

PUBLIC AGENDA

*Independent, Thought-Provoking,
Always in the Public Interest*



Tackling Tax Reform in New Jersey



The Role of Public Engagement & Deliberation

By Lara Birnback

December 2006

Prepared by
PUBLIC AGENDA
in partnership with

THE KETTERING FOUNDATION

Birth of a Civic Group

In 2000, a group New Jersey citizens concerned about the direction of public policy in the state formed an organization to explore ways to tackle entrenched public policy problems. As one of its founding members, retired Republican State Assemblyman Bill Schluter explained, “I was totally frustrated with why we couldn’t get good public policy in New Jersey.” This initially ad hoc group, which drew its members from the policy, activist, business and nonprofit sectors, eventually came to call itself “Citizens for the Public Good,” taking its name from a section of the state constitution giving responsibility to the people to “remedy governmental structures and polices which are injurious to the public good.”

According to its mission statement, the group was “established by a bipartisan group of men and women with long records of public, corporate, and professional service to act as a forceful advocate for fundamental reforms.” One of its core strategies was to ensure that the group had a steering committee made up of New Jersey’s “influentials,” a bipartisan group of respected leaders recruited from diverse fields, and from around the state.

Citizens for the Public Good turned its first efforts to the issue of money and politics, with a specific eye on campaign finance reform. However, it soon became clear that campaign finance would be too difficult to proceed with after initial probes and conversations with policymakers fell on deaf ears. “At the same time,” according to Lorraine Kulick, a founding member and current co-executive director of the group, “with the McCain-Feingold bill approved in Congress, the mood had changed,” Undeterred, this small group of activists began to think about where to turn their attention next. After much discussion and thought, they concluded the issue had to be tax reform.

Candace Ashmun, another of the group’s original founders described it like this: “I do a lot of land use and environmental work, and I see this as one of the prime issues concerning land use and quality of life in New Jersey... We changed gears to focus on tax structure reform... because when all the people [at the table] started talking, it was obvious that it was important to everyone in spite of all the different things they do. We talked and talked and talked and that’s what we came up with!”

Indeed, property taxes account for about 50 percent of taxes collected in the state, whereas the national average hovers around 30 percent. The average New Jersey property owner pays about \$6,000 a year in property taxes, twice the national average, and the situation is worsening. Residents are facing a yearly increase of 7 percent in their property taxes alone.¹ As one New Jersey resident said, “My parents—they’re in their 70s—they want to stay in the house that they had for the last 55 years, but it’s becoming increasingly more impossible. They’re on fixed incomes, and every time you turn around, taxes are going up \$500-\$1,000 a year.”

A few of the most active individuals involved in Citizens for the Public Good were already involved in other civic organizations working toward tax reform and pushing for a statewide constitutional convention to address the problem. (New Jersey does not have an initiative and referendum system. The only related process is a constitutional convention, which there occurred in 1947

¹ Statistics are from “New Jersey Lawmakers to Tackle Rising Property Tax.” *New York Times*, 28 Jul 2006 while the “resident” quote is from a focus group conducted by Public Agenda in Englewood, New Jersey, in March 2003, about property taxes.

and 1966. The idea of holding a constitutional convention on property tax reform began to gain momentum in 2000, and in fact, legislation calling for a

convention had been introduced but never passed.)

By 2002, the group had agreed to direct their reform agenda to this issue.



A Citizens' Tax Assembly

A primary task was to choose an appropriate strategy by which to pursue reform. The group believed it was important to do something that was going to involve the citizenry of New Jersey and not just the leadership—yet they knew at the same time, as Candace Ashmun put it, “the only way to get this on the Legislature’s agenda and the Governor’s agenda was to do something fairly spectacular.”

Citizens for the Public Good began to discuss holding some kind of public gathering at which citizen “delegates” from across the state would come together to deliberate and learn about the property tax issue. The group sought advice from Public Agenda, a nonprofit, nonpartisan citizen education and public opinion research firm, about possible public forum strategies. Following discussions with Public Agenda, the group “resolved to create a forum in which New Jerseyans could speak their minds on taxes and demonstrate that reasonable solutions to the problem are possible.” And thus was born the idea of a Citizens’ Tax Assembly.²

There were a number of important reasons for choosing a public engagement strategy over the more typical public information or advocacy campaign approaches. One was a desire to do something splashy or newsworthy that might get the attention of those in power. Another reason for choosing this strategy was to prove that this issue was important to New Jerseyans, and that through such a process, citizens could gain a sense of efficacy and impact. Even more important, however, was to demonstrate to

leaders and policymakers that, as complicated and intractable as the issue seemed, it was possible for ordinary citizens to discuss, listen and deal with the complexities and trade-offs of various approaches. For some in the group, this idea was closely connected with the constitutional convention idea—they saw the Assembly as a kind of model demonstration to prove that such a process could, in fact, work.

An additional consideration was that a successful Citizens’ Tax Assembly would serve a dual purpose in terms of affecting the state legislature. On the one hand, policymakers could be shamed into action by the sight of regular people organizing to reach some agreement on the issue, and on the other, it would provide them with some political cover to act—they could point to the Assembly and the resulting report to show that voters did want reform, even with the associated costs.

Mark Murphy, executive director of the Fund for New Jersey and an institutional and financial supporter of the group, described his thinking at the time:

If we were to hold a meeting that brought together, not the special interests, but citizens elected solely for this purpose to come together, and if we were to present them with the right kind of nonpartisan analysis of taxing and spending, a group of New Jersey citizens could, in fact, understand the issues, find the policy middle ground that would redistribute how we raise money in New Jersey and demonstrate to lawmakers that it is possible--we want to hold your feet to the fire, and if you do not act, then a constitutional convention should be called for this purpose.

Jon Shure, director of New Jersey Policy Perspectives, a non-partisan policy research

² The New Jersey Coalition for the Public Good released a report titled “Let the People Speak: Report of the Citizens’ Tax Assembly” in February 2004 that detailed the founding of the group, as well as the decision to pursue the Assembly strategy. The report is available on the Coalition’s website: <http://www.njcpog.org/>

organization and one of the first in the group to suggest a public engagement type of approach explained that the effort was designed to:

Take people from around the state to come and sit in judgment in a way that wasn't so much about what their recommendations would be, because we wouldn't ask them to vote on specific recommendations, but almost a demonstration to show that the public can, in fact, have an adult conversation about taxes, deal with the trade-offs and complexities, that sort of thing. It was really designed to show the policymakers and the media in New Jersey that a convention was not such a far-fetched idea, because in fact, people could handle such an event.

Another organizer described the Assembly as a way to help people get beyond the typical wishful thinking that often accompanies complex policy issues. "When you do speak with people, and as you yourself learn more about the subject, you hear so many myths about how to solve the problem. That is one of the most important parts of the campaign, to help us all know that there aren't any 'quick fixes' to the problem."

After committing to the Citizens' Tax Assembly strategy, the group decided to

split into two distinct entities. Citizens for the Public Good registered as a 501 (c) (4) organization to continue and broaden its lobbying and advocacy efforts. The New Jersey Coalition for the Public Good was registered as a 501 (c) (3) with the mandate of conducting research and educational programs on public policy issues in New Jersey. The decision to branch into two organizations—the Coalition for the Public Good, dedicated to a nonpartisan public engagement effort, and the Citizens for the Public Good, functioning largely as a lobbying and advocacy group, was an interesting one, broadening the ability of the group to employ different kinds of strategies on the road to tax reform. "When we put on our 'Citizens' hat, we work with and solicit support from other entities, the League of Municipalities, the League of Women Voters, good government groups, and ultimately, the Legislature, in garnering support for specific objectives," according to one leader. Despite some confusion among outsiders because of the similar names and identical acronyms, the organizations seem to have been successful in not allowing mission creep between the two. (However, it is certainly possible that at some future point, the fact that many of the same individuals are involved in both groups may lead some to question their non-partisan status.)



Planning For The Assembly

The job of organizing the Citizens' Tax Assembly fell under the auspices of the Coalition, which began raising money in 2002 for the effort from three New Jersey Foundations: the Fund for New Jersey, the Geraldine R. Dodge Foundation, and the Schumann Foundation of New Jersey.

Mark Murphy of the Fund for New Jersey later said:

I have been working in the state for 20 years, and I've worked in other states and Washington D.C. I have never seen such a dramatic case made by a group of private citizens to take back from the legislature and the government the essential authority for getting such an important piece of work done. What was remarkable, was that a group of people came together and actually fashioned the very process that could be utilized and said, not only is this feasible, but here is what the enabling legislation would look like, here's what a constitutional convention could be convened like, here's how delegates would be selected, here's how the issues would be addressed—and really laid out a blueprint for how it would functionally operate. I think it blew away the political establishment!

One of the Coalition's early decisions was to include a partner with experience in engaging the public on complex policy issues to help lend nonpartisan credibility to the endeavor. In March 2003, the Coalition hired Public Agenda, with whom they had been consulting, to assist in framing the issues for discussion and to provide technical assistance in organizing and executing the Assembly.

Public Agenda had worked in many different communities to help local organizations and individuals run "Community Conversations," which bring together stakeholders with different views to deliberate on matters of local (and in some cases, statewide) concern. Public Agenda's Citizen Choicework model, which the Coalition adapted to its purposes, relies on a few core principles for successful engagement:

- Broad-based nonpartisan local leadership;
- Inclusive, diverse participation beyond "the usual suspects;"
- Non-technical and nonpartisan discussion materials that present a variety of options, including tradeoffs;
- Well-trained nonpartisan moderators;
- Small, diverse group dialogue;
- Planning for strategic follow-up.

As a first step, Public Agenda began by conducting a series of focus groups across New Jersey to help the Coalition better understand how citizens perceived the tax issue, and how they talk about it in their own words. There was some initial resistance from some members to conducting focus groups. As Bill Schluter put it, "I was very skeptical about doing the focus groups; I thought, 'but we know what the issue is!' But they convinced me to do it the right way." Ultimately, the information gleaned from the focus groups helped create the print and video Choicework discussion materials developed for the Assembly delegates, and prepared Public Agenda to train local volunteer moderators.

Designing the Assembly Right

The Assembly's design emerged out of give-and-take between Public Agenda, which brought a set of tested community dialogue principles and practices to the initiative, and the Coalition's own ideas, experience and goals. In the end, all concerned (including participants, based on their written evaluations) were very satisfied with the process that was crafted.

Participants

To recruit delegates for the Assembly, the Coalition members understood that it was critical to the legitimacy of their effort that participants represent a range of opinions, positions, demographics, and experience with the issue. As described in the report, *Let the People Speak: Report of the Citizens' Tax Assembly*, "They [delegates] would not likely be tax or policy experts, but concerned, motivated citizens—just the sort of individuals who might become candidates to become delegates to an actual Constitutional Convention in tax reform." Furthermore, "The process would not be programmed to reach any particular conclusion; delegates would be free to engage in give and take leading toward whatever resolution of the issues seemed most reasonable to them."³

Coalition organizers spent a great deal of time on the recruiting process. They laid out a comprehensive methodology to ensure an appropriate and legitimate recruit; an effort that began with mailing 2,000 letters to any and all organizations and associations across the state asking for nominees. Additionally, they placed op-eds in state newspapers, urging those interested to nominate themselves. About 600 names came in, and the Coalition worked to select about 100 delegates from the list. Although selection was somewhat randomized,

consideration was given to gender and geographic balance, the idea being to have a group represent and reflect each county's share of the total state population. More than one organizer stressed that the goal was to include "all of New Jersey."

In all of its engagement work, Public Agenda stresses the importance of including many citizens who don't typically attend public meetings, in addition to members of civic organizations and the like, who might have a special interest in the issue at hand. In this case, the delegates skewed somewhat more toward informed and active than toward true average citizens. While there was undoubtedly a wide range of positions and opinions represented by the delegates, there were many among them who came with more than a basic understanding about the tax issue. That said, the delegates could hardly be viewed as the state's typical power elites.

In the end, 92 people came to the state capital Trenton over the weekend of September 13-14, 2003 to deliberate on property tax reform. Expenses were covered by the initiative, but no stipends were offered for this act of public service. Patricia Tieman, current co-executive director of the Coalition for the Public Good recalls, "It's very interesting because at the time, we were a brand new organization—no one could look us up and see what we had done—but people were still willing to come for a weekend and talk about taxes!" Her analysis was that, "It proved that we really hit upon the right process and the right issue at the right time or we would never have had that many people respond."

Mark Murphy, who acted as one of the small group moderators explained, "I personally was amazed at the response. People came out! Some had well articulated points of view. Some people were just sick and tired of the cost of living in New Jersey. We had mayors; we had grandmothers; and we had

³ "Let the People Speak: Report of the Citizens' Tax Assembly." <http://www.njcpa.org/>

young people, fresh out of Rutgers University still paying off their tuition, people for whom property taxes really mattered.”

Materials

Public Agenda also helped the Coalition create a set of video and print materials to help delegates understand the situation and present several approaches to developing new tax policies, each with a set of pros and cons. Public Agenda uses these “Choicework” discussion materials as the centerpiece of any public engagement initiative in which the organization is involved. See the Appendix for the print Issue Guide and Choicework used in the Coalition’s inaugural Citizen Assembly.

The delegates were not asked to vote on any of the options or otherwise reach agreement on any of the proposals; they were merely intended as a springboard for discussion and to help level the playing field between those delegates who came to the Assembly with more experience and knowledge on the issue than others. Participants received these materials ahead of time and also had time to review them on site at the outset of the deliberations.

Moderators

Many of the moderators and recorders who managed the discussion groups were alumni of Leadership New Jersey, a program that nurtures the leadership potential of young, civically engaged New Jersey residents from a variety of professional and service backgrounds. They received a day-long training from Public Agenda, which helped them understand and practice their facilitative roles. Well-trained moderators can be critical to a successful deliberative experience, as they not only encourage and solicit participation from the less experienced participants, but prevent the more confident and experienced “professional committee” people in attendance from dominating the discussion and potentially truncating debate. Reflecting on the experience of moderating a small-group discussion, one moderator said, “I had about 14 people in the room. Before you

know it, the ideas start coming. They were not all on the same page. There was true diversity in the room...frankly, prejudices about what the root causes were. If you treat people with respect and with ground rules that say, ‘All points of view will be heard but you’re going to have to be responsible for your remarks,’ before you know it, people are sitting a little straighter, they are referring back to the background papers we provided and we were exploring the ramifications of different policy decisions.”

The Agenda

The Citizens' Tax Assembly agenda included a day-and-a-half of alternating plenary meetings and small-group discussions. Delegates rotated among eight small discussion groups that were designed so each would be as diverse as possible. Each group also had its own moderator to facilitate the discussion and ensure everyone had a chance to participate, as well as its own recorder to chronicle the discussion. Whenever possible, as groups posed factual questions, nonpartisan experts in attendance got the needed information, sometimes in a matter of minutes.

The agenda for the weekend:

Saturday Morning

Large Group

Brief overview of Assembly goals and format

Small Groups

Introductions and ground rules

“Choicework” discussion on approaches to improve New Jersey’s tax system

Saturday Afternoon

Small Groups

Continued discussion of direction(s) to improve the tax system

Large Group

Preliminary small group reports for Day 1

Saturday evening

Dinner and informal discussion among participants

Sunday Morning

Small Groups

Recommendations for improving the tax system

Large Group

Final small group reports

Summing up of Assembly deliberations

Location

The location of the Citizens' Tax Assembly was specifically chosen, according to the Coalition's report, "to demonstrate to delegates and observers the importance of the work to be accomplished." The group clearly wanted participants to feel that what they were doing was important and noteworthy. After the first day's session, which took place at Thomas Edison State College in Trenton, delegates attended a reception at the historic Old Barracks Museum and had dinner at the War Memorial Auditorium. The weekend's capstone, however, was the Assembly's concluding session, which took place on the floor of the New Jersey General Assembly Chamber in the State House. According to Mark Murphy, "When we finally met in the Chambers of the legislature and allowed these delegates to take the seats reserved for their elected officials, you could feel the power in the room." And Candace Ashmun remembered, "I've done a lot of these things, and I know how hard it is to hang on to people for a few days. ...I was amazed at these people and how they hung in there. The final session in the Assembly Chamber was fabulous,"

Identifying Common Ground, Clarifying Disagreements, and Moving Forward

Reports from each of the eight small-group discussions were collected at the end of the Assembly, and Coalition organizers did the hard work of sorting through the comments to draw some conclusions about the areas of common ground, disagreements and action ideas. The intent was never to conclude with a concrete action plan or a detailed list of policy changes agreed upon by all, but rather to determine if there was any consensus about what kinds of changes should occur, discover common ground on the values delegates shared, and clarify areas where there were significant disagreements.

For example, there was broad agreement that New Jersey should realign its tax structure while continuing to provide schools with the necessary resources for all children to succeed. Furthermore, a majority of delegates felt that the state should promote cooperation among its many municipalities and school districts to "avoid duplication, improve efficiency, and make regional planning possible."

Although many of the delegates also supported the idea of a tax convention, a significant minority did not. Yet, regardless of their position on that issue, the greatest agreement was on the need for a robust follow-up from citizens and policymakers. Most groups asked for communications resources they could use to raise awareness in their own communities about the issue, and others wanted to meet again to discuss various proposals in more depth, while still others suggested a series of more local, mini-assemblies. These suggestions were picked up on by the Coalition and subsequently acted upon.

Maintaining the Momentum

Report and Press Conference

Coinciding with the release of *Let the People Speak: Report of the Citizen's Tax Assembly*, the Coalition held a press conference in February 2004 attended by many of the original delegates, members of the media, local and state policymakers and other interested parties. The Coalition worked conscientiously to keep the delegates involved, sending them a draft of the report for comment before its final publication and asking delegates to attend the press conference to speak about the experience. Not only did asking the delegates to review the report keep them engaged, but, according to organizer Tieman, "It really helped us to understand what they had gained from the process so that when we organized the next meeting we could keep that in mind." Ultimately, the report was distributed widely in opinion leader circles, to the press, among the state legislators and their aides, to municipal officials, and on the Coalition's website. At this stage, the Coalition moved forward on its own, without consultation from Public Agenda.

Following the Assembly, the Coalition's Advisory Board decided to find a way to carry on without hiring staff, renting space or incurring expenses unrelated to the direct work at hand. It's a testament to the talent and motivation of the individuals involved at all levels that the initiative managed to prevail despite the untimely death of the Coalition's first chairman, Neil Upmeyer, shortly after the 2003 Assembly. Virtually everyone interviewed for this report gave credit to him and his wife for their vision and dedication in creating the Coalition and understanding the links between "public opinion, politics, and public policy."

The financial investment on the part of the funders has been relatively modest, but enough to keep things moving forward and providing a consistent stream of funding for

the dedicated duo of co-Executive Directors Lorraine Kulick and Patricia Tieman. With them at the helm, the Coalition has continued to engage those citizens already involved and bring new ones to the table to keep the issue of tax reform on the agenda. At the same time, Citizens for the Public Good continues its lobbying and advocacy work around the state, meeting with legislators and their staffs. For example, when former Gov. James McGreevey organized a commission to study the feasibility and desirability of a constitutional convention on the tax issue, members of the Citizens for the Public Good worked closely with the task force, giving testimony and providing analysis. A delegate from the Assembly even accompanied them in meetings with the Governor and lawmakers on occasion.

Follow on events and regional assemblies

In the meantime, the Coalition created a website to post reports and press releases, and let people know about a series of engagement activities and events they have continued to organize, as well as other tax-related events happening in the state. For example, in June 2004, the delegates from the Citizens' Tax Assembly were invited to a one-day gathering to discuss the issues more deeply and to hash out a framework for a constitutional convention. Roughly half of those who attended the original gathering attended this event, working again in small, moderated discussion groups. Some of those who had been delegates at the first Assembly were asked to moderate these groups, as well as at four regional mini assemblies held around the state in the fall of 2004. Heeding calls by citizens and activists for local meetings, the Coalition organized the four regional meetings to broaden involvement and to get a sense of how the issues might play out in several of New Jersey's diverse communities. Tom O'Neill, a member of Citizens for the Public



Good, hosted one of these smaller assemblies in Morris County. He recalls looking around the parking lot and seeing many cars with political bumper stickers, "and I counted exactly equal Republican and Democrat stickers, with one 'Throw all the bums out' sticker. When I saw that, I knew we'd done a pretty good job of getting the right people there."

Since the first Citizens' Tax Assembly, the Coalition has also sponsored briefings, round table discussions and lectures by leading academic and policy experts on tax reform, including a May 2005 event attended by about 100 people at the College of New Jersey. In 2006, it held an event in cooperation with the Bloustein School of Planning and Public Policy at Rutgers University based on the Fred Friendly seminars. Various panelists, including former Gov. Jim Florio, took the positions of different factions in the debate, such as the business community, educators, etc. and presented their perspectives to those in attendance.

The New Jersey Coalition for the Public Good plans to continue the process of public engagement with an Educational Forum in December 2006 to bring together two panels of nonpartisan experts. The first will present the content from the four legislative commissions convened by Gov. Corzine, which dealt with school spending, public employee benefits and pension costs, shared local government services and the role of a tax convention. The second will provide expert interpretation of the reports of the legislative committees, particularly as they relate to sustainable property tax relief.

Keeping the Issue Alive

In addition to the engagement and empowerment of certain individuals as described above, it's fair to say that the work of both the Coalition and the Citizens' for the Public Good have contributed significantly to raising the profile of the tax reform issue and keeping it on the political agenda in New Jersey. Since its inception, members of the organizations and citizen delegates have testified on the issue at legislative hearings,

met with editorial boards and generally kept up the drumbeat. Patricia Tieman said,

I would say that absolutely our work has had an effect. For example, the convention idea is an option only because we have shown that citizens can really understand this well enough to be a part of a convention.

According to Bill Schluter,

We have succeeded in making this the No. 1 issue in the state and bringing a lot of attention to it. It's on the front page of all the papers and everyone is aware of it.

Public opinion polls over the last few years in the state do reflect ongoing voter concern over the tax issue, and there has been unprecedented attention paid to the issue in a series of special sessions called by Gov. Corzine, who has said that if lawmakers have not acted by January 1, 2007, he would call for a citizen's constitutional convention.⁴ Others interviewed are somewhat more hesitant to link a causality between the work of the Coalition and any direct action by policymakers. It seems certain, however, that the Coalition's work kept the issue in the forefront of policy debate in the state, provided analysis and information to both citizens and key policymakers, empowered the citizens who participated in its many forums, and demonstrated that citizen deliberation is possible, thus keeping the constitutional convention alive as either a real possibility or as a goad to policy action.

Jon Shure feels that the public engagement work, such as the Assemblies and panel discussions, has significantly enhanced the effort.

The public engagement work has really been a large part of it...it was very important at the beginning of this process to set the right tone and

⁴ Gurney, Kaitlin and Jennifer Moroz. "Corzine Opens Special Session on Tax Reform." *Philadelphia Inquirer*. 31 Jul 2006.

demonstrate to the state that it was a nonpartisan effort and the public engagement angle sort of helped to legitimize it and give it credibility...a lot of the things that people suggested at the Citizens' Tax Assembly are now part of the dialogue. I'm not saying that's necessarily because they were discussed there...but I guess in a way you can say that the current discussions in New Jersey at the legislative level have validated the Assemblies because people are thinking along the same lines.

Significantly, the Coalition was able to nurture a dedicated constituency, many of whom were delegates at the first Assembly or attended the regional meetings. These individuals have stayed connected via the website and continue to attend Coalition events, becoming "emissaries" by taking back what they learn to other civic and/or social groups in which they participate. "In fact, we had a lot of people from other tax reform groups who felt that they knew a lot about the issue but after they went through our program they felt they knew so much

more, which they then took back to their own organizations and groups they belong to," said Patricia Tieman.

The effect has been the creation of a vibrant network of people engaged in the issue who write letters to the editor, meet with legislators, and serve as moderators of subsequent discussion groups. Those involved in this network, scattered throughout a large number of communities, know they aren't alone. Additionally, the creation of the background materials and the subsequent publication the Coalition's reports on tax reform helped educate the public and lead to a better understanding of the specific economic choices confronting New Jersey residents.

The Coalition has also developed critical relationships and alliances with groups that had previously not collaborated. In addition to working with the League of Municipalities and the Citizens for Property Tax reform, the Coalition has formed relationships with the Black Ministers Council, AARP, the Latino Leadership Council and various environmental groups throughout the state.



Key Lessons

A number of factors have helped the Coalition succeed. Although some measure of their success can be attributed to a “right issue, right time” phenomena, the Coalition made a number of decisions about how to organize itself, and operate and engage the public that appear to have helped considerably.

The Importance of Nonpartisan Intermediary Organizations

The Coalition has functioned effectively as what Friedman and Kadlec have called a “nonpartisan intermediary organization,” in their forthcoming article, “Deliberative Democracy and the Problem of Power.” They argue that deliberative events and opportunities, such as the Citizen’s Tax Assemblies, are much less likely to be compromised, “if they are controlled and safeguarded by those whose stake is in the integrity of the process, not in its substantive outcome.”⁵ The fact that the assemblies and other events involving citizens have been organized by the nonpartisan Coalition, rather than the activist Citizen’s for the Public Good, and that the focus of those events has been as much on the process itself as on the creation of a specific platform for action, has helped allowed for legitimate deliberative process. Moreover, without the establishment of such a nonpartisan intermediary, public engagement *beyond* the initial Assembly would not have taken place. Because of the Coalition, the Assembly served as a launch pad for ongoing engagement and action on the tax problem, rather than it being a one-time affair.

“Regular” Citizens Can Make a Difference

Since its inception, the core leadership of the Citizen’s for the Public Good and the

⁵ Friedman, Will and Alison Kadlec, “Deliberative Democracy and the Problem of Power,” *Journal of Public Deliberation*, forthcoming 2007.

Coalition has been made up of a diverse cross-section of capable and experienced individuals with strong backgrounds in policy, government, activism, and organizing. These individuals brought their considerable knowledge and experience to bear on how the group should be organized, what its mission should be, and how it should go about accomplishing its goals. For example, they reasoned that if, as a new organization, they wanted to have a real effect on the discussion and be taken seriously, they needed a steering committee with impressive names. So they put together a list that encompassed a broad swath of the most credible people in the policy, academia, nonprofit and governmental worlds to help spread the word in influential places and generate media attention.

Equally important to the effort, however, was that organizers understood it was critical to also include the voices and energies of average New Jersey citizens in their efforts. There is a kind of legitimacy in the public’s voice—i.e., it is not the voice of the experts or advocates—that resonates differently with lawmakers and citizens alike. Involving citizens from the start, both those who were already informed about the tax issue and many who were not also helped to spread the message in circles and organizations where people may not have been previously focused on the problem. Ultimately, this combination of “boldface names” and citizen voices served the group in very good stead and most likely has had a kind of multiplier affect on their work.

Design Matters

It was important that the Coalition’s initial public engagement efforts be done right. That is, participants needed to feel that they were engaged in a truly nonpartisan effort designed to give everyone, regardless of their level of knowledge about the issue or their position, an equal opportunity to participate. Careful and thoughtful design is



more work than it might initially appear. "Every deliberative context reflects a set of design choices, and a lack of attention to their implications can have devastating effects on the quality of deliberation. Such choices can severely limit who will participate, who will be heard, and which interests will shape the terms of the discussion."⁶

Working with an experienced nonpartisan civic engagement organization like Public Agenda provided the Coalition with a proven model for the design of the Assembly which included strategies for recruiting participants beyond the "usual suspects," Choicework discussion materials which "frame for deliberation" rather than "frame to persuade,"⁷ and the use of small-group moderators to facilitate open discussion. One testament to the successful design is the consensus of the first Assembly that more discussions were needed, and that subsequent assemblies and meetings have been well attended.

Substantive Follow Up is Critical

Just as important as the initial design, however, has been the Coalition's efforts to keep up the momentum, enthusiasm and good will generated by the first Assembly. Too often, even successful public engagement events are one-shot deals, leaving organizers frustrated at the amount of work put into something that didn't continue, and participants soured by the experience of having been invited to contribute their opinions and time to something which ultimately went nowhere. However, the Coalition has studiously kept people involved through their web site and word-of-mouth networking. As a result, they have created an active group of citizens who attend virtually all of their events and who keep the process and dialogue going in their own communities. The Coalition has also expanded the kinds of events they are involved in, often combining a mix of expert presentation with citizen involvement. Surely, it will be instructive to the engagement field to track the ways in which the Coalition to evolve in the years to come.

⁶ Ibid.

⁷ For more on framing for deliberation, see Will Friedman, "Reframing Framing," Public Agenda, 2006.



Appendix: New Jersey Property Tax Reform Approaches

Approach 1. We should stick with what we've got, a tax system that maximizes local control, while using state assistance to address problems.

The current system relies heavily on local property taxes while using state tax revenues mostly for narrowly defined purposes. Even though this system evolved in fits and starts, there are good reasons behind it.

The state's personal income tax was created in 1976 so we could provide state school aid to low-income communities and rebates to seniors and other homeowners struggling to deal with high property taxes. At the same time, we wanted to maintain as much local control as possible. The current system may need some technical adjustments, but it has the right goals and takes the right approach — help under-funded school districts and the most vulnerable taxpayers through state aid while still letting communities make and support their own budget decisions through their local property taxes. Of course, that help from the state would have to come from state taxes.

What should be done:

- Adjust the state aid formula to make sure the poorest communities get the money they need to improve services. School districts, for example, should get the money they need to improve student achievement.
- Ease the property tax burden on those hardest hit, by funding programs such as the Homestead Rebate and NJSaver rebate at the highest possible level.
- Stabilize property tax relief by locking in rebate levels and tying them to inflation, rather than letting them go up or down depending on the overall state budget.

Pros:

- By relying heavily on local property taxes, this approach maintains local control and home rule while limiting state government.
- This approach uses state taxes for the right reasons: to alleviate the burdens of the most vulnerable people in our society: senior citizens and children in under-funded schools.
- Helping under-funded schools is not only required by New Jersey's Abbott court ruling requiring better school funding for poor districts, it is the right thing to do.
- Rebates to homeowners and senior citizens should be a core commitment in the state budget, not something that changes from year to year depending on financial or political circumstances.

Cons:

- These Band-Aid approaches have been tried and tried, and they haven't solved the problem. We need more far-reaching reform that more completely overhauls the system.
- Wouldn't it make more sense to lower property tax bills to begin with, rather than let taxes go up and then pay the administrative costs of sending people a rebate check later on?
- Creating a fairer overall tax system would do more for under-funded school systems and homeowners than the complicated and often unpredictable aid-and-rebate system we have now.
- We may have local control in theory under the current system, but with the state playing such a large role in education policies and municipal decisions, "home rule" has become more myth than reality.

Approach 2. We should take the state out of the picture and let each community solve its own problems.

This is how it used to be, before we had a state personal income tax and we relied almost completely on local property taxes and local decision-making. If we return to relying more on local property taxes, we can cut or maybe even eliminate the personal state income and state sales taxes. We should also eliminate most of the rules and regulations Trenton has imposed on local governments and schools.

Under this approach, we'll have true home rule again, and each community can decide for itself what services are needed and how high their taxes should be.

What should be done:

- Dramatically reduce state taxes.
- Cut back most of the rules and regulations imposed by the state that determine how towns should operate.
- Eliminate the appeals process that allows state officials to overrule local voters and reinstate a rejected school budget.

Pros

- This will give people the maximum amount of control over their government, so they can make real choices about what they want to happen in their community and how much they're willing to pay.
- This will allow communities to control government spending, which is what drives taxes.
- This way, people will see their tax revenues stay in their own community and serve needs that are important to them, not sent off somewhere else.
- If some communities have more resources than others, it encourages people to work harder and move to where they want to live.

Cons

- This does nothing to address the fundamental unfairness of the property tax. In fact, low-income people and those with fixed incomes may find their tax load gets worse.
- Without help from the state, many school districts will be unable to support decent schools that raise student achievement.
- When some communities have bad schools it affects everybody, because of increased crime, poorly trained workers and higher social service bills.
- We expect more from government than we did in the 1960s, and many towns simply cannot provide the kinds of municipal services people demand without state help.

Approach 3. We should give towns new ways to raise tax revenues and control costs.

We're asking our schools and municipal governments to do more and more, but we've only given them one way to raise money: the property tax. We need to give communities more ways to raise their own revenues, as well as new ways to cut costs. This could include new powers to levy local sales taxes (on hotels, for instance) and new incentives from the state to consolidate (that is, combine) schools and other local services to contain costs. This is a more realistic way than going back to the old system to provide towns with the ability to manage their own taxes and affairs.

What should be done:

- The Legislature should allow local voters to impose a “local-option” sales tax on top of the state sales tax. Also, towns should be allowed to tax hotel rooms, parking, entertainment or other items within their own boundaries.
- The state should provide meaningful financial incentives that encourage consolidation of small school districts and other municipal services, such as police, to cut costs and save money.
- The state should also help towns be able to share in tax revenues when development in a surrounding community affects their town.

Pros:

- A big reason property taxes are so high is because local governments have no other choice when it comes to raising money. If they're given other tools, communities will be able to spread out the tax burden among other sources of revenues and shift away from the property tax.
- We already have “enterprise zones” in certain communities where the state sales tax is cut to encourage shopping. Why not also let communities create new revenue sources, such as a local sales tax, if they need the money and decide it is a good idea?
- We have far too many municipalities and school districts in New Jersey, which drives up costs. Yet we've also made it extremely complicated for communities to merge and share services. Encouraging and supporting consolidation would cut waste and duplication and drive down costs.
- Giving communities new ways to raise revenues and cut costs would strengthen New Jersey's tradition of home rule.

Cons:

- Creating a confusing patchwork of local taxes across the state will interfere with business and inhibit New Jersey's economic development.
- Some communities, particularly in rural areas, may not be able to take advantage of these new taxes—not every town can have a hotel, for example.
- This will lead to more unwanted development and sprawl as communities compete for new businesses, like hotels, that they can tax.
- The reason we have so many towns and school districts is because people like having local control. Consolidation would undermine home rule. Besides, it's doubtful it would save enough money by itself to make a big difference in most people's property taxes, and for many communities—particularly larger cities—it is not a viable option.

Approach 4. We should create a fairer system by relying more on statewide taxes and less on the property tax.

The biggest problem with taxes in New Jersey is that they're fundamentally unfair. And the main reason for that is because, as a state, we rely too much on the property tax. This means many residents are "property rich, but income poor," stuck paying exorbitant taxes on modest homes they bought years ago, before property values shot up. It also means that people unlucky enough to live in poorer communities cannot afford decent schools for their children or other municipal services people in other towns take for granted.

The state needs to step in and level the playing field, using state taxes, such as the state personal income tax, to replace the property tax as much as possible.

What should be done:

- Raise the state income tax—and/or other state taxes that are based on one's ability to pay—and use the money for schools and other local services, to bring property taxes down.
- The state should pick up at least half of the costs of running local schools, which is the U.S. average. Right now, the state of New Jersey pays only about 40 percent.
- Make it hard to increase property taxes (through a cap, for instance) so once they are brought down, they cannot easily creep back up.

Pros

- The income tax is much fairer than the property tax, because it's based on the individual's ability to pay. Some people, and certainly wealthier residents, will probably pay a higher income tax, but property taxes in most towns would go down for virtually everyone.
- People won't be forced to pay heavy property taxes just because they happened to buy a house decades before housing prices skyrocketed. This will enable more people to stay in their homes when they retire, instead of having to sell their homes and move to another part of the state—or even to another state altogether.
- This will even out the differences among school systems, where low-income communities end up with bad schools just because they can't raise enough money to make improvements.
- This could help check suburban sprawl, because towns will have less incentive to compete for the property tax revenue new development brings.

Cons

- This will mean the end of home rule—if the state is passing out the money, then pretty soon the state will end up telling communities how they can spend it.
- Raising taxes on upper-income people sounds good, but it will hurt the economy by curtailing how much they buy and spend—the "trickle-down effect."
- In boom times, the income tax will bring in lots of money that government will spend, fueling the growth of government and leading to an unpredictable "boom and bust cycle" of government expenditures.
- Property tax caps don't work, as California found out with Proposition 13. They end up handcuffing local governments as vital needs go unmet.

PUBLIC AGENDA

*Independent, Thought-Provoking,
Always in the Public Interest*



About Public Agenda

Founded in 1975 by social scientist and author Daniel Yankelovich, and former U.S. Secretary of State Cyrus Vance, Public Agenda works to help the nation's leaders better understand the public's point of view and to help average citizens better understand critical policy issues. Our in-depth research on how citizens think about policy has won praise for its credibility and fairness from elected officials from both political parties and from experts and decision makers across the political spectrum. Our citizen education materials and award-winning web site www.publicagenda.org offer unbiased information about the challenges the country faces. Recently recognized by Library Journal as one of the Web's best resources, Public Agenda Online provides comprehensive information on a wide range of policy issues

OFFICERS

Daniel Yankelovich
CHAIRMAN

Lloyd Morrisett
CHAIRMAN, EXECUTIVE
COMMITTEE

CO-FOUNDER AND CHAIRMAN

Cyrus R. Vance
1976-1999

HONORARY MEMBERS

Sidney Harman
HARMAN INTERNATIONAL
INDUSTRIES

Frank Stanton
FORMER PRESIDENT, CBS INC.

Ruth A. Wooden
PRESIDENT

BOARD OF DIRECTORS

Alice S. Huang
CALIFORNIA INSTITUTE OF
TECHNOLOGY

Bobby R. Inman
ADMIRAL, U.S. NAVY (RETIRED)

David Mathews
KETTERING FOUNDATION

Judith Davidson Moyers
PUBLIC AFFAIRS TELEVISION, INC.

Peter G. Peterson
THE BLACKSTONE GROUP

Lois Dickson Rice
THE BROOKINGS INSTITUTION

Alice Rivlin
THE BROOKINGS INSTITUTION

Max Stier
PARTNERSHIP FOR PUBLIC SERVICE

Deborah Wadsworth
SENIOR ADVISOR, PUBLIC AGENDA

Public Agenda
6 East 39th Street
New York, NY 10016
Tel: 212.686.6610
Fax: 212.889.3461
www.publicagenda.org