

Summary of Philadelphia, Pennsylvania, Strategy Session about Developing a Proactive Long-Term Tax and Budget Initiative

I. About the Meeting

The meeting was held on April 28, 2004, from 9:30 a.m. to 4:30 p.m. and was hosted by the Center for Responsible Funding. Outreach Co-Sponsors included the African American United Fund, AIDS Fund and WOMEN'S WAY. Presenters included Raymond Albert, Bruce Astrein, Gary Bass, Rick Cohen, Chuck Collins, John Irons, Susan Katz, and Ellen Taylor; assistance was also provided by Karen Kraut and Carole Boughter. (Organizational affiliations are listed below.) Approximately 30 people, including hosts and presenters, attended the meeting.

The primary purpose of the meeting was to develop more concrete approaches for achieving some of the common objectives that had been identified during the four previous regional meetings.

II. The Need for a Proactive Long-Term Federal Tax & Budget Initiative

Introductions and comments were made by Susan Katz, Director of Policy and Community Initiatives at the Center for Responsible Funding. She said nonprofits are now challenged to think more broadly than our specific programs. We must develop a strategic approach in developing our case for why social investments are important to our society.

Raymond Albert, Chair of the Board of Directors at the Center for Responsible Funding and Co-Dean of the Bryn Mawr College Graduate School of Social Work and Social Research also gave opening comments. He stated it's not a secret that the federal government has been getting out of the business of supporting social welfare, and they have been supported in doing that by the American electorate. That leaves nonprofits as the only game in town to support these activities. While they can be creative, they do not have all the resources to fill this gap. Having the time to think about how we take a proactive stance in these areas becomes very important.

A panel discussion followed:

Bruce Astrein, Senior Vice-President for Programs at the Arizona Community Foundation. He spent 21 years in nonprofit work before entering the foundation world. He has been involved with poverty and other issues. He feels that he still brings the nonprofit spirit to his work at the foundation.

He discussed the importance of "connecting the dots" to show the relevance of this initiative to state and local nonprofits. He gave six compelling reasons for why we must think "structurally and strategically" about tax and budget issues.

- The work of nonprofit organizations is supported in one way or another by tax policy, whether through contributions, contracts or grants. Nonprofits are a function of the tax system.

- There exists a conscious, coordinated and concerted effort to reduce the availability of taxes and “starve the beast.” While the target is the public sector, this effort affects the nonprofit sector as well and limits philanthropic dollars.
- There is no community issue that is not affected by federal tax and budget decisions.
- Most of us in the nonprofit community, as well as much of the public, think that state and local spending is worthwhile and represents tax dollars that are well spent to achieve our collective good.
- The quality of life in communities depends on a healthy nonprofit sector.
- Our voices have always made a difference and can make a difference today.

Mr. Astron gave examples of the political climate that we are presently in regarding support for human investments:

- Headlines from the Los Angeles Times: Texas bids to shift school taxes to sin tax financing. Education is minimally funded at two to four billion dollars below the need and they want to reduce the funding on property taxes to the wealthy and substitute sin taxes. The tax would be on exotic dancing.
- About 650 eviction notices were sent to Section 8 tenants in Boston because HUD issued a revised budget with reduced subsidies.
- The Economic Policy Institute estimates that Pennsylvania would suffer \$755 million loss of taxes over a 10-year period to pay for programs for the wealthy.
- It was suggested that attendees look at a report from the Coalition on Human Needs: Slamming the Door on Human Needs for All Americans. Twenty-five issues are outlined and analyzed related to cuts.

In his concluding comments, he stated from the Declaration of Independence the commonly known portion “... that we should be free to pursue life, liberty and the pursuit of happiness.” The next sentence less often stated, is that governments are instituted among men deriving their just powers from the consent of the governed. However, if the Bush administration had it their way, they would take the power of governing away from the governed. We have always been a nation about fighting the good fight and doing the good thing. We are now in a battle that is translating itself around civic engagement and citizen involvement. The whole theme of fair taxes and civic responsibility needs to be engaged. Marian Wright Edelman, Executive Director of the Children’s Defense Fund stated taxes are the price we pay for a civilized society.

In conclusion, Bruce emphasized that nonprofits must address issues of increasing civic engagement and participation, work towards a truly representative government, promote fair taxes and fiscal responsibility, and build the infrastructure and resources to wage these fights.

Rick Cohen, Executive Director of the National Committee for Responsive Philanthropy, spoke of the need for the philanthropic community to recognize its stake in federal tax and budget issues. While only 10% of nonprofit work is supported by institutional philanthropy, that funding is absolutely essential to support nonprofit advocacy. The philanthropic community has, for too long now, narrowly focused only on tax policy that has direct and specific relevance to foundations. The time for “duck and dodge” about tax and budget issues is over.

He gave specific examples of why the philanthropic community must get engaged:

- The attempt to repeal the estate tax, which would have a profound impact on charitable giving as well as for creating new foundations. Roughly one-third of charitable bequests now go to capitalize foundations. If you eliminate the estate tax, you will lose 10 billion or more a year in charitable bequests. Foundations haven't put the estate tax into their advocacy agenda.
- The attempt to make stock dividends tax exempt, reducing the attractiveness of municipal bonds, thereby putting more pressure on local taxes, and dramatically reducing housing tax credits.
- The concerted effort to reduce government spending and resulting cuts in government services, forcing the philanthropic community to try and pick up the costs that government abandons, even while there is no way that philanthropy can financially actually make up the difference.

Rick concluded that the philanthropic community has failed to address the underlying issue of fighting for federal tax and budget policies that adequately support public services by focusing solely on picking up the costs of services that government abandons, an impossible proposition, and this must change.

Gary Bass, Executive Director of OMB Watch, talked about the current federal budget crisis and the looming, and even more serious, long-term crisis. The President will say we have a lot of money in Washington, but the Chair of the Senate Appropriations Committee will say there's not enough money. So, there is tension in understanding the budget and the spin on the budget issue.

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. We are on a steady decline regarding the things we care about.

Looking at the impact on states, the National Conference on State Legislatures says that 32 states are going to be in the black, but this is based on spending cuts that have been adopted. If you go to other sources, demand for services are going up but resources for those services are going down. This includes the U.S. Conference on Mayors in relation to homeless and emergency service needs and spending.

In the longer term, the conservative movement wants to reduce government. It wants to undermine the things we stand for. Grover Norquist says he doesn't want to abolish government but he wants to drown it. He sees government only being involved in defense and private property issues. That's it in principle. It is a vastly different world-view than we have.

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. Yet, there is almost no debate about the role of government. Gary also gave an outline of the process in which

OMB Watch is engaged. **Ellen Taylor, Senior Budget Policy Analyst with OMB Watch**, gave a brief outline of the five broad objectives that had been identified from the previous regional strategy sessions:

- Develop a vision.
- Develop progressive tax policies and principles.
- Change the language that we use.
- Address the attacks on the role of government.
- Strengthen civic responsibility.

A lively and engaged discussion followed, which primarily fell into three themes:

1. The Successful Strategies of Those Who Would “Starve the Beast,” and What We Need to Do Differently.

- Conservatives have been very successful in connecting their philosophy to the philosophy of the religious right. Progressives have lost ground on framing our issues in moral and religious values-based terms. There **is** another religious viewpoint and progressives need to begin to engage it.
- Conservatives have taken a long-term view and successfully engaged the religious right and corporations. They also can distill their ideology in one message, while progressives are concerned with the many services that government provides. The right finds a way to overcome the minutiae of their differences and find common ground. Progressives must do the same. We also need to engage small business.
- Progressives have held back from talking about our ideological perspective that government promotes a common good. We don't want to be like the right, and we need to find ways to communicate that we care about what is affecting real people. We need to be true to our values, and be both strategic and democratic as we move forward. We need to strongly challenge the vision of the right, and not let them get away with distorting the truth about tax cuts.
- We need to quit just talking about the problems, and talk about a positive vision and good ideas for getting there.
- Address the myth that progressives dominate the media. Stories about the good that government does never get promoted. We need a counterbalance to right-wing media.
- Progressives can't change policy without winning elections. We need to get involved in the electoral arena. The right wing finds a way to create the institutions to get the people elected that they want to elect. The religious institutions do it even though they are connected with 501 (c) 3's. Some of these things can be done through non-partisan registration and getting out the vote. Then there are 501 (c) 4's that allow other things.
- We need to be stronger advocates and communicate with decision-makers. Even Republican legislators don't want program cuts in their districts. We need more

statistics and data about existing needs in communities and the specific effects of government cuts on communities so that we can effectively make our points.

- We need a messaging “echo chamber” – the development of common messages that we all repeat at many different levels with relevance to many different issues. There need to be different roles to allow broad engagement on many levels. We need to develop an emotional message that actually moves people. We need to be more fluent and articulate and just as prepared as spokespeople on the right. A theme of “investment” or “investing in children, communities and families” might be valuable.
- OMB Watch was working with a marketing polling firm that was assessing progressive values. They started with personal attributes. We do a good job talking about the attributes of what we want. The business model talks about a pattern of rational benefit and an emotional benefit leading to the sale of the product. Progressives almost stop talking at the first attribute. We have to challenge ourselves to be strategic and think creatively about this.
- There must be an investment in communications, both in terms of the mass media and broadly to the public. How can we make our messages broad, plain and simple?

2. The Challenge to Nonprofits and Philanthropy.

- Funding to progressive nonprofits is made in terms of our differences and not for a cooperative effort around a common theme. We need to find a way to overcome our differences and work together and get funding to support that broad, long-term, proactive work.
- There must be an investment in establishing connections, mobilizing, and communicating as integral to the work of all nonprofits, whatever their issue area.
- Nonprofits live in their own issue silos and deal with the crisis of the day. They are not used to thinking broadly and over the long term. The cuts are seen as cuts to specific programs, and there is little incentive to work in coalition. Messages are tailored to a specific issue and narrow. We must think strategically. Perhaps the healthcare crisis is a good focus to join together around a common effort.
- There was also a perspective that the right may not have as much to lose on issues such as gun control. On the other hand, progressives may appear to compromise less because the issues are of more immediate and absolute human concern.
- We should look at the return on investment for early childhood education. The challenge is while we invest in programs we need to invest in the strategic connections, mobilization capacities, and communication capacities to sing the praises of our work to show the ways of advocating in the electoral process as being true to our values and being strategically democratic.

- Most nonprofits are stretched to the breaking point now. When you're worried about making next week's payroll, it is difficult to take on more issues. How do we continue to do the work we know we need to do and find the extra time and resources to do this other work? This is also a challenge to philanthropy.

3. Addressing the Attacks on the Role of Government.

- Waste and proponents of a smaller government use inefficiency in government as a red herring. Government actually does as good a job as the private sector. Progressives need to promote a positive message of government as well as address the need for some changes to make government more relevant to a twentieth century non-industrial based economy. Progressives can usefully identify waste and inefficiency to get the resources for what we do want.
- We can't dismiss poll data that we don't like. Our neighbors and families and people who differ politically from us really believe that government is wasteful and inefficient. We need to listen and acknowledge the anxieties of ordinary Americans.
- We should talk about waste and inefficiency in military spending.
- There is a strong strain of self-reliance and individual responsibility as part of our national ethos that at times can conflict with ideas of "the common good." Perhaps we can talk about government as a form of "mutual responsibility to promote the common good."
- One of the challenges is that there are also a lot of people in government who do not like government and are trying to bring government down from within. They are there because they see that they can do damage from within.
- Government, government employees, and elected officials need to be held accountable.

III. Breakout Groups.

We divided into two breakout groups; each designed to develop specific recommendations for achieving two of the five objectives identified during the previous regional strategy sessions.

One group worked on the question of "How do we address the attacks on the role of government?" The other focused on the question of "What infrastructure, leadership and resource issues need to be addressed to make a long-term initiative a success?"

Following the breakout sessions, each group shared its recommendations and ideas with the full group for discussion.

A. Addressing Attacks on the Role of Government.

This discussion was facilitated by **Chuck Collins, Associate Director, United for a Fair Economy**. Ellen Taylor of OMB Watch was the "scribe" and Dania Palanker of SEIU reported the results to the group as a whole.

1. Develop a civic vision of the country and focus on the need to make this country better than it is and find the language to communicate that vision. There must be an educational effort to promote the value of government, and communicate the benefits that ordinary people receive as a result of their taxes that support government. There is a whole infrastructure devoted to feeding the mistrust of government and giving examples of government waste, fraud and abuse. The anti-government movement is a business agenda (which many ordinary people would not support if they understood it) and taps into the strain of individual responsibility; we need to support a vision of government as providing the common good that is necessary to individual achievement. We need to publicize exemplary government activities and high-performing civil servants, and use these people as participants and spokespersons. A suggestion was a “government services appreciation week.”
2. Personalize government spending and programs, so that people realize the importance of these benefits for the common good, and the need for a strong government that allows and promotes individual effort, as well as offers a safety net to those who need it. Judeo-Christian religious teachings support a role for government to provide for the common good. We should tap into that value-based language to promote the idea of government as the means of achieving a common good.
3. We need to put forth a positive vision of community quality of life. What kind of communities do we want to be born in, live in, raise families, and grow old in? Progressives seem to have lost a vision of community and become interest groups around particular issues. We need to recognize and articulate that the whole is greater than the sum of its parts. We need a campaign for communities that is broader than specific issues. Taxes are the way we support strong communities and a country in which we can be proud. We need to develop a language to convey that vision to people. There are ways to find common threads around different issues, and these need to be explored.
4. It might be useful to use an historical perspective. What important programs that most people recognize as hugely beneficial were developed in the past and under various administrations? How did this come about? We should talk about highlights from efforts like the “New Deal” or the “Great Society,” and increase awareness that widely-supported programs like public education, Social Security, Medicare, Veteran’s benefits, etc., were only achieved through government action. One example was to paint a visual picture of the United States before the New Deal – pictures of slums, and bread lines, and people working in sweatshops. Another possibility was to compare the tax structure in other Western countries with the birth-to-death benefits their citizens receive with the tax structure in the US and the huge gaps it causes. Why are we so different from Europe? Why are our attitudes about taxes and government services so different? Why are we unwilling to pay high taxes to get benefits like free childcare, a free college education, adequate retirement income, and free health care? This is a method of connecting the services we get with the taxes we pay, and countering the belief that we have a huge tax burden. We’re stuck in the middle – we pay taxes, but we don’t get the government services we really need. In exploring these issues, we may be able to better formulate a message that appeals to our American exceptionalism. On the other hand, during the discussion that followed, there was some disagreement with this approach –

Americans don't like to be compared unfavorably to other countries – and we should compare individual tax rates to corporate tax rates or talk about “tax cuts” as “service cuts.”

5. We must educate the public and personalize tax and budget issues. We should make issues resonate by focusing on people like us, the middle-class. This was posed in terms of the George Lakoff “framing” idea that people don't vote in their interest, but rather vote for someone who reminds them of themselves. While the policy work of making hidden tax subsidies visible is important, we also need to make emotional connections. The focus should be on values, not policy. We should talk of the ideals and values upon which the country was founded. We need to engage unlikely allies, and find a place for everyone from entry-level to sophisticated tax and budget experts to contribute. Nonprofit organizations are also part of government, and we need more data and human faces to support the reality that we do valuable and important things. Nonprofit groups shore up the quality of life for many. Thousands of people are working in human services and are funded by the government. Government is not something “out there,” rather we are the government. While the public may think government is too large, most people are very supportive of individuals, like teachers, or childcare workers.
6. We need to educate policymakers about the value of government programs to communities and states. One idea was doing something like the “Community Development Week,” when the benefits of the Community Development Block Grant are made visible to policymakers and the public through tours and awards.
7. We need to speak with one voice about a broad vision, while being inclusive of ethnic and racial difference. (There was little ethnic or racial diversity in the group.) One participant pointed out that no one is addressing the concerns of Latinos. The assumption that we are all on the same page and talking in the same language is incorrect. Among many groups, the concern is not that the government is wasteful or inefficient, but that government is actually out to get them; that there are conspiracies to eliminate programs like Head Start to take away the limited opportunities that exist for disadvantaged people to succeed. She challenged the group to grapple with the need for more inclusiveness, and pay attention to the experiences of those different from us, if we are to truly speak with one voice.
8. Government is not perfect, and we should not pretend it is, but it has an important mission and we need to work together to make it better. In comparison with the private sector, government does pretty well, and we need to find examples of that. We need to find ways to document and celebrate the important accomplishments of government and government employees to counter the media stories that focus primarily on the failures of government. At the same time, we need to play a watchdog role over government. One possibility is to focus on military spending or the tax dollars that are lost through corporate tax evasion and claim those dollars for spending on the services we want.

There also was a discussion about clarifying the inequality of tax burdens and making invisible tax subsidies more visible. We need to recognize that we are talking about many levels of taxes – local, state and federal, as well as different type of taxes. We should explore why people support the EITC to help low-income people, but give less support for direct spending on programs that benefit low-income families

Underlying all these issues was the recognition that nonprofits are struggling to accomplish their work and resources will need to be found to address broader federal tax and budget issues. In addition to the resource issue, we need to find a way to develop common messages that can be tailored by different groups and to develop and disseminate simple fact sheets, background information, and talking points that groups can easily use.

B. Needs for Infrastructure, Leadership and Resources to Make this Initiative a Success.

This discussion was facilitated by Bruce Astrein. **Karen Kraut of United for a Fair Economy** was the “scribe” and reported the results to the group as a whole.

1. An investment in community media, like Black radio, must be made. We should recognize that many constituencies get their information from these outlets. Additionally, we need to think more strategically about the use of media, including broadband and Internet resources. We should develop advocacy experts at the state and local levels to use alternative media outlets.
2. In addition to targeted outlets, we need to also get our message to the mainstream media.
3. We need to educate our base about tax and budget issues. This includes correcting the misinformation put out by conservatives. It also includes broader issues like basic civic education.
4. Resources must be devoted to grassroots organizing and advocacy work. There was a perception that most of the resources now go primarily to DC-based think tanks, and there is a good deal of duplication and very little coordination between those groups.
5. There must be a strategic framing of issues.
6. We must build links to labor, communities of color, faith-based groups, and community based organizations, which are our natural allies and a huge untapped source of resources in money and people-power. There is a lack of real connection between DC groups and state and local groups. Even in the case where national groups have state and local affiliates, the national groups often assume that their affiliated groups buy into the national strategy, but this is not always the case. In addition, local affiliates often seem unwilling to participate in (or know of) priority items as set by their national group. There is some responsibility as well for state and local groups to affirmatively offer their support and assistance on issues that resonate with them. This needs to be a top-down and bottom-up exchange.
7. There is a need to convene funders to take a leadership role in this effort and for funders to convene nonprofit groups to promote development of a common vision. Currently funders provide funding to groups based on their uniqueness and go about funding in a programmatic way, but this needs to change to foster funding groups for collaborating and building a bigger picture. Furthermore, it is not just the amount of funding, but the type of funding. Funders need to be providing more unrestricted, multi-year funding to support a coordinated vision. We should explore new funders.
8. An effort needs to be made to figure out who is doing what, what the distinctions are, and what specific focus different groups have. This mapping effort is necessary. State and local groups are unclear about what different national groups exist and what they are doing, and national groups are unclear about what state and local groups exist and what they are doing.

9. This effort should build off of and coordinate among existing organizations. A new organization is not needed. For example, there is a lot of work going on at the national level around vision, framing, and values-based language, and this needs to be identified and coordinated.
10. In communicating, we need to link state and local tax and budget issues to federal tax and budget issues. Actions and demonstrations should be coordinated to point out the broader tax and budget issues at the venues where local people come. There are many convergence points for linking state and federal programs, including aid to states, the under-funded “No Child Left Behind” initiative, or the TANF and Welfare to Work programs. One example was for service providers to give out handouts to their clients about the public benefits of government, or primers on basic tax and budget education and literacy.

In addition to these recommendations, there was a discussion about the need to listen to the issues of other groups, especially where there is no obvious relationship between those issues and federal tax and budget issues, to find the underlying relationships and implications.

The need for more civic education was seen as vitally important. The Christian Coalition did a national civic education campaign, including how to communicate with your elected official, how to participate in your school board, etc. We need to do the same from a progressive perspective, but it was recognized that it would be difficult to get funding for civic education.

III. What Must Come Out of the National Retreat

The final part of the day was devoted to a discussion about what needs to come out of the national retreat, scheduled for June 13 and 14.

- A unified structure and strategy for progressive movement, including strategies for policy, funding, grassroots organizing, and a means to coordinate and talk with one another.
- A way to encourage groups fighting for their own area to become connected and see the importance of “one for all, and all for one,” in achieving the country we want. This must be bottom-up and top-down and flow back and forth. We should start with the vision of what we want, and then develop a platform.
- Development of common messages and principles.