



7th Annual Budget and Tax Briefing for Grantmakers February 25 & 26, 2010

Overview

Grantmakers for Children, Youth and Families (GCYF) and the Grantmaker Income Security Task Force (GIST) hosted a two-day meeting to discuss Fiscal Year 2011 budget and tax issues and the impact on supports and services for children, youth, and families.

The following summary provides highlights from the event.

FEBRUARY 25TH

PANEL 1 - FEDERAL BUDGET AND TAX OUTLOOK FOR FFY 2011

- **Alice Warner**, Program Officer, W.K. Kellogg Foundation and GIST Steering Committee Member (Moderator)
- **Robert Gordon**, Associate Director, Education, Income Maintenance and Labor, Office of Management and Budget
- **Robert Greenstein**, Executive Director, Center on Budget and Policy Priorities
- **Eugene Steuerle**, Richard B. Fisher chair and Institute Fellow, Urban Institute
- **Aranthan (AJ) Jones**, Principal, Podesta Group
- **Julia Isaacs**, Child and Family Policy Fellow, Economic Studies Program, Brookings
- **Bruce Lesley**, President, First Focus

ALICE WARNER

Warner began the briefing by introducing the panelists and noting that any budget exercise is about what we value, who we value and how we want to be as a people. She reminded participants that children, people of color, women and families are often not represented at the table, so we must ensure that their voices are heard.

ROBERT GORDON

Gordon began his presentation by stating that even though President's discretionary freeze for this year and the next two years forced difficult choices, the Administration was able to increase funding for people in need. He said there is an emphasis in the budget on being less prescriptive about means and being more demanding about outcomes and evaluations. Gordon said the Administration proposed to make important investments in 4 areas:

- **Early learning/child development**
Gordon noted that the Early Learning Challenge Fund will be awarded \$1 billion a year and Head Start and Early Head Start will carry forward ARRA funding. Child care will also carry forward ARRA and increase by \$1.6 billion.

- K-12 Elementary and Secondary Education Act (ESEA)
Gordon said that reauthorization of ESEA may be done this year (\$3 billion in increased funding). Reauthorization will be linked to specific reforms such as building up data systems, teacher effectiveness and high quality charter schools.
- Workforce Investment
The Workforce Investment Act (WIA) Reauthorization will drive funding to programs and program designs that are likely to have the most impact. Gordon noted that WIA reauthorization will strive to break down barriers across programs funded by the Department of Labor and Department of Education. The budget contains several innovative funds, such as an extra \$100 million for disconnected youth – this area hasn't seen an increase in many years.
- Safety net programs
Gordon said that ARRA included a \$5 million TANF emergency contingency fund. The Administration proposed putting an additional \$2.5 billion in 2011 and increasing the subsidy for jobs. In addition, the budget will allocate \$500 million for a families and fatherhood innovation fund that will address responsible fatherhood and marriage to assist families facing the biggest barriers to economic self-sufficiency. The Administration is also proposing \$1 billion to reauthorize the Child Nutrition Act and create a competition similar to *Race to the Top* that will focus on reducing child hunger and obesity as well as improving meals in schools.

Gordon concluded his presentation by saying the Administration wants to invest in children, families and education that creates long-term opportunities and addresses major goals. He reminded participants that the work foundations do is a great resource for government because they can inform what they prioritize and how budgets are structured, especially when developing innovation funds.

ROBERT GREENSTEIN

Greenstein began his remarks by stressing that there is \$266 billion for jobs in the President's budget. He said the budget proposal continues and expands provisions of ARRA, particularly those of most importance for low income people, such as unemployment insurance and COBRA (extended for a year).

Fiscal Relief for States

Greenstein stressed that the number one priority is the continuation of fiscal relief for states, noting that state budget deficits equal an estimated \$300 billion. In 2009, 31 states were able to pass tax increases as part of their budget balancing process. Today, however, it's politically more difficult to pass tax increases so states are proposing cuts in their budgets. For example, Arizona is proposing elimination of the CHIP program and California is eliminating CalWorks (the state's WIA program).

Anti-Poverty Measures

Greenstein expressed that even though the President's proposal to extend fiscal relief for Medicaid should be on Senate floor within the next two weeks, passage of the proposal is in serious doubt. The budget also proposes to extend and expand the TANF Emergency Fund because the program has exceeded expectations. Greenstein said that in the early part of the decade unemployment increased without an increase in TANF caseloads, but in many states that is no longer the case.

Greenstein emphasized that even though the Administration did virtually no advertising about the anti-poverty aspects of the budget, there are indeed anti-poverty strategies in place. A central initiative of the budget is increases in refundable tax credits for low income families, including:

- extension of the Child tax credit in ARRA (\$1.6 billion/yr added to child development block credit)
- permanent EITC expansions in ARRA

- permanent higher education tax credit (American Opportunity Tax Credit Act), which will also become partially refundable
- expansion and of the Savers credit, also refundable
- expansion of dependent care tax credit

Greenstein noted that winning these expansions on the Hill will be a tough battle. The American Opportunity Tax Credit (from ARRA) and the Savers credit most likely will not be taken up this year. The biggest battle will be on the child tax credit and EITC expansions.

Conclusion

Greenstein reminded participants that the discretionary freeze is not program by program or department by department, but overall – many CYF programs are not being cut. Some proposed deficit reduction measures include:

- Allowing Bush tax cuts to expire for those at the top of the income bracket
- Close tax loopholes
- Domestic discretionary freeze is a distant 3rd

Greenstein predicted that if the deficit commission fails to agree on recommendations, there will be a big battle over the estate tax in the next 6 months. In the short term, deficit reduction will require changes to revenue.

EUGENE STEUERLE

Steuerle began his presentation by noting that the 2015 budget is included in the Administration's plan – assuming tax increases, budget proposals and those due to the economic recovery act will lead to approximately \$1 trillion in additional revenues. Steuerle said that most of this money will go towards Medicare, Social Security, Medicaid and paying down the debt. The discretionary budget is not going to share in those increased revenues

Steuerle pointed out that certain tax credits, like the child tax credit, are not indexed for inflation, so as time goes on these credits become less generous. When you look at the federal budget as a whole, CYF is struggling to maintain funding. The proportion of federal money that is not already allocated to a mandatory program has severely declined over time. Steuerle further noted that most of the children and family programs are part of discretionary or mandatory funding that does not have structured growth.

ARANTHAN (AJ) JONES

Jones opened his remarks with a quote from W.E.B. Debois "Between me and the other world, there is always an unasked question-how does it feel to be a problem?" and noted that too often people are treated as "problem people" instead of people who have problems we need to address.

Jones highlighted six issues that need to be confronted when selling the budget in Congress:

1. Diversity of caucuses (especially in the House)
Caucuses have different variations of what they think is important for the budget and it's important that they align interests.
2. Where do we go with some of these cuts?

Traditionally, discretionary cuts have led to leaks and supplementals have increased and grown in size, creating a new dynamic. Jones further noted that it will be very difficult to propose discretionary cuts for DOD. Of the 81 newly elected members in the House, 64% of them come from defense oriented districts.

3. Tax revenues and cuts

4. Deficit

There is always discussion of a deficit commission. Thirty-one members in the House won't vote for the budget without a deficit reduction, so it's important to decide which congressmen to give a pass to for reelection concerns.

5. Earmarks

CYF receives a lot of money from earmarks. As states are cutting funding in certain areas, earmarks could be important.

6. Reconciliation

Jones concluded his remarks by outlining several other important issues outside the budget, such as:

- Public pensions
- Unemployment
- Housing
- War
- Health care reform

JULIA ISAACS

Isaacs began her presentation by outlining the economic climate presented in a recent [Kids' Share report](#). According to the report, children received \$295 billion from the federal government in 2008, which represents 2.1% of the economy (21% of federal outlays) and the highest percentage ever spent on children (recession-ARRA money). The report also shows that social security, Medicare and Medicaid have increased from 2.0% to 8%, and the defense budget decreased from 93% to 4.3%.

Isaacs highlighted a few future projections (based on CBO estimates) for 2019:

- Total spending will equate to about 24% of full GDP
- Spending on children will be back down below 2% GDP (1.9%),
- Social Security/Medicare/Medicaid will increase to 10.3%. Isaacs noted that the increase for these programs is as much as we spend on children in total
- Interest will continue to go up and be considerably higher than total spending on children

On a state vs. federal level, Isaacs noted that state spending on children aged 0-18 (\$6,000 per child) is twice that of federal spending (\$3,000 per child). She also noted that state spending is mostly on schools, which is why children between 0-2 have the lowest funding. Overall, the federal government is the junior partner, except for infants and toddlers where federal funding makes up 2/3-3/4 of the total.

Isaacs concluded her remarks by touching on the federal role for children vs. elderly. The federal government spends 7 times more on the elderly (\$22,000) than it does on children (\$3,000). Isaacs also touched on the deficit problem, saying that as long as government spends more than it brings in, our children will be forced to endure higher tax rates. [View Isaacs' presentation.](#)

BRUCE LESLEY

Lesley explained federal funding to children as a share of non-defense discretionary funding. He said that from 2005-2009 the share of the federal non-defense budget going to children's programs declined by more than 12%, and only 4% of the \$525 million in additional spending went to kids.

Lesley outlined key allocations in the FY 2011 budget:

- \$10 billion increase for child nutrition programs
- \$2.55 billion for homeless assistance
- \$1.6 billion increase in the child care and development block grant

- \$989 million increase in Head Start and Early Head Start
- \$354.4 million increase in school turnaround funds
- There was no increase for juvenile justice
- On the discretionary side, children's share went from 18.96% in 2010 to 20.34% in 2011
- Real value of federal support for education declined between 2006-2010, but jumped dramatically under proposed budget

Lesley reminded participants that it took 2 years to pass SCHIP despite polls saying everyone was in favor. An analysis comparing SCHIP to the health exchange plan in health care reform found that in 17 states the exchange would provide less coverage. Lesley said the House health bill repealed CHIP and moved kids to the exchange, while the Senate bill protects CHIP through 2015.

Lesley highlighted what participants can do:

- Share knowledge, use data, and break out of silos
- Build will
- Eliminate barriers-create a sense of progress
- Create stronger and more coordinated communications
- Champion new, game changing ideas. Some examples: double the child tax credit during the first year of life, create a children's budget, child impact statements, national commission on children, White House conference on children, UK poverty target, rights of the children, streamlining enrollment in all federal programs

[View Lesley's presentation.](#)

PANEL 1 - QUESTION & ANSWER

Q1. Brian Hofland, Director, Economic Justice, AARP Foundation: Directed comment to Julia Isaacs saying her data didn't show informal transfers from older family members to children-skews results. In low-income families, older adults are important. A Meals on Wheels study found that hunger is more present in houses with children-older adults are going hungry to feed kids; bankruptcies growing for 65+ and 55+ -in recession.

Q2. Terri Langston, Senior Program Officer, Public Welfare Foundation: What is the structure of the Deficit Commission and what is the likelihood that it has some reality-awaking functions? How can it succeed?

A2: Robert Greenstein – Typically, commissions can't get policymakers to go where they don't want to go. If leaders of both parties want a deal, a commission can be used to negotiate terms, if not, it will go nowhere. You need 14 of 18 members to get ratification. Republicans have said they will appoint people who do not want to raise taxes. Democrats aren't going to agree to cuts without changes to revenue, so the odds are against us. The second purpose of the commission is to conduct a major public education project and lay the groundwork for what follows. This can be achieved.

A2: Eugene Steuerle: We do have people on the commission with power to make decisions, but they may also be the people who will hold hard lines. You can maybe increase the odds of success from 4% to 25%. If you set up a commission right and work hard on presentation from the beginning, you can be successful, even if movement is not immediate. Maybe the report is brought out during the next crisis to inform debate.

Q3: Stephen Holt: How much of \$5 billion TANF emergency fund has been committed, what happens if it is not extended?

A3: \$1.3 billion has been committed so far; the majority will revert to Treasury if it is not extended. The best hope for extending it is to include it in the Jobs bill currently under consideration. It depends on the

length of the unemployment extension-if only 3 months (which is what the current Jobs bill draft has now), then you have another window when that comes back around.

PANEL 2 - STATE BUDGET AND TAX OUTLOOK FOR FFY 2011 - SPEAKERS

- **Alice Warner**, Program Officer, W.K. Kellogg Foundation and GIST Steering Committee Member (Moderator)
- **Brian Sigriz**, Director, State Fiscal Studies, National Association of State Budget Officers (NASBO)
- **Sheri Steisel**, Senior Committee Director, Human Services and Welfare, Federal Affairs Counsel, National Conference of State Legislatures
- **Nick Johnson**, Director, State Fiscal Project, Center on Budget and Policy Priorities
- **Doug Hall**, Director, Economic Analysis and Research Network (EARN), Economic Policy Institute
- **Joe Theissen**, Vice President, Policy and Governmental Affairs, Voices for America's Children

ALICE WARNER

Warner moderated the panel.

BRIAN SIGRITZ

Sigriz provided a quick overview of the current state fiscal conditions and the long term outlook. He said that every state is in some sort of decline and experiencing significant shortfalls. While ARRA is helping to solve shortfalls, there continues to be widespread budget cuts and layoffs across the nation.

In comparing this downturn to 9/11, Sigriz noted that the current "Great Recession" is longer and broader and will hit localities much harder than after 9/11. Sigriz said there was negative state spending in both FY2009 and FY2010. He said state balances have been declining since 2007 and anticipates the new level of state spending growth will be at 3% - half of what it was in 2008.

Sigriz said 24 states cut over 5% of their budget and 37 states had negative growth budgets in FY2010. State revenue declined an additional 4.1% in 4th quarter, which marks the 5th straight quarter of declines. He predicted another year or two of tough times for states and even more budget cuts. It typically takes 5 years for state revenues to come back to earlier levels (2013). Sigriz said the current economic climate is the "New Normal" and will force states to begin reevaluating the roles of agencies and what needs to be cut back. [View Sigriz's presentation.](#)

SHERI STEISEL

Steisel began her presentation discussing state budget gaps. She said a new round of budget gaps has opened and more are expected (budget gap of \$428.5 billion in FY2008-FY2011). Steisel said state discussions are no longer about how to maintain, it's about making cuts and where to make cuts. State cuts will be worse over next two years. In 2008, state budget gaps were \$263.8 billion. In 2012, they will be \$428.5 billion. Steisel said that without ARRA, a number of states would have a tremendous hole in their operating budgets.

Steisel reminded participants that the state fiscal situation is "dire". The impact on Human Services Programs is severe and competition for funding intense. States must choose between programs for needy and "more needy" because they are facing a "cliff" once ARRA funding ends.

In conclusion, Steisel highlighted a few funder implications:

- Opportunity to hit reset button and look at experimentation, but must realize it's in the context of a budget environment that's very lean. Questions of how much it will cost to do an experiment or make a change will come to play
- Missing in the TANF conversation – bringing technical assistance to administrators because they can't travel
- State budget recovery remains many years away

[View Steisel's presentation.](#)

NICK JOHNSON

Johnson discussed reinforcing conditions of the states, the policy agenda in the “new normal” and strategic agenda and tools.

Reinforce conditions of the states

Johnson reiterated that state revenues will stay at depressed level for awhile, but the demand for the services that revenue pays for is rising. Medicaid enrollment is also rising. Fiscal year 2010 budget gap is rising and states are already reporting \$120 billion shortfalls in 2012

Policy agenda

Now is the time for states have to figure out what they're for. Johnson laid out 3 policy agenda points:

- 1) Prioritization – different chunks of the budget are competing with each other; states must make necessary cuts where they can
- 2) Reform opportunities in many areas, such as incarceration – amount spent on prisons can be cut back – and economic reform with tax credits
- 3) Revenue side – state revenue systems in place are made for the 1950's economy and not the economy of today

Strategy

Johnson suggested analyzing the budget and the tax system on a state by state basis, ie. New Mexico found out that they were taxing everyday staple food, (rice, beans, etc.) but not the most expensive foods. It's essential that states dig into state taxes and fix what is not helping. Johnson also noted the importance of knowing how to talk about revenue if it's going to be part of the solution. A balanced approach is the short answer. Lastly, Johnson said that coalitions and people coming together can push the revenue agenda forward. [View Johnson's presentation.](#)

DOUG HALL

Hall provided a brief overview about what's happening in the economy. In 2009, there was a 10% national unemployment rate. There is a 10.5% unemployment projection in the 3rd quarter of 2010.

Hall also discussed the “Jobs Gap” of 11 million workers. He said if we were to gain 200,000 jobs a month it would take us till March 2015 to get us back where we need to be. There is significant scarring for programs that affect children and youth. Hall said kids are growing up in families that are looking at several years of unemployment or underemployment. There is a need to communicate impact of that message to stakeholders. Hall noted that there is a 25% unemployment rate for blacks and Hispanics – a huge disparity with whites, who have 14% unemployment. Hall also highlighted a new tool on the EPI web site, “Economy Track”, that offers a detailed picture of the recession and the current jobs crisis.

JOE THEISSEN

Theissen opened his presentation by stressing that budgeting is about setting priorities for the people. He said states cutting budgets is necessary because they are not in a position to balance budgets without any federal support. On a positive note, Theissen said the situation on the ground is so grave

that state advocates are energized in a way that they've never been before. They realize importance of revenues and prioritization. He also reminded participants that FMAP will end at the end of this year and VOICES is working very hard to see an extension of these dollars.

Theissen gave state examples of budget solutions with consequences for children and families:

- Arizona budget gap is up 30%: Governor wants to eliminate state support for all day kindergarten and pre-school
- California: Governor proposed additional cuts in MediCal and education; \$1.5 B reduction in their K-12 system; talking about privatizing UCLA and UC Berkley
- Colorado: Trying to do \$20 M cut in school aid and also cut Medicaid
- Georgia: Governor proposing 10% cut in K-12 spending; 9% cut in state university spending
- New York: Governor put significant cuts in reduced payments for healthcare providers in the executive budget; eliminating home visitation
- Almost EVERY state is proposing cuts in critical programs that serve kids and families

Lastly, Theissen stressed that messaging needs are great – the public must understand what cuts are being made and how they will be affected.

PANEL 2 - QUESTION & ANSWER

Q1. How were some states (mainly Oregon) able to approve tax increases?

A1. Nicholas Johnson: They developed a package of revenue options and made the case for the failures of taxes. Oregon is special because of the way they handle their fiscal policy. The number of players in nonprofits and labor movements, C4 money = institutions working together. They explained to legislators that the way they were talking about taxes in capital was not resonating with public. Also, they crafted strong messages around accountability. Communications aspect was hardwired into the effort from the beginning, which was really important. The result was a \$10 M campaign.

Q2. Is there any evidence that tax cuts result in job creation?

A2. Doug Hall: Depends on action taken at the state level and taken at the fed level. At state level, it depends on how various initiatives are structured. At end of day, federal government needs to provide some sort of fiscal relief. When states make budget cuts, they lay off public sector people and that has significant impact on private sector jobs. Private sector jobs are jobs that pay well, have benefits and should be the ideal when creating employment.

PANEL 3 - OVERHAUL OF THE FEDERAL POVERTY MEASURE

- **Michael Laracy**, Director, Policy Reform and Advocacy, Annie E. Casey Foundation and GIST Steering Committee Member (Moderator)
- **Indivar Dutta Gupa**, Professional Staff, US House of Representatives Committee on Ways and Means, Subcommittee on Income Security and Family Support
- **Martha Coven***, Special Assistant to the President, Domestic Policy Council and Director, Office of Mobility and Opportunity
- **Jodie Levin-Epstein**, Deputy Director, Center for Law and Social Policy
- **Melissa Boteach**, Half in Ten Manager, Center for American Progress

MICHAEL LARACY

Laracy moderated the panel and briefly discussed the previous lack of political mileage to move towards developing a new poverty measure before introducing the panelists.

INDIVAR DUTTA-GUPTA

Dutta-Gupta began his presentation with a discussion on why we need to develop another poverty measure. He said the poverty measure is based on 1950's data and since today is a very different time, the current threshold has less and less meaning. He also said a new measure would be instrumental in helping legislators create better policies.

Dutta-Gupta outlined key aspects of the "Measuring American Poverty Act" (MAP) by Rep. Jim McDermott and the new poverty measure

- Creates a "modern poverty measure" based on NAS 1995 report
- Threshold based on modest spending on food, clothing, shelter (basic needs)
- MAP Act includes pre- and post-tax and transfer measures
- Shifts authority to statistical agencies
- Requires periodic updates
- Authorizes adequate funding
- Addresses major concerns
- Consistent with public understandings
- Balanced, consensus-based approach – build on 15 years of research and analysis

Dutta-Gupta reassured participants that nothing would happen to the current official poverty measure rates. The official measure asks about cash income and provides a straightforward measure for identifying common sources of eligibility of services – such as reduced or free lunch. However, Dutta-Gupta said headcounts alone are inadequate to understanding poverty because they don't take extreme poverty, consistent and generational poverty, into consideration.

Dutta-Gupta underscored a few things still left to be worked out with the new poverty measure and MAP Act, such as:

- Existing NAS-based estimates may be misleading
- New Medical Out of Pocket (MOOP) model may be misleading
- Shelter status adjustments are new and should be included in new measure
- Some decisions left to statistical agencies

Dutta-Gupta said next steps for developing the new poverty measure include adding relevant questions to the March census. There will be legislative opportunities for funding and guidance, as well as engagement with state and local advocates to correct any major misconceptions about the new poverty measure.

[View Dutta-Gupta's presentation.](#)

MARTHA COVEN

***Adam Taylor, White House Fellow, White House Office of Public Engagement and Cabinet Affairs, (substituted for Martha Coven)**

Taylor noted that there's clearly a lot of momentum building around overhauling the measure and that there is \$7.5 M included in the congress' budget to supplement and research a new measure. When the new supplemental measure comes out it will build on the NAS report and will be done by statistics.

In the past, politics derailed changing the measure. When the announcement of the new supplemental measure is made, Taylor noted that they will need a number of philanthropies to help correct misconceptions.

Taylor concluded by saying that there are other measurements that exist and that the supplemental measure will require work from a number of statisticians to better it over time.

JODIE LEVIN-EPSTEIN

Levin-Epstein began her discussion by saying the Administration is poised to deliver the new supplemental poverty measure. She congratulated the panelists and Administration for this great accomplishment.

Levin-Epstein noted efforts around the country to develop a new poverty measure:

- Connecticut has a mission to bring in experts to figure out state poverty levels
- Colorado and Ohio are holding subcommittee meetings trying to tackle issue
- Virginia called for multiple measures
- A number of states have signed a letter calling for federal action to overhaul the measure
- New York City: mayor began researching for and implementing new poverty measure so city will know the real effects of city policies

Levin-Epstein discussed the statistical and political challenges ahead. She said poverty has historically been about income and who does not have any. The Administration's budget will allow for research and assessment of the new supplemental measure to find out what still needs to be included or changed. Levin-Epstein noted that opponents of the MAP Act will say it will take away the old measure used for eligibility, even though it will not. The intent of the new measure is to define poverty by more than just income and to show not only who is poor, but also who is struggling.

Levin-Epstein highlighted New York City as a jurisdiction that was able to incorporate a new measure successfully. Findings from New York City include:

- Overall poverty increase
- Elderly poverty increased the most
- Single moms with kids level of poverty dropped because of success of government transfer measures
- Poverty increased in all burroughs but not in all communities

In conclusion, Levin-Epstein noted that education and messaging mattered in New York City so residents would not become upset that their communities had higher poverty rates. The city did a good job assessing and explaining how this happened and what it means.

MELISSA BOTEACH

Boteach focused on immediate next steps to educate the public, policymakers and the media about the new measure. She said the first step is to give people the opportunity to get answers to some basic questions, such as explaining the difference between the traditional and modern measure. It's important to get the public to understand that poverty should be seen as an economic statistic. Boteach said a major part of the message must be focused on using better data to drive better public policies.

She briefly discussed Half in Ten's education efforts:

- Grassroots level – Short explanatory video that will provide information on the new poverty measure. Half in Ten will also host informational Webinars.
- Media and General public – Boteach said it's important to stress that this is a statistical non-partisan decision. Half in Ten will work with state coalitions to provide spokespeople who'll

communicate the need for new measure and how it will make way for better data and better public policies

- Policymakers – Stress how measure will allow for better policies

Boteach explained that based on research done in 2007, using an NAS measure for improving EITC, CTC, minimum wage, and child care would cut poverty by 26 percent in 10 years. Half in Ten will leverage the resources of its partners to play a major role in communicating need for new measure.

[View the Half in Ten presentation.](#)

PANEL 3 - QUESTION & ANSWER

Q1. What will the modern measure be used for if not eligibility?

A1. Indivar Dutta-Gupta: It can be used as a way for us to understand things in terms of judging what is getting worse and what is getting better. People and policymakers should understand it as an economic statistic.

Mike Laracy: Over time it will be a number that people focus on to judge whether Americans are doing better or worse. There a number of different indicators to measure GDP and inflation, etc., but there is one indicator that becomes the norm. The new poverty measure will be like that.

Adam Taylor: We will have much better data to demonstrate impact of foundations, philanthropies, efforts to combat poverty. It will be a measure that essentially shows the effects of policy.

Q2. Do you have a vision for the measure being de-politicized and becoming just a science leading measure?

A2. Adam Taylor is optimistic about the measure being a science leading measure. Administration was weary because measure could prove that there are more people in poverty, but the point is to understand the needs of society.

Indivar Dutta-Gupta: Much of the politics is based on the threshold. Not certain if it's something we can completely escape. Our effort was to not drive a certain agenda (not left or right), but to better inform policymakers of people's real needs.

Mike Laracy: The measure will reflect impact of public policy so both the left and the right can find something to be happy about. Also, the measure comes out of census and not the political side of things.

Q3. When you do policy improvements, are you taking into account that people aren't using benefits already?

A3. Helen Neuborne: Foundations looking into how we can better deliver efforts should also look at state governments delivery efforts. We are planning **maybe** a 4th meeting in NY to talk further about delivery mechanisms.

Indivar Dutta-Gupta: research shows that by increasing benefits you tend to increase uptake as well. If you double or triple the benefits, you will also bump up the participation rate.

Mike Laracy: Food vulnerability did not increase during recession, it decreased slightly. The benefits increased so the utilization increased, which validates Dutta-Gupta's previous point.

Helen Neuborne: There are studies done by psychologists showing that simplifying the message of benefits can get more participation. If you talk to folks like they're poor, they won't utilize the benefits. It's very much about communicating and using language in a way that promotes participation without stigmatizing.

Q4. Is the new measurement piece a first step towards setting a target?

A4. Melissa Boteach: Working on a memo about different ways of implementing new measure to help achieve the Half in Ten goal to cut poverty in half in ten years.

Mike Laracy: The administration made a political calculation to do a lot within the budget without spotlighting certain things. What the budget outlines for jobs and the economy can ultimately lead to less folks in poverty, but they are not going to frame it as anti-poverty measures.

FEBRUARY 26th: POLICY UPDATE: HUNGER AND NUTRITION

PANEL 1 - POLICY UPDATE

- **Kevin Concannon**, Under Secretary for Food, Nutrition and Consumer Services, US Department of Agriculture

KEVIN CONCANNON

Concannon began his remarks by thanking funders for taking up the cause of child nutrition. He said advocates need to make sure reauthorization of the Child Nutrition Act is robust. The effects of this down turning economy translates to risk and need in terms of hunger. Concannon said that with 1 in 4 Americans dependent on 1 of 15 nutrition programs in their lifetime, feeding programs are a top priority for the Administration. The President's goal of ending child hunger by 2015 is achievable but requires that we work together and leverage opportunities.

Concannon highlighted SNAP as the most important program of the Child Nutrition Act. There are 38 million+ on SNAP, half of them are children and they represent 2/3 of those who are eligible. Concannon touched on the tremendous variability within states in the manner of how they engage eligible populations – some large states with large numbers of poor people aren't meeting needs of people. Foundations can illuminate barriers people face in large states and help states perform better. The major goal is program simplification, which entails promoting easier access. States need to look at how they structure their SNAP applications.

Concannon discussed other major components of child nutrition:

- School lunch program – 31.5 million children have lunch
- School breakfast – 88,000 schools are authorized to operate, but only 1 million students receive breakfast
- Summer Feeding programs – These programs take place 9-10 weeks of the year, but only 2.5 million children participate. Concannon urged states to use ARRA funds to improve capacity for this program
- WIC – half of infants in U.S. participate

Concannon said a major goal of the USDA is to have foundations play a large role in helping states increase participation in nutrition programs. One strategy for increasing participation is allowing for automatic certification, meaning if families are on other means tested programs, allow children to automatically become eligible for free/reduced price lunch. Concannon touched on other USDA goals:

- Implementing Institute of Medicine recommendations for school lunch programs
- More transparency on quality of the meals

- States regulating food in child care centers and homes – 11 million children are in child care
- Encourage better connections between schools and procurement – farm to school movement
- Adding modest financial incentives for schools to improve nutrition and change culture could have large benefits for kids

Concannon showcased Michelle Obama's *Let's Move* initiative and the HealthierUS Schools Challenge as initiatives working to ensure proper and continued nutrition from birth. About 640 schools have adopted and lived up to the expectations of HealthierUS Schools, combining exercise, better nutrition, and regulating competitive foods in school. Concannon said this is evidence that kids will eat nutritious foods if unhealthy options aren't available. It takes a culture change within the school to get children eating healthy.

PANEL 1 - QUESTION & ANSWER

Q1: Eric Kessler: If you put yourself in our shoes, what would your priorities be?

A1: Kevin Concannon: Support for national organizations, they have a powerful role in encouraging Congress to move. In some large states these are lost opportunities. There are millions of hungry people that could be helped. The services are there; take-up needs to be increased. Foundations can educate people, provide funds to schools for kitchen equipment upgrades so nutritious meals can be prepared, help state make change from caseload orientation to a business-processing orientation. States that have changed their processes are doing very well – something as simple as imaging documents can make a big difference. Oregon, Washington, Idaho and New Mexico are doing a good job meeting excess demand. The USDA has a provision – state exchange – if you hear about a good idea in a state the USDA will pay for you go visit to learn about best practices - would like same capacity with school based programs. Foundations could provide funding for these learning activities.

Q2: Mike Laracy, Director, Policy Reform & Advocacy, The Annie E. Casey Foundation: USDA has successfully changed perception of feeding programs -removed much of the stigma. The only thing that is maybe held in more esteem is SCHIP. A fascinating story is looking at how that was done. Can you reflect on that a little bit?

A2: Kevin Concannon: Can't overstate the effects of converting to electronic benefit cards. More currently, part of it is a growing recognition on the part of Americans that we can all find ourselves in these circumstances. Every county reported that they're seeing people who never envisioned they would need this assistance. We still have to fend off people that want to proscribe what can be purchased. Only 2% of Americans abide by dietary guidelines.

USDA has had conversations with the FDA to move from a nutrient to a meal-based understanding of what is healthy. I compare where we are with obesity to where we were 40 years ago with smoking. It took years and years of education and policy/regulation change to lower rates of smoking.

Q3: Terri Langston, Senior Program Officer, Public Welfare Foundation: The presence of sodas in schools almost counteracts anything we do to add healthy foods. Seems like an unfair advantage for the companies. What is USDA's attitude on that issue?

A3 Kevin Concannon: We are proposing in reauthorization of the Child Nutrition Act that USDA have authority to regulate competitive foods.

Q4: Bob Shull, Program Officer, Workers' Rights, Public Welfare Foundation: Sounds like you're trying to build up demand for nutritious food by educating kids. Is there any plan to improve quality or nutrition in terms of taste?

A4 Kevin Concannon: Yes, there are recommendations to improve meal quality in terms of content and ingredients. Part of Child Nutrition reauthorization is also improving training for school nutrition directors and line workers.

Q5: Sandra Ambrozy, Senior Program Officer, The Kresge Foundation: How will we know if we have ended child hunger?

A5 Kevin Concannon: We know we haven't yet; several studies show hunger is still prevalent. There are people collecting data, but we can't solve it unless we can get big states enrolling eligible people.

PANEL 2 – NGO ACTION - SPEAKERS

- **Eric Kessler**, Principal and Founder, Managing Director, Arabella Advisors (Moderator)
- **James Weill**, President, Food Research and Action Center
- **Kimberley Chin**, Director, Maryland Hunger Solutions
- **David Beckmann**, President, Bread for the World

JAMES WEILL

Weill discussed food insecurity, highlighting that 36 million people were living in food insecure households in 2007. He cited key findings from a 2008 Gallup poll that asked "in the last year were there times you couldn't afford food you needed". Responses showed that:

- 1 in 5 households answered yes
- 1 in 4 households with kids answered yes
- in 311 districts, 15% of households answered yes
- Key finding: hunger is everywhere and everyone should care

Weill noted that in 2009 the number of food insecure households went down a little because food prices also went down slightly in 2009 and the stimulus provisions were taking effect. He explained that the best way to reach the 2015 goal is to improve tax credits, child nutrition programs, EITC, and the child tax credit.

Weill said that SNAP use went from 27 million before the recession, to 38 million in November 2009. Funding for child nutrition programs has consistently increased over the last decade due to the rise in need. CBO estimates that future of spending for SNAP will consist of \$608 billion over next 10 years, which is more than unemployment. Funding for child nutrition could reach \$200 billion.

KIMBERLEY CHIN

Chin touched on a number of barriers affecting the success of child nutrition programs, such as:

- staff cuts
- hiring freezes
- inefficient processes, i.e., old computers/databases
- culture of caseloads – Chin gave the example of MD, where they were hit with a lawsuit because they were not processing SNAP applications in a timely manner. The court ordered that MD adopt a new process – this has opened an opportunity for reform.

Hunger Solutions is working with agencies to make sure federal dollars are channeled to things that work. Chin also said they are going principal by principal, superintendent by superintendent to encourage change. She reminded participants that when making and advocating for policy changes, it is important to think through how these changes will play out on the ground.

DAVID BECKMANN

Beckmann echoed what others have said about nutrition programs and what we can do to strengthen them. He stressed that child nutrition programs alone will not be enough to end child hunger. There needs to be complementary actions taken to reduce poverty. He said the President's plan is clear that we need to strengthen child nutrition programs but also clear that we need to tie into a broader agenda to reduce poverty-tax credits for working poor families. Beckman showcased Bread for the World as making a pivot this year by using their goal of ending child hunger to organize churches around ending poverty. Making the link between raising incomes of low-income families and ending child hunger is critical to gain support. Beckmann urged for a much stronger grassroots movement around hunger issues and including charitable organization that distribute food as well as advocacy.

Beckmann spoke of Bread for the World's success on the international poverty side, highlighting four key factors:

- Faith community was ready and that there is an openness to advocacy we haven't seen before
- Bush had good policies though they weren't a priority. Today we are in the same position with Obama on domestic issues
- Gates Foundation and Hewlett Foundation were big funders for advocacy and advocacy funding can have a huge impact in building grassroots coalitions
- Celebrity endorsements brought campaign to the media and reached the public

PANEL 2 - QUESTION & ANSWER

Q1: Eric Kessler: What would be your first priority if you had a stack of money?

A1: James Weill: Working to grow communication outreach/grassroots activity. I'm pretty convinced you reach voters with stories of success rather than stories of crisis. Use stories about how these programs improve test scores, obesity, etc.

A1: Kimberley Chin: We need more bodies on the ground to talk to principals, local DSS offices and superintendents.

A1: David Beckmann: First priority, we need more money for grassroots activities and to improve web-based communication. Specific need: from past polling indication that 7% of people say they will make decision about election based on hunger/nutrition. We need to know more about these people.

Q2: Brian Hofland, Director, Economic Justice, AARP Foundation (for David Beckmann): Do you think there is a strong connection between individual efforts of churches and having people be aware of entitlement programs like SNAP? Or is there more work that needs to be done? I think there is an opportunity for foundations to partner with faith-based organizations on this issue because they are already involved, though not on the policy side.

A2: David Beckmann: Ninety percent of religious congregations do on-the-ground food distribution, but only 5% write letters to Congress advocating for programs that will help the poor. The connection is not there. What we do in charity is only 10% of what federal programs do. When you make this point there is a lot of receptivity. Faith based groups are more interested in advocacy today. There is an opportunity here.

A2: Jim Weill: Before Reagan's cuts in programs in 1981 there weren't many emergency food distribution organizations; food banks came about in response. There is an opportunity to tap into these people who already care about this issue and orient them towards policy and advocacy.

PANEL 3 – FUNDER STRATEGIES

- **Eric Kessler**, Principal and Founder, Managing Director, Arabella Advisors (Moderator)
- **Michael Laracy**, Director, Policy Reform & Advocacy, Annie E. Casey Foundation and GIST Steering Committee Member
- **Jasmine Hall Ratliff**, Program Officer, Robert Wood Johnson Foundation

MICHAEL LARACY

Laracy outlined two complementary strategies/approaches to policy reform and advocacy:

- Establishing and supporting an infrastructure of advocacy organizations
- Targeted and more focused campaigns around specific issues of primary importance of the funder

Laracy said Casey has a \$15 million policy reform portfolio – about \$14 million is used to sustain networks, KIDS Count grants or targeted technical assistance, leaving only about \$1 million for targeted spending. Most of the resources go toward infrastructure, such as Kids Count, Voices Network, First Focus Network, Brookings, Urban Institute, FRAC, Center on Budget, Child Trends, etc. It's important that those following infrastructure approach try to make network more robust, interconnected and collaborative, which will create an echo chamber not a cacophony.

Laracy said the advantage of this infrastructure approach is that the network is ready for whatever issue comes up: TANF, stimulus act, etc. The downside is that networks don't have much money when an opportunity comes up. Laracy said it's important to blend the two approaches so that an organization has the network and the flexibility to mount a campaign. General support grants can be very helpful.

JASMINE HALL RATLIFF

Ratliff explained the general approach of Robert Wood Johnson Foundation (RWJF) regarding obesity is to make environmental change, educate parents and children, and change policy at the state and local level. The goal of reversing childhood obesity by 2015 is measured by reducing Body Mass Index (BMI).

The strategy components Ratliff discussed include:

- Providing only healthy foods and beverages in schools
- Improving availability of healthy foods in communities – bringing supermarkets to low income neighborhoods
- Increasing physical activity at school
- Improving access to safe places where children can play
- Limiting time kids spend watching TV, playing video and computer games

Last year RWJF funded a USDA School Nutrition Dietary Assessment. Ratliff said the assessment found children who participated in school breakfast program were less likely to be obese, and students at schools offering fruits and vegetables during lunch consumed fewer calories from low-nutrient foods.

RWJF current activities and funding include:

- Healthy Eating Research
- Child Nutrition Act reauthorization, working with FRAC to improve school nutrition and with Community Food Security Coalition to improve Farm to School programs
- Working with Food Trust at the state level to bring grocery stores to low-income neighborhoods “food deserts”

- Community-based programs: Healthy Kids, Healthy Communities & Communities Creating Healthier Environments

[View the RWJF presentation.](#)

PANEL 3 - QUESTION & ANSWER

Q1: Terri Langston, Senior Program Officer, Public Welfare Foundation: How much money in total does Robert Wood Johnson give to obesity?

A2: Jasmine Ratliff: \$500 million to childhood obesity back in 2006/7 with goal of reversing childhood obesity by 2015.

PANEL 4 – COMMUNICATION STRATEGIES

- **Eric Kessler**, Principal and Founder, Managing Director, Arabella Advisors (Moderator)
- **Jim Gerstein**, Principal, Gerstein Agne
- **Erin Campbell**, Vice President, Spitfire Strategies

JIM GERSTEIN

Gerstein discussed findings from a national survey of 1,001 adults (available on www.schoolmealsmatter.org). The survey suggests that there is a great deal of support for child nutrition programs, so advocates are starting from a very strong position. Gerstein noted that the biggest challenge to increasing support of child nutrition programs is the “not enough money” argument. He said that survey found people are fairly familiar with child nutrition programs and of those who are familiar, a strong majority approve of them (77-87%).

The survey touched on underlying attitudes of schools role in promoting child nutrition, finding that a large percentage of respondents agreed with the statement: “schools play an important role in protecting children’s health and have a responsibility to make sure children are eating properly”. Respondents also agreed we have a serious problem when presented with facts on obesity and hunger and understand they affect everyone in society, not just the poor.

Gerstein said there is overwhelming support for expanding the Child Nutrition Act to:

- provide healthier food (83%)
- increase funding by \$1 billion (71%)
- increase funding by \$1 billion and it means higher taxes or deficits (57%)

In conclusion, the survey finds that child nutrition is an issue that unites people. Positive opinions hold even after debate topics – money, deficits, etc – are introduced. Respondents didn’t see this as a program for the poor, but rather one that affects everyone.

ERIN CAMPBELL

Campbell discussed messaging to garner support to reauthorize the Child Nutrition Act. The target audience will be Members of Congress, relevant committee heads and the White House. She highlighted a core value to tap into in message points: “schools should provide healthy food to ensure healthy, successful students”.

Campbell suggested stressing that the public feels child nutrition is a high priority to combat that argument that is no money to increase programs.

Spitfire Strategies message set (draft form):

- All children in America should have access to nutritious food that will improve their health and their ability to succeed in school – include data points to support this statement (for example - programs serve 35 million children; 50% of children’s calorie intakes are consumed in school)
- The National School Lunch and Breakfast Programs are critical lifelines that need increased funding in order to provide the children that depend on them for their meals with the balanced, nutritious options they need to stay healthy and succeed in school.
- Increase funding in Child Nutrition Act by \$1 billion in this year’s budget
- By increasing funding for the Child Nutrition Act to allow schools to provide more nutritious options and improving standards, we can ensure our children get the nutrition they need to stay healthy and succeed in school.

[View Spitfire Strategies’ presentation.](#)

PANEL 4 - QUESTION & ANSWER

Q1: Sandra Ambrozy, Senior Program Officer, The Kresge Foundation: The messaging seems rather broad; do we need to get more specific?

A1: Erin Campbell: Yes, detailed information can help, but we want to be very specific with the “Ask” and how we measure success.

A1: Jim Gerstein: Values are so strong to being with and facts are compelling. They work well together. People accept both the moral and utilitarian arguments

Q2: Eric Kessler to David Beckmann: How does this compare to your messaging?

A2: David Beckmann: If you combine “we need to do more for hungry kids” and “we need to make people more productive and self sufficient” support goes up 10%. The broader coalition would like to see messaging on issues outside of schools as well.

Q3: Mike Laracy, Director, Policy Reform & Advocacy, The Annie E. Casey Foundation: As you look at upcoming reauthorization process, what sense of the dynamics do you have? What battles do you foresee?

A3: Jim Weill: There is broad concern on authorizing committees about obesity and hunger.

A3: David Beckmann: It is important to keep the pressure on to hold Congressmen accountable to their constituents.

A3: Jim Gerstein: The other piece is on the competitive food side. There is broad consensus on removing unhealthy foods from vending machines.