



December 17, 2008

The Honorable Barack Obama
President-elect of the United States
Chicago, Illinois
[Submitted Electronically]

Dear President-elect Obama:

Congratulations. Your election as President is historic for many reasons, including one that journalists completely overlooked: You are America's first nonprofit President.

Nonprofits have touched virtually every stage of your life. We recognize that your lifelong immersion in nonprofits includes the following:

- Being born in a nonprofit hospital;
- Attending middle school and high school at a nonprofit;
- Studying at a nonprofit college;
- Earning your undergraduate degree from a nonprofit university;
- Earning your professional degree from a nonprofit law school;
- Working several years at nonprofits in New York and Chicago;
- Honing your community-organizing skills by teaching at a nonprofit and running another nonprofit;
- Teaching constitutional law when employed by a nonprofit university;
- Playing basketball at countless different nonprofits;
- Serving as a board member of several other nonprofits;
- Getting married in a nonprofit;
- Marrying the leader of a community nonprofit who became an executive at a nonprofit hospital; and
- Soon sending your daughters to a nonprofit school.

Your campaign's successful use of lessons you learned through nonprofits shows you appreciate the insights available from nonprofits. Thus, nonprofits across America hope you will shine the light on the tremendous value of the sector.

* * *

Thank you for your Transition Team's request to provide our recommendations, which are attached. We hope this signals a new beginning for governments and nonprofits to work together to serve our common constituents.

On behalf of our colleagues and members, we extend our best wishes to you and your new Administration.

Respectfully,

Tim Delaney
President & CEO
National Council of Nonprofits

Respectfully,

Doug Sauer
Board Chair, National Council of Nonprofits,
and CEO, Council of Community Services of
New York State, Inc.



Recommendations to the Presidential Transition Team

In response to your request for our recommendations regarding the Corporation for National and Community Service, the GIVE Act, the Serve America Act, and the Obama Plan, we submit the following:

The GIVE Act

- ◆ GIVE Act of 2007: Reauthorize the Corporation for National and Community Service
We support reauthorizing the Corporation for National and Community Service and propose elevating its CEO to a Cabinet-level position. We also strongly support the creation within CNCS of the Social Entrepreneurship Agency for Nonprofits, which could significantly help strengthen charities (“nonprofits”), including those with revenue under \$1 million – which is 93% of all nonprofits. (Please see page 2 for more details.)
- ◆ GIVE Act of 2008: Protect Volunteers by Increasing Charitable Mileage
The federal government should eliminate the distinction between the Standard Business Mileage Rate (now 58.5 cents per mile) and the substandard Charitable Mileage Rate (now just 14 cents per mile) so there is one rate, set the same way and treated the same for paid and volunteer workers. (See page 3.)
- ◆ Encourage Americans to Engage in the Act of Giving.
President Obama can encourage Americans to give more to support each other. (See page 4.)

The Serve America Act

- ◆ Commission on Cross-Sector Solutions to America's Problems
We strongly support the creation of the Commission. (See page 5.)
- ◆ Nonprofit Capacity Building Initiative (NCBI)
To ensure the continued viability of the social safety net, the federal government should purposefully work to strengthen nonprofits by including the NCBI program in the Serve America Act. Targeted grants in a pilot program can inform the Commission on Cross-Sector Solutions of replicable solutions through field experiences of innovative, proven capacity building. (See page 6.)
- ◆ Ensure Adequate Infrastructure Exists to Support the Expanded Volunteer Force
Because of the terrible economy, nonprofits already are straining to meet skyrocketing demands for services with dwindling revenues. Community nonprofits cannot continue to do so much more with so much less for very much longer, and they will need additional support to build their capacity to effectively utilize the significant new ways for Americans to volunteer. (See page 7.)

The Obama Plan

- ◆ Protect Americans
The nonprofit sector serves as America’s social safety net that protects our society’s most vulnerable when they need basic human services such as food, shelter, and health care. Yet the economy’s abrupt and massive downfall threatens to unravel that safety net, leaving millions exposed. A Community Services Protection Fund could offer them protection. (See page 8.)
- ◆ Stimulate the Budgets of State and Local Governments (See page 9.)
- ◆ Implement Other Aspects of the Obama Plan with an Eye Towards the Nonprofit Workforce: Education, Health Care, and Jobs (See page 10.)
- ◆ Restore Americans’ Voices in Their Government
President Obama can help restore the American people’s ability to participate meaningfully in their government by amplifying their voices through nonprofits. (See page 11.)



**The GIVE Act of 2007:
Generations Invigorating Volunteerism and Education Act**

As proposed in the GIVE Act of 2007 (H.R. 2857; Generations Invigorating Volunteerism and Education Act), we support reauthorizing the Corporation for National and Community Service.

Recommendation: Elevate the Corporation's CEO to a Cabinet-level position.

Social Entrepreneurship Agency for Nonprofits

*"The agency will make grants to build the infrastructure of the nonprofit sector and capacity of nonprofit organizations, including their ability to ensure accountability, manage volunteers, and improve outcomes."
Obama Plan for Universal Voluntary Citizen Service, at page 6*

We **strongly** support the Obama Plan's call for creation of "an agency within the Corporation for National and Community Service dedicated to building the capacity and effectiveness of the nonprofit sector." We agree the proposed mission is a solid starting point: "improving coordination of programs that support nonprofits across the federal government; fostering nonprofit accountability; streamlining processes for obtaining federal grants and contracts, and eliminating unnecessary requirements; and removing barriers for smaller nonprofits to participate in government programs."

Recommendation: Given our nation's great needs right now because of the economy, make creation and funding of this Agency a top priority for the first 100 days.

Recommendation: Make certain the legislative language is clear that the entire Agency needs to include a focus on smaller nonprofits (rather than being just the last item in the proposed mission).

Recommendation: Make certain the Agency has sufficient appropriations and authority to follow through on the Obama Plan's vision that the Agency "will make grants to build the infrastructure of the nonprofit sector and capacity of nonprofit organizations, including their ability to ensure accountability, manage volunteers, and improve outcomes."

Recommendation: Make certain the legislative language provides mechanisms for continuous and meaningful dialogue with nonprofit practitioners so the Agency remains connected to nonprofits operating in the field with applicable knowledge and expertise.

Recommendation: Make certain the Agency gets staffed by people who truly understand the full scope of the nonprofit sector so that small and midsize nonprofits (93% of all American nonprofits have revenues of less than \$1 million) are not shut out, as too often occurs with government programs.

Recommendation: Items meriting immediate attention include the following (and apply whenever federal dollars are used – whether directly, or indirectly through state and local governments):

- Provide nonprofits with necessary and adequate general operating costs in grants and contracts
- Insist that nonprofit contractors/grantees be reimbursed fully and fairly
- Adjust and speed up payment reimbursement procedures for payments to nonprofits
- Include cost of living increases in all grants and contracts
- Reform the funding formula to increase federal funds to the states for services provided by nonprofits



The GIVE Act of 2008: Giving Incentives to Volunteers Everywhere Act

In September Senator Obama and 23 other Senators co-sponsored the bipartisan GIVE Act (S.3429; Giving Incentives to Volunteers Everywhere Act), which would have mitigated harm being caused by a federal statute that has frozen charitable mileage rates at just 14 cents per mile, as opposed to the 58.5 cents per mile reimbursement rate allowed for business and federal employees. America's volunteers who work for free deserve to be able to claim the same mileage rate as business and federal employees who work for a wage.

Recommendation: Urge Congress to eliminate the distinction between the Standard Business Mileage Rate and the substandard Charitable Mileage Rate so there is one rate, set the same way (flexibly by the IRS) and treated the same way (as nontaxable income). Here are the relevant arguments:

When the IRS earlier this year adjusted the "standard business mileage rate" that business and government employees get to use to 58.5 cents a mile, it explained that "rising gas prices are having a major impact on individual Americans." Although America's volunteers suffered equally from the same rising gas prices, the IRS could not adjust the rate for them because a federal statute adopted more than a decade ago when gas was cheaper locks in the charitable mileage rate at a substandard 14 cents a mile.

- *A substandard charitable mileage rate is not enough at the practical level:* It costs volunteers as much to fill up their gas tanks as it does employees.
- *A substandard charitable mileage rate is not enough at the technical level:* In setting the "standard business mileage rate," the IRS reportedly uses an undisclosed formula that factors in the full costs for a business to operate a vehicle more than just for occasional use, which is a reason cited for why volunteers have been excluded. But the federal government still allows its employees to use that rate, even for just occasional use of their cars, and business employees may use that rate, even if they are just temporary part-time employees. Plus, many of America's volunteers use their cars extensively when they volunteer, especially in states with vast rural areas.
- *A substandard charitable mileage rate is not enough at the fundamental fairness level:* If people are providing services to others – as paid business employees, as paid government employees, or as unpaid volunteers – then they should be treated equally. The tax code should not discriminate against and effectively charge those who give their time and talent to help others.
- *A substandard charitable mileage rate is not enough at the human level:* The substandard charitable rate, combined with the soaring gas prices earlier this year, forced many Americans to stop volunteering. Consequently, the old federal statute put at risk Americans who had been served by invaluable volunteers: the individuals who depended on getting their Meals-on-Wheels dinner delivered, proud disabled veterans who depended on volunteers to drive them to their doctors, and homebound individuals in rural areas who depended on having volunteers delivering their prescriptions – all because volunteers could no longer afford to help.

Because the Obama Plan shows a serious commitment to promoting volunteerism, please work with Congress to raise the substandard volunteer mileage rate to 100% of the standard business mileage rate. We can provide additional information if it will help.



Giving Acts

*“Provide Meaningful Permanent Tax Relief for Middle Class Families.”
Blueprint for Change, at page 7*

Encourage Americans to give more if they want.

The call for Americans to give more of themselves through volunteering can be matched by allowing them to give more financially.

Make It Easier for All Americans to Give, Not Just the Wealthy and Upper-Middle Class

Under current law, only itemizers (30% of all taxpayers) receive a tax benefit for their contributions to nonprofits. That leaves the vast majority of taxpayers ineligible for the charitable tax deduction.

Recommendation: Send a powerful message that Americans across all income levels can give by permitting non-itemizers to take an income tax deduction for charitable contributions.

IRA Charitable Rollovers

The Individual Retirement Account (IRA) charitable rollover has been extended through December 2009 to allow individuals aged 70½ and older to contribute up to \$100,000 from their IRAs and Roth IRAs to nonprofits without having to treat the withdrawals as taxable income.

Recommendation: Make the IRA rollover charitable giving incentive permanent so the nonprofit community does not have to continually divert already limited resources to re-extend it.

Double Deduction for Extra Giving

If the nation’s economy needs money to be spent quickly, getting new funds to cash-strapped nonprofits that are meeting community needs is a sure way to do it. And it has the added benefit of getting help to those in the greatest need who are served by nonprofits.

Recommendation: Encourage Congress to authorize a double deduction for aggregate contributions to nonprofits that exceed the amount of such contributions the taxpayer made the previous year.



**The Serve America Act:
The Commission on Cross-Sector Solutions to America's Problems**

We support the Serve America Act. In particular:

Recommendation: We urge the President to strongly support creation of the Commission, which we see as a key to renewing and transforming relationships among the three sectors: public, private, and nonprofit (including volunteers). The Commission can provide a vision of “interdependent” sectors and the new infrastructure to support it.

Recommendation: Appoint an established leader from the National Council of Nonprofits’ extensive network so the voices of small and midsized nonprofits – those with revenue of less than \$1 million, which make up 93.6% of America’s nonprofits – can be heard and information from the Commission can be distributed to nonprofits across the country. Our network of state associations and collective representation of more than 20,000 nonprofits can offer valuable insights to almost every aspect of the Commission’s work, including collaboration with philanthropic organizations, human capital challenges, and capacity building in all areas.

Recommendation: Without limiting the scope of the Commission’s work, here is an immediate agenda item for the Commission: appropriately focusing regulatory attention. One way to free up resources (funds and organizational time) for governments, businesses, and nonprofits would be to support a simultaneous examination of federal regulation and reporting regimens, many of which are unnecessary, duplicative, and at times even contradictory. The most classic areas are Medicare and Medicaid, but the need for review applies to a broad range of federal programs. Regulations begin with a valid public purpose, but can evolve to where they hardly benefit the public and cost much. These burdens then continue down to the states and local governments – frequently frustrating the original intent of the regulations, displacing health, human services or labor participation goals (for example) with requirements for non-critical documentation and measurements that fill forms but fill no useful purpose.

Times like this call for reexamination and transformation of existing arrangements so they produce meaningful outputs. By eliminating counter-productive and the least productive elements of government conditions attached to contracts with nonprofits and businesses, the Commission can promote wise stewardship of limited resources.



“Bolster the Nonprofit Sector: By leveraging federal dollars, Obama and Biden will foster the use of best practices of the private sector to nurture innovation in the nonprofit sector.”

“Need for More R&D in Nonprofit Sector: Research and development in the nonprofit sector is limited and there is a disconnect between charitable foundations that can fund innovation and the organizations on the ground that can test new concepts and bring them to scale.”

-- Blueprint for Change at 59

The Serve America Act: Nonprofit Capacity Building Initiative

The Nonprofit Capacity Building Initiative (NCBI) would further the work of the Commission on Cross-Sector Solutions by providing it with valuable input from the field.

The NCBI legislation would authorize the Corporation for National and Community Service to engage in an innovative grant-making pilot program to strengthen the capacity of small and midsize nonprofits through public-private partnerships. The grants to intermediary grantee nonprofit capacity builders would ensure reasonable access to organizational development assistance for small and midsize nonprofits, especially those facing resource hardship challenges. Organizational effectiveness areas include leadership development, organizational development, financial and legal compliance, fundraising, strategic alliances, and technology.

NCBI builds on expressed congressional interest and is supported by the July 24, 2007, GAO report *“NONPROFIT SECTOR: Increasing Numbers and Key Role in Delivering Federal Services.”* It would authorize \$25 million in grant funding each year for three years, to be matched by grants from private and community foundations, corporations, and state and local governments.

NCBI complements other grant-making programs included in the Serve America Act, and would provide critical experiential input to the study by the Commission on Cross-Sector Solutions to strengthen nonprofit capacity.

Recommendation: Include NCBI as an amendment to the Serve America Act. We can provide additional information if it will help.



The Serve America Act: Ensuring Adequate Capacity Exists to Support the Expanded Volunteer Force

Expansion of AmeriCorps from 75,000 slots to 250,000, creation of five new Corps (a Classroom Corps, a Health Corps, a Clean Energy Corps, a Veterans Corps, and a Homeland Security Corps), engaging retired Americans in service on a large scale, and other aspects of the Obama Plan are commendable – provided there is a meaningful infrastructure of nonprofit organizations to deploy this vastly expanded volunteer force.

Likewise, for other parts of the Obama Plan to be effective, there must be a strong and sturdy infrastructure of nonprofit organizations that can accommodate a greatly expanded volunteer base. To cite just a few illustrative examples, the Plan envisions creating “20 Promise Neighborhoods ... modeled after the Harlem Children’s Zone, which provides a full network of services, including early childhood education, youth violence prevention efforts and after-school activities” [Blueprint at 57], doubling “the 21st Century Community Learning Centers, to serve one million more children and expanded summer learning opportunities for another one million children” [id. at 51], “providing job training, substance abuse and mental health counseling to ex-offenders so they are successfully re-integrated into society” [id. at 65], and “providing retraining assistance for workers in sectors of the economy vulnerable to dislocation before they lose their jobs.” [Id. at 15] Adding volunteers is a good thing; investing in the capacity to manage and use those volunteers in a meaningful way is a necessity that should be a major part of the effort – especially now when many nonprofits are struggling to meet the demand for more services with less revenue.

As Paul Light wrote in a November 28 *Washington Post* editorial, the additional volunteers certainly will help the nonprofit sector meet our communities’ burgeoning needs. Yet in the nonprofit sector right now, “Budgets are tight, hiring freezes are in place, and cutbacks are taking their toll on training, information technology, evaluation and even fundraising.” Indeed, he notes, “Of the nearly 1 million nonprofits up and running, as many as 100,000 will fail over the coming six months.”

Adding 300,000-plus volunteers is noble, provided they are not being placed directly on an already-strained infrastructure that is wobbling under the weight of the faltering economy.

Recommendation: Any solution that encourages massive volunteerism on the scales being proposed should provide funding so that organizations can build the capacity to effectively and fully take advantage the increased human resources. Solutions also should provide support for nonprofits to recruit, screen, and place the right volunteer with the right opportunity.

Recommendation: Develop a single system for volunteer management that supports nonprofits of any size and builds on the data of existing nonprofit volunteer management systems.

Recommendation: The financial constraints on nonprofits engaging in volunteer generation programs through CNCS programs need to be reduced. Current CNCS grantees are required to increase their financial match the longer they remain an effective, successful partner. In these trying financial times when corporate, foundation, and individual giving is uncertain, the federal government should not be shifting its burden on to their nonprofit partners to meet critical needs of local communities.



The Obama Plan – Protect Americans: Community Services Protection Fund

Why The nonprofit sector serves as America’s social safety net to provide for people needing basic human services like food, shelter, and health care. Yet that community safety net is unraveling rapidly, straining to endure the additional weight dropping on it from the economy. With more people losing their jobs due to layoffs, losing their homes due to foreclosures, and losing all or a portion of their health insurance due to employers cutting jobs and benefits, the demand for nonprofit services is skyrocketing. Simultaneously, nonprofit revenues are plummeting as foundation assets evaporate, state and local governments cut contracts and freeze reimbursement rates, corporate donations shrink, and individuals suffer financially. The nonprofit sector remains committed to providing as much relief as possible to those in need. However, despite the purest intentions and the strongest dedication, community nonprofits cannot continue to do so much more with so much less for very much longer. Dr. Paul Light, the noted public service expert, forecasts that the menacing economy will wipe out 100,000 nonprofits within the next six months. If that happens, then many needy people will have no place to turn.

What To protect our society’s most vulnerable by strengthening and reinforcing the safety net before it unravels, the federal government should invest in a Community Services Protection Fund to ensure that basic services continue to be available. Just like the *Blueprint for Change* recognizes the nation’s transportation infrastructure system needs investment via a National Infrastructure Bank, so too the nonprofit sector is an oft-ignored infrastructure that merits investment to protect the people it serves.

Recommendation: Because past government policies shifted government human service programs to nonprofits, but often without the full payment to provide those services, the Community Services Protection Fund should focus on restoring the public/private covenant between governments and nonprofits by investing in nonprofits that perform work that traditionally has been performed and/or funded by government. Therefore, funds to nonprofits under this recommendation would be simply those funds government should have been spending all along.

Recommendation: Given the rapidly increasing strains on the human services infrastructure, the grants need to be distributed quickly to make sure that basic human needs are met. Distribution via block grants to state governments could create significant delays as each state goes through its own statutorily-required procurement and grantmaking processes. To ensure that funds go to proven programs providing basic human services, consideration should be given to establishing a grants distribution center in each state that draws from community foundations, United Ways, state nonprofit associations, and private grantmaking organizations. The community and private foundations and United Ways already have grant distribution systems, and the state nonprofit associations can add informed statewide perspectives.



The Obama Plan: Stimulate Budgets of State and Local Governments

Operating Budgets

With income, property, and sales tax revenues plummeting, state and local governments have been forced to slash their operating budgets. When that happens, governments often begin by cutting services to those with little or no voice. Governments don't do it directly, but rather by abruptly stopping payments to nonprofits with which they had contracted to deliver basic human services. This effectively shifts the funding burden onto nonprofits. Yet during bad economic times, nonprofits providing human services report dramatically increased demands for services. To meet these skyrocketing needs, nonprofits have to spend more resources to raise even more money just to stay even – at a time when foundations, corporations, and individuals have less money to give.

The federal government can stop the painful ripple effect by providing desperately needed operating funds to state and local governments, which can then fund delivery of basic human services, retain their own employees, and even put more people to work on postponed construction projects.

Recommendation: We encourage the Obama Administration to design an economic recovery plan that focuses first on maximizing *operating* budget relief for state and local governments. Preventing substantial state operating budget reductions (which otherwise will occur) impacts current paychecks and benefits payments more immediately and broadly than most infrastructure project funding. Without this crucial "preventive medicine," future cuts to state and local governments will greatly exacerbate our nation's current economic crisis.

Capital Project Budgets

Observation: It has been reported that state and local governments don't have enough "shovel" projects that would help create the jobs needed to rebuild our nation's economy by rebuilding its infrastructure. If true, then the new Administration and Congress might choose to make clear that nonprofit capital projects – for construction and renovation – would qualify for public service project grants issued under the stimulus package. If the federal government is looking for worthy capital projects that would create solid jobs in the short term and serve the broader community in the long run, then a municipal parks & recreation gym is no different than a Boys & Girls Club gym: each project will employ people today and be used by the community for decades to come. This gym comparison is just one of many examples of how community infrastructure – whether through government or nonprofits – is just as vital to a strong economy and healthy communities as good roads and bridges. Indeed, just like having safe highways and bridges are critical to our nation, so are places that give children security and education while their parents are at work, places that give people space to be healthy so they are productive members of the economy, and places that help families get back on their feet after losing a home so they return to society in a productive fashion rather than plague our streets with crime.



**The Obama Plan:
Implement Other Aspects of the Obama Plan with an Eye Toward the Nonprofit Workforce**

Education

To further the vision regarding making higher education affordable:

Recommendation: To help recruit more people to serve their communities, expand student loan forgiveness for college graduates pursuing nonprofit careers. For example, the College Cost Reduction and Access Act could be made retroactive to ease financial burdens on current nonprofit employees.

Health Care

“Barack Obama and Joe Biden understand that the skyrocketing cost of health care poses a competitive threat to America’s small businesses.” [Blueprint at 25] More than 93% of America’s nonprofits have revenue less than a million dollars, and an all-too-common problem is that nonprofits cannot afford to provide health care insurance to their employees.

Recommendation: Recognize that most nonprofits are small businesses, too, and while the *Blueprint’s* plan for a Small Business Health Tax Credit with a refundable tax credit of up to 50 percent on premiums paid for small business employees is not directly applicable, the need and goals are the same: enable more Americans to get quality health insurance. Beyond grants or subsidies, one approach (used in Maryland with several state income tax credits) would be to offset the cost of providing health insurance to nonprofit employees as a credit against the employer’s share of withholding tax liabilities.

Jobs

“\$50 Billion to Turn Our Economy Around and Prevent More than 1 Million Americans from Losing Their Jobs” [Id. at 9] Although it often gets overlooked, the nonprofit sector is a major employer, with a workforce of more than 14 million people (10.5% of the workforce – with 9.4 million paid employees and 4.7 million volunteers). The nonprofit sector contributes almost \$322 billion in wages to the American economy. Accordingly, to save and create jobs, the stimulus package needs to proactively consider the significant and valuable role of the nonprofit sector.

Recommendation: To the extent applicable, the new Administration’s economic stimulus plan proposals should treat nonprofits as small businesses.



The Obama Plan:

Restore Americans' Voices in Government by Amplifying Their Voices Through Nonprofits.

"I am in this race to tell the corporate lobbyists that their days of setting the agenda in Washington are over.

They ... will not drown out the voices of the American people when I am president."

Barack Obama, quoted in *Blueprint for Change* at 17

Until 40 years ago, citizens regularly organized through nonprofits to influence public policy for the common good. For instance, we gathered through the National American Woman Suffrage Association to secure women's right to vote in 1920. We gathered through Townsend Clubs in the 1930s to get Congress to pass the Social Security Act. And we gathered through numerous nonprofits to secure passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. But in 1969, the federal government prohibited private foundations from issuing grants designated for legislative lobbying. To avoid any risk, many foundations now actively shun *all* advocacy-related activities, not just legislative lobbying. As recent research shows, "Many foundations take at best a 'hands-off' posture, and at times an actively negative one, toward policy involvement and civic engagement." [Lester Salamon, "Nonprofit America: A Force for Democracy?" Communiqué No. 9 of the Listening Post Project (2008).] Consequently, "the resources organizations have available to devote to this increasingly important function remain highly limited. ... Nonprofit organizations are entering the policy realm with one hand tied behind their backs."

Recommendation: Urge Congress to restore the American people's ability to amplify their voices by fully restoring foundations' ability to promote democracy through grantmaking that promotes civic engagement and helps citizens come together through nonprofits for legislative lobbying.

In 1976, Congress imposed another unfair burden on citizens by limiting our ability to communicate through nonprofits to the public about legislation. Nonprofits using the expenditures test may spend only 25% of their allowable lobbying expenditures to communicate with the general public, while corporations face no similar limitations. This restriction on nonprofits is fundamentally unfair. What is so threatening to democracy that a local food bank, homeless shelter, or hospice must be limited when sharing their views with fellow citizens while powerful for-profit corporations enjoy unlimited ability to espouse their views to the public?

Recommendation: Urge Congress to eliminate this unfair burden that limits the public's right to receive information about legislative lobbying matters from other citizens who gather through nonprofits.

Some nonprofits that accept government funds have been forbidden to lobby even if they use non-governmental funds from other sources. This same limitation is not applied to for-profit corporations with federal contracts, so they have unlimited ability to lobby federal, state, and local officials on behalf of their companies. To deny such rights to nonprofits receiving federal funding, while not imposing the same restriction on for-profit corporations, is fundamentally unfair. Worse than that, the democratic process is endangered and thrown off-kilter when only one group of advocates is allowed to speak.

Recommendation: Urge Congress to restore, preserve, and protect the rights of nonprofits that receive government funding to lobby with non-federal funds.



Key Facts About Nonprofits

The Ravaging Economy's Negative Impact on Nonprofits

- In Minnesota: "The impact of the 2008 recession on Minnesota's nonprofits has been atypically quick and sharp. ... Over half of the organizations (54.5%) have experienced a decline in total revenue. ... At the same time, 49.2% have to pay increased expenses. This decreased program service is coming at the same time that 42.4% of [nonprofits] report that more people are coming to them for services." – Minnesota Council of Nonprofits
- In the national capital region: "26% of nonprofits have already heard from current funding sources that they will give less in the future. Nearly half (43%) are anticipating decreased giving in 2009. Nearly half (44%) anticipate their organization will experience an increase in demand for services in 2009 and some have already experienced increases as a result of the economic downturn. 41% of organizations anticipate suspending or closing down programs and/or reducing staff size in 2009." – Center for Nonprofit Advancement
- In Michigan: "The vast majority (94%) of nonprofits that have seen an increase in demand pointed at the economy as one of the key reasons. Substantial percentages of organizations also believe that cuts in the state budget (56%), increased fuel costs (50%) and food costs (44%), as well as foreclosures (40%) have played a role in the demand increase. Seventy percent of organizations reported that multiple factors have contributed to the increased demand for their core services." – Michigan Nonprofit Association
- In California: "The economic slide spreading from Wall Street to Main Street has hit the 'side streets and back streets,' according to Silicon Valley shelter and food providers. Local nonprofits are witnessing the worst-ever crisis of homelessness and a lack of food and shelter due to the increased unemployment rate and wave of home foreclosures, Emmett Carson, CEO of Silicon Valley Community Foundation, told a crowd." – Palo Alto Online
- In Vermont: "Heating fuel prices are coming down, but are still higher than last year's, leaving churches and other nonprofit groups around Vermont wondering how they're going to keep their facilities warm this winter." – FoxNews44
- For more examples of how the economy is hurting nonprofits, please visit the Council's special webpage – the Nonprofit Economic Vitality Center – at <http://www.councilofnonprofits.org/economy>.

Important Statistics

- The vast majority of nonprofits are small and midsize. 93.6% of all nonprofits have budgets of under \$1 million.
- With 9.4 million employees and 4.7 million volunteers, the nonprofit workforce consists of more than 14 million people and 10.5% of America's workforce.
- The nonprofit sector contributes almost \$322 billion in wages to the American economy.
- The nonprofit workforce outnumbered the combined workforces of the utility, wholesale trade, and construction industries.
- Nonprofits work in every community: caring for returning soldiers, rebuilding cities, educating children, supporting the workforce, nursing the sick, supporting our elders, elevating the arts, mentoring our youth, protecting natural resources, and so much more.

For citations, please see: <http://www.councilofnonprofits.org/?q=economy/npstatistics>