and the green circles the action of other players.

Diagram 1 is an abstraction of AECF's activity in the EITC space over time. The actions vary in size and they are most numerous during the critical period 2000 to 2004.

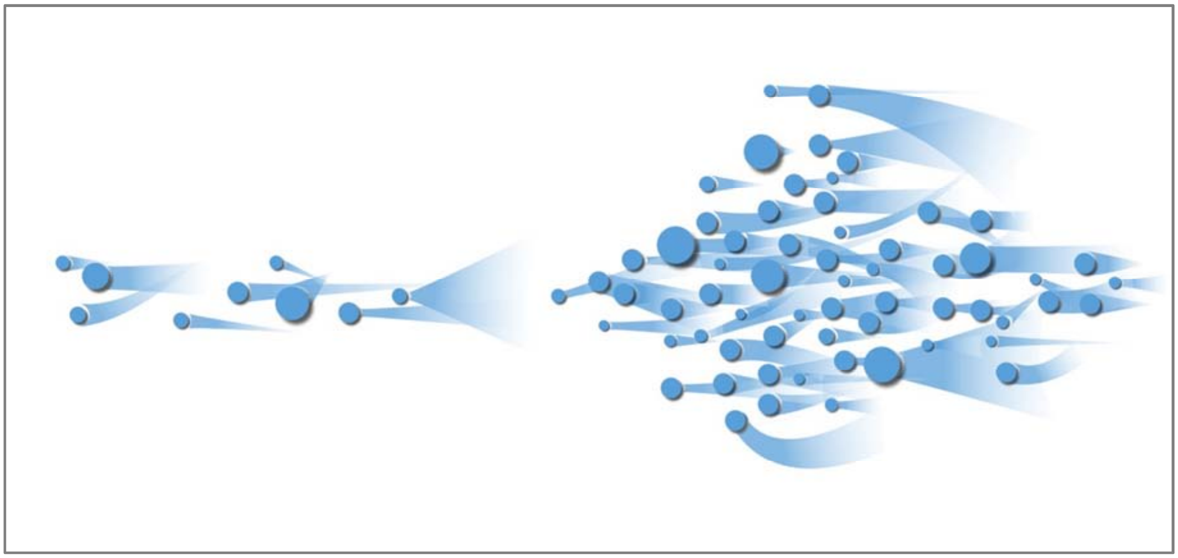
Diagram 1: AECF's EITC Investment History



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 2 represents the dynamic character of AECF's actions. An investment in a local project, for example, exerts a forceful effect going forward. The magnitude of this influence effect may be unrelated to the size of the intervention, and it can change over time. Although there is a presumed directionality of the effect, this can vary as well. The tails or force fields are also meant to show that every action is likely to have effects, positive or negative, beyond what is intended because of the connections that exist between different entities and their actions. There are always unintended consequences and the whole is always more than the sum of its parts.

Diagram 2: Influence "Force Fields"

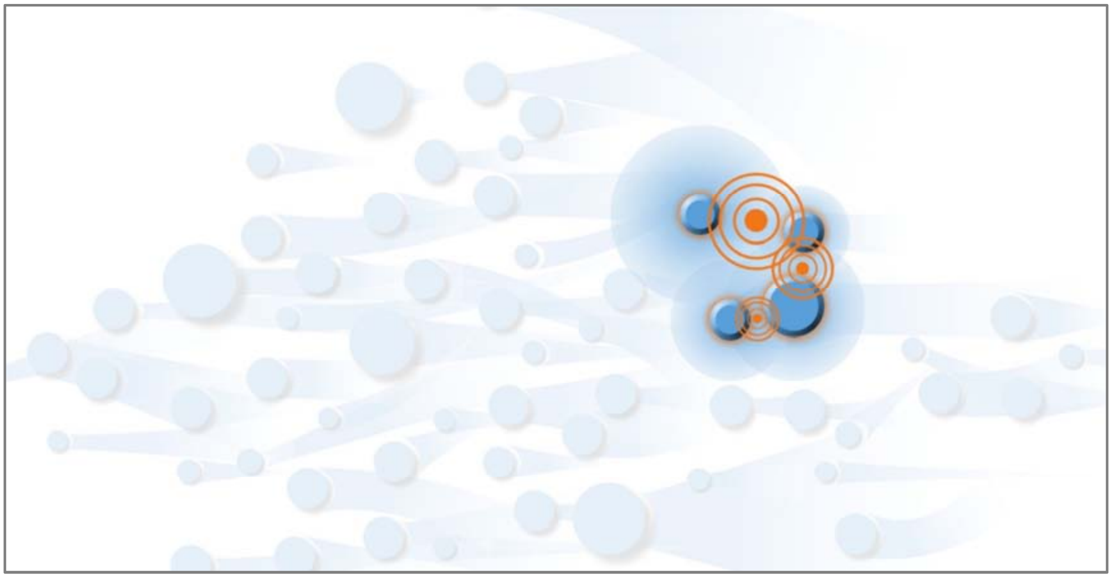


©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

The next several diagrams represent the variety of interactions in the space due to the interventions (in other words, the particular effects of AECF investments within the EITC ecosystem).

Diagram 3 highlights the synergistic effects of making multiple interventions within the same space; there is a magnification of influence even when the investments are discrete and independent. An example within AECF was in the strands of activity – support of CBPP outreach, network-based policy development, asset development, investment in local innovation leaders, and so on – that together shaped the EITC component of the Neighborhood Transformation/Family Development initiative and all that flowed from that.

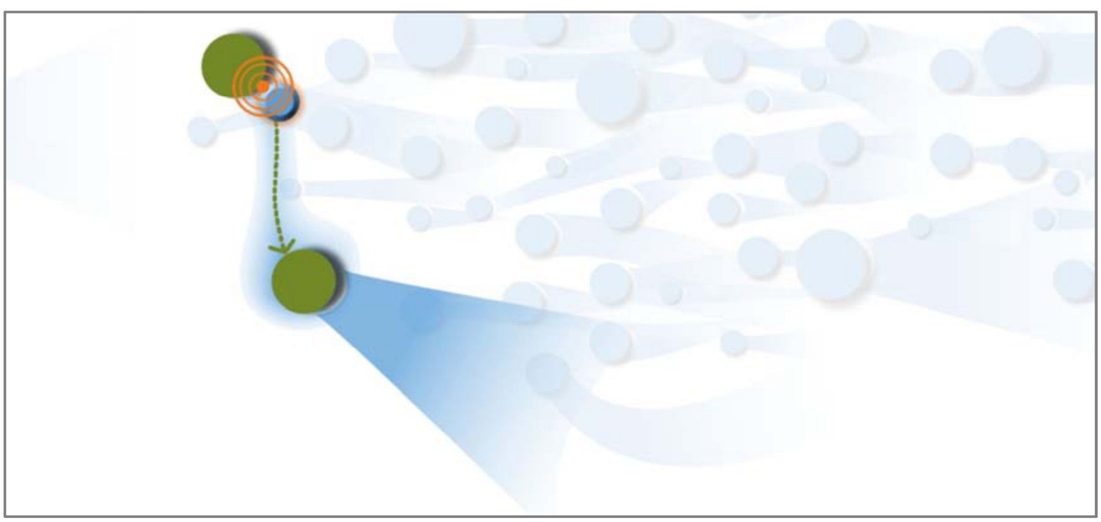
Diagram 3: Synergy Among Investments



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 4 introduces another actor operating within the same space or ecosystem. This represents the traditional philanthropic model, in which a direct investment affects the path of the recipient and results in a magnification of influence through the recipient's activity. AECF's creation of the "Earn It, Keep It, Save It" brand and promulgation to the field are good examples of this approach and how it can be effective.

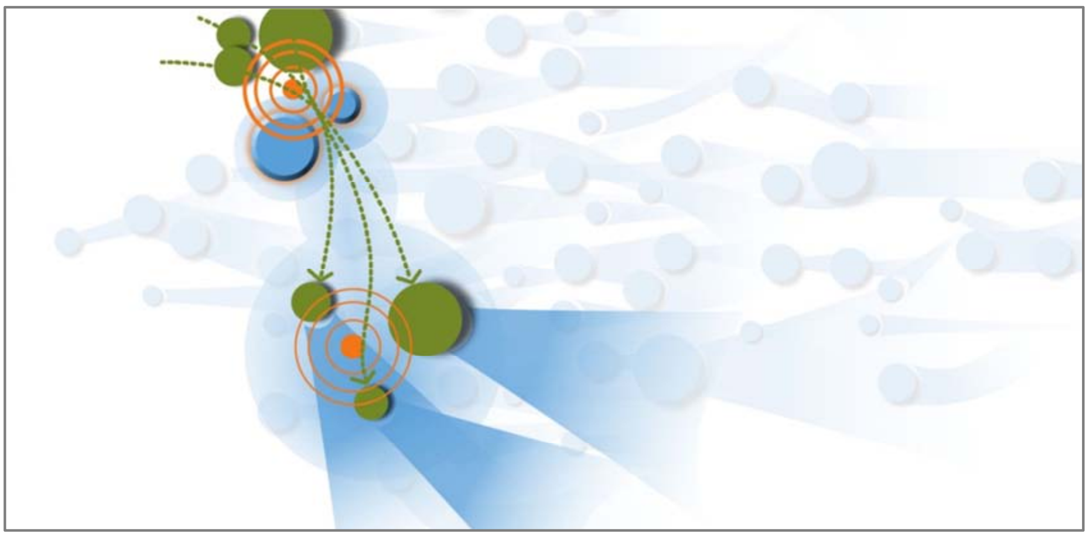
Diagram 4: Direct Influence



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 5 represents a more complex direct investment strategy, in which interaction and perhaps coordination among grantees is part of the program. This generates multiple strands of magnified influence (in both expected and unexpected directions), arising, in part, from secondary interactions among the affected actors. If not a home run, this is at least a double or a triple in philanthropy. A great deal has to go as planned for all the desired interactions and coordination to take place. This investment strategy is not taking place in a vacuum, but against the backdrop of actions, interactions, influence and results created by other AECF investments. Influence observation #5 (related to creating the infrastructure to facilitate savings of tax refunds via tax returns) illustrates an effective use of this strategy.

Diagram 5: Programmed Coordination

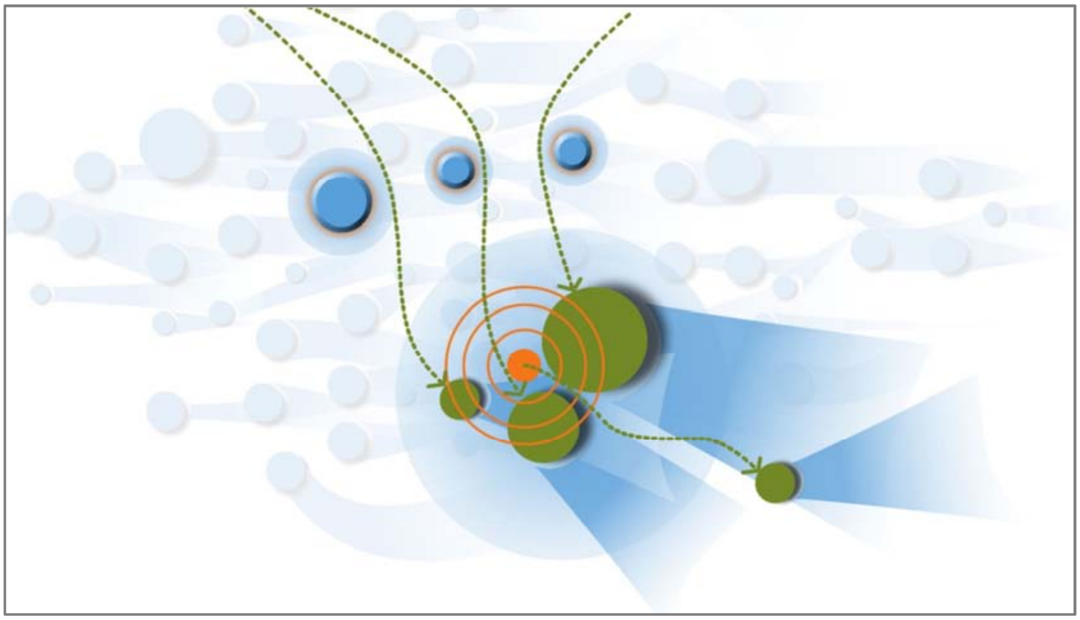


©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 6 shows a different effect. Multiple uncoordinated investments can result in a convergence among others in the ecosystem, generating secondary interactions, impacts on actors beyond the vision of the intervention and varied patterns of magnified influence. The experience in Philadelphia (influence observation #7) exemplifies this idea.

As an environment or ecosystem is modified over time, it becomes more conducive to certain types of investments and activities and less conducive to others. Thus, it is possible over time that uncoordinated investments will produce more and more complementary and supportive effects in such an environment. Because it is easier to make uncoordinated than coordinated investments, some would argue the first and most important thing to do is create a conducive or enabling environment.

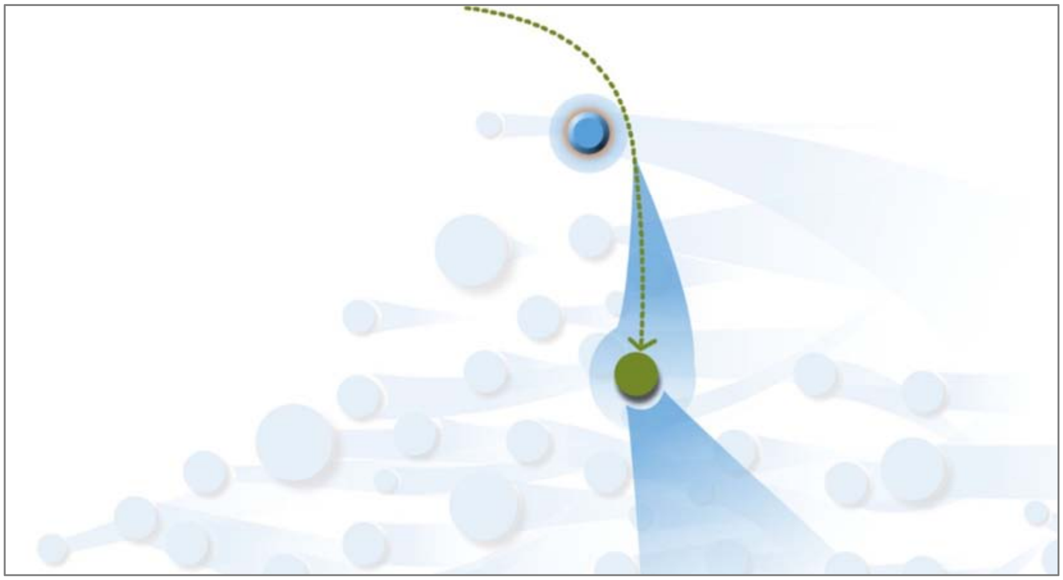
Diagram 6: Unprogrammed Coordination



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 7 represents another phenomenon of an enabling environment or ecosystem: activity can color the environment in a way that affects others operating in the space without any direct contact, nonetheless resulting in influence similar to that achieved with traditional investment. The "Earn It, Keep It, Save It" branding campaign had this effect on the community tax field beyond the universe of AECF grantees. United Way of America's EITC initiative is another example.

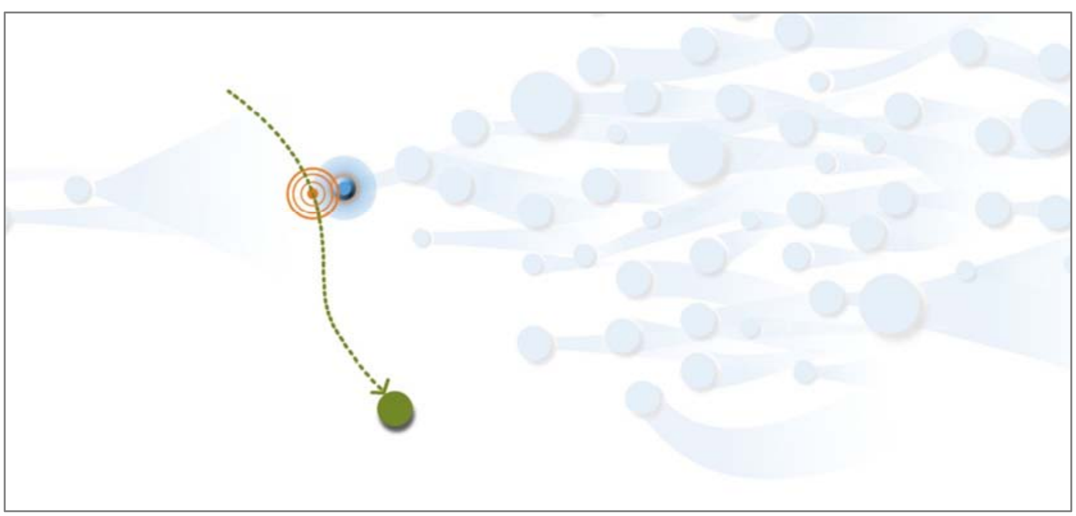
Diagram 7: Indirect Influence



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 8 recognizes that not all interventions work; an investment may simply not have a discernible effect on the targeted actor, and no influence may result. As we have learned, predictions -- whether of success or failure -- are extremely difficult in complex systems. What is traditionally considered "failures" should be an expected aspect of engagement. It is noteworthy that the instances of this over the years in AECF's EITC work neither deterred continued investment nor diminished the overall sense of accomplishment.

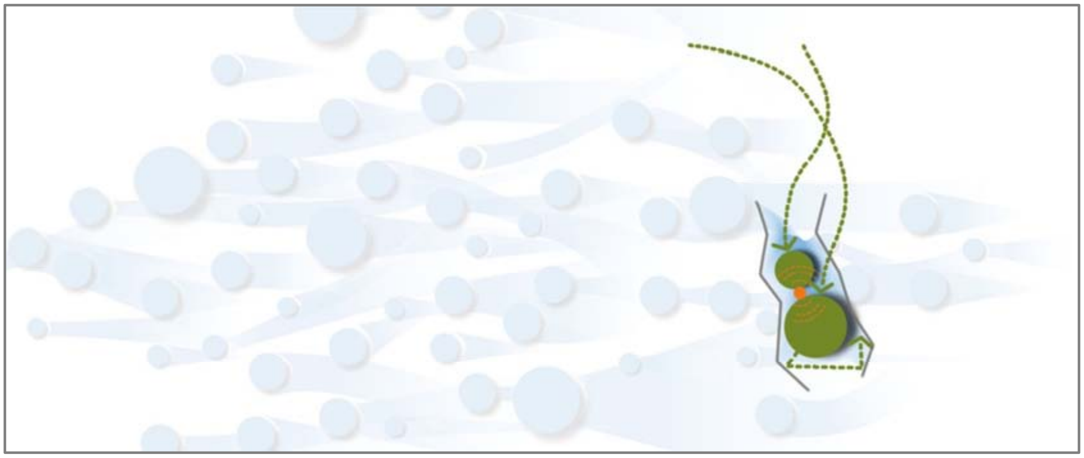
Diagram 8: Investment Failure



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 9 portrays another scenario with a negative outcome. In this case, an attempt – analogous to what is represented in Diagram 5 – to program an investment results in excessive controls. Those intended to be affected are cut them off from the processes in the ecosystem that foster secondary effects, and the investment fails to generate meaningful influence. Connectivity is lessened, innovation is dampened, and the flexibility to improvise, e.g., in the face of unintended consequences, is prohibited or reduced. This phenomenon was evident with respect to the EITC-related work in several of the Making Connections communities.

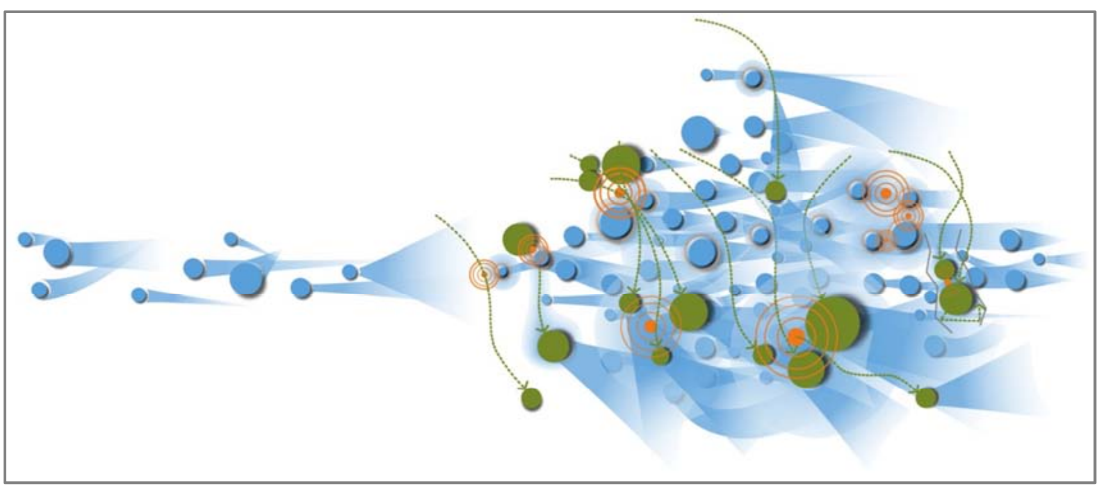
Diagram 9: Excessive Control



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 10 is a composite showing the full model of the system – a truly complex system.

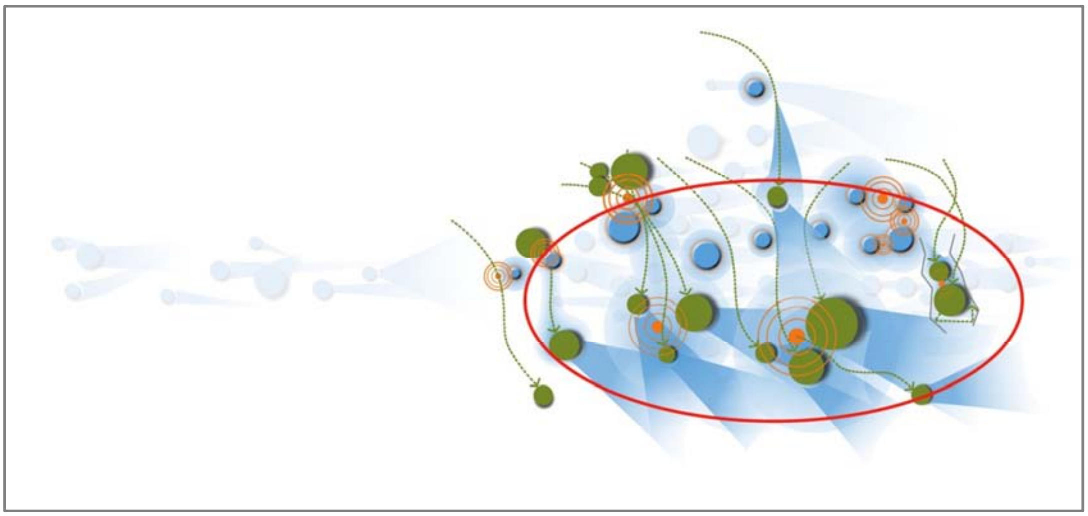
Diagram 10: The Full Model



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 11 highlights the area that constitutes the affected ecosystem. A notable attribute is the extent to which this area – the wide array of national and local work associated in some way with the EITC – is colored by AECF's influence. This is a demonstration of presence and represents how difficult it is for any activity in this field not to be affected by the collective framework and philosophy AECF has advanced. In having influenced or colored the development of a whole ecosystem, AECF has contributed to the creation of a scaled intervention or solution that is likely to produce continued desired effects, even if AECF withdraws or substantially reduces its involvement at some point.

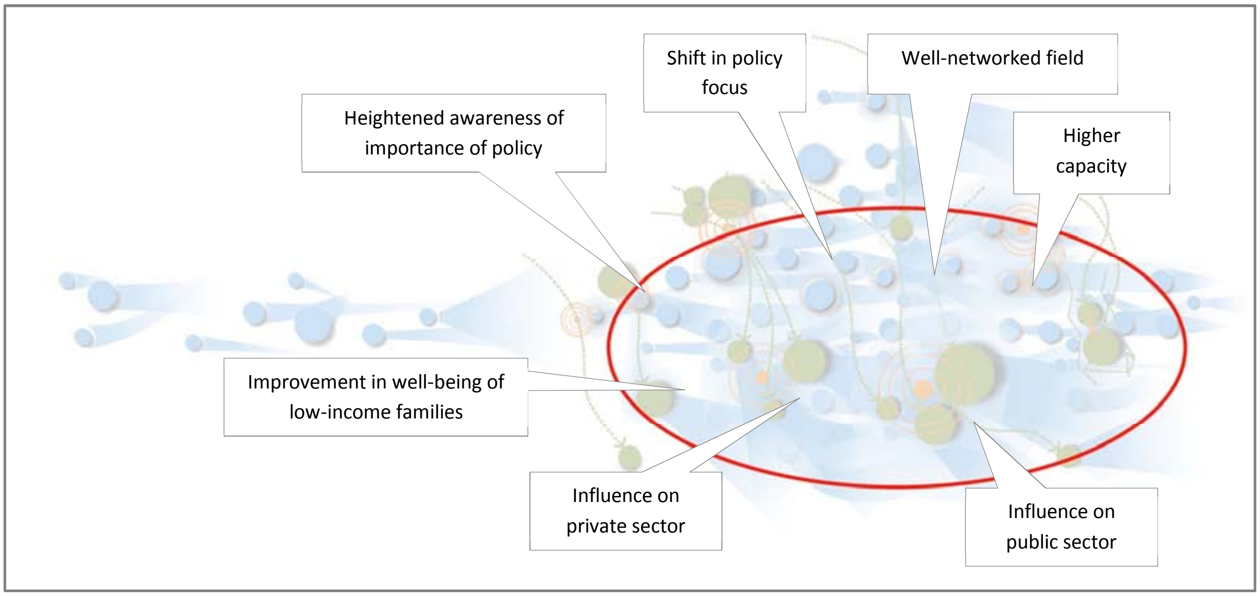
Diagram 11: The EITC Ecosystem



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

Diagram 12 notes the key attributes of this AECF-influenced EITC ecosystem.

Diagram 12: Ecosystem Attributes



©The Aspen Institute Illustration by Bryan Coffman, InnovationLabs

As indicated in this Diagram, AECF's investments can be credited with:

- Building a well-networked field with shared goals and a common
- Increasing the capacity of the field to serve larger numbers of people with improved performance over time (today Community Vita is the 3rd largest tax preparer in this fragmented field)
- Heightening the importance of policy among service providers
- Shifting the policy focus to create mainstream economic opportunities for low-income families
- Influencing the actions of the IRS and other governmental agencies
- Changing private sector behavior
- Improving the economic well-being of a significant number of low-income households.

Not surprisingly, these characteristics are also attributes of a scaled system or solution.

Key Observations and Difficult Questions for Funders

The theory of change resulting from this examination of AECF's EITC-related work, and the conception of it within a complex adaptive system, leads to the following key observations regarding philanthropic influence:

1. Less prescriptive investments that allow grantees to innovate and discern their own pathways will generally be more successful;

2. Funders can provide funds to set things in motion, but they can rarely control the progress of events;

3. Multiple strategies are needed to influence the trajectory of any major social problem;

4. Multiple, non-coordinated strategies can lead to desired results;

5. A portfolio approach is more likely to result in success, because it sets a number of actors and activities in motion operating in various spaces and on different tracks; it also allows for the inevitable failures;

6. Attempts at coordination may actually reduce spheres of influence, missing opportunities due to the inevitably limited perspective of the coordinator, and dampening innovation along the way;

7. High-impact effects can flow from small or even incidental interventions (in other words, large changes can result from small efforts, and the opposite is true as well);

8. The concept of presence is key, meaning the importance of being in enough places to begin to influence the whole system or ecosystem in the direction of the desired goals;

9. In fields consisting of many small local players, scale is more appropriately thought of as a goal for the industry or sector than for its individual members;

10. Scaling is a phenomenon that takes place over decades, not years.

These raise a number of difficult questions for funders to consider, such as:

- How does one go about discerning the dimensions of the relevant ecosystem?

- If multiple strategies are needed to influence the trajectory of any major social problem, how does one decide with which strategy to begin?

- What are the distinctions between an approach that is sufficiently less prescriptive and one that simply writes blank checks?

- Where are the lines between observing patiently, acknowledging and learning from mistakes, and enabling dysfunction?

- Does recognition of the difficultly in controlling the evolution of change oblige abdication of attempts at control or even direction?

- Is there such a thing as purposeful non-coordination?

- Given that actual and prospective grantees inevitably adapt their behavior to perceptions of funders' desires, how can funders best signal support for non-directed innovation?

- How does a foundation build in a tolerance for risk or failure/encourage risk-taking among program staff in the interest of fostering greater innovation in its grantmaking?

- How does philanthropy begin to move toward evaluation frameworks, models, and methodologies that recognize the complexity of real-world problems and interventions? Traditional logic models still use a matrix that implies simple linear cause and effect – e.g., an input that leads to an output that leads to an impact.

- If scale is a phenomenon that takes decades to achieve, how do we reconcile scale goals with the expressed need or desire of funders to exit initiatives in a period of a few years?

Appendix A:
EITC Complexity Science Project Interviewees – Partial List

Mary Achatz

Alan Berube

Donna Cohen Ross

Diane DiGiacomo

Don Dill

Frank Farrow

Lucy Gorham

Bob Greenstein

Ed Hatcher

Bonnie Howard

Jean Hunt

Marshall Hunt

Tom Kelly

Mike Laracy

Irene Lee

David Marzahl

Ami Nagle

Barbara Robles

Bill Shepardson

Irene Skricki

John Thompson

John Wancheck

Bob Weinberger

Chi Chi Wu

Appendix B: AECF/EITC Timeline

1988	Conversation between Bob Greenstein & Doug Nelson re need for EITC outreach campaign
1989	1st EITC outreach kit produced by Center on Budget & Policy Priorities
1991 (July)	EITC strategy meeting in Washington hosted by Center on Budget & Policy Priorities
1992	Complete redesign & expansion of EITC outreach kit by Center on Budget & Policy Priorities
1993	Initial AECF support to Center on Budget & Policy Priorities for State Fiscal Analysis Initiative
1994 (June)	EITC strategy meeting in Washington hosted by Center on Budget & Policy Priorities
1995	Use by Center on Budget & Policy Priorities of outreach network for grassroots influence against proposed EITC cuts
1998	Mike O'Connor (CEP) memo re creating coalition with Tulsa, Minnesota, Detroit
1999 2000	AECF (Laracy) grant to Brookings Metro to document why metro leaders should be involved with welfare reform & taxes
1999	Mayor Daley partners with CEP to launch Chicago EITC campaign
1999 2001	Soft launch of Making Connections in 22 places
2000	Creation of SPEC by IRS
2000 (November)	Laracy-sponsored dinner @ Brookings re low-income tax provisions in tax cut legislation
2001	AECF funds CEP to create manuals on how to replicate Mayor Daley's campaign

2001	EITC pilots in Camden & Milwaukee
2001 (May)	Brookings paper by Isabel Sawhill & Adam Thomas "A Tax Proposal for Working Families with Children"
2001 (Spring/Summer)	*AdvoCasey* lead article detailing proposed tax code changes to benefit low-income working families
2001 (September)	Brookings Metro report re EITC impact on metro areas
2001 (October)	CAPTC/CEP meeting/training in Tulsa (AECF financed travel & provided facilitator – Gail Hayes)
2002	AECF grant to Urban Institute & Brookings to launch Tax Policy Center
2002	Making Connections peer learning event in Tulsa re tax prep
2002 (March)	Presentation of framework for EITC campaigns in MC sites @ Family Economic Success Institute
2002 (April)	AECF EITC retreat
2002 (May)	AECF internal strategy paper for supporting low-income working families connection to the tax code
2002 (May)	Brookings Metro publication "The Price of Paying Taxes"
2002 (June)	Meeting in Chicago on top floor of Bank One with larger programs; post-session mtg to create NCTC
2002 (July)	Final AECF framework for EITC data collection system
2002 (November)	National EITC/Tax Code Campaign cross-site learning exchange in Baltimore
2002 (December)	Consultative session on EITC and Indian Country
2002 (December)	Shorebank paper re framework for performance measurement for AECF-sponsored EITC campaigns
2003	Launch of Brookings interactive EITC data website (using SPEC database)

2003 (January)	Brookings Metro publication re EITC impact on 27 cities & rural areas (MC & Knight Foundation communities)
2003 (January)	Launch of NTAWFC @ Brookings
2003 (January)	Meetings with final 10 Making Connections sites
2003 (January)	National Press Club launch of NTAWFC & Earn It / Keep It / Save It
2003 (May)	AECF NTAWFC cross-site learning exchange
2003 (June)	2nd NCTC Conference in Chicago
2003 (June)	AECF "High Cost of Being Poor" study (in conjunction with KIDS COUNT release)
2003 (June)	IRS launch of EITC Reform Initiative (including pre-certification pilot)
2003 (June)	Meeting @ Brookings re EITC participation rate studies
2003 (July)	AECF meeting re EITC & Southwest Border
2003 (October)	AECF NTAWFC Cross-Site Conference
2003 (October)	Meeting in Baltimore with tax programs; announcement by Ralph Smith of uniform data collection expectations
2003 (November)	Meetings with final 10 Making Connections sites
2004	AECF withdrawal from running promotional campaign & transfer to CEP/NCTC
2004	Incorporation of tax prep into Southwest Border Initiative
2004 (February)	Brookings Metro state-by-state report on EITC & launch event w/ Ralph Smith (& Barack Obama) in Springfield IL
2004 (March)	AECF Core Data Group meeting re MC cross-site survey & NTAWFC tax site data
2004 (April)	AECF meetings in Baltimore re EITC: quality, and future directions

2004 (June)	3rd NCTC conference in Chicago – 1st in conjunction with AECF NTAWFC
2004 (October)	Millennia Consulting strategic planning document ("Key Informant Themes")
2005	Brookings Metro EITC participation rate memo
2005	Brookings Metro report on EITC in immigrant communities
2005 (June)	Brookings Metro report on declines in RAL usage
2005 (September)	4th NCTC conference in Chicago
2006	Brookings Metro review of San Francisco Working Families Credit
2006 (February)	Brookings Metro publication "EITC At Age 30: What We Know"
2006 (February)	Brookings Metro report re how tax code helped low-income working families during early 2000s
2006 (June)	AECF meeting in Baltimore re behavioral economics
2006 (October)	5th NCTC conference in Los Angeles
2007	Brookings Metro initiation of tax model with more geographically-disaggregated data than Tax Policy Center model
2007 (October)	6th NCTC conference in Denver
2008	Brookings Metro Blueprint for American Prosperity (includes analysis of impact of proposed EITC expansions & periodic payment proposal)
2008 (May)	NCTC regional summit Memphis
2008 (July)	NCTC regional summit in Scottsdale
2009	Presentation to AECF Staff Consultative Session highlighting EITC as a "Casey Influence Portfolio"
2009 (August)	7th NCTC conference in San Antonio

Appendix C: Bibliography

Barabási, Albert-László. *Linked: How Everything is Connected to Everything Else and What It Means for Business, Science and Everyday Life*. New York: PLUME (a member of the Penguin Group (USA), Inc., 2002.

Buchanan, Mark. *Nexus: Small Worlds and the Groundbreaking Theory of Networks*. New York, London: W.W. Norton & Company, 2003.

Gladwell, Malcolm. *The Tipping Point: How Little Things Can Make a Big Difference*. Boston: Little, Brown and Company, 2001.

Holt, Steve. *Ten Years of the EITC Movement: Making Work Pay Then and Now*. Washington: The Brookings Institution, 2011.

---. *The Earned Income Tax Credit at Age 30: What We Know*. Washington: The Brookings Institution, 2006.

Hotz, V. Joseph, and John Karl Scholz. "The Earned Income Tax Credit," in Robert Moffitt, ed., *Means-Tested Transfer Programs in the United States*. Chicago: The University of Chicago Press and NBER, 2003.

Moy, Kirsten S. and Gregory A. Ratliff, "New Pathways to Scale for Community Development Finance", *Profitwise News and Views* (December 2004). Federal Reserve Bank of Chicago.

Steuerle, C. Eugene. *Contemporary U.S. Tax Policy*. Washington: The Urban Institute Press, 2004.

Steuerle, Eugene and Paul Wilson. "The Earned Income Tax Credit," *Focus* 10.1 (Spring 1987). Institute for Research on Poverty, University of Wisconsin-Madison.

To contact the authors:

Steve Holt
Holt Solutions
holtsolutions@earthlink.net

Kirsten Moy
The Aspen Institute
Kirsten.moy@aspeninst.org