Nonprofit Success: Leading in a Dynamic Landscape

Tim Delaney
President & CEO

Nonprofit Missouri & UMKC’s Center for Nonprofit Leadership  |  Nov. 13, 2014

© 2014 National Council of Nonprofits  |  @NatlCouncilNPs
25,000+ nonprofit members

42 State Associations & Nonprofit Allies

280+ Employees

500+ Board members

Coast to Coast, Border to Border
Pattern Recognition
State of the Nonprofit Sector: 10 Trends & Threats
Increasing demands for services
Percent of nonprofits reporting an increase in demand for their services over the previous year

- 2008: 73%
- 2009: 77%
- 2010: 77%
- 2011: 85%
- 2012: 82%
- 2013: 80%

**Source:** State of the Sector 2014, Nonprofit Finance Fund
Demands outpace resources

More than half of nonprofits reported they were unable to meet the demand for their services

SOURCE: State of the Sector 2014, Nonprofit Finance Fund
# 3 Lagging Economic Recovery

4 U.S. Economies, 4 Separate Recoveries

Wall Street ➔

Business Sector ➔

Government Sector ➔

Nonprofit Sector

Recognize the Lagging Ripples
One-third of nonprofit community revenues **earned** from government contracts and grants.
# Where the Action Is

<table>
<thead>
<tr>
<th>Year</th>
<th># of Laws Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. Congress</td>
</tr>
<tr>
<td>2011-2012</td>
<td></td>
</tr>
<tr>
<td>2013-2014</td>
<td></td>
</tr>
</tbody>
</table>
# 5

### Where the Action Is

<table>
<thead>
<tr>
<th>Year</th>
<th># of Laws Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2012</td>
<td>U.S. Congress</td>
</tr>
<tr>
<td>2013-2014</td>
<td>State Legislatures</td>
</tr>
</tbody>
</table>
### Where the Action Is

<table>
<thead>
<tr>
<th>Year</th>
<th># of Laws Passed</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2012</td>
<td>U.S. Congress</td>
<td>283</td>
</tr>
<tr>
<td>2013-2014</td>
<td></td>
<td>140*</td>
</tr>
</tbody>
</table>

*As of Sept. 9, 2014*
Where the Action Is

<table>
<thead>
<tr>
<th>Year</th>
<th># of Laws Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Congress</td>
<td>State Legislatures</td>
</tr>
<tr>
<td>2011-2012</td>
<td>283</td>
</tr>
<tr>
<td>2013-2014</td>
<td>140*</td>
</tr>
</tbody>
</table>

* As of Sept. 9, 2014
Where the Action Is

<table>
<thead>
<tr>
<th>Year</th>
<th># of Laws Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Congress</td>
<td>State Legislatures</td>
</tr>
<tr>
<td>2011-2012</td>
<td>283</td>
</tr>
<tr>
<td>2013-2014</td>
<td>140*</td>
</tr>
</tbody>
</table>

* As of Sept. 9, 2014
A Mega-Trend/Threat:
Stealth Shift from Govt to Nonprofits

Affects ALL Nonprofits!

- Off-loading Programs
- Taxes, Fees, and PILOTs
- Draining Dollars
- Contracting Challenges

### # 6+
# 6 Off-loading/ Abandoning Programs

Expecting nonprofits and foundations to take over and run government programs for free.

*cutting funding, not human need*

**states**: eliminated/reduced services for:

- Mental illness
- Disabled
- Elderly
- Children
# 7 Taking Money from Missions

Ripping the Safety Net Held by Nonprofits

1. Imposing New **Taxes** (e.g., “sick bed”) and Eliminating Tax-Exempt Status (e.g., property tax, sales tax)

2. Assessing New **Fees** (e.g., sewer usage “fee” and streetlight “fee”)

3. Demanding **PILOTs** (Payments-in-Lieu-of-Taxes)

4. Latest trend → reassessing (“are you charitable enough?”)
# 8 Draining Philanthropic Assets

Indirectly taking $$$ from nonprofit missions:

Creating Own Nonprofits

Eliminating/Limiting Giving Incentives

Federal States →

2013 “March of the States”

- Hawai’i
- Oregon
- Minnesota
- Kansas
- North Carolina
Withholding Money from Nonprofits

1. Failure to Pay Full Costs (e.g., GAO) 54% problem

2. Changing the Agreement Mid-Stream 43% problem

3. Complexification of Application Process 72% problem

4. Complexification of Reporting 72% problem

5. Paying Late 45% problem

Nonprofits on average owed:
- $200,000+ by state governments; $108,000 by federal,
- $85,000 by local governments
Invading Nonprofit Independence

examples:

• Executive Compensation (FL, MA, NJ, NY, NC, PA, +)

• Public Records Law

• Mandated Board Training
Action Steps
Get Involved in Public Policy
Reclaim Our Space

Advocacy Matters
The False Lore of “No”

“I heard there could be problems”
The Power of Board Advocacy

www.StandForYourMission.org
Observations

Mary Hinde
President & CEO
Community Foundation of Northwest Missouri

Michelle Hogerty
COO
United Way of Greater Kansas City

Wray Clay
Vice President
United Way of Greater St. Louis