

Nonprofits Speak Up For Social Justice Agenda

By Rick Cohen

Last Nov. 5, the midterm elections solidified the Republican majority in both houses of Congress, giving the GOP control of all three branches of the federal government. The result was hardly surprising. In their lackluster campaign, the Democrats distinguished themselves from the Republicans primarily through their tone and a commitment to reduce prescription drug costs for the elderly.

Did those elections contain a message for social justice nonprofits and funders? Or is it simply business as usual?

NCRP surveyed its membership earlier this year and waited to see how the Bush administration's program would develop. We asked our members to assess the import of the elections and their effect on disadvantaged Americans who rely on nonprofits. We also asked what nonprofits should do in the way of organizing and public policy advocacy as the 2004 elections approach, and how NCRP should determine its research and policy priorities in the current political climate.

Observers predicted and bemoaned one likely result of the past elections, the tendency among progressives "to spend a great deal of time talking about blame and pointing fingers." NCRP hopes to resist that temptation and focus on building a strong and effective agenda for social change.

NCRP's members correctly predicted the Bush administration's 2003 agenda of major tax cuts for the rich and consequent cutbacks in federal domestic spending. The president's new and accelerated tax cuts for the wealthy, including the proposed elimination of the estate tax and taxes on stock dividends, masquerade poorly as an economic-stimulus package.

Respondents suggested that "we will see continued attempts to slough off responsibility from the government to overburdened nonprofits without much funding to back it up." One NCRP member linked this disinvestment strategy to the Bush administration's commitment to devolution: "It is not simply shifting responsibilities to state and local governments. It is about shifting the locus of government to the private sector ... in the form of dumping initiatives to nonprofits, often without the funding to do the task."

Not to be ignored is the Bush administration's less-than-compassionate social agenda—school vouchers that drain resources from public education, faith-based initiatives that threaten religious liberty and allow taxpayer-funded discrimination, restrictions on reproductive rights, opposition to equal rights for lesbian and gay Americans, and attacks on working families and the environment.

In addition to disinvestments and devolution, deregulation constitutes the third *D* of the Republican agenda, "particularly when it comes to health, safety and environmental protections." In the words of one NCRP member, "Public policy will now be driven at the federal level by people who do not believe in social and economic equity."

Respondents voiced prescient concern about potential restrictions on nonprofit organizing and public policy advocacy. These keep popping up in little-noticed amendments to formerly bipartisan bills, or in incentives such as the CARE Act's expedited 501(c)(3) approvals for service-oriented nonprofits and not for advocacy groups.

Although most NCRP members focused on domestic issues, several addressed the Bush administration's aggressive foreign policy, which culminated in the preemptive invasion of Iraq. While many cited the costs of the war and the increasing restrictions on free speech under the PATRIOT Act, respondents also blamed the administration's pre-invasion policies for harming "international cooperation and development."

Time to become despondent? No one was foolish enough to imagine that a latter-day New Deal, Fair Deal or New Frontier might emerge from a 108th Congress dominated by Tom DeLay, Trent Lott and Rick Santorum, as well as an emboldened conservative White House. But neither were respondents so politically paralyzed as to suggest that we duck until the 2004 presidential elections. The survey responses highlighted several pivotal issues for social justice nonprofits and foundations to focus on.

Analysis and vision: Respondents overwhelmingly called for ongoing analysis of the Bush administration's social and economic agenda. One member urged NCRP to highlight the effect of domes-

tic and foreign policies “that shut down services to disadvantaged Americans.” Another called for informing the public of the “ideology of the administration [and] the true costs of [its] programs, and [joining] in a straightforward, compelling narrative that provides voters with a positive alternative.”

An analysis of what’s wrong should lead to a platform that offers solutions, a notion that one NCRP member summarized in this way: “We must keep alive a vision of a just America—including universal health care, real support for public education, training and supportive services for all to work in jobs that pay a living wage, and respect for all people regardless of who they are or where they come from.”

Organizing and mobilizing: Part of the problem on the progressive side of the ledger—and often among progressive funders—is relying too heavily on research and studies that are more theoretical than practical, and failing to pay attention to the disadvantaged and disenfranchised Americans who have to live with the consequences of conservative policies from day to day. NCRP’s members cited constituency mobilization and political empowerment as the necessary precursors and companions of a different kind of political analysis. One member said, “The onus is on nonprofits to develop more-effective advocacy, lobbying and community organizing and using their collective resources to hold elected officials accountable to a social-change agenda.” Another added, “It’s important to make the voices of the affected heard—the people who feel the problems.”

“Beltway” nonprofits like NCRP were cautioned that in this devolutionary political dynamic, many of “the most important policy priorities need to be at the state and local level.” Nonprofits should build strong coalitions to develop state and local legislative responses. A survey respondent from California said that state’s \$36 billion budget deficit constitutes “a profound economic crisis.” The advocacy battleground should be at the state and local levels, where the “three D’s” of Washington’s social and economic policies will reverberate in the lives of different constituencies and in the everyday realities of nonprofit advocates and service providers.

Campaign finance and voter registration: Some foundations have begun to focus on campaign finance reform, a direction that NCRP survey respondents seemed to endorse whole-heartedly. As this is being written, the Supreme Court has overturned portions of the soft-money ban in the McCain-Feingold campaign finance reform legislation, and the scourge of reform, Kentucky

Republican Sen. Mitch McConnell, has filed suit to stifle the remainder of the regulations. Survey respondents encouraged foundation support for “cleaning up the campaign financing mess,” as well as encouraging voter registration and persuading people to vote. One respondent commented that “more than 5 million helping professionals did not vote; if those of us in the nonprofit sector voted, maybe we wouldn’t be facing these types of crises.”

Monitoring and controlling corporate excess: Since last November’s elections, the politically well-connected Bechtel Corp., known for distributing campaign contributions liberally to both parties, secured the first multimillion-dollar contract for rebuilding postwar Iraq, and the mammoth Halliburton Corp. of Texas, which Dick Cheney directed before being elected vice president, landed the contract for capping oil-well fires during the invasion. Both of these behemoths are simply the latest examples of the intertwining of corporate influence and political decision making.

Corporate excess stood preeminent among the issues NCRP’s members raised. These are some highlights:

- The Securities and Exchange Commission “needs to have the guts and willingness to stop corporate fraud, which got us to this place to start with.... That starts with an investigation of Bush’s oil company and Halliburton and Dick Cheney.”
- “Stop relying on laws and regulations to force appropriate corporate behavior, and go after [corporations] directly through PR, direct action, boycotts....”
- “Clean up the ... corporate ethics mess.”
- “There should be a major emphasis on [investigating] corporate welfare.”

In its lonely vigil on corporate issues, NCRP has long called for greater corporate philanthropic disclosure, as well as increased foundation grantmaking for watchdog nonprofits that engage in corporate oversight. We estimate that probably half of corporate philanthropy is undisclosed to the American public. The Sarbanes-Oxley legislation of 2002 might have increased corporate accounting standards, but it has hardly prevented Enron’s progeny—Tyco, Imclone, Xerox, HealthSouth and many others—from devising creative ways to undermine the public’s trust.

Fair tax cuts for working families: Few in the foundation community have spoken out against the Republican assault on the estate tax, and virtually none have addressed the president’s plans

Respondents suggested that “we will see continued attempts to slough off responsibility from the government to overburdened nonprofits without much funding to back it up.”

The bottom line is that tax cuts for everyday Americans—not former Enron executives—are what would help stimulate the economy and aid struggling charities.

to exempt stock dividends from income taxes. But NCRP's members recognize tax fairness as a core concern for the social justice community.

Nonprofits and foundations must proactively speak out for fairness and against the president's tax plans to "redistribute wealth upwards," in the words of one respondent. They must advance a positive vision and platform for tax equity. One good place to begin is with an effort to reduce the payroll tax, one of the most regressive taxes on the books, which hits working families and lets rich people off the hook.

NCRP was pleased that its position in early 2003 about the Senate version of the CARE Act reflected this advice from our membership. The CARE Act's nonitemizer deduction provisions would require working people to donate to charity in order to shave a few bucks off their income taxes. But the richest Americans, under the president's tax plans, would enjoy a reduction in the capital gains tax, the elimination of estate taxes, exemption of stock dividends from taxation, and accelerated overall income tax rate reductions—all for doing nothing more than continuing to accumulate wealth.

If the nation wants working families—who are already among the most philanthropically generous Americans—to donate even more money to charity, simply offer them relief from the payroll tax instead of a meager nonitemizer deduction for charitable giving. The bottom line is that tax cuts for everyday Americans—not former Enron executives—are what would help stimulate the economy and aid struggling charities.

What should NCRP's role be in this environment? Our members suggested some concrete priority issues, presented below without any

attempt to weight the recommendations.

- **Research and analysis:** "Research and report on the impact of Bush policies on the poor, working poor and the vanishing middle class—and then publicize your findings everywhere, from 'Larry King Live' to the *New York Post*." From an NCRP lens on philanthropy, we think this takes us into looking at the intersection of philanthropy and overall social policy, including monitoring the administration's efforts to constrain nonprofits' free-speech rights or substitute charity and philanthropy for public investment in America's social safety net.
- **Nonprofit and foundation advocacy:** "Urge the philanthropic sector to practice pure advocacy:" "Help the Council on Foundations [promote] funding to do more effective organizing and advocacy:" "Foundations must also become advocates themselves, intervening directly in policy debates, taking stands on issues [and publicizing them], and providing testimony in Congress and in the statehouse." Within these recommendations are calls for NCRP to be among the leaders in "fight[ing] any new gag rules on nonprofits that accept government funding," "monitor[ing] the impact of domestic surveillance (and anti-terrorism programs) on advocacy groups," and advancing nonprofit public policy advocacy.
- **Conservative philanthropy:** "Expose the role of right-wing philanthropy in the history, current practice and potential future of this administration." We believe that this issue includes an examination of the reasons for the effectiveness of conservative foundations—their willingness to spend money on their grantees, to provide core operating support, to support aggressive public policy advocacy by their grant recipients, etc., not simply hand wringing about conservative philanthropic success.
- **Tax policy and charitable giving:** "Tax relief may be a place where there is room for progressive legislation," but balanced with a concern that "too many of us have bought into the privatization of social services, the notion that essential services should be funded through private giving, and that's both wrong and not in the American tradition." Even among NCRP members, there are those who forget that charity and philanthropy exist because of the failures of government, the



gaping holes in the social safety net and the inequities of the market. Charity and philanthropy aren't—or shouldn't be—ends in themselves, and they should be viewed relative to tax fairness and the need to maintain public-sector commitments to critical social and public needs.

- **Social justice grantmaking:** "Continue to be a voice for progressive issues and strategies." "NCRP needs to identify and highlight progressive activities that are being supported by the larger foundations, [because] foundations often look to the larger foundations for leadership." "Continue to push foundations to support organizing and advocacy." "Make support of progressive activities legitimate." "Highlight what progressive philanthropy is doing with regard to [key] policy priorities."
- **Philanthropic accountability:** Several pointed to the continuation and expansion of NCRP's long-standing agenda on philanthropic accountability: returning foundation payout rates from 5 percent to their appropriate traditional level of 6 percent, removing operating and administrative costs from foundations' qualifying distributions, and reducing and simplifying the foundation excise tax to a flat 1 percent while ensuring that those resources be used as they were intended for appropriate IRS oversight. In an overall sense, respondents wanted NCRP to continue "articulat[ing] an affirmative agenda for accountability in our sector ... [because] the post 9/11 environment begs for it." The recommendations were not simply vanilla suggestions for improved 990-PFs and more annual reports, but having NCRP focus on philanthropic practices critical to the survival of social change nonprofits.

Two responses in particular stood out: "Look at what foundations have done in response to the stock market decline—where they have [granted] their money, where they have kept it and where they have withdrawn," and examine whether foundations "have cut their administrative budgets in any way proportional to their grant cuts." In addition, members suggested that NCRP expand its attention to the charitable grantmaking priorities of big-money sources such as the managers of donor-advised funds such as Fidelity, Vanguard and Schwab, examining what they do with the funds they get, how they manage them and

what kinds of oversight exist or should exist on the commercial gift funds.

We were struck by comments about the visibility and profile of NCRP as an organization and of the social justice philanthropic agenda overall. One respondent lamented how "astounding" it was that so "few foundations are aware of" NCRP. Another suggested that to step up its work on promoting social justice grantmaking, NCRP had to launch a campaign "to recruit major successful entertainers and professional athletes" to work with us. The sad truth is that in holding foundations accountable to a social change agenda, NCRP is pretty much the ball game. There aren't any other philanthropic watchdogs engaged in this kind of critical scrutiny, action research and constructive policy building for social justice grantmaking, and NCRP is a comparatively tiny organization addressing a broad swath of U.S. charity and philanthropy.

Nonetheless, NCRP's visibility is on an upward trajectory, our credibility is growing and our influence is often surprising. The responses to NCRP's post-election survey show that some of NCRP's priorities are on target, and they raise new challenges for our future agendas. Informed by our members' concerns, NCRP will continue working to help the philanthropic community play its part to leverage its limited resources to achieve a more just and democratic society—one in which the public, private and nonprofit sectors are working together in a more reasonable, balanced way for the benefit of all Americans. ☺

Rick Cohen is executive director of the National Committee for Responsive Philanthropy.

