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‘DON’T BE A BLOCKHEAD’: ACORN, PROTEST TACTICS, AND REFUND
ANTICIPATION LOANS

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Since the 1960s, community-based initiatives have become a major form of urban social change, and this is especially so in our contemporary context (Fisher 1994; Joseph 2002). The twenty-first century finds a broad proliferation of efforts, ranging widely from community development corporations, community-building initiatives, neighborhood governance processes, community crime prevention, and social service delivery agencies to a host of identity-based and issue-based efforts. In many ways, as new social movement theorists note, community has replaced the workplace as a primary site of citizen participation and public engagement. The results, however, are clearly mixed. While important work is being done at the community level, in general urban problems far exceed the capacity of community-based initiatives. In the same generation that community organizations have proliferated widely, conditions have worsened for the urban poor as power and wealth have concentrated nationally and globally. Part of this results from the paradox of community initiatives. Community serves as a local locus of critical importance because community life is inextricably embedded in society's critical relationships – from social services, housing, labor markets, politics, and so forth – and because the scale of community lends itself to involving and organizing people in public life. Nevertheless, community-initiatives also tend to have a delimited locus of activity and impact based on their limited scale and their tendency to avoid or be unable to affect conditions in the world beyond their borders and identities, a world which causes and shapes community problems.

In the literature on community initiatives, promoters overlook their limits, emphasizing the ability of communities to address problems by building local solidarities and using local capacities and assets. Critics, usually preferring more statist, electoral, or postmodern routes, emphasize its limited scale and parochialism, deny its agency, and generally dismiss the potential of community-based work (DeFilippis, Fisher, and Shragge Forthcoming). We observe,

however, along with others, that in our contemporary context one crucial measure by which to evaluate the potential and limits of community-based work “ is the extent to which decentralized organizing can influence the increasingly centralized constellations of economic and political power which delimit the conditions under which people live.” (Cloward and Piven 2004). Two possible routes for such influence relate to questions of tactical choice and organizational scale. Of course, this does not assume that all community efforts should adopt a single type of structure and tactics. Instead it proposes that groups must understand the broader challenges faced by urban communities and evaluate the variety of tactics and organizational structures available to address problems and their causes at the local level and beyond. This paper argues that adding protest to the tactical arsenal of community-based organizations not only has positive internal effects within the community on members and organization building but also external effects on targets which reside outside inner-city communities yet heavily impact life there. Moreover, the study proposes that a national structure of community organizations enables local initiatives to leverage national and global targets that are generally not susceptible to local organizing. It does so in a case study of a recent national campaign by the Association of Community Organizations for Reform Now (ACORN) which targeted H&R Block for their “predatory” financial service practices.

ACORN, a community organization begun in 1970 in Little Rock, Arkansas, now claims more than 100 affiliated community locals with some 200,000 members in a national structure that extends across the United States and includes Canada, Peru, Argentina, and Mexico (Delgado 1986; Johnson 1999; ACORN 2006). From a single community effort they now administer an annual budget of \$37.5 million, not including research and their ACORN housing program, and they plan to continue their recent, dramatic expansion by opening an office in 20

new cities each year for the next five years (Eck 2006). ACORN's basic strategy combines neighborhood-based organizing in low-to-moderate income communities of primarily African-American and Latino residents with a broad array of pragmatic tactics but emphasizing direct action. The goal is to force targets, increasingly private sector ones but also public bodies, to address issues concerning their membership and win victories that build the organization and further broader objectives of social, economic, and political justice. Unlike most other community organizations, ACORN's model meshes dues-paying members in local chapters within a national organization. While issues and campaigns emanate from both the local and national levels, ACORN's recent dramatic growth and public visibility around economic justice issues, such as its living wage and predatory lending initiatives, derives from ACORN's federated structure which enables it to coordinate campaigns and mobilize local resources on a national scale (Atlas 2005; Atlas and Dreier 2003). ACORN's multi-scale structure -- as both a federation of local efforts and a national organization -- which gives it more visibility and clout. In their recent growth phase, a declining percentage of ACORN's funding derives from membership dues, though these remain critical. Membership dues now make up about 10% of ACORN's annual income; in the late 1970s it was 45% (Eck 2006; Delgado 1984). ACORN helps fund the current organization as well as mobilize members around economic justice issues through corporate campaigns. During 2004 ACORN conducted a national campaign funded by the Marguerite Casey Foundation against the financial service practices of H&R Block, the largest commercial tax preparation corporation in the nation. The campaign, continuing ACORN's work around the "democratic control of finance and capital," (Kest 1994) targeted Block's use and promotion of high interest Refund Anticipation Loans (RALs) to recipients of the Earned Income Tax Credit (EITC). It demonstrates the possibilities of community

organizing efforts that operate a multi-spatial organizational structure and mobilize a multi-tactic campaign built on direct action.

SELECTED DEBATES ON SOCIAL MOVEMENTS AND COMMUNITY ORGANIZING

The case study engages a variety of issues in the expansive literature on social movements and community organizing. ACORN is a social movement organization (SMO) which explicitly sees itself as a product and continuation of the movements of the 1960s and 1970s. Building on this heritage, one of ACORN's distinctive repertoires is political protest; what they call "actions." While much of the social movement literature views protest as a form of collective action central to social movements, there is broad discussion about why social movement organizations prefer certain tactics over others (Meyer 2004; Tarrow 1994; Tilly 1978, 2004). Jasper (1997) and others identify a relatively narrow "taste in tactics" in which groups draw upon familiar and limited tactics, despite the broad range of choices open to them, and become highly identified with one or two "core tactics" (Meyer 2004, 169). Mayer and Zald (1973) see protest tactics as better represented in classical social movement organizations such as radical and civil rights efforts of the 1930s and 1960s rather than professional social movement organizations such as Common Cause or the National Organization of Women. These organizations also found their impetus and animus in social movement roots but now, acting more like advocacy interest groups, pursue more normative strategies. Giugni (1999) thinks the question of whether disruptive or moderate tactics are more effective is one of the two major debates in the social movement literature.¹ The social movement literature acknowledges the influence of protest tactics on elites (della Porta and Diani 2006), public policy (Giugni, McAdam, and Tilly 1999), the media (Gitlin 1980), and participants (Epstein 1991), as well as

the impact of protest on a broader social movement composed of a plurality of actors and initiatives forming “multi-organization fields” with multiple tactics (Diani 1997).

Protest is a core tactic for ACORN, a central aspect of a tactical repertoire that includes a broad array of other tactics, from policy initiatives and negotiation to forming partnerships with former targets and striving for ownership and governance. ACORN is a large, complex organization that uses multiple tactics to achieve varied goals. Nevertheless, it is best known for its direct actions, its ability to turn people out at protests. ACORN uses protest in order to (1) empower its members, (2) build the organization, and (3) win campaigns. In their campaign against H&R Block, ACORN coordinated protests at the local and national level and added them to the tactics being used by other groups already challenging RALs, thereby complementing a pre-existing movement for financial justice.

Moving the debate from the literature on SMOs to that on urban community organizing situates ACORN’s use of protest tactics within another academic and practice discourse. In the world of community-based initiatives direct action tactics are most associated with the work and writings of Saul Alinsky. Alinsky, building on labor and Left organizing models of the 1930s, believed that organization building, strong leadership, and innovative tactics were the recipe for winning victories, developing indigenous leaders, and building a mass people’s organization. He proposed to “rub raw the resentments of people in the community” as a way to get them involved in the fight against established powers (Alinsky 1971, 116). Conflict was not the only tactic used by Alinsky, his staff, and community residents. Negotiation, community building, developing relationships in the community, building internal trust and support, and developing indigenous leaders were other elements in their complex political understanding of urban social change. But conflict organizing – groups seeking power and legitimation of claims and

claimants by confronting civic and corporate leaders through protest-style actions, often in combination with other tactics -- was central to his approach.²

Alinsky's "radical" community-based social change, begun in 1938 in the Back of the Yards neighborhood in Chicago, received acclaim in the 1960s (Silberman 1964; Katznelson 1981) as well as during the so-called "backyard revolution" of the 1970s and early 1980s (Boyte 1980; Horwitt 1992). In the past decade, despite continued proliferation of new community-based movement forms, Alinsky's model has fared less well, being criticized from various quarters (Stoecker and Stall 1997; Sen 2003; Williams 1996; Mayer 2003; Cloward and Piven 1999; Marquez 1993). Most pertinent to this study are critiques that see such problem-oriented, conflict organizing as anachronistic (Kretzman and McKnight 1993; Eichler 1995; Beck and Eichler 2000), out of sync with current interest in communitarian perspectives (Sandel 1988; Etzioni 1993, 1995), and marginal when compared to the significant efforts of nonprofit organizations focused on building community, increasing social capital, enhancing local assets, and developing consensus in low income communities (Putnam 1996 ; Silverman 2004; Saegert, Thompson, and Warren 2001).

Most of the social movement literature concludes that contextual factors heavily influence not only overall organizational success or failure but daily decisions such as tactical choice (Tilly 1978; Tarrow 1994). They shape whether disruptive or moderate tactics are deemed more effective or even considered. Contextual factors heavily influence the contemporary preference for community building strategies over more oppositional ones (Fisher and Shragge 2000; DeFilippis 2004). Changing opportunity structures produce and allow for different types of political engagement. In the past few decades economic globalization, urban restructuring, and neoliberal politics has transformed urban neighborhoods and dominated

contemporary public policies and discourse, undermining communities and sanctifying “free market” responses to urban and national problems (Kuttner 1996; Heathcott 2005; Pendas 2002). Most community-based organizations adjusted to this new context, often reluctantly, with strategies and tactics that emphasize forming “relationships” and “partnerships” with business groups and foundations interested in strengthening the “voluntary sector” and “civil society.” In general, they focus on more moderate approaches of building community, developing social capital, identifying and improving local assets, and encouraging consensus, not conflict, organizing (Putnam 1996; Silverman 2004; Kretzman and McKnight 1993; Eichler 1995). In this context groups such as ACORN, which use multiple approaches but have direct action as their core tactic, seem out of step with current trend. The case study that follows suggests the contemporary relevance of conflict tactics. Opportunity structures may be more porous, more open to protest tactics, than either community organizing theory or practice reveals. Moreover, a federated national structure seems to strengthen protest tactics, enabling organizational demands to get quicker attention and response from corporate targets heretofore considered inaccessible.

METHOD OF STUDY

We used a case study research design (Yin 2003; Feagan, Orum and Sjoberg 1991) and collected data primarily through interviews and participant observation. We conducted more than 30 individual and collective interviews with ACORN members and staff, corporate executives, and third-party consumer advocates and social scientists studying EITC and RALs during and just after the campaign. We conducted focus groups in Providence, Rhode Island; Philadelphia, Pennsylvania; and Prince George’s County, Maryland; each with 8-12 ACORN members who participated in the RALs campaign. To understand the reaction to this national campaign and its internal impact on constituents, we interviewed ACORN members and staff in

various parts of the nation, from Los Angeles and San Diego to Indianapolis, St. Louis, Orlando and Boston. Because we wanted to interview organizers and members with direct experience we used purposive sampling techniques to identify key informants. Interviewees must have participated in at least one H&R Block campaign activity. Some interviewees had participated in many other campaigns and actions.

We also used participant-observation techniques, most notably at a Northeast Regional action by ACORN in Morristown, NJ, where we conducted 11 on-the-ground interviews with ACORN members and staff. In addition, RALs were discussed in focus groups held in San Antonio, Miami, and New Orleans, three target cities where we evaluated ACORN's delivery of free tax preparation services. Data collection during these site visits included participant observation of direct actions as well as press conferences regarding the campaign. Combining participant observation with individual and group interviews allowed for triangulation of data analysis.

To broaden sources we interviewed H&R Block executives, consumer advocates, and social scientists studying EITC and RALs. Interviews were tape recorded and transcribed verbatim. Content was analyzed using the constant comparative method (Glaser & Strauss, 1967). Since the variables were already established prior to the inquiry, themes and concepts were chosen as units of analysis. Themes and categories emerged quickly through open coding of the transcripts (Strauss & Corbin, 1990). We interviewed ACORN during and after campaign, H&R Block afterwards, consumer advocates during and after. Almost all ACORN respondents were positive and enthusiastic about the campaign, partially reflecting their engagement with it. Block executives that would talk with us after negotiations had been concluded were also very positive, though not uncritical. Most of their criticism focused more on ACORN's

organizational form rather than ACORN's campaign or the negotiations. Third party consumer advocates and social scientists were also generally positive about the ACORN campaign and ACORN's addition to the RALs advocacy, though they were less familiar with the campaign and had most doubts about both H&R Block and its agreement with ACORN. We also mined the literature on these issues in journals and newspapers and closely followed the sizable media coverage of the campaign.

RALS, EITC, AND H&R BLOCK

RALs and EITC are intertwined for both ACORN and H&R Block. EITC is a tax refund program for the working poor; RALs are fast tax refunds. For ACORN this campaign around RALs was part of a larger initiative to increase both the number of people claiming the EITC and the net amount of EITC funds actually received by taxpayers after filing. For H&R Block, more than 50% of their clients in 2003 who were eligible for EITC received RALs. Therefore, prior to discussing RALs, a few words on the EITC are in order. EITC was created in 1975 during the Ford Administration in order to offset the Social Security payroll taxes paid by low-income working parents and to encourage parents to work and file Federal income taxes. The EITC has been revised and expanded five times over the past 30 years, including under the current Bush administration whose Economic Growth and Tax Relief Reconciliation Act of 2001 increased benefits for married families with children (Beverly 2002).

The EITC has received strong bipartisan support over the years because it requires recipients to work and is typically perceived as both anti-welfare and anti-poverty (Ventry 2001). At its best the policy intends to reduce income inequality and poverty, help the poor build assets, and promote work by targeting the working poor (Wu, Fox, Renault 2002). In 2002 it lifted nearly five million people out of poverty, nearly half of them children, more than any other

Comment [DR1]: Bob, you're right about cutting down a bit in this area; it takes us too far from the campaign and its events and implications.

Federal program (Llobrera and Zahradnik 2004; Wu, Fox, and Renaut 2002). In 2003, the IRS estimated, approximately 21 million families received EITC tax refunds totaling more than 36 billion dollars.

Commercial tax preparers play a key role in EITC. One of the goals of the IRS is to encourage EITC filers to do so electronically. Filing with commercial preparers increases electronic submissions, partly because filling out the multiple forms for EITC is more difficult than filing a FORM 1040 or a Schedule A (Wu, Fox, and Renaut 2002). Maag (2005, 5-6) argues that getting help to do taxes heavily influences whether an applicant files for and receives the EITC refund, especially among the poorer and less educated workers eligible for EITC, and therefore the assistance of a paid tax preparer “may be a good thing” for EITC filers.

Other evidence demonstrates that commercial tax preparers drain funds away from EITC recipients. A Brookings study (Berube, Kim, Forman and Burns 2002) calculates that approximately \$1.75 billion of 1999 EITC refunds were diverted to commercial tax preparers with RALs as a major source of the cost. By definition refund anticipation loans are “high cost loans secured by and repaid directly from the proceeds of a consumer’s tax refund from the Internal Revenue Service (Wu and Fox 2005, 3). Because the RALs are short-term loans of a week or two (that is, the time until the loan is repaid via the taxpayer’s refund), “fees for these loans translate into triple digit annualized interest rates” (Wu and Fox 2005, 3). In 2003 consumers paid “an estimated \$1 billion in RAL fees, plus an additional \$389 million in ‘administrative’ or ‘application’ fees...to get quick cash for their refunds- essentially borrowing their own money at extremely high interest rates” (Wu and Fox 2005, 1). As noted above, more than 50% of the tax preparer’s customers that received RALs that year also received EITC, whereas only about 17% of the entire population gets an EITC (Wu and Fox 2005, 1). More than

\$500 million was drained out of the EITC program by RAL loan fees in 2003. Customers paid in general about \$100 on a \$2050 RAL, with an APR of 187%. “This loan fee is in addition to tax preparation fees averaging \$120 and, in some cases, an administrative fee of about \$30. A loan under those terms bears an effective APR of about 187 percent (247 percent if administrative fees are charged and included in the APR)” (Singletary 2005).

RALs are a highly profitable product for commercial tax preparers. In 2001 H&R Block, the largest handler, issued 4.5 million RALs – up from fewer than 3 million RAL customers in the 1999 tax filing season -- and made \$133.7 million in gross revenue and \$68 million in net profits on RALs alone – over a 50% rate of return (Berube and Kornblatt 2005; Wu, Fox and Renault 2002). Jackson Hewitt, the second largest tax preparation chain in the United States, identified in an annual report for 2004 that 29% of the company’s revenue derived from RALs and that more than 35% of their customers received a RAL. For H&R Block, RALs are a much smaller part of their overall business, though obviously from their profit margin and the fact that in 2003 28.5% of Block’s customers got a RAL, it is still highly profitable for the company. In 2002 Block handled 4.67 million RALS and in 2003 it processed 4.65 million. It was only in 2004 that Block experienced an 8% decline in RALs for TY 2003, down to 4.27 million (Wu and Fox 2005; Berube and Kornblatt 2005). Block suggested the decline was due to fewer customers and less aggressive promotion (Wu and Fox 2005). Berube (2005 interview) thinks the decline results from the disclosure of rapid refunds as loans, not instant cash, a result of initiatives against H&R Block prior to ACORN’s campaign. We propose, building on the social movement literature, that the decline resulted from the overall impact of a multi-organization activism around RALs during the past decade. This effort, part of a broader movement for economic and financial justice, employed a number of tactics to address the problem, publicize

the issue, and target H&R Block. ACORN successfully added another tactical ingredient to this campaign -- protests staged on a local and national scale -- which complemented other tactical approaches.

PRIOR ADVOCACY AGAINST H&R BLOCK

Social movement efforts are by definition characterized by a plurality of actors who use different tactics and who may not even work in consort, but whose collective effort and varieties of engagement, intentional or not, carve out a tactical division of labor and, directly or indirectly, combine for greater impact. Tilly (1999, 256), for example, defines social movements as “not coherent solidaristic groups but ... clusters of performances by multiple and changing actors.” This is certainly true of the broader movement for economic and financial justice (Squires 2003b; Squires 2004), but also the case for the advocacy efforts around RALs which is part of the broader movement. Before ACORN entered the fray, public sector pressure, class action suits, and consumer advocacy research sought to address the problem with RALs and its relation to EITC. The class action suits legitimated the issue and exposed Block’s vulnerability. Advocacy research by organizations such as the National Consumer Law Center, Consumer Federation of America, and Brookings Institution provided critical information and helped frame initiatives against RALs. They legitimated the issue as well as claimants’ grievances against RALs. Their aggressive attacks charged Block and other commercial tax preparers with, among other things, exploiting the trust relationship between tax preparer and client and engaging in “corporate profiteering” which undermines “anti-poverty benefits meant to help hardworking Americans” (Quick Loans 2006).

RALs have been under attack since the mid-1970s when Federal agencies first warned Beneficial Life to stop advertising them as an “instant tax refund”. In the 1990s, “when RALs

really exploded,” (Wu 2004, interview) state governments and attorneys general went after Block for failing to discriminate between RALs as a loan and promoting them as a “rapid refund” comparable to “instant cash.” More recently Block, along with its bank partner Beneficial/Household, has been the subject of class action lawsuits organized by consumers, advocates, smaller tax preparation businesses, and even Block share holders charging a host of malpractices including racketeering and unfair and deceptive practices (Wu and Fox 2005; Wu, Fox and Renault 2002). In 1995 a class action racketeering law suit filed in Chicago against Block accused them of “conspiring to trick poor customers into taking out high-interest tax anticipation loans” (Judge Upholds” 2004). At one point during the long trial there were more than 17 million people in the class. In 1996, consumers filed a class action suit in Texas against H&R Block for failing “to disclose the fact that it was receiving a “kick back” or license fee from the lending bank for each RAL it facilitated” (“Announced Actions” 2003). The *New York Times* noted that in this and related suits “the main accusations are that lenders were mistreated when they were not told that Block has a 49.999 percent interest in the loans and receives a fee for each loan Beneficial makes” (“Judge Rejects” 2000).

In 1998 alone Block was the target of at least six law suits nationwide in federal and state courts (Kobliner 1998); by 2000 they had been sued no fewer than 22 times (“Judge Rejects” 2000). When faced in the Texas case with a judge’s order that would have cost Block \$75 million for “intentional, willful, and deliberate” conduct by not disclosing the kickback scheme, Block settled out of court (Hallinan 2002, online; “Judge Rejects” 2000). But not all suits came from aggrieved consumers. In *JTH Tax v. H&R Block Eastern Tax Services*, filed by John Hewitt, the co-founder of Jackson Hewitt and the founder and current president of Liberty Tax, respectively the second and third largest tax preparation companies in the United States, a federal

judge found in 2001 “that H&R Block not only mislead consumers by advertising a RAL product as a “refund” but had engaged in bad faith in so doing. The court noted the many prior legal actions against H&R Block over similar misleading advertising” (Wu and Fox 2005). It is through this court case that the term “refund anticipation loan” was coined. The case also noted a pattern of Block consenting to a decree in one state and then disregarding it in another, especially regarding its advertising and sales of “rapid refunds.”³

The court actions, advocacy research, and lobbying against Block wrought significant victories. In 2000, for example, Block began to offer “free cash advances” in California, waiving fees that start at \$19.95, normally associated with RALs (“Block is Testing” 2000, online). They expanded this practice by 2004 to 12 other states. As recently as 2002 the bad publicity and increasing costs from these advocacy groups and lawsuits caused Block to consider reducing its emphasis on RALs. As a Block executive noted “Although we probably make more money from this product than anyone else in the category, as a percentage of our overall revenue we’re nowhere top quartile. We’re certainly the biggest player but this is not as important an activity to us as it is, frankly, to most people who are in our space as tax preparers, because we are a diversified company and do a lot of other things for clients” (H&R Block executive interview 2005). Nevertheless, in 2003 (FY 2002) Block processed 4.6 million RALS and generated more than \$138 million in fees, about 3% of its total revenues. The attacks of the various consumer advocates since the mid-1990s has been expensive and unpleasant for Block; as of 2004 the profit that accrued to Block from RALs came with increasing costs for the company. Despite the costs imposed by the anti-RALs campaign, in a broader context of deregulated financial institutions which buttressed the power of companies such as H&R Block

and legitimated practices such as RALs, “rapid refund” products remained valuable to commercial tax preparers.⁴

ACORN ENTERS THE CAMPAIGN AGAINST H&R BLOCK

In the spring of 2003, Wade Rathke, the founder and chief organizer of ACORN, discussed the issue of EITC and the problem of RALs with the Marguerite Casey Foundation. The Casey Foundation indicated interest in funding a broad initiative around EITC. Quickly ACORN’s Financial Justice Center began to prepare a plan of action and a grant proposal to (1) run free tax preparation sites in three southern cities with low EITC filing rates and (2) develop a national anti-RALs campaign targeting tax preparation companies focusing on EITC recipients. H&R Block would be the first target, because it was the biggest and most prestigious. While ACORN readied to launch the direct action campaign with or without grant funding, the Casey grant, issued in early 2004, provided the resources to run a well-funded campaign simultaneously at the national and local levels.⁵ But it offered very little start-up time. The prime time for this campaign was the 2004 tax season from January 1st through April 15th.

Significantly, ACORN had experience with financial justice campaigns and was already part of a financial justice movement that targeted corporations, e.g., defending the Community Reinvestment Act and opposing Household Finance around predatory lending. In their 1993 campaign against insurance redlining, ACORN targeted Allstate and held actions at sales offices in fourteen different cities. In 1994 Allstate signed an agreement with ACORN for a \$10 million partnership with ACORN and NationsBank for below-market mortgages to low-income home buyers. In addition to their prior experience, ACORN benefited heavily in the campaign against H&R Block from the extensive research on RALs already done by the National Consumer Law Center, the Consumer Federation of America, and the Brookings Institution. ACORN entered an

on-going struggle, equipped with a new tactic of direct action while building on the prior lawsuits and advocacy research of the on-going effort of loosely connected organizations.

The first ACORN action in the RALs campaign began in Los Angeles at the end of 2003 when 20 members held a press conference in front of the IRS building. ACORN protesters described the dangers of RALs and urged taxpayers to call ACORN to get their taxes done for free. The first nationwide action occurred on January 13, 2004. A day earlier the *Dow Jones Business News* reported “Tax preparation giant H&R Block will come under fire Tuesday for its popular tax refund anticipation loans, as community groups launch protests planned in more than 30 U.S. cities” (Christie 2004). The protests will include “people wearing boxes on their heads saying, ‘DON’T BE A BLOCKHEAD’” (Christie 2004). On the 13th ACORN held actions at 43 different Block offices across the nation in neighborhoods where ACORN had local chapters. They sought to get the attention of both H&R Block and the media. Critical to the effort, ACORN recorded that the actions on January 13th were covered by at least 64 media outlets.

On this first day of national protest, the actions at the various local events were scripted by the national campaign. In general, members went to Block offices and demanded to fax a complaint letter regarding RALs to the CEO of H&R Block. Members also chanted and handed out fliers informing Block employees as well as the public, inside and outside the office, about the problems with Block and RALs. One ACORN member described the action thusly,

When we do go into the office...we go in there holding up signs that ... you don't have to give them all this money.... You can get your tax return done free. And we ask that they fax a letter to the corporate office to let them know that we're against it.... Usually we have the media there so this is being aired and documented. And then when they do tell you [to leave], or they call the police...if they push at us we just back up but we don't kind of push them back or anything like that.... Our presence is intimidating enough...We just stick to the issue that we're there to represent and we just inform them and do what we have to do and then we leave (ACORN member 2004, interview).

In actions throughout the nation protesters accused H&R BLOCK of “stealing from the community,” engaging in “price gouging,” and being a “rip off” (Steinback 2003). They wore signs in Pittsburgh saying “H&R Block Steals” (Sabatini 2004). In Chicago they accused Block of “preying on the low-income population” (Shenoy 2004). In Passaic, New Jersey, where a big lighted sign in the window of the H&R Block office on Main Avenue said "Instant Money," nine people stood outside holding handwritten signs in Spanish and English demanding refunds for people they claimed were overcharged. They criticized the "instant money" offer as “deceptive, overpriced, and unfair” (Newman 2004).

ACORN set limits on the tactics used at the actions, pursuing both a tactical preference for direct action (Jasper 1997) and a balance with other political interventions (della Porta and Diani 2006). Despite the core tactic of direct action, protest in ACORN is part of a broad tactical approach. In order to get to the bargaining table ACORN chose not to push H&R Block so hard that the company would not view them as a serious organization. As one ACORN organizer noted, “It’s a question of what hurts, but doesn’t so much that people won’t meet and talk about signing an agreement and making some changes.”

The nationally coordinated local actions continued and expanded on January 31, 2004 when hundreds of ACORN members protested at 55 H&R Block offices demanding that corporate officials from H&R Block meet with representatives of ACORN to negotiate an end to predatory RAL practices. According to Murray (2004), ACORN hoped “to shame Block into dealing more forthrightly with their customers.” Local efforts were buttressed by the protest being orchestrated again at the national level. Atlas and Dreier (2003, 4) argue, that “ACORN’s most impressive attribute” is its federated, membership structure which enables it “to work simultaneously at the neighborhood, local, state and federal levels, so that its chapter members

are always “in motion” on a variety of issues, and so that its local organizations can link up with their counterparts around the country to change national policy on key issues that can’t be solved at the neighborhood or municipal level.” Furthermore, the national federated structure enhanced organizational capacity beyond the local chapters. For example, in terms of the media attention generated by the campaign, the ACORN national office not only facilitated local press releases but also helped get the issue covered by national print and television media including NBC Dateline, ABC Nightline, The News Hour With Jim Lehrer, and CBS Evening News. ACORN’s ability to act on both a national and local level definitely had an impact on H&R Block. This multi-spatial approach corresponds with recent scholarship on civil life, especially Skocpol (1999, 2003), which emphasizes the benefits of membership-based efforts which operate as active, participatory locals of a national organization.

The two national protests were supported with on-going local activism. According to ACORN’s records, in the first two months of 2004, ACORN members in 54 cities held 402 pickets, protests and demonstrations at local H&R Block locations -- successfully getting the company to the negotiating table (ACORN Annual Report 2004). Many of the locals were dogged in their efforts around RALs. But they varied in terms of the number of actions, press releases, and distributions of flyers, as well as their interest in the campaign. Combining local units in a national campaign required both organizational discipline and flexibility. Not all locals were pushed as hard to participate in the RALs campaign. Larger ACORN locals, for example in New York City, had other issues absorbing their primary energy. Not all members interviewed were excited about taking up a new issue, preferring to focus on their local issues and not shift attention and resources to the Block campaign. Nevertheless, the national organization was able to exercise discipline, especially with smaller units, through the promise of

rewarding local chapters with material benefits won in any agreement with the corporate target. Discipline may seem pejorative among new social movements (Epstein 1991) but it is essential to a national campaign based on coordinated local actions. But more important than organizational discipline, the issue and campaign caught on quickly with members and local staff. “From an organizer’s perspective when I was [first] briefed on this campaign I was like, taxes? Oh that’s so unexciting. How do we move people on taxes? [But as it turned out] it was pretty exciting [and] our members, I mean, they get it.... They understand when they’re ripped off “(ACORN staff 2004, interview). ACORN members we interviewed generally understood as well the value of protest tactics. As one member put her learning process,

What I like about ACORN is the direct approach, the action. Sometimes I didn’t completely understand, like why don’t they just talk to the people. Well, I’ve learned that being a member of ACORN that they have reached out and tried to talk with people that we have some issues with and they just completely ignore us. And so the one thing that we have as citizens, especially just regular working class citizens, we have the power to get with other people and just go out there and have demonstrations and actions. At first I didn’t think they’d get anything done but it worked because people, especially in Indianapolis, they really don’t like to be embarrassed like that (ACORN member 2004, interview).

CAMPAIGN OUTCOMES

While any evaluation of campaign outcomes is mediated by the brevity and temporal proximity of ACORN’s campaign, our study reveals initial results in five outcome areas: local ACORN chapters, ACORN members, ACORN as a national organization, H&R Block, and the broader financial justice campaign against Block’s use of predatory RALs. (It is too soon to evaluate impacts in a sixth though critical area, the proliferation and cost of RALs especially to EITC recipients.) Regarding the local chapters, the nationally coordinated campaign with its national days of action, despite occasionally posing challenges to local chapters, had a synergistic impact. Even organizers in more established locals, where the RALs campaign had to compete with other on-going issues, spoke to the power of the national campaign and the

opportunity afforded by having the national provide directions for more actions. “We can’t have enough actions. They’re critical to the organization. Actions strengthen people’s commitment to the organization” (ACORN staff 2004, interview). Another staff person remarked, “The RALS campaign has made us stronger in a lot of areas in terms of membership, bringing membership together, bringing new members in that we wouldn’t have had if it had not been for this” (ACORN staff 2004, interview). The social movement literature concurs. Protest tactics provide important internal functions, among them creating a sense of collective identity and building solidarities critical to action towards a common goal (Rochon 1998).

In terms of member development, our interviews, focus groups, and participant observation revealed results counter to prevailing perspectives on community building. Recent literature on community-based organizations emphasizes the importance of community building approaches to resident empowerment and education and critiques protest tactics for failing to build significant identity and solidarity networks among participants (Boyte 2004; Fabricant and Fisher 2002). Conflict strategies, especially ones developed outside the community, are said to do a poor job of participant education and development. The case study reveals more mixed initial results. As a staffer noted, “We had members who, at the beginning of their three months were like ‘What’s a RAL?’ At the end [of the three months, they] stand up in front of a group of members and talk about RALs way better than I could. That wasn’t because we did teach-ins or anything. We did a ton of actions ... people love it” (ACORN staff 2004, interview). At their best, ACORN actions seek to move the target, in this case H&R Block, and educate the community. In terms of member education and engagement, we observed that while some participants were personally affected by RALs, most were not. The campaign often took community residents beyond personal concerns to consider larger issues within their

communities, the economy and public policy. RALs were not “just hurting individual families,” one articulate member noted, “but our entire economy because this is money that could be filtered back into our communities.” (ACORN member 2004, Focus Group).

Regarding its impact on ACORN as a national organization, almost everyone interviewed was very positive about the speed of the campaign, the extent of media attention, the engagement of the locals and membership, and the resources it brought to ACORN. Overall, from ACORN’s perspective, a well-orchestrated and coordinated national campaign of direct action empowered staff and members, strengthened the organization, and moved a Fortune 500 company to negotiate and support ACORN’s work in poor and low-income communities. As ACORN put it in their annual report (2004):

Thousands of ACORN members across the country have been actively engaged in this campaign around increasing EITC and combating RALs, have discussed it in meetings, with their neighbors, and participated in actions. The H&R Block focus in specific has provided a powerful experience of participating in local actions, around problems facing your own neighborhood, but through coordination with similar actions taking place around the country, achieving a level of collective power sufficient to quickly force a major corporation to the table. Block’s representative made this point in front of the 2,000-plus ACORN members gathered at the convention when he commented in his speech announcing the partnership that ACORN’s activities had accomplished what years of reports and papers had never done in moving the company to make change.

Regarding its impact on H&R Block, while overall it is too soon to tell, some things are certain. Linder (2004) reported 1.2% fewer RALS in January, 2004 than a year before, resulting from increased attention and changed practices. Roth (2004b) reported a decline in RALs sold by Block from 4.61 million the year before to 4.26 million in 2004. More directly, the campaign reaped a nearly instant response from the giant of the commercial tax preparation industry, a powerful multi-national corporation. By early February, within a month of the first protest, H&R Block and ACORN were negotiating. As noted earlier, Block was taken off guard by the

January 13th action. “When it started there was a bit of a scramble here.... Once the protests started we were up to speed fairly quickly, but really it wasn’t anything we were prepared for. Not something like that. Not protests at our door” (H&R Block executive 2005, interview). Roth (2004a) concurs. “ACORN caught the company’s attention when it staged Jan. 13 demonstrations at Block tax offices in 30 cities.” That day H&R Block issued a public relations statement in their local newspaper “listing the steps the Kansas City company has taken to benefit low-income taxpayers” (Roth 2004a). A few days later Block’s vice president of community outreach and business development, made a public announcement noting, “We recognize our low- and moderate-income clients need financial education and financial literacy support“ (Davis 2004). In private discussions within the company H&R Block decided early on to meet with ACORN. They admitted to being vulnerable to bad publicity during the tax season, said they were impressed with the scope of ACORN’s actions, and concluded that ACORN was a legitimate representative of low-income community residents. A Block official, sounding as though he had read Skocpol (1999, 2003), distinguished between Washington, D.C.-based national advocacy organizations, which he saw as without real legitimacy, and membership-based organizations such as ACORN.

Well, I don’t think anyone ever engaged us quite the way that ACORN did... We’ve been engaged in the past by essentially interest groups. ACORN by contrast was a membership-supported organization principally and last year ACORN had people out there for four hundred office protests, by people who look a lot like our clients... ACORN was the first of its type to engage us and it was a more credible, more convincing engagement. They know what they are talking about because they’ve lived it... ACORN, by pounding on the door so to speak, got us to listen a little bit more carefully to our client’s perspective (H&R Block executive 2005, interview).

In addition, Block concluded rather quickly, based on a canvass of other companies that had been targeted by ACORN, that they could negotiate with ACORN (H&R Block executive 2005, interview).

ACORN saw a direct relationship between the speed of negotiating with Block and the national action campaign of ACORN. As a staffer put it: “They’ve been actually much easier to get to the table to negotiate than have been other targets, you know, big banks, or finance companies, like Household Finance” (ACORN staff 2004, interview). Wade Rathke, founder and chief organizer of ACORN, concurred, emphasizing H&R Block’s exposure to a well timed, nation-wide, direct action campaign in communities where both ACORN and Block had offices and therefore where Block was a visible and accessible target for ACORN members and community residents. “Their vulnerability to what we were doing was extremely intense and they knew it and were worried about it and responded very carefully because of that and it was the action profile and the aggressiveness of the campaign that was allowing us to move to negotiations so quickly” (Rathke 2005, interview). Our research suggests a variety of factors that moved Block to negotiate including Block’s temporal vulnerability, changes in the market for RALs, Block’s desire to serve its consumer base more effectively, the work of consumer advocacy groups and legal initiatives which contributed to Block’s vulnerability, ACORN’s ability to disrupt Block’s business operations at a local and national scale, as well as ACORN’s reputation as reasonable once at the bargaining table.

The results of the negotiations were announced at the ACORN national meeting on June 28th in Los Angeles. “ACORN announced a three-year alliance with Block to help low- to mid-income people better understand tax law,” according to Roth (2004b). “Block officials have declined to say how much they will invest in the program... Block will provide expertise and money to develop educational materials about tax credits and other tax saving mechanisms. ACORN will implement the program through its offices in 65 U.S. cities.” The agreement has six main components: First, Block would help ACORN, through monetary contributions of an as

yet undisclosed amount, to do work in their communities around EITC outreach. This would fund a tax literacy and assistance campaign, including information and assistance on EITC and RALs. It would be national in scope; include door-to-door outreach, education, and tax preparation services; and be based in communities where ACORN has local chapters (“H&R Block and ACORN partner” 2005). Second, Block would completely eliminate within the next two years the administrative application fee for RALs which averages \$32 nationally. This is the handling fee H&R Block had already eliminated in 13 states and the District of Columbia. ACORN estimates the value of this savings to be approximately \$192 million annually, primarily to poor and low-income people and EITC recipients. They calculate that if prior research estimated \$1 billion of EITC funds being lost on RALs, now nearly \$200 million, or one-fifth that sum, will stay with EITC recipients. Third, ACORN won a pledge from Block to hire and educate ACORN members to be tax preparers, something that may have seemed less significant to national staff but was highly valued by members returning to their communities with the promise of lowered fees, investment, and new job opportunities. Fourth, H&R Block will provide clearer information to their customers on RALs disclosures and advertising. The language of the disclosure is meant to be as simple as possible so someone does not have to have a great deal of banking knowledge in order to realize that they are about to take out a loan. Fifth, H&R Block agreed to a rebate to ACORN members of \$25 off tax returns filed during the month of March for the next three years. Sixth, ACORN agreed to cease and desist in their protests against H&R Block. Of course, the impact on the overall issue of RALs and predatory tax preparation practices remains to be seen. Data for TY 2005 is not available, and the causes of decline in RALs use for TY 2004 are still debated. It is certainly too soon to know the full scope of the agreement, the degree to which H&R Block will uphold its stated intentions

regarding RALs and service to low- and moderate-income consumers, and how well a partnership will work out between a social movement organization and a Fortune 500 corporation, with their very different objectives, capacities, and structures.

Third-party consumer advocates, prior participants in the overall effort against predatory RALs, spoke strongly to the contribution ACORN made to the movement against H&R Block. “It definitely made all the difference to have people standing in front of a Block office with signs that say “you guys are making predatory loans.... We could write all the reports and issue press releases we want but Block cares about its image and the idea of people standing outside their offices with protest signs, I think was pretty effective” (Consumer Advocate 2004, interview). Singletary (2005) agreed, pointing out that ACORN’s addition to the anti-RALs campaign, after years of pressure from other groups “improved how they [commercial tax preparers] promote, sell, and disclose the terms of refund loans.” Consumer advocates clearly supported ACORN’s contribution to the RALs campaign, but always situated their evaluation of ACORN’s work in the broader movement against predatory RALs. “I think it is all the different tools trying to get to the same thing...the research, the reporting, the congressional advocacy, the state level legislative advocacy, the direct action in front of the stores, the direct intervention with the companies trying to move them” (Consumer Advocate 2005, interview).

ACORN’s work must be contextualized in the broader anti-RALs campaign; to view its campaign as the sole agent of change would decontextualize ACORN’s efforts and miss the complex structure and processes of social movements. Without the prior efforts which disclosed and framed the problem, legitimated and publicized the issue, and attacked and hurt Block, it is highly unlikely there would have been an ACORN campaign on RALs, let alone one that brought Block to the bargaining table so quickly. Some advocates thought less of

ACORN's contribution, attributing the 2004 decline in RALs less to ACORN's protest tactics and more to the effect of prior efforts. "I have got to think that one of the reasons that Block is so ready to come to the table with ACORN is that they just see a declining demand for the product.... They take a public beating for this [RALs] sometimes and they are doing the calculus and maybe seeming less and less worth it to put a lot of their efforts into this product" (Consumer Advocate 2005, interview). As of this writing pressure on Block continues with recent lawsuits from the offices of the Attorney General in California and New York, the former regarding RALs, the latter about a new Block product, Express IRAs (Creswell and Dash 2006).

While in general highly supportive of ACORN's contribution, part of the ambivalence of some consumer advocates relates to the secrecy surrounding aspects of the agreement between H&R Block and ACORN. One consumer advocate who praised ACORN's contribution to the movement against predatory RALs noted of the resulting alliance, "I don't know how to evaluate how good the deal was that they got because they did not let it be made public. I don't know whether they got enough of an improvement for consumers.... I don't understand why it would be a secret...if they are proud of what they [both] did I don't know why it is a secret" (Consumer Advocate, 2005, interview). Block has been very protective regarding publishing or posting the whole package of changes agreed to, the programs of ACORN that Block will support, and the monetary amount of that support. At a press conference to announce the alliance, a reporter asked if Block was giving ACORN one million dollars to fund this initiative. Block's response was "It's a completely inaccurate number" (Alliance Announcement 2005), without any further clarification.

This reluctance to disclose the specifics of the Block-ACORN agreement is made even more interesting by an alliance Block created with Operation HOPE, Inc. shortly after the one

with ACORN. “H&R Block Inc. has pledged \$1 million plus other support to Operation Hope Inc., whose financial education programs help inner-city residents and low-wealth communities... Block also will encourage employees to volunteer in Operations Hope’s youth for literacy program, called Banking on Our Future” (Davis 2004). Admittedly Operation HOPE, Inc. is a community organization of a very different type, a formalized, non-membership-based not-for-profit closely allied to the financial industry but with ties as well to the mainstream public and nonprofit sectors. Nevertheless, it seems contradictory to disclose the amount exchanged in one alliance, to have it publicized as a good thing, and keep another alliance with another community-based organization secret, especially a group such as ACORN which Block publicly applauded for its legitimacy in the community. We assume that ACORN is open to having all the elements of the agreement made public but did not push Block on this because, among other reasons, Block opposed it and ACORN wanted to move on to their secondary tax preparation targets such as Jackson Hewitt and Liberty Tax. We presume H&R Block opposed making public the monetary transaction in order to avoid being seen as vulnerable to protests such as ACORN’s. How well an alliance will succeed based on these shaky beginnings -- being forced to the bargaining table, keeping aspects of the alliance agreement secret – remains to be seen.

It is certainly premature to advance definitive conclusions about ACORN’s affect on the issue. In a few years IRS data will reveal what trends if any have developed since the 2004 protests and alliance agreement. It will be clearer what role ACORN played in the effort to control high-interest RALs. Nevertheless, even with its limits as a modest case study, our research reveals some of the potential of protest tactics as practiced in a national and community-based organization such as ACORN. Evaluations of comparable campaigns come to a similar

Comment [DR2]: The board of directors of OP is mostly bank execs, like: **John Pepper, Retired** Chairman Procter and Gamble Company, **Lynn Pike**, President Bank of America, California, **John Robinson**, Executive Vice President Washington Mutual

conclusion. For Taylor and Silver (2003, 169) their study of the Community Reinvestment Act revealed that “Activism is not passé; it is essential. Without activism, our society becomes less democratic and less just. This is true in many arenas, but especially in the fight for economic justice and equal access to credit and capital.” Squires (2003a) and others concur. Dreier (2003, 210) in his analysis of predatory lending concludes that “The twenty-first century will certainly see a growing concentration of power in a smaller and smaller number of financial services conglomerates, which will present daunting challenges.... Only groups that have a national base such as ACORN... will have any reasonable chance to challenge the financial services giants.” Hartman (2004, 210), preferring federal policy initiatives, applauds ACORN’s work around the earlier campaign against Household Finance for predatory lending but wonders whether they will be able to find the resources to mount it nationally and whether “confrontational tactics will produce a backlash.” Perhaps it already has. As a senior vice president from Bank of America put it: “I don’t want to hear one more community group tell me something negative and then ask me for \$400,000 a week later. That doesn’t work anymore” (Hartman 2004, 210).

Hartman and others are correct. Addressing economic exploitation ingrained in the sub-prime financial markets and contemporary forms of unregulated capitalism will require more than community organizing or the campaign of a single organization, even a national one. ACORN is working in coalitions with other groups advocating for federal and state-wide RALs legislation, with some modest recent successes in Connecticut and California. Like most of the large community organizing networks, ACORN prefers, when it has enough clout, to work autonomously, but increasingly in ongoing campaigns that ACORN joins, such as the RAL campaign, or in campaigns where they seek to have greater impact, such as living wage initiatives or electoral efforts, they increasingly work with other groups.

This case study should encourage theoreticians, researchers, and practitioners to reconsider the choice of protest tactics in community-based organizations as a means of moving vulnerable targets, drawing public attention to neglected issues, building the organization, and mobilizing and sustaining membership. It should also direct attention to the impact of adding protest tactics to existing campaigns; our research reveals direct action was an addition that complemented rather than undermined other tactical repertoires.

This case study should also encourage an increased examination of ACORN by those interested in urban social movements and community-based initiatives. Unlike most current community-based efforts, ACORN has a broader perspective that seeks, as Koehler and Wissen (2003, 949) put it in a broader discussion of urban social movements, to “fight the destructive influences which neoliberal globalization exerts on everyday life” and politicize these contradictions through organized “urban social conflict” ACORN would not use that language, but they understand the power of multinational corporations under contemporary economic globalization, and that it requires a broad scale of activism, at least a national organization that can hold actions in more than 50 cities as they did with Block. Their strategy to target large corporations, not public agencies or officials, reflects ACORN’s understanding of the shift in power and resources under contemporary policies away from the public sector in general and city officials in particular. (Weir, Wolman and Swanstrom 2005). Moreover, ACORN’s local as well as national capacity capitalizes on the virtues and helps transcend the limits of small scale, community activism while at the same time addressing some of the key dilemmas inherent in centralized, large scale advocacy organizations (Dreier 2003; Atlas 2005). Moreover, the national structure complements their protest tactics. If ACORN was embedded solely in a single community with a focus solely on that community, not looking beyond community borders for

either causes or solutions to local problems, then ongoing protest tactics within the community – what Jane Mansbridge called “adversarial democracy” – would prove counterproductive. But in a national organization focused on both local and national campaigns, in which its broader practice and focus make it less limited by community values or longterm relationships, in which they encourage an understanding that community problems are almost always the result of policies and politics from outside the community, in an organization that probably fights more for the general interests of poor and low-income people than it does the specific interests of individual community members, protest tactics, in combination with other approaches, can work well.

Of course, as noted above, ACORN uses a broad array of tactics: negotiation, partnerships, service delivery, program development and administration and protest. Protest does not work equally well in every case or place. Not every target, private or public, responds as H&R Block did. Throughout ACORN’s history boisterous, in-your-face, confrontational tactics have consistently alienated officials and business leaders, causing them to react harshly to the organization (Delgado 1984; Swarts 2002). Even within ACORN, especially in its early years, members who do not like the actions drop out of the organization or simply do not participate in the actions. In sites where they have a long-term presence, such as New York City and Chicago, their range of tactics befits a complex social change organization. But even there, conflict and contestation, mobilizing members to protest against local abuses as well as injustices and inequalities originating from outside the community, is central to the organization. Protest is not their only tactic just as protest is not only used in national campaigns. But the mix – direct actions orchestrated at a national level against targets unlikely to be moved by any tactics at the single community level – seems especially appropriate. At the least this case study suggests that

direct action as a tactic, ACORN as an organization, and the model of a national organization of active community-based chapters appear worthy of further study.

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NOTES

¹ The other focuses on the impact of context on social movement formation.

² Conflict organizing assumes the interests of poor people and elites are often opposed, that those with power do not easily and willingly give it up, and a variety of pressure tactics are required for average citizens to force elites to effect change.

³ A mailing after the 2001 decision seems to ignore it. It promises customers “Come to H&R Block to have your taxes done, and we’ll show you how to take advantage of the world’s best way to get money instantly. Walk in with your taxes – walk out with a check...No more waiting days – or even weeks – for your tax refund. Now you can get money in minutes.” In December, 2003 Block was sued by H&R Block shareholders after they disclosed they were being investigated by the Securities Exchange Commission over RAL litigation (Wu and Fox 2004).

⁴ A different view has it that RALs may be on their way out as taxpayers receive faster refunds and electronic filing becomes more common. The number of RALs processed in the past few years seems to have leveled off after the huge increase between 1991 and 2001. Total RALs for 2003 did not increase significantly over 2002 or 2001, and recent rough data has them down approximately 8% for 2004 (FY 2003) (Wu and Fox 2005; Wu and Fox 2004). On the other hand, even with all this pressure from multiple sources using multiple tactics, new IRS programs such as the Free File Initiative may continue to make them profitable and around for many more years.

⁵ It was clearly a stretch for the foundation to fund a direct action campaign targeting a Fortune 500 corporation. As one consumer advocate noted, “I think the Marguerite Casey Foundation is really being bold in funding organizing” (Consumer advocate 2005, interview). The Foundation knew funding protest was a risk.