



Session 3D:

## **What Are the Lessons Learned from Recent California Asset Policy Efforts?**

**Moderator:** Bob Friedman (BF)

**Panelists:**

- Betty Yee (BY) – BOE, Gov. Davis; helped advance EITC proposal.
- Marco Firebaugh (MF) – former Assembly Member
- Liz Doyle (LD) – AFL-CIO/Prop 72

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### **SUMMARY OF TOP THREE ISSUES THAT EMERGED:**

- Difficulty of operating/advancing issues in a term-limited environment
- Need to develop inside-outside games—can't just play inside legislature
- Need to deal with trade-offs; identify source of funds

Issues: Health Care, Asset Disparity Studies (ACR254), STATE EITC proposals

### **CHALLENGES:**

- Term limits in Sacramento
- Need to ID source of funding w/o organizing opposition
- Need to build base of research understanding

### **OPPORTUNITIES:**

- Take advantage of bi-partisan appeal; reach out early and often
- Don't be afraid to think big

### **NEXT STEPS:**

- Need short-, medium- and long-term proposals/strategies
- Build enduring infrastructure for this advocacy outside of Sacramento

### **DISCUSSION SUMMARY:**

BF: Why did you come up with your initiative?

BY: Had worked for Carole Migden who thought about funding a state version of EITC.

Migden originally wanted to repeal the manufacturing credit and was looking at issues of tax equity and fairness around the tax credit. \$2 million a year was being given away to large corporations without the 100,000 jobs that were hoped for. She was interested in creating a new jobs creation tax credit, an effort that got complicated by definitional issues around living wages, local ordinances, the accountability of the credit, the measurability of the credit and the ability to finance the credit.



Midgen decided to focus on EITC instead. Her office looked at the disparities that exist, such as the \$30 million that goes to middle-income individuals every year in tax relief. The biggest hurdle her office faced was that they needed a 2/3rds vote to pass anything, which posed a challenge. They wanted to inject EITC into the budget debate, but there was not enough energy for it.

BY feels that there is a need to educate legislators on the difference between income and assets, that this task requires more focus than ever. She believes that all of the main work needs to be done outside of the legislature because legislators have limited timelines (term limits). She believes that we need to partner with everyone, including corporations.

MF: Discussed the fact that one impediment to wholesale change is knowledge. To that end, his office looked at income disparities across groups in California, paying particular attention to Latinos. He turned to the CA Research Bureau for assistance. The CA Research Bureau found that they need a boarder base of support for major policy initiatives and there are deep disparities that can be mediated by education. Firebaugh also referred to a 1999 study on Latinos in Economic Development. This study found that although one-fourth of the workforce in California is Latino, this group also had the lowest levels of education. If Latinos could be brought to educational equity, we'd have \$28 billion in earnings and \$1.7 billion in tax generation. Overall, the study recommended enhancing the affordability of pre-school, improving K-12 education, most post-secondary outreach and the better use of employment and training money. He also spoke briefly about ACR 254, a resolution to set the short and long-term policy agenda in California.

Firebaugh agrees that term limits are a big challenge.

LD: Ms. Doyle worked on SB2, the expansion of employer health care coverage. SB2 would have required employers of 50 or more to cover their employees and employers of 200 or more to cover families of employees as well. SB2 would have covered 1-1.5 million additional individuals in California. It was passed by the legislature and then placed on the statewide ballot by the restaurant lobby and repealed by popular vote: 49.2% to 50.8%.

Health care is a major issue for workers right now, more important than any other issue last year. LD believes that everyone is losing ground on this issue. 7 million people in California are currently unemployed.

Question: What lessons do you draw from your daily experience?

LD: The narrative has become engrained that health insurance for workers is a job killer and that it is government-run health care. We need to come up with a counter to this narrative and to reframe the debate on how the economy is working in California. We



found through our campaign that one Californian talking to another is the most influential. (80% of people surveyed said this.) Another great challenge of ours was the fact that the initiative was written as a bill and hard for the public to follow.

MF: In a term-limited environment we need help from constituency groups in order to make better and more lasting policy. We also need to make major changes in terms of redistricting and term limits.

BY: Our biggest mistake was pursuing EITC mid-stream. We need to discuss our long-term investment needs for CA. Carole Migden passed the strongest statewide predatory lending action to date with the help of ACORN. We need grassroots support.

Question: Can we get a statewide EITC? (Ong)

Answer:

We're hopeful, but how are we going to finance it and what will be the trade-offs?

Question: There is a tension between legislators needing to wait and communities needing to build their support for legislation. How do we get things like EITC in the public discourse? The media has a big role to play.

Answer:

LD: Agrees with the speaker's concern. The Cal AFL-CIO didn't build a broad-enough base, especially with employers in the beginning.

Question: Say more about the "Inside/Outside" Strategy. A lot of our members didn't understand Prop. 72 because we were late in framing the issue. We get so caught in the inside game that our grassroots efforts start to atrophy. A lot of our issues have been co-opted by the right (e.g. family issues and security). What is your sense of priority and base-building? How should we approach asset building sectorally?

Answer:

The history of the big battle has been one of organization. If we could arm people for this battle, we would be done. People power still matters. When people are up in arms, legislators do listen. People asked, *Does it matter if we come up to Sacramento?* It does matter! Organized base back home is incredible important. How do you educate folks? How do you sustain involvement? Philanthropy needs to be involved. Historically, there's a paucity of foundations willing to engage in that debate, but it is absolutely the way to make change.

Comment from attendee: There is a push-pull between better measurement and working long-term for social change, especially in the corporate foundation coming from a business perspective.



BY: The philanthropic community can be helpful. We should have short, medium and long-term initiatives. The legislature should look at itself more. Legislators used to become an expert in an area and could take 10 years for something to pass.

We need more leadership development opportunities for community members, like Polanco's Leadership Institute in LA which is partially funded by Ford.

Assembly Member Nicole Cameo: We need to build more trust in the community. Loretta Sanchez has a great model where she has precinct leaders who represent her.

Question: What about the privatization of social security? (Ottlinger)

LD: Labor hates the idea. It's happening in California, too. Another perversion of asset-development. A very serious threat to economic security in CA.

MF: It's not a good idea because there won't be the investment expertise of experts.

BY: Opposed to the state and federal privatization.

Question: I was told by a legislator not to let yourself be put in a box with these ideas.

BY: How do we frame issues to make them more attractive to people? Members will be looking for cover, so we need to give them a safe place to be.

**BF: Themes from the session**

- **Need for inside and outside strategies**
- **Recognize and deal with term limits**
- **Importance of working across partisan lines**
- **Be clearer about the trade-offs**
- **Build an enduring, long-term base**
- **Mix short-term and long-term proposals**
- **Don't give up on the big battle**