

## State Strategies Initiative: Contents

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## MEMORANDUM

**TO:** U.S. Programs Board

**FROM:** Ann Beeson<sup>1</sup>

**DATE:** September 14, 2010

**RE:** Expanding U.S. Programs' State-Based Work

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This memo outlines our vision for a U.S. Programs State Strategies Initiative that will integrate and expand our investments in a small set of states that offer the greatest opportunities – and challenges – for the advancement of open society. We articulate our vision and theory of change, the criteria for selecting particular states, and a process and timeline for achieving our vision. As part of our proposed 2011-12 budget for U.S. Programs, we have proposed an additional \$15 million dollars over two years for the State Strategies Initiative. We look forward to your feedback at the September 22-23, 2010, Board meeting.

### **Our Vision in 2015**

U.S. Programs' State Strategies Initiative will build support to advance open society at the state level over the next five years, beginning in Louisiana and Texas and expanding to a few other states. The initiative will build on the success of our pioneering work in OSI-Baltimore and New Orleans. If successful, in five years there will be growing, vibrant networks and coalitions of community- and state-based organizations and activists that are advancing open society and expanding opportunity in their communities, in their states, and federally. With strong roots in their communities and the power to influence local, state and federal policymakers, state advocates will advance specific issue campaigns and policy reforms while building long-term power for excluded communities. They will incubate organizational and policy innovations that can be replicated in other states and nationally. Parts of the country long considered the epicenters of entrenched racism, poverty, inequality and disinvestment will have powerful social justice organizations and leaders that are working together to transform communities, hold governments accountable, and develop future leaders.

The State Strategies Initiative will expand open society capacity beyond states like California and New York to places where investment has long been limited, temporary, or nonexistent. We will focus on states where the need and potential for progress is greatest – and where the impact of our success could have significant national implications. State organizations and coalitions will be comprised and led by people who have historically been excluded from full participation in our country. They will engage

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<sup>1</sup> I am grateful for the drafting assistance and valuable input from a number of staff in preparing this memo, including Bill Vandenberg, Eric Ferrero, Diana Morris, and Erlin Ibreck.

in effective collaboration across issues, communities, and constituencies, and will share resources and responsibilities. Organizations will work closely together and with their members, activists and donors to develop innovative and stable funding sources that include a diverse combination of small donations from members and activists; individual donors of wealth; earned income; and local, regional, and national foundations. Organizations will move from being outsiders on the periphery of state agenda-setting to being central players in state governance, with many new state leaders emerging from their community of leaders.

### **Our Purpose and Theory of Change**

From the beginning, U.S. Programs recognized the importance of advancing change locally, as well as nationally, through the launch and work of OSI-Baltimore. After Katrina, we began to invest significant resources in New Orleans and the Gulf Region as well. Our national programs have also long invested in state and local advocacy organizations as a complement to our much more sizable funding for national groups on our priority issues. Even before our restructuring and the development of three-year strategic plans in 2009, we supported many strong local and state organizations like the Juvenile Justice Project of Louisiana, the Texas Criminal Justice Coalition, the Institute for Wisconsin's Future, *The Texas Observer*, and the Enterprise Corporation of the Delta's Mississippi Economic Policy Center, to name just a few. Many of our state and local grantees are already playing key roles in advancing national policy challenges on issues like criminal justice, drug policy, immigrants' rights, economic security, and government transparency.

Recognizing the potential for policy change and innovation at the local and state levels, many U.S. Programs funds and campaigns incorporated more intentional state grantmaking strategies into their three-year strategic plans (2010-2012). Through the State Strategies Initiative, we now have the opportunity to build on our past work by developing a more strategic, integrated, and visionary framework for state and local funding, to work with organizational and philanthropic partners to build a lasting state and local infrastructure for open society, and ultimately to expand resources in support of local and state advocacy. Doing this well could create a new philanthropic model that leaves a significant legacy in particular states, regardless of whether U.S. Programs remains a permanent funder in every state.

What is the purpose and theory of change behind this vision? Expanded funding at the state and local levels complements our ongoing national funding strategies and is critically important for long term success on our issues. People experience the limitations of open society in their own backyards, and nearly always first become engaged civically in their own communities. By empowering people in communities to advocate on their own behalf, we ultimately build power for advocacy at all levels of government. Building power and resources at the state and local levels also expands on our commitment to use multiple strategies and tools to advance our issues. A number of other factors illustrate the potential of expanded state and local funding to advance our work and maximize our impact:

- Shifting human and political demographics across the U.S. are fundamentally reshaping American communities, public opinion, and policymaking, making it a necessity to build open society values at the front end of these shifts and in places not prioritized in past years;
- Most of the nation’s policy innovations surface outside of Washington, DC, first gaining traction in school boards, city councils, state legislatures, and even ballot referenda at the local and state levels across the U.S.;
- Many key OSI issues – from criminal justice reform to immigrants’ rights and election systems reform – have not risen to the top of White House or Congressional priority lists. Strong state and local advocacy can build momentum to elevate these issues at the national level while identifying leaders who build backbone early in their careers as they begin to move up the ladders of influence;
- State level infrastructure is a key element in winning nearly all federal advocacy battles, as evidenced by the high dollar field wars in the recent health care reform debate. The Health Care for America Now effort was a \$51 million campaign.
- While special interests dominate politics at every level of American policymaking, they have less dominance at the state and city levels. Some jurisdictions are experimenting with publicly financed election systems, allowing for more dynamic, public interest minded leaders to emerge;
- Enhanced local and state capacity – among our grantees and with U.S. Programs – allows us to be much more nimble and responsive when new opportunities arise. This was recently underscored by the Special Fund for Poverty Alleviation’s partnership with OSI-Baltimore and 2009’s Seize the Day Initiative grantmaking support for state-based alliances that advocate for transparency, equity, and accountability in the economic recovery; and
- There is added momentum now to build state power. Hyper-partisan battles in Washington, DC have limited opportunities for federal reform. Rising right-wing populism, the “enthusiasm gap” among many 2008 voters that may lead to a less than ideal political context for the final two years of this Obama term, and anti-public investment/pro-budget hawk sentiment is taking root in the states and having a national impact, demanding a response.

At present, U.S. Programs spends approximately \$15 million annually in local and state-based funding, so there is sizable programmatic commitment and funding already occurring for state and local efforts to advance open society. What we need is a more coordinated and integrated strategy for particular states or places. With the development of such a strategy, we will maximize the return on our investments in key states while adding significant new resources to bring U.S. Programs’ state-based work to scale.

### **Our Target States**

Building on our existing investments in Texas and Louisiana and the Board’s enthusiasm for our work in New Orleans (reviewed at our December 2009 Board meeting), we have identified Texas and Louisiana as our first priorities for expanded U.S. Programs state funding. The following criteria contributed to this selection:

- They are states in which U.S. Programs is currently investing the **greatest level of funding**, on multiple issues and through multiple programs;<sup>2</sup>
- They are the places where we have conducted the greatest level of **research and due diligence**, either in-house or via external expertise;
- The states have long been largely **overlooked by national foundations** and donors despite entrenched racism, poverty, and inequality that demands investment;
- The states are experiencing significant **demographic shifts** that include rapidly growing immigrant and people of color populations (Texas) or diminishing numbers of people of color (Louisiana, because of the ongoing challenges of return after Katrina) that deserve significant attention to ensure equality and to expand public participation;
- Population shifts have created **policy openings** where open society is either most threatened or presents the greatest opportunities for advancement;
- Each state has a **concentration of existing local and state organizations** that employ multiple strategies and often work together in a complementary and effective fashion; and
- There are ripe opportunities for **leveraging more funding** through local, state, and national institutional and individual donor partnerships.

Several other states have been prioritized by one or more campaign or fund, including Illinois (Campaign for Black Male Achievement), Michigan (Special Fund for Poverty Alleviation), Mississippi (Campaign for Black Male Achievement, Strategic Opportunities Fund, Seize the Day Initiative), North Carolina (Democracy and Power Fund), Pennsylvania (Campaign for Black Male Achievement), and Wisconsin (Transparency and Integrity Fund, Campaign for Black Male Achievement, and Seize the Day Initiative).<sup>3</sup> Over the next year, we will explore the potential for additional state strategies in these six states, and will ultimately select a few additional states for the State Strategies Initiative.

### **Proposed Budget for Expanded State and Local Funding**

To achieve maximum impact, the State Strategies Initiative requires new resources and a new budget line beyond the budgets of our existing programs over the next few years. We propose an additional \$5 million in 2011, primarily for Louisiana and Texas, and \$10 million a year in 2012. This budget would enable us to expand our state-based funding in Louisiana and Texas, coordinate and integrate existing funding strands, and make exploratory grants and support research in additional states.

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<sup>2</sup> The Strategic Opportunities Fund, Campaign for Black Male Achievement, Criminal Justice Fund, and Transparency and Integrity Fund are currently funding in Louisiana. The Democracy and Power Fund, Criminal Justice Fund, Transparency and Integrity Fund, and Seize the Day Initiative are currently funding in Texas.

<sup>3</sup> U.S. Programs has also historically granted large amounts of funding in California and New York although this is due primarily to larger numbers of national and regional organizations in the Bay Area and New York City than the development of concerted place-based strategies.

## **Staffing Structure and Board Oversight**

To carry this effort out – and build the initial structure to do so – will require both in-house and external state-based expertise. We have retained Terri Bailey, a nationally regarded place-based funding expert with a long track record of innovative and effective work building state and national philanthropic collaboration, to serve as our lead consultant for the effort. Terri will support U.S. Programs staff in shepherding the overall process and developing a comprehensive plan, beginning with integrated state plans for Louisiana and Texas. Terri is already working with us to better connect and integrate our existing state-based funding, and with additional funds approved by the Board she can help us begin to plan and implement expanded grantmaking strategies in these states and others. Terri most recently has served as a senior program staffer at the Piton Foundation, a Denver-based operating foundation that confronts poverty and inequality. Terri is also the architect of the Philanthropic Community Organizing Collaborative, a unique model for funder/grantee strategic engagement that began with an initial matching grant from the Ford Foundation in 2004. The collaborative includes twelve funding institutions and eight state-based civil society organizations, and it has leveraged sizable additional national and in-state funding for organizations working for immigrants’ rights, educational reform, economic justice, and racial justice.

To enhance internal coordination, U.S. Programs has also established a State Strategies Working Group that includes Diana Morris (who brings invaluable expertise as Director of OSI-Baltimore); Bill Vandenberg (Democracy and Power Fund Program Director and an expert in state-based strategies having led multi-issue advocacy work at the state level in Colorado for fifteen years); and Erlin Ibreck (Strategic Opportunities Fund Program Director and a long-time leader and coordinator of our funding efforts in New Orleans and the Gulf region).

We also ask that the Board appoint two Board advisors to work with staff on the development of this important initiative. Andy Stern, who brings valuable expertise from his SEIU leadership to advance national and state policy priorities, has agreed to serve as one of the advisors, and we are eager for another volunteer. We look forward to your feedback and to the discussion of the proposed initiative during our upcoming Board meeting.

## LOUISIANA AT A GLANCE

### Population:

4,492,076 population 2009  
 0.5% population increase 2000-2009  
 61.9% non-Hispanic white  
 32.0% black/African American  
 25.1 children <18  
 3.1% foreign born  
 78.2% living in Gulf Coast region

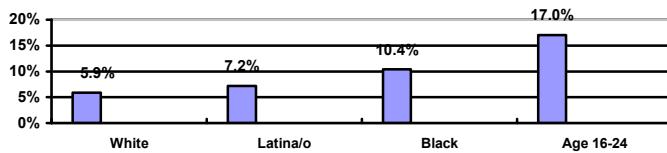
### Voting:

75.7% of voting age population registered  
 68.0% voted in 2008  
 4.6% ineligible voters in 2006 (non-citizens + imprisonment); up from 1.4% in 1980  
 6.8% - 2004 estimate of disenfranchised African Americans (ineligible to vote due to criminal justice system involvement)

### Income & Jobs:

17.3 below poverty; rank 2<sup>nd</sup> nationally  
 23.4% children in poverty  
 5.8% union membership; rank 39<sup>th</sup> nationally  
 7.4% unemployment rate (July '09-June '10)  
 11.7% total unemployed + marginally employed or attached workers

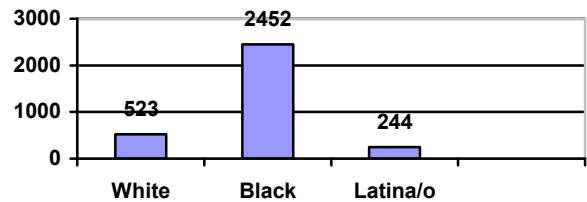
**2009 Unemployment Rates**



### Justice:

+3.6% increase state prison population '08-09  
 70,787 adults in prison or jail, 2009  
 1 in 55 - share of adults in prison/jail (ranks 2<sup>nd</sup> nationally in share of adults in prison/jail)  
 \$814 million in state corrections expenditures

**Imprisonment Rate per 100,000**



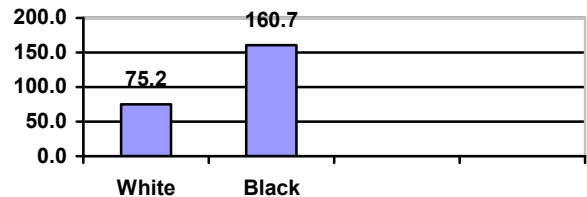
### Education:

57% graduation rate; rank 48<sup>th</sup> nationally  
 48% students lost by 9<sup>th</sup> grade  
 18% 4<sup>th</sup> graders reading ≥ proficient  
 681,038 students  
 63.2% free/reduced lunch program  
 1.3% English language learners  
 12.9% special education students  
 68 school districts/1,559 schools  
 \$11,410 per pupil spending

### Youth:

1,200 juveniles in custody (2006 most recent data)

**Out of School Suspension & Expulsion Rate per 1,000 students**



### Housing:

68.5% home ownership rate 2008  
 \$123,900 median value owner-occupied  
 31% loans subprime in '05-'06

**Political:**

Governor: Bobby Jindal, R, next election in 2011

State Legislature:

- 39 senators (22D, 16R, 1 Ind), 105 reps (50D, 50R, 3 Ind, 2 vacant)
- Paid \$16,800 + \$143 per diem
- 4 year terms
- 14% (20) of black legislators
- 14% (20) women legislators

Sessions:

- General even yr's 60 leg. days
- Limited odd yr's 45 leg. Days
- Special session called by governor or legislature

Term Limits:

- 12 yr's both houses

Not a citizen initiative/referenda state

**Strengths & Needs in State:  
Strengths**

- Post-Katrina new leadership and increases in civic engagement in New Orleans
- Has established mechanisms for state and local transparency & accountability

**Needs**

- Historical and continued underinvestment in open society infrastructure, esp. outside of New Orleans
- Lack of effective organizations driving state-level advocacy

**OSI Grants & Fellowships in State:**

Total 1996-2010 - \$8,417,113  
Total 2006-2010 - \$6,481,113  
79% to in-state organizations

In-State Grants by City:

- New Orleans - \$5,825,063
- Baton Rouge - \$654,000
- Tallulah - \$50,000
- Kenner - \$30,000

"Open" grants - \$5,010,789  
77% to in-state organizations

Open Grants by Program:

- \$1,366,289 – Strategic Opportunities
- \$1,120,000 – Criminal Justice
- \$905,000 – Transparency & Integrity/SOF
- \$325,000 – Campaign for Black Male Achievement/CJF
- \$300,000 – JEHT Emergency
- \$250,000 – Democracy & Power
- \$200,000 – Equality & Opportunity

Source Data: US Census Bureau; Migration Policy Institute; Bureau of Labor Statistics, Local Area Unemployment Statistics; Economic Policy Institute; Pew Center on the States; Sentencing Project; US Dept of Education, DOE Office of Civil Rights; KidsCount; Offices of State Secretaries of State



## TEXAS AT A GLANCE

### Population:

24,782,302 population 2009  
 18.8% population increase 2000-2009  
 47.4% non-Hispanic white  
 11.9% black/African American  
 36.5% Latina/o  
 27.6% children <18  
 15.9% foreign born; rank 7<sup>th</sup> nationally in % foreign born, 2<sup>nd</sup> in number of foreign born  
 32.8% living in Gulf Coast region

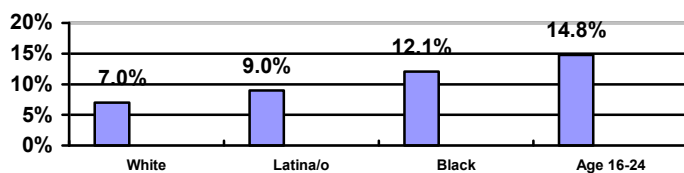
### Voting:

58.5% of voting age population registered  
 48.8% voted in 2008  
 16.3% ineligible voters in 2006 (non-citizens + imprisonment); up from 5.4% in 1980  
 9.3% - 2004 estimate of disenfranchised African Americans (ineligible to vote due to criminal justice system involvement)

### Income & Jobs:

15.8% below poverty; rank 8<sup>th</sup> nationally  
 22.2% children in poverty  
 5.1% union membership; rank 43<sup>rd</sup> nationally  
 8.2% unemployment rate (July '09-June '10)  
 14.6% total unemployed + marginally employed or attached workers

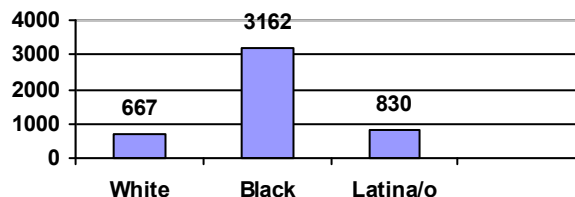
**2009 Unemployment Rates**



### Justice:

-0.7% decrease state prison population '08-09  
 227,424 adults in prison or jail, 2009  
 1 in 71 - share of adults in prison/jail (rank 5<sup>th</sup> nationally in share of adults in prison)  
 \$3,319 million in state corrections expenditures

**Imprisonment Rate per 100,000**



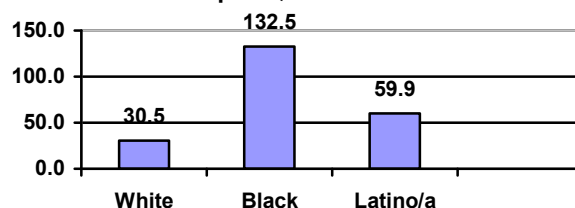
### Education:

65.1% graduation rate; rank 38<sup>th</sup> nationally  
 45% students lost by 9<sup>th</sup> grade  
 28% 4<sup>th</sup> graders reading  $\geq$  proficient  
 4,674,832 students  
 47.7% free/reduced lunch program  
 9.7% English language learners  
 10.1% special education students  
 1,036 school districts/9,082 schools  
 \$10,661 per pupil spending

### Youth:

8,247 juveniles in custody (2006 most recent data)

**Out of School Suspension & Expulsion Rate per 1,000 students**



### Housing:

64.91% home ownership rate 2008  
 \$120,500 median value owner-occupied  
 34% loans subprime in '05-'06

**Political:**

Governor: Rick Perry, R, seeking re-election in 2010

State Legislature:

- 31 senators (19R, 12D), 150 reps (77R, 73D)
- Paid \$7,200 + \$128 per diem
- 2 year terms
- 8% (15) black
- 19% (35) Latina/o
- 24% (43) women (including 18 women of color)

Sessions:

- Odd numbered years for 140 Cal. Days
- Special session called by governor only

Term Limits:

- None (1/2 federal delegation in office > 12 yr's)

No state citizen initiatives or referenda

**OSI Grants & Fellowships in State:**

Total 1996-2010 - \$17,111,141

Total 2006-2010 - \$7,773,626

84% to in-state organizations

In-State Grants ≥\$100,000 by

City:

- Austin - \$9,544,016
- Dallas - \$1,163,341
- San Antonio - \$1,060,000
- Houston - \$962,826
- Ft Worth - \$600,000
- El Paso - \$585,000
- Galveston - \$478,500
- San Juan - \$100,000

“Open” grants - \$6,955,809

83% to in-state organizations

Open Grants by Program:

\$2,707,500 – Criminal Justice

\$1,150,000 – Democracy & Power

\$665,000 – Strategic Opportunities

\$600,000 – Nat'l Drug Treatment Grant

\$500,000 – Seize the Day

\$475,000 – Transparency & Integrity

\$300,000 – Equality & Opportunity

\$147,000 – JEHT Emergency

**Strengths & Needs in State:**

**Strengths:**

- Explosive population growth, esp. Latino, African-American, and Asian, brings 3- 4 new congressional seats and more political power
- Promising set of criminal justice reform and watchdog groups

**Needs:**

- Weak and underfunded 501c3 infrastructure
- Massive state budget crisis may lead to large health and education cuts which state can ill afford

Source Data: US Census Bureau; Migration Policy Institute; Bureau of Labor Statistics, Local Area Unemployment Statistics; Economic Policy Institute; Pew Center on the States; Sentencing Project; US Dept of Education, DOE Office of Civil Rights; KidsCount; Offices of State Secretaries of State