



Assessment of the State Fiscal Analysis Initiative

**Case Study for:
Michigan League for Human Services
Lansing, MI**



Prepared for the
Ford Foundation
by the OMG Center
for Collaborative Learning

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case study

*This case study of the Michigan League for Human Services is one of ten individual case descriptions prepared as part of an assessment of the State Fiscal Analysis Initiative (SFAI), conducted by the OMG Center for Collaborative Learning with support from the Ford Foundation. SFAI is a national collaborative effort that began in 1991 to strengthen capacity among state-level non-governmental organizations to undertake credible, timely, and understandable analysis of critical tax and budget questions. The Initiative is funded by several national foundations and receives staffing and technical support from the Center on Budget and Policy Priorities (CBPP), a Washington, DC-based nonprofit that has been conducting national policy research since 1981 and that expanded its role to include analysis of state fiscal policies also in 1992. The entire assessment report, **A Cross-Site Synthesis of Findings, Conclusions and Recommendations**, is available from the Ford Foundation or the OMG Center for Collaborative Learning.¹*

This and the other case studies prepared as part of the assessment describe a broad array of activities undertaken by the state-level fiscal policy organizations with support received not only from the Ford Foundation and other SFAI funders, but also from other local and national sources. From the Initiative's inception, the Ford Foundation has required that its funding provided through SFAI be used entirely for the support of research education, organizing, and other non-legislative activities. Although the report covers the full range of strategies employed by SFAI groups to enable a full picture of their work and impact to emerge, the activities detailed here are not a direct by-product of Ford funding.

This case provides an overview of how one "veteran" state-level policy organization evolved over a period of several years within its own unique state policy setting. The cases provide much of the empirical basis for the larger assessment report, by bringing to light the different circumstances and approaches that shaped the accomplishments of individual grantees and by documenting the different types of impacts that the SFAI grantees have

had within varied local fiscal policy environments.²

Much of the case study fieldwork was conducted during the last half of 2002, although further telephone follow-up occurred throughout 2003 and into 2004. The fieldwork approach was primarily qualitative and relied mainly on site visits to each of the grantee sites. Site visits were generally made by two or more members of the assessment team and included meetings with representatives of the grantee organizations and a variety of other local actors with knowledge of the grantee organizations and the state-level policy setting in which they operate. Phone and email communications provided an opportunity for rounding out the details of each case. The draft profiles were shared with the grantee organizations two or more times as they were being developed, and each site was given an opportunity to review final versions of their profile before they were finalized. Most of the factual information about the grantee organizations is for the year 2002, although in a few instances fiscal or budget changes and other policy accomplishments that occurred in 2003 are noted if they were the result of efforts in prior years.

The case study starts with an account of how the organization began and then offers an account of Michigan's social and political context. Next it introduces the particular focus and approach that the SFAI grantee organization has taken to improve knowledge locally about tax and budget issues and contribute to the quality of local fiscal policy debates. Woven into the case are overviews of the grantee organization's size, staff structure and funding base; examples of typical products and activities; and descriptions of its major accomplishments.

The SFAI assessment was directed by Tom Burns. The following current and former staff of the OMG Center for Collaborative Learning also participated in the assessment – Bonita Stowell, Kennard Wing, Sheetal Matani, Lee Alford, Amanda Bergson-Shilcock, and Margaret Berkey.

¹ At OMG, contact Robin Lafty at robin@omgcenter.org or 215-732-2200. Or contact the Ford Foundation at www.fordfound.org.

² The ten veteran states selected for the case studies include: Alabama, Arizona, California, Illinois, Maine, Massachusetts, Michigan, New York, North Carolina and Texas.

Michigan League for Human Services Lansing, MI

SHARON PARKS, SENIOR RESEARCH ASSOCIATE AT THE MICHIGAN League for Human Services (MLHS), returns to her office after attending a legislative hearing on the fiscal 2003 budget for Michigan's Family Independence Agency. She picks up the phone and dials Zoë Neuberger at the Center on Budget and Policy Priorities (CBPP) in Washington. "Guess what," she says. "It's back."

"It" is the completely inappropriate use of federal welfare funds, referred to as Temporary Assistance for Needy Families (TANF), to pay for a property tax credit in disregard of express federal instructions to the contrary. The story begins with Michigan's former Governor John Engler, who proudly claimed credit for nearly 30 tax cuts over the course of his twelve years in office. A couple of the largest, signed into law in 1998, were "back-loaded," meaning tax reductions have been increasing year by year. Under the state's constitution, the budget must be balanced. Thus to pay for these cuts, the legislature has had to take more and more money out of the general fund budget.

Part of Parks's job is to watch that state budget very carefully. In February 2000, as the governor proposed a supplemental appropriation for fiscal 2000 and his budget for fiscal 2001, Parks noticed that suddenly \$27 million dollars of TANF funds in each of those years had been slated for a portion of the Homestead Property Tax Credit previously paid for with general fund dollars. In existence since 1973, the credit is based on a formula relating property taxes to income. Households earning up to \$80,000 per year are eligible. To fulfill requirements that TANF funds be used only to serve needy families, these federal welfare funds were to cover the cost of the credit to households earning less than 200 percent of the poverty level. There were no changes to the TANF program itself, such as benefits or eligibility. "It was clearly substituting TANF funds for general fund revenue," she says. "We really were quite incensed about the inappropriateness of it, especially at a time when Congress was warning states not to do so."

On March 15, 2000, Representative Nancy Johnson, Chairman of the U.S. House Ways and Means Subcommittee on Human Resources, sent a letter to all state governors in which she praised states for the good work they had done to move people off welfare to work and toward self-sufficiency, but also warned against supplanting TANF funds. "By supplantation," she wrote, "I mean replacing state dollars with TANF dollars...." She warned: "If savings from supplanted federal funds are used for purposes other than those specified in the TANF legislation, Congress will react by assuming that we have provided states with too much money. As the reauthorization of the TANF legislation in 2002 approaches, it would be a shame if a few states followed the suggestions of their budget officials and replaced state dollars with TANF dollars in order to provide tax cuts, build roads or bridges, or in general use funds for non-TANF purposes." The governor's Executive Budget recommendation clearly ignored that warning.

Michigan League for Human Services at a Glance

Year started: 1912

Current budget: \$1,058,500 (2002)

Main sources of support: 70 percent comes from foundations

Total staff: 9 professional staff (2002)

Main areas of focus: State budget and tax policy, supports for working families, human services for vulnerable populations

Recent products: At What Cost? The Impact of Recently Enacted Tax Cuts in Michigan; TANF Supplantation of General Fund Dollars; Work Wages and Welfare; Executive Budget Summary and Analysis Fiscal Year 2002-2003; Out of Date and Out of Reach: Michigan's Unemployment System Needs Repair; and Child Day Care Funding: TANF and CCDF Trends

The League put on a full court press involving legislative testimony, reports, a media campaign, and work with CBPP. Once the League brought it to their attention, the *Detroit Free Press* and the *Lansing State Journal* editorialized against the governor's plan. The *Detroit News* ran a front-page story under the headline "State Diverts Welfare Cash." Parks provided her material to CBPP, which alerted the U.S. Department of Health and Human Services (DHHS). As a result, all states received an instruction from DHHS that TANF funds cannot be used for property tax relief.

Meanwhile, Michigan had already built the supplantation into its budget for two tax years, and was permitted to keep it for those two years only. Thus the fiscal 2003 budget would be the first where the state would have to find a new way to pay for the tax cut. Parks watched carefully throughout the entire budget process to make sure the supplantation didn't make its way back in to the budget. However, back-loaded tax cuts and a declining economy meant that the state was hemorrhaging and lawmakers were under severe pressure to find ways to balance the budget.

Suddenly, in the conference committee decision document outlining the budget for the Family Independence Agency (FIA), Michigan's welfare agency, Parks discovered that state officials persisted in trying to use federal dollars inappropriately. First, federal extended unemployment insurance funds made available post 9/11 under the Reed Act were placed in the Work First budget. These new funds took the place of TANF funds, \$50 million of which were then shifted into FIA's budget to cover social services previously paid for through the federal Title XX Social Services Block Grant. And then? Fifty million dollars of the Social Services Block Grant was used to pay for the Homestead Property Tax Credit. "Not only had they found a way to dress up TANF dollars and call them something else, but it's almost double the amount they were diverting before," says Parks. "It's an outrageous use of truly precious dollars for needed services."

That's when Parks left the hearing to call CBPP. She provided CBPP staff with all the needed information and CBPP again turned to DHHS. As a result, FIA received a letter from DHHS informing them that Social Service Block Grant funds

"It's an outrageous use of truly precious dollars for needed services."

- Sharon Parks
Director
Michigan Budget and Tax Policy Project

could not be used in this way. Nevertheless, FIA submitted its plan with no change. "We are watching," Parks says. "We are in contact with CBPP. And when the legislature reconvenes, we will be raising it."

The League's close monitoring of the state's welfare budget is an excellent example showing why the vulnerable citizens of this country need budget and tax expertise on their side. It is an unfortunate truth that the massive diversion of \$50 million from programs to help the poor achieve self-sufficiency would easily slip by most observers and advocates, who cannot take the time to explore the byzantine detail of state budget documents and processes. "We are the only ones raising it," says Parks.

Parks's work on this issue is an integral part of the broader work of the Michigan League of Human Services to advocate in the public policy arena for underserved and often left-behind members of Michigan society. It is work that the League has been at for a long time.

History and Policy Context

The Michigan League for Human Services was founded in 1912 as the Michigan Conference of Charities and Corrections. The original founders described it as an "independent association of citizens interested in the health and welfare of Michigan." In 1919, the name was changed to the Michigan Conference on Social Work. Operating with volunteer efforts augmented by dues and conference fees, the organization responded to the needs of vulnerable populations. During the Great Depression, that meant the unemployed. In 1932, the State Welfare Director asked the League for assistance in revising Michigan's "Poor Law." The next year, the League launched the statewide Welfare News. Each year, a variety of proposals were actively supported during the legislative session.

In 1938, the League incorporated, adopting the following mission statement:

"To promote social well-being by facilitating the discussion of methods which will make for social progress; by assisting charitable organizations and institutions enlisted in this cause to increase their efficiency in behalf of the public; by disseminating information concerning social conditions and social work; and by developing concerted action to produce practical results among individuals and charitable organizations engaged in public or private welfare work, by the promotion of plans for a better understanding of such problems by charitable, scientific, literary and educational means."

In 1940, the League changed its name to the Michigan Welfare League and adopted a three-point program:

- Education regarding social welfare objectives, problems, and methods
- Improved standards in the field of social welfare
- Assistance in the development of an adequate and effective public welfare program

At this time, the League also began outreach activities to small communities, an activity that continues to this day. In 1949, the organization that is today the Michigan Association of United Ways assumed major financial support of the League.

The League held its first Legislative Forum in 1961. Over the next few years, it formed and staffed coalitions such as the Citizens Council on Agricultural Labor, to address the conditions of migrant workers, and the Public Assistance Study Committee. In the 1960s, the League was instrumental in establishing the state's Aid to Dependent Children with an Unemployed Father program.

In 1971, the League adopted its current name, the Michigan League for Human Services, explaining the change by the need to "encompass the wide range of services required to address basic and supplemental needs of the state's vulnerable citizens." During the energy crisis of the 1970s, the League published a policy analysis called *Energy and the Poor* that included many recommendations later implemented as either departmental policy or state law.

In the face of Reagan era budget cuts, the League took the lead in forming the Michigan Coalition for Fair Implementation of Block Grants to oppose reductions in essential services. The League also published a variety of reports and conducted a public awareness campaign to dispel myths surrounding public welfare.

The 1980s also saw the creation of the League's Emergency Cash Flow Loan Program to provide small, short-term loans to non-profit agencies to ensure that services would not be interrupted or staff laid-off, and the first publishing of the *Helping Handbook*, a resource guide direct service agencies can use to link clients with public services.

In 1991, the League organized and led a major, but ultimately unsuccessful, coalition opposed to the elimination of Michigan's General Assistance program that served 83,000 singles and couples without children. Several staffers look back on it as the League's finest hour. Afterward, the League surveyed former recipients and published a report on the impact of the program's loss that received wide acknowledgment from policymakers, researchers, and the media. In 1992, the League became one of the Annie E. Casey Foundation's KIDS COUNT sites, and in 1993 was invited to receive a planning grant for the State Fiscal Analysis Initiative.

During the 1990s, the Michigan Association of United Ways changed its funding policy of nearly 50 years, as various local

The League's Mission and Focus

The Michigan League for Human Services is a statewide, citizens' nonprofit organization dedicated to education, research, and advocacy for the benefit of low-income and other vulnerable citizens in the state of Michigan. The work of the League is concentrated in three core areas: educating the public through information gathering, research, analysis, and dissemination; advocacy for its constituents; and support services to the state's charitable organizations that make up the bulk of its membership.

United Ways chose to fund public policy organizations such as the League directly, rather than through the state association. The League has maintained a portion of prior support through these direct donations from a number of local United Ways.

The funding context is not the only part of the League's environment that has been changing.

In recent years, the governor has used his party's control of both houses of the legislature to reduce the opportunity for meaningful policy debate. "The governor maintains very tight control of the legislature," says Parks. Hearings are often scheduled on short notice and often before bills are even printed, making it difficult to provide timely and meaningful testimony. During this same period, according to Parks, both parties have become less sympathetic to the needs of the poor.

Michigan has a full-time legislature, and the legislature is well staffed. Both the House and Senate have fiscal agencies that are viewed by many as very competent and whose estimates are not compromised by political considerations. According to the state constitution, as in virtually all other states, the state budget must be balanced. The two fiscal agencies, the State Treasurer, and experts from the University of Michigan meet twice per year to develop and release public revenue forecasts. The budget is built around these forecasts, which prevents it from being balanced simply by making optimistic revenue forecasts.

Michigan has adopted term limits for legislators and the governor. Six years ago, when the limits first had an impact, 75 percent of the legislature turned over. The same thing happened in the 2002 election. Term limits present a two-edged sword to the League. On the one hand, the League must continually rebuild its relationships with legislators. On the other, inexperienced legislators often turn to the League as a source of credible, accessible information. Because of the long economic boom of the 1990s, there is no legislator who has experienced policy-making during the hard times and budget cuts that Michigan is now facing. This will make resolution of the current budget problem more difficult.

According to the League's analysis, the budget crisis is primarily a result of the steady flow of tax cuts enacted over the past twelve years. The resulting deficit is exacerbated by extensive use of earmarking. By 1998, 58 percent of the state revenues were earmarked for specific uses and not available for general fund spending.

The League's long history of working in Michigan's public policy arena and the unique factors in Michigan's policy context have influenced the approach it has taken in SFAI to influencing the policy process.

Approach

The League has internalized a number of the core principles enunciated by SFAI, although their adoption by the League generally predates the initiative. Over its long history, the League has also established its own ideas about tackling policy issues through research and dissemination. Finally, the League's current strategic planning process has opened a dialogue within the organization about fundamental questions, and board and staff are unusually ready to question current ideas and to seek ways to improve effectiveness.

SFAI Principles

SFAI principles—timeliness, accessibility, and credibility—are embedded throughout the League's board and staff. Board Chair Lynn Jondahl, for example, says that being timely requires "remaining on call, staying on top of what's going on, and anticipating what will happen next." Parks notes, "We are recognized for our ability to develop and widely disseminate information in a timely manner."

Accessibility has two dimensions. The first means being responsive. Parks says, "If someone asks us to talk with a group, we are there." Research Associate Jim Lunday notes, "People know you can call the League and we will put something together. We respond to requests for district-, county-, or city-level data very quickly."

Accessibility is also about how easily League publications can be understood. "We write for a broad constituency, not academics," says Parks. For example, to show the inadequacy of typical measures of poverty, such as the federal poverty level, a number of policy advocacy organizations have developed "economic self-sufficiency wages," by compiling current costs for basic needs like housing, food, health care, and transportation. After considering a particular approach adopted in a number of states, the League chose to develop its own, more simplified approach, to ensure better comprehension among its broad constituency.

The payoff from adherence to accessibility is illustrated by a story told by CEO Ann Marston. "I was having dinner with a group of women legislators, and one of the newer ones asked her more seasoned colleagues, 'How do you manage the paper flow? What do you keep? What do you toss?' I was thrilled when one answered, 'The department may give me a 40-page report, the League a four-pager. I keep the League's. I know they have hit the major elements that make a difference.'" As Parks puts it, "The League's analysis is the 'one look.'"

Credibility is also a core principle at the League. Parks notes that the League's long history lends to its credibility and says, "Nobody ever disagrees with our numbers though they may disagree with our conclusions." While part of credibility comes from just telling the truth, it is also the result of investments in

quality analysis. Marston notes, “We’ve got automated historical data files from the state welfare agency that other organizations don’t have because the data was only disseminated in hard-copy. We invested in converting them to electronic form to strengthen the historical perspective in our analysis.” As a result, Jondahl says, “Policymakers who have wanted to know the impact of policies, particularly the impact on low-income people, have consistently turned to the League as an information resource.”

Another principle articulated by Parks is to change the tone and tenor of the debate. “We try to frame it so people will understand it easily and intuitively,” says Marston. “We want people to say, ‘Oh yeah, I hadn’t thought of it, but it makes sense.’ We want to frame it in a way that will connect with what they care about, or at least can’t afford to appear not to care about.” When the League wanted child advocates to understand the importance of a state earned income tax credit, staff noted that poverty is the major risk factor for kids. Therefore, an EITC that helps lift families out of poverty is the best single prevention program for kids.

Marston also mentions the principle of “raising the level of public discourse.” This also has two aspects. The first is providing the information and analysis needed to enable legislators to be more informed, a role that has become even more important as term limits have reduced the level of experience and knowledge in the legislature. “But just as important is educating people about the world of public policy,” she notes. “When there are hearings outside of Lansing, we try to cover them as best we can, but we also get information out to our members. Recently, I was in Grand Rapids for a public hearing. Two-thirds of the people were there because of our materials.” And these are not just people from human service agencies, she emphasizes, but a broader public of interested and concerned citizens.

The League’s Homegrown Philosophy

In addition to the principles that were made explicit as part of SFAI, the League has found its way to a number of ideas that guide the way it operates.

Core strategic ideas guide issue selection. “The biggest risk factor for almost any negative consequence for kids is poverty,” notes Marston. “We focus on antipoverty because it’s the major prevention strategy.” Another of the League’s constructs is a continuum from public assistance support on one end through economic self-sufficiency on the other. The low-income families the League advocates for fall along different points of that continuum and require different kinds of supports. The League does not think only in static terms about what families need in their current economic status: “We work on issues that move people along that line toward self-sufficiency.”

Getting human service providers behind the agenda has been another important strategy. Pointing out to providers the connection between poverty and outcomes for kids has helped, but hasn’t been the only issue. Jondahl says, “Our constituents tell us, ‘These policies are bad, they hurt us, but we don’t have time to work on that. We are here to help people.’ We have had to convince our own folks that fiscal issues are important.”

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*-Ann Marston
President and CEO*

Showing how tax cuts lead to service cuts is one thing, but the League has also sought to influence how service providers think about the state’s overall fiscal health. “You can’t call for tax cuts and also for doubling children’s programs,” says Marston.

Perceptions are also affected by how the organization presents itself publicly. “We do not foster a bumper sticker mentality,” says Lundy. Lary Wells, Executive Assistant to Ann Marston, puts it this way: “We’ve made a choice to avoid the three-second sound bite, and we’ve criticized others for doing it. We don’t want to be superficial, but often that means we don’t appear in the story until the second page. On the other hand, it’s easier for us to respond because so much is left out to begin with.” The League believes that accuracy suffers when a good sound bite is the goal.

Parks points to a number of key ideas that underpin the League’s approach to media relations. “Relationships are everything,” she says. “We’re responsive, and if we don’t know something, we don’t guess or make it up. Media relations are not about getting quoted, but about getting our issues portrayed and portrayed correctly.” Marston concurs, “It’s as effective to shape and spin a story as to have your name attached to it.”

The League has also chosen to stay a bit above the day-to-day legislative fray. “We have felt our overall effectiveness is stronger if we are not as involved with the minutia of lots of bills, but rather focusing on this integrative process of framing issues, presenting data, and providing analysis,” says Marston.

Another important principle is to maintain good communication with people on the ground all over Michigan and then to find opportunities to interject what is learned into deliberations on the state level. Marston calls it “serving as the bridge to reality.” Through its membership networks, the League can investigate how policies are playing out and what is happening to programs on the ground. This data is then made available to both the legislature and administrative departments. In this way, the League has learned about and helped to improve policy and administrative behavior in such areas as transitional Medicaid, food stamps, and home heating assistance. These are issues that would have no way of getting on a public radar screen in many states.

While not afraid to take on issues, the League avoids unnecessary conflict. “Confrontation with the system is not the kind of work we do,” says Lundy. Wells notes, “We don’t highlight the worst because it’s not always helpful.” These classic political and media strategies, based on purposefully heightening conflict, work against building the kind of productive long-term

relationships the League has focused on, and that it believes are more effective in producing real change in the long run.

Finally, Board Member Glenn Kossick says the League adopts defensible, uncompromising positions long-term, but defensible, compromising views short-term. Examples of the former are its reports on the economic self-sufficiency wage and its assessment of the unemployment insurance system, which suggested policies that are not yet politically feasible, but were focused on moving vulnerable people to economic self-sufficiency. An example of the latter is a publication entitled *At What Cost? The Impact of Recently Enacted Tax Cuts in Michigan*, which focused on suspending already enacted tax cuts but stopped short of longer-term tax reform recommendations.

Questions for the Future

The League's current strategic planning process has led board and staff into a deeper review of its approach. Several major ideas for the future have emerged from the planning work to date.

Wells states, "We collect a great amount of data, but primarily for policy analysis." Board Chair Jondahl says, "We need to figure out how to more effectively use this information to take it to the next step, so that is genuinely useful to those who rely on it." Lunday explains, "We need to do a little more follow-up with member organizations to see if they have taken our information and found it helpful in their legislative advocacy efforts. Right now we rely on a certain amount of faith that once our information is in the hands of our members, they will do what they need to do. The combination of media and constituents drawing on our work, and our own efforts to serve as a resource to the legislature, is what makes the difference. We need to learn to do it even better."

The second major idea is to combine the analysis with a more human face. "Years ago, the League did interviews with homeless kids," says Jondahl. "The kids were asked what they would like to be. One responded, 'I'd like to be an endangered species, so I could be protected, and people couldn't beat up on me.' The League needs to get better at telling those kinds of stories. We would be more persuasive if we could enhance factual information with storytelling."

Organizational Structure, Staff, and Funding

The League is an independent, tax-exempt nonprofit organization. Membership is open to any individual or organization subscribing to the purposes of the League. The League currently has over 1,900 organizational and individual members.

"The budget work now underpins every aspect of what we do. The fiscal work is the glue that holds things together."

*-Ann Marston
President and CEO*

Michigan League for Human Services Staff in 2002

Ann Marston, Master of Social Work with concentration in Policy, Planning and Administration, Master of Arts in Counseling and Personnel, Bachelor of Arts in English and Education. Marston has 30 years of nonprofit administration experience and has been the president and CEO of the League for eight years.

Lawrence Wells, Master of Business Administration, Juris Doctor, Bachelor of Arts in Business Administration, Licensed Insurance Agent. Wells has 25 years of law and administrative experience and has provided technical assistance and consultation to managers of nonprofit organizations in Michigan for the past 12 years at the League.

Sharon Parks, Bachelor of Arts in Journalism. Parks has 25 years of experience with the League focusing on policy analysis, communication, and information dissemination. She heads the Michigan Budget and Tax Policy Project.

Jane Zehnder-Merrell, Master of Public Administration, Bachelor of Arts. Zehnder-Merrell has 27 years of experience in data analysis, presentation, and training and has been the director of the KIDS COUNT in Michigan project at the League for eight years.

Jim Lunday, Ph.D. in Sociology, Bachelor of Arts in Sociology. Lunday has 16 years of experience with data analysis and training and has been with the League for nearly two years. He is a research associate in the Michigan Budget and Tax Policy Project.

Dale Fickle, Masters Degree in Business Administration, emphasis in Finance and Management; Bachelor of Science in Economics. Fickle worked for 24 years in the Office of Budget, Analysis, and Financial Management in the Michigan Family Independence Agency. He joined the League's staff this summer as a research associate in the Michigan Budget and Tax Policy Project after taking part in the state's early retirement program.

Peter Ruark, Master of Social Work, Bachelor of Arts in Philosophy. Ruark previously directed an educational after-school program for at-risk children, taught English as a Foreign Language at the university and primary school levels in China, and worked in the mental health field. As a research associate, he focuses on welfare, workforce development, and economic mobility issues.

Stephanie Johnson-Wuttke, Bachelor of Arts in Business. Johnson-Wuttke previously worked for the Michigan House of Representatives and a Lansing-based lobbying firm. As a research associate, she staffs the Michigan Advocacy Project (MAP), representing MAP before the Michigan Legislature, state commissions, and task forces. She also provides regular legislative updates to the Michigan Association of United Ways on areas of interest to nonprofit human service agencies.

Lisa Babcock, Bachelor of Arts in Political Science, with a communications cognate. Babcock has six years of experience working in the Michigan State Senate, and seven years of experience as a newspaper reporter for media throughout Michigan and in Maine. The newest addition to the League's staff, she will be focusing on the League's new Middle Start project aimed at improving outcomes for middle school students.

It is governed by a widely representative, 35-person Board of Directors elected by the members from throughout the state. Board members are drawn from human service programs, academia, state and local government, organized labor, business, and church networks. The board is very knowledgeable about a broad range of social welfare and state funding issues and demonstrates strong governance ability. The organization is currently engaged in a strategic planning process with help from the Management Assistance Group.

The League's Funding

About seventy percent of the League's funding comes from foundations. Another 18 percent comes from local United Ways. Dues, fees, interest, and other contributions cover the rest.

The League has nine professional staff members, three of whom focus primarily on budget and fiscal analysis, although the budget and tax perspective infuses all the League's policy work. Professional staff are profiled in the box on the previous page.

The annual budget is just over \$1 million. Seventy percent of the League's funding comes from foundation grants. A little over half of the remainder comes from local United Ways. Dues and fees cover eight percent, while interest, contributions, and miscellaneous sources make up the remaining five percent.

Activities and Products

League staff working on budget and tax issues spend most of their time analyzing issues, preparing a variety of written products, disseminating their work, making presentations, and working one-on-one with individuals drawn from a variety of audiences.

Analyzing issues. Analysis is the foundation of the League's budget and tax work. League staff work closely with legislative and agency staff within state government to gain access to the raw data they need for their analysis, to ensure that they understand all its quirks and details, and to check whether they are drawing well-reasoned conclusions. They review public documents and monitor the federal and state legislative process and media reporting on issues of concern to vulnerable populations. They sift the data and tease out its implications for low-income families and other vulnerable populations. Analyses may focus on needs and conditions, look at the impact of current legislation or administrative policy, or bring in experience from other states.

Preparing written products. League budget and tax publications fall into four categories: op-eds, bulletins, brief analyses, and longer reports. Recent op-eds by Parks include a response to the lieutenant governor's call for supermajority requirements to raise taxes in the *Lansing State Journal*, and one in the *Detroit Free Press* calling for a state earned income tax credit. Bulletins are brief pieces focusing on facts and trends or summarizing pending legislation. Examples are the regularly prepared *Legislative Bulletins* summarizing the state budget at several points in the process from the governor's original proposal to the final budget that passes. Another series of bulletins called *Wages, Work, and Welfare* summarizes trends in statistics on employment, wages, and participation in state assistance programs by county. Most of the League's publications are brief analyses intended for immediate application to issues currently under discussion. Examples would be *At What Cost? The Impact of Recently Enacted Tax Cuts in Michigan* and *Suspending the Tax Cuts Could Reduce Budget Deficits*. The League also occasionally

prepares longer reports, which are bound and printed and are usually intended to be of use for a longer period. Examples would be *Out of Date and Out of Reach: Michigan's Unemployment System Needs Repair* and *Economic Self-Sufficiency: A Michigan Benchmark*. Each report suggested policy needs that League staff say were not currently politically feasible, but which helped established a position or goal for advocacy efforts to continue to work toward. At the same time, they note these reports have helped to bring about the passage of better legislation than would otherwise have occurred.

Public speaking. League staff frequently take the results of their analysis on the road to a wide range of audiences. Recent appearances include appearing on a panel on TANF reauthorization at a conference of the Council of Michigan Foundations, speaking to United Way Community Services of Detroit, and speaking at a conference called Strengthening Families, pulled together and attended by child advocacy networks. League staff also have standing speaking engagements with certain organizations, such as an annual panel on budget issues at the conference of the Michigan Nonprofit Association, and a talk on budget winners and losers for the Catholic Conference in Detroit. Leadership and staff regularly provide testimony at legislative hearings. The League does no marketing to create speaking opportunities, and actually has to turn down a number of requests due to resource limitations.

One-on-one consultation. "We are known as a resource, and people call," says Parks. As a result, League staff spend a great deal of time talking about budget and tax issues one-on-one with a broad array of people drawn from the League's deep networks of human service organizations, media, and policymakers. The League's report on the wages needed for economic self-sufficiency has generated calls from legislative committees seeking technical assistance on living wage legislation and members of local workforce development boards concerned about wages and the cost of living in their counties. The Michigan Association for the Education of Young Children calls, looking for solutions to the state's budget crisis, asking how much is left in the state's rainy day fund, and what that might cover. Child advocates call to understand the role of TANF dollars in paying for child care, to find out why they need to be concerned about TANF reauthorization, and to learn the complex ways federal Child Care and Development Funds are being used. Members of the media call, wanting background on an issue, a comment or reaction, or referrals to people who can provide a desired angle or a human face for a story. Parks meets personally with members of the press. Meeting with someone from public radio about rural poverty or having lunch with a reporter from a newspaper chain serving Muskegon, Grand Rapids, Ann Arbor, Flint, and Kalamazoo are some examples.

Other League activities complement the work of the budget and tax policy staff.

Annual conference. Each year, the League runs a day-long conference to keep members and others up to date on current issues. The conference attracts 300-400 people annually. The 2002 conference focused on the state's budget problems and the need to reshape both spending priorities and tax policy. There were

sessions and workshops throughout the day on TANF reauthorization, Medicaid, child well-being, education finance, low-income housing, health care cost containment, prevention as an investment strategy, tax policy, and structural deficits as well as general workshops on lobbying and advocacy. Like other conferences, the League's is a good place to network with others and quickly get caught up on a range of issues.

Quarterly forums. Each quarter, League staff go to different parts of the state to spread the message about their work in Lansing. But more importantly, they go to find out what issues and concerns are present at the local level. Through the quarterly forums, League staff are able to stay in touch with the grassroots and ensure they are working on the issues of most importance to their constituency.

Money Back in Michigan. Each year, the League runs an outreach campaign to low-income families called Money Back in Michigan. The purpose is to educate people about the existence of a variety of federal and state tax credits they may be eligible for, and to encourage people to file for them. A set of flyers and a sample newsletter article go out to over 500 organizations throughout the state including local Salvation Army, county welfare, and legal services offices. Agencies are encouraged to copy the flyers, leave them in waiting rooms, and publicize the tax credits in other ways. According to Parks, the program has been so successful, people start calling in November asking when the materials will be available.

Member Services. The League provides assistance in various ways to member organizations. In any given year, staff provide technical assistance and consultation to over 100 organizations on legal, personnel, and financial management issues. The League's for-profit insurance subsidiary provides nonprofit member agencies with access to health care insurance for their employees and access to affordable liability and property coverage. The League also has an Emergency Cash Flow Loan Fund for nonprofits through National City and Bank One. In addition to the statistical and legislative bulletins mentioned earlier, the League's *Human Services Connection* provides regular information to members about available grants and contracts, important issues for managers of nonprofit organizations, and human service developments of significant local interest.

Building Coalitions and Leveraging Key Relationships

Historically, the League has lent its support to many coalitions and is part of many networks in the state. In different situations, the League may take the lead in forming a special coalition to move a particular issue, join an existing coalition and support it with analysis, or participate in standing coalitions or committees. Parks refers to the primary groups the League works with as "the usual suspects," which tend to be state-level human service organizations, larger local organizations, and major church groups. Most of these are members of the League, but League membership is not the focus of coalition building.

An example of taking the lead in forming a coalition occurred recently around suspending further reductions in tax rates to

The League's Policy Agenda

The issues of major concern to the League have been:

- Generating adequate revenues for state government through responsible state tax policy and effective use of federal funding opportunities
- Focusing on supports for family economic success, as the cheapest and most effective prevention program of all
- Broadening eligibility of unemployment insurance to part-time, low-wage, and temporary workers
- Creating a state earned income tax credit

help solve the budget crisis. The League had performed its budget analysis, which highlighted the proposal to delay the tax cuts. As part of their normal relationships, League staff spoke with various groups about the budget issue and the proposed suspension. In conversations with staff at the AFL-CIO, the idea of a coordinated effort to suspend the cuts arose. The League staff concurred that it was appropriate for the League to take a lead role in convening the coalition and that they had the resources to do it right and do it quickly. League staff invited other groups with whom they had worked before and organized a press conference. Eight other groups besides the League took part in the press conference. That coalition then worked to get the proposal out into the media, which they did via news stories, editorials, and op-ed pieces.

The Coalition for Fairness in Health Policy was a group that came together over a concern about a Medicaid waiver Michigan has been planning to submit to the federal government. The League was asked to join and did so. Using its membership, the League provided analysis of its other issues to the group. As a result, the coalition broadened its purpose to include support for the delay in the tax cuts.

An example of cooperation with organized labor occurred around unemployment insurance. Labor had been advocating for an increase in the maximum benefit and legislation was on the table. In parallel, the League was working on a broader analysis of unemployment insurance focusing on the ineligibility of low-wage, part-time, and temporary workers, but including analysis that showed how poorly Michigan's maximum benefit compared with other states. In releasing their report, the League included labor groups in the press conference, but also brought in children's groups to show the impact on children and families. Whereas labor's interest could be seen as self-serving, the League was able to demonstrate broader public interest in the measure, while repositioning the issue to be about support to vulnerable populations.

The League is a key player in the Michigan Coalition for Children and Families (MCCF). An unincorporated and unstaffed coalition, MCCF brings together child advocates from 50 organizations across the state to formulate a legislative children's agenda. The League provides MCCF members with all its

budget and tax analysis, and has encouraged MCCF to broaden its children's agenda to include budget and tax policy issues. As a result, MCCF has made suspension of the tax cuts, broadening of eligibility for unemployment insurance, and a state earned income tax credit part of its legislative agenda.

Another example of a standing relationship is the Michigan County Social Services Association (MCSSA). This organization is composed of county welfare directors and members of county social service boards who are responsible for implementing programs of the Family Independence Agency locally. The organization has a standing committee on standard of living, on which Parks serves. Through this membership, the League is able to reach out and distribute its products to a key audience, and at the same time, put its ear to the ground to learn about grassroots concerns and issues. MCSSA members use the League's analysis in their work with the legislature to influence the policy and behavior of the Family Independence Agency.

In addition to its deep and broad networks with human service organizations and others concerned about vulnerable populations, the League also continues to nurture its role as a valuable resource for the media and the legislature. Marston notes, "We are used as a resource for information, for understanding, and for analysis on a wide range of issues by both legislators and legislative staff."

Accomplishments

League staff are proudest of two significant accomplishments: their role in uncovering and fighting TANF supplantation, as discussed earlier, and their role in preventing the adoption of supermajority requirements for raising taxes (see box to right). Other accomplishments include the following:

Creating revenue options. In Michigan's ongoing fiscal crisis, policymakers lean toward service cuts. The League very early put out analysis showing that delaying further cuts in two key tax rates that had already been legislated but had not yet taken effect would solve half the deficit problem. It organized a press conference with eight other statewide organizations. Citing the League's work, both the Detroit Free Press and the Lansing State Journal editorialized in favor of delaying the cuts. Several news stories covered the policy debate and the Free Press also ran an op-ed by a coalition member. Several coalitions seized upon the proposal and began contacting policymakers. As of the Fall of 2002, the cut in one of the two taxes, the single business tax, had been delayed two years, preserving over \$300 million in state revenue the first year.

Living wage laws. Two League reports, *Economic Self-Sufficiency: A Michigan Benchmark*, and *Michigan's Families: Poor Despite Work*, emphasized the gap between what families need to live and what many in Michigan are able to earn. After reviewing these reports, a state legislator representing the city of Ypsilanti called and asked to meet to discuss their implications for living wage legislation. She also asked the League to send copies of the reports to Ypsilanti City Council members. Ultimately, Ypsilanti passed a living wage ordinance and the League's work

was cited in the law that passed. Other communities considering living wage legislation have also been in touch with the League.

Preventing diversion of federal home heating subsidy funds. In 2001, the League learned that the Michigan Department of Treasury was intercepting federal funds it was supposed to send to poor people to help them pay their heating bills, and instead was sending the money to third-party creditors to pay back debts, unpaid parking tickets, and similar arrearages. Working with the Michigan Advocacy Project, the League convinced the U.S. Department of Health and Human Services, which administered the federal funds, to intervene. This resulted in an effort to pass legislation prohibiting such practices in the future. Both were invited to participate in a Democratic Caucus meeting and presented testimony on the provision, which later became law.

Improving unemployment insurance. With benefits frozen since 1995, Michigan's maximum benefit was the lowest in the Midwest. With support from Democrats and organized labor, a bill was introduced to raise the maximum benefit. The legislation stalled over cost considerations and the legislature recessed. During the recess, the League, together with the National Employment Law Project, released *Out of Date and Out of Reach:*

Preventing Supermajority Requirements

In 1998, legislation was introduced in the Michigan House and Senate to amend the state's constitution to require a three-fifths vote of the legislature to raise taxes. In addition, the legislation would have required that any increase in overall revenues would result in a proportional increase in funds earmarked for schools and local units of government. At the same time, a simple majority could still implement tax cuts, preferences, and exemptions. The League's analysis, *The Crippling Effect of Supermajority and Earmarking Requirements*, clearly portrayed the dangers posed by the plan. The report concluded that the supermajority and earmarking provisions, if either or both were adopted, would "deal serious blows to the ability of the legislature to adopt sound fiscal policies for the state and to adequately fund state services in years to come." As soon as they received it, both majority and minority leaders called for additional copies. The League's report was used by a variety of advocacy groups during the Senate debate on the measure to urge a no vote and the bill was ultimately defeated. "We were told afterward that our analysis really made a difference and that it was the only one out there," says Parks. "I hate to think of how much worse our current fiscal situation would be if that legislation had passed."

Recently the supermajority proposal resurfaced. Early in 2002, Lt. Governor Posthumus, as part of his gubernatorial election bid, promised to reintroduce the supermajority proposal if elected. The Lansing State Journal ran an op-ed by the lieutenant governor, and their own editorial against it arguing the legislature's hands shouldn't be tied. Parks quickly contacted the paper, asking if they would entertain an op-ed responding to the lieutenant governor's piece. The editor said Parks's op-ed would have to say something new. She wrote a piece reprising the arguments from the earlier report and emphasizing the impact on programs serving vulnerable populations that depend on general fund revenues. "They ran our op-ed," she says. "And we got good play out of it." So far, no legislation has been introduced, but Parks says the League will be watching.

Michigan's Unemployment System Needs Repair. In addition to the benefit cap, the report was also critical of the exclusion of low-wage, part-time, and temporary workers. Immediately after receiving the report, the House Speaker requested additional copies. In the face of the broader changes the report called for, the stalled maximum-benefit increase readily passed. Legislators and editorial writers, while welcoming the increase, cite the League's report and say there's more to do.

Filling a gap in transitional Medicaid. Marston says, "We discovered people were falling through the cracks who should have been eligible for transitional Medicaid money. These were people who were doing what you want, getting a job right away, but because they had not been receiving Medicaid for six months before finding a job, they were not eligible for continued health care benefits. We immediately saw the need for a legislative remedy. Ultimately, legislation was passed which didn't go as far as we would have liked, but a state program was established to fill the gap for some recipients."

Fixing food stamp eligibility determination. Marston tells the story: "We heard people were being denied food stamps because they were receiving 'too much' private food assistance. It's not supposed to work that way. State eligibility determination workers are not supposed to consider private food assistance when determining eligibility. We went to people we know at FIA and talked it over. They got out a policy bulletin and cleared that up."

Challenges and Issues

League staff are looking to make their list of accomplishments longer. As they reflect on the factors that pose the greatest challenges, several broad themes emerge. Some have to do with changes in the characteristics of state government in Michigan. Others concern changes in the League's relationships with other external parties.

Fiscal conservatism and budget cutting. For the past twelve years the state has been under the leadership of a governor primarily interested in lowering taxes, and then cutting state spending as needed to balance the budget. The Senate was already aligned with the administration's fiscal views when it came into power, and over this period the House and even the State Supreme Court became more supportive of this tax and budget cutting agenda. In the face of such strong political support for fiscally conservative policies, the League has often found itself engaged in analysis showing the effects of legislation that would undermine opportunities for working families. It has not always found broad support among policymakers for its fiscal and budget proposals.

Term limits. Michigan now has term limits on both houses of the legislature and the governor's office. Prior to the introduction of term limits, the League had built considerable credibility and trust among long-term legislators who enjoyed the influence that goes with seniority. All that was lost when term limits came into effect. "We used to be called on regularly for advice by legislative committees," says Board Chair Jondahl.

"Now we are not. Term limits and increasing partisanship have destroyed that relationship." The legislature already turned over once since term limits were initiated and changed again in 2002. Each time, the League must invest anew in establishing itself with a large cohort of freshman legislators.

Early retirement. Eight thousand state employees took early retirement in 2002 as part of a cost-cutting initiative. The League's newest budget and tax policy analyst, Dale Fickle, was one of those employees. Parks is very excited to have Fickle on staff; in fact, she admitted she sent him a position description as soon as the early retirement program was announced. But the state is only planning to replace one person in four. Looking at the Family Independence Agency, the League is concerned there will be terrible impacts on service delivery, policy development, and accountability. "Just about every person I worked with over there is gone," says Parks. In addition, positions in service delivery have priority for replacement, so that there will be dramatically fewer people in the policy development and accountability areas that the League has relied on for data and expertise in the past.

In addition to the above challenges resulting from changes within the state government, League board and staff also identified challenges stemming from their funding environment and within the nonprofit sector.

Loss of United Way funding. For almost 50 years, the League received the bulk of its financial support from local United Ways through the Michigan Association of United Ways. Unhappy with the amount of funds raised locally that they allotted to state-level organizations, the United Ways revised their allocations process, requiring each organization to apply directly to local United Ways rather than through the state association. The League was invited to seek funding from several local United Ways, and has done so. Several of the larger local organizations do give and even a consortium of smaller ones do as well, but the total is less than before. To replace the lost funding, the League pursues foundation grants. Although foundations have been responsive with project-focused grants, the League has far fewer discretionary dollars than in the past. It is careful to seek only funding that meshes with its mission, but remains concerned about whether sufficient funding that is on mission will continue to exist.

Resource constraints. With a budget just over \$1 million, the League is trying to do a great deal with limited resources. Frequently, it faces hard choices about whether or not to become involved in broader coalition activities or to provide technical and other support to various issue campaigns, and must even turn down opportunities to share their work through public speaking. With help from the Management Assistance Group, the League is engaged in a long-term capacity building program. The Board has been engaged in strategic planning and the organization recognizes both the need to increase its fund development capacity and the tremendous potential that new funding would bring for increasing its analytic, outreach and dissemination capacity.

Nonprofit timidity about lobbying. In order for its fiscal and budget analysis work to have impact on policymaking, the League depends on the advocacy and lobbying efforts of many organizations throughout the state to whom it makes its work available. However, many nonprofits around the state are cautious about engaging in certain advocacy activities for fear of jeopardizing their tax-exempt status. “Groups are very shy about being political,” says Jondahl. “There is difficulty in getting across what one can and can’t do in the political arena.” Wells, himself a lawyer, notes that between 1976, when federal lobbying legislation was passed, and 1990, when the regulations were finally issued, groups were afraid to do any lobbying. The regulations were actually much more permissive than the language of the legislation suggested, but “we are still trying to help agencies overcome that fear,” he says.

The Michigan League for Human Services has been engaged in policy and advocacy work relating to vulnerable populations for longer than the leaders of most advocacy organizations have been alive. Over the decades, it has become deeply part of the

policy environment in Lansing and across the state. The League is often looked to as the presumptive convener of coalitions on a variety of issues due to those connections and the lack of self-interest in its positions. Through SFAI, the League has married those assets to new analytical capacity concerning budget and tax issues. The potential potency of this combination can be seen in some early legislative accomplishments, but for well over a decade the characteristics of the state’s fiscal climate and funding constraints have limited the League’s achievements in the areas of tax and budget policy. As term limits continue to force turnover in state government, and as the League develops new capacity to broaden its funding base, the deep roots it has put down in Michigan will help provide the energy needed to continue its efforts to seek more adequate revenues for state government and a public policy framework that supports an improved quality of life of vulnerable populations.

