

GIST

GRANTMAKERS INCOME SECURITY TASKFORCE



Post-Election Briefing for Grantmakers December 2-3, 2008 Washington DC

December 2, 2008

Domestic Policy Priorities of the New Administration and Congress

A diverse panel of experts discussed the priorities of the new administration and Congress as well as the challenges for Congress in implementing these priorities on a variety of domestic policy issues including health, human services, and budget and taxes.

- **Marisha Wignaraja**, Programme Executive, Disadvantaged Children & Youth, The Atlantic Philanthropies (Moderator)
- **Marcia Egbert**, Senior Program Officer, The George Gund Foundation (Moderator)
- **Jared Bernstein**, Director, Living Standards Program, Economic Policy Institute
- **Wendell Primus**, Senior Policy Advisor on Budget and Health, Speaker Nancy Pelosi
- **Jody Calemine**, Deputy Director of Labor Policy, U.S. House Committee on Education and Labor, Majority Staff
- **Karen Kornbluh**, former Policy Director, Office of Senator Barack Obama
- **John McDonough**, Senior Advisor on National Health Reform, Senator Edward M. Kennedy

Jared Bernstein

Obamanomics: Crisis + leadership = opportunity

The Real Economy

- Recession
- Consumer retrenching (in the last two recessions consumers did not retrench due to excessive access to credit)
- Investment squeeze on credit and profit sides
- Export vs. import
- Is the government the most reliable source of short term growth?
- Recent decline in gas cost is like a tax cut/stimulus but this is unable to counter the current recession
- Decline in payroll all year and job losses are accelerating
- Families in the bottom 2/3 uniquely unprepared for the downturn because this group did not do very well in the most recent expansion

- Unemployment vs. Underemployment
- Unemployment rate is 6.5 percent percent
- Underemployment rate is 12 percent and includes involuntary part-time workers resulting from employers cutting hours. This cut in hours is contributing to the fall of real wages for the bottom 80 percent

What Funders and Grantees Can Do

- Link living standards to economic growth by fixing the mechanisms that create these links, i.e. minimum wage
- Lend a voice to the human dimension of the recession; the disproportionate impact of the recession on various populations is poorly understood.
 - Consider more non-traditional modes of outreach (blogs, etc) that may have more impact than policy papers.
 - The unemployment rate is 6.5 percent across the nation, but is 11 percent for African Americans (potentially reaching 15-17 percent in 2009) and even higher for African American youth and adults with a high school education or less. These are Depression numbers.

Obama's Economic Agenda - Hit the Ground Running

- Recovery/stimulus package
 - Front loading making work pay tax cuts (make them active immediately)
 - New jobs tax credit
 - Unemployment insurance extension
 - Small business breaks
 - Fiscal relief to the states
- Infrastructure investment in projects that are ongoing or ready to go
- Manage TARP
 - Regulatory reform as an area for funders?
- Tax agenda will be in Budget proposal
- Energy/Health Reform

Obama has the fiscal breathing room to do progressive health and energy reform; we do not have the fiscal space NOT to do health or energy reform.

Wendell Primus

Economy

- Congress intends to try to have a recovery bill in late January or early February for Obama to sign. There seems to be a consensus on the components but the details are unknown.
 - Open to details on language; populations for focus
 - Fiscal relief to states part of any economic plan
 - Safety net programs including food stamps and unemployment insurance are also a component of a plan.
 - Will probably be a \$300-500 billion plan

What Funders and Grantees Can Do

- Provide guidance on how to use infrastructure efforts to solve unemployment and labor force issues
- Help answer the question of why the economic expansion of the 1990's expanded income at all levels while the expansion of the 1980's and 2000's did not? Those with median to low incomes did not benefit from the last recovery and are suffering the most in this current recession.

Health Reform

- Will be addressed after the economic recovery bill
- Three areas of focus:
 1. Access and disparities
 2. Better value for the dollar: stop overtreating, undertreating and mistreating
 3. Comparative effectiveness
- 75 percent of healthcare dollars spent on chronic disease; improvements must start here.
- Other entitlements are minor compared to health and Medicare

- Behind in the policy world in terms of knowing what works in health

Jody Calemine

Many labor bills worked through the U.S. House Committee on Education and Labor but few were passed (blocked by GOP in Senate). Successes include minimum wage increase, ADA, and medical discrimination protection.

Economy

- Focus on making work pay
- Relink productivity to wages
 - Can't strengthen middle class or economy on credit; must be through increasing wages
- Priority for passing Employee Free Choice Act (currently filibustered in Senate)
 - Would make it easier for workers to organize/unionize
 - Union workers earnings are 30 percent higher (even more for women and minorities)
- Women's Wages
 - 45 years since Equal Pay Act, in that time women are still making 77 cents and this is an economic issue, not just a women's issue
 - "We can either give women 23 percent off everything or act"
 - Lily Ledbetter Fair Pay Act to counteract Supreme Court ruling making it harder for women to pursue discrimination claims
- Dept of Labor enforcement of overtime and minimum wage laws needs to re-engage

Karen Kornbluh

Strict rules restrict discussion about plans for the transition and new administration, but can talk about work before the election, particularly the DNC platform.

Potential Economic Goals:

- Address the cyclical situation of growth and recession
- Restore health of financial system
- Broad-based growth and economic security
- Significant progress toward health reform
- Energy reform

Invest in American Competitiveness

- Raise minimum wage over time
- Education and training
- Long term robust recovery
- Infrastructure/energy/innovation agenda

Economic Insecurity

- Fraying safety net: unemployment insurance, saving rate, medical bills
- Persistent poverty: 18 percent of children in poverty
- 1/3 of all children are in single parent families (60 percent of poor children in single parent families)
- Long run inequality trends persist across business cycles: average family income is declining, transfer of wealth from the bottom to the top with the poor getting poorer faster, and a "winner take all" global economy.

What Funders and Grantees Can Do

- Leverage dollars to explain the full array of the economic challenges to the country.
- Look for how a solution to one can be a solution to many

John McDonough

Health Reform: 4 major building blocks

1. Coverage
 - Create a more durable, effective structure and mechanisms for all Americans to have access to good, affordable coverage and care
 - Deep insurance market reform
 - Define responsibilities of individuals and employers
2. Delivery system reform
 - Create better value for coverage and care
 - Comparative effectiveness
 - Major effort around primary care and viable medical homes
 - Primary focus on chronic disease management
 - Improvements in health information technology
 - Health transparency
 - Payment system reforms that moves away from rewards based on volume
 - Reduces health disparities
3. Prevention/wellness
 - Reward work, school and community-based initiatives
4. Finance
 - Some share should give us CBO scorable savings, but it probably won't be all we need. This will be the most difficult part of the process.

- Reform could come as a series of initiatives.
- There is a broad sense of political will and risks involved if we fail (we will lose majority in Congress).
- Kennedy's passion is here – Senators Dodd (D-CT), Mukulski (D-MD) and Harkin (D-IA) are also heavily involved.

What Funders and Grantees Can Do

- Support advocacy groups working on health reform.
- Summon nation's political will.

Discussion

Will healthcare reform pass as a single piece of legislation or be phased in over time?

- It could be a single piece of legislation with phases based on dates, or a series of enactments, similar to what was done in Massachusetts, which started with access and then addressed quality and affordability.

What about the federal-state relationship in healthcare reform? States hate mandates and prefer money with no strings attached. Also, what about dental, one of the biggest unmet needs for kids and one of the biggest expenses for adults.

- There are different ideas about the federal-state relationship with significant expansion at the bottom of the ladder and sliding scale on coverage. No matter, it will be a struggle.
- I get and totally understand dental.

How do you recommend we frame the issues? What opportunities exist to attach to the economic stimulus, growth and education? How do you suggest we keep the second tier agenda in the spotlight?

- These issues require more push than ever before. Will need to “caboose it” – attach second tier agenda items to other trains that are moving. The big question will be where to find the money and the bandwidth to make things happen.

Wednesday, December 3

Implications of the New Domestic Policy Priorities: Health and Human Services

A diverse panel of grantees discussed the implications of the new political environment and what it suggests in terms of opportunities and challenges for the short- and medium-term on a federal, state, local and community level.

- **Margaret O'Bryon**, President, Consumer Health Foundation (Moderator)
- **Judith Feder**, Professor of Public Policy, Georgetown University
- **Bruce Lesley**, President, First Focus
- **William Bentley**, President and CEO, Voices for America's Children
- **Jodie Levin-Epstein**, Deputy Director, Center for Law and Social Policy
- **Corrine Yu**, Senior Counsel and Managing Policy Director, Leadership Conference on Civil Rights (LCCR)

Judy Feder

Health Reform

- The bad news is that the system is broken and impacts our economic security.
- The good news is that fixing healthcare is now seen as part of the economic solution.
 - Investing in healthcare is seen as part of building an economic recovery and involves every member of society
- Relieve the burdens of economic growth
 - On businesses, both big and small
 - On government, especially state government
 - On entitlement reform – cannot deal with Medicare or Medicaid without dealing with healthcare costs
 - On individuals so they have insurance coverage and economic security regardless of employment status.
- Next Steps
 - Recovery plan beyond the stimulus, including increased federal match for Medicaid and finishing SCHIP in order to create momentum
 - Health reform plan
 - Control healthcare costs through management of chronic illness, prevention, technology, research and development, and incentive payment systems.
 - Coverage is affordable (subsidized) with adequate benefits (as good as members of Congress) and available (regardless of health status)

Bruce Lesley

- Looking at issues related to health, education, child welfare, family economic success, and budget and tax.
- 2008 Children's Budget
 - Analysis shows a long term drop in funding for kids, especially in discretionary spending.
 - Example: Head Start was reauthorized, yet funding for Head Start has regressed.
 - Mandatory side is better but not as robust, especially without the reauthorization of SCHIP.
- Looking ahead
 - Appropriations for the rest of the Fiscal Year 2009 is unfinished with the House bill having better numbers for kids than the Senate bill.
 - The trillion dollar deficit is our biggest challenge and will have people asking about spending new money. This is a particular threat to Medicaid and SCHIP.
- First Focus Agenda
 - Federal Medical Assistance Percentages (FMAP) adjustment necessary for child welfare and foster care

- SCHIP
 - Concerned about SCHIP being put into the stimulus bill
 - Need to fix coverage eligibility for immigrant children and doesn't want this important fix pulled out of SCHIP in order to move stimulus.
- Health reform
 - Refers to John's four points from Dec 2 but also points out the unique role of kids in healthcare reform
 - For example, if health infotech is done through Medicare, Medicare doesn't include kids.
 - Agrees that health reform bills will most likely need to be phased in
 - Include public health needs such as immunizations, childhood obesity prevention and dental coverage.
 - Joint jurisdiction in Senate of the "liberal" HELP committee and the "more conservative" Finance committee
 - Everyone is going to want a piece of the action.
- Education
- Family supports
- Fraying safety net and persistent poverty
- Crucial investments needed in things such as Child Nutrition and Child Care Development Block Grant
- Long term structural change needed, such as a Children's Budget Act and a White House Office on Children and Youth.
- Advocacy
 - Need to build advocacy infrastructure in key Senate states: MT, ND and HI
 - Speak for kids with a unified voice
 - Keep politicians accountable for promises

Bill Bentley

- Priorities
 - Don't lose sight of kids in efforts as we work to change the paradigm of the last eight years.
 - Need to increase FMAP percentage because children and families bear the brunt of budget reductions.
 - Don't believe the phrase "no new money" – it is all about priorities.
 - SCHIP is a down payment on health reform for the country
 - Voices would support SCHIP in the stimulus if changes for immigrant kids and coverage of pregnant women were both included
 - Growing disparities, especially for people of color
 - Nonprofits not being discussed as part of the recovery
 - Direct service and advocacy both need support; not an "either or" but an "and"
- Children's Leadership Council
 - Child advocates need to coordinate with each other
 - Increase investment in programs for kids
 - Elevate kids issues in the media and with policymakers
 - Working together will achieve more – and this is also true for funders
 - Five buckets
 - Children's Health
 - Early care and education
 - Youth
 - Vulnerable children
 - Economic support for children and families
- Do we want an evolution or a revolution for children?

Jodie Levin-Epstein

- Poverty is on the Transition Team, Agenda
 - We need to be sure that a set of solutions about poverty are sustained throughout the transition
 - Targeting:
 - Minimum wage
 - Early learning
 - Paid leave
 - Transitional jobs
 - Campaign spoke about cutting poverty in half. What is the target and when will it be announced?
 - Eight states have already done this and it is often good to follow state leads
- New Poverty Measure
 - Supported by Obama
 - Needs to be new and improved as the current measure doesn't tell us what we need to know about the impact of the programs.
 - Cities are looking at, or like New York, have already made adjustments.
 - This is something that can be done for relatively little money and effort
- Jobs
 - Productivity is not linked to wages and benefits like healthcare and family leave are unstable
 - Green and infrastructure jobs will not support low skill low wage workers, so what will be the impact, especially at the state and local level?
 - Need more strategies for low wage workers at the state and local level
- Funding
 - Challenge of political will to get money for social services at the federal level
- Unemployment Insurance and work share programs
 - Used in 14 states; needs to be more widely considered
- Ultimate challenge is not cutting poverty in half but changing the US attitude about poverty: the poor are not different than anyone else in the room

Corrine Yu

- Taking the core values of LCCR and how to achieve these working with Congress and the new administration
- Opportunities
 - SCHIP
 - Ledbetter
 - Economic recovery
 - Hate Crimes
 - Immigration
 - DC voting rights
 - Universal and permanent voter registration
- LCCR Transition Project: 13 taskforce committee to create first 100 days and first year reports focusing on opportunities that are reasonable and ready to go
- 100 Day priorities
 - Economic Security: Half in 10 Campaign to cut poverty and ensure economic recovery
 - Protect employees from paycheck discrimination
 - SCHIP without citizenship requirements and passed alongside the Immigrant Children's Health Improvement Act
 - Combat Hate Crimes

- Plans for 2010 Census
- Digital TV transition and rapid response

Discussion

How will the voices of people get into health reform?

- This is a real opportunity to invest in comparative effective research and only accept decisions if they are driven by real research and not an insurance companies' bottom line. Independent and scholarly work is needed.

What is the political state of affairs in the states, and do we need to start thinking defense in any states?

- The concern is real and support for advocacy work at the state level, especially to fight the draconian budgets coming out of some Governors' offices, is needed.

We are in an economy where everyone is suffering. What is the best way to frame these policy agenda in this economy in order to build the most political will?

- CLC research on language and framing influencing the choice of the campaign slogan: "Invest in Children: Strengthen America."
 - Additionally, Hart Research determined that more than 75 percent of respondents emphasized the importance of talking about all children, not just vulnerable populations.
 - Shift from defense to offense
 - Compound arguments work better on the left than on the right
- Two stories often need to be told depending on the audience.
- Tap the pain and fear of people who have never experienced the impact of a downturn before. The productivity of each of us is important to the strength of America and necessary for 21st century competitiveness.
- Messaging is a place for advocates and funders to work together.

We are at the end of the cliff on SCHIP and keeping families healthy. California is considering shutting down enrollment. Other states?

- Some reports indicate Hawaii is shutting down and more than half the states are looking at holds or changing enrollments yet other states are moving forward despite the economy.

Implications of the New Domestic Policy Priorities: Budget and Taxes

A diverse panel of grantees discussed the implications of the new political environment and what it suggests in terms of opportunities and challenges for the short- and medium-term on a federal, state, local and community level.

- **Benita Melton**, Co-Chair, Grantmakers Income Security Taskforce (Moderator)
- **Bruce Katz**, Vice President and Director of Metropolitan Policy, The Brookings Institution
- **William Spriggs**, Professor and Chair, Department of Economics, Howard University
- **Ellen Nissenbaum**, Legislative Director, Center on Budget and Policy Priorities

Ellen Nissenbaum

Significant opportunities and significant challenges.

- Increasing poverty
 - Projections of 7.5 – 10 million will fall into poverty and there is a severe risk that 2 million more children will fall into deep poverty.
 - Connected to this is a rise in uninsured children and low income individuals
 - Weakest safety net ever
 - TANF and unemployment insurance do not reach those in deep poverty

- Single worst fiscal crisis in decades in the states
 - Fiscal years 09-11 predicting operating budgets with massive deficits, which will require massive cuts in order to achieve mandated state fiscal balance, including cuts in services and basic income supports
- Package is bigger than expected
 - Some provisions to avert greater poverty
 - Opportunities include Make Work Pay refundable credit
 - Concern with proposed business tax cuts
 - Put pressure on food stamps, child support and state fiscal relief – not enough money for everything needed
 - Reality is to move on the stimulus and then tackle long term challenges such as entitlement control and spending caps
- 2010 Budget figure is almost ephemeral now
 - Debt on way to \$11 trillion
 - Huge long-term problem but this won't impact work on tax cuts
 - Instead will impact investments and entitlement reform
 - Revenue and spending need to both be on the table for true reform
 - PAYGO (pay as you go) won't be in effect for the stimulus or the middle class tax cuts, but will apply to the rest
 - How to find resources with PAYGO? Remember that PAYGO does not impact annual discretionary spending
 - Need to close tax loopholes
 - Healthcare reform must have cost containment
 - Need to prioritize children and families from the start
 - Being strategic is more important than ever

Bruce Katz

- Effect of the budget and taxes on place-based interventions
 - Critical to understand the different spatial effects of place-based spending
- How to knit going green with an economic downturn
- Push connecting unconnected conversations
 - Poverty
 - Stimulus
 - Foreclosures
- Top 100 metro areas are 2/3 of the population and his focus
 - Federal Reserve report on concentrated poverty demonstrate a shift
 - More poor in the suburbs
 - Concentrated poverty on the rise
 - Gains made in the 90s are being lost
 - Location of foreclosures are different in different parts of the country and cautions on mediations and where they will take effect and make impact
- Stimulus:
 - Infrastructure spending is needed but many systems, especially the transportation systems, are broken because they go through state systems.
 - Need reform in addition to investment
 - Take a place-based approach on the stimulus because it is critical to go beyond labeling and understand the need for restructuring of the delivery system
- Housing:
 - Another key area for structural reform
 - Housing renovations are high job generators and more targeted and have great multiplier effects in the cities and older suburbs
 - Marry housing with stabilizing mortgage, advancing green jobs agenda and increasing employment

- Need a massive restructuring of departments/agencies
 - Who is being served by what programs and agencies and how are they working or not working together?

William Spriggs

- We are in a time of declining wages and declining jobs for all people, not just poor people
- Tax cuts are not a stimulus and have little to no impact on the bottom quintiles
 - Similarly, EITC doesn't do much for those at the bottom
 - Tax cuts do not help those who are working but on reduced hours and results in less revenue
- Americans in extreme poverty increased during the last expansion, showing that the safety net does not work.
- The "ownership society" is really a debt society
- State unemployment funds close to or will go bankrupt soon
 - NJ and MI up first
 - Infrastructure of delivery needs to change
 - State based programs were a compromise and states don't run them well
 - Need to federalize unemployment insurance but it isn't being discussed
 - Why be place-based with jobs?
 - Social security isn't place-based, so why is UI?
 - TANF should be federalized also
- Need to fix entitlements
- Big idea: TARP, Fannie, Freddie and AIG bailouts equal \$1.3 trillion in total assets, which also equals the Social Security shortfall
 - Put all these assets into the Social Security trust fund
 - Takes the Social Security cut of entitlement reform out of the picture

Discussion

Is funding for school renovation included in the stimulus?

- The question is if the current delivery system can generate jobs fast enough. Delivery in Dept of Transportation and Dept of Housing and Urban Development do not include water, sewer or school work, but work on these would be very positive, create jobs. If this is not addressed in the stimulus it needs to be addressed in the future.
- Infrastructure is typically defined as highways with a little bit referring to mass transit.

Is there a place-based approach to health reform?

- Place-based is about connecting the dots, breaking down silos and integrating politics. For example, interrelated budgets for the environment. States and locales should be rewarded for doing this work already

Does this hold true at Dept of Health and Human Services and Department of Education?

- The cutting edge innovators are in the cities. They need to define the next round of reform or the disconnect at the local level with national policy will remain. We need to plant the seed that this is not your parents' federal government.

An obvious take-away is that we have to spend time on the revenue side of the equation. We need to work on tax policy.

What are to do's and not to do's for the short and long term?

- Stimulus
 - Ensure that provisions prevent deep poverty
 - Understand what the stimulus is and is not. Don't try to add all sorts of things. Stay focused on what will jump start jobs and provide a greater safety net, such as child care, child support, TANF contingency funds

- Once something is in the budget, it will take a lot of work to hold it there vs. what the Hill will want to do (especially expansions and refundable credits)
- Two revenue battles
 - Business tax cuts and the middle class and estate tax work could crowd out supports for children and families because of dropping federal revenues
- Need to call this a “revenue problem” not an entitlement problem.
- Show the government what one can afford on 18 percent GDP and it is very scary
- Need to think big and change the conversation about revenues
- State based safety net doesn’t work and is getting worse
- Media is going to get tired of writing about people losing jobs and will eventually forget about those truly left behind.

Working Lunch - Grantmakers Strategy Session (FUNDERS AND PHILANTHROPIC ADVISORS ONLY)

Discussants reflected on the previous sessions and engage funders in a tactical discussion regarding the gaps in the domestic policy priorities of the new administration and Congress; opportunities to help inform, shape and influence this agenda; as well as strategies and opportunities for investments and cross-sectoral collaboration.

- **Ami Nagle**, Coordinator, EITC Funders Network (Moderator)
- **Mark Schmitt**, Executive Editor, *The American Prospect*
- **John Monahan**, Executive Director, O’Neill Institute on National and Global Health Law and Visiting Professor of Law, Georgetown Law

Mark Schmitt and John Monahan

What is the relationship between foundations, grantees and government? What should we be building/funding?

Government

- A benchmark for how things are done, creating “market models”
- Patient investor with the ability to wait for financial returns

Foundations

- Investors, funding programs, ideas, networks and structures
 - Foundation funding has its greatest impact on non-profits
- Support advocates and policymakers
- Foundations can be models for government
- Fund programs, ideas and networks to support grassroots efforts.
- Time to think big
- Tap into the power of the new media, community organizing

With declining resources, how do we find solutions for fundamental transformation?

- Consider place-based approaches
- Collaborative grantmaking: connect the dots between agendas (poverty, social equity, energy, etc)

Discussion

- Pick low-hanging fruit and see it through
- Not about picking priorities, but funding new Administration’s agenda and summoning public will to support this agenda
- Think big
- Opposite view also expressed: narrow, not broaden in order to control opportunities when they arise.

- We don't need to narrow or broaden but to weave
- Tap into power of citizen engagement created by Obama's campaign.
 - How do we sustain the motivation/engagement created by the campaign?
 - The process shouldn't be imbedded in the person
 - Continue to build grassroots political will
- Need to survey grantees about what is going on and speak openly with funding partners
 - Be prepared for hard decisions
 - Mergers, consolidations
 - Be responsible
 - Grantees crucial to getting things done
 - Redefine problems so we work to solutions that we need
- Don't use old paradigms to solve new problems
- Grantmaking can address very real needs in the short term and build new/improve infrastructure in the long term
 - Need program-related investments
 - Need systems building/reform to reach more children
 - Support advocacy to continue to push and challenge government
 - Best advocates are nimble and we are best when not telling them what to do
 - Important to still fund think tanks
- Support communications and framing so grantees are on message in the short term
 - Share communications data across groups
 - Do this through affinity groups?
- Examine philanthropy's role in lobbying
 - Alliance for Justice is good resource
- Partnership with government
 - Office of philanthropic partnership problematic (what might happen in a non-friendly administration)
 - Fund research, evaluation and TA in partnership with government - that is what they don't do as well or have as much funding to do
 - Government staff doesn't have the capacity, creativity or energy; need to build them back up
- How do we move the conversation from talking about what can be done to what we can actually do?
- Foundations need to break up their stovepipes as well