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Strengthening Unusual Alliances for Living Wages

The Case of the Discount Foundation

The Discount Foundation's name is a reference to its small grant-making budget (roughly \$550,000 annually). By positioning itself to influence other funders in the field, this small foundation has played an instrumental role in strengthening labor, community, and faith partnerships that have championed one of the most successful economic justice campaigns in the United States.

"Attending college in Los Angeles, I'd walk out the door and see the class differences," recalled Jeff Zinsmeyer, founder of the Discount Foundation. "I'd grown up believing that I lived in a country of opportunity for all. This was the image that a fifteen-year-old raised in the suburbs had, who looked around him and saw everything right. Then I got out into the world and saw that this was not so."

Coming of age during the era of the civil rights movement, Jeff saw how others were fighting to create a fairer society and began to feel that he had a role to play in addressing the inequities he saw. "At some point I asked myself: What is a meaningful

life? It seemed to me that what added meaning was working to change that injustice.”

When Jeff received an inheritance in the early 1970s, he sought ways to use it to support this goal. “I’d reached the decision that inherited wealth didn’t fit with my democratic ideals.” Already working for the Center for Community Change (CCC), which helped low-income people build community organizations, he recalled, “I asked my accountant about the maximum amount of money I could contribute for the greatest tax shield, and then somehow I ended up in front of Margery Tabankin, who headed the Youth Project [a CCC-incubated program], asking, ‘Where should I put this before year end?’”

Margery remembered, “A guy with long hair walked into my office and said he was interested in giving away a large sum of money anonymously. I got to be close friends with him. I learned more about his interests and how he wanted them to be realized.”

In 1977, with Margery’s guidance, Jeff decided that with his remaining inheritance he would establish a foundation focused on grassroots organizing.¹ In explaining why he chose to concentrate efforts here, he noted, “I wanted to support organizations that were shifting the maldistribution of wealth and power in our country. Through work I had done on redlining,² and then later with CCC, I learned the tremendous leverage that could be achieved through agitation and mobilization rather than direct service. Through my work with CCC, I worked with some of the most exciting community organizations of that period, learning about their struggles for better housing and access to credit.”

Discount Foundation Snapshot

Type: Private foundation

Year founded: 1977

Grant range (1977): \$10,000–\$20,000

Grant range (2007): \$15,000–\$25,000

Total grants awarded (2007): \$550,000

Asset base (2007): \$10.3 million

Geographic focus: National

Primary funding areas: Living wage, minimum wage, and building political power of working poor

Staff size (2007): One half-time executive director

Location: Boston

Note: Snapshot information for each chapter varies depending on data available. Dates refer to either the calendar year or the end of the fiscal cycle. For snapshot sources, refer to the Notes section at the end of the book.³

In setting up the Discount Foundation (so named because of its small size and even smaller grants), Jeff—together with Margery Tabankin and her husband at the time, Tom Asher—sought out board members with shared values and synergistic chemistry. “We created a board that enjoyed working together in a way that transcended the traditional board. We developed a deep level of trust,” Jeff explained, adding that both Margery and Tom became board members.

Further, Jeff sought board members with experience in community organizing. In explaining why this was important, he said, “We had no staff, so we felt individuals who were active in the field could both provide firsthand knowledge of groups as well as spot promising opportunities. We also felt community experience indicated commitment.”

For over a decade, the board ran the foundation with no staff. “We did all the work ourselves on top of our full-time jobs,” noted Jeff, who worked at FleetBoston Financial’s Community Investment Group at the time. “I remember getting calls from grassroots organizers while in my banker’s suit working on leveraged buyouts.”

During that time, the foundation chose to divide its limited funds among a few grassroots organizations. “We were essentially giving block grants,” Jeff recalled. “We’d divide the money equally between groups we felt were doing good grassroots work.”

Changing the Foundation's Direction

By the mid-1980s, the board decided to evaluate the foundation's impact. "We were thinking about hiring a staff person, so we felt it made sense to assess our work to see what kind of impact we'd had to date," explained Jeff, "but the evaluator told us, 'Look, what you've done is really interesting, and clearly you are doing God's work, but it's really hard to evaluate something when you aren't clear on what you are setting out to do. I can't evaluate you because you don't have clear objectives.'"

"He was right. We were following a 'thousand flowers bloom' strategy. Our strategy had been to look at all proposals and ask, 'Where's the good organizing?' But there was no clear focus."

Margery elaborated, "While there were a lot of important things happening out there, we realized that the only way we were going to leverage our tiny resources for large-scale impact was to focus."

Thus, in the mid-1980s the board commissioned a series of issue papers and then called a strategy meeting. "I remember it clearly," Jeff noted. "We held it at a hotel outside of Washington, DC, because we wanted to draw from nearby policy expertise."

By the meeting's end, the board had decided to focus on low-income housing. "What was interesting about housing was that there was a myriad of grassroots organizing efforts, but the end results didn't measure up," Jeff explained. "On a federal level, no major housing legislation for low-income people had been passed in a long time. We looked at health care, but decided there were already a lot of resources moving into that area. But we didn't see any funders supporting grantees in pulling together a national housing movement. So we decided that would be our political objective."

In 1988, the board hired Sue Chinn to run the foundation and implement the strategy, despite the fact that she had no foundation experience. "Our most important criterion was getting someone who knew how to organize communities," Jeff recalled. "We felt that if you took a good organizer, they'd organize. If they needed to organize in a local community, they'd do that. If it was the funding community, they'd figure out how to network out and build relationships there; that's what good organizers do. I remember when we interviewed Sue I was thinking, 'If we can find someone who can work by themselves, is motivated, can set

up the office, knows all the players, and thinks strategically—those are the key skill sets.”

As executive director, Sue began working on housing, but found that the foundation’s grants were not creating significant results. “Sue went along with our decision for a while, but we slowly began to realize that our efforts to support a national housing movement were not coming together,” Jeff recalled. “We were just too small—and the political climate wasn’t right—to support grantees in building the constituency needed for comprehensive national housing policy changes.”

“We faced the danger of getting too self-important and losing the bumper sticker statement. In a period in which lower-income constituencies were losing political power, a national housing agenda, which required such tremendous amounts of government money, was really hard to pursue. We worked on this objective for eight years and weren’t seeing enough progress. We realized we needed to change course.”

Identifying New Opportunities

In the mid-1990s, as Sue began to scan the landscape for new strategic opportunities, she sought possibilities that addressed a trend that disturbed her. “I saw the economic tide in the country lifting a lot of boats, but profits weren’t trickling down to low-income folks,” she explained.

At the same time, Sue was watching transformations occurring within the labor movement. A new focus among unions on “improving conditions for low-wage and immigrant workers allowed the interests of labor and philanthropy to converge,” explained Janet Shenk, senior program officer at the Panta Rhea Foundation and formerly a special assistant to John Sweeney, former president of the AFL-CIO.

Sue Chinn had what she described as an “aha” moment at a meeting organized by Baltimoreans United in Leadership Development (BUILD), which was attended by the mayor of Baltimore. Listening to the speakers talk about what they called a living wage, Sue remembered thinking, “this was a concrete tool for dealing with the fact that low-income people just weren’t making enough money.”

BUILD had teamed up with the American Federation of State, County, and Municipal Employees (AFSCME) and, in 1994, won a living-wage ordinance in Baltimore, one of the first in the country.⁴ The ordinance required Baltimore's city service contractors to pay their four thousand workers over 40 percent more than the minimum wage, which was \$4.25 an hour at the time.⁵ The increase would place those working a forty-hour workweek just above the poverty line.

Sue was excited not only by the concept but also by the partnerships that had formed to pass the ordinance. BUILD was a local affiliate of the Industrial Areas Foundation (IAF), a national membership organization of faith institutions, unions, schools, and community-based organizations.

THE BIRTH OF A SUCCESSFUL CAMPAIGN STRATEGY

BUILD developed the living-wage campaign concept through speaking with people who were using members' church-based feeding programs. "We found that people were using the feeding programs to supplement their low wages," explained Arnie Graf, member of the Industrial Areas Foundation executive team and former BUILD lead organizer.

So we started doing research to find out how much taxpayer money was encouraging development projects that created these jobs, jobs where a person needed to use the church to supplement their income. Was this really what Baltimoreans thought we were voting for?

We began to ask ourselves: Why is the minimum wage called a minimum wage? Shouldn't people who worked a forty-hour workweek be able to earn enough to support their family? Through house meetings and church meetings we came up with the idea of a "living wage" and that it should be pegged at a certain percentage above the poverty line.

To reduce opposition to the campaign, BUILD ultimately decided to target services that could not leave the city due to increased wages. "Municipal services weren't businesses that could pick up and go somewhere else," Arnie explained. "The garbage

still needed to be collected. The school buses still needed to take people to school.”

The fresh frame, combined with smart organizing strategies, proved a potent combination. “A living wage sounded so much stronger than minimum wage,” Discount Foundation board member Margery Tabankin reflected. “It felt fair, moral. Who could argue that people working hard didn’t deserve to be able to take care of their families’ basic needs? This combined with a strong faith-labor-community alliance won that campaign.”

When Sue Chinn came back to the Discount Foundation with her new insights, the board was excited. Jeff Zinsmeyer recalled, “This was when we began to see how lucky we had been in hiring a community organizer who was also a strategic thinker. She was able to spot opportunities that were emerging on the ground.”

In the next two years, living-wage campaigns began to sprout across the country, spurred by labor, the IAF, ACORN, and others. By 1996, Santa Clara County (in California), Milwaukee, New York City, Portland, and Jersey City had also passed living-wage ordinances.⁶ This growing momentum spurred a *New York Times* reporter to write a front-page article on the victories.⁷ “When that article ran, next day we started getting calls from around the country from people wanting to know how we had done it,” Arnie Graf, IAF executive team member and former BUILD lead organizer, recalled.

With these new developments, Sue felt increasingly optimistic about the opportunities the emerging living-wage movement presented. “I let the board know I wanted to explore living wages as a core strategy for the foundation, and asked them, ‘Is this all right with you?’ I told them I wanted to take a pass on a grant cycle so I could thoroughly investigate the issue. I thought it was important to take our time in making the transition.”

With their approval, Sue slowed the foundation’s grantmaking and dedicated her time to research. Among the questions she set out to answer were these:

How do you help grantees build sufficient power to change public policy in support of the working poor?

What stakeholders and allies could help expand the power base of the working poor?

Could living-wage campaigns help build a broader movement?

Could the Discount Foundation's annual payout of roughly a half-million dollars make a difference in increasing low-income wages? If so, what would the foundation's value-added benefit be?

Could the Discount Foundation funding help act as glue between stakeholders and allies of the working poor?

What other foundations were currently involved in efforts to increase low-income wages?

As she did her research, Sue also sought to educate the board by bringing in grassroots organizers, labor leaders, and a host of other individuals to their meetings.

"We took our time and tried to learn what others were doing in the field," Sue explained. She also used several creative tools to educate the board, including a mock docket showcasing the kinds of grantees the foundation might highlight as part of its strategy.

Through the meetings, the board and Sue came to a common vision of how to create change in the United States. "Our board was made up of community organizers," Sue explained. "They understood that to create significant change in our society, you needed to have power. And to have power, people needed to be organized." In their discussions, Sue and the board came to the conclusion that labor, community groups, and faith communities were building blocks for this power. Much of their strategy discussions centered on the importance of labor as one of the "three legs of this stool," Sue recalled.

"Looking at the history of this country, when the lower half has gotten redress, organized labor has usually been involved. There have been dozens of innovations—from the forty-hour workweek to social security—that we probably would not have if it weren't for organized labor," Jeff noted.

In an April 1997 strategy paper to the board, Sue wrote, "despite the best intentions of community groups, churches, and thoughtful academics, there is not enough power to deliver real change—on wages, decent jobs, or welfare—without the 16 million members and resources of the American labor movement."⁸

Although the Discount Foundation did not fund labor unions, John Pomeranz of the firm Harmon, Curran, Spielberg & Eisenberg and attorney for the Center for Community Change notes that mostly foundations can fund unions for their 501(c)(3)-permissible work if proper steps are taken to ensure that the funding meets legal requirements.⁹ Foundations and other nonprofits should monitor policy changes, and consult with a knowledgeable lawyer to determine specific requirements for their institutions.

Consolidating Strategy

In 1997, the board announced its new direction. The living-wage campaigns formed the centerpiece of the foundation's strategy, in large part due to their ability to appeal to faith, labor, and community organizations. Another related program area was to protect workers' right to join a union. To support its efforts, the foundation would provide larger, often multiyear grants to fewer organizations.¹⁰

At the same time, the foundation began to phase out its housing grants. "We gave lots of advance notice," Sue explained. "I don't think anyone was caught off guard. The housing people weren't happy, of course. But people were seeing that the root of the problem was income inequality, particularly in a time of economic boom."

Interestingly, the reasons the foundation chose to highlight living wages stood in stark contrast to those that compelled it to support low-income housing in the late 1980s. It had chosen housing in large part because of what wasn't happening in the field: there was a lack of both funding and a national housing movement. In contrast, the foundation's interest in the living-wage campaigns stemmed from its excitement about what was happening on the ground—namely, successful faith, labor, and community alliances and campaigns.

By 1998, the Discount Foundation was funding promising grantees throughout the country. "We supported some real local initiatives, and also national organizations that had local presence," Margery Tabankin noted. Discount Foundation grantee American Institute for Social Justice (an affiliate of ACORN), for example, created the national Living Wage Resource Center to foster local efforts by providing groups with technical assistance and research

support, and helping them build partnerships by sponsoring national conferences.

Further, with the understanding that opposition to living wages was often fueled by financial concerns, the foundation commissioned the Economic Policy Institute to write a report on the financial impact of Baltimore's living wage law. The study showed that the aggregate cost increase for twenty-six living-wage contracts was only 1.2 percent, or less than the rate of inflation, and that the higher wages actually benefited the city by creating a more reliable workforce.¹¹ Grantees in different areas of the country were then able to use the research results as talking points in their efforts.

Building Philanthropic Interest in Labor

The Discount Foundation also began to look for ways to leverage other foundation dollars. "Once we got involved, there were all kinds of things that began to move," Jeff Zinsmeyer remembered. "Almost immediately, the new focus allowed Sue to get out in front of the funding community."

Sue Chinn recalled, "I went to a funders' conference on jobs, and there was no discussion of unions. I thought 'Gee, this is an important sector. Funders should at least be aware of what they are doing.' This was another 'aha' moment for me," Sue explained, noting, "I realized I needed to help open relationships between funders and unions, given this big shift [to support low-income and immigrant workers] in the labor movement." Sue saw this as fundamental to supporting both living-wage campaigns and the larger Discount Foundation goal of building faith-labor-community partnerships.

To develop these new relationships, Sue began to seek allies from within the funding community. The Unitarian Universalist Veatch Program at Shelter Rock, the Needmor Fund, and other allies were already supporting similar work. Others, such as the Hyams Foundation and the Ms. Foundation for Women, were fairly new to the opportunities labor presented, but were excited by this funding strategy.¹²

By 1997, Sue, together with Henry Allen (who was with the Hyams Foundation at the time and later became the executive director of the Discount Foundation), decided to form a funder affinity

group called the Working Group on Labor and Community, under the auspices of the Neighborhood Funders Group. “There was a great deal of excitement and sense that there were real opportunities on the ground,” Henry noted. He explained that many members were inspired to join as a result of the growing success of the living-wage campaigns, which “provided concrete examples of the impact of these faith-labor-community partnerships.”

Despite the excitement, the Working Group faced significant hurdles in strengthening foundation support for union-community-faith coalitions and workers’ rights. “This work was daring and edgy,” Henry underlined.

“Before Henry and Sue began the working group, it was virtually unheard of for a union leader to speak at a funder event,” Janet Sherk (at the time, special assistant to John Sweeney, president of the AFL-CIO) recalled. Henry Allen continued,

There were so many negative opinions and attitudes you needed to break through to help foundations understand the diversity within the union movement. We’d get people asking, “What do unions have to do with philanthropy? Isn’t this just a special interest group?” Corporate foundations felt that unions went against their own interests. Many people thought organized labor was corrupt and self-serving. Most funders weren’t aware that many unions shared their commitment to health care, housing, education, and a range of other critical issues related to social and economic justice. They also were unaware of the profound changes taking place within the union movement to face up to many of its shortcomings, particularly in terms of actively organizing low-wage workers, especially immigrants and other people of color.

Data from the Bureau of Labor Statistics showed that in 2007,¹³

- A worker who was a member of a union or was represented by a union earned about 13 percent more than a comparable worker who was not unionized.
 - African Americans in unions earned roughly 17 percent more than those who were not unionized.
 - Hispanics in unions earned roughly 34 percent more than those who were not unionized.
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To bridge the divide, the Working Group on Labor and Community began to organize opportunities for funders, labor union members, and labor advocates to meet. “We organized many standing-room-only workshops at funder conferences,” Henry said. “We had the most impact when we brought people from the field who could speak powerfully about organizing and building power to advance real social and economic justice for working people. We brought in dynamic union organizers, rank-and-file members, and elected local and national labor leaders, and sought opportunities to highlight the extraordinary collaboration between unions and community- and faith-based organizing groups.”

“The stories of rank-and-file members were especially compelling,” Janet Shenk remarked. “People found it hard to believe that being part of a union organizing drive meant risking your job, perhaps your ability to stay in the U.S. They were amazed that the legal penalties for violating our country’s labor laws were so paltry. So we combined the testimonies of workers with presentations by academics and highly credible human rights organizations.”

“When Human Rights Watch did a special report—‘Unfair Advantage’—on the erosion of workers’ freedom of association in the United States,” Janet continued, “we brought in the authors to speak to foundation audiences. Slowly, people began to shift away from the ‘unions are dinosaurs’ analysis to genuine concern about the erosion of labor standards and fundamental rights. High-profile campaigns, such as [Service Employees International Union’s] Justice for Janitors, also generated a lot of sympathy for these janitors and admiration for a union putting so many resources into organizing new sectors.”

By 2001, the Working Group also had organized many funder site visits, often as an add-on to funder conferences. Funders visited New Orleans, Seattle, Los Angeles, Philadelphia, Tucson, Omaha, Las Vegas, and other cities to see unions, their community partners, and living-wage and other campaigns in action.

SITE VISIT ACTS AS A POWERFUL TOOL

Regina McGraw, executive director of the Wieboldt Foundation and member of the Working Group on Labor and

Community, recounts how a site visit awakened her interest in labor:

The Working Group on Labor and Community was extremely important for me in learning how unions had changed since the sixties and seventies. I didn't grow up in a pro-union household. My father was an editor, and he edited a column for a guy named Victor Riesel, who wrote about corruption within the unions. Soon after, Victor was walking down a New York street when someone threw sulfuric acid in his face. He was permanently blinded. I grew up in a home where, when unions came up, my dad would say, "Look what happened to Victor."

This was my only experience with unions until Henry [Allen] and Sue [Chinn] recruited me to join the Working Group. A seminal moment for me was the 2001 Las Vegas site visit [organized by both the Working Group on Labor and Community and Grantmakers Concerned with Immigrants and Refugees].

Vegas really showed me what could happen in a community when jobs actually paid living wages. People had good housing and education. Who knew that "Sin City" was such a fountain of good practices?

It all started when the cab picked me up from the airport. The driver's wife had a union job in the service industry. They'd bought a house, and they liked the school that their kid went to. They seemed to have a good quality of life.

As part of the site visit, we went to a room attendants' training where HERE [Hotel Employees and Restaurant Employees] had created a training center replicating real hotel rooms and women were learning how to make beds and fluff the foofy towels, knowing that after this training they would get living-wage jobs. It was a friendly, professional atmosphere. We stayed at the Monte Carlo, and the manager gave us a tour of the hotel. She talked about how great HERE was for them. The hotel was able to get well-trained workers, and turnover was low because the people who applied knew what to expect and were ready to work.

The site visit also showed me that Las Vegas didn't get there magically. It was a place where community groups, unions, and faith communities (particularly the African American ministerial community) had created pressure to make this happen.

In no way did I come back to the Wieboldt Foundation from the site visit and say to the board of this roughly ninety-year-old foundation,

“Now we are going to fund labor-community partnerships.” That would not have worked. The transition happened over time. But I started to look for more opportunities to fund these alliances after the site visit. Then about four years ago, a board member said in a presentation, “Our foundation has a special niche in labor-community partnerships.” I thought that was really amusing because I thought I had snuck those grants in.”

The Working Group provided an organizing platform for foundations interested in the living-wage campaigns. “We shared grant lists and our thinking about how to move forward together,” Henry Allen said. Sandra Davis, formerly a member of the Working Group when she was with the Tides Foundation, added, “The Working Group members, particularly the Discount Foundation, were an inspiration. The Discount Foundation’s Web site and list of grantees really opened things up for me.”

The Working Group allowed each foundation to complement one another’s work more easily. The Tides Foundation, for example, noticed that no foundation was comprehensively addressing communications strategies for the campaigns. “We realized the campaigns that were having the most trouble often had difficulty controlling the debate,” Sandra recalled. “The strongest campaigns had communications plans and strong relationships with the media.”

In response, the Tides Foundation funded a media consultancy group called the SPIN Project to create a media kit tailored to the topic of living wages. The Tides Foundation was then able to encourage other Working Group members to support complementary programs. Foundations began funding training, peer learning, and the SPIN Academy, a multiday media training for living-wage campaign advocates. “This was the kind of kit that would sit there unless we made it real for people,” explained SPIN Project founder Robert Bray.

THE VEATCH PROGRAM SUPPORTS ANCHOR ORGANIZATIONS

The Unitarian Universalist Veatch Program at Shelter Rock, a congregation-based giving program, played a crucial role in

supporting some of the organizational infrastructure important for the living-wage movement. “Our goal was to support [base-building] organizations that could help build social movements,” Victor Quintana, Veatch program officer, explained. Funding, including general support grants, helped these groups organize and mobilize large numbers of people, who were then in place to catalyze action on many issues, including living wages.

The early and continued funding from the Veatch Program and several other key funders helped the Los Angeles Alliance for a New Economy (LAANE) build the membership that supported several wage-related victories. “The Veatch Program has been a consistent funder since our founding [in 1993] and has been crucial to our success,” affirmed Madeline Janis, LAANE director.

In 2001, this membership base helped LAANE—together with Strategic Action for a Just Economy (SAJE) and other partners—successfully pressure real estate developers investing \$1 billion in a downtown Los Angeles development to commit not only to living wages but also to affordable housing, local hiring, and green spaces.¹⁴ The agreement, called a Community Benefits Agreement, was the first of its kind in the United States.¹⁵

The Veatch Program’s funding also helped establish the SPIN Project, which developed media strategies for many living-wage campaigns. “Victor Quintana and [former Veatch Program executive director] Marjorie Fine understood that grantees needed resources to embed communications in every strategy—whether organizing, advocacy, litigation, or fundraising,” SPIN founder Robert Bray noted. When community organizing, they needed messages that turned people out and groups that had the capacity to communicate those messages to targeted audiences. If it was policy, grantees needed messages that targeted policymakers. Yet most funders weren’t supporting this. Victor and Margie recommended to their board that the Veatch Program fund the SPIN Project because they realized the field needed a vehicle to help make this happen.”

As one of the largest funders of community organizing in the country, with a broad range of relationships in philanthropy and the organizing sector, Veatch was also a valuable asset to the Working Group on Labor and Community. Often cochairing the affinity group, “Veatch was able to publicize the labor-community strategy

and elevate the visibility of grantees,” former Veatch program officer Seth Borgos noted. “By making significant-sized grants, particularly to risky and innovative projects, we helped signal to the field that these were not marginal efforts.”

Securing Big Wins

By 2006, roughly two-thirds of all states in the country had at least one living-wage ordinance. City, town, and county governments and other jurisdictions had passed 140 living-wage ordinances “tying wages and/or benefit requirements to government contract eligibility or financial assistance.”¹⁶

These wins encouraged organizations to find strategies to raise statewide minimum-wage levels. For many, the “key was simply getting on the ballot,” noted Brian Kettenring of the Southern Minimum Wage Organizing Project.¹⁷

Many of these campaigns, which were funded primarily by labor unions, successfully raised their state’s minimum wages above the federal level. Whereas in 1997 only five states had taken such action, by 2007 that number had risen to thirty-one states and the District of Columbia.¹⁸ These initiatives, in turn, helped light the fire for an increase in the federal minimum wage. In May 2007, President Bush signed the first increase in the minimum wage since 1997: from \$5.15 to \$7.25 by 2009.¹⁹

Reflecting on the bottom-up strategic progression of the campaigns, Garland Yates, a member of the Discount Foundation board, observed, “There had been a lot of unsuccessful attempts to raise the minimum wage nationally, but when it looked like the federal environment wasn’t going anywhere, the local and then state initiatives began to emerge. As these succeeded, then those involved had an opportunity to push this back into the national arena.”

The living-wage campaigns had repercussions far greater than the increases in wages themselves. The initiatives strengthened the position of low-income people within the country in other ways as well.

The campaigns catalyzed the forging of long-term faith, labor, and community partnerships that worked in support of low-income communities. “We now have low-income citizen organizations that have real seats at the table with some of these labor

unions,” Margery Tabankin, board member of Discount Foundation, noted. “Once these groups had worked together on those campaigns, they began to reach out to one another for other initiatives as well.”

Living-wage ballot initiatives strengthened the voices of the working poor in other ways as well. The work helped force a national dialogue on living wages and also had the unintended side effect of increasing voter turnout in several states.

In addition, the Working Group on Labor and Community helped a significant number of foundations feel more comfortable with labor. “The importance of unions is still not widely understood among foundations, but the understanding has certainly increased,” affirmed Madeline Janis of the Los Angeles Alliance for a New Economy (LAANE). “The Working Group on Labor and Community played an important role in creating that shift.”

Madeline pointed to her own experience as evidence of changing attitudes. “[LAANE works] explicitly with unions, and we’ve found it increasingly easy to raise money. Our budget has gone from nothing to \$3 million [since our founding in 1993]. When speaking with funders, we used to have to say ‘leadership development’ instead of saying ‘unions.’ We used to say ‘worker education’ and have since been able to say ‘labor-community partnerships.’ We’ve felt a clear shift with even the big foundations now accepting the fact that unions need to be part of alliances for change.”

Discount Foundation board member Deepak Bhargava (also executive director at CCC) noted that the Working Group’s impact has been important even for funders who have decided not to fund faith-labor-community alliances. “Even if a foundation doesn’t want to fund these campaigns, they are now often aware that labor is an important stakeholder in the same way churches, local communities, and others are, and need to be invited to the table.”

In 2008, the Discount Foundation continued to build on successes. “They have a grant with the American Rights at Work Education Fund to educate the public and policymakers about the urgent need for labor law reform,” Janet Shenk said. “The grant highlights the Discount Foundation’s belief that labor shouldn’t be the only voice out there defending a fundamental right to freedom of association, and that growing the labor movement is one important pillar of a social justice movement.”

Conclusion

In a time of diminishing purchasing power of real wages, living- and minimum-wage initiatives have been among the most successful efforts for economic justice in the country. They have touched roughly two-thirds of the states in the United States and altered how people think about jobs and wages. “The work put the issue of how much jobs pay on the national agenda,” Sue Chinn reflected.

Marjorie Fine, former executive director of the Veatch Program, added, “Most people believe that a person working forty hours a week should be able to meet their basic needs, and these campaigns help move the country a little closer toward making that a reality.”

The Discount Foundation, a tiny institution with one staff person and just over half a million dollars in annual grantmaking, became a national leader within this movement. By rallying the foundation community, Discount played a strategic role in catalyzing resources in support of the campaigns of diverse constituencies concerned about living wages. “This was particularly important in states like Ohio and Nevada, so the work wasn’t only a union effort,” Henry Allen noted. “Without broad support from faith groups, small businesses, and community organizations, the work would have been written off as a special interest.”

Through a yearlong strategic planning process, the Discount Foundation developed a theory of change that identified faith, labor, and community partnerships as key to building power for the working poor. With this understanding, the Discount Foundation positioned itself as a key leader within the foundation community and catalyzed new funding opportunities for these coalitions.

“Even more than providing funding, the Discount Foundation provided an institutional platform from which to lift up organizations that do model work,” Deepak Bhargava stated. “The foundation created a cohort of funders all interested in labor-community partnerships. Sue [Chinn] and others took on an organizing role from the perch of the Discount Foundation to help empower poor communities.”

Over time, the Discount Foundation matured into a powerful agent of change within the foundation community and beyond. Through leveraging its resources, the foundation has played a role

in helping millions earn a living wage in the United States and contributed to building the power of the working poor.

Lessons Learned

The Discount Foundation and its partners learned how to leverage limited resources to help grantees secure significant successes in support of the working poor. Here are a few insights into how they helped support one of the most successful economic justice campaigns of the decade:

- Focus, focus, focus, and leverage all your resources (staff, reputation, grantmaking, money, and so on).
- Identify sectors with the power and motivation to push successfully for changes sought, and find ways to build alliances between these sectors.
- Define a theory of change (for example, alliances between labor, community, and faith groups are critical to building enough power to secure an agenda for the working poor) and then find entry points for achieving that change (for example, living-wage campaigns).
- Choose a programmatic focus based on real successes occurring on the ground rather than one based on an *absence* of activity or results; this approach enables you to build on the energy that others have already generated.
- Build commitment among other funders by giving them actual contact with exciting grantees—through workshops and site visits—and creating an affinity group that builds and channels funder interest.