

## Economic Policy Institute: What Donors Need to Know

The Economic Policy Institute was created in 1986 by a small group of progressive economists, who wanted to fill a vacuum: There were no viable progressive economic think tanks to ensure that the needs of low- and middle-income workers were considered in economic policy decisions. At the time, this was a precarious experiment. Even many Democrats held to the neoliberal economic creed that placed its faith in globalization, less government regulation, and lower taxes. But history has changed minds.

The U.S. lost millions of manufacturing jobs as corporations moved their operations to low-wage countries. Lax financial regulation led to a crash in the housing market which produced the Great Recession of 2008. Workers who had always voted for Democrats turned to a Republican candidate who lambasted trade deals and promised to bring good jobs back.

Economists like Thomas Piketty and Paul Krugman spoke about income inequality as the working class in this nation and throughout the world saw the growing gap between their wages and the wealth of the 1%, whose income came primarily from investments.

EPI's approach to economics gained traction, and its influence has greatly increased over time. A think tank originally funded by a few labor unions now gets most of its support from mainstream foundations such as Ford and Rockefeller. In the past two years, it's had a growth spurt, and it expects to have a 2022 budget of about \$13 million. It has a staff of more than 50.

But as its website makes clear, its priorities and its mission have not changed. "EPI believes that every working person deserves a good job with fair pay, affordable health care, and retirement security. To achieve this goal, EPI conducts research and analysis on the economic status of working America." That research continues to inform EPI policy proposals to improve the lot of America's working class.

Its agenda touches on almost any economic policy decision that affects workers – ranging from wages, benefits and living standards to trade and globalization, and the federal budget, deficits and taxes. The right of workers to join unions has always been one of its touchstones, but it has also examined ways federal and state governments can blunt economic impacts like recessions and, more recently, pandemics. Over the years, it has helped state economic think tanks propose worker

reforms, and has drawn attention to economic hardships that disproportionately affect women and people of color. Progressive groups and policymakers depend on EPI's meticulous research and data to inform their work. The media regularly cites its reports and quotes its experts.

In these uncertain times, EPI's contribution to the debate about future economic policies and their impact on workers has never been more necessary. Blue Tent **strongly recommends** this nonprofit and believes that supporting its work should be a **high priority** for donors. ([Read about our methodology.](#))

### **Is it a top leader in its space or have the potential to be?**

Yes. The nonprofit think tank has a dozen doctorate-level economists – nearly a quarter of its staff – who can build economic models that national and state groups can use to inform their policy proposals. No other progressive think tank has a comparable capacity.

This deep bench of expertise allows EPI to get under the hood of the national economy and evaluate what needs fixing. An example is its research around low wages, where EPI has produced authoritative data and analysis for decades.

EPI doesn't just track trends in wages, as well as benefits and the cost of living; it also proposes policy solutions and models their likely effects. It can [predict](#) that increasing the federal minimum wage to \$15 an hour by 2025 will benefit 32 million workers, particularly women and Black and Hispanic men, adding \$107 billion to the economy and benefiting communities, since low-wage workers spend the extra money they earn.

Its family budget calculator shows, county by county, how much money families need to achieve an adequate, albeit modest, standard of living. Challenging the popular wisdom that families living in areas where the cost of living is low may be doing better, its research shows that even in parts of the country where rents and other necessities may be more affordable, median family incomes also are low, and families are stretched.

EPI's leadership on economic research and policy development extends beyond the Beltway. Its [Economic Analysis and Research Network](#) (EARN), founded in 1998, includes nearly 60 organizations in 43 states working on reforms to benefit workers. EARN shares its economic expertise and offers some financial support to state-level progressive economic think tanks, and

brings them together with other local and national progressive advocacy groups, to learn from each other and build cohesion

**Does it have a persuasive theory of change and a realistic strategy?**

Yes. EPI believes that powerful economic ideas, rigorous data, and timely policy analysis can help improve the welfare of working people. In the realm of ideas, EPI has worked to challenge the dominance of neoliberal ideology – which champions free-market competition and limited government – and make the case for stronger government intervention in economic life to ensure shared prosperity. It sees shifting overall economic thinking in this way as paving the way for consideration of bold policies to reduce inequality and also, in times of crisis, to use government spending to stimulate growth and recovery. Over nearly four decades, it has translated the research of progressive economists to ensure their work informs public debate.

In advancing policy solutions, EPI has always relied on a team of Ph.D. economists to present data about workers and the impact of certain economic changes on their lives in reports, op-eds, and position papers that both policymakers and journalists could understand.

Part of the EPI strategy is not only to publish meticulously researched data on economic trends, and to interpret that data through a worker-friendly lens, but also to develop relationships in Congress and the executive branch, as well as the media.

EPI staff have been willing to walk reporters through complicated economic concepts, gradually building relationships and trust. In 2021 alone, EPI was cited 100 times by the New York Times, more than 100 times by National Public Radio and 284 times by the Associated Press. Since 2019, EPI experts have testified before Congress 15 times.

EPI's academic credentials and reputation for analytic rigor help explain why it is so trusted by policymakers, advocates, and the media. It has sought to protect that authoritativeness by careful fact-checking and by thoroughly vetting every economic model and statistic it uses to make its case.

EPI board member Gary Bass, executive director emeritus of the Bauman Foundation, said that while critics could disagree with its positions, they “could never criticize EPI for its research. That accuracy has made it a powerful organization.”

**Is there strong evidence of its impact?**

Yes. It has been influential both by shaping overall thinking about the economy and by promoting specific policy solutions.

When EPI was founded in the mid-1980s, neoliberalism was ascendant. Since then, EPI has played an important role in challenging this orthodoxy, working with a range of progressive coalition partners. “We’ve changed the conversation,” said Heidi Shierholz, EPI president, who [joined EPI in 2007](#), left to join the Obama administration, and then returned to the think tank as its policy director until she took her present position in 2021. “There are economists at elite universities who are totally aligned with EPI’s view of the economy.”

This paradigm shift has had major consequences for public policy. Consider the Biden administration’s response to the economic crisis caused by the pandemic, compared with the Obama administration’s response to the recession of 2008.

The Obama White House largely took the advice of neoliberal economists such as [Larry Summers](#) and put the brakes on a full-throated economic stimulus that would have acted more quickly to address joblessness.

In the wake of that weak response, EPI helped build [the case](#) for a strong infusion of cash from the government for the next recession. When the pandemic hit, EPI was ready to advocate for a strong and detailed fiscal response from the government. This time, EPI’s advice was heeded, with Congress enacting stimulus packages that totaled about [\\$5 trillion](#) in 2020 and 2021, a figure very close to EPI’s recommendations. Pandemic relief helped the [economy rebound](#) much more quickly than in past recessions, according to Moody’s Analytics.

EPI also was able to combat Trump-era rules that would have harmed workers. In 2017, the Trump administration proposed a rule that would have allowed employers to retain restaurant worker tips, causing workers to lose [nearly \\$6 billion](#) annually, according to EPI estimates. EPI engaged its coalition partners in a successful effort to publicize the massive cost to workers. The administration backed away from its proposal.

**Does it have a plan to achieve future impact?**

Yes. Following a strategic plan completed in 2019, EPI has put a major priority on growing its state work, particularly in Southern states – helping this region of the country build a “shared economic strategy.” It also intends to offer data training boot camps to EARN members to increase their research capacity. Several foundations have increased their investment in state work, accounting for about a \$2 million boost in its support.

In addition, it is working to more fully integrate its state-level work with its racial justice work, and to expand its Program on Race, Ethnicity and the Economy, which the nonprofit began in 2008. It has worked to recruit employees with lived experience for every facet of the nonprofit’s racial justice work, including research, communications and policy.

EPI also is developing an academic advisory board to foster a community of progressive economic scholars teaching at elite universities. The goal is to have this younger generation of academics publishing work that emphasizes pro-labor themes, including the benefits of unions to workers. These scholars could influence the economic landscape “for decades,” Shierholz said.

**Does it have strong leadership and governance?**

Yes. EPI has evolved from a small operation funded by a few labor unions to a major organization with a strong executive team and a 27-member board that includes eight representatives of major unions, along with prominent economists, funders, authors and nonprofit leaders. Shierholz has long experience with the organization, including working as its policy director from 2017 to 2021 before becoming EPI’s president. She served as chief economist at the Department of Labor in the Obama administration from 2014 to 2017.

Despite its long ties to organized labor, EPI states on its website: “EPI is beholden to no one: we say what we think is true regardless of who might not want to hear it. We believe that is what it means to be a leader.” In 2022, EPI expects to get only about 12% of its financial support from unions.

Indeed, EPI’s macroeconomic work has [received grants](#) from the centrist Peter G. Peterson foundation, most known for its concerns about the national debt. And EPI [strongly supported](#) the reappointment of Federal Reserve chairman Jerome Powell, a Trump appointee, despite the reservations of some progressives, including some labor groups.

**Is it diverse and culturally competent?**

Yes. About a quarter – 23% – of its staff are people of color. Of its eleven-member senior leadership team, five are people of color. Eleven persons of color serve on EPI’s board.

EPI is fully committed to becoming an anti-racist organization, Shierholz said, adding that its employee union is supportive of this goal. Ideally, an “equity lens,” she added, would govern every facet of an EPI staffer’s experience, from hiring to onboarding to mentoring to growth opportunities and promotion. EPI also attempts to assess the racial equity implications in all its studies and analyses. For example, its reports urging relief and defending the billions invested in pandemic assistance emphasized the pandemic’s disproportionate impact on people of color.

**Is its financial house in order?**

Yes. According to its most recent tax report, for 2020, EPI received contributions and grants of more than \$11.6 million. Due to increased foundation giving to its state work and its program on race, ethnicity, and the economy, its current budget totals about \$13 million, Shierholz said.

EPI [discloses](#) all its donations of \$500 or more on its website. According to its most recent publicly disclosed donation report – for 2020 – 61% of its resources came from foundations, 17% from unions, and 3% from individuals.

EPI is keen to expand its fundraising, particularly from individual donors who can give general support. If it could raise about \$5 million more each year, it says it could sustain its expansion of state and racial economic justice work, deepen its long-standing work on issues such as worker power and public investment, and take on new issues where its expertise would make a difference. Those potential new areas include: climate justice and developing a viable economic path to green jobs; building stable supply chains; and engaging with state and local partners to protect voting rights, since the health of democracy is crucial to the nation’s economic health.

**Does it collaborate well with other organizations and have strong partnerships?**

Yes. It [co-chairs](#) Americans for Tax Fairness and [serves](#) on the steering committee of the Strengthen Social Security Coalition. The National Employment Law Project is one of its closest partners.

Judy Conti, NELP's director of government affairs, said that the two nonprofits are a good match and have been working together for years to improve wages and benefits for workers both at the national and state level, including the Fight for 15, the effort to raise the federal minimum wage to \$15 an hour. "We have no better partner than EPI," she said. "Their analysis is unparalleled."

Conti said the NELP takes the lead on advocacy and legal questions, while EPI does all the economic analysis. That analysis is particularly helpful to demonstrate the impact of a higher minimum wage state by state and district by district, helping not only the federal campaign but also efforts to raise state minimum wages across the country.

EPI's leadership of EARN over many years also demonstrates its skills at collaboration – in this case working with state-based policy groups around the country. EPI's ability to generate state-level data has "created enormous efficiencies" for state economic think tanks, said Stephen Herzenberg, executive director of the Keystone Research Center, based in Harrisburg. The annual EARN conferences that EPI sponsors "leads to a great deal of peer learning," he added.

### **Does it have strong foundation support?**

Yes. Its major funders have included Robert Wood Johnson Foundation, the Ford Foundation, Omidyar Network Services, the Bernard and Anne Spitzer Charitable Trust, William and Flora Hewlett Foundation, W.K. Kellogg Foundation, Marguerite Casey Foundation, Kresge Foundation, Surdna Foundation, and Rockefeller Foundation.

### **You may also want to check out:**

- [Center for Progressive Reform: What Donors Need to Know](#)
- [National Domestic Workers Alliance and Care In Action: What Donors Need to Know](#)
- [Midwest Academy: What Donors Need to Know](#)
- [Center on Budget and Policy Priorities: What Donors Need to Know](#)