

Summary of Chicago, Illinois, Meeting about a Long-Term Proactive Initiative on Tax and Budget Issues

I. About the Meeting

The meeting was held on March 22, 2004, from 9 a.m. to 2:30 p.m. and was hosted by Voices for Illinois Children and OMB Watch. Fourteen people attended the meeting, which included groups from the Chicago, Illinois area, as well as a representative from the Minnesota Council of Nonprofits located in St. Paul, Minnesota. Gary Bass, John Irons, and Ellen Taylor attended from OMB Watch.

The purpose of the meeting was to discuss how to launch a longer-term proactive initiative around federal tax and budget issues. The meeting was structured to lead to the development of specific recommendations for the desired outcomes of such a campaign and the strategies and next steps necessary to implement it.

II. Where are we now?

FEDERAL PICTURE: OMB Watch staff did a presentation about the short- and long-term federal tax and budget picture. Federal deficit as a percentage of the economy is at the second highest level ever since World War II and federal revenue is at the lowest level since 1950. The reason often cited for exploding deficits – federal spending that has grown out of control – is simply not true. When spending is adjusted for inflation and population growth, domestic non-homeland security spending is on a downward spiral. The longer-term budget picture is even more catastrophic. If 2005 tax and budget policies continue, budget deficits will explode at the same time that massive baby-boomer retirement is straining the resources of Social Security and the health care system. The sobering fact is that the federal tax cuts of 2001 and 2003 have created a systemic problem, and even with a more fair and equitable tax system that increases revenue, hard choices about spending priorities will remain.

STATE PICTURES:

ILLINOIS: Ralph Martire, of the Center for Tax and Budget Accountability, gave a presentation about the budget picture in Illinois. Illinois is experiencing a structural deficit, with insufficient revenues resulting from inadequate tax policies to address legitimate spending pressures, including under funded state pension obligations and radically rising health care costs. Illinois is now suffering through its third record budget deficit since 2000. The deficit is estimated to be \$3.5 to \$4 billion in FY 2005, in spite of a growing economy. Illinois is 43rd in the country on spending as a percentage of income. Ralph discussed the comprehensive reform proposal of the Illinois Fiscal System drafted by the Center, aiming at a fair, responsible, stable, efficient, transparent and accountable tax system. Illinois represents a classic case for tax reform, in order to shift the tax burden and tax more rationally in the context of the economy. For instance, services are not taxes by a sales tax, even though services now represent one-third of the economy.

MINNESOTA: Christina Macklin, of the Minnesota Council of Nonprofits, Minnesota Budget Project, gave a presentation about the budget picture in Minnesota. Gimmicks and the use of reserve funds were used to address the FY 2002 budget shortfall. In FY 2004 there are fewer options, which include use of the tobacco reserve monies, \$2.5 billion in spending reductions,

and no inflationary adjustment that will cause significant decreases, especially in spending on health and human services. Christina presented three handouts showing significant cuts in most areas of the state budget, the real impact of the budget cuts, and the impact on the nonprofit workforce. A grassroots, “kitchen table” movement is springing up, and people are putting up signs saying “happy to pay for a better Minnesota.” Nonprofits and the faith and labor communities have sponsored a “Minnesota is Watching” campaign, getting citizens to the budget hearings wearing “real people – real cuts” arm bands. City and county governments are getting together against the cuts. There is a big “get out the vote” effort and a strong and growing bipartisan voice against the governor’s proposals.

III. Where do we want to be?

From this discussion, three broad themes were expressed:

- **Build a Stronger Base and Expand It:** There was a sense that we need to work on building out own base before expanding the base. This includes convincing nonprofits why it is important to look beyond issues of their funding or their particular issue area to work on tax and budget policies and a broader sense of the public good. There needs to be more education about what tax dollars provide and the effect of federal tax and budget policy on states and localities. Additionally, there was support for expanding the base beyond perceived “liberals” or “progressives.” We need to encompass more of the public and reach non-usual suspects. The business community ought to be brought to the table, since many of their values, i.e., a good educational system or healthy communities in which to live and work, are shared. We should identify key allies. This effort would include confronting negative stereotypes about race or poverty (showing the systemic roots as opposed to individual failure). It would also need to go beyond talking about funding as the morally right thing to do to funding to make communities better or to improve the economic base. We also need to work on enlarging the sense of community beyond one’s home, neighborhood, church, or town to a broader sense of our common good as a nation. There was some discussion of focusing on “people like us” rather than issues specific to low-income people in order to help broaden the base, for instance, prescription drugs or care-taking for our elderly parents – issues about which the middle class is also concerned.
- **Define “The American Dream” by Our Standards:** We need to have a vision, whether of the kind of communities we want to live in, or more broadly in terms of “The American Dream” as we understand it. Participants talked about how people throughout the world would pay dearly to be born in the United States, where the freedoms established by our democratic government not only protect civil liberties but also provide market incentives that result in great wealth. We need to define the benefits that come from being born in the United States.

From that vision we need to develop tax and budget principles like progressive taxation or taxing wealth equally with work. But most of the discussion focused on what “The American Dream” should include: providing opportunities for low-income people to move out of low-wage jobs, or making sure the working poor have adequate health care, transportation, housing, child care, education and training, a career ladder, and income assistance. Some were broader like insuring a revenue base that supports social services and nonprofits, or insuring the ability of each citizen to access the benefits of living in the United States and make a contribution. The sense of talking in terms of a common good or a common agenda was strong. Rather than political partisanship, one participant stressed that we need to have a powerful discussion about American values that transcends party politics, or even

conservative or progressive debates. We must keep in mind that our values and ideas resonate with the mainstream, although we may need help in expressing ourselves. Messages then can be derived from that vision, like “the American Dream is being stolen by the top 15%” or “we need an economy that works for everyone.”

- **Address the Role of Government.** This was a broad-ranging discussion. There was a consensus that we need to counter the attack on government, and the powerful, misleading messages that defeat good policy. We need to think about what people want from government, and show that these are often things that the market cannot provide. This could include its regulatory function, addressing economic efficiency, public education, highways, parks, sewers and the whole gamut of what the government provides that many of us take for granted. In addition we need to find ways to reach consensus about the role of the government to protect and provide a safety net for the most vulnerable. There was agreement that we should talk more about the role of the federal government – and tax and budget policy – in creating jobs and economic growth, and in addressing income and economic inequality.

An important emphasis in this discussion was the necessity of federal revenue to support "The American Dream." We need to make the connection in the public mind between achieving "The American Dream" and financing it. One participant noted that what we are talking about is a "shared sacrifice for shared benefits." The theme of "The American Dream" is very much connected to the role of the government in making it possible.

This discussion of the role of government ties in with developing a vision. After all, government is about vibrant, healthy, safe, and clean communities, economic opportunity for everyone, and a quality education; these are the values and vision we have in common. Taxes are the shared sacrifice that we contribute for the shared goods that benefit us all. One participant noted that “it’s not dependency, it’s a collective agreement.” Everyone who lives here should be able to share in the benefits. Most people don’t realize the benefits they receive every day from their taxes and this needs to be addressed. In this context, we need to get out a message that “everyone needs government” and also that “our side” is the mainstream.

At the same time, we should not forgo the opportunity to be critical when government does not work well. There was significant discussion of public perceptions that government is inefficient and unaccountable. This public perception must be directly addressed. One point that came up was to talk in terms of government as the funding mechanism and nonprofits as the service providers, since most people think nonprofits do a good job – or at least are better than “government bureaucracy.” Government accountability and responsiveness to voters was also cited as an important and necessary part of achieving the “common good.”

IV. What are the Strategies and Next Steps?

Overall, the participants cited the need to “create the public climate for change.” Some specific ideas included;

- **Development of Tools and Education:** State and local groups need materials that will make it easy for them to participate: concise, clear and succinct alerts, fact sheets, sample letters, and action steps. One participant cited the need for “value rich” communications. Some suggestions were “advocacy tool kits” or “advocacy camps” to provide groups with the skills needed for effective advocacy on tax and budget issues. Other suggested tools were how to track and evaluate a state budget, with a parallel set of tools that connect tax and

budget policies to programs. One participant suggested Internet bulletin boards to share information and tips. A tax and budget resource center was another idea that had great support. It was mentioned that national groups need to coordinate better with each other (see below) as well as do a better job of writing fact sheets, action alerts, and the like, so that the materials can be easily used by state and local groups, or other national groups, without particular expertise in tax and budget issues.

- **Coordination:** There are already existing networks that can be used, although there may need to be an effort to map and locate who is doing what as well as to recognize what works. There was a discussion about how national groups have to be coordinated and on the same page before state and local groups will engage. Alternatively, another participant felt that state and local groups needed to demonstrate a strong base of support for the initiative so that national groups will get together to proceed. There must be a two-way street between national and state/local groups. The goal is a decentralized, yet linked system with the skills in place that are needed. It needs to be clear what a national effort can give state and local groups and what they can give back. One person suggested using surveys as a way of getting the input of state and local groups.

Another strategy that was discussed is a "rapid response system," allowing national groups with expertise on federal tax and budget issues to work with each other and send coordinated messages or action alerts to state and local groups.

- **Begin Work on Language and Messages:** There should be an effort at the national level to develop the right language and messaging, through experts, which can be redistributed to state and local groups to allow echoing at a variety of levels. This should be focused on "values," not the results of polls that just give a snapshot in time. One idea was for a "values-based leading indicators" or a "Dow Jones of human services." Messaging was seen as very important, and there was the recognition that we need to get good professional assistance in this area. As messages are developed, we need to be thinking about who will be delivering the messages as well as who the audience will be.
- **Engage the Media:** National groups should focus on this, as well as enabling state and local groups to do free media.

VI. What are the Opportunities and Challenges?

A variety of challenges were raised throughout the discussion, including:

- In terms of addressing the role of government, the perception by some community organizers that government programs are a way of keeping people disempowered and discouraging self-esteem and self-reliance.
- We need to find the right "messengers" as well as messages.
- The separation between churches and public activism (except Black churches) and the need to draw more religious groups, who share our values, into advocacy for social justice.
- Lack of organizational capacity of many nonprofits to take federal tax and budget issues on as part of their work. Many nonprofits also lack awareness of their legal rights to lobby and be engaged on federal tax and budget issues.

- “Bowling alone” syndrome.
- Problem of issues looking politically partisan – if you’re for a strong government, you’re a progressive. Even though we share common values, the framing often makes them into partisan issues, and limits advocacy.
- Need tactics to overcome stereotypes of progressive causes and leaders.
- The national mindset that when we’re in a time of war, it is obvious that domestic programs must be sacrificed to support the war.
- Lots of research, little organizing.
- The failure of national groups to coordinate and strategize together. Addressing the politics of the inside-the-beltway groups is essential before we can talk about including national, state and local groups in the initiative.