

Explaining Liberal Policy Woes in the States: The Role of Donors

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"[S]tate governments are important in their own right, and if we are going to advance our political and policy goals, we must gain a greater appreciation of the inherent value of conservative leadership within precisely this sector of the federal system.... There are strong policy reasons as well as strong political arguments for building at the state and local level.... States will... be the battleground for some of the most intense battles"

—Don E. Eberly, speech at the Heritage Foundation, 1989

"State policy work wasn't sexy to [liberal] donors."

—Liberal state-policy advocate, 2015 interview with author

State governments have surged to the forefront of national politics in recent years. Faced with partisan gridlock and concerns about the size of the federal deficit, national political leaders have increasingly looked to the states as alternative sites for policy making. The Obama administration, for instance, made state governments substantial partners in nearly all of its major domestic-policy initiatives. Perhaps most significant, the health-reform program championed by the President and Congressional Democrats—the 2010 Affordable Care Act—delegated significant portions of its implementation to the states. For their part, conservatives have turned to the states in their efforts to undermine the implementation of various Obama administration proposals, including education standards, the health-reform law, and the new Environmental Protection Agency rules. Conservatives have also enacted measures to weaken long-standing progressive economic policies, especially labor standards and the collective bargaining rights of public-sector workers.

Yet, despite the ongoing importance of state politics, liberals and conservatives possess vastly different resources to bring to America's statehouses. As a result of four decades of aggressive institution building, conservatives can count on a well-developed infrastructure of organizations to promote a coordinated national-policy agenda. Liberals, however, have faltered in similar efforts, establishing only a minimal and fragmented capacity for subnational-policy mobilization. As one union official begrudgingly acknowledged recently, conservatives and their affiliated organizations deserve credit because "they made a sound strategic decision to prioritize activity at the state level and they beat us to the punch. They were smarter than we were" (quoted in Vogel 2014).

Why is it the case that the Right has enjoyed a strong and increasing capacity for action across the states in recent decades whereas the Left has not? Although there are numerous explanations for this imbalance, one factor—the role of funders—can provide a substantial amount of analytical leverage in explaining the failure of left-wing state networks. (On financial patrons, see canonically Walker 1991; on the relationship between funders and grantees, see especially Teles 2010 and 2013; on factors other than funding, see especially Hertel-Fernandez and Skocpol 2015a.)¹ Moreover, other than illuminating the historical sources of contemporary political conflicts, a close examination of the financial patrons of these various organizations provides broader insight into the relationships between donors, grantees, political leaders, and—ultimately—policy outcomes.

The next section outlines evidence of the significant imbalance between the Left and the Right in cross-state organizing capacity. The role of funders in impeding the construction of a robust liberal policy infrastructure in the states is described next. The final section reflects on recent possibilities for liberal efforts, as well as broader lessons for our understanding of the relationship between donors and American politics.

ILLUSTRATING LEFT–RIGHT IMBALANCES IN THE STATES

Figure 1 illustrates the disparities in cross-state organizing capacity on the Left and the Right on economic issues, which is the focus for the remainder of the article. The figure contrasts major efforts made since the 1970s, showing various organizations and the years in which they were founded and then closed (if applicable) for the Left (in black) and the Right (in grey) (Hertel-Fernandez and Skocpol 2015b). This chart counts any initiative launched on either the Left or the Right to shape state legislation across the country. Accordingly, groups that are predominantly focused on Congress or on cities are excluded. The final list includes some groups organized as political-action committees, such as the Progressive Majority; others that count themselves as nonpartisan, social welfare nonprofits (for example, 501(c)3s) that are legally restricted from significant lobbying, such as the American Legislative Exchange Council; and still others that have both 501(c)3 and 501(c)4 arms, such as Americans for Prosperity, which can lobby and engage in electoral politics. The shared characteristic among the groups in figure 1 is their mission rather than their particular legal structure.

Readily apparent from this chart are two observations: (1) there are fewer cross-state groups operating on the Right; and (2) these organizations have been operating continuously

Figure 1

Comparisons of Cross-State Policy Advocacy Groups on the Left and the Right

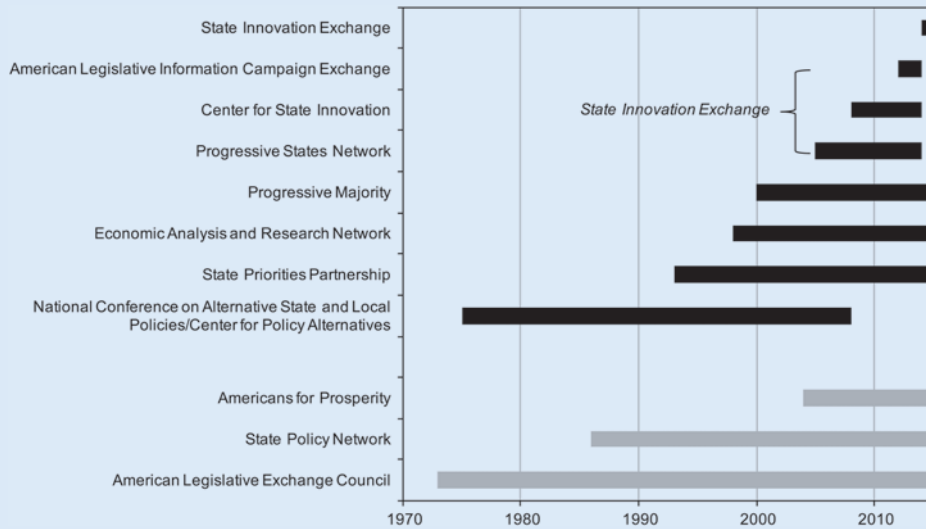


Figure from Hertel-Fernandez and Skocpol (2015b). Founding and closure dates compiled from IRS tax filings. Black bars indicate liberal groups while grey bars indicate conservative groups.

capacity on the Right. At present, there is no single group that comes close to duplicating the functions of ALEC, although several past efforts—namely, the CPA and the PSN—have tried. Neither are there many groups with the same structure as AFP, which could operate in a federated yet centrally directed manner to promote policy and elect lawmakers across diverse states and localities. Unions, especially public-sector unions, have played this role in the past but are in no position to do so in the current economic and political climate. Moreover, instead of having a single network of liberal state-policy think tanks, as on the Right, there are two

for a much longer period than comparable efforts on the Left. Liberal cross-state groups developed more sporadically, with many efforts sputtering out over time (for example, the Center for Policy Alternatives [CPA] and the Progressive States Network [PSN]).

At present, three main organizations promote conservative policy proposals across the states: the American Legislative Exchange Council (ALEC), the State Policy Network (SPN), and Americans for Prosperity (AFP). Whereas ALEC drafts and disseminates model legislation to its membership of almost 2,000 state lawmakers in partnership with private-sector firms and conservative activists, SPN provides coordination and support to a network of conservative think tanks operating in every state. For its part, AFP organizes more than 2 million right-wing grassroots activists in chapters with paid staff in 34 states. AFP also buys political ads to help elect highly conservative GOP politicians—and then to spur those lawmakers to support its policy agenda. The three groups work closely with one another: SPN generates media coverage and research in support of the model bills developed by ALEC and AFP uses its grassroots activists and campaign war chest to pressure state legislators to support ALEC-model bill proposals. The three right-wing cross-state networks, for instance, coordinated to prevent the expansion of Medicaid in the states as part of the Affordable Care Act (Hertel-Fernandez, Skocpol, and Lynch 2016). ALEC encouraged its members to oppose Medicaid expansion bills; SPN state affiliates produced a slew of research, commentary, and testimony making the case against Medicaid; and AFP threatened to unseat GOP lawmakers who voted for expansion proposals in subsequent elections.

Shifting our focus to the Left, it is difficult to find groups that could match—much less rival—the cross-state organizing

competing coalitions of progressive state-level think tanks run by Washington-based, left-leaning policy groups: the Center on Budget and Policy Priorities, which coordinates the State Priorities Partnership, and the Economic Policy Institute, which runs the Economic Analysis and Research Network (EARN). Although these two networks are institutionally separate in Washington, in practice, there is substantial overlap in the membership between them, with many state-policy groups participating in both the State Priorities Partnership and EARN (Hertel-Fernandez and Skocpol 2015a). Thus, the picture of liberal cross-state organizing that emerges from figure 1 is a substantially fragmented and uneven constellation of organizations. I now examine how the behavior of philanthropic donors can help us to understand why liberal groups have evolved in this way.

THE ROLE OF RELUCTANT DONORS IN EXPLAINING LIBERAL WOES

State-policy coalitions on both sides of the political spectrum have long relied on grants from philanthropic foundations to fund their operations. Yet, over the long term, liberal and conservative foundations have behaved very differently, with attendant consequences for the success of Left and Right policy agendas. There were many critical moments when progressive leaders sought to construct Left networks and were hampered by a lack of sufficient support from the philanthropic community.

One early effort was the National Conference on Alternative State and Local Policies (CASLP). Formed in 1975 after a meeting of the same name in Madison, Wisconsin, CASLP aimed to “provide a forum and a meeting place for local officials and others to exchange ideas, bills, and proposals through a wide-ranging program of publications, newsletters,

and regional and national conferences”—in essence, much like ALEC, which had formed two years earlier, but operating on the Left (Shearer and Webb 1975). CASLP received funding and administrative support primarily through the Institute for Policy Studies, a left-wing national think tank in Washington, DC. Attendance at its annual meetings doubled from nearly 300 in 1975 to 600 in 1980 (Clavel 2010).

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Like ALEC, CASLP recognized that many local and state lawmakers lacked the resources to design policy. Therefore, CASLP helped to draft and disseminate a variety of model bills for city and state governments that covered issues as diverse as “land use, tax reform, consumer protection, agricultural policy, minority employment, public power, community- and state-owned enterprises, control of natural resources, women’s issues, public employees, and many others” (Shearer and Webb 1976). However, despite strong interest in the group from lawmakers, CASLP faded in the 1980s. By the mid-1980s, Lee Webb, the group’s founder, had left the organization (Clavel 2010). A key obstacle facing CASLP—and the reason for the group’s demise, according to one leader in the organization—was “a constant lack of funding” from left-wing foundations (Clavel 2010).

Some CASLP participants attempted to reinvigorate the initiative in the 1990s with the CPA, which aimed to create a network of state and local lawmakers to disseminate progressive ideas and bills—again, much like ALEC. After steadily increasing membership and revenue in the 1990s, the CPA subsequently struggled to garner financial support for its activities and largely relied on grants from one foundation, which was mostly interested in financing leadership training rather than in developing and disseminating concrete policy ideas (W. K. Kellogg Foundation n.d.).² Major philanthropies had simply lost interest in cross-state advocacy, according to CPA staffers, and CPA’s budget declined by more than 60% from 2000 to 2005.³ After the end of the CPA in the mid-2000s, a progressive political entrepreneur attempted to develop a more robust and direct counterweight to ALEC and sought funding from both unions and foundations. That leader was unable to obtain “a dollar of funding” for the new state network from either the labor movement or philanthropic donors.⁴

The PSN also attempted to fill the void. Although at its peak, the group claimed approximately 1,000 left-leaning state legislators as members, it was narrowly focused on short-term labor-related issues, given that it relied heavily on union donations. The PSN did not prioritize long-term political strategy, which ultimately spelled its demise.⁵

A more successful initiative has developed in recent years as the American Legislative and Issue Campaign Exchange (ALICE), a project started by Joel Rogers, a sociology and law professor at the University of Wisconsin. Nevertheless,

according to interviews with ALICE staff, the group was never intended to be a direct copy of ALEC on the Left because the organization was unable to secure sufficient funding for the full range of services and activities that ALEC offered its state legislative members.⁶ Instead, ALICE was intended to provide a clearinghouse of progressive policy research and proposals that legislators could use to develop their own bills—a “library”

rather than an aggressive lobby. Tellingly, Rogers had attempted to build a previous version of ALICE in 2006 that failed due to a lack of funding from traditional left-wing sources. Rogers also started another initiative at the University of Wisconsin, the Center for State Innovation, which aimed to provide resources to state executives to develop progressive public policy.

Last, the EARN and State Priorities Partnership networks of state-level think tanks run by the Economic Policy Institute and the Center on Budget and Policy Priorities have both operated for some years (since 1998 and 1993, respectively) but have struggled to adequately respond to ALEC and SPN.⁷ Although the groups have had several notable victories (for example, the diffusion of state earned income tax credits in the case of the Center on Budget network; Schmitt, Boots, and Murrell 2014), they have largely responded to conservative movements rather than advancing proactive progressive policy.

Thus, progressive leaders have repeatedly sought funding from philanthropies to construct networks of think tanks, state and local policy makers, unions, and other advocacy groups. In contrast to their conservative counterparts, however, those progressive leaders were hampered by several cultural and institutional obstacles present in left-leaning philanthropies. Most centrally, traditional progressive foundations have been reluctant to finance partisan policy development and lobbying, at least since the 1970s. (On the reluctance of nonprofits to engage in politics more generally, see Berry and Arons 2005.) In response to an interview asking if his organization would attempt to counter the rising influence of the Right in state governments through ALEC and SPN, one foundation leader reported, “We tend to fund national organizations in the mainstream with moderate views” and his philanthropy “would not fund think tanks at either end of the political spectrum” (National Committee for Responsive Philanthropy 1991, 12). Another liberal foundation head echoed the same distaste for engaging in partisan politics: “The way to make good local government is to clean up the political process, not to try to skew things from a particular point of view” (ibid.).

When liberal or center-left funders have been willing to finance more explicitly political activities—especially promoting the passage of particular policies—it has been largely at the national level, for both cultural and pragmatic reasons.

According to one observer, these foundations are defined by a “national elitism” and are run by highly educated individuals who believe that the real talent and opportunities for political change are in Washington, not state capitals.⁸ Another progressive activist stated it more bluntly: state policy work

meant that the task of combating ALEC, AFP, and SPN has only increased over time, magnifying small initial differences between the organizing capacities of the Left and the Right, and providing a central explanation for contemporary liberal woes in the states.

All told, the early reluctance of liberal foundations to support subnational efforts such as the CASLP and the CPA has meant that the task of combating ALEC, AFP, and SPN has only increased over time, magnifying small initial differences between the organizing capacities of the Left and the Right, and providing a central explanation for contemporary liberal woes in the states.

simply “wasn’t sexy to donors.”⁹ Thus, the lack of professionalization of state and local politics—which has been a key comparative advantage for ALEC (Hertel-Fernandez 2014b)—has also meant that progressive donors do not believe there is the possibility for major reform at the subnational level. Moreover, other than a cultural preference for national politics, there also are more substantive political justifications for a lack of investment in state and local policy groups.¹⁰ Major progressive initiatives have frequently come at the national, not subnational, level due to budget constraints faced by state and local governments, state lawmakers’ fears of losing capital to other states or becoming “welfare magnets,” and the legacy of institutionalized racial oppression in many states and localities (e.g., Katznelson, Geiger, and Kryder 1993; Peterson 1995; Robertson 1989; however, see Gerken 2012 for a progressive case for emphasizing states and localities).

The result of these cultural and political calculations is that most of the major left-leaning foundations have invested little in broad-based subnational policy initiatives. One progressive leader and early head of the CPA reported that the first item on her “wish list” for the group would be to take left-leaning funders on a tour of the states, bemoaning the fact that among those donors “[t]here’s an enormous narrowness of vision about what states can do” (National Committee for Responsive Philanthropy 1991, 8). The same political leader further lamented that although there was minimal funding for state-policy initiatives, “[p]rogressive funders *are* funding direct service efforts at the state or local grassroots levels. What’s missing is anything dealing with a larger vision. Who is funding the infrastructure for a progressive agenda?” (ibid.). The left-wing foundation bias against giving to subnational policy initiatives—and preference for local direct service—continues to the present. For instance, the Annie E. Casey Foundation—a group that has made a concerted effort to fund such work through the Economic Policy Institute and Center on Budget think-tank networks—still directed less than 10% of its giving to state or local public-policy initiatives in recent years. Instead, it invested much more in direct charitable activities to nonprofit service groups (data are from various IRS filings).

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WHAT CAN WE LEARN FROM THE FAILURE OF LIBERAL STATE-POLICY ORGANIZING?

The failure of liberal cross-state network building shows that long-term efforts to change policy require significant financial investments that can be deployed to develop new ideas, craft legislative proposals, amass networks of supporters, and foster relationships with lawmakers.

This observation, in turn, introduces a valuable analytic lens through which political scientists can understand the success and failure of other political movements. Early and sustained investments by dedicated funders can make the difference between organizations that endure over time to see their policy objectives turned into law (for example, ALEC and SPN) or that wither and fade from the political landscape (e.g., the CPA and CASLP). Thinking more carefully about the sources of funding also invites closer analysis of the donors. This article identifies specific tendencies across center-left philanthropies that are biased against investments in cross-state policy advocacy. However, further work is needed to understand why those biases developed and why similar tendencies did not emerge within conservative philanthropies until years later (e.g., Hertel-Fernandez 2014a; see also Teles in this issue).

Although a full examination of the sources of the Left-Right disparity in philanthropic behavior is beyond the scope of this article, several potential explanations merit further attention. An important reason that liberal elite donors might have feared more politically charged giving is the legal and political backlash that the center-left Ford Foundation experienced in its “advocacy philanthropy” in the 1960s. That backlash produced a series of especially antagonistic congressional hearings and subsequent legal restrictions that explicitly barred lobbying and political activity by private foundations (Zunz 2012, chap. 7). A second explanation rests with the staffers who are hired to administer and direct philanthropies. How have the internal labor markets for Left and Right foundations developed over time, and are there differences in the type of individuals recruited for these positions that could explain the divergent priorities they pursue? A third explanation involves the role of corporate donations and the extent to which philanthropic and corporate giving are coordinated in

the conservative universe. How closely aligned were conservative philanthropies with specific firms, and could that have affected their willingness to fund particular types of political activities?

Another question raised in this article is whether it will ever be possible for the Left to adequately counter the Right's efforts at state mobilization. The prediction offered by this analysis is that a more muscular left-wing response will depend on a robust network of financial patrons from sources outside of the foundation community and possibly the private sector. In recent years, there appears to be an initiative to do just that.

According to a recent report by *Politico*, the State Innovation Exchange (SIX), founded in 2014 through the merger of three previously floundering state efforts, aims to "raise as much as \$10 million a year to boost progressive state lawmakers and their causes—partly by drafting model legislation in state capitols to increase environmental protections, expand voting rights, and raise the minimum wage—while also using bare-knuckle tactics like opposition research and video tracking to derail Republicans and their initiatives" (Vogel 2014).

SIX hopes to receive major funding from the Democracy Alliance, a coalition of wealthy individual liberal donors who might be unhindered by the same cultural and institutional limitations associated with traditional center-left foundations. The new head of SIX also noted that "his group is open to raising corporate money," explaining that SIX does "not want to unilaterally disarm and not work with the business community" (Vogel 2014), potentially indicating that left-wing state-policy networks will finally have access to that important source of capital that has been essential for the Right. Although it is premature to assess the effectiveness of SIX, it is clear that whether SIX succeeds will turn heavily on its financial patrons.

Independent of whether the Left can muster the funds necessary to launch a counteroffensive of its own, it is worth asking how normatively appealing it is to have taxpayer-subsidized foundations engaging in extensive cross-state policy advocacy. On the one hand, major national foundations command significant resources, bolstered by their favorable tax treatment, which could be used to advance policy objectives preferred by majorities of citizens across the country. On the other hand, those same resources could permit foundations to bypass local and state democratic processes to pursue policies favored by economic and political elites—but not necessarily the mass public. The value of philanthropic advocacy in our democratic system is clearly a subject worthy of vigorous public debate. ■

NOTES

1. On the issue of funding and state-level think tanks, see also Rich (2005) and Fang (2013).
2. The CPA did produce and compile annual books of policy ideas but, according to interviews, funders were mostly interested in leadership training.
3. Interview with CPA staffers on June 18, 2015.
4. Interview with progressive state-policy advocate on August 14, 2014.
5. Interview with progressive state-policy advocate on January 15, 2015.
6. Interview with ALICE staffer on December 7, 2013.
7. Interview with progressive state-policy advocate on August 14, 2014.
8. Interview with progressive state-policy advocate on August 14, 2014.
9. Interview with progressive state-policy advocate on January 13, 2015.
10. Interview with progressive state-policy advocate on January 13, 2015.

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