

Pathways Out of Poverty: Strategic planning, issue development and building organizational capacity as key elements of community organizing to empower communities

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#### Southern Echo, Inc. / Charles Stewart Mott Foundation Annual Sub-Grantees Networking Conference

March 13-14, 2008 The Lake-over Center 6531 Dogwood View Parkway Jackson, Mississippi 39213

#### Thursday, March 13, 2008

- 8:45 AM Warm up and Songs
- 8:50 Welcome and Invocation
- 8:55 Introduction of Southern Echo/Charles Stewart Mott Foundation
- 9:05 Introduction of Participants

Who are you? Where are you from? What organization are you with? And what's one thing you hope to get from this conference that would enable you to do your work more effectively?

- 9:40 Overview of Networking Conference
- 9:50 Introduction of work presentation/analysis by sub-grantees and past sub-grantees Questions and Answers

Questions to be addressed inside of presentations:

- 1) What is the work that your organization is engaged in?
- 2) How does this work compare today with where your work was when you first started?
- 3) What is the scope and/or geography of your work?
- 4) What are the things that have most strengthened and limited your work?
- 5) How does your work today relate within the political context of what's happening currently in your state and in the nation?
- 6) Name 2 victories or successes in your work?

Sub-Grantees Presentations 20 minutes and 10 minutes for Q & A

- 9:55 AM Southeast Regional Economic Justice Network Durham, North Carolina
- 10:25 Nollie Citizens for Quality Education Lexington, Mississippi
- 10:55 Break
- 11:10 Advocates for Community and Rural Education Everton, Arkansas
- 11:40 South Carolina Rural Education Grassroots Group Estill, South Carolina
- 12:10 PM Lunch
- 1:30 Concerned Citizens for a Better Tunica County Tunica, Mississippi

2:00	Chimuranga Laurens, South Carolina
2:30	Sunflower County Parents and Students Organization Indianola, Mississippi
	Past Sub-Grantees Presentations 20 minutes and 10 minutes Q & A
3:00	Alsen Environmental Justice Community Organization Baton Rouge, Louisiana
3:30	Break
3:45	Activists With A Purpose Grenada, Mississippi
4:15	Community Organizing and Empowerment as a strategy that leads to the collective building of power to win and enforce policies and the sustainability of communities <i>Presentation and Large Group Discussion</i>
5:30	Wrap Up and Adjournment

5:45 Dinner

#### Friday, March 14, 2008

8:45 AM	Warm Up/Songs/Prayer
9:00	Reflections of previous day
9:05	Strategic Planning for Organizational Success Elements of Strategic Planning
	<ul> <li>Assessing the Landscape and Framing the Analysis that Informs the Work</li> <li>Development of Vision</li> <li>Development of Effective Strategies</li> <li>Development of Meaningful Program of Work</li> <li>Development/Framing of Issues Slide Show Presentation and Large Group Discussion</li> </ul>
10:05	Break
10:20	How do you strategically frame your issues as it relates to your program of work to get the maximum buy-in and ownership from the community? Process and Examples Small Group work by individual organizations
11:20	Reports back from small group work and discussion re issue development and framing
12:00	Lunch

1:30	Coalitions and Collaborations as strategies to broaden base of support, share resources and increase capacity * Importance to Work * Values and Principles * Lessons from the field What are the values and principles that should guide coalitions and collaborations? What are the obstacles/challenges to working inside of coalitions and collaboration? Small Group Work
2:30	Reports back from small group work
3:20	Break
3:35	Coalitions and Collaborations Continues Presentation/Large Group Discussion and Lessons from the field
4:00	Fundraising and Fiscal Management Principles of Accountability and Transparency
	<ul> <li>* Fundraising from Foundations</li> <li>* Fundraising from within Communities</li> <li>* Managing funds responsibly</li> <li>* Due diligence as it relates to financial management</li> <li>* Audits/990's/taxes/non-profit designations Presentation and Large Group Discussion</li> </ul>
5:30	Wrap Up, Evaluation and Adjournment What is one thing you learned from the conference? Is there one person you met that you can call for help or support?
6:00	Dinner 7

#### **Pathways Out of Poverty**

- In order to construct effective pathways out of poverty it is essential to define the elements of what we mean by poverty and how they came into existence in the midst of this land of plenty.
- One of the great, deliberate misrepresentations in our history, rooted in both racism and class bias, is that African American, Latino and low-wealth working class white communities have high rates of poverty because they are disinterested in work, especially hard work, un-caring about their families, indifferent to a meaningful education, and just plain lazy. Notwithstanding, African American, Latino and working class white families have demonstrated their enormous capacity to survive the oppressive conditions of slavery and colonialism to build this nation, and at the same time, create strong families, communities and moral leadership for the entire nation.
- To add insult to injury, literally, the dominant community contended that jobs with low pay, long hours and miserable, dangerous working conditions were intended for the betterment of the "other race" or "other class". This disingenuous contention is intended to stigmatize people on the basis of race or class, or both, as inferior, lesser beings who could not survive without the guiding hand of people of wealth and education. The "stigma" is supposed to be internalized within the culture in order to mark people on the basis of race or class as "inferior", so that everyone assumes without explanation who deserve as a matter of right to be the "haves", and who, by their very nature, ought to be the "have nots". This selfjustification for systemic disparity among races and classes has often been sanctified by church leaders who contend that all of this is the will of God.
  - We are going to briefly outline in these pages some of the elements of poverty and how public policies have been used to create and sustain them. Then we will explore how we can build pathways out of poverty through strategic planning for the sustainability of grassroots community organizations designed to empower communities of color and of low-wealth that can impact the formation and implementation of public policy to remedy past deprivations.

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#### I. What is poverty?

#### Poverty is the intended consequence of conscious policies!

• As part of the slave trade that began in the early 1600s Africans were transported to North, Central and South America and the West Indies in order to exploit and exhaust their labor from birth to death, where they were abused by the dominant communities, governments and churches on the absurd self-serving premise that Africans were sub-human, ought to be bought and sold as personal property, and forced to breed and reproduce more chattel slaves, all for the material profit of the traders, bankers and financiers, shippers and entrepreneurs, plantation owners and families of European descent.

• The transatlantic slave trade was crucial to the growth and success of the agricultural, industrial, banking and international trade components of the growing American economy, both North and South.

• The slave trade was an integral part of the early stages of *globalization*. European and American ships brought manufactured goods to the coasts of east and west Africa, brought kidnapped Africans from Africa to the colonies in North, Central and South America and the West Indies, and brought sugar, molasses, cotton, rice, tea, coffee and indigo from these western colonies back north to the American colonies and east to European countries, to complete the triangular trade network.



• The economic, political and social fabric that required and supported slavery and the slave trade was knitted together with constitutional provisions, laws and regulations, customs and practices, and force and violence, to dominate and control those held in bondage against their will.

 Persons of African descent held in bondage had no rights of any kind, could not vote and were treated as personal property assets in the census data on wealth. But in a remarkable twist of logic, in the population census they were counted as 3/5ths of a person to determine total population for purposes of allocating seats in the **US Congress and for allocating** electoral votes to each state for the election of the US President. As a result. after the invention of the cotton gin, as the "slave" states acquired more slaves to work the plantations, the "slave states" increased their representation in **Congress and obtained more** electoral votes in Presidential elections.

### Table giving the numbers of slaves exported from various regions in Africa

Trans-Atlantic Slave exports, 1650-1900						
<u>Region</u>	<u>1650</u> to 1700	<u>1700</u> to 1750	<u>1750</u> to 1800	<u>1800</u> to <u>1850</u>	<u>1850</u> to 1900	<u>Total</u>
Senegambia	51,100	109,800	205,100	113,900	-	479,900
Upper Guinea	4,100	20,000	210,900	160,100	16,100	411,200
Windward Coast	800	18,500	124,700	38,600	600	183,200
Gold Coast	85,800	374,100	507,100	68,600	-	1,035,600
Bight of Benin	246,800	708,200	515,000	520,300	25,900	2,016,200
Bight of Biafra	108,900	205,200	695,900	446,400	7,300	1,463,700
West Central	?	806,400	1,525,400	1,458,200	155,000	3,945,000
South East	2	<u>19,400</u>	<u>44,000</u>	<u>380,700</u>	<u>26,800</u>	<u>470,900</u>
Total	497,500	2,261,600	3,828,100	3,186,800	231,700	10,005,700

Source: Transformations in Slavery by Paul E. Lovejoy Cambridge University Press, 2000, ISBN 0-521-78430-1 Derived from tables: 4.1, 3.4, and 7.4



This is an original 1857 Map of the United States Showing the Free and Slave States. The <u>Dark green states</u> are the free states. The <u>light green</u> are the free "Territories", which were not yet states. The <u>Red States</u> were Slave Importing States, and the <u>Pink States</u> Were Slave States that Exported Slaves. But note: all states originally had permitted the ownership of slaves. Part of the dispute which helped trigger the Civil War was how to dispose of the territories . . . would they join the union as Slave or Free? The answer to this would tip the balance of power in the Congress, which is what made it such a difficult issue. In 1857 the US Supreme Court decided the case of <u>Dred Scott v. Sandford</u>, in which the Court stated as a matter of national policy that "blacks have no rights that white people are bound to respect." [This map and some of the text were obtained from an internet web site. Some text was added.]

- The US Civil War (1860-1865) in large part grew out of the battle between northern and southern states over whether new US states would be "slave" or "free" states. Prior to the Civil War some of the new states that were "battlegrounds" were Texas, Oklahoma, Missouri, Kansas and Nebraska.
- In January 1863, in the middle of the Civil War, President Lincoln issued the Emancipation Proclamation Act to "free" the slaves in some of the states that had seceded from the US in the hope that this would undermine the war effort of the Confederate states. The Act did not emancipate the slaves anywhere else in the US.
- In 1865, after the Civil War ended, the states loyal to the Union adopted the 13<sup>th</sup> Amendment to the US Constitution abolishing slavery and involuntary servitude (except for imprisonment for the punishment of a crime).

#### **BUT - "EMANCIPATION" IS NOT THE SAME THING AS "FREEDOM"!**

• Before and after the Civil War persons of African descent, those both "free" and "held in bondage", held meetings across the southern and northern states to outline the elements essential to "freedom" and a fair opportunity to create the quality of life to which they were entitled as human beings and first-class citizens of the US:

A. The right to own and control their own labor, including the right to work for themselves, to withhold their labor at their own discretion, and the right to fair wages and decent working conditions when they were employed by others;

B. The right to own their own land anywhere, to use their own land as they desired, to enter into contracts to buy and sell and otherwise participate in commerce on the same basis as others, and to use the court system on the same basis as others to sue, to be a witness and present evidence, and to serve on grand juries and trial juries, all to protect and enforce their rights;

C. The right to freedom of unrestricted mobility and freedom of movement without having to account to anyone else and without having to have to justify their presence anywhere;

D. The right to obtain an education, especially a public education, as the foundation for the development of the political, economic and social tools and skills to be an effective, independent, critically-thinking citizen and competitor in the economic marketplace; and

E. The right to register to vote, to vote, to hold public office, and to come together in an organized manner to participate fully in every aspect of the political process through which public policy is formed and implemented.

After the Civil War resistance to "freedom" for African Americans was fierce....

- Both many white abolitionists and supporters of slavery contended that "emancipation" did <u>not</u> confer citizenship, political or economic rights or social access. The constitutions, laws and regulations of the northern states before and after the Civil War clearly demonstrated this distinction between "emancipation" and "freedom".
- In response to black demands for citizenship and equal rights, in both the North and South states, counties and cities enacted constitutional provisions, state and local laws and regulations known as "Black Codes" to constrict, restrain, hinder, thwart, limit and undermine the push for "freedom" by those formerly held in bondage. The "Black Codes" re-enacted every limitation of the slave condition except for the formal legal status of slavery itself.
- Families that had been held in bondage came out of the slave condition destitute and without economic resources. The goal of the Codes was to keep persons of African descent dependent on whites so that they would have to accept the conditions for survival as defined by the white community.
- Without a steady supply of white workers, plantation owners were having a difficult time farming their lands. In some states the Codes made it a crime for a black person to appear on the streets without being employed by a white person. The Codes also greatly restricted the ability of blacks to move about, travel, cross county lines, and so on, without great risk. The sheriff could arrest such a person and hold him in jail until he agreed to a contract to work for a white farmer or business person for a minimum of a year.
- In some states when black families worked together to farm their land and market their products, whites launched newspaper campaigns to denounce black persons as "lazy" because they refused to work for whites. The Codes also denied blacks effective access to the court system. Without effective access to the protection of the legal system, black families were cheated out of or forced off their land without recourse. Without their own land, black families often had to go back to work for white farmers in order to survive.

- In short, the white community took the position that "emancipation" may have abolished slavery, but it did not confer "citizenship" on those who had been held in bondage, or the rights, privileges and immunities of citizenship, such as the right to vote, hold public office, or the use and protection of the legal system.
- As a consequence, the second-class political status, substantial economic dependence and total physical and legal vulnerability of African Americans and their communities, were recreated as an integral part of the transition from slavery to emancipation. "Freedom" was still clearly beyond the horizon.

The creation of dual citizenship and equal rights for black families, the subversion of these rights by the white terrorist insurgency, and the eventual capitulation to white supremacy by the United States government

- In response to the Black Codes, the radical faction of the Republican Party that supported the abolition of slavery led the US Congress and the states loyal to the Union to ratify the 14<sup>th</sup> Amendment to the US Constitution in 1868. The 14<sup>th</sup> Amendment granted US citizenship (national citizenship) to every person born in the US, regardless of race or color, and additional citizenship in the state in which the person resides (state citizenship). A person born in the US may change residence from state to state and thereby change state citizenship, but that person always retains <u>national</u> citizenship regardless of where that person lives.
- In addition, the 14<sup>th</sup> Amendment guaranteed to each citizen due process of law, equal protection of the law, and all of the rights, privileges and immunities of citizenship. The goal was to put persons of African descent on the <u>same</u> basis in every respect as persons of European descent.
- Nevertheless, whites across the country took the position that the US Constitution could declare a person a citizen, but that did not automatically confer the right to vote and that the states could decide for themselves whether to permit black citizens to vote. In the 1860s and 1870s, for example, Mississippi was a substantially majority black state and whites feared that the right to vote would contribute to an attitude of independence and self-reliance on the part of black citizens.
- In 1870 the US Congress and the loyal states ratified the 15<sup>th</sup> Amendment to the US Constitution to guarantee the right to vote to all citizens, regardless of race or color.

• Across the South black citizens organized political clubs, debated public policy, selected and elected persons of color to public office for the first time. They voted to use public funds to create schools that blacks could attend. This angered plantation owners who felt that education spoiled field workers by filling their minds with ideas about and tools for independence.

• But throughout this process the presence of US Troops, or federally-appointed public officials who had the support of US troops or state militias, was necessary to withstand the tide of organized violent terror campaigns by armed white committees dedicated to the overthrow of local and state governments run by black and white Republicans and to the elimination of black participation in the political process. Some of these groups were called the Ku Klux Klan and other were called such names as the White League or the White Line.

• By 1874 white organizations were engaging in armed insurrections to overthrow elected state and local governments. Whites across the country who had supported emancipation, stopped supporting the use of federal troops to protect the right to vote, to prevent the massacre of black communities to terrorize voters, or to return duly elected public officials to office, black or white, who had been ousted by insurrections.



Harper's Weekly cartoon by Thomas Nast depicting the plight of African Americans in the Reconstruction South c. 1866-68

Editor's Note: Notice that the pocket of the man on the left states "White League" and the chest of the hooded man on the right states "K.K.", for Ku Kluxers, as they were called. Note the banner at the top states, "THE UNION AS IT WAS ... THIS IS A WHITE MAN'S GOVERNMENT ... THE LOST CAUSE". Note that at the top of the shield it states, "WORSE THAN SLAVERY". This cartoon was obtained from the internet.

- In 1874 Democrats, who demanded the end to federal supervision of the rebellious states, swept the Congressional elections across the nation. In the 1876 Presidential election the outcome of the election in 3 southern states was disputed. Under the US Constitution the resolution of the issue had to be decided in the US House of Representatives. The Democrats, dedicated to putting an end to black participation in the political process, struck an historic compromise with the Republicans called the Hayes-Tilden Compromise of 1877.
- In the Compromise of 1877 Democrats agreed to award the Presidency to the Republican candidate, Rutherford B. Hayes. In exchange, Republicans agreed to withdraw federal troops from the South to let southern states resolve the dispute over participation by blacks in the political process. This Compromise gave the green light for armed white insurrectionists to use organized violence to drive black and white Republicans from office, and to pass laws that re-imposed on persons of color all of the conditions of bondage, without calling it slavery.
- With the assistance of US Supreme Court decisions that systematically undermined enforcement of the 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> Amendments, it didn't take long to drive black citizens from the political playing field and to re-impose a crushing framework of race discrimination against persons of color everywhere in the nation. The effective denial of the fundamental rights set forth in these Amendments crushed the efforts to create 1<sup>st</sup> class citizenship for persons of color.
- *Exploitation* was the intended outcome in this process, and the systematic enforcement of *segregation* was the symbol of this regime. The goal was to drive persons of color back into economic and political dependency on whites, force them to work for whites on terms set only by whites, and enable whites to minimize costs and maximize profits.
- As a consequence of these policies under whites-only politics, workers of color were reduced to the lowest possible earnings and the most deplorable living conditions. These policies minimized educational opportunity, undermined the health of families, marginalized economic opportunity, tore at the very fabric of family life, generated community-wide fear about opposing these policies and conditions, and herded persons of color into the receding shadows as the light of new economic opportunities emerged over the national horizon.

- Without effective access to the political process persons of color could not seek help from public officials to enforce their rights, or turn to the courts to enforce their rights when cheated out of their wages, their homes or their land.
- In 1890 Mississippi held a constitutional convention to adopt a new constitution whose core value was to systematically disenfranchise blacks and complete their removal from the voting process. The strategies of literacy tests and poll taxes became known as the "Mississippi Plan", which by 1905 was adopted, in one form or another, in all of the southern states, and some of the northern ones, as well.

#### **SUMMARY**

- Our history has been rooted in a system of *domination and control* by whites over people of color. Systemic poverty is one of the enduring outcomes of the system of domination and control. Poverty has been a key within the system because the constituent elements of poverty generated and sustained <u>dependency</u> and <u>minimized the capacity of people to resist</u> <u>the exploitation</u> and the policies that maintained domination and control and the resultant conditions of poverty.
- Systemic poverty, therefore, was the *intended consequence of conscious policies*. It was created and enforced through laws and regulations, force and violence. Poverty was an integral outcome *before* and *after* the abolition of slavery.
- This framework enabled those in control to exploit low-wealth white working class families, too. Often white families and families of color were pitted against each other by major employers to generate mutual suspicion and fear in order to keep people of color and whites from joining forces, from working together, to end their exploitation.
- White people feared two things the most that could undermine their domination and control: 1. The development of *independent black political organization* that could not be run and controlled by whites; and

2. An *effective public education system* accessible to all children and adults of color where they could develop critical thinking, master mathematics and the humanities, understand the political process and develop the working tools and skills needed to sustain the kind of personal, political and economic independence that is at the core of genuine freedom.

#### II. Pathways Out of Poverty

#### If poverty is the intended consequence of conscious policies, then how can we work effectively to change these policies?

If poverty is the intended consequence of conscious policies, then we have to change the offending "conscious policies" at every level of government and in the private sector. This requires several elements:

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1. To change the "intent" of "conscious" policies it is essential to change the "mind-set" with which policies are created. That means that the "mindset" has to change from "exploitation of grassroots communities" to "accountability to the needs and interests of grassroots communities".

2. To change the mindset that underlies policy formation and implementation, grassroots communities have to have the means to hold "accountable" the public officials that make and enforce policy. "Accountability", in this context, means putting community interest over self-interest.

3. To hold public officials accountable grassroots communities have to be able to elect accountable officials and be able to "retire" those officials who fail or refuse to be accountable.

4. To be able to elect and retire public officials grassroots communities need their own accountable organizations through which people can work together to empower their communities to have the understanding, tools and skills needed to impact the formation and implementation of public policy.

5. To build effective organizations that can empower community it is essential to focus, among other things, on *strategic planning*, *issue development* and *organizational development*.



# III. Strategic planning to build organizational capacity



# STRATEGIC PLANNING



# **CRITICAL THINKING**

#### The Use of History to Understand and Shape Struggle

History is the record of our:

- A. Peoples
- **B.** Cultures
- C. Struggles.

• History is the foundation of our understanding of our present and the basis for our analysis of the possibilities of our future.

• If we don't understand *where we have been* we cannot understand *where we are* and why. If we cannot understand *where we are* and why, then we will be unable to understand how best to struggle effectively to get *where we need to go* and *how best to get there*.



• The vision of an organization and how it conducts its struggles are rooted in an understanding of history. It is the explanation of the forces at work in our history that underlies the strategic thinking as to how best to move to make fundamental changes.

• Therefore, if the understanding of our history and our struggles is incomplete, or unclear, or inaccurate, then our capacity to create clear, effective strategies is limited by the lack of understanding.

In our work we can't wait until we have the fullest possible understanding of history before moving our agenda forward. So we have to do the best we can with what we know. However, at the same time, we have a duty to learn as much as we can, as fast as we can, by sharing the process of serious study, learning from our experience, and talking with older heads and students of history. In struggle the *discussion of history* is similar to the way that we use discussion in the *debrief and evaluation* process:

- 1. We need to know the facts as clearly and accurately as possible;
- 2. We need to determine why things happened the way they did;
- 3. We need to determine who were the players and what stake each player had in the potential outcomes from the various situations we are learning about;
- 4. We need to assess why the various stakeholders and players did what they did. That is, what were their motivations?
- 5. We need to look for patterns in the way people respond to situations in light of their stakes in the outcome;
- 6. We need to assess what lessons we can learn about individuals, organizations, and the way they relate to each other; and
- 7. We need to assess whom to trust and respect, whom not to trust or respect, whom to respect but not trust, and whom to trust, even if you cannot respect them.
- 8. We need to assess what works and does not work and make the necessary and appropriate adjustments in the strategies, program of work and the relationship building process that, hopefully, will enable the organization to realize its goals.







### What are the principal objectives of the strategic planning process that should be reflected in the work?

There are 3 principal objectives:

- 1. Building relationships among people....
- 2. Building relationships between people and work....
- 3. Building relationships among the several parts of the work....



What questions should we ask to focus our work to achieve these 3 objectives?

- 1. How do we build relationships among people?
- 2. How do we enable people to see their relationship to and become involved in the work?
- 3. How do we enable people to understand the connectedness of different parts of the work?

In the organizer's work STRATEGIC PLANNING involves:

striking a *balance* between the

BREADTH OF IMAGINATION and the SENSE OF PRACTICALITY



In the mind's eye

**Breadth of Imagination:** 

WISHFUL -	 FOCUSED	<b>←−−−+</b>	FEARFUL
	I OCODED		I DAN UD

Sense of Practicality:

SELF-DOUBT		<b>UNDERSTANDING BASED</b>		
<u>&amp; FEAR</u>	<b>*======</b>	<b>ON EXPERIENCE</b>		

- The key is to create and maintain a <u>balance</u> between the *breadth of imagination* and the sense of practicality!
- The key to creating and maintaining a <u>balance</u> is overcoming fear, engaging in truthtelling, and having a clear sense of direction.
- In other words, we need to understand our fear and learn to be clear, accurate and honest with ourselves and each other when assessing work.
- What we see is limited only by our capacity to imagine! This is exciting, and also scary. Why? Because it means we have *responsibility*!

Our capacity to imagine is limited and shaped by:

- \* the extent of our personal and work experience,
- \* the degree of fear we have about the *goals* of the struggle, and the *risks* of involvement, and
- \* the extent of our understanding about the history, politics and economics of our struggle.

#### **African Proverb:**

If we don't know where we are going -any road will take us there!



#### **Organizational maxims:**

- A. If we do not have clear goals -- we cannot create a clear work plan! [In other words: confusion in -- confusion out!]
- B. Without clear goals -- we cannot tell whether our work is effective!

#### **Organizational imperative:**

We must continually share information, within the organization, on the work being done in order to be able to assess whether the work is effective. Then we can determine whether the work is effective, and can determine the real strengths and weaknesses of the organization.

#### The organizer mind's eye "balance beam"....

#### **BREADTH OF IMAGINATION**

SENSE OF PRACTICALITY



#### From Critical Thinking to Strategic Planning --

**Strategic planning** is the key to creating an effective, clear direction for the organization. Strategic planning must have a strong foundation. That foundation is rooted in 4 separate, but inter-dependent questions and answers:

- 1. Where have we been?
- 2. Where are we now?
- 3. Where do we need to go from here? And –
- 4. <u>How</u> do we get from where we are to where we need to go?

There are 4 main components to strategic planning:

- 1. Clear vision to define the long-term goals,
- 2. Effective strategies to frame the struggle to achieve the long-term goals,
- 3. A meaningful program of work to carry out the strategies to achieve the long-term goals, and
- 4. Debrief and evaluation at every stage and all the time.



#### **Program of Work**

The *program of work* grows out of the strategic planning process to implement the strategies agreed upon to fulfill the vision of the organization. The program of work includes:

- 1. Tasks, timelines and assignments:
  - a. Tasks: what staff or volunteers need to do to achieve the goals;
  - b. Timelines: dates and times of day when the work, or some part of the work, must be completed by those doing the work; and



- c. Assignments: the people designated to do the work.
- 2. The program of work can include both long-term and short-term tasks, timelines and assignments. It helps to have a program of work for at least a year to 18 months so that the short-term work can be consistent with the long-term work.
- 4. The program of work marks the trail for those who are doing the work. If there is no program of work, then there is no trail to follow.
- 6. If the program of work is unclear, then the work will be unfocused. If the people doing the work cannot understand the program of work, then the work actually done will be most likely be unclear and unfocused.
- 5. If the people doing the work do not follow the program of work, or cannot follow the program of work, then it is very unlikely that the goals of the work can be achieved.
- 6. Put another way, the vision and strategies are the *policies* of the organization. The program of work is the method to accomplish them.

#### **Debrief and Evaluation**

- A. "Debrief and evaluation" is one key to joining critical thinking with strategic planning.
- B. The foundation of "debrief and evaluation" is to transform hindsight into foresight.
- C. Hindsight is when we look back into the past to learn from our *experience*.
- D. Foresight is when we look forward into the future to use what we have learned from the past to *anticipate* and plan events that have not yet happened.



mind's eye

- E. There are several different kinds of *experience* that we can <u>share</u> with each other, and from which we can <u>learn</u>, to make our *hindsight* as informed as possible, such as:
  - 1. our personal experiences as individuals and as activists
  - 2. experiences with those with whom we work
  - 3. experiences with activists not from our communities
  - 4. experiences with our families, friends and communities
  - 5. oral and written histories
  - 6. newspapers, magazines, biographies and autobiographies



- F. Some first principles about learning from the struggle:
  - **1.** About risk-taking and mistakes:
    - a. No risks, no gain. If you take no strategic risks, you may avoid the appearance of failure, but will not achieve significant goals, and that is the ultimate failure.
    - b. Nobody, no organization is perfect. Every person and organization make mistakes. Therefore, perfection cannot be the ideal. It is okay to make mistakes, although we try to minimize them.
    - c. The ideal is disciplined risk-taking based on strategic planning.
    - d. The most important thing about mistakes is to learn from them.
    - e. If you do not make mistakes, then you cannot learn from them.
    - f. To learn from mistakes requires a spirit of grace and redemption toward each other and a willingness to engage in truthtelling.
    - g. If you do not take risks and make mistakes, then you cannot learn what your "capacity to do" actually is or can become.
  - 2. About risk-taking and successes:
    - a. No risks, no successes.
    - b. No successes, no gain.
    - c. People need to have successes to develop confidence, build hope, and learn what capacity they have to achieve their goals.

- d. How should we understand what constitutes "success" in any given situation?
  - \* To assess "success" it is important to think on "multiple levels".
    For ex., the work may strengthen the base, but not yet effect a policy change ....
    Or, the work may effect a policy change, but not strengthen the base ....
  - -- What were the several goals of the work?
  - -- What do we need to find out in order to understand and how do we do that?
  - -- Which goals were achieved? Which goals were not?
  - -- Why were some goals achieved and others not?
  - -- What did we learn about what works and what does not?
  - -- What did we learn about our strengths and limitations?
  - -- How should we adjust priorities to build our capacity and improve our work?
  - -- Which risks make sense and which do not?
- 3. Moving from hindsight to foresight:
  - a. In the process of answering these questions we have the opportunity to move from hindsight to foresight.
  - b. What we learn from the critical thinking process about risk-taking, mistakes and successes can become the foundation for planning the work.
  - c. It is important to talk about these questions and answers very frequently, all the time.
  - d. The answers may not come quickly or easily, but it will become easier through time with practice.
  - e. These kind of conversations should be treated as critical to the long-term success of the organization and should be undertaken in a systematic and disciplined way.
  - f. It is important to get input and feedback from diverse sources to get viewpoints from different perspectives. It is a growth process for all.



#### Examples of thinking on multiple levels at the same time:

#### Level: capacity building

- a. laying foundation to move from one plateau of struggle to another: ex.: moving from fighting for access to the political process to impacting the formation of public policy; Or, moving from single organization work to networking
- b. training:
  - \* learning organizing tools and skills to build organization and leadership
  - \* learning laws, ordinances, rules and regulations, customs and practices
- c. building self confidence and understanding of what individuals and organizations are able to do

#### Level: four elements or steps of community organizing

- a. investigation: internal and external
- b. education: internal and external
- c. negotiation: internal and external
- d. demonstration: internal and external

#### Level: strategic analysis and planning: hindsight becomes foresight

- a. what succeeded? what gains, if any, have we made and why are they gains?
- b. what did not succeed -- yet? what have we learned from what didn't work yet?
- c. what good moves did we make?
- d. what errors did we make?
- e. what were our strengths?
- f. what were our weaknesses?
- g. how could we do it better the next time?
- h. how should we proceed from here? and why?



#### **Building blocks of struggle**

#### Building relationships among people:

This is where our original 3 elements and 3 questions must be brought forward to focus our attention as we develop strategies and work to achieve the vision.

#### 3 elements:

- 1. Building relationships among people....
- 2. Building relationships between people and work....
- 3. Building relationships among the several parts of the work....

#### **3 questions:**

- 1. How do we build relationships among people?
- 2. How do we enable people to see their relationship to and become involved in the work?
- 3. How do we enable people to understand the connectedness of different parts of the work?



If building relationships among people is a key element in community organizing, then how do we build *relationships* among people? *Trust* and *Respect* are the key building blocks.

Among the things we need to do to build trust and respect are:

- 1. Engage in active listening to understand, not just to respond
- 2. Be knowledgeable about your community and its people
- 3. Engage in truthtelling
- 4. Be clear and precise in explaining facts, ideas and concepts
- 5. Be transparent in your agenda
- 6. Say what you mean and mean what you say
- 7. Take risks in the analysis of what needs to be done: be clear why a particular "risk" is worth taking
- 8. Be willing to take any risks that you ask others to take
- 9. Be willing to do any work, take any risks, that you ask others to do
- 10. Be willing to demonstrate or model the work
- 11. Work alongside, behind and in front when necessary

If building relationships between people and work is a key element in organizing, then how do we enable people to see their relationship to and become involved in the work?

- 1. People need to *understand* the work: we have to be willing to explain and to demonstrate what the work is about.
- 2. People need to see clearly how the work *affects* or *impacts* themselves as individuals, their families, their community, and their people, whether directly, or indirectly.
- 3. People need to feel valued, validated, and acknowledged: therefore, they need to be included in the discussions and planning about the work.





- 4. At the same time, people need to be invited to help get stuff done that needs to get done, and they need to see how this work relates to the goals of the organization -- i.e the work they do must be *real*.
- 5. People need to become *actively involved* in one part of work or another to build *experience* with the work.
- 6. *Experience* with the work is the key to enabling people to begin to develop a sense of their *capacity* to do the work.
- 7. Understanding of the work and belief in the capacity to do it are keys to building commitment to the work and to the organization pushing the work.

If building relationships among different parts of the work is a key element in organizing work, then how do we enable people to understand the connections among different parts of the work?

The key is to apply critical thinking to the discussion of strategic analysis

- 1. Talk things through as thoroughly as is possible
- 2. Make the analysis as clear as can be
- 3. Create a safe atmosphere in which people can express uncertainty about whether they understand the analysis or can bring out their disagreements with the analysis so that explanations can address real concerns
- 4. Concrete examples contribute a lot to understanding
- 5. Involvement in the work builds experiences that demonstrate the connections
## The 4 Plateaus of Struggle

At present, we are working with the concept of <u>four (4) plateaus of struggle</u>:

- 1st Plateau. Getting access to the political process at the local, county and state levels
- **2nd Plateau.** Impacting the formation of public policy at the local, county and state levels
- **3rd Plateau.** Forming unusual alliances to impact public policy
- **4th Plateau.** Moving from state specific work to regional work to impact the formation of public policy



## **1st Plateau: Access to Political Process**

The first plateau is focused on building leadership and organization to work to gain access to the political process.

In many communities people of color or of low wealth are still on the outside of the building, knocking on the window and trying to get in the door. They are only able to look at the people at the table making the decisions that control the policies that affect their lives. Unless they can get in the door and sit at the table community will have little capacity to impact the formation of policy, or hold their public officials accountable to the needs and interests of the community.



## **2nd Plateau: Impacting the Formation of Public Policy**

Access to the table is not enough. To change the quality of life or to hold public officials accountable to needs and interests of the community, requires that the community be able to impact the formation of public policy. To impact the formation of policy at any level of government requires:

- 1. A clear understanding of what the problem has been and continues to be;
- 2. A clear prescription or remedy for resolving the problem;
- 3. Strong organization with which to build a broad base of support for change among the constituents of the public officials making the decisions ;
- 4. Effective, accountable leadership to focus the work to impact policy; and
- 5. An appropriately worded framing of the proposed policy changes that address the legal and policy issues public officials will have to consider.



Work on the 2nd plateau does NOT mean that work on the 1st plateau has been completed. Work on the 1st plateau must continue to bring more and more individuals into the process who have not participated and who have not believed that they could become involved. This is a major way to broaden the base of support for the work. Therefore, work on the 1st and 2nd plateaus need to go on at the same time.

To be effective in the organizing work requires that people have an effective opportunity to learn new tools and skills at each plateau that will enable them to develop the capacity to understand the work and to implement the strategies.

There are some major differences between the work on the 1st plateau and the work on the  $2^{nd}$  plateau. Among the hallmarks of the 2nd plateau are:

- 1. Community leadership works to build "working relationships" with public officials. For ex: community works to shift public officials from open hostility to the community to an attitude of grudging respect and a willingness to consider community policy demands;
- 2. Community leadership get elected to public office at the town, county, parish or state levels;
- 3. The realization by community that it has become a player -- a fundamental transformation from the culture of systematic exclusion....;
- 4. The opportunity for community to utilize some of its energy and insight to formulate new, creative, redemptive policies;
- 5. The opportunity to negotiate within the community and with adversaries and public officials for the adoption of new, progressive policies.

## **3rd Plateau: Forming Unusual Alliances to Impact Policy**

The 3rd plateau builds on the work accomplished on the 1st and 2nd plateaus. It deepens and broadens the basis for the community to impact the formation of public policy. The work of the 1st and 2nd plateaus continues to go on at the same time.

What are "unusual alliances"? This refers to working with individuals and groups with whom the community in the past has been, for the most part, in conflict, or who have seen each other as adversaries. This can refer to alliances with people or groups in the white community, or within the minority community, whether African American or Latino.

The third plateau is really an extension of the policy formation work at the 2nd plateau. Usually, this work becomes possible when the community has demonstrated that it has become a player in the policy formation process.

On the 3rd plateau it is important to be very careful not to confuse cooperation "of the moment" with adversaries concerning specific issues with genuine agreement about vision and goals. It is important to be clear about where you agree and disagree, and therefore, where the alliance begins and ends. Confusion about this can lead to grave miscalculation and can mislead community people about who are their friends and who are not. This is a learning process as you go.

This is where *debrief and evaluation*, perhaps on a daily basis, is very important to make sure that your strategies continue to serve your goals. This is where the turnaround of converting hindsight into foresight needs to be quick and steady.

By the way: for the purpose of this discussion "adversaries" does NOT necessarily mean "enemies". It can refer to anyone with whom you have fundamental differences about which policies best serve the community.

## 4th Plateau: Moving from state specific work to regional work to impact the formation of public policy

The 4th plateau involves moving from work in the separate states to work in the region to impact the formation of public policy. For example, there are groups with common values doing good work across the Southern and Southwest regions.



The questions are:

- B. Can regional work create opportunities to impact policies that cannot be achieved by working separately among the states?

**Examples of policy areas:** 

- public education,
- schoolhouse to jailhouse and juvenile justice,
- environmental racism,
- political redistricting,
- public health,
- living wage,
- immigration,
- felony disenfranchisement,
- the right to effective representation in school discipline and criminal matters, and
- globalization, etc.

## Moving from the "Protest Model" to the "Policy Model"

- The "protest model" was the primary method of national and local struggle by grassroots community during the human rights movement of the 1950s and 1960s -- sit-ins, freedom rides, marches, pray-ins, demonstrations, efforts to register to vote, and angry demands for change at public meetings when the citizens had no vote with which to hold public officials accountable.
- The "protest model" had an enormous impact on the consciousness of the nation and brought to the public stage the reality of racism, systemic intentional suppression, exclusion, segregation, and disparities rooted in core values and policies in both the public and private sectors, created and maintained through constitutional provisions, laws and regulations, customs and practices, and ultimately violence by law enforcement and private individuals. It led to extraordinary changes in policies in both the public and private sectors. But it was not, in itself, a model for effective governance that community could sustain or upon which it could rely.
- The "protest model" reached its limits in the middle and late 1960s when it was effectiveness was diminished by two major stresses. On the one hand, <u>public officials and business leaders began to figure out how to "roll" with the protests.</u> Instead of responding to protests with anger, retaliation and open violence, public and private institutions learned to appear to listen, accepted and absorbed verbal punishment, and then would appoint community leaders to "study committees" to chill the community, stretch out the process, confuse the issues and then offer token rather than fundamental and substantive changes in policies and practices. On the other hand, some angry and frustrated communities, often encouraged by federal and local government "agent provocateurs", <u>moved the model from protest to violence and rioting</u>. The "violence" was used by the federal and local government to ignore the underlying issues, disparage "protests" and in the name of restoration of "law and order" focus on the suppression of community groups demanding fundamental changes in policies in the public and private sectors.
- The "policy model" is an emerging governance model that focuses on impacting policy formation and implementation through the election of accountable public officials at all levels of government and building the capacity of community organizations, through training and technical assistance, to hold officials accountable to community. This process also involves building alliances across traditional barriers of race, class, gender, geographic location, and status to generate sufficient capacity to sustain meaningful impact on the policy process.

## Using "parallel organizations" to Broaden the Base of Support

The theory of parallel organizations --

There are organizations with different strategies, but that work toward similar goals aimed at different constituencies. Since they work for similar goals they support each other. Each accomplishes things the others cannot.

- 1. A smaller organization can be more aggressive in support of a specific vision, while a larger, democratically-run group tends to be more diverse in its base and, as a result, more conservative, or less aggressive, in order to accommodate the broader base of involved members;
- 2. Organizations can have overlapping constituencies or bases of support;
- 3. Organizations can have different strategies to achieve common goals;
- 4. Organizations can have different programs of work to implement common strategies;
- 5. Organizations with similar goals play different roles in their communities;
- 6. Organizations can cooperate on specific goals and work while disagreeing about others;
- 7. Sometimes people and organizations will work to achieve a common goal if they do not have to submit to the authority of the other organizations or individuals;
- 8. All people do not have to work within a single organization for effective work to be done to achieve a common goal;
- 9. Therefore, several organizations can work in the same direction (i.e., in a parallel way), to broaden the support, without having to come under the control of a single organization.
- 10. Using parallel organizations takes advantage of all of the available community resources.

## Using "umbrella organizations" to broaden the base of support

The theory of <u>umbrella organizations</u>:

- 1. In most communities there have some organizations around for a long time, including churches, concerned citizens groups, or voters leagues, etc.
- 2. Often organizational turf and jealousies, and personal turf and jealousies, can make it difficult to bring people together to cooperate on work that would actually benefit all of them. Often each of the organizations is worried about which organizations and so-called leaders will get the credit for whatever is accomplished.
- 3. This is especially serious when no one of the organizations is strong enough on its own, but if they pooled their strengths and resources they could acomplish a great deal more collectively. The umbrella can be a safe place to work without having to challenge an existing organization that does not want to be associated with such work.
- 4. One approach is to create an umbrella organization under which everyone can work.
- 5. Under the umbrella each organization can be recognized as participating and contributing to the work of the whole, without any one being dominant or controlling.
- 6. The work is done under the name of the umbrella organization and the credit goes to the umbrella organization and also can go to each of the supporting organizations.
- 7. Decision-making should be done by those actually actively engaged in the work: this is important so that the gatekeepers within don't prevent work from being done.



The goal was to elect accountable black candidates to the powerful Tallahatchie County Board of Supervisors. But -- there was a *dilemma*: the leaders of the several black community organizations were very competitive, did not trust each other and were reluctant to work together. If they did not work together, a divided community would lose all the elections.

Why would competing factions and leaders agree to support and work with each other under an umbrella organization in light of their long history of seemingly endless factional tensions? The key was to enable people to "understand" the importance of working together. Understanding is the pre-condition to <u>commitment</u> and <u>commitment</u> is the pre-condition to <u>doing the work</u> that needs to be done. So -- what was the key to "understanding"?

The key was to get everyone to understand and embrace the concept of *accountability*, where *accountability* means "putting community interest over self-interest". The organizational leaders agreed that if they did not work together the white community would continue to control redistricting and no blacks would ever be elected to office. Only by working together could they change that. The umbrella organization, as a *temporary organization* that focused on redistricting, enabled the existing organizations and leaders to avoid submission to one another, and thereby, to appear to save face.

So -- what was the outcome of this strategy? After a 2 year fight, a federal court adopted a "fair" redistricting plan that enabled the black community to win their "first" opportunities to win county-wide elections. The grassroots organizing work, under the "umbrella" raised the consciousness of community, which helped black candidates to numerous "first time" wins.

For example: Robert Huddleston was elected the first black state representative in history to represent Tallahatchie County. David Jordan was elected the first black state senator in history to represent Tallahatchie County. Jerome Little and Bobby Banks were elected the first black county supervisors in history to represent districts in Tallahatchie County. Eddie Meeks was elected the first black Justice Court judge and the first African American to preside in a judicial court in county history. Black candidates won a majority of seats on the county board of election commissioners for the first time in county history.

## Example: Voting rights battle in Mississippi 1961-1968

In the early 1960s the Student Nonviolent Coordinating Committee (SNCC) was a new organization of young people, primarily African Americans from the south in their teens and early twenties, whose primary tools of struggle were community education and direct action or demonstrations to highlight oppression and violation of the constitutional rights of African Americans throughout the south. The experiment, the risk-taking, of moving the struggle away from sit-ins around public accommodations to the exercise of the franchise through voter registration, running grassroots candidates for high and low public offices, building a "democratic" political party and turning out the vote on election day, was transformational for the entire nation.

- The Student Nonviolent Coordinating Committee (SNCC) identified two fundamental needs that it could not meet itself:
- 1. <u>The need for a broad-based community effort to fight for and win the right to vote</u>. But at the time SNCC was considered the most militant or aggressive organization doing this work in Mississippi and many were fearful of being associated openly with SNCC. Turf issues and jealousies among existing organizations were very strong.
- 2. The <u>need for a broad-based political party, open to all regardless of race</u>. The black community needed a vehicle through which it could work to develop a meaningful platform for change (a vision) that could obtain broad-based popular support, and from which candidates could launch traditional-style political campaigns, be nominated, run for and be elected to office. This process would enable the community to demonstrate to the nation that blacks in Mississippi were systematically excluded from the right to vote, to seek election to office, or to participate in the Democratic Party. The Mississippi Democratic Party was the only viable party in the state at the time. Mississippi was a one-party state. There were very few Republicans. In context, the new entity had to *appear* and *act like* a traditional broad-based political party.

What strategic options did SNCC and the community have under the circumstances? SNCC, under the leadership of its Mississippi Project, based in Jackson, MS, developed strategies to address each of these needs: 47 **STRATEGY #1:** To build a broad-based community effort. SNCC reached out to the Congress of Racial Equality (CORE), the Southern Christian Leadership Conference (SCLC), and the NAACP to establish a new organization devoted to the goal of enforcing the right to vote, through which any and all organizations could work, without any one of the member organizations of this coalition being identified as the dominant organization or the "boss". Each of these organizations agreed. The new "umbrella organization" created in 1962 was called the Council of Federated Organizations (COFO). Each of the member organizations remained separate and independent, but COFO became the entity through which the strategic planning and voting rights field work was coordinated.

It was intended that COFO, as an umbrella coalition, would have a higher visibility and broader base in the community and as a result could not be as aggressive as the smaller, more radical catalyst organizations, **SNCC** and **CORE**.

At the same time, the fundamental working premise was that those who were doing the actual work in the field, and risking their lives and the lives of their families to do it, should make the decisions about how to go about doing the work. This placed the "power" within COFO in the hands of those who were actually doing the work and taking the risks.

STRATEGY #2: The need for a broad-based political party open to all. SNCC built upon the relationships it had developed across Mississippi through COFO to launch the Mississippi Freedom Democratic Party (MFDP) in 1964. The MFDP was intended to be open to and to attract people from all segments of the community:

- a. low, moderate and high income and wealth;
- b. low, moderate and high educational background
- c. all regions of the state;
- d. black and white
- e. all political viewpoints, so long as they were committed to the enforcement of the rights, privileges and immunities of citizenship for African Americans, and
- f. all religious denominations.

## Visualizing "parallel organizations" in Mississippi voting rights battle -- 1961-1968



Although the MS Freedom Democratic Party was "extremely radical" by Mississippi standards in 1964, it was intended that it would be "conservative" when compared to COFO, SNCC and CORE. COFO itself was a coalition of organizations intended to be less aggressive than SNCC and CORE. It was intended that the MFDP, as a political party, have a broader base than COFO and that it would have to be less aggressive as a result. Although different, each of these "parallel" organizations had an important role to play in the fight for voting rights. SNCC and CORE were the strategic catalysts. COFO, staffed by SNCC and CORE, coordinated the field work. MFDP, in its role as a party "open" to blacks and whites, challenged the unconstitutionality of the "closed" regular Mississippi Democratic Party to enable the world to understand the oppressive denial of black voting rights in a more "traditional" political context.

## Example: The Public Education Battle in Mississippi 1990 - 2008

The work in Mississippi from 1990-2008 to create a quality public education accessible to all children and families, regardless of race, class, status or geographic location, brings together all of the principles presented as part of the strategic planning and organizational capacity building process:

- Critical thinking and strategic planning on multiple levels
- 4 "plateaus of struggle"
- Networking
- "Unusual alliances"
- "Umbrella organizations" and

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- "Parallel organizations"
- <u>1990-1992</u> -- The first phase of work was to gain effective access to the political process through the redistricting work at the town, county, state and congressional levels (1<sup>st</sup> Plateau):
  - a. In 1990 Southern Echo was new, unknown and untested. Southern Echo created and worked through an umbrella organization called the MS Empowerment Project (MEP) that consisted of Southern Echo, MS Action for Community Education (MACE) and the Rural Organizing and Cultural Center (ROCC). MACE and ROCC were long-established, well-known, and respected and MEP became an effective umbrella. MEP created parallel organizations to enlarge the capacity to do the work. MEP helped local activists create 10 temporary county redistricting committees in Delta counties, which MEP networked together into another umbrella called the Delta Redistricting Working Group (DRWG), to focus on county and city redistricting. MEP also created a statewide alliance of organizations, leaders, activists and redistricting attorneys called the Mississippi Redistricting Coalition to focus on legislative and congressional redistricting. This was the first time in Mississippi that grassroots people, rather than attorneys, controlled redistricting strategies at either the state or local levels.

- b. Through the MEP Southern Echo conducted workshops to train community leaders, public officials and community activists to understand the redistricting process, how to impact the formation of redistricting plans by public officials at the state and local levels, and actively engaged community in the creation and presentation of redistricting plans at the state and local levels.
- c. In order to achieve success at the 1<sup>st</sup> plateau to gain effective access to the political process -- it was necessary at the same time to impact the formation of public policy at the 2<sup>nd</sup> plateau. In Mississippi the adoption of a redistricting plan must be done by a public body, such as the state legislature, or the county board of supervisors. Therefore, the work of the 1<sup>st</sup> plateau and the 2<sup>nd</sup> plateau had to go on simultaneously. Furthermore, for community to overcome fear and take the risks involved in participating in the redistricting process, community had to envision and anticipate its capacity to impact substantive policy areas, such as public education, that were vital to the future of their children, in particular, and the community, generally.
- c. As a result of the raised consciousness that resulted from meaningful involvement in the redistricting work, there was a huge community turnout in the 1991 and 1992 elections. African Americans were elected to more than 30 % of all county supervisor seats in the state and the size of the Legislative Black Caucus increased from 21 to 42 in a single election. In the 2007 election the Legislative Black Caucus increased to 50 out of 174 total legislators, the largest percentage (28.7 %) of black state legislators in the nation.





<u>1992 - 2003</u> – In this second stage of the work Southern Echo shifted its primary focus to work on the substantive issue of public education. The premise was that the purpose for the work to elect accountable officials was to impact the formation of public policy to change the quality of life for the African American community. Public education, like redistricting, was the issue that affected everyone in the community, grand-parent, parent or child, younger or older, business owner or worker, and had a deeper long-term impact on the economic, political and social life in, and fabric of, the community than any other.

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- Public education was and is the ultimate gatekeeper. Mississippi had the worst education system in the nation by virtually every indicator used by national education institutions to assess school districts. The state provided the least funds to support local school districts, students performed lowest in the nation on standardized tests, the dropout rate was among the highest in the nation and the graduation rate among the lowest. Fewer high school students graduated high school college-ready than almost anywhere in the nation and fewer college students finished 4 years of college with a degree than almost anywhere in the nation. The state had such a severe critical teacher shortage that many school districts were desperate to hire personnel just to monitor classrooms and many school districts violated state and federal law by placing many teachers in classes they were neither certified nor qualified to teach. The worst school districts were in the Mississippi Delta where the schools had the highest percentage of black students and the least resources with which to attempt to deliver the education to which the students were entitled.
- At the same time neither the state legislature nor the MS State Department of Education had been either interested in or supportive of efforts to improve public education in majorityblack districts, especially in the Delta where most white children attended private white-only academies to avoid the impact of federal court school desegregation orders.
- Southern Echo took the position that the grassroots black community had a new opportunity in the enlarged Legislative Black Caucus to win support for public education at the legislative level, but that this support alone would not be enough to turn state policy around in the legislature or at the MS State Department of Education.

- "Hindsight becomes foresight." "Learn from our experience." "What has worked and why?" These were the kinds of questions Southern Echo staff discussed in their debrief and evaluation and strategic planning sessions. The staff walked its way back through the redistricting struggles to understand the basis for all the successes. The staff concluded that the key to impacting education policy, as with redistricting, would be to bring the organizations of lowwealth grassroots communities onto the education policy playing field in a knowledgeable, strategic manner at both the local school district levels and at the state levels.
- Between 1992 and 1996 Southern Echo provided training, technical and legal assistance to grassroots community groups in three geographic areas of the state where the African American community was either the majority or a substantial minority of the county and school district populations. Southern Echo provided assistance directly to the local community organizations and leaders and also brought these separate communities together in training sessions and in new forms of work. The focus of the support and the work was on both the 1<sup>st</sup> and 2<sup>nd</sup> plateaus: on the 1<sup>st</sup> plateau to assist communities to obtain effective access to the political process; and on the 2<sup>nd</sup> plateau to build their knowledge and understanding, tools and skills, to impact the formation and implementation of education policy at the local school district levels and at the state level.
- This assistance focused on enabling parents, student, educators and public officials to understand how state policy and funding dominated local school districts, and how authority, duties, responsibilities and rights were distributed within each school district among school boards, administrators, teachers, parents and students under state laws, local regulations, and under-the-radar customs and practices.
- In 1996 Southern Echo and 13 local low-wealth grassroots community organizations joined in a new organizational experiment called the Mississippi Education Working Group (MEWG).
  MEWG, modeled on the *Delta Redistricting Working Group*, was designed to enable local groups to pool strengths and resources to impact state education policy in support of the work to impact education policy at the local school district level. MEWG was an "umbrella" organization under which the organizations workrd collectively on education policy as peers. MEWG was also an organization "parallel" to Southern Echo and each of the individual member organizations. While each individual organization could take its own position on given issues, within MEWG policy positions had to be negotiated among all of the constituent organizations.

#### **Mississippi School Districts where** parents and students participated in the work of the Mississippi Education Working Group (MEWG) between 1996 and 2003.

Index of School Districts:

- 1. Tunica County 2. Ouitman County 3. North Bolivar County
- 4. Drew Municipal
- 5. West Tallahatchie County
- 6. East Tallahatchie County
- 7. Cleveland Municipal
- 8. Leflore County
- 9. Grenada County
- 10. Carroll County
- 11. Montgomery County
- 12. Winona Municipal
- 13. Greenville Municipal
- 14. Indianola Municipal
- 15. Humphreys County
- 16. Holmes County
- 17. Durant Municipal
- 18. Attala County
- 19. Leake County
- 20. Vicksburg-Warren
- 21. City of Jackson Public
- 22. Scott County
- 23. Simpson County
- 24. Natchez-Adams
- 25. Lincoln County
- 26. Jefferson Davis County
- 27. McComb Municipal
- 28. South Pike County
- 29. Marion County
- 30. Harrison County 🔿



#### So -- How did MEWG measure success?

• 1995-1997 - MEWG worked with the Legislative Black Caucus to defeat every effort to undo the 1991-1993 redistricting successes at the state and county levels;

• 1995 – The Legislative Black Caucus forced the state legislature to ratify, finally, the 13<sup>th</sup> Amendment to the US Constitution abolishing slavery on threat of blocking all state appropriations bills;

• 1997-1998 - MEWG worked with the Legislative Black Caucus to get the legislature to adopt the MS Adequate Education Program and appropriate \$1.2 billion dollars to support public education, the largest support for education in the state's history.

• 2000 – MEWG worked with the MS Dept. of **Education and the Legislative Black Caucus** to adopt education standards to hold school boards, administrators and teachers accountable to deliver the education to which students are entitled. The Dept. of Education and the legislature adopted provisions drafted by MEWG to include parents and students in the process for evaluation of low-performing school districts and the process for the creation of local school district improvement plans.

- <u>2004-2008</u> In November 2003 Mississippi elected Gov. Haley Barbour, who openly opposed increased funding for public education, attacked efforts by the MS Dept. of Education to impose tough standards for local school districts or to enforce them, and at the beginning of 2004introduced and education reform act to provide public funding for private schools, vouchers and charter schools as alternatives to public schools, to privatize the administration of local school districts and the state education framework, and to slash the funding under the 1997 MS Adequate Education Program, which provided the primary funds needed by local public school districts to educate students. This proposed legislation severely undercut the delivery of public education in all 152 Mississippi public school districts and would have destroyed the capacity of the MS Dept. of Education to hold local school districts accountable to new, tough standards.
- In 2004 Southern Echo and 9 low-wealth black-based, black-led grassroots community organizations from the Delta region worked together on the 3<sup>rd</sup> plateau to reach across the traditional barriers of race, class and geography to create an "unusual alliance" called the Education Stakeholders Alliance. It consisted of more than 30 organizations, including every major professional education association, low-wealth grassroots organizations, the MS Dept. of Education, the MS Economic Council, white-based, white-led parent organizations, statewide public interest law firms, and others. This was the first time in Mississippi history that white-based, white-led statewide and local organizations, and statewide professional organizations accepted leadership and strategic analysis from black-based, black-led grassroots organizations.
  - As part of the grassroots community organizing work Southern Echo and the 9 Delta-region organizations formed themselves into a new "umbrella" and "parallel" organization called the MS Delta Catalyst Roundtable. The Roundtable groups, beginning in 2004, created a partnership with the MS Dept. of Education and MS Valley State University to hold an annual Conference of Education Stakeholders on Dismantling the Student Achievement Gap. The conference had three primary purposes. First, to bring stakeholders together to address fundamental education issues, which would help solidify the "unusual alliance" of education stakeholders. Second, to provide substantive policy content in anticipation of the legislative session in the following year. Third, to provide an opportunity in the two months prior to the Conference for the Roundtable groups to do organized outreach in 20 Delta counties to build local organizational capacity and to bring parents, students, educators and public officials to the Conference.

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#### So - How does the MS Delta Catalyst Roundtable measure its "success" and "limitations"?

- <u>2004</u> Created a unified analysis and cohesive alliance among education stakeholders across race and class lines in opposition to the Governor's anti-public education strategy and together convinced legislators to restore more than \$111 million to education that the Governor sought to cut from the education budget. Created 1<sup>st</sup> Dismantling the Achievement Gap Conference which was attended by more than 350 parents, students, educators and public officials, and hundreds more participated in the community workshops leading up to the conference.
- <u>2005</u> -- Formalized the creation of the MS Delta Catalyst Roundtable, solidified the alliance of education stakeholders, again saved tens of million of dollars from education budget cuts, and held the 2<sup>nd</sup> Dismantling the Achievement Gap Conference, attended by more than 400 parents, students, educators and public officials, and hundreds more participated in the community workshops leading up to the conference.
- <u>2006</u> Increased the conscious cooperation of members of the education stakeholders alliance and sustained the role of the alliance and again saved tens of millions of dollars from cuts from the education budget sought by the Governor. More than 450 parents, students, educators and public officials attended the 3<sup>rd</sup> Dismantling the Achievement Gap Conference, and hundreds more participated in the community workshops leading up to the conference.
- <u>2007</u> Legislature *fully* funded the MS Adequate Education Program for the first time since law passed in 1997; the MS Dept. of Education consulted with Roundtable organizations in the development of the state's first Dropout Prevention Plan guidelines which built parents, students and community organizations into the process; MS Dept. of Education and legislative leaders agreed that goal now must be "quality" education, not just "adequate" education and that state funding must be substantially increased; acknowledgement by the MS Dept. of Education and legislative leaders that the needs of children at-risk and early childhood learning are not being met under current policies; and more than 500 parents, students, educators and public officials participated in the 4<sup>th</sup> Dismantling the Achievement Gap Conference.
- <u>2008</u> Legislature again fully funded the MS Adequate Education Program; legislative leaders still fail to provide sufficient funding for low-performing schools, children at-risk and pre-school children; and there is a need for an even broader base of support across race and class lines to impact education policy.

#### Some suggested reading:

There is an extraordinary amount of published materials, including books, research papers, articles, etc. We have found the following books especially useful:

Crespino, Joseph, In Search of Another Country – Mississippi and the Conservative Counterrevolution, Princeton University Press, 2007

Lemann, Nicholas, Redemption: The Last Battle of the Civil War, Farrar, Straus & Giroux, 2006

Lassiter, Matthew D., The Silent Majority - Suburban Politics in the Sunbelt South, Princeton University Press, 2006

Kruse, Kevin M., White Flight - Atlanta and the Making of Modern Conservatism, Princeton University Press, 2005

Farrow, Lang and Frank, Complicity: How the North Promoted, Prolonged and Profited from Slavery, Ballantine Books, 2005

Bolton, Charles C., The Hardest Deal of All – The Battle Over School Integration in Mississippi, 1870 – 1940, University Press of Mississippi, 2005

Ogletree, Charles J., Jr., All Deliberate Speed, W. W. Norton, 2005

Moye, J. Todd, Let the People Decide – Black Freedom and White Resistance Movements in Sunflower County, Mississippi, 1945-1986, University of North Carolina Press, 2004

Kluger, Richard, Simple Justice, The History of <u>Brown v. Board of Education</u> and Black America's Struggle for Equality, First Vintage Books Edition, 2004

Wills, Garry, "Negro President": Jefferson and the Slave Power, Houghton Mifflin Company, 2003

Foner, Eric, Reconstruction: America's Unfinished Revolution, 1863-1877, Perennial Library, 1989

McMillen, Neil R., Dark Journey: Black Mississippians in the Age of Jim Crow, 1890-1940, University of Illinois Press, 1989

Anderson, James D., The Education of Blacks in the South, 1860-1935, The University of North Carolina Press, 1988



presents

# Corporate Organization and Financial Management

A slide show about basic principles for non-profit organizations engaging in grassroots community-based organizing for social justice in low-wealth communities

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  - 4. Taxes and Insurance
  - 5. Audits





# I. Corporate Organization

## 1. Forms of Organization

There are three forms of organization:

- **A. Unincorporated Associations**
- **B.** Partnerships
- **C.** Corporations
  - i. for-profit corporations
  - ii. non-profit corporations



It is important to understand the forms of organization because the laws that apply affect your rights and duties as an organization and control the capacity of the organization to do what it wants to do.

People doing social justice work in most cases will use a non-profit corporation through which to do work. An understanding of basic principles will assist community to take advantage of what can be accomplished, and to avoid the pitfalls and traps that exist.

An understanding of the laws and regulations that apply, combined with a dose of common sense, goes a long way.

#### **A. Unincorporated Associations**

An unincorporated association describes a group of individuals who have come together to work for a common purpose. But this group is NOT a corporation, NOR a partnership. Therefore, this association of individuals does not have the rights or protections under the law that corporations and partnerships can have.

The unincorporated association can do business in its name, but will also have to identify the persons who are going to take *personal responsibility* for all of its debts, liabilities and obligations. Therefore, it is very difficult for an unincorporated association to buy real estate in its own name, or borrow money or maintain bank accounts in its own name. Such things have to be done in the name of the individuals in the association.

An unincorporated association cannot become a non-profit or tax-exempt organization.

#### **B.** Partnerships

A partnership is not a corporation. It is a *legal* entity organized under the laws of the state where the partnership has been formed, the states in which it does business, and applicable federal law.

The partnership is owned by the partners and by no one else. The profits and losses, the assets and liabilities, belong to the partners. When a partner leaves or dies, then a new partnership has to be formed. The partnership does not survive.

The percentage ownership of the profits and losses is determined by agreement between the partners. If the partners have no written agreement, then state law determines how the interests are divided. The ownership interests in the partnership can be bought and sold, or passed on to heirs through the estate of a partner who dies. But, then, the old partnership is terminated and a new one formed if the new owners want to be in business together.

#### C. Corporations

## i. For-Profit Corporations

Corporations are *legal* entities controlled by the laws of the state in which they are incorporated, the states in which they do business, and by applicable federal laws. For-profit corporations are owned by the shareholders or owners of stock. There are two key features of both profit and non-profit corporations that distinguish them from partnerships:

- 1. Limited Liability -- Limited liability means that the debts and liabilities incurred by the corporation belong to the corporation and not to the share-holders or owners of stock.
- 2. Continued Existence after people leave or die --

Continued existence means that when the owner-ship changes hands the corporation continues to survive as a legal entity.

For-profit corporations have a primary goal to earn profits, some say to maximize profits. Such corporations are supposed to pay income taxes on their earnings when they can't find loopholes in the Tax Code to protect them.

## ii. Non-profit or not-for profit corporations

Non-profits are *legal* entities controlled by federal and state laws. Non-profits are "owned" by shareholders, but no shareholder can own more than one share of stock, or cast more than one vote when decisions are made. An organization can only be a *non-profit* when created for the purposes set forth in the laws of the state in which it is incorporated. Non-profits can only obtain non-profit tax-exempt status by application to the Internal Revenue Service.

A non-profits can take in more revenue than it spends and not owe income tax on the revenue. A non-profit can lose non-profit status if it mis-uses its assets to engage in activities prohibited by laws and regulations, such as partisan political activity, extensive lobbying and for-profit enterprises. If the non-profit loses its status, then it will have to pay back income taxes, plus interest and penalties.

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Non-profits can take in more revenue than it spends and not owe income taxes on the revenue. Non-profits can lose their status if the organization mis-uses its resources to engage in activities prohibited by laws and regulations against specific activities, such as partisan political activity, extensive lobbying and for-profit enterprises, etc. If the non-profit loses its status, then the corporation will have to pay back income taxes, plus interest and penalties.

## 2. Organizational Structure of Corporations

In a for-profit corporation the shareholders elect the Board of Directors. The Board of Directors sets <u>policy</u> for the corporation. The executive committee or management team is responsible for running the organization from day to day between meetings of the board of directors.

The officers of the corporation are usually part of the executive committee or management team. A for-profit corporation must have a:

<u>President, Chief Executive Officer or Chief Operating Officer</u> -- responsible for overseeing the administration of the corporation. <u>Treasurer</u> -- responsible for financial matters <u>Secretary</u> -- responsible for record-keeping <u>Clerk --</u> agent for service of process in legal matters

One person can hold more than one of these offices.

When the board of directors sets *policy* it is telling the officers and staff of the organization what goals, objectives, guidelines and rules the corporation is to follow in doing the work. The board may also tell the management and staff which *strategies* to follow and which to avoid.

The board of directors should ask management for reports and other information to help inform the policy and strategy decisions of the board. The board has the authority to make its own independent decision and to disregard the recommendation of the management and staff.

A *passive* board lets management tell the board what to do and what decisions to make. Often this means that management, rather than the board, actually sets policy for the organization. This makes it hard to hold management accountable. An *active* board makes sure the board is up to date on what is going on and makes the policy choices. In this way management can be held accountable.

#### Distribution of responsibility in corporations:



Clarifying what <u>Setting policy</u> includes:

- •Adopt and revise vision of the organization
- •Adopt and revise strategies to implement the vision
- •Adopt and amend the *by-laws* of the corporation
- •Adopt and amend personnel policies
- •Authorize fund-raising goals and requests for funding
- •Elect, remove and replace members of board of directors

## Administration of the organization includes:

- •Create and revise the program of work
- •Hire, supervise, mentor, discipline staff and volunteers
- •Make sure the work gets done in an effective and timely way and keep board informed
- •Hold members of management accountable to their duties and commitments
- •Build alliances with other individuals and organizations
- •Fund-raise and secure and protect finances
- •Make sure personnel policies are carried out fairly
- •Resolve disputes within management, between board and management, management and staff, and among the staff

## 4. Tax-exempt status

A corporation comes into existence as a legal entity by filing ARTICLES OF INCORPORATION with the office of the Secretary of State of the state in which the organization wants to be incorporated. At the time when the Articles of Incorporation are filed, the organization designates that it is to be a non-profit on the forms required by the office of the Secretary of State. There is always a filing fee.

Non-profit status means that if you do not engage in *for-profit* activities, that you will not have to pay state income tax or federal income tax. NOTE: This does not entitle the organization to taxexempt status within the meaning of Section 501c3 of the US Internal Revenue Code! A corporation can be a non-profit, without being *tax-exempt*. But a corporation cannot be tax-exempt without being a *non-profit*!

Federal tax-exempt status is valuable to many non-profits because it permits the organization to obtain grants from foundations and donations from individuals who only want to give the funds to tax-exempt organizations. They do this because they obtain tax benefits when they give money to tax-exempt organizations. To become tax-exempt requires the non-profit corporation to file an application with the IRS. The IRS decides whether to grant that status. A tax-exempt status also means some *limitations* on the activities of the tax-exempt organization. Failure to comply with the *limitations* can result in loss of tax-exempt status, payment of back taxes and penalties, and loss of grants and donations.

#### Limitations of activities of tax-exempt organizations:

\* NO partisan political activity; very limited lobbying \* NO for-profit activity •NO distribution of assets to organizations that are not tax-exempt.

#### **II. Financial Management**

## 1. Budgets

## A Budget is a device to keep track of:

- \* revenues or what money is taken in
- \* expenditures or what money is paid out

Some people do not like to budget because it is a way to hold accountable the people who handle the money. Tsk, tsk, tsk. Naughty, naughty! No budget, no tracking of funds, no accountability, all of which together are a prescription for disaster!

Note: To have a budget and then ignore it, is the same as having no budget at all. To have a budget and not understand how it works or what it means, is the same as having no budget at all.

"No budget" is the sign that marks the path to financial disaster.

"No budget" is the sign that marks the path to financial disaster.



#### There are *three* kinds of budgets:

#### 1. Proposed Budget

\* in the next year this is what we anticipate (expect) we will receive in revenues and pay out for expenses

#### 2. Operating Budget

\* this is the money we have set aside (allocated) to spend for each of the items in the budget. These are the spending limits set for this budget year.

#### 3. Actual Budget

\* these are the revenues we have actually received and the funds actually spent in this budget year.



Why do we have 3 kinds of budgets? In fact, why do we have any budget at all?

A budget is a plan -- no budget no plan. No plan -- no accountability. No accountability -- spend the money till its gone. When its gone -- fold up shop! All done, baby!

We need a considered plan to project what we will be able to do -- i.e Proposed budget

We need *aggressive limitations* with which to work, which means we need money with which to work, but not more money than we *know* we can afford to spend – i.e <u>Operating budget.</u> ["Aggressive" to ensure the organization can get its work done; "limitations" so that the organization "lives within its means".)

We must have an *accurate account* of what we have done so that we understand what is needed to do the work in the future – i.e <u>Actual budget</u>.

An example of how the three budgets work together:

**<u>Proposed budget:</u>** Parent, after negotiations with her child, makes a list of groceries to buy and allocates \$150 for groceries for the week.

<u>Operating budget:</u> Parent gives child \$120 to spend on the grocery list. If the child is careful, the child may be able to buy everything on the list. Or, the child may have to choose which items not to buy.

<u>Actual budget:</u> The child, for some reason, spends only \$90 on the grocery list. The money received by the child, and the money actually spent on specific grocery items, becomes the accurate account of how the family dealt with groceries that week. (Child returns \$30 to parent to go back into bank or "accounts" or has to answer for what happened to the money!)

Another example of the 3 budgets working together:

#### **Proposed Budget:**

The organization, after review of its program of work for the next year, and its expenses to maintain its overhead, staff and program, anticipates that it will spend \$200,000.

#### **Operating Budget:**

The organization, after looking at its income, and wanting to be aggressive, but stay within its means, provides only \$150,000 to maintain its overhead and staff. If it is careful the organization may be able to do everything it had planned, or it may have to cut back.

#### Actual Budget:

At the end of the budget year the organization finds that it has spent \$125,000, coming in *under* budget. However, if the organization had spent \$190,000 it would be over the Operating Budget, and that means it did not stay within its *limitations*.

## 2. Good budget practices --

- A. Balance the breadth of imagination with which the work is designed, with the sense of practicality to spend only a safe amount of your money in hand. Strive for an appropriate balance.
- **B.** Use your experience -- what has happened in the past -- to guide your assessments when preparing the proposed and operational budgets, which will lead to the actual budget. Hindsight becomes foresight!
- C. KEEP GOOD RECORDS! Accurate records are absolutely essential to protect your organization. Accurate, complete records are needed to support all budget work, annual financial reports, tax returns, annual audits for funders, and any audits undertaken by government agencies. Simply: No records, no proof. No proof, no expense. No expense, no reimbursement. Or, No expense, no deduction. Or, No expense, give back the grant money.

**D.** "Two birds in the bush" aren't worth anything! Only the "bird in hand" counts! Until you receive the signed contract and the check from the foundation, or the check from the donor, or the dues from your members, or the receipts from the sales of shirts, that "chicken has not hatched!" (This is *cliche* heaven!)

Until the funds are actually received the organization does NOT have that money to spend!

**E.** Do not attempt to spend the same money twice, or three times, for that matter. That is why a budget plan is so important. Often, people will think about revenues (funds) to be received, and not realize that they are trying to spend the same money for different projects at the same time.

Famous financial guru Ken Knott Dewit, in his book <u>Don't Do This</u>!, coined the pithy prohibition: "No way, uh uhhh!"

A clear budget plan shows all the revenues and all the expenses and makes apparent this mistake!

#### F. Safety of banking and financial records

Keep your records and keep them safe!

It is imperative to keep careful track of every bank deposit or withdrawal, every check drawn on the accounts, and to secure the check books, savings books, and all bank records in a locked, fireproof safe that will protect these records against theft, being misplaced, fire or water damage.

If these records are lost it is possible to reconstruct them, but it is very expensive in terms of time and money. The older the organization the more records that are needed to reconstruct if lost. These records are the life blood of the financial side of organizational work. They carry information to every kind of financial report or financial assessment that the organization needs or will need.

#### G. Reconciliation of bank statements

Very few people like to do this. But it is critical! If you do not do this every month when the bank statements are received, then they pile up. It is much harder to do the reconciliation of accounts when you have to do 12 months at once, than it is to do only one every month. Seems obvious, right? Then why don't you do it?

The *reconciliation* of bank statements:

- A. Ensures you and the bank have accurate records
- B. Enables you to determine, as soon as possible, whether you have the same records as the bank.
  If not, did a deposit fail to get to the bank, or did a bank employee fail to enter the deposit.
  Don't wait until checks bounce to find out.
- C. You can catch mistakes and embezzlement in this way, too. Failure to reconcile statements is an invitation to misconduct by your employee or a bank employee, or both.
- D. You can determine if a check paid out was never cashed, or whether a forged check was cashed.

## 3. Revenue, Expenses and Statements

**<u>Revenue</u>** (what comes in) includes:

- \* grants from foundations, churches and corporations
- \* individual donors
- \* member dues
- \* local fundraising
- \* *in-kind contributions* from communities in terms of meeting places, meals, transportation, etc.
- \* fees for services from consulting, training, and technical assistance
- \* miscellaneous reimbursables for expenses paid for organization when providing services. Put these as "fees for services" to build fees as revenue stream.

## **Expenses** (what goes out) include:

Be careful to sort expenses so that items such as mileage, meals, motel, materials, etc. are allocated within the program areas so that you create a true picture of expenses for program.

#### **Monthly statements**

Every month your organization should create a *monthly statement* that explains:

- a. income for the month -- broken out by sources
- b. the income for the year to date -- broken out by sources
- c. expenses for the month -- itemized by line items or categories
- d. expenses for the year to date -- itemized by line items or categories

Monthly statements let you see the trends in terms of the money coming in and money going out. Doing a *monthly statement* each month makes it easier to do Year End Revenue and Expense, Profit and Loss statements at the end of each year. Monthly statements can tell you whether you are over-spending or under-spending in each area of your program and administration, and whether your budget projections were accurate.

#### Year End Statements

At the end of each year the organization must create statements and reports that show for the <u>entire year</u>:

- \* total income and total income by the different kinds of sources
- \* total expenses and total expenses by categories or line items
- surplus income (income left over after expenses) i.e. "profits", or whether expenses exceed income, i.e. "losses"
- \* cash in bank
- \* assets of the organization and liabilities of the organization

These statements are important because they are often required by foundations.

When you obtain an audit your accountant will need these statements as part of the audit process. When you are audited involuntarily you will need these statements to document the financial transactions of your organization.

Further, these statements and reports provide valuable information to you about the status of your finances, and whether your proposed and operating budgets were accurate. Therefore, the statements and reports will also assist you in preparing your next proposed and operating budgets. *Hindsight becomes foresight!* 

In other words, the statements and reports represent the *experience* of your organization in the previous years, in an organized format.

#### Budget

Style 1

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# **Budget Style 2**

Budget for the period	t <u> </u>		to	
EXPENSES			INCO	ME
<u>Item</u>	Amount	<u>FT/PT</u>	Source	Amount
Salaries & Wages (Breakdown by	<u>\$</u>	¥	Government grants& Contracts (specify)	\$
Individual position And indicate full or Part time)	<u> </u>	8 <u></u>	Foundations (specify)	
	<u> </u>	<u>1</u>	Corporations	\$
	<u></u>	<u> </u>	Religious institutions United Way,	\$
		95 <u></u>	Combined Federal	\$
			Campaign & other Federated campaigns	
Fringe benefits & payroll taxes	\$		Individual	
			contributions	\$
Consultants & Professional fees	\$		Fundraising events Products	\$
Travel	\$		1100400	Ψ
Equipment	\$			
Supplies	\$		Membership income	\$
Training	\$			
Printing/Copying	\$		In-Kind support	\$
Telephone & Fax	\$		other (earned income, Consulting fees, etc	. \$
Postage & Delivery	\$		Please specify)	
Rent & Utilities	\$			\$
In-kind expenses	\$		*	
Other (specify)	\$		TOTAL INCOME	ф.
TOTAL EXPENSE	\$		BALANCE	\$ \$
	9800 C			98 - C

# Monthly Report: show operating vs. actual

Southern Echo Budget—200XX	Budget FYE 12/20XX	Actual F YE 12/20XX	Difference
INCOME			
Grants(Corps., Foundations, etc.)			
Grassroots Fundraising Income		N <del></del>	<u>70</u>
Other Income-Fee for Services		10 <del></del>	
TOTAL INCOME		3 <del></del> .:	<del></del>
EXPENSES			
Salaries & Wages		2.) <del></del>	<del></del>
Total Salaries & Wages			
Fringe Benefits & Taxes			
FICA & Medicare			
State Unemployment	1999 - 1999 1999 - 1999		
Insurance (Health & Life)			
Pension		. <u> </u>	
Total Fringe Benefits & Taxes		9 <del>1 - 3</del> 0	
Total Salaries, Wages, & Fringes		8 <del></del> S	<del>33</del>
Office Expenses		82 <del></del>	
Consumable Supplies			
		10 <del></del> 55	
Equipment Purchases		8 <del>2 - 1</del> 5	<del></del>
Equipment Rentals		8 <del>2</del> -S	
Equipment Maint. & Repairs		8 <del></del>	
Reproduction & Printing	······································		
Postage & Freight		2	
Phone, Fax, E-Mail & Internet	······································		
Subtotal		······································	
Travel Expenses			
Staff & Board			
Subtotal			
Occupancy Expenses		39 <del></del>	
Utilities			
Rent/Lease/Mortgage		· · · · · · · · · · · · · · · · · · ·	
Repairs & Maintenance	<del></del>	() <mark></mark>	
Subtotal		0 <u> </u>	
		9 <del></del>	
Program Expenses			
Materials	22	93 <del></del>	
Stipends	<u></u>	69 <u></u> 68	<u> </u>
Insurance	<u></u>	99 <del></del>	
Training, Wkshps, Conf, etc.		99 <u></u> 93	<u></u>
Subtotal	<u></u>	<u></u>	<u></u>
Outside Services			
Consultants/Technical Asst.		() <u> </u>	30
Subtotal		a	
Miscellaneous Expenses			
Accounting/Audit			
Subtotal		······································	
54010Hi		20 <u></u> 20	
TOTAL EXPENSES			
Surplus (or Deficit)		N	
Surplus (or Deficit)		<u></u>	

# Year End Report

Southern Echo, Inc. Statement of Revenues and Expenses For the Period Ending December 31<u>, 20XX</u>

#### Revenues

Totals

#### Expenditures

Salaries & Fringes	
Payroll Taxes	8.5
Insurance	3.5
Stipends/Internships	
Travel-General	
Supplies	8.0
Printing/Copying	3.6
Training/Technical/Workshops	3.6
Accounting/Audit	3.6
Legal/Consulting	5.6
Telephone/Fax	5.6
Postage/Freight	5.0
Bank Service Charges	5.0
Facility Rent	
Subgrants	
Fiscal Agent Pass-Through	
Equipment	
	6
Totals Expenditures	s <u></u>
Net Income (Loss)	3

#### 4. Taxes and Insurance re Non-Profit corporations:

*Federal Income Tax* -- do not have to pay, but have to file Form 990 each year with the Internal Revenue Service to report income and expenses.

Social Security Taxes (FICA) and Medicare -- have to deduct employee share and pay employer share each month for each employee.

Unemployment Taxes (SUTA) -- have to pay tax each month to state for each employee.

It is imperative to pay these taxes when due. There can be severe interests and penalties for failure to pay. Furthermore, the government can attach and or seize assets of the organization when taxes are not paid. The financial officers can be held personally liable for failure to pay Social Security taxes.

#### Liability Insurance

Every organization needs to carry liability insurance. You hate to pay for it and the more coverage you get the more expensive it gets. But without it you can lose all your assets and be shut down very quickly.

When you are responsible for an injury to another, you are "liable" to that person in money damages. Liability, for example, arises when a person is injured on your premises, or when an employee has a car accident while on the job.

Liability insurance should cover accidents on the premises where you conduct business and for any injuries caused by any employee or other person attached to your organization. The premiums are a "pain" to have to pay, but it is so much cheaper than paying a claim.

Most important, if you have insurance the insurance company pays for your attorney!

#### Workers Compensation Insurance

Workers Compensation Insurance is also a must for every organization, no matter how small. You don't want to pay the premiums, but you should, because they are inexpensive for the degree of protection you obtain. Workers Comp (as its called) protects the business against liability to employees when they get injured on the job -- provided you have insurance coverage at the time the worker is injured on the job.

At the same time, the insurance provides a weekly paycheck to the employee as long as the employee is unable to work, and pays all medical, dental, optical, hospital, surgical and rehabilitation therapy expenses that arise out of the injury on the job. The weekly paycheck is only a percentage of the worker's wages. A worker can also get payments for permanent or partial disability suffered in an injury on the job.

#### 5. Audits

An audit only feel like a root canal when you don't keep good records, don't make monthly statements and year end statements, and can't find anything when the accountant or the IRS asks for it.

When you have good records audits are very helpful to understand the financial experience and status of the organization. When you are unsure how to read an audit report, it can be overwhelming to try to deal with it.

Since this is vital to a building a sound financial basis for the organization, someone, or a few, within the organization needs to learn how to do this. In this way, you can learn what is stronger and what is weaker in the financial picture.

Using this hindsight, you can take the steps needed to make the organization as strong as it can be.

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