Left vs. Right Policy Advocacy for Tax Reform in the U.S.

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Abstract

This study analyzes tax policy advocacy -- research, dissemination, and narrative framing -- within the current U.S. regulatory landscape of the Johnson Amendment. We first document partisan differences in U.S. think tanks and associated advocacy organizations actively engaged in tax policy. We measure their geographic scope of analysis (state or federal), affiliation (government, private, university, etc.), political lean, revenues, assets, and the nature of their involvement in tax policy advocacy. Given that foundations operate with an implicit subsidy from the public via tax exemption, a thorough analysis of the left-right balance in studies of state and federal tax reform is helpful. How much effort is going into shaping the national and state policy agendas with respect to tax reform? And from which side of the political spectrum? We found similar overall numbers of left and right-leaning think tanks focusing on tax policy and also found identically heavy reliance on donor funding. Right-leaning think tanks, however, have a strong funding advantage. Left-leaning think tanks are more likely than their right-leaning counterparts to be focused on state-level issues. Right-leaning organizations’ issues had a clear and consistent upstream focus on tax reduction, as opposed to the more diffuse and downstream (service delivery, local issues) policy agenda on the left. Left-leaning nonprofit think tanks and advocacy organizations seemed to exhibit what Zunz (2012) describes as a certain timidity in operations, being less likely to operate an affiliated political action committee (527) organization. Finally, the small number of centrist organizations are much larger, less reliant on donor funding, solely national in focus, and none had affiliated 501(c)(4) advocacy organizations. As Medvetz (2012) describes, the public view of think tanks as independent, detached intellectual havens is inaccurate, as very few think tanks are truly nonpartisan in outlook. The data show that in the tax policy arena, the think tank industry is sharply partisan, with the overwhelming majority of revenue flowing to organizations that participate often in advocacy and lobbying.
Think Tanks’ Role in the Inequality and Tax Reform Debate

Passage of the Tax Cuts and Jobs Act of 2017 ushered in a new era of markedly lower taxes for high wealth households and large corporations in the U.S. Curiously, though, polls conducted in the Fall of 2017 showed more public support for increasing taxes on the wealthy (Reuters/Ipsos 2017, Gallup 2017, and Pew Research Center 2017). How could this political support for tax cuts for high net worth households have developed? One answer is the energetic advocacy done by partisan think tanks and associated lobbying organizations. The tax reform efforts of fall 2017 were a culmination of years of coalition-building, agenda-setting, and dissemination of ideas that provide some contrast to the public opinions expressed in the polls. This article presents a snapshot photo of the left- and right-leaning think tanks and advocacy organizations that were engaged in tax policy issues just prior to the Tax Cuts and Jobs Act of 2017.

Rising economic inequality in the U.S. and other countries has been documented this past decade by a variety of researchers (Wolff 2009, Zucman 2016, Atkinson 2015). Pinpointed as a key driver of economic inequality is the reduction in progressivity of the US federal income tax system (Hubmer, Krusell, and Smith Jr. 2016). The top tax rate on the highest income earners was an astonishing 91% in 1960. This was lowered in 1966 to 70%, and eventually to its current rate of 39.6%. Tax policy, therefore, deeply affects how higher income households accumulate wealth.

Foundations often tackle inequality problems, and are lauded for their efforts. Ochs and Callahan (2017), for example, praise the Ford Foundation and Irvine Foundation for shifting their grant making emphases to focus solely on inequality. Although their article describes noteworthy efforts to politically mobilize low-income populations, it does not mention efforts by the foundations to fund anything related to advocacy for changes in tax policy that would ameliorate or reverse the
current inequality trend. Similarly, a recent report by consulting firm Bridgespan (Beilak, Murphy, and Shelton 2016) decries the dismal inequality statistics and describes solutions that philanthropists should pursue to enhance economic opportunity for all Americans. Again, the consultants focus on individual-level assistance (such as “use technology to improve early childhood development”) and do not mention the upstream possibility of tax reform.

The Foundation Directory Online, an annual compendium of all grants made by US foundations, documents 32,402 foundations listing “economically disadvantaged” and 33,697 listing “low-income and poor people” in their collection of grant making topics (2017). In contrast, only 54 foundations listed “tax policy” and 24 listed “taxation” as a grant-making focus. Grant making to alleviate inequality appears to be most comfortably located downstream, providing assistance to individuals and avoiding policy advocacy.

This article contributes to the voluminous think tank literature by focusing on one upstream topic; tax policy. In response to perceived economic inequality, left-leaning institutions spend considerable time defining inequality as a problem and exploring various solutions to inequality. Right-leaning institutions actively argue that inequality is overstated and is not a “problem” to solve. Instead, right-leaning advocacy organizations consistently advocate for reduced taxation. Here, we analyze which think tanks are devoting significant resources at the national and state level to tax policy in order to determine the balance of tax policy influence on left and right.

Think tanks are currently a favored topic in both the academic and popular literature. From Lakoff’s lament (2002) that the right funds their think tanks much more generously than the left, to the State Policy Network’s complaint that “the Left is way ahead in working with millennials” (Custer, 2016, p. 6), both the left and right express dismay at the influence that the other has on pushing the policy agenda. McGann’s book, The Fifth Estate (2016) and his annual Global Go To Think Tank Index
Report (2017) catalogues and tracks the evolving think tank industry. Mayer’s *Dark Money* (2016) examines in detail the establishment and rise of support for libertarian think tanks and policy influence by a small group of US centi-millionaires and billionaires, from the 1970’s onward. Skocpol and Hertel-Fernandez (2016) focus their analysis on the influence on federal and state policy shifts from the Koch family network alone. Organizations devoted to documenting right-wing think tanks includes SourceWatch, which is a project of the Center for Media and Democracy, and Right Wing Watch, a project of People for the American Way.

Reich (2005) has long questioned the role of philanthropy in a democracy, due to the extra voice that foundations and major donors have in civil society. Callahan’s 2017 book, *The Givers*, questions the “absolutist embrace of philanthropic freedom” (Callahan, 2017b, p. 35) and argues for limits to be placed on deductibility of policy-related charitable donations, given that “(p)hilanthropists are buying ever more influence over public policy, wielding power that’s not available to most citizens. Anyone worried about how economic inequality is translating into political inequality should worry about this flow of money.” Callahan, it should be noted, co-founded Demos, a progressive think tank.

Others argue that right-leaning philanthropy is necessary to counter the strength of the left’s pull on academia and agenda-setting in politics. Husock (2017) characterizes the think tank ideology battle as “a war in which the right is vastly outgunned financially” by the left. Husock, a senior fellow at the libertarian think tank, Manhattan Institute, points out that several large right-leaning foundations (John M. Olin Foundation, William E. Simon Foundation, and the Searle Freedom Trust) have pledged a deliberate strategy to spend down their assets now, in order to avoid letting future generations move the grant making away from their libertarian ideological base (e.g., Carnegie Foundation, Ford Foundation).
Callahan (2010) also shows a shift in political ideology of the super-rich, as tech billionaires, for example, tend to be more liberal, compared to extremely high net worth families of prior generations. This portends a shift in the balance of philanthropy dedicated to policy reform, as some of the major right-wing philanthropies spend down and as younger, more liberal billionaires start to fund policy agendas. A shift toward left-leaning think tank support and political training may not ever occur, however, even with a shift in fortunes to more liberal high net worth families. Lakoff (2002) suggest that left-leaning donors are more reluctant to follow a nationally-coordinated protocol for setting and articulating a policy agenda.

Unlike other studies that have a narrower focus on think tanks engaging in substantive research, we have included advocacy organizations that are actively involved in disseminating research and other persuasive communications in order to educate the public; i.e. sway public opinion on the topic of taxation. We have also included both national and state-level organizations in our analysis. Regional players may have considerable input into state and local policy making agendas. In addition, efforts to convince state or local-level voters of fiscal issues will yield benefits at the national level, as voters convey those same opinions when voting for candidates for national offices. Non-resident donors frequently donate in multiple states at once, to build popular sentiment for federal policy reform.

Finally, agendas for state-level tax policy efforts are shaped by both federal and state-level advocacy organizations and research institutions. If the nonprofit-sector efforts to push the reform agenda and sway popular opinion are particularly active and effective, state-level policy makers may have difficulty convincing constituents that their in-house analysis is sufficient. Thus, a study of think tanks and associated advocacy organizations is best approached from a combined national and state level.
What Are Think Tanks Allowed to Do?

By projecting an identity of independent scholarly centers of expertise, think tanks and their associated staff members tend to be sources of “thought leadership,” or culturally accepted, trusted sources of wisdom and expertise for a specific topic area. Research and discussion points by think tanks and associated advocacy organizations are circulated by the media and organizations with similar ideological viewpoints. For example, Fox News (McCaughey 2017) reported, “(t)he nonpartisan Tax Foundation was estimating that the Republican tax plan would lift wages nearly 8% and produce 1.7 million new jobs over the decade.”

The full scope of work of think tanks is broad and varied; some are university-affiliated research centers, some are funded by coalitions of commercial industry actors to conduct research shedding a positive light on their industry; some provide research primarily at a government’s or group of donors’ request; and others are fully independent research nonprofits. A common thread is that think tanks conduct studies related to government actions or public policy and promote the fruits of that research to specific publics that often include policy makers, the media, and the public (Ahmad 2008, McGann 2007, Pautz 2011, Rich 2001, Medvetz 2012, and Weaver 1989).

Most think tanks are nonprofit 501(c)(3) entities, which face restrictions on how they seek to influence the political process. Donations to 501(c)(3)’s are tax-deductible. Nonprofits may engage in direct and grassroots lobbying as long as the lobbying is not a substantial amount of the organization’s activity. Direct lobbying is defined by the US Internal Revenue Service as attempting to influence specific legislation by communicating with a voting politician or government staff member, and grassroots lobbying is defined as attempting to influence legislation by communicating with the general public to support or oppose legislation.
Nevertheless, issue advocacy (as defined separately from lobbying) includes activities that achieve near-lobbying outcomes. Furthermore, by establishing sister 501(c)(4)’s, the non-tax-exempt “social welfare” nonprofits that are allowed to participate in political campaigning, in concert with the 501(c)(3)s can engage in substantial lobbying and political activity. Finally, if the organization wants to fund more direct political activity for political advertisements, for example, they can establish an affiliated 527 organization to do so, by transferring funds from the 501(c)(4) (whose donor names are not disclosed publicly) to the 527. Table 1 summarizes Internal Revenue Service structural and regulatory boundaries of 501(c)(3)s, 501(c)(4)s, and 527s.

**Table 1. Organizational Type and Activities Allowed**

<table>
<thead>
<tr>
<th></th>
<th>501(c)(3)</th>
<th>501(c)(4)</th>
<th>527</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax deductibility of donations</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Public disclosure of donors</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Lobbying (influencing legislation)</td>
<td>allowed if not a substantial part of activities</td>
<td>allowed</td>
<td>allowed</td>
</tr>
<tr>
<td>Partisan political activity</td>
<td>prohibited</td>
<td>allowed if not the primary purpose</td>
<td>allowed</td>
</tr>
</tbody>
</table>

Because of the rather generous rules and workarounds regarding campaign funding and lobbying, nonprofit think tanks can play an active role in policy agenda-setting and public advocacy. Nonprofit think tanks conduct or promote research that identifies preferred policy actions, gather and package information from a variety of sources to provide to policy makers and the public, and they help shape the narratives adopted by left and right to sell the preferred policy. The following quote,
though exhibiting the hyperbole that often accompanies a fundraising pitch, illustrates how a state-level think tank in North Carolina touts its vital role in the policy arena:

“The Civitas Institute is North Carolina’s most broadly supported conservative policy organization. We’re not just a “think tank.” We aggressively work to diminish the influence of the Left in our state and effectively communicate the benefits of conservative policies to the legislature and the citizens of North Carolina. Legislators rely on Civitas’ expertise when making critical policy decisions. Our research and education has helped drive the most significant reforms of the past decade” (Civitas 2017, www.nccivitas.org/donate/).

Chris DeMuth, former head of the American Enterprise Institute, similarly stresses the advantage of think tanks in national-level policy influence.

“There are many areas where the contributions of think tanks have been distinct from anything in university research, and dramatically influential. For instance, the antitrust revolution of the 1970’s and ‘80s, the movement abolishing regulation of airlines and trucking, and the reform of financial markets were essentially researched out of Brookings and the American Enterprise Institute. Donors like Smith Richardson and Searle were staunch supporters” (Philanthropy Roundtable 2015).

Where a traditional (centrist, focused on research) think tank ends and a policy promotion organization begins is a gray zone. Out of the 185 organizations on our list, only 14 appeared to operate solely as centrist nonpartisan research think tanks carrying out original research on tax policy. The rest advance a clearly partisan agenda and perform functions such as:

- Carrying out research from an either left-dominant or right-dominant focus.
• Hosting camps, seminars conferences and symposia to attract scholars (from high school students to professors).

• Convening donors and other key members of the public to discuss policy strategy.

• Gathering data from other like-minded organizations and disseminating a packaged, partisan message via blogs, videos, tweets, and other means.

• Surveying voters regarding key issues. This can be in the form of partisan polls that seek to sway popular opinion with persuasive language.

Data Sources

To collect names of US think tanks involved in tax policy research or advocacy, we started with lists of prominent think tanks focusing on tax policy. From sources such as the right-leaning State Policy Network and Atlas Network, the left-leaning State Priorities Partnership and Economic Analysis and Research Network, Wikipedia, and McGann’s (2016) report, we gathered names of national and state-level think tanks. From a review of foundations self-identifying as being involved in grant making for tax policy issues, we added think tanks that appeared as grantees on the foundations’ 990PF forms. Finally, we identified many additional think tanks from Schedule I of other think tanks’ tax forms, as there is considerable sub-granting activity in the sector. All think tank websites in our sample were reviewed to determine if they were actively engaged in conducting or disseminating research on tax policy and/or promoting partisan viewpoints on tax issues in 2017. A few were either private nonprofit foundations or operating foundations. We also reviewed their form 990 tax returns publicly posted on www.guidestar.org. In total we reviewed 477 organizations for possible inclusion in the study.
This study did not include organizations that were not substantially focused on economic inequality issues or tax and budget reform. Our threshold for inclusion in the study required at least four observations of tax policy-related activity in 2017 documented on their website, including press releases, blog posts, research reports, position statements, scheduled convenings and conferences, podcasts, and testimony on pending legislation.

The following additional types of organizations were not included in our sample:

- Media watchdog groups and organizations focused on building leadership skills, community organizing, voter mobilizing, local government issues, international issues.

- University-based think tanks were excluded because their financial data were not reported separately from their host university.

- We also did not include several huge donor-advised funds, which serve as donor portals to fund think tanks. Examples include Donors Capital Fund Inc., Donors Trust Inc., Tides, and New Venture Fund. These organizations attracted contributions totaling more than $500 million in 2014, so the tax benefits accruing to the donors to these 501(c)(3)s are not trivial. They function as pass-through organizations, yet could be considered partisan advocates for tax policy because they actively direct donors to selected partisan think tanks. Donor-advised funds allow a donor to make a substantial donation to a think tank indirectly while maintaining anonymity. Figures 1 and 2 show snapshots of donor-advised funds and larger think tanks (such as the Center on Budget and Policy Priorities) in funding or sub-granting to think tanks across the nation, with arrow size indicating the amount of the funding transfer in 2014.

- We did not include organizations for which we could not find a Form 990 tax return, usually because the organization was too new for its data to be reported publicly.
• We did not include data (although we noted their existence) for affiliated 527 political action committees, because none of them had form 990 data available for public viewing.

• We did not include 501(c)(6)’s, which are membership and trade organizations like the National Federation of Independent Business and the US Chamber of Commerce, nor 501(c)(5)’s, which are unions.

Figure 1. Left-leaning sub-granting to think tanks, 2014
As we reviewed the 184 remaining organizations’ websites to determine if they were actively researching or promoting viewpoints on tax issues, we also noted the political lean of the organizations as indicated by their arguments vis-à-vis the Tax Cuts and Jobs Act and other economic policies, their website verbiage on the topic of inequality (if any), and whether or not the organization claimed to be “nonpartisan.”

The political lean of the think tank was almost always obvious, as the left-leaning organizations advocated for policies assisting working families, retention of income assistance programs, and clearly opposed the Tax Cuts and Jobs Act. Right-leaning organizations expressed strong support for the Tax Cuts and Jobs Act, other forms of lowering taxes, and reducing size of government. Readers are welcome to differ with the classification we have given. We have included a data appendix so that others can rework the data based on their own determination of political lean. McGann (2017)
reports with 2014 data that 39% of think tanks affiliated with a party report as Independents, 32% as Democrats, and 23% as Republicans. In contrast, we labeled just 14 of 185 think tanks as “centrist.” Regardless of partisan slant, think tanks generally choose not to have a publicly identifiable affiliation with a U.S. political party.

Table 2 shows that the right-leaning think tanks were more somewhat likely to be involved at the national level, and equally likely as left-leaning think tanks to have an affiliated 501(c)(4) organization to carry out advocacy and lobbying projects. However, right-wing think tanks and advocacy groups were more likely to have a sister political action committee (527) group. Six right-leaning think tanks in our dataset had affiliated 527 organizations and one left-wing think tank had an affiliated 527 organization\(^1\). Because many of the organizations in the dataset were separate operating foundations or 501(c)(4) sister organizations with 501(c)(3) organizations, table 2 shows the net number of organization groups in the dataset.

More left-leaning 501(c)(3) think tanks reported lobbying expenses compared to right-leaning and centrist think tanks (table x). The lobbying reporting differences could be due to the higher prevalence of 527 organizations on the right, as more advocacy activities are carried out by the 527, leaving the 501(c)(3) to concentrate on other functions. The lower median amount of lobbying

\[\text{Information on 527 status is preliminary.}\]
expenditures by left-leaning organizations is likely based on the smaller assets and revenue size of the left-leaning organizations.

### Table x. Lobbying Activity by 501(c)(3) Think Tanks, by Political Lean

<table>
<thead>
<tr>
<th>Political Lean</th>
<th>Organizations Reporting Lobbying</th>
<th>Median Lobbying Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Left</td>
<td>46 (56%)</td>
<td>$174,611</td>
</tr>
<tr>
<td>Centrist</td>
<td>2 (14%)</td>
<td>$655,968</td>
</tr>
<tr>
<td>Right</td>
<td>29 (33%)</td>
<td>$290,551</td>
</tr>
</tbody>
</table>

Our data also allowed examining two facets of connectivity besides affiliation with 501(c)(4) or 527 organizations. As illustrated above in Figures 1 and 2, many think tanks and their operating foundations give grants to other nonprofit organizations of all types. We found that six of the 14 centrist organizations, 32 of the left-leaning and 19 of the right-leaning think tanks made grants to other organizations and individuals (for individuals, the grants were scholarships or fellowships). That is, the right-leaning think tanks were much less likely to report sub-grants to other organizations.

Another measure of connectivity to the public is the amount of funding received from a broad mix of donors. Schedule A of the form 990 reports the percentage of donations received from donors whose donation represents less than 2% of total revenue. The higher this reported percentage, the less influence any one donor or handful of donors has on the organization’s total revenue. Centrist organizations reported an average percentage of 69.1% (from the 11 organizations reporting a percentage), left-leaning organizations reported 68.9% (from 59 organizations reporting a percentage), and right-leaning organizations reported 73.0% (from 67 organizations reporting). In other words, there appears to be little difference among organizations in the dominance of large donors on single organizations’ finances. However, funding can be routed through sub-grants from
other organizations, or can be routed through several donor advised funds, as noted on page 10. 501(c)(4) organizations and 501(c)(3)s with fewer than 5 years of operation do not have to report this measure of donor funding.

Classifying the think tanks into centrist, left, and right (plus determining if they meet the criteria for inclusion in the study with a minimum of public information provided regarding current tax issues) required a website review of each organization. The website rhetoric by the organizations revealed distinct left-right patterns. We had not intended to do a qualitative analysis of think tank verbiage at the outset of this study, but the website content showed remarkable consistency across the left- and right-leaning organizations. These differences are summarized in Table 3.

Table 3. Partisan Think Tank Verbiage Differences

<table>
<thead>
<tr>
<th>View on inequality overall</th>
<th>Left-Leaning</th>
<th>Right-Leaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inequality is a fundamental problem that must be solved.</td>
<td>Inequality is not a problem; it’s overstated.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approaches to alleviating inequality</th>
<th>Left-Leaning</th>
<th>Right-Leaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage laws, EITC enhancement, TANF, funding of social services, education, health care</td>
<td>No need to alleviate. People are empowered when they are self-reliant, not receiving assistance.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How to grow the economy</th>
<th>Left-Leaning</th>
<th>Right-Leaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assist the low- and middle-class (demand side benefits)</td>
<td>Tax cuts for high income earners and corporations, reduce regulations (supply side benefits)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Common phrasing</th>
<th>Left-Leaning</th>
<th>Right-Leaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democratic, voices for children, common good, shared prosperity, progress, fiscal responsibility</td>
<td>Liberty, free-market ideals, individual/personal responsibility, freedom</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policy focus</th>
<th>Left-Leaning</th>
<th>Right-Leaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wide ranging; no national consensus. State-level think tanks often focus on minimum wage and EITC enhancements.</td>
<td>Focused on reducing entitlement spending, reducing taxes on individuals and corporations, and reducing regulations.</td>
<td></td>
</tr>
</tbody>
</table>

The policy focus differences were notable, with right-leaning policy positions showing consistent support for (whether state or national-level) reducing government spending, reducing taxes, and
reducing regulations. The left-leaning think tanks did not exhibit any countering focus on taxes, compared to the right-leaning think tanks. That is, although left-leaning think tanks expressed opposition to the Tax Cuts and Jobs Act, they did not, on the other hand, consistently show any support for progressive taxation in general, as might be assumed by their stated concern with economic inequality.

Interestingly, 79% of the clearly left-leaning and 74% of the clearly right-leaning think tanks claimed on their website to be “bi-partisan” or “nonpartisan” (see Judis 2017 for a caustic complaint about think tank partisanship). Even those that did not self-identify as nonpartisan were often labeled nonpartisan by media sources, as illustrated by the Fox News quote on page 6. Left- or right-leaning think tanks can claim to be nonpartisan in that their work is independent of political parties, which is a narrow definition of the term. The broader public definition (synonyms: unbiased, impartial, neutral, and objective) is implied.

### Think Tank Resources by Political Lean

Table 4 explores the financial resources of the think tanks and associated advocacy organizations involved in tax issues in the US. Using the most recent form 990 available (usually 2014 or 2015), we recorded total grants and contributions, total revenue, total liabilities, and unrestricted net assets. The first and obvious result was the astonishing importance of grants and contributions in the think tank revenue stream. Think tanks and their associated advocacy organizations do not rely heavily on earned revenue. For context, note that grants and contributions for reporting public charities in the U.S. (excluding hospitals and higher education) comprise 39% of total revenue (Roeger, Blackwood and Pettijohn 2012). In our sample of think tanks, grants and contributions comprise 92% of total
revenue. Centrist think tanks relied less on grants and contributions, as they received more revenue from earned income and investments.

Table 4 also reveals differences in the size of the organizations. The 14 centrist think tanks dwarf their partisan counterparts. Total resources devoted to left-leaning think tanks and associated advocacy organizations are about 60% of the right-leaning think tanks’ contributions, total revenues, and net assets.

Net assets (total assets minus total liabilities) expresses the net worth of the organization. The median think tank does not have much equity – less than one year’s total revenue – but a few well-endowed organizations skew the total and average net assets somewhat higher than annual total revenue. Centrist think tanks have notably more net assets (compared to their total revenue) than the left- or right-leaning think tanks. One centrist think tank (the Peter G. Peterson Foundation, a private nonprofit foundation) has $650 million in total assets, which is about 20 times the median asset size for the centrist organizations. Left-leaning think tanks have considerably less net worth, with a median net assets figure of only $831,626. We also recorded unrestricted net assets to determine how flexible those net assets are. Left-leaning think tanks have, on average, somewhat more constraining restrictions on their assets.

Table 4. Total, average, and median think tank revenues and assets

<table>
<thead>
<tr>
<th>CENTRIST</th>
<th>Grants and Contributions</th>
<th>Total Revenue</th>
<th>Net Assets</th>
<th>Unrestricted % of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>N = 14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$366,231,522</td>
<td>$438,017,576</td>
<td>$1,635,942,056</td>
<td>70.1%</td>
</tr>
<tr>
<td>Average</td>
<td>$26,159,394</td>
<td>$31,286,970</td>
<td>$116,853,004</td>
<td>70.1%</td>
</tr>
<tr>
<td>Median</td>
<td>$11,238,541</td>
<td>$12,822,965</td>
<td>$30,082,867</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEFT</th>
<th>Grants and Contributions</th>
<th>Total Revenue</th>
<th>Net Assets</th>
<th>Unrestricted % of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>N = 82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$316,926,728</td>
<td>$337,107,194</td>
<td>$458,954,497</td>
<td>41.8%</td>
</tr>
<tr>
<td>Average</td>
<td>$3,912,676</td>
<td>$4,161,817</td>
<td>$5,666,105</td>
<td>44.6%</td>
</tr>
<tr>
<td>Median</td>
<td>$1,042,705</td>
<td>$1,097,242</td>
<td>$831,626</td>
<td>49.0%</td>
</tr>
</tbody>
</table>
### Summary of Partisan Differences in Tax Reform Advocacy

We found that left- and right-leaning think tanks involved in tax policy issues are similar in number. However, the right-leaning think tanks covering tax policy issues have almost twice the revenue and net assets as the left-leaning think tanks. Right-leaning and left-leaning 501(c)(3)’s think tanks covering tax policy issues both have sister 501(c)(4) organizations to aid in advocacy activity, but right-leaning think tanks are more likely to have sister 527 political action committees. Qualitative differences also emerged from our review of think tank programming. Left-leaning think tanks are more often engaged in a broad array of economic inequality concerns, including environmental justice, social inequality and racial inequality. Tax policy is a small portion of their issue agenda. In contrast, right-leaning think tanks are more consistently focused on upstream, federal-level tax reforms such as reduction or elimination of taxes.

The imbalance in private funding of left versus right think tanks might be viewed as modest, but any imbalance could add fuel to Reich (2005) and Callahan’s (2017a) contention that philanthropic funding of public policy undermines democratic decision-making in the US. Both authors advocate for policy reforms to discourage the influence of individual major donors on public policy. Beyond just tabulating funding, our qualitative results also suggest a further imbalance of focus, which is more difficult to measure empirically. That is, left-leaning think tanks include tax issues on their agenda, but spread their advocacy and research across a broad spectrum of issues that includes child...
care, environment, health care, and other social concerns. Left-leaning think tanks and advocacy organizations are also less prominent nationally, with 28 left-leaning organizations and 45 right-leaning organizations focused on federal-level tax issues.

Although much left-leaning philanthropy is clearly inspired by calls to ameliorate the effects of economic inequality, funding for think tanks promoting progressive taxation, specifically, does not appear to be as attractive to left-leaning philanthropists, compared to funding for think tanks promoting tax reduction on the right. That is, state and local downstream efforts to address inequality are more popular on the left, while the right more often funds upstream thought leadership on national tax reform issues.

At the state level, care should be taken to analyze the quality and balance of information flowing to legislators and policy administrators. Are there reliable and nonpartisan in-house researchers whose work is trusted by legislators on both sides of the aisle? Or is information from external organizations (such as the think tanks in this study) driving efforts for reform? Recent efforts at the federal level to ignore the research of the internal and nonpartisan Congressional Budget Office (Soergel 2017) suggest that the presence of an internal and nonpartisan analysis agency may not be sufficient to ensure balance of budget and taxation analysis. With increases in political influence by well-funded state-level advocacy organizations, states might be next in line for legislative efforts to limit analysis done by in-house nonpartisan research staff members.

Further study on this topic should include tabulating and reviewing the balance of funders of think tanks and associated advocacy organizations. Because there is considerable churning of support through the sector (as a large donation to one organization is often sub-granted to a variety of ideologically similar organizations), tracking funding from one donor or foundation to its destination nonprofit is a challenge. Yet the overall totals in partisan grant-making may add an additional
perspective to the policy discussion surrounding tax benefits for advocacy of future policy reform efforts.

Finally, this paper’s simple snapshot of resources earned by the left, right and centrist think tanks describes inputs into the process of achieving outcomes as thought leaders (i.e. policy reforms and changes in implementation of policies). The recently passed Tax Cuts and Jobs Act of 2017 suggests that right-leaning think tanks contributed successfully to the policy process. What mechanisms were right-leaning think tanks using, over many decades, to use their donated resources to achieve this successful outcome? Analysis of how think tanks communicate their message to the media, to politicians, and to the public at large would be critical for understanding the role of think tanks in policy influence.
References


Appendix I: List of Organizations in the study: October 2018

CENTER
American Tax Policy Institute
Bipartisan Policy Center
Brookings Institution
Committee for a Responsible Federal Budget
Concord Coalition
National Bureau of Economic Research
National Tax Association
No Labels Foundation
Peter G. Peterson Foundation
Peterson Institute for International Economics
Pew Research Center
Social Science Research Council
Tobin Project, Inc
Urban Institute

n=14

LEFT
Appalachian Investment Corporation
Arise Citizens' Policy Project
Arise Citizens' Policy Project
Arkansas Advocates for Children and Families
Bell Policy Center
California Budget and Policy Center
Campaign for America's Future
Center for American Progress
Center for American Progress Action Fund
Center for Civic Policy
Center for Economic and Policy Research
Center for Law and Social Policy
Center for Public Policy Priorities
Center for Tax and Budget Accountability
Center on Budget and Policy Priorities
Child and Family Policy Center
Children's Action Alliance
Citizen Action of Wisconsin Education Fund
Citizen Action of Wisconsin, Inc
Citizens for Tax Justice
Colorado Center on Law and Policy
Colorado Fiscal Institute
Commonwealth Institute for Fiscal Analysis
Communities Creating Opportunity
Connecticut Voices for Children, Fiscal Policy Center
Corporation for Enterprise Development/Prosperity Now
DEMOS - a Network for Ideas and Action
Economic Inequality Video Project/ Inequality Media
Economic Opportunity Institute
Economic Policy Institute
Economic Progress Institute
Fiscal Policy Institute
Florida Policy Institute
Georgia Budget and Policy Institute
Good Jobs First
Hope Policy Institute
Institute for America's Future
Institute for New Economic Thinking
Institute for Policy Studies
Institute on Taxation and Economic Policy
Iowa Policy Project, Iowa Fiscal Partnership
Jobs with Justice Education Fund
Kansas Action for Children
Kentuckians for the Commonwealth
Kentucky Coalition, Inc
Keystone Research Center
Louisiana Budget Project
Maine Center for Economic Policy
Maine People's Alliance
Maryland Center on Economic Policy
Massachusetts Budget and Policy Center
Michigan League for Public Policy
Minnesota Budget Project/Minnesota Council of Nonprofits
Missouri Budget Project
Montana Budget and Policy Center
New Hampshire Fiscal Policy Institute
New Jersey Policy Perspective
New Mexico Voices for Children, Fiscal Policy Project
North Carolina Justice Center, Budget and Tax Center
Oklahoma Policy Institute/ OK Policy Inc.
OpenSky Policy Institute
Oregon Center for Public Policy
People for the American Way
People for the American Way Foundation
Policy Matters Ohio
Progressive Policy Institute/ Third Way Foundation
Public Assets Institute
Public Citizen Foundation
Public Citizen, Inc
Resource Generation
The Century Foundation
The Commonwealth Institute for Fiscal Analysis
The Franklin and Eleanor Roosevelt Institute
United for a Fair Economy Inc
Voices for Children Foundation, Inc
Voices for Illinois Children, The Fiscal Policy Center
Voices for Utah Children
Washington Center for Equitable Growth
Washington State Budget and Policy Center
West Virginia Center on Budget and Policy
Working Families Organization
n=82

RIGHT
1835 Cannon Ltd
Acton Institute
Allegheny Institute for Public Policy
American Action Forum
American Civil Rights Union
American Consumer Institute for Citizen Research
American Council for Capital Formation Center for Policy Research
American Enterprise Institute
American Institute for Economic Research
American Legislative Exchange Council
Americans for Prosperity
Americans for Prosperity Foundation
Americans for Tax Reform
Americans for Tax Reform Foundation
Atlas Network
Beacon Center of Tennessee
Bluegrass Institute for Public Policy Solutions
Buckeye Institute
California Policy Center
Cascade Policy Institute
Cato Institute
Cause of Action Institute
Center for Freedom and Prosperity Foundation
Center for Freedom and Prosperity, Inc.
Civitas Action, Inc.
Club for Growth
Committee for Economic Development
Commonwealth Foundation for Public Policy Alternatives
Competitive Enterprise Institute
Crossroads GPS
Empire Center for Public Policy Inc
Ethan Allen Institute
Foundation for Economic Education
Franklin Center for Government and Public Integrity
Freedom Foundation
Freedom Partners Institute
FreedomWorks Foundation
FreedomWorks Inc
Georgia Public Policy Foundation
Goldwater Institute
Goodman Institute
Grassroots Institute of Hawaii
Heritage Action for America
Illinois Policy Institute
Independent Women's Forum
James Madison Institute
John Hancock Committee on States
John K Maciver Institute for Public Policy
John Locke Foundation
John William Pope Civitas Institute Inc
Kansas Policy Institute
Libre Initiative Institute, Inc.
Libre Initiative Trust
Lincoln Institute of Public Opinion Research, Inc
Ludwig Von Mises Institute for Austrian Economics, Inc.
Mackinac Center for Public Policy
Maine Heritage Policy Center
Manhattan Institute for Policy Research
Maryland Public Policy Institute
Mercatus Center
Milken Institute
Mississippi Center for Public Policy
Nevada Policy Research Institute
Pacific Research Institute
Palmetto Promise Institute
Pelican Institute for Public Policy
Platte Institute for Economic Research
Real Tax Reform Now!
Rhode Island Center for Freedom and Prosperity
Ripon Society
Show Me Opportunity
Show-Me Institute
State Policy Network
Sutherland Institute
Tax Foundation
Taxpayer Education Foundation
Texas Public Policy Action
Texas Public Policy Foundation
The Heartland Institute
The Heritage Foundation
The Independent Institute
The Institute for Policy Innovation
Utah Taxpayers Association
Washington Policy Center
Wisconsin Policy Research Institute
Wyoming Liberty Group
Yankee Charitable Foundation
Yankee Institute for Public Policy
n=89