Larger Community Foundations
Annual Conference 2014
February 26-28, 2014
Austin, TX

Pre-Reading Material

This material is also on the Conference Website's "Conference Pre-Work" page: www.lcfconference.org

For Wednesday Sessions:

Articles recommended by Conference Planning Committee:

- Article: "*The Inequality Problem*", David Brooks, The New York Times
- Article: "*Who's Poor in America?*", Drew DeSilva, Pew Research Center
- Article: "*Higher Ed Needs Investment*", President Bill Powers, Houston Chronicle
- Report: "*Philanthropy and the Social Economy: Blueprint 2014*", Lucy Bernholz*

Deep Dive Case Studies (choose one to attend to learn about details behind these successful initiatives)

- *Breaking the Trust: Transitioning from Trust to Corporate Governance,* Paul Grogan, The Boston Foundation
- *State Government Transformation Initiative*, Kelvin Taketa, Hawaii Community Foundation
- *Inclusiveness*, David Miller & Sandra Shreve, The Denver Foundation

Agenda - CEO Breakout Session
Agenda - Board Leader Breakout Session

For Thursday Sessions:

Big Ideas

- *The Charitable Deduction: Is It Worth Defending?* Tom Peters, Marin Community Foundation

Minding the Gap: Philanthropy's Role in Addressing Income Inequality

- Article: "*Fighting income Inequality Should Be Top Nonprofit Priority*", Mark Rosenman, The Chronicle of Philanthropy
- Article: "*The Vicious Circle of Income Inequality*", Robert H. Frank, New York Times
- Article: "*De Blasio's Long Odds*", Ross Douthat, The New York Times
- Report: "*CFED Assets and Opportunity Profile for Texas 2014*"

For Friday Sessions:

- Report: "*What's Next for Philanthropy*", The Monitor Institute*
- Summary: Recent Updates for Community Foundation Public Value Awareness Project, Jeff Hamond

Deep Dive Case Studies (choose one to attend to learn about details behind these successful initiatives)

- *A Dozen Years of Priming the Professional Advisor Pump/Pipeline,* Alicia Philipp, the Community Foundation for Greater Atlanta
- *Greater University Circle Initiative*, Ronn Richard, The Cleveland Foundation

*Found in back of this tab

The Inequality Problem

JAN. 16, 2014 **David Brooks, The New York Times**

Suddenly the whole world is talking about income inequality. But, as this debate goes on, it is beginning to look as though the thing is being misconceived. The income inequality debate is confusing matters more than clarifying them, and it is leading us off in unhelpful directions.

In the first place, *to frame the issue as income inequality is to lump together different issues that are not especially related*. What we call "inequality" is caused by two different constellations of problems.

At the top end, there is the growing wealth of the top 5 percent of workers. This is linked to things like perverse compensation schemes on Wall Street, assortative mating (highly educated people are more likely to marry each other and pass down their advantages to their children) and the superstar effect (in an Internet economy, a few superstars in each industry can reap global gains while the average performers cannot).

At the bottom end, there is a growing class of people stuck on the margins, generation after generation. This is caused by high dropout rates, the disappearance of low-skill jobs, breakdown in family structures and so on.

If you have a primitive zero-sum mentality then you assume growing affluence for the rich must somehow be causing the immobility of the poor, but, in reality, the two sets of problems are different, and it does no good to lump them together and call them "inequality."

Second, *it leads to ineffective policy responses*. If you think the problem is "income inequality," then the natural response is to increase incomes at the bottom, by raising the minimum wage.

But raising the minimum wage may not be an effective way to help those least well-off. Joseph J. Sabia of San Diego State University and Richard V. Burkhauser of Cornell looked at the effects of increases in the minimum wage between 2003 and 2007. Consistent with some other studies, they find no evidence that such raises had any effect on the poverty rates.

That's because raises in the minimum wage are not targeted at the right people. Only 11 percent of the workers affected by such an increase come from poor households. Nearly two-thirds of such workers are the second or third earners living in households at twice the poverty line or above.

The primary problem for the poor is not that they are getting paid too little for the hours they work. It is that they are not working full time or at all. Raising the minimum wage is popular politics; it is not effective policy.

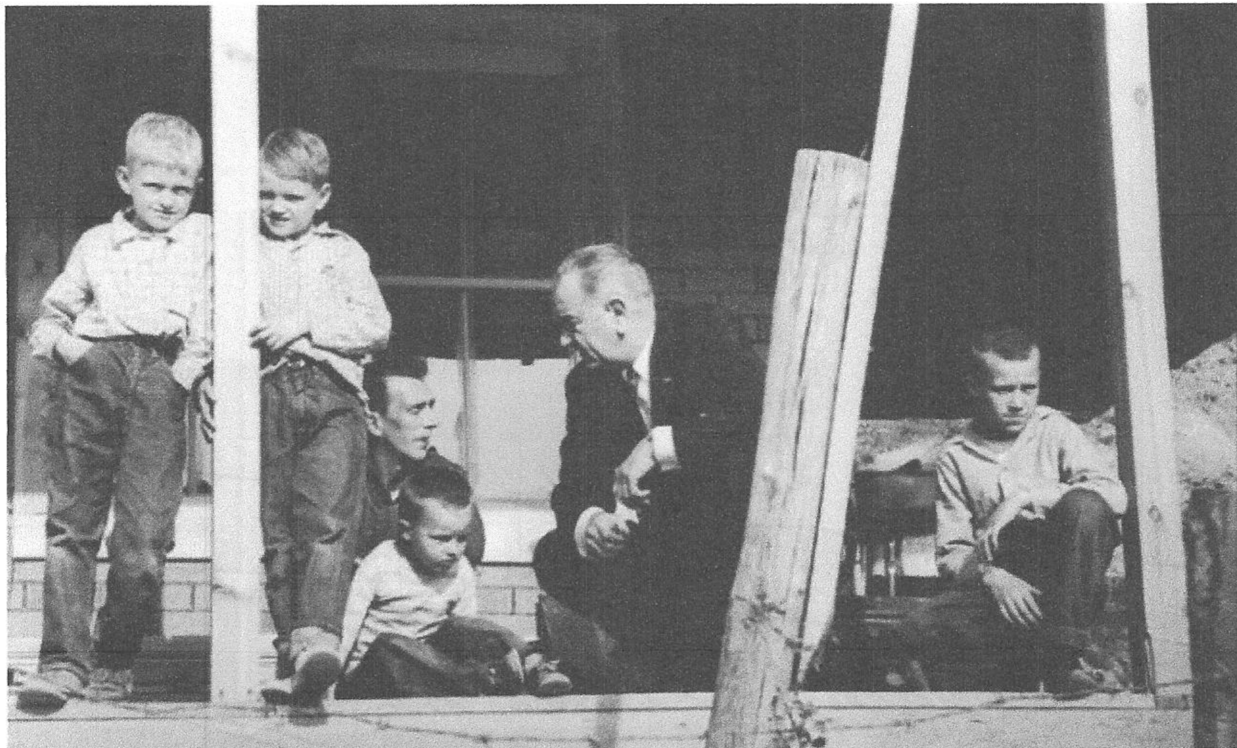
Third, *the income inequality frame contributes to our tendency to simplify complex cultural, social, behavioral and economic problems into strictly economic problems*.

PewResearchCenter

JANUARY 13, 2014

Who's poor in America? 50 years into the 'War on Poverty,' a data portrait

BY DREW DESILVER

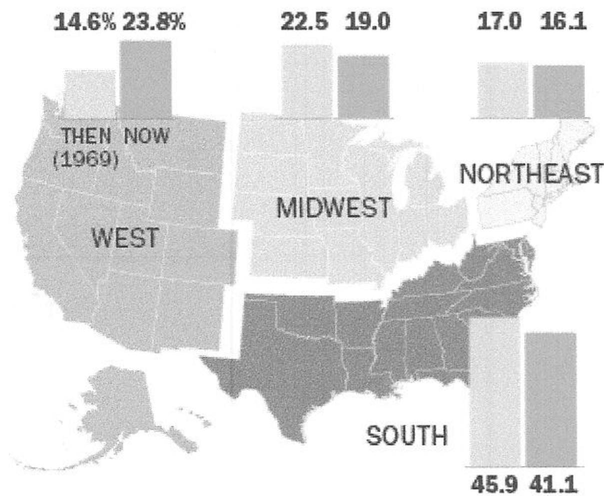


President Lyndon Johnson's visit to Tom Fletcher's home in Kentucky was part of his tour of poverty stricken areas in the U.S. (Photo by Walter Bennett/Time & Life Pictures/Getty Images).

Fifty years ago, President Lyndon Johnson used his first State of the Union address to urge "all-out war on human poverty and unemployment in these United States." The War on Poverty, as the set of social programs enacted in 1964-1965 came to be called, was arguably the most ambitious domestic policy initiative since the Great Depression. But for decades, politicians and social scientists have argued about whether Johnson's antipoverty programs have lifted people out of destitution, trapped them in cycles of dependency, or both.

Critics note that the official poverty rate, as calculated by the Census Bureau, has fallen only modestly, from 19% in 1964 to 15% in 2012 (the most recent year available). But other analysts, citing shortcomings in the official poverty measure, focus on a supplemental measure (also produced by the Census Bureau) to argue that more progress has been made. A team of researchers from Columbia University, for example, calculated an "anchored" supplemental measure — essentially the 2012 measure carried back through time and adjusted for historical inflation — and found that it fell from about 26% in 1967 to 16% in 2012.

What's inarguable, though, is that the demographics of America's poor have shifted over the decades. Here's a look at what has, and hasn't, changed, based on the official measure. (Note: The reference years vary depending on data availability.)



Today, most poor Americans are in their prime working years: In 2012, 57% of poor Americans were ages 18 to 64, versus 41.7% in 1959.

Far fewer elderly are poor: In 1966, 28.5% of Americans ages 65 and over were poor; by 2012 just 9.1% were. There were 1.2 million fewer elderly poor in 2012 than in 1966, despite the doubling of the total elderly population. Researchers generally credit this steep drop to Social Security, particularly the expansion and inflation-indexing of benefits during the 1970s.

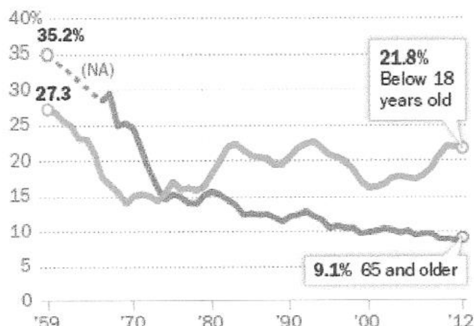
But childhood poverty persists: Poverty among children younger than 18 began dropping even before the War on Poverty. From 27.3% in 1959, childhood poverty fell to 23% in 1964 and to 14% by 1969. Since then, however, the childhood poverty rate has risen, fallen and, since the 2007-08 financial crisis, risen again.

Today's poor families are structured differently: In 1973, the first year for which data are available, more than half (51.4%) of poor families were headed by a married couple; 45.4% were headed by women. In 2012, just over half (50.3%) of poor families were female-headed, while 38.9% were headed by married couples.

Poverty is more evenly distributed, though still heaviest in the South: In 1969, 45.9% of poor Americans lived in the South, a region that accounted for 31% of the U.S. population at the time. At 17.9%, the South's poverty rate was far above other regions. In 2012, the South was home to 37.3% of all Americans and 41.1% of the nation's poor people; though the South's poverty rate, 16.5%, was the highest among the four Census-designated regions, it was only 3.2 percentage points above the lowest (the Midwest).

Poverty among blacks has fallen sharply: In 1966, two years after Johnson's speech, four-in-ten (41.8%) of African-Americans were poor; blacks constituted nearly a third (31.1%) of all poor Americans. By 2012, poverty among African-Americans had fallen to 27.2% — still more than double the rate among whites (12.7%, 1.4 percentage points higher than in 1966).

But poverty has risen among Hispanics. Poverty data for Hispanics, who can be of any race, wasn't collected until 1972. That year, 22.8% lived below the poverty threshold. In 2012, the share of Hispanics in poverty had risen to 25.6%. But the U.S. Hispanic population has quintupled over that time. As a result, more than half of the 22 million-person increase in official poverty between 1972 and 2012 was among Hispanics.



HIGHER ED NEEDS INVESTMENT

by Bill Powers. October 23, 2013
Houston Chronicle

Today, I'm proud to begin my one-year service as chairman of the Association of American Universities. Since 1900, the AAU has been the chief promoter of the American research university, and the University of Texas at Austin is one of just 62 current members. In American higher education, there is no issue more critical than affordability. Gov. Rick Perry has made it a priority and President Barack Obama has as well. It concerns me, as it should every leader in higher education and all who understand the crucial role a college education plays in social mobility and national productivity.

In August, the White House published its College Scorecard, an interactive tool families can use to evaluate college options. UT-Austin fares well with a high graduation rate and a below-the-median cost.

In the final analysis, there are only two main ways to decrease the price tag of college for students: 1) decreasing operational costs and 2) increasing support from non-tuition sources. Obama has called on universities to control their costs, and at UT, we are doing that. For example, we are undergoing a major initiative to reduce the costs of our operations by consolidating our staff so that multiple departments can share the expertise of specialists in human resources, information technology, procurement and accounting. Universities are behind the business sector in modernizing these functions, and we will all benefit from catching up.

But holding the line on costs — even cutting costs — is not sufficient for the needs of the future. We must also increase support for higher education from nontuition sources. These sources fall into four main categories: philanthropy, research grants, nontraditional revenue sources (such as licensing our discoveries or merchandising our brand) and public funding.

On this last count, we all have reason for alarm. In the last 25 years, student enrollment at state universities across America has grown by 62 percent, while total public funding has increased by only 2 percent. Consequently, state funding per student has dropped by 30 percent in those 25 years. And this is not a matter of our collective wealth, but rather, a matter of priorities: Nationally, state support per $1,000 of personal income has dropped by 37 percent. We cannot continue to decrease public funding across the nation and then express shock when the price to students goes up or we fall behind our competitors around the world.

We are witnessing a massive, historic public disinvestment in higher education. In spite of that, higher education is still doing amazing things. In Texas, economists have estimated that our state receives a 21-to-1 return on investment from UT-Austin. That is, for the state's annual investment of about $300 million, it gets a university that contributes $6.4 billion to the economy through direct and indirect spending by staff, faculty and students.

The reasons for this disinvestment are many and include state- and federally mandated programs that have eaten deeply into the amount over which state legislatures have discretion. Those mandates likely are not going away. But if legislators realized the massive return on investment they are already getting from higher education, they would be going "all in" with public funding like a poker player with the best hand of his life. Of course, it is not just a matter of "throwing money at a problem." We must be smart and targeted in our spending; but make no mistake, we must invest resources in higher education.

University administrations need to aggressively control higher education's cost. But the responsibility for the cost of public higher education also rests with the public. Higher education affordability should be a nationally shared priority. State governments should begin making up lost ground by returning to their historical investment levels for higher education. It will help hold the line on the cost to students, and it's the best investment of public dollars we can possibly make.

DEEP DIVE CASE STUDIES - WEDNESDAY

Breaking the Trust: Transition from a Trust to Corporate Form of Governance
The Boston Foundation
Paul Grogan, CEO

In 1999, the Boston Foundation successfully transitioned from a Trust form to corporate governance. This was not a decision made overnight; it was the culmination of a gradual and careful distancing process which began in the 1980s and intensified in the mid-1990s. During this period, the Foundation invited additional banks to be trustees, gained the authority to hold funds in its own name, took control of accounting, record keeping and tax filing, hired its first controller and CFO, had investment performance evaluated by an outside firm, implemented a spending rule, and benefited from a timely article in *The Boston Globe*. Eventually, all five of the Foundation's trustee banks consented to simultaneously resign.

Under a corporate governance structure, the Foundation gained the ability to craft its own investment program, as well as appoint its own Board. This led to the creation of a far larger, more diverse, and more representative body, including heads of local nonprofits, local philanthropists, lawyers, investment and financial managers, and community leaders, who operate with deep community knowledge and independence.

In this session, the Boston Foundation would share the process by which we were able to "break the trust," and the benefits and drawbacks of this change, including investments, independence, and the loss of an avenue for permanent endowment funds.

Outcomes:
In addition to increased returns on discretionary and designated funds, control of our own investments has helped the Foundation be competitive in Donor Advised Funds, and has eased the creation of alternative investment options requested by donors and prospects. However, most significant has been the leadership of a knowledgeable and independent Board. This body has pushed the Foundation to significantly expand its profile in Boston, leading to the creation of the Civic Leadership Model and vocal pursuit of public policy changes. The Foundation's independence also enabled us to increase the spending rule during the recession in response to community need.

Learnings:
Successfully navigating this transition requires diplomacy, perseverance, and a little luck. In addition, the corporate form brings challenges and may not be right for every community foundation, particularly those without established discretionary funds. The Boston Foundation has been challenged to raise permanent endowment funds without the trustee banks as a referral source.

State Government Transformation Initiative
Hawai'i Community Foundation
Kelvin Taketa, CEO

HCF launched a partnership with the Governor to transform the technological infrastructure of the State Government for three reasons: First, we believed that access to government benefits and services were inequitable based on physical location as Hawaii is a largely rural state, with its residents living on 7 different islands. Second, we believed that a robust technological infrastructure was necessary to amplify the impact of new "Big Data" initiatives and programs like the Affordable Health Care Act. Third, the state government had languished for over 20 years with no meaningful technology investments as funds were not available for assessment and planning nor was key leadership identified.

HCF agreed to provide start-up funding and the governor agreed to two critical conditions: no politics in hiring of key staff and consultants and that, after the initial start- up phase, the state fund the effort. Through the generosity of Pierre Omidyar, the founder of eBay, HCF has provided nearly $5 million so far to pay for the recruitment of key staff including the first CIO for the state and the creation of a long-range transformation plan. So far, the effort has leveraged $120 million in state funding to implement the plan.

We believe this example is illustrative of how philanthropy, and community foundations in particular, can play an influential role in where and how state governments shape priorities and strategies. We have found that strapped government agencies are hungry for assistance to determine best practices and support strategy formation, but lack the resources to carry out these activities. This is a complete reversal from the previous decade in which HCF received more than $93 million in public dollars to manage programs; last year, we provided more funds to state government agencies through several partnerships than we received in public dollars.

Inclusiveness
The Denver Foundation
David Miller, CEO and Sandra Shreve, Board Chair

Through the use of personal reflections, data, and organizational stories, Denver Foundation CEO David Miller and Board Chair Sandra Shreve will share candid insights about both the Foundation's internal organizational and external community journey toward inclusion and racial equity. As of 2012, at least 25% of available unrestricted grant dollars must be committed to racial equity, resident engagement, and capacity building. Similarly, The Denver Foundation is now working to "fully integrate 1) resident and constituent leadership, 2) racial and economic equity, and 3) support of fundraising efforts and donor stewardship into the all the work of The Foundation.

The Denver Foundation's asset growth indicates that our values of leadership, equity, inclusion, and stewardship are not mutually exclusive. We have developed new skills, language, principles, and bridges of trust and reputation. These changes have offered leadership opportunities and challenges.

Learnings will include personal reflections about inclusion in the context of mission, demographics, business, and equity, shared strategic approaches and tools to do the work, and the notion that focus on increasing equity to decrease disparities is not at odds with asset development. (We are all community builders. We are all fundraisers.)

2014 Larger Community Foundations Conference
CEO Break-Out Session
Wednesday February 26 ~ 1:00 - 3:30pm

AGENDA

1:00 - 1:10	**Welcome/Intro** *Facilitators: Darcy Oman & Andrew Swinney*
1:10 - 1:30	**Review Interest Survey Results**
1:30 - 3:15	**Discussion Agenda:** • *Opportunities on the horizon*: inventive ways of leveraging foundation skills and business model • *Management issue*: fostering change in organizational culture/staffing and succession • *Opportunities for field action*: legislative and regulatory advocacy; strategic communications • *Challenge*: change & relevance – what's the 21st century value proposition?
3:15 - 3:30	**Next Steps?**
3:30	**Wrap Up & Close**

Thank you to Conference Planning Committee members Terri Freeman, Darcy Oman, and Andrew Swinney for designing this session.

2014 Larger Community Foundations Conference
Board Leader Break-Out Session
Wednesday February 26 ~ 1:00 - 3:30pm

AGENDA

1:00 - 1:15	**Welcome/Introduction** • ***Pete Bruce,*** *Greater Milwaukee Foundation* • ***David Newton***, *The Community Foundation for Greater New Haven* ***Amy Daly-Donovan, facilitator***
1:15 - 3:00	**Discussion Table Groups – Three Rounds/Topic Areas:** Small groups will meet to discuss/share on the following topic areas, as determined by the Board Chair interest survey (see results below). Approximately 15 minutes small group discussion followed by 10 minutes of large group sharing of highlights. • Board Leadership – Emerging Issues? • CEO/Senior Staff Performance Evaluation (including compensation/incentive and succession planning) • Diversifying Donor Base (targeted markets) • Increasing Awareness and Understanding of Community Foundations' role
3:00 - 3:25	**Open-Ended Large Group Discussion** • Share results of Governance Survey and discuss based on areas of interest? • Other topics/areas of interest
3:25 - 3:30	**Wrap Up and Close**

LCF Board Leader Breakout Topics 2014

Topic Areas	Response Percent	Response Count
Board Composition and Recruiting	26.7%	4
Board Leadership - Emerging Issues?	60.0%	9
Board Member Engagement	26.7%	4
Board's Primary Role (governance, representative, working, etc.)	20.0%	3
Building Effective CEO Relationship	26.7%	4
CEO/Senior Staff Performance Evaluation (including compensation and incentive packages)	46.7%	7
Diversity and Inclusion (specific actions you are taking in this area)	26.7%	4
Diversifying Donor Base (targeted markets)	46.7%	7
Financial Growth (growing the market, board's role)	20.0%	3
Impact Investing	40.0%	6
Increasing Planned Giving	20.0%	3
Increasing Awareness and Understanding of Community Foundations' Role	46.7%	7
Foundation Marketing/Visibility	33.3%	5
Other: CEO Succession Planning, CEO/BC Relationship, Information Technology Opportunities/challenges		3

Thursday Sessions

THE CHARITABLE DEDUCTION:

Is It Worth Defending?

A well-accepted axiom in the world of organized philanthropy is that the federal tax code's charitable deduction is both a valuable motivator and an appropriate acknowledgment of charitable giving in America.

Not surprisingly, whenever the idea is floated to change or abolish this current IRS provision, many philanthropic leaders quickly engage to block such a move.

And why not? Those of us running foundations, as well as those from the grantee organizations we and our many donors support, look upon this deduction as a classic multiple-win. It's viewed as a key element of public policy undergirding the tradition of charitable giving in America, which totals an astonishing $300 billion per year.

It's also strongly defended as an unusual, if not unique, tax benefit, by virtue of the value extended to a strikingly wide range of worthy organizations in communities across the country, including clinics and churches, schools and symphonies, food pantries and opera halls.

Unfortunately, the rush to protect the status quo generally overlooks a worrisome inequality: the charitable deduction is of primary individual financial benefit to the wealthiest in our society, while minimizing the generosity of millions of others.

Two-thirds of U.S. tax filers do not itemize deductions. This means that the vast majority of individuals in America who engage in charitable giving are not entitled to this robust tax subsidy. And yet if charitable intentions are measured by proportion of income, they are giving just as generously as the top-third.

If, as philanthropic leaders, we honestly believe that the charitable deduction is an effective stimulator of giving, then why turn a blind eye to this inequality? If it is appropriate public policy that select individual giving be subsidized and endorsed, then why be silent as this benefit is denied to the majority of taxpayers?

We shouldn't.

Fortunately, there are a number of good and eminently workable ideas on the table for correcting this imbalance, to the benefit of all.

In a December 16, 2013 white paper, the *Committee for a Responsible Federal Budget* took a fair look at the pro's and con's of the arguments on this issue. Of particular note is their conclusion that there are "a number of ways to make the deduction cheaper, more progressive and more efficient, including some that could actually increase charitable giving."

The leaders of organized philanthropy deserve great credit for their stalwart efforts to urge the continuation of the charitable deduction in the face of calls for its restriction or repeal. The challenge, though, is to adapt to the changing times.

New elements of strategy may well be needed as the political pendulum swings in this precarious period of America's "age of inequity."

One-off poignant stories of the good works supported by charity are necessary. But in the rough and tumble of federal budgeting sure to come in the days ahead, such accounts of the work of angels may fall far short of being sufficient.

Philanthropy's traditional defense of the charitable deduction focuses emphatically on its societal value. And to many, it is a strong case indeed. But to others, particularly those searching for the necessary increase in federal revenues, there are strong counter arguments.

Inside the Washington D.C. beltway, congressional tax-writers categorize the charitable deduction as a cost, a 'tax expenditure' in the parlance.

What we in philanthropy categorize as 'gifts,' others categorize differently, and somewhat menacingly, as 'lost revenue.'

And a whopping total it is. Current estimates by the *Joint Committee on Taxation* put the 'cost' to the U.S. treasury at a half-trillion dollars over the next 10 years. Even in Washington D.C., $500 billion is a number that catches the eye.

In addition, those seeking to build a challenge to current policy can easily strengthen their case by striking a solidly populist posture. They point to the fact that the vast preponderance of this individual tax benefit is accrued by the very wealthiest of all taxpayers.

The perverse fact, of course, is that a benefit of this nature, i.e., wealthier taxpayers reaping disproportionate benefit, is commonplace in the U.S. tax code.

But there is danger in being drawn, even inadvertently, to its defense. For philanthropic leaders, there is real awkwardness in being seen as representative of just one more trade group with passionate arguments in favor of a pet deduction.

Warning signs are clearly on the horizon. Challengers to the current form of the charitable deduction are coming from different directions. Already there are persistent calls to limit the deduction only for causes that pass a certain litmus test of "social worthiness." Food, yes; music, no.

Though such proposals are profoundly unwise and unworkable, nevertheless they can gain traction.

Other challengers come from a different starting point, adding the deduction's uneven tax benefit to a list of grievances about the "one percent." This is particularly unfortunate given that this cohort of top taxpayers includes enormously generous individuals and families who, in fact, account for the lion's share of personal charitable giving, as measured by total dollars.

The country can ill afford to discourage the giving of wonderfully charitable families whose financial support of a wide range of social, cultural and environmental causes is more critically necessary today than ever before.

But the strategy for defending the charitable deduction could be buttressed by a basic political fact, if there were the will to pursue it.

Medicare and Social Security have a 'third-rail' quality in American politics. Why? In no small measure it's because a huge proportion of Americans (aka, voters) derive a direct benefit from both programs, a fact quite central to political vitality.

Instead of guarding the barricades of the status quo, those looking to preserve the deduction could consider this tactic: spread the benefit, strengthen the defense.

One can be drawn to the new lines of defense by the strategies of political warfare, by the principles of equity and fairness, or, dare it be suggested, by both.

But the picture is clear. If the answer to the question "Is it worth defending?" is affirmative, then the time is now for a fresh approach to be fashioned. After all, the bumper stickers are already being printed: "*Charitable Deduction: Fix It or Ditch It!*"

Thomas Peters, Ph.D., is in his 16th year as President & CEO of the Marin Community Foundation, Marin County, California

OPINION

January 21, 2014

Fighting Income Inequality Should Be Top Nonprofit Priority

By Mark Rosenman

In the long-overdue battle to stem America's growing economic inequality, too many nonprofits are either missing from action or part of the problem.

While charities and foundations do much to help those in poverty, some groups actually perpetuate it through their own compensation practices.

Not only do some nonprofits pay their lowest-ranking staff members so little that they often are eligible for federal antipoverty help, such as food stamps, but the gulf in pay between the CEOs of the nation's wealthiest colleges and hospitals and the average worker's pay at their organizations is unconscionably wide.

That is bad enough, but what is truly damaging is the lack of attention most nonprofits have given to advocacy and other efforts to bring about policy changes that could help the poor and combat inequality. They have done little to push for increases in the minimum wage or greater spending on federal and state programs for needy families.

The time to get involved is now. Both Democrats and Republicans have started to give more attention to poverty and financial inequality, and charities and foundation cannot truly serve the public interest unless they engage with lawmakers—and work to correct their own behavior as employers.

Looking at the facts of financial equality, it is hard to imagine a more important concern for nonprofits to tackle. Income inequality is profound: The United States is now ranked 32nd out of 34 advanced national economies. It is worse now in the U.S. than since just before the Great Depression started.

From 1990 to 2010, the top 1 percent of Americans increased their share of income by 66 percent while those struggling in the bottom portion actually lost ground. And it keeps getting worse 95 percent of income gains since 2009 have gone to the top 1 percent, and the richest 5 percent of American households now holds more than 60 percent of the wealth.

Part of the reason this has happened is that businesses are depressing salaries for lower- and middle-income workers. In real terms, the minimum wage is worth 12 percent less today than it was in 1967. Even working full-time year-round without taking sick days or vacation, that's not enough to support a parent and child above the poverty line.

As a result, more workers are turning to government aid programs. Over half of the families of fast-food workers are enrolled in one or more public-assistance programs. That is costing taxpayers $7-billion a year; over $1-billion of those tax dollars goes just to McDonald's workers. Why aren't the companies that are making increasingly larger profits paying their workers enough to live without needing food stamps and other government-paid benefits?

Astonishingly, across all industries one in every four workers is receiving some kind of government-funded assistance. In health and social-services work, the percentage is even higher.

Exacerbating inequity, pay at the top of corporations and nonprofit organizations has grown while other employees suffer. From 1978 to 2012, CEO compensation grew by 875 percent while the average worker's increase was under 6 percent.

Today, some nonprofit organizations have pay differentials as large as some for-profit corporations. Scores of college officials take home over $1-million each year while 22 percent of their work force is at poverty-level wages for a family of four. In many nonprofit health institutions, disparities are even more extreme. In some human-service areas (nursing homes and child care) wage inequality ratios are actually greater than in for-profit counterparts, but they are generally lower across the range of other kinds of such service groups.

Such inequities have led some policy makers to suggest that it's time for nonprofits or government to limit the pay gap between CEOs and rank-and file workers. Demands in recent months have come for a ratio of less than 100 to 1 at hospitals and 10 to 1 in

higher education. And just last month a powerful new voice stepped into the fray: Massachusetts Attorney General Martha Coakley asked nonprofits to start disclosing the difference in pay between CEOs and all other employees, echoing a rule proposed by the Securities and Exchange Commission for businesses.

The focus on nonprofit health and education organizations is appropriate because while together constituting about 30 percent of charities, they account for 75 percent of revenue and are the largest employers. Given the nature of these institutions, it is certain that they have a significant portion of their work force at or near the minimum wage. That means that the wage structure of these charities inevitably perpetuates poverty.

So what can nonprofit organizations do besides providing services to the 15 percent of Americans already in poverty (about a quarter of whom work) and to others falling from the shrinking middle class as economic inequality increases? They can start by speaking up for an increase in the minimum wage. They can alter their own compensation practices to bring up the lower end of their pay scales by cutting back at the higher end, and they can demand that businesses do the same.

The Minnesota Council of Nonprofits may well be the only charity leadership group pushing to increase the minimum wage. Individual charities and the nonprofit world as a whole are pitifully far from the level of advocacy needed to influence the policy conversation on income inequality, poverty, and economic justice.

Few charities have fought for an extension of federal unemployment benefits, yet we know it is critical to avoiding poverty for more than a million more people, and that without it some nonprofit organizations will face major new demands for their services. Too few charities have argued for an increase in the minimum wage that would lift people out of poverty (a proposal for $10.10 an hour would do that for 4.6 million Americans) without significant job loss, economists now agree. Too few charities have endorsed limitations, or even just disclosure, of ratios between top and average salaries in for-profit and nonprofit entities as a way to help address both income inequality and the erosion of philanthropic motivation.

And charities have done little to counter Republicans' anti-poverty proposals that evoke the ethos of 18th-century workhouses by requiring labor of the poor receiving government benefits, all while these same politicians work to cut food stamps and unemployment benefits.

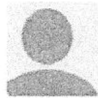
Advocacy by charities is critical when policy makers have so little experience with the travails of the middle class and even less with those of the poor. For the first time, over half of the politicians in the U.S. Senate and House are millionaires. That's a problem because a recent scholarly analysis of their voting records shows that lawmakers clearly reflect their own economic circumstances and interests.

There is no policy area in which the voice of nonprofit organizations is more critical than in affecting legislators' deliberations regarding economic inequality and poverty. Charities need to be a strong voice on these issues in part because wealthier people vote at a much higher rate than the poor.

If the United States is again to be a nation where upward mobility applies to more than those already near the top, a nation that can reverse its egregious inequality and poverty, nonprofit officials must lead by example. They will have little moral authority unless they modify their own practices and organize their peers and their supporters to use their voices and their votes to push for change.

Mark Rosenman is emeritus professor at Union Institute & University.

1 comment ★ 0



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BUSINESS DAY

The Vicious Circle of Income Inequality

JAN. 11, 2014

Economic View

By ROBERT H. FRANK

Almost every culture has some variation on the saying, "rags to rags in three generations." Whether it's "clogs to clogs" or "rice paddy to rice paddy," the message is essentially the same: Starting with nothing, the first generation builds a successful enterprise, which its profligate offspring then manage poorly, so that by the time the grandchildren take over, little value remains.

Much of society's wealth is created by new enterprises, so the apparent implication of this folk wisdom is that economic inequality should be self-limiting. And for most of the early history of industrial society, it was.

But no longer. Inequality in the United States has been increasing sharply for more than four decades and shows no signs of retreat. In varying degrees, it's been the same pattern in other countries.

The economy has been changing, and new forces are causing inequality to feed on itself.

One is that the higher incomes of top earners have been shifting consumer demand in favor of goods whose value stems from the talents of other top earners. Because the wealthy have just about every possession anyone might need, they tend to spend their extra income in pursuit of something special. And, often, what makes goods special today is that they're produced by people or organizations whose talents can't be duplicated easily.

Wealthy people don't choose just any architects, artists, lawyers, plastic surgeons, heart specialists or cosmetic dentists. They seek out the best, and the most expensive, practitioners in each category. The information revolution has

greatly increased their ability to find those practitioners and transact with them. So as the rich get richer, the talented people they patronize get richer, too. Their spending, in turn, increases the incomes of other elite practitioners, and so on.

More recently, rising inequality has had much impact on the political process. Greater income and wealth in the hands of top earners gives them greater access to legislators. And it confers more ability to influence public opinion through contributions to research organizations and political action committees. The results have included long-term reductions in income and estate taxes, as well as relaxed business regulation. Those changes, in turn, have caused further concentrations of income and wealth at the top, creating even more political influence.

By enabling the best performers in almost every arena to extend their reach, technology has also been a major driver of income inequality. The best athletes and musicians once entertained hundreds, sometimes thousands of people at one time, but they can now serve audiences of hundreds of millions. In other fields, it was once enough to be the best producer in a relatively small region. But because of falling transportation costs and trade barriers in the information economy, many fields are now dominated by only a handful of the best suppliers worldwide.

Income concentration has changed spending patterns in other ways that widen the income gap. The wealthy have been spending more on gifts, clothing, housing, celebrations and other things simply because they have more money. Their extra spending has shifted the frames of reference that shape demand by others just below them, so these less wealthy people have been spending more, and so on, all the way down the income ladder. But because incomes below the top have been stagnant, the resulting expenditure cascades have made it harder for middle- and low-income families to make ends meet. Despite taking on huge amounts of debt, they've been unable to keep pace with community standards. Interest payments impoverish them while enriching their wealthy creditors.

But perhaps the most important new feedback loop shows up in higher education. Tighter budgets in middle-class families make it harder for them to afford the special tutors and other environmental advantages that help more affluent students win admission to elite universities. Financial aid helps alleviate these problems, but the children of affluent families graduate debt-free and move quickly into top-paying jobs, while the children of other families face lesser job

prospects and heavy loads of student debt. All too often, the less affluent experience the miracle of compound interest in reverse.

More than anything else, what's transformed the "rags to rags in three generations" story is the reduced importance of inherited wealth relative to other forms of inherited advantage. Monetary bequests are far more easily squandered than early childhood advantage and elite educational credentials. As Americans, we once pointed with pride to our country's high level of economic and social mobility, but we've now become one of the world's most rigidly stratified industrial democracies.

Given the grave threats to the social order that extreme inequality has posed in other countries, it's easy to see why the growing income gap is poised to become the signature political issue of 2014. Low- and middle-income Americans don't appear to be on the threshold of revolt. But the middle-class squeeze continues to tighten, and it would be imprudent to consider ourselves immune. So if growing inequality has become a self-reinforcing process, we'll want to think more creatively about public policies that might contain it.

In the meantime, the proportion of our citizens who never make it out of rags will continue to grow.

ROBERT H. FRANK is an economics professor at the Johnson Graduate School of Management at Cornell University.

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SUNDAYREVIEW | OP-ED COLUMNIST

De Blasio's Long Odds

JAN. 4, 2014

Ross Douthat

THIS much can be said for Bill de Blasio's inauguration, which featured a concentration of left-wing agitprop unseen since the last time Pete Seeger occupied a stage alone: If the waning years of Barack Obama's presidency are going to be defined by a liberal crusade against income inequality, there's no more fitting place to kick it off than New York City.

It's fitting because a glance at New York's ever-richer 1 percent, its priced-out middle class and its majestic skyscrapers soaring above pockets of squalor makes it easy enough to understand left-wing populism's appeal.

But it's fitting, as well, because New York also illustrates the tensions that make the war on inequality hard to wage, and suggests reasons to question whether it's actually worth fighting in the first place.

Those tensions start with the fact that despite a run of non-Democratic mayors, the five boroughs have hardly been a laboratory for Social Darwinists in the last two decades. Instead, de Blasio's "tale of two cities," one ever-richer and one struggling to keep up, has been unspooling in a liberal metropolis in a liberal state surrounded by a mostly liberal region, where many obvious anti-inequality policy levers are already being pulled.

This doesn't mean inequality is immune to policy responses, especially when you leap to the national level — a leap, of course, that liberal populists want to see de Blasio's message make.

But the new mayor's political coalition also provides a clue as to why a comprehensive policy response may never actually be tried. In his primary upset, de Blasio enjoyed strong backing from the city's college-educated upper middle class. He even did slightly better among voters making between $100,000 and $200,000 than he did among the poor.

In a way, this shows the potential breadth of populism's appeal. But while upper-middle-class voters are happy to support higher taxes on 1 percenters — not least because they're tired of trying to compete with them for schools and real estate — they don't necessarily want a program that would require their own taxes to rise substantially.

And this is a problem for the populist left, because to build the kind of welfare state — European, Scandinavian — that seems to really level incomes, you need lots of tax dollars from the non-rich. Yet the current Democratic coalition has been built on a promise to never raise taxes on anyone making under $250,000 ... or maybe $400,000 ... or possibly $500,000, the threshold de Blasio chose.

That promise has made it safe for many well-off voters, in New York and elsewhere, to cast votes for liberal populism. But it's also made it impossible for the populist war on inequality to ever actually be won.

But should we even want that war to be fought? Here, too, New York's experience raises difficult questions for egalitarians. Of all the arguments for reducing inequality, the most potent is the claim that a more unequal society is one with fewer opportunities to rise, and that a hardening of class lines in America is intimately connected to growing fortunes at the top.

This makes some intuitive sense, and there is international data — dubbed "the Great Gatsby curve" by the economist Alan Krueger — suggesting a link between inequality and immobility. But within the United States, that link turns out to be much less readily apparent.

Using data from an ambitious research project on social mobility, the Manhattan Institute's Scott Winship and the Heritage Foundation's Donald Schneider recently tried to recreate the "Gatsby curve" for U.S. job markets.

Instead, they found little-to-no correlation between inequality and mobility across different regions of the country.

And New York illustrates their point, because the city's extreme income inequality hasn't led to extreme immobility. In fact, compared with nationwide trends, New Yorkers born into poverty have an above-average chance of rising into the middle class. (And New Yorkers born into affluence have an above-average chance of dropping to the bottom.)

Now it's true that whatever the link between mobility and equality, there are potential policy moves — an expansion of housing stock, for instance, to make expensive cities more affordable — that would probably address both issues at once.

De Blasio's signature proposal, universal pre-K, is a more ambiguous case. Most research indicates that early childhood education doesn't have the benefits to children's prospects that its advocates suggest. But it's possible the program could increase the mobility of parents, by lowering costs and stress for two-earner and single-parent households.

But there's also a pessimistic scenario, in which the growing cost of New York's existing welfare state means that de Blasio's crusade ultimately just devolves into interest-group featherbedding, in which the rich are squeezed to benefit a well-compensated public sector and preserve bureaucracies that ought to be reformed.

And that outcome — a populism that marginally inconveniences the richest without meaningfully changing life for anyone else — would be less a model for the post-Obama Democrats than a cautionary tale.

I invite you to follow me on Twitter at twitter.com/DouthatNYT.

A version of this op-ed appears in print on January 5, 2014, on page SR12 of the New York edition with the headline: De Blasio's Long Odds.

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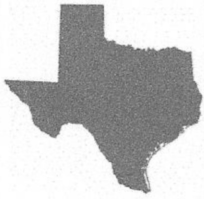


STATE PROFILE
TEXAS

The *Assets & Opportunity Scorecard* is a comprehensive look at Americans' financial security today and their opportunities to create a more prosperous future. It assesses the 50 states and the District of Columbia on 133 outcome and policy measures, which describe how well residents are faring and what states are doing to help them build and protect assets. The *Scorecard* enables states to benchmark their outcomes and policies against other states in five issue areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care, and Education.

Outcome Rank **37**

41 Policy Rank

OUTCOME HIGHLIGHTS

27%
of adults in Texas have at least a 4-year college degree

50%
of Texas households live in liquid asset poverty

65%
of Texas consumers have subprime credit

28%
of jobs in Texas are low-wage jobs

POLICY HIGHLIGHTS

Has state eliminated TANF asset test?

Has the state enacted an EITC?

Is the state's minimum wage higher than the federal or indexed to inflation?

Has the state expanded Medicaid to those earning 138% or more of federal poverty level?

ISSUE AREA RANKS

Issue Area	Outcome Rank	Policy Rank
Financial Assets & Income	39	48
Businesses & Jobs	34	21
Housing & Homeownership	15	11
Health Care	51	17
Education	33	34

TEXAS

Overall Outcome Rank **37**

OUTCOME MEASURES

The *Scorecard* ranks 54 outcome measures from best to worst; #1 is the most desirable, #51 is the least desirable. Data for an additional 12 measures are published but not ranked due to insufficient data at the state level. Issue area ranks are calculated by averaging the ranks of measures within the issue area; overall ranks are calculated by averaging all of the outcome measures ranks. Grades are given on a curve: states ranked 1-10 get As, ranked 11-20 get Bs, ranked 21-36 get Cs, ranked 37-47 get Ds and those ranked 48-51 get Fs.

Financial Assets & Income — ISSUE AREA RANK: 39 — GRADE D

OUTCOME MEASURE	STATE DATA	US DATA	STATE RANK
Income Poverty Rate	16.0%	14.7%	39
Asset Poverty Rate	23.8%	25.4%	—
Asset Poverty by Race	2.2 x higher for HHs of color	2.2 x higher for HHs of color	—
Asset Poverty by Gender	1.07 x higher for single women	1.15 x higher for single women	—
Asset Poverty by Family Structure	1.9 x higher for 1-parent HHs	2.2 x higher for 1-parent HHs	—
Liquid Asset Poverty Rate	49.8%	43.5%	30
Liquid Asset Poverty by Race	1.4 x higher for HHs of color	1.7 x higher for HHs of color	—
Liquid Asset Poverty by Gender	1.1 x higher for single women	1.09 x higher for single women	—
Liquid Asset Poverty by Family Structure	1.6 x higher for 1-parent HHs	1.9 x higher for 1-parent HHs	—
Extreme Asset Poverty Rate	14.6%	17.0%	—
Net Worth	$53,452	$70,359	—
Unbanked Households	12.8%	8.2%	50
Underbanked Households	27.2%	20.1%	47
Households with Savings Accounts	62.8%	69.2%	42
Consumers with Subprime Credit	64.9%	56.3%	48
Borrowers 90+ Days Overdue	4.03%	3.63%	40
Average Credit Card Debt	$6,602	$10,221	6
Bankruptcy Rate (per 1,000 people)	1.7	3.7	6

Businesses & Jobs — ISSUE AREA RANK: 34 — GRADE C

OUTCOME MEASURE	STATE DATA	US DATA	STATE RANK
Microenterprise Ownership Rate	17.3%	16.5%	11
Small Business Ownership Rate	1.23%	1.36%	48
Business Ownership by Race	1.7 x higher for white workers	1.5 x higher for white workers	25
Business Ownership by Gender	1.2 x higher for men	1.3 x higher for men	12
Business Value by Race	3.3 x higher for white bus. owners	2.6 x higher for white bus. owners	41
Business Value by Gender	2.5 x higher for men	2.6 x higher for men	18
Business Creation Rate (per 1,000 workers)	7.0	9.3	46
Private Loans to Small Business	$1,025	$1,155	37
Unemployment Rate	6.3%	7.6%	15
Unemployment by Race	1.8 x higher for workers of color	1.7 x higher for workers of color	28
Underemployment Rate	11.5%	14.1%	13
Low-Wage Jobs	27.8%	21.0%	42
Average Annual Pay	$51,983	$49,289	5
Retirement Plan Participation	37.6%	44.2%	48
Employers Offering Health Insurance	46.5%	50.1%	35

Housing & Homeownership

ISSUE AREA RANK: 15 | GRADE B

OUTCOME MEASURE	STATE DATA	US DATA	STATE RANK
Homeownership Rate	62.3%	63.9%	43
Homeownership by Race	1.3 x higher for white HHs	1.6 x higher for white HHs	6
Homeownership by Income	2.2 x higher for top 20%	2.2 x higher for top 20%	29
Homeownership by Gender	1.08 x higher for single women	1.01 x higher for single women	—
Homeownership by Family Structure	1.8 x higher for 2-parent HHs	1.9 x higher for 2-parent HHs	18
Foreclosure Rate	1.46%	3.33%	9
Delinquent Mortgage Loans	2.15%	2.55%	24
High-Cost Mortgage Loans	5.82%	3.57%	46
Affordability of Homes (value/income)	2.5 x higher than median income	3.3 x higher than median income	5
Housing Cost Burden - Homeowners	29.2%	33.9%	17
Housing Cost Burden - Renters	48.2%	52.0%	12

Health Care

ISSUE AREA RANK: 51 | GRADE F

OUTCOME MEASURE	STATE DATA	US DATA	STATE RANK
Uninsured Rate	25.0%	16.9%	50
Uninsured by Race	2.1 x higher for people of color	2 x higher for people of color	35
Uninsured by Income	4 x higher for poorest 20%	4.4 x higher for poorest 20%	20
Uninsured by Gender	1.1 x higher for men	1.2 x higher for men	3
Uninsured Low-Income Children	14.9%	10.0%	47
Uninsured Low-Income Parents	54.3%	35.0%	51
Employer-Provided Insurance Coverage	50.5%	57.4%	47
Employee Share of Premium	31.0%	27.4%	46
Out-of-Pocket Medical Expenses	12.4%	14.2%	—

Education

ISSUE AREA RANK: 33 | GRADE C

OUTCOME MEASURE	STATE DATA	US DATA	STATE RANK
Early Childhood Education Enrollment	37.2%	27.6%	9
Math Proficiency - 8th Grade	37.9%	35.5%	18
Reading Proficiency - 8th Grade	30.8%	36.1%	38
High School Graduation Rate	88.0%	—	2
High School Degree	81.4%	86.4%	51
Two-Year College Degree	33.3%	37.1%	40
Four-Year College Degree	26.7%	29.1%	32
Four-Year Degree by Race	2.1 x higher for white adults	1.6 x higher for white adults	47
Four-Year Degree by Income	5.2 x higher for top 20%	5 x higher for top 20%	35
Four-Year Degree by Gender	1.01 x higher for men	1.0 - nearly equal for women & men	—
Average College Graduate Debt	$24,030	$29,400	19
College Graduates with Debt	56%	71%	15
Student Loan Default Rate	17.3%	14.7%	45

For a complete description of *Scorecard* measures and sources, including how the grades and ratings were assigned, go to **http://scorecard.cfed.org**.

— = "Not Available." Data or ranks are not available because insufficient or unreliable data exist for the state.

N.R. = "Not Ranked." These data are not ranked because the estimate or rank is too imprecise to say with confidence how the state compares to other states.

ASSETS & OPPORTUNITY SCORECARD/STATE PROFILE

TEXAS

Policy Rank **41**

19 OF 67 POLICIES ADOPTED

POLICY RATINGS

The *Scorecard* includes 67 policies organized into 44 groups. States are assessed based on whether they have adopted each policy. A ✓ indicates the state has adopted the policy; a ✗ indicates the state has not. States are ranked on the percentage of policies the state has adopted, both overall and within each issue area.

Financial Assets & Income

ISSUE AREA RANK: 48 | 2 OF 20 POLICIES ADOPTED

Policy	Adopted	Question
Automatic Direct Deposit	✓	Does the state permit automatic direct deposit?
Child Tax Credit and Child and Dependent Care Tax Credit	✗	Has the state enacted a CTC or CDCTC?
Debt Collection and Bankruptcy	✓	Does the state adequately protect consumers' assets from debt collection?
Lifting Asset Limits in Public Benefit Programs	✗	Has state eliminated TANF asset test?
	✗	Has state eliminated SNAP asset test?
Protections from Predatory Debt Settlement Practices	✗	Does the state prohibit or meaningfully limit abusive debt settlement practices?
Protections from Predatory Short-Term Loans	✗	Does state protect against payday lending?
	✗	Does state protect against car-title lending?
	✗	Does state protect against short-term installment loans?
Prize-Linked Savings	✗	Does the state allow for prize-linked savings?
State Earned Income Tax Credit	✗	Has the state enacted an EITC?
	✗	Is the EITC refundable?
	✗	Is the credit at least 15% of federal EITC?
Statewide Financial Access Programs	✗	Is there a statewide program to expand financial product access to underserved customers?
State Support for Individual Development Accounts	✗	Does the state provide funding for IDAs?
State Tax Fairness	✗	Does the state have an income tax?
	✗	Is the state's effective state tax rate for families in the bottom income quintile lower than for families in the top income quintile?
Tax Preparation Regulation	✗	Does the state regulate paid tax preparers?
	✗	Does the state prohibit add-on fees for refund anticipation checks?
Unemployment Compensation Using Prepaid Cards	✗	Does the state offer a quality unemployment prepaid card with few fees?

Businesses & Jobs

ISSUE AREA RANK: 21 | 2 OF 10 POLICIES ADOPTED

Policy	Adopted	Question
Loans for Beginning Farmers	✗	Does the state have a beginning farmer loan program?
Minimum Wage	✗	Is the state's minimum wage higher than the federal or indexed to inflation?
	✗	Does the state extend full minimum wage protection to agriculture, domestic, home care and tipped workers?
Paid Leave	✗	Does the state require employers to offer paid medical, family or sick leave?
	✗	Does the state expand FMLA to cover more workers?
Support for Unemployed Entrepreneurs	✗	Does the state have an active Self-Employment Assistance program?
State Support for Microenterprise	✓	Does the state use federal CDBG funding to support entrepreneurs and microenterprise development?
	✓	Does the state use federal TANF or WIA funding to support entrepreneurs and microenterprise development?
Unemployment Benefits	✗	Is the state's average weekly benefit at least 50% of the state's average weekly wage?
	✗	Has the state enacted alternative base period and does the state cover part-time workers?

Housing & Homeownership

ISSUE AREA RANK: 11 | 8 OF 15 POLICIES ADOPTED

Policy		Question
Foreclosure Regulations	✗	Are foreclosures reviewed in presence of neutral third party?
	✗	Does the state regulate mortgage servicers?
First-Time Homebuyer Assistance	✓	Does the state provide downpayment assistance through grants, second mortgages or resources financed with premium bonds?
	✓	Does the state offer direct lending programs to first-time homebuyers?
	✓	Does the state fund homeownership counseling?
	✓	Does the state distribute at least 75% of its mortgage credit certificates to households below the area median income?
Housing Trust Funds	✓	Does the state have a statewide housing trust fund in place?
Protection from Discrimination for Low-Income Renters	✗	Does the state protect Section 8 voucher-holders from discrimination in the housing market?
Post-Foreclosure Protections	✓	Has the state abolished or limited deficiency judgments?
Preservation of Affordable Rental Housing	✗	Does the state require tax credit recipients to maintain affordability for at least 30 years?
Property Tax Relief	✗	Does the state provide property tax relief via a well-targeted circuit breaker?
Redeveloping Foreclosed Properties	✓	Does the state enable land banking?
Resident Ownership and Titling of Manufactured Homes	✗	Does the state encourage resident ownership of manufactured home communities via an effective pre-sale notice, tax incentive or both?
	✓	Does the state have a policy that allows owners of manufactured homes, including those in resident-owned communities, to title their homes as real property?
Tenant Protections from Foreclosure	✗	Does the state provide protections for tenants beyond federal law?

Health Care

ISSUE AREA RANK: 17 | 2 OF 4 POLICIES ADOPTED

Policy		Question
Expanded COBRA Coverage	✓	Has state expanded COBRA coverage for employees of small firms?
Limitations on Hospital Charges, Billing and Collections	✓	Does the state limit hospital charges, billing or collections?
Medicaid and CHIP: Simplified Procedures for Children	✗	Has the state simplified procedures for enrollment and renewal in Medicaid and CHIP?
Medicaid Expansion	✗	Has the state expanded Medicaid to those earning 138% or more of federal poverty level?

Education

ISSUE AREA RANK: 34 | 5 OF 18 POLICIES ADOPTED

Policy		Question
Access to Early Education	✗	Does the state provide sufficient funding for a high-quality pre-K program?
	✗	Does the state's pre-K program meet adequate quality standards?
Access to Quality K-12 Education	✗	Is per-pupil education spending greater than U.S. average of $10,658?
	✗	Do high-poverty districts receive more funding than low-poverty districts?
	✗	Does the state have strong teacher evaluation and retention systems? (2 of 3 for credit)
College Savings Incentives	✓	Does the state incent savings for some or all residents?
	✗	Does the state offer matched 529 accounts in partnership with a large-scale state system?
	✗	Does the state minimize barriers to saving? (must offer both to receive credit)
Full-Day Kindergarten	✗	Does the state require districts to offer full-day kindergarten?
Financial Education in Schools	✗	Does the state require personal finance topics be taught and assessed?
In-State Tuition for Undocumented Students	✓	Does the state extend in-state tuition to undocumented students?
Postsecondary Education Financial Aid	✗	Is state funding for financial aid above the national average of $656 per undergraduate?
	✓	Is state financial aid targeted to high-need students?
State-Funded Head Start	✗	Does the state provide a supplemental Head Start grant?
Student Protections from Deceptive For-Profit Schools	✓	Does the state compensate students if a for-profit school closes or commits fraud?
	✗	Does the state compensate students if a for-profit school closes or commits fraud?
State Support for Public Colleges and Universities	✓	Does the state allocate 10% or more of its budget to public colleges and universities?
WIA-Funded Workforce Training	✗	Does the state allocate adequate WIA funding for workforce training?

CONNECT TO OTHERS

WORKING TO IMPROVE OUTCOMES FOR FAMILIES

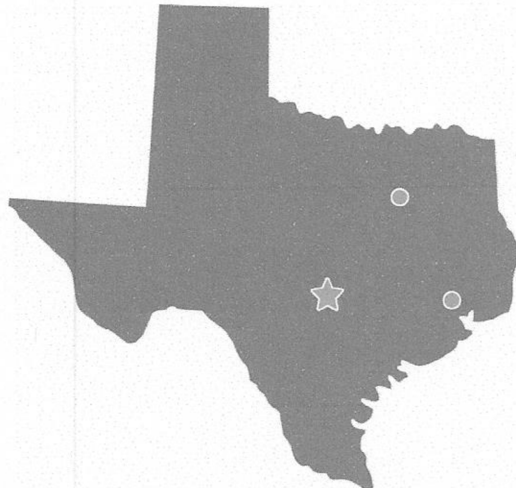
Across the country, advocates, service providers and others in the assets field are working to improve the financial security of families by strengthening policies and programs. The Assets & Opportunity Network leverages the combined experience, power and potential of these stakeholders to speed up the diffusion of innovative financial security and asset-building strategies and to create a effective constituency that can advocate for policies that expand economic opportunity.

The Network is guided by a nationally-representative Network Steering Committee and convened locally by Lead State and Local Organizations, many of which host statewide or local asset coalitions. More than 1,300 General Members who are committed to collective action to create social change also directly participate in the Network.

As a learning community, the Assets & Opportunity Network engages the assets field via a virtual infrastructure and in-person events in national conversations about asset-building solutions and spreads knowledge of innovative and effective approaches to service delivery through learning groups, webinars, workshops, and regular updates on policy and practice. As an advocacy community, the Network creates opportunities for members to participate in the policy process and builds their capacity through advocacy training and education on policy issues. The Network also builds the communications capacity of members to raise awareness of asset issues with the media, policymakers and allies, and expands resources available to the assets field through funder education and fundraising capacity-building for members.

To join the Assets & Opportunity Network, visit http://assetsandopportunity.org/network

ASSETS & OPPORTUNITY NETWORK LEAD ORGANIZATIONS IN TEXAS



LEAD STATE ORGANIZATION

- ★ RAISE Texas
  Austin, TX

LEAD LOCAL ORGANIZATIONS

- United Way of Greater Houston
  Houston, TX
- YWCA of Metropolitan Dallas
  Dallas, TX

To connect with the Lead Organization in your area, visit http://assetsandopportunity.org/network/coalitions/.

ABOUT CFED

CFED empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people. Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, D.C.; Durham, North Carolina, and San Francisco, California.

Larger Community Foundations
Annual Conference 2014
February 26-28, 2014
Austin, TX

Friday Sessions

DEEP DIVE CASE STUDIES - FRIDAY

A Dozen Years of Priming the Professional Advisor Pump/Pipeline
The Community Foundation for Greater Atlanta
Alicia Philipp, CEO

The Community Foundation for Greater Atlanta implemented a major shift in its prospective donor development approach at the beginning of the 2000s, with the purpose of cultivating deep and lasting relationships with professional advisors who would then refer clients as prospective donors to the Foundation. We understood that this would be a long term process and, after a dozen years, we have created a formidable base of financial advisors, T&E attorneys and CPAs as referral sources for both current and planned gifts, including many advisors who've become donors themselves.

This case study will look at the strategies we implemented to build our relationship base, how such strategies have shifted over time, and where we see success continuing, perhaps differently, in the future. We will include three focus areas, namely: (1) Cultivation Tools and Strategies; (2) Education Opportunities and Collaborations; and (3) Individually Managed Fund Investment Management Opportunities/Challenges.

The professional advisor pipeline is one critical component of any multi-pronged prospective donor development strategy, and engagement of this group can range from trade group participation to individual one-on-ones to firm presentations to philanthropy leadership training. At the end of the day, the care and feeding of professional advisors should be at the top of the cultivation list along with those individual prospects with whom we pursue meaningful relationships over time.

Outcomes:

- % of new funds annually generated from donors referred by professional advisors
- # of individual and firm presentations executed by TCF staff over 12 years:
  - -% referring clients to TCF: @% of those referrals turning into donors
- # of individual financial advisors managing portfolios for # of donor-advised funds
  - -growth over 12 years
- # of alumni from Professional Advisor Leadership Institute (PALI)
  - -% actively referring clients to TCF since 2007
- # of A list and B list professional advisors
  - -% of A list professional advisors with personal funds at TCF
- # of subscribers to PGDC website since inception

Learnings:

- Nothing replaces face time as the key cultivation strategy...out of sight, out of mind!
- Referring clients while maintaining management of a portfolio is a, if not the, key driver in professional advisor referrals
- Another key driver in referrals is the exceptional level of service provided to referred clients by TCF staff, which professional advisors value
- Professional advisors increasingly want to be knowledgeable about philanthropy and see ability to tap TCF as a resource as a differentiating factor when marketing themselves to clients
- Professional advisors who also become donors themselves are our best advocates to prospective donors

Greater University Circle Initiative (GUCI)
The Cleveland Foundation
Ronn Richard, CEO

GUCI is a collaborative redevelopment initiative, started in 2005 by multiple anchor institutions in and around Cleveland's University Circle district. The goals are to rebuild neighborhoods and improve the economic opportunities of the people who live there. GUCI starts from two convictions. The first is that by working together, anchor institutions can achieve more than any single institution working on its own. The second is that while physical development is important to urban revitalization, neighborhoods cannot succeed unless the people living there are valued and empowered. GUCI focuses on four strategy areas: institutional partnerships, physical development, economic inclusion, and community engagement. The study to be presented explains the development and rationale behind these strategies, the specific projects driven by the initiative, and the early successes and learnings to date.

Outcomes:
Some early successes of the GUCI initiative include the creation of:

- A leadership table that provides the first-ever form for collaboration among GUCI institutions
- An evolving local procurement program to funnel more of the district's $3 billion of purchasing power to local businesses;
- Three new, employee-owned businesses that aim to create wealth in Greater University Circle neighborhoods;
- A workforce training center that builds on a national successful model;
- A comprehensive community engagement strategy emphasizing the power of networks; and
- More than $140 million in new, public-private development that has boosted the area's commercial and residential base

Learnings:
This case study will offer practical tools and recommendations for any city or organization that would like to adopt a collaborative, asset-based redevelopment agenda. The three areas of learning that the presentation will highlight are:

A. *Planning and guiding a dialogue for change* – tips for engaging anchor institution partners and cultivating collaborative relationships.
B. *Defining programs and scope* – tips for developing programs aligned with an asset-based, redevelopment agenda
C. *Building support and spreading the word* – tips for sharing a vision with multiple stakeholders, both local and national, and public and private.

RECENT E-MAIL UPDATES FOR COMMUNITY FOUNDATION PUBLIC VALUE AWARENESS PROJECT January-February 2014

February 3, 2014 CVPVAP Update

Just a few quick updates this week. I just heard that Brian Byrnes from the Santa Fe Community Foundation is joining our Project for the 2014 calendar year, so his name has been added to the distribution list.

I'm sure many of you have seen Ray Madoff's recent op-eds attacking DAFs in the NYT and Chronicle of Philanthropy. Since seeing her speak at an event in Washington last year, I have initiated a quiet dialogue with her to build a relationship and tell her a bit more about community foundations. (I wasn't sure if the Council was doing anything, so I thought it couldn't hurt to reach out.) After her Chronicle op-ed, I spoke with Doug, Lorie, and Alicia about the best course of action, and we "recruited" Dick Ober from New Hampshire to see Ray at her office at Boston College.

Last Wednesday, Dick met Ray in Boston and reported back that the two of them had a very substantive meeting. He says that they probably didn't change each other's minds much, but developed an affinity and mutual respect. I know most of you know Dick, so I leave it up to you to approach him directly with questions, or he can reply all to this message and pass on whatever thoughts from the meeting he feels like sharing more broadly.

Doug, Lorie, Alicia, and I are also collaborating on a letter to the Chronicle in response to Madoff's op-ed. When and if that gets approved and sent in, I will send it around.

In terms of strategy and scheduling Hill visits: Given that Sen. Wyden will be taking over the Finance Committee sometime soon, and may mark up an extenders package, I think there is a real opportunity this year to get the DAF prohibition in the IRA rollover fixed, so we will be focusing on that issue much more heavily in our meetings, particular with staff for senators who sit on Senate Finance. We'll be ramping up that effort and thinking more in the coming weeks about other strategic approaches that are worth considering (e.g., a sign-on letter for multiple foundations). There are certain states that are very important here (for example, BOTH senators from Ohio and Pennsylvania sit on Senate Finance, as does my old boss Sen. Schumer from New York), so perhaps a letter from every community foundation in those states is something worth pursuing. We will be thinking about different strategies in the next few weeks. If you have thoughts or ideas, please let me know.

The only meeting/call we did this week (a couple of calls had to be rescheduled) was for Carleen Rhodes and Sandy Vargas in Minnesota. A friend of mine who sued to work on Hill has moved back to DC from New York to take the tax/economic policy job with Sen. Amy Klobuchar, so Carleen and Sandy did an introductory call with her. We also sent some information on the DAF/IRA issue to the top tax policy staffer for Speaker Boehner. And we are continuing to refine a two-pager on DAFs that we might start using as a leave-behind at meetings.

For Hill meetings, on April 8, Doug Kridler (Columbus), Brian Payne (Central Indiana), and Susan Barry (Louisville) will be coming here – three adjacent, Republican-heavy states. Should be a good day. (Susan in Louisville is not currently a financial supporter of the Project but is interested in the work and may be able to help later this year.) Between now and April 8, I would like to schedule one more day of meetings, sometime between mid-February and mid-March.

If you have a day that you can be in DC between mid-February and mid-March – specifically, between February 19 and March 19 – could you or your assistant please let me know? It would be great to get a couple of new folks here at a very important time.

Finally, attached is a memo that my colleague Derrick did on an event a few weeks ago in DC on how deficit reduction could be done in a way to promote innovation and competitiveness. The event was sponsored by the Information Technology and

Innovation Foundation. If you have a program officer who focuses on economic policy or upward mobility, he or she may be interested.

January 27, 2014 CFPVAP Update

Hello all. Below is our firm's legislative update for last week.

We had a very busy week here, as for the first time we had two full days of community foundation Hill meetings in one week (we usually do one day per month). Over two days, we had the following people here: Michael Marsicano and Holly Welch Stubbing from Foundation for the Carolinas; Nancy Anthony from Oklahoma City; Darcy Oman from Richmond/Central Virginia; Ellen Gilligan from Milwaukee; and Andrew Swinney from Philadelphia.

Policy-wise, there is not a lot of movement on tax issues right now, so our visits serve mostly to educate staff on issues they have never considered before. However, for offices where we have been in to see them before, we are starting to focus specifically on a couple of issues of importance, such as fixing the DAF/SO prohibition in the IRA rollover as part of extenders. There may be a real opportunity here, because Sen. Wyden may want to actually mark up the extenders bill in the Finance Committee, which would allow senators to propose exceptions to the "date changes, no policy changes" rule. (Usually, because the extenders package is passed at the end of the year or after things have already expired, the bill contains very little other than changes in expiration dates; e.g., "December 31, 2013" changed to "December 31, 2014.")

Again, for most people we are seeing, they have never had a meeting *specifically* on community foundations, so I think most of the staff find the meetings informative and interesting. We also take pains to make sure that we have a local foundation on the phone for each meeting, whether that foundation is a supporter of this project or not. So for example, last week we involved the presidents or vice presidents of community foundations from Idaho, South Dakota, Lafayette (LA), Austin, Jacksonville, Topeka, and Salisbury (MD). I think this constituent angle helps us make friends by establishing relationships and making sure staff understands the role that community foundations play in their states and districts.

The visiting foundations met with the senior tax staffers for the following offices, all on Senate Finance or House Ways and means:

- Rep. Paul Ryan (R-WI)
- Sen. Mike Crapo (R-ID)
- Rep. Diane Black (R-TN)
- Rep. Charles Boustany (R-LA)
- Sen. Richard Burr (R-NC)
- Sen. John Thune (R-SD) – and we are doing a follow-up call with this office on Friday
- Sen. Pat Roberts (R-KS) – the staffer here used to be on the board of Baltimore CF
- Rep. Lloyd Doggett (D-TX)
- Rep. Lynn Jenkins (R-KS)
- Rep. Ron Kind (D-WI)
- Sen. Robert Casey (D-PA)
- Sen. Bill Nelson (D-FL) – he had a new staffer
- Sen. Ben Cardin (D-MD) – he had a new staffer

We are starting to think about the next date for visits and are hoping to plan a day for Doug Kridler in Columbus and Brian Payne in Indiana if we can find a date that works.

I will be back to all of you later in the week with memos on a couple of recent events in DC and some other details.

January 10, 2014 CFPVAP Update

Greetings, and Happy New Year.

First thing to report this week is that we have a new foundation to add to our group: the Greater Cedar Rapids Community Foundation. President Les Garner has been added to this e-mail list.
As we addressed in a final update before the holiday break, a lot has occurred in Washington recently that will have major implications for tax reform and the charitable sector. To quickly recap, in an interview in December, Rep. Paul Ryan (R-WI) noted that he would like to assume the chairmanship for the Ways and Means Committee once Rep. Dave Camp's term ends. Moreover, news broke right before Congress' winter recess that Finance Committee chairman Max Baucus was being nominated by the White House as the next Ambassador to China, and would leave the Senate before his term expires.

These items taken together continue to lead many experts to expect that tax reform will hit the "reset button" with each Chairman starting from scratch in carving out a tax package. Yet also occurring before the Senate dismissed was action taken by Leader Reid (D-NV) to introduce a "clean" tax extenders bill. This should mean that extenders are in play as a part of the conversation in 2014 – an encouraging sign to continue our conversations with staff about getting the IRA rollover extended and the DAF prohibition fixed.

So what's to come? The Finance Committee has released detailed discussion drafts on reforms including energy, tax administration, and international tax. The Ways and Means Committee had already put forward its proposals on international tax, pass-thrus, and financial products. Yet, with Senator Baucus moving on, and despite assertions that he will release additional reform drafts, the Senate proposals have lost a bit of wind in their sails. There is some talk that Sen. Rockefeller may take the Finance gavel for the last year of his Senate tenure. As for likely future chairman Sen. Ron Wyden, he has shown interest in a broader reform effort and also co-authored the charitable deduction letter with Sen. John Thune, but that doesn't increase the likelihood of major legislation this year.
Of course, there are different views. The Charitable Giving Coalition sent around some news clips from this week. Here are a couple of them. First, our friend Dean Zerbe arguing that reform is dead: http://www.forbes.com/sites/deanzerbe/2014/01/08/the-year-ahead-tax-reform-no-tax-extenders-yes/

Next is analyst James Pinkerton arguing that it is still alive, and that the stars are aligning: http://blogs.marketwatch.com/capitolreport/2014/01/09/tax-reform-dead-advocate-says-stars-are-actually-aligned-for-it-this-year/

On tax extenders, the good news for community foundations will almost certainly be considered this year. The bad news is that we don't know when. Fortunately for you, for the provision you care most about – the IRA charitable rollover – it doesn't matter if that provision is extended after expiration and made retroactive (assuming it's not done in the last week of the year). We are also working hard to educate staff about the DAF prohibition language in the hopes that fixing this can be one of the exceptions to the "no policy changes" rule in the extenders bill. (There are always one or two exceptions.)

On Capitol Hill: This week (and continuing next Monday) we set up a number of calls specifically for Chicago Community Trust since they have a sizeable Congressional delegation and we had not met with many of those Members (or it had been a little while since we had contacted them). We set up a total of eight conference calls, and varied the content of the calls depending on whether the Member served on a tax committee, and whether we had contacted the office beforehand. We arranged calls with: Rep. Bobby Rush; Sen. Mark Kirk; Rep. Luis Gutierrez; Rep. Mike Quigley; Rep. Peter Roskam; Rep, Tammy Duckworth; Rep. Danny Davis; and Rep. Jan Schakowsky.

We are also very busy planning the schedules for when several of you are visiting on January 23 and 24, and we will have more details on that next week. My colleague Derrick Richardson also did a memo on an event here in town on a pro-growth strategy for deficit reduction, and we will get that memo out to everyone Monday or Tuesday.

Larger Community Foundations
Annual Conference 2014
February 26-28, 2014
Austin, TX

Reports

Philanthropy and the Social Economy: Blueprint 2014

What's Next for Philanthropy