A GRANTMAKING STRATEGY FOR CIVIC AFFAIRS
I. INTRODUCTION

This presentation will review:

- Major areas of civic activity;
- Key nonprofit and government actors;
- Trends and issues;
- Philanthropic activity;
- Current guidelines and five years of grantmaking.

We will then propose a grantmaking strategy for Civic Affairs.
II. OVERVIEW OF CIVIC AFFAIRS

Civic Affairs is the informed, responsible participation of citizens in civic life. For the purposes of this discussion, there are three major categories of civic activities:

A. Voting and elections

B. Monitoring government operations

C. Citizen education and involvement

One of the most significant challenges to an informed citizenry is the size and complexity of both New York City and State governments.
A large group of government organizations influence the City’s civic life.

- The **Board of Elections** administers elections in accordance with the New York State Election Law.

- **Independent Budget Office** is a charter-mandated watchdog of government budgeting and fiscal practices. It provides nonpartisan analysis of the budget proposals produced by the Mayor and City Council, and responds to citizen requests for analysis of the fiscal implications of important public policy issues.

- The **Campaign Finance Board** provides matching grants for campaigns in accordance with the City’s public campaign finance law, oversees income and expenditure filings by campaigns, and levies fines for infractions.

- **Charter Revision Commissions** are established on an ad hoc basis at the pleasure of the Mayor for the purpose of researching and proposing amendments to the City’s charter.

- The **Financial Control Board** is a legacy of the 1970s fiscal crisis, created by the State to impose a set of tough fiscal standards and monitor the City’s fiscal management. It is due to expire in 2008.

- **Community Boards** were created in 1967 to be extensions of government and a mechanism for citizen participation at the neighborhood level. They operate more like nonprofits than government agencies.

- The **New York State Temporary Commission on Lobbying** was created in 1977 to monitor and regulate Albany-based lobbying activities.

- The **Legislative Task Force on Demographic Research and Reapportionment** was created in 1978 to aid the State legislature in fulfilling its requirements for the reapportionment of Senate, Assembly, and Congressional districts. Political district boundaries are periodically reviewed and adjusted to reflect population shifts, typically 2 to 3 years after census data are available. The six-member task force (4 legislators and 2 non-legislators) is appointed by the President of the Senate and the Speaker of the Assembly (two each) and the minority leaders of both houses (one each).

- The **State Board of Regents** establishes public school curriculum guidelines and designs statewide achievement tests.
A. Voting and Elections

In New York State:

- County Boards of Elections are responsible for administering elections.
- Board of Elections Commissioners are appointed by county leaders of the two major political parties.
- Prospective candidates submit nominating petitions of registered voters from one of the State’s 5 recognized political parties: Republican, Democratic, Independence, Conservative, and Working Families.
  -- Candidates can appear on more than one party line, an advantage for the smaller political parties.
  -- Candidates must collect nominating petitions from voters in the district(s) in which they want to run.

In New York City:

- Officeholders are limited to two consecutive four-year terms.
- Three of the City’s five boroughs—Bronx, Brooklyn and Manhattan—are subject to the Voting Rights Act of 1967.
- The City has one of the nation’s strongest public campaign finance laws: candidates who raise at least $250,000 receive $4 for every $1 raised.
  -- A new “bonus” option raises the match to 6:1 for every dollar raised in races involving a well-financed candidate who opts out of the matching funds.
  -- All candidates, whether receiving matching funds or not, must provide financial reports to the Campaign Finance Board.
- Besides candidates, referenda, such as charter amendments, frequently appear on the ballot. There have been 80 charter amendment proposals in the past 10 years.
B. Government Operations

The City's budget is large and complex.

- Its annual budget of approximately $50 billion is larger than the budgets of 45 of the 50 states.
- Nonprofits rely heavily on City spending, receiving approximately $4 billion a year in fee-for-service contracts.
- The City's budget process is tightly scripted. City budgets must be adopted no later than midnight June 30th and balanced in accordance with the New York State Emergency Financial Control Act of 1977.

HIGHLIGHTS OF THE NEW YORK CITY BUDGET PROCESS

- **JANUARY**
  - Mayor releases a Preliminary Budget by January 16. Plan includes modifications of current year and projection of next four years. Mayor gives initial notification to Borough Presidents of preliminary borough allocation under 5% formula.

- **MARCH**
  - City Council holds budget hearings on Mayor's Preliminary Budget and releases its written response.
  - New York State legislature is supposed to adopt its budget for the coming fiscal year (although it hasn't met the deadline in twenty years.) Significant cuts in the state budget will affect state contributions to the city, and city agency budgets ultimately will have to be adjusted accordingly.

- **APRIL**
  - Mayor submits Executive Budget to City Council.

- **MAY**
  - Borough Presidents submit response to Executive Budget to Mayor and City Council. City Council holds public hearings on Executive Budget.

- **JUNE**
  - City Council amends Executive Budget, fixes property tax rate, and adopts final budget.

- **SEPTEMBER**
  - City agencies and community boards develop budget priorities for the coming fiscal year and discuss with Mayor's office; community boards hold public meetings.

- **NOVEMBER**
  - Mayor releases his November financial plan, a.k.a. the November modification.

- **JULY**
  - A balanced budget must be in place for the new fiscal year beginning on July 1.
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HIGHLIGHTS OF THE NEW YORK CITY BUDGET PROCESS
Unlike the City, the State budget process is idiosyncratic and totally unscripted.

- For 19 consecutive years, until this spring, the State budget was not adopted until 3 to 6 months into the start of the State’s fiscal year.

- To complicate matters further, the State’s fiscal year begins on April 1 and the City’s begins on July 1.

Many allocations of City and State resources are made outside of the budget process.

- Tax abatements, “payments in lieu of taxes,” tax-exempt bond financing, and other off-budget financing techniques are often used to finance large-scale development projects.

- Government actions regulating land use, public utilities, and other civic infrastructure happen outside of the budget process.

- Public hearings and other mechanisms for citizen input into these decisions are underutilized.
C. Citizen Education and Involvement

Citizens need a basic knowledge of their government and political system in order to govern themselves effectively.

- Prior to every local election, NYC voters receive the “Multilingual Voters Guide,” which includes brief bios of candidates and descriptions of voter referenda.

- Seventy-seven percent of voting-age citizens get most of their information during election season from political advertisements on television, more than all other sources of information combined.

- A proliferation of on-line databases and Web sites have expanded the amount of publicly available information about civics and current affairs, but it is often hard to evaluate the integrity of the data.

There are four types of nonprofits engaged in civic affairs:

- Good government groups advocate for openness and public oversight in government.

- Election law groups, such as legal defense and education funds, protect the interests of minority constituents in voting and ballot access. They litigate under the Civil Rights Voting Act to strengthen their advocacy efforts.

- Campaign information groups provide nonpartisan information on candidates and elected officials.

- Issue-based groups encourage voting and other civic activities on a particular issue.

Government is an unlikely, and even unwelcome, source of funding for most civic groups.

- Information and advocacy groups opt not to pursue government support in order to maintain a strictly nonpartisan stance.

- Most groups get funding from a combination of foundation grants and membership dues.
III. TRENDS AND ISSUES

A. Voting and Elections

Nationally, 61 percent of citizens voted in 2004, up from 54 percent in the previous presidential election.

Voting continues to be highly correlated with education and income.

Studies indicate voter cynicism about elections and politicians.

Turnout increased dramatically among young voters, but the youth vote is still small in absolute and relative terms.
In New York City and New York State:

- Turnout was up by 8 percent and 7 percent, respectively, in the 2004 Presidential election.
- The Mayor’s Office of Immigration estimates that up to 80 percent of the 191,000 new City voters in the 2004 elections were immigrants.
- Common Cause New York estimates that 47 percent of eligible NYC youth voted in 2004, up from 41 percent in the 2000 elections.

The State’s election system is a barrier to challengers and a boon to incumbents.

- Control of the re-districting process by State political party leaders favors incumbents.
- The redistricting process allows for citizen input, but public hearings are poorly publicized and sparsely attended.
- Getting novice candidates on the ballot is difficult due to State requirements regarding the collection of nominating petition signatures.
- Voter turnout for State elections is very low.

The City’s election system is antiquated and inadequate.

- Voting machines are old and need replacement; 14,000 emergency ballots were needed in the last election due to machine breakdown.
- The Board of Elections’ voter information hotline and Web site both crashed due to overload in the days preceding the last election.
Mobilizing a temporary workforce of approximately 30,000 people every election day is a monumental undertaking requiring extensive coordination of training, logistics, and quality control.

- Voters are sometimes deterred from voting because of missing or erroneous information from under-trained poll workers.

- The requirement that poll workers must be registered Democrats or Republicans disproportionately screens out young people who tend to register to vote with no party affiliation.

- The 15-hour workday and $200 stipend attracts mostly retirees and unemployed individuals to serve as poll workers.

The Help America Vote Act (HAVA) authorizes up to $2.3 billion for states to improve key aspects of administering elections; New York State was the last state to qualify for HAVA funding.

- Up to $220 million is available for New York State, to be drawn down in phases as HAVA improvements are implemented.

- The State has left decisions about voting machine replacement up to localities.
  
  -- Upgrading New York City’s system will require 7,000 to 10,000 new machines and must be completed by September 2006.
  -- The costs of training voters and poll workers in the use of the new machines is likely to exceed available HAVA support.
  -- New voting technologies are expensive and some raise questions about accountability and accessibility.
B. **Government Operations**

**Albany controls many important local civic functions, but Albany is a morass.**

- The City’s public university system, transit, rent regulation, and election districts are controlled by State agencies, authorities, and commissions.

- State actions often interfere with the City’s ability to do proper budget planning.

- Action on local taxes other than property taxes requires approval of the State legislature.

- Problems with State government are embedded in a rigid State constitution and an entrenched State legislature.

- There is no mechanism to force Assembly and Senate committees to reconcile differences in proposed legislation.
  - Reform bills and other important legislation rarely make it out of committee.
  - State budgets are chronically late.

**Money distorts the political process, despite government regulation of lobbying and campaign contributions.**

- Money spent annually on lobbying in the State has increased from $39 million to $144 million in the past ten years.

- Recent court rulings and political infighting have hampered the State Temporary Commission on Lobbying’s effectiveness; the Commission levied $1,000 in fines last year compared to $650,000 in fines in 2003.

- Candidates can opt out of the City’s public campaign finance program at their discretion; the program only impacts local races and has no impact on Congressional and State representatives.
Tax incentives and tax burdens are brokered by obscure agencies with little accountability.

- Over $2 billion in corporate tax breaks have been awarded by State and City agencies in the past 25 years.
  - Requirements regarding public disclosure of the terms of these deals needs strengthening.
  - Enforcement of penalties in the event of noncompliance is rare.

- Quasi-government entities with bonding authority create millions in debt liabilities with little citizen or legislative oversight.
  - City residents are subject to 625 bonding authorities—225 State and 400 local.
  - Thanks to “back-door” borrowing by these authorities, less than 10 percent of the State’s outstanding debt of some $45 billion has actually been approved by State voters.

Although the Mayor’s Office of Contracting has begun to streamline and standardize the City’s contracting process, it is still complicated and burdensome, especially for small nonprofits.

- Many City agencies are not staffed to handle large volumes of contracts.

- Nonprofits incur an estimated $6 million a year in non-reimbursable interest expenses due to late contract payments.
C. Citizen Education and Involvement

Civics is a neglected part of public education in New York City as well as throughout the country.

- National emphasis on math and reading skills has led to a decline in civics education. Most students graduate from high school with less than one year of civics education.

- Eighty-one percent of the City’s 8th graders recently failed the State Regents test of basic knowledge of government and history.

Fortunately, civics learning can also happen outside of school.

- Research shows community service and other extra-curricular activities reinforce classroom civics education and are good indicators of future civic engagement.

- Children of civically engaged parents tend to become active citizens in adulthood.

- Volunteerism and community service are increasing.

Immigrants, who make up one-third of the City’s population, need more help to be integrated into civic life.

- Citizen education classes for immigrants are an important first step, but they need opportunities to become involved.

- Immigrants who become naturalized citizens may need interpreters at the polling place.

- Half of NYC’s 1.1 million public school students are first- and second-generation immigrants. They are concentrated in under-resourced schools that are least likely to offer innovative techniques such as mock elections and other ways of enriching civics curricula.
Media coverage of elections typically emphasizes tactics and personalities instead of issues.

- Ethnic/immigrant and community papers are an alternative source of civic news.
- Web sites with information about elected officials and campaigns are abundant.
- Technology can distribute information cheaply and quickly, but outreach and maintenance can be costly.

Local community boards can be an important mechanism for citizen input, but:

- They are chronically underfunded and lack technology and the staff capacity to track services and analyze large-scale development projects.
- Procedures for appointing board members do not ensure that all constituencies in the community are represented.

New York City’s network of informal neighborhood associations offer opportunities for citizen involvement in communities.

- PTAs, block associations, tenants associations, and other unincorporated groups channel residents’ civic involvement into neighborhood issues such as schools, public safety, and housing.
- “Citizen clubs” are emerging in immigrant communities as vehicles for interaction with community boards, police precinct advisory boards, parent associations, and other civic bodies.
- Religious institutions are a mechanism for citizen participation in many low-income communities.
IV. PHILANTHROPIC ACTIVITY

Most civic affairs funding is done by a handful of large national foundations, such as Carnegie, Ford, and the Knight foundations. “Same-day” voter registration, campaign finance reform, and other national election reform issues capture a large share of civic affairs grants.

Local civic affairs programs are not a popular area for philanthropic activity.

- The Foundation Center reports only $12.8 million in civic affairs grants for New York City projects from 1999 to 2004.
- Ninety-four percent of the $12.8 million was for electoral reform, voter engagement, and government monitoring projects, and most of it was awarded in the 20-month period leading up to the 2000 national election.

There are two issue groups of foundations and corporations interested in civic affairs.

- The Funders’ Committee for Civic Participation promotes projects that address electoral reform, campaign finance reform, and civic education at the national level. It is predominantly made up of large national foundations.
- Philanthropy for Active Civic Engagement (PACE) is committed to strengthening democracy in the United States. In addition to national funders, PACE includes local funders and wants to expand its work with community foundations.

The Trust, Robert Sterling Clark, and Surdna are among the few civic affairs funders in the City.

Foundations also make grants in other funding categories that encourage citizen participation.

- Youth leadership development programs often have the goal of engaging young people in civic activities.
- Most advocacy projects encourage citizens to participate in the policymaking process on a specific issue, such as pushing for more resources for mass transit or fighting environmental racism in poor communities.
- The Trust is no different: beyond Civic Affairs, several Trust program areas support citizen participation.
V. A REVIEW OF GRANTMAKING AND CURRENT CIVIC AFFAIRS GUIDELINES

Although we have never adopted a formal grant strategy, the current Civic Affairs program has the following objectives:

- Expand citizen participation in the political process, both as voters and as candidates.
- Provide public education, training, and advocacy for minority, low-income, and historically under-represented groups.
- Increase the effectiveness and accountability of public agencies.
- Strengthen the nonprofit sector.

Our Civic Affairs grant budgets averaged slightly more than $345,000 annually from 1999 through 2004.

- In addition, the Samuel Sacks Fund, earmarked for an awards program, makes grants of approximately $180,000 every three years. It has been used to support grants to strengthen block and neighborhood associations.
- The Civic Affairs core grant budget for 2005 is $380,000; when combined with $188,000 from the Sacks Fund, the total is $568,000.
The Trust has awarded $2.4 million in Civic Affairs grants from 1999 through 2004.
VI. KEY FINDINGS

Our election system is facing serious challenges.

- New voting machines and other HAVA-related improvements will require significant investments in research, training, and equipment.
- Term limits combined with public campaign financing will likely result in more candidates and closer races.
- First-time immigrant voters will grow as a segment of voters, requiring more interpreters and other election day services.

New York City has large concentrations of young people, poor people, and other groups with low voting participation rates.

- Only 21 percent of New Yorkers between the ages of 18 and 24 voted in the 2002 mid-term elections.
- Over half of New York City’s voting age population are foreign-born and/or minority.
- Voting participation and homeownership are highly correlated; less than one-third of New York City residents are homeowners.

Citizens are overwhelmed by the size and complexity of City government.

- Government safeguards against abuses caused by money are important, but imperfect. Sustained citizen oversight is needed to keep them honest.
- Community boards and other local mechanisms for citizen input need to be strengthened.
- The network of civic groups that help make government more understandable and accessible will always be thin—there is not a lot of money from foundations, and virtually no support from the government.
You can’t fix the City without fixing Albany.

- Fiscal and governance practices at the State level have serious consequences for New York City.
- Albany oversight of key government functions undermines the City’s civic independence.

There has been a dramatic decline of civic literacy among citizens of all ages.

- Television will continue to be the dominant source of information during election season.
- Alternative sources can reach smaller, more targeted audiences with information about policies, issues, and other civic matters.

Public school students are not learning basic elements of citizenship, partly because it goes against the tide of current educational priorities.

- Advocacy may fix this eventually.
- Alternatives to school-based civics learning are needed in the meantime.

The City’s demographic changes represent a unique opportunity for civic integration strategies for immigrants.

- If all voting-age immigrants were eligible voters, they would represent approximately one-fifth of the City’s voting-age population.
- There is a shortage of opportunities for immigrants to learn about basic aspects of citizenship beyond the formal naturalization process.
VII. RECOMMENDATIONS FOR A REVISED CIVIC AFFAIRS GRANT STRATEGY

Given these findings and our limited grants budget, we propose a more focused strategy in three areas:

1. **Encourage voting** through projects that:
   - Support reform of election administration and voting infrastructure;
   - Remove obstacles to voting, especially for groups that have historically not voted; and
   - Disseminate nonpartisan information about candidates and elected officials.

2. **Make local and state government more accountable** through projects that:
   - Support efforts to make Albany work better for the citizens of the City and throughout the State;
   - Strengthen nonprofit civic groups; and
   - Provide citizens and advocates with information and skills needed to promote effective governance.

3. **Promote civic literacy in children and civic learning for our newest citizens** through projects that:
   - Encourage good citizenship among immigrants and their children;
   - Enrich civic learning opportunities for children and youth; and
   - Target neighborhoods and constituencies with low levels of civic participation.

**Our recommended strategy:**
   - Recognizes that we deal with strengthening the nonprofit sector, training and advocacy for low-income and historically under-represented populations, and increasing the effectiveness of public agencies in other program areas.
   - Puts a focus on Albany, given the primacy of the State in New Yorkers’ lives.
   - Adds a new emphasis on informing and engaging our newest citizens, and on civic education and civic participation for young people.