THIN THE SOUP OR SHORTEN THE LINE:
CHOICES FACING WASHINGTON AREA NONPROFITS

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REMARKS OF ALBERT C. EISENBERG (D-47), MEMBER,
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(READ BY CHUCK BEAN)

Transcript by:
Federal News Service
Washington, D.C.
CHUCK BEAN: Good morning. This is your one-minute coffee warning. Get your caffeine and your sugar. We’re going to start in one minute, and panelists, if you could come on up, that would be great.

Good morning. I’ll try that again. Good morning. Every day in our region, from Prince Georges to Prince William, nonprofits raise the quality of life for all of us. And every day in our region, nonprofits are the lifelines to the regions most vulnerable.

Let me be a little more specific. Last night, Alternative House in Fairfax County took in a runaway youth with nowhere else to go. This morning, For Love of Children is caring for an abused and neglected child. Today, Community Family Life Services is providing a job and permanent housing for a homeless person. Today, Northern Virginia Family Service will continue to care for a survivor of the attack of the Pentagon two and a half years ago. This afternoon through Heads Up, a child will find his future in college and not on the streets. This evening, families will be enriched by a recital at Dance Place, and other families will be enriched by the outdoor programs of the Audubon Society. If, God forbid, a family is burned out of their home tonight, the Red Cross will be there, helping them to put their pieces of their life back together.

That’s today in greater Washington, but nonprofits are stretched thin. What about tomorrow? We hope tomorrow nonprofits won’t be stretched to the breaking point, but much of that hangs in the balance with the budgets, which are now in full bloom throughout our region. The economic downturn facing the region since 2001 has had serious, negative effects on human service nonprofits and the tens of thousands of area residents, our neighbors, that they serve. And that’s what we’re here to learn about today.

Budget season, like the cherry blossoms, is in full bloom. Unfortunately, the budgets don’t look so pretty or smell so sweet. Yesterday, Mayor Williams released his budget for the District. Last night, the Fairfax County board began an earnest budget hearing. The legislatures in Maryland and Virginia remained gridlocked.

We’re here to learn about the impact of state and local budget cuts on nonprofits. When the Nonprofit Roundtable commissioned the study, we knew anecdotally that nonprofits were hurting. We knew that they were stretched, and we knew they were doing their best to hold the line to maintain quality services for their clients. And we asked the Brookings Institution and George Washington University to systematically look at how the tough fiscal times have affected nonprofits and the people they serve.

In a moment I’m going to ask the researchers from Brookings and GW to share their findings with you. After that I’m going to ask Alice Rivlin, who I consider our own Washington monument, to share her bird’s-eye view perspective of what all of this means
for nonprofits and what it means for policymakers. After Alice will be Cornelius Baker, executive director of Whitman-Walker Clinic, to share his experience leading Whitman-Walker through these challenging times. And our plan was to close with Al Eisenberg, but as Al is a delegate to the General Assembly of the state of Virginia, Al was called to Richmond this morning for a full assembly meeting on the budget. We’re sorry to miss Al, but we’re glad he’s fighting the good fight down in Richmond. Al sent along a message that he asked me to share with you, and I’ll do that after Cornelius. After the panel – after that, the panel will take questions.

As we get started, I wanted to express our appreciation to the investors who made this research possible and our ability to engage the policymakers and the media in the findings. This includes the Fannie Mae Foundation, the Robert Wood Johnson Foundation, and the Freddie Mac Foundation. I want to especially say my personal gratitude to Dean Klein, who understands the importance of the public sector support for nonprofit organizations and the impact that cuts can have. I think that the research from Brookings has anecdotally borne out that Freddie Mac’s helping hand. The Emergency Grants Fund has helped a lot of important nonprofit organizations keep the pieces together in a lot of – in some difficult times.

I won’t use our collective time for long-winded introductions of our panel. Their bios are in your packets, so I’d like to get right into it. I’ll ask Martha Ross of Brookings Institution’s Greater Washington Research Program to take the podium and to let us know what they mean by “thin the soup or shorten the line,” and what that has to do with budgets in our region. So please join me in welcoming Martha to the podium.

(Applause.)

MARTHA ROSS: Before I get started, I would like to acknowledge two other co-authors in addition to myself and Joe Cordes of George Washington University, who will speak after me, and that is Mallory Barg standing back there and Pat Atkins, both of whom are from George Washington University, and Pat, unfortunately, couldn’t join today. But their contributions were absolutely essential to the success of this project, so I want to make sure that I acknowledge them appropriately.

As Chuck mentioned, this project was sponsored and funded by the Nonprofit Roundtable of Greater Washington, and we’re grateful to Chuck and his coworkers and his board members for helping us think through how to tackle such a meaty topic. Our intent was to – is to examine how the current state and local fiscal situation is affecting nonprofits in the region. And our reason for asking this question is that the well-being of communities in the region is due in no small part to the services that nonprofits provide. When a low-income woman is able to get training in a nontraditional career in the construction trades and work her way up the income ladder, that’s a benefit to the entire community.

So if nonprofits are hurting, then we can also assume that the people and the neighborhoods that they serve will be negatively affected. And we looked at human
services nonprofits as defined by the National Center for Charitable Statistics in the Urban Institute, which has a rather long definition of the term, but I will read you only a little bit, which is that “human services nonprofits have the primary purpose to support the personal and social development of individuals and families.” So we’re looking at a specific slice of the nonprofit sector, and we’re looking at the close-in jurisdictions of the region. We’re looking at Washington, Prince Georges and Montgomery County in Maryland, and Arlington, Fairfax, and Alexandria in Northern Virginia.

And we looked – we used a number of data sources. This is a big research question, so we wanted to look at the issue from multiple vantage points. What we tried to do was look at it both from the point of view of nonprofits and from the point of view of local governments. To look at how nonprofits were faring, we conducted a survey, which asked about budget and program issues and changes in the last couple years, and many of you have filled out this survey, and we are very grateful. Thank you.

To date, we have received 63 responses out of a sample of 401, and we’ve gotten incredibly valuable information, but we do want to do better in getting our response rate up. So in order to do that, we have shortened the survey, and we are now administering it over the phone in order to get a better mix of smaller organizations and a better jurisdictional mix. So if you haven’t yet had the good fortune to fill out this survey, you may still have an opportunity. And I can only ask that you be nice to our George Washington graduate students when they call you on the phone and ask if you have 15 minutes.

We also looked at the IRS 990 forms of nonprofits. These are forms that organizations with budgets over $25,000 are required to fill out by the IRS, and they detail the group’s expenses and revenues, and so they offer a good opportunity to look at the same organization over time. So we created some small panels of Nonprofit Roundtable members who are human service providers to look at what their budgetary status was between 1998 and 2002, and we also conducted numerous interviews, and again, I see many in the audience who I’ve spoken with. We wanted to hear what your experience was.

We also developed three case studies of children- and youth-focused organizations: one in Silver Spring, Maryland, Community Bridges, and I see Meagan Labriola here; one in the District, Calvary Bilingual Multicultural Learning Center; and one in Northern Virginia, the Main Street Child Development Center, and I’ll talk a little bit about them more in a few minutes. To assess the governmental side, we talked to numerous government officials in all of the jurisdictions, and we also looked at local government budget documents.

Now you may be wondering why, if we’re still conducting this survey, we are releasing the report at this time, and the answer is quite simple, which is that between our current batch of survey responses and all of the other information we’ve gathered, we have a really important and useful story to tell. We don’t yet have the kind of fine-grain detail that we’ll get later on so that we can look at how organizations are faring,
depending on their size and budget and jurisdiction. But we do have enough now to tell a pretty clear, big-picture story of what’s going on in the region.

So what is going on? Human services nonprofits are caught in a bind. They are being squeezed by tight budgets, sluggish revenue growth that is not keeping up with expenses, and at the same time they’re trying to meet increased demand for services. This is clearly a difficult and, if maintained over time, an unsustainable situation.

Here are some specifics from the survey. More than two-thirds report that the cost of delivering services are increasing, at the same time that many of them report that their revenue streams are flat or declining. Almost 80 percent reported flat or declining state funding; almost 70 percent reported flat or declining local funding. And our analysis of the 990s showed additional measures of declining fiscal health. More organizations had deficits in 2002 than 1998 or 2000, and about 60 percent of nonprofits, or 18 out of 30 in our three-year panel, saw their revenues grow slower than their expenses in the period between 2000 and 2002. And all of this is happening at a time of increased need. Sixty percent of survey respondents reported an increase in the number of clients and program participants that they serve between fiscal year 2001 and 2003.

On the governmental side, after we talked with many, many government officials in all of the local jurisdictions and looking at the budget documents, we found that it’s much harder to quantify changes. There is simply no easy or clear way to systematically track the flow of public dollars to nonprofits. It’s difficult in one jurisdiction, and it’s especially difficult in a metropolitan region that’s composed of two states, a district and multiple localities. Federal, state, and local dollars flow through multiple avenues and sometimes make odd detours on their way to nonprofits that provide local human services.

By far, the greatest stream of funding is through contracts between individual nonprofits and social – and local human services departments. For example, in Arlington County, the Department of Human Services has a budget of about $88 million, and their director estimates that about $25 million of that is contracted out to nonprofits, for nonprofits to provide services. In Montgomery County, an estimated $61 million is contracted out to nonprofits to provide services out of a total health and human services budget of about $200 million.

So these are significant dollar amounts, but you won’t see them written down in any budget documents, because for budgetary purposes, what’s important is not whether the services are provided directly by the government or by a for-profit vendor or by a nonprofit vendor. What’s important is that the services are delivered and paid for. So in order to track government expenditures to nonprofits over time, you’d have to become very intimately acquainted with internal administrative data of multiple agencies and departments in all of the local jurisdictions.

In addition to these individual contracts, some local governments have created competitive funding pools that operate somewhat like foundations in that they’ll allocate
some money and set some priorities and invite nonprofits to submit proposals that meet
those priorities. And those offer a good and strong opportunity for nonprofits to access
government dollars, but they are fairly small. For instance, in Fairfax County, that
consolidated community funding pool is about $9 million, and it’s been modestly and
steadily increasing every year, but that’s in comparison to an estimated 40 to $60 million
that they contract out directly through the Department of Health and Human Services.

How are nonprofits handling this particular challenging budget environment?
They’re taking a number of steps, and let me give you some examples of the strategies
that they’re employing. These are quotes from the surveys. They are diluting services:
“We have reduced the amount of direct assistance we can provide to clients in order to
stretch the money available to more people.” They are cutting staff: “Cuts in
administrative and development staff allowed us to” quote, “maintain level of client
services.” And they are freezing salaries. “We did not give the cost of living increases
so that we could afford the rising health premiums,” and, the respondent continued, “this
doesn’t affect our service delivery, but it does affect our ability to retain qualified staff.”

And there are more examples from the case studies. Calvary Bilingual
Multicultural Learning Center was affected by the enrollment freeze instituted by the
Office of Early Childhood Development in the District for subsidized childcare. And
they lost about 50 or 60 slots, which translates to lost revenue of about five or $600,000.
Their funding from the Children and Youth Investment Trust Corporation was also cut,
which meant that they reduced both the size and the scope of their after-school
programming. They also took other steps. They cut staff. They cut salaries. They
exhausted their reserves, and not surprisingly, they also stepped up their private
fundraising. Among other efforts, they applied for and received an emergency Freddie
Mac Foundation grant.

Community Bridges in Silver Spring, which runs after-school programs,
experienced a cut of nearly 50 percent from one of their main funders, the Montgomery
County Collaboration Council, which in turn received a cut from the state for after-school
programs, which is why they then had to pass it along to the nonprofits. They eliminated
counseling services offered to their elementary school participants and now refer students
to a county-run program, and they also applied for and received an emergency Freddie
Mac Foundation grant to help them – to help tide them over.

And Main Street Child Development Center in Fairfax has thus far had the good
fortune to avoid budget cuts, but the reimbursement rates for child care have remained
flat since 2001. And so to garner more revenue, they’re now accepting more full-fee
students. Now they’re accepting about 15 to 20 percent full-fee students, up from about
10 percent previously, so they’re reducing the number of slots available to the low-
income families that it’s their mission to serve. But incidentally, not all child
development centers have that option. Centers that are located in distressed
neighborhoods are going to have a much harder time attracting families that can pay the
full cost of services.
Which brings us back to the whole point of the study.

I have been talking about staffing and deficits and other organizational information, but these are all a means to an end, which is delivering the services that make healthier communities. And here are a couple of examples, which I’m sure all of you know all too well and could rattle off a few on your own, of what happens when funding runs short. As you can see, the enrollment freezes for subsidized childcare in the state of Maryland and in the District have resulted in waiting lists, which means mostly, primarily that single moms are having a harder time figuring out how to get – how to keep their kids safe while they go to work.

The Children and Youth Investment Trust Corporation in the District offers another example of the consequences of funding cuts. The Trust Corporation was funded in ’99 as a public/private partnership designed to improve the quality and quantity of programs serving District youth and children. Its funding is subject to annual – to the annual city budget process, and it has thus far struggled to find a steady and reliable funding stream. And as you can, with reduced funding from the city, they’re projecting a dramatic decrease in the number of children and families that they can serve.

And Mayor Williams’ budget that was released yesterday, his proposed budget, there were some items for children and youth programs, after-school activities, summer jobs, but I haven’t had a chance to look at them yet, although I would like to point out that we scheduled our event first, before they rescheduled the date of the budget release. (Chuckles.)

And nonprofit directors know that the short-term fixes that I have just been describing, like stripping programs down to the bare bones, stopping quality improvement initiatives, laying people off, freezing salaries – they know that these erode their capacity to provide high quality services, but they’re still struggling to identify sufficient resources so that they can keep their doors open without making these kinds of organizational cuts. They are doing their best to continue to provide full services despite increased demand, increased costs, and sluggish revenue growth, and they do this because they’re committed to serving their communities, they’re able to do this because they have entrepreneurial and creative leaders in their midst, and because they do have significant support from the philanthropic sector, as well as many, many officials in the government sector.

But in the end, the responsibility of creating healthy communities does not lie only to nonprofit organizations. The solution is not for nonprofits to ask their donors to give more, although that may well be part of the solution. We need to think more carefully about how public, private, and nonprofits can work together to create the kind of stable and sustainable funding streams that will allow organizations to build their capacity so that they can continue to deliver high quality services.

Next up is Joe Cordes from George Washington University, who will talk about how our work fits into the national context and other research carried on.
JOE CORDES: Yeah, my role here is to do a couple of things. One is to, as I said, put what we’re finding here into national context based on other research that’s being done. And I guess the first point to simply note here is that the results that we found for Washington, D.C., are quite consistent with those which are reported for other areas of the country.

I’m sure a number of you are aware of this research, but if not, I would like to call your attention to some other work that’s being done basically asking similar questions elsewhere. One is the Listening Post Project of the nonprofit group at Johns Hopkins, directed by Lester Salamon. Another is a series of studies funded by the Aspen Institute. Alan Abramson is sitting there in the audience, played a role in that, which involved conducting some fiscal scans of the fiscal health of nonprofits in the early fall, one by a group at SUNY-Albany, the other done by Woods Bowman at DePaul University. And then finally, there was a recent study of the indicators of financial health of nonprofits in the Pittsburgh area done by the Urban Institute’s Center on Nonprofits and Philanthropy.

And essentially, all of these studies which are looking at different kinds of nonprofits. For example, the Listening Post Project tends to survey large umbrella organizations, different parts of the country, Pittsburgh, in the case of the Urban study, a number of different areas in the case of the two studies funded by Aspen – basically produce similar kinds of results. That is, what is essentially happened is after enjoying, as everyone else has, sort of a period of prosperity in the economy, nonprofits began to feel the effects of a softening economy, but human service nonprofits were potentially particularly affected because of their unique relationship really with state and local governments, which I’m going to come to in a moment.

The general picture I think is one where, you know, you have a glass that’s half full and half empty. I mean, the half empty part is the part that Martha has talked about, namely, there’s a fairly consistent pattern of reporting – of results where revenue is increasing but not increasing the pace with the expenses, for example, that these organizations are incurring, and that causes a number of issues. In some cases, it causes organizations that have reserves to draw down on those reserves, which is certainly a good thing for them to do. In other cases, where they don’t have that ability, particularly smaller or newer organizations, presumably the only recourse is to either adjust what you’re doing or, you know, change the mix of people that you’re serving or how you’re serving them.

Up until now, I think the news in some sense is that nonprofits have shown themselves to be quite adaptable in adjusting to these changes. They have a fairly firm commitment to their mission, and they are willing to be somewhat flexible in how they adapt to it. But the question is, what exactly does the future hold on this, which is basically I think the next point, which is there’s continued uncertainty here, all right? The economy in fact may be improving. We’ve – certainly the national indicators seem to indicate that. There was a report I think issued somewhat earlier by the National Conference of State Legislators, which seemed to suggest but the proof will be in the
eating, that perhaps the worst of the budget exigencies are behind us, but again, that’s a little bit uncertain.

And here it’s important to note one thing that we I think uncovered in our study, and really this is something uncovered by the group that did the interviews, which was Martha, Mallory, and Pat Atkins. I’m a public finance economist by training. I’ve also done work on the economics of nonprofit organizations. I’d like to think I understand something about how nonprofits and government fit together. But one thing that we learned from digging down with the interviews is really the complexity of this particular relationship, and of course you all know this, but you know, research is like we step back and say, gee, this is kind of interesting. One thing that we did seem to find in talking with the organizations is that particularly local governments value very much the ability to work with nonprofits as partners, and a big part of it is that they can use these organizations to bundle and leverage their own resources with all kinds of other resources. And it would be very difficult to do this if they were providing the same service as, for example, part of a government agency. It would just be much harder to do.

A consequence of that, however, is that human service nonprofits are really also very, very dependent on flows of funds from state and local governments. For example, if you go to the nonprofit almanac and you flip open the table that talks about revenue sources of different kinds of nonprofits, there’s actually a little footnote that talks about human services nonprofits and notes that that line item, which is program service revenue, I believe the phrase is, is likely to be coming quite in substantial measure from government sources, for example, whether this is third-party payments or payments to clients. And so that does make this particular part of the nonprofit sector I think especially vulnerable to what is happening in state and local budgets.

And this is in a way I think what hopefully is my segue into Alice Rivlin’s part of the panel, because we are sitting back to see exactly what is now going to happen. In the old days, a return to economic recovery would have also brought in additional state revenues. But as Alice pointed out I believe on a panel at a conference last fall, along with Bob Reischauer, in November, a lot of the states took advantage of what they thought was additional revenue in the ’90s, mainly coming from capital gains receipts, which leads me to wonder why they ever thought that was permanent, but that’s neither here nor there. The legislatures kind of looked at this and in many cases have enacted structural changes in their tax systems, okay, so the base line is different.

And so you have a different tax system now that yes, will bring in more money as the economy rebounds, but it’s not necessarily going to restore what was there before. And so one of the questions is what does that portend? I think when we began this study, none of us would have foreseen the rather interesting debates that are happening in Richmond and Annapolis right now. And I think it’s interesting – it’ll be interesting to see whether that’s just really a local trend or an ephemeral trend or whether that’s something longer term. But it is particularly important for this part of the nonprofit community because of the very close relationship that they do enjoy with state and local governments, and at least the local governments acknowledge this in all kinds of ways. I
mean, they acknowledge it in their interviews. We find they acknowledge this in their budget documents.

Local governments I think in this area have made serious efforts at the moment to try to keep at least the nominal flow of dollars constant to nonprofits, although there may not have been a corresponding real increase. You know, even though inflation is not very high, it’s still there. But the question is, are they going to be able to continue to do this? And in some cases, some local jurisdictions were suggesting that they have benefited in effect from some relatively short-term windfalls that may – you know, may not be a permanent feature.

For instance, the Virginia jurisdictions in particular, who have chosen not to rely on income taxes and are therefore more dependent on property tax revenues, have of course benefited from the unprecedented boom in property values in the area. But there was a recent article in the Post I guess two days ago pointing out that at least in Fairfax County, commercial property values are kind of leveling off. Residential values are still going up but not as quickly, and nobody’s expecting that to continue on a permanent basis, and so there is some trepidation as to what the future holds at that point.

So bottom line is the national trends are very similar here. That is, fiscal stress in this sector I think very much caused by the fact that state and local government finances have been adversely affected, organizations finding ways to cope with this, their state and local partners finding ways at the moment to keep the flow of funds coming to the organizations, but that’s the world as it looks statistically, if you will, as of 2002 and 2003. We’re now in 2004, and the interviews are telling us that people are just a little bit more nervous that the glass may be half empty rather than half full. And with that, I will turn the floor over to Alice Rivlin.

(Applause.)

ALICE RIVLIN: Thank you, Joe. I think the Nonprofit Roundtable has performed an extremely useful service in focusing attention on a major policy problem that everybody in this room has been dealing with. You may not have thought of it as a national policy problem. It was just how am I going to keep my organization funded? But we really have a major policy issue here, namely, what happens to nonprofit service providers? When public funds are tight, how do they cope? Who gets squeezed when demand rises and funding doesn’t? And what might be done to insure more adequate and more continuous provision of the essential services that nonprofits provide?

Now, we’re dealing with the downsides of two extremely important American institutions, uniquely American. The provision of services, particularly human services, by a nonprofit community as opposed to directly by governments, is something we believe in in this country. It reflects our weariness of governments and our strong tradition of private philanthropy. It gives government options and flexibility, and that’s a very good thing. It means that governments have – can deal with people through a network of nonprofits who understand the particular local community and have gotten –
come into existence because somebody really believed in helping the homeless or in early childhood education or in something else and is devoting their life and their work to doing that.

And it mobilizes private philanthropy along with government funding to deal with things that would be less flexibly and less well dealt with if all of this were done through government bureaucracy. But if we’re all done with government bureaucracy, then everybody would have benefits and their salaries would be continued to be paid during the lean years.

And we all know that when things go badly in this kind of a system, it is the nonprofits that bear much of the stress. My mind in this conversation always goes to the situation that developed in the District of Columbia in 1995, when the government went bankrupt, and it was the nonprofits that kept the homeless shelters open and day care centers functioning and the senior centers there when the government wasn’t paying its bills at all. Now, the current situation is not quite that extreme, but as all of you know, through the recession and particularly through the disaster of 9/11, it was the nonprofits that just kept going, whether there was money there or not, because that’s what you do.

Now the other institution that we’re dealing with the downside of is our American commitment to federalism. We’re too big a country to run a uniform system for the whole country, and we’re too diverse, so we have to rely on state and local governments for the provision of services on the ground as it were. And that’s a good thing, and the incredibly complex system of grants from the federal government to the states and localities and from states to localities is how we deal with this, and mostly it works reasonably well.

But we see the downside when the economy turns down, as it has quite regularly about every 10 years within the memory of this group, the recession – the very deep recession of the early ‘70s, the very deep recession of the early ‘80s, the somewhat shallower recession of the early ‘90s, and here we are again, dealing with the aftermath of the actually quite mild recession that started in 2001. But as Joe pointed out, one of the reasons that 2001 and its aftermath seemed so difficult was that revenues went up so rapidly in the 1990s, state and local governments, like the federal government, were quite flush, but they didn’t build up their rainy-day funds as much as they could have, although they did better than the decade before. And they cut taxes because they could and because people wanted them to, and they raised expectations about benefits as well. And then revenues simply fell off a cliff. They fell off a bigger cliff than they usually do because so much of the increase had been in capital gains and stock options and other things that people paid taxes on, but fell of a cliff they did.

Now when that happens at the federal level, as we see only too clearly, the federal government simply runs a deficit. That can’t happen or it can’t happen for long at the state and local level, because it’s just too expensive to borrow money. It may also be unconstitutional, but the main reason is that states and localities can’t market their bonds if they’re running persistent deficits. So states have responded in various ways and partly
by cutting back on programs differentially to low-income folks. And I think that’s not – that has to be seen as not entirely mean-spiritedness. What you do if you’re a state or a local government faced with a shortfall is first you do all the easy things. You defer maintenance and you cut back on some kinds of one-time spending that you’d be contemplating but can’t do, and can be deferred to another year.

But then the choices that you have are to cut programs or to cut people, and cutting people is difficult, although some of it has been done, and programs get cut back. And because of the nature of what state and local government does, it falls differentially on low-income folks because they are the ones that are the beneficiaries of that kind of service. And that’s what we’ve seen. The recession in this area has not been as bad as through much of the country, in part because the government is our major industry. But we have seen the revenue shortfalls in all of the jurisdictions around us.

And we know historically that even when the worst is over, and I think all the indications show now that it is, that state and local government is – revenues are beginning to pick up again. But there is enormous lag in part because things have been deferred, and the response of legislatures is always not to face the facts quite as quickly as they ought to or to raise revenues or fees as quickly as they might, because everybody hopes the situation will get better. And so the lag after a recession starts has historically been three or four years, and that’s where we are now. We’re in the beginning of the pick-up period, but fiscal year 2005 is going – is still going to be tight in all jurisdictions.

What to do? Well, there’s been a lot of thought about what to do about evening out the pressure on state and local governments from recession. Most of it is around solutions like a counter-cyclical grant or revenue-sharing program from the federal government to states and localities. I think that’s a very good idea. We did get a little bit of it this time, a very unheralded $20 billion that got stuck into the last tax cut bill of federal revenues to the states, half of it for Medicaid – not nearly enough, but a gesture in direction of helping.

What can state and local governments themselves do? Well, they can be a little more cautious about cutting taxes when they happen to be running surpluses, because they know it’s not going to last forever. They could build up their rainy day funds more. I think that some thought ought to be given to whether there should be special rainy day funds for the continuation for services provided by nonprofits. That’s something that ought to be thought about.

And what can the nonprofits and the foundation community do themselves? Well, I think that’s the discussion which I hope this meeting stimulates. Could we in this area have a – build a fund that would help us cope in the next downturn, which might not take – come for 10 years, to cope with the continuation of services? Can we build capacity in the nonprofits to do that themselves and to avoid some of the downsides of these crunches when the demand for services goes up rapidly and the revenues don’t follow?
Like Joe, I think the news is – the resilience of nonprofits is kind of remarkable, and the fact that it hasn’t been worse is a credit to the ingenuity of everybody in this room and your colleagues. But the kind of thought that needs to happen now I think is what can we do in the longer run to make sure that the capacity is strengthened and reserves are there for emergency moments, which will occur again. Thank you.

(Applause.)

MR. BEAN:  Thank you, Alice. I’d like to call Cornelius to bring it down to an important organization in our region.

CORNELIUS BAKER: Good morning, everyone. I’d like to thank Chuck Bean and the Nonprofit Roundtable and the Brookings Institute for inviting us to be here with you this morning. I’m going to talk briefly about the impact of the fiscal crisis at Whitman-Walker Clinic, but more importantly speak broadly to I think issues of the nonprofit sector.

I think the first thing that we’d like to acknowledge is something that I think Dr. Rivlin has already referred to, that we all have the privilege of living in a region that has remained extremely fortunate during this economic time in our country, and that we’ve been beneficiaries of a very generous community that has continued to support the work of many of us in this room, and that colleagues across the country have had a far worse time of it than ourselves. And so as we go into what Chuck has said, the nonprofit whine, I think that we recognize that there’s much for us to be grateful for.

And – but at the same time, I think that as we look around our city and particularly as we look at the downtown poor and we look at all the cranes and we look at the construction and we look at the building that’s going on, that it’s really important that we recognize that that growth is not touching everyone, and that there are many in our community that are suffering at a time that we see enormous wealth still being created. For many nonprofits, the past three years have been a very, very challenging time, and those range from the economic recession to obviously the consequences of September 11th, 2001, as well as other changes in charitable giving and the scandals affecting the United Way and other important contributors to our sector. That has resulted in us having to take very deliberate and proactive steps in order to quite frankly survive.

At Whitman-Walker Clinic, this has meant the sale of assets. We’ve sold property in order to be able to maintain our operations and reduce our debt load. The sale of properties, particularly residential housing units, have also impacted our mission that have had – you know, that will have longer-term consequence than shorter-term consequence. For example, we’ve had a net reduction over the past three and a half years of 30 residential housing units. And when we were making those decisions of course there were programs to shift people to that could maintain them in housing, but as we get to a point where there are very few new housing slots being created in our region for the poor, the loss of those housing units will begin to show up in the future.
We’ve also used surplus in fiscal year 2000. We produced a $1.5 million surplus, and every year since then, we’ve had deficit spending. And so — but we are at a point where we cannot — we don’t now have surplus to utilize, and we cannot continue to diminish assets, or we risk the future sustainability of the agency.

We’ve had layoffs, and we’ve had temporary hiring freezes that have been employed at differing times over the last three years to meet our needs. We’ve also increased our client payments over the past four years, so we’ve employed all of the different strategies that were spoken to earlier. We’ve also taken some proactive steps that — I think all of these are proactive, but we’ve taken steps that have brought in additional revenues. Certainly, we maintain an aggressive grants and contracting development process and fundraising program, but more specifically, we use advocacy to go out and get funds. And we recognize that we’re an agency that has a public policy and advocacy staff that many organizations don’t, but we would not have been able to continue investment in our operations and in particular our capital infrastructure without congressional earmarks. And so I think that it’s really important that we recognize that the way that we’ve been able to maintain is by doing also extraordinary steps that are outside of a general funding pool that is available to most nonprofits.

We are also evaluating efficiency of our operations in an ongoing way. The catch-22 here though is that to improve your operations, you generally need to invest in technology and other infrastructure, and that costs money. And so the tradeoff that nonprofits are then faced with is do you invest that money in the human services or other programs that are in immediate need, or do you invest that money into the capital improvements in technology, consultants, planning systems, that will get you where you need to be in three years, but aren’t — isn’t helping the hungry person at your door today.

And finally, we are evaluating our programs to look at what we can maintain and not maintain. And this I think is really the next way of what we’re having to face, and one program specifically that we’re looking at is housing. Can we continue to remain a housing provider? As rents go up, as — and we have to lay out cash in advance because some of the governmental systems do not provide advances on housing programs, the large lay of capital investment that you — cash that you have out there, which is really an interest-free loan to the government for providing an essential service that we’re having to ask ourselves, can we have that half million dollars a year out there uninvested in other programs that may be lower cost? And we are having an organizational discussion, both internally but also with our government partners as to whether the clinic can maintain a housing provider, and so — which will obviously have longer-term consequence on everyone if we do not remain in that core function.

We will have other programs that we will have to evaluate in the months ahead in going forward as we look at the current environment. And we’re looking at programs also based on what our indirect rates are and what reimbursements are. And many programs of course are limited to 10 percent caps on indirect, which we know are not sustainable to programs, and as long as you have a good pool of private funding, you’re
able to make up that difference. But private funders also want their money to go into program and not into the indirect, and so we have a very, very crushing challenge here.

So where are we? And I want to conclude with basically sort of recapping where we are and then maybe offering a few solutions for us to look at. It’s been talked about that we’ve been in a perfect storm, and I think that that’s true. And that storm probably has three waves to it. The first phase was the quiet before the storm, which we probably didn’t fully recognize for what it was, in the early days of the recession and prior to September 11th, where we heard all the talk about recession, but we really didn’t know what it meant. And there wasn’t a lot of proactive effort to either build cash reserves in nonprofits to face it, nor did government really think about what would be the long-term consequence in our communities of this recession. And so we mostly did nothing.

The second phase – the first wave was this drop in – the rather precipitous drop in private fundraising. And at the clinic, we’ve lost what we estimate as about $3.5 million in private dollars over the last three and a half years. And we’ve adjusted our budgets accordingly. And you know, we’ve all weathered that through the variety of mechanisms that I talked about before, and now we’re looking at the next wave, which we all see is there. Our country has a half – you know, a half billion dollar deficit, and $500 billion deficit pending, and we know that our local and state and regional governments are at a very delicate and difficult point, particularly in Virginia.

And so we I think are faced with what will this mean for us. And now – and this is what brings us to some of the solutions, because we know that this pending, so what should we be doing now to prevent what we’ve just seen on the private side affecting us on the public side. I think the first thing that we have to insist on is that our governments at all levels adopt reasonable and sensible budgets in a timely fashion. The process of the federal government in its budget delays over the past three years is simply unacceptable, and none of us in the nonprofit sector would have our jobs if we were producing budgets in this way and with these amount of delays.

We also have to establish policies that position – that really look at how you create a healthy community. And while we focused on the human services element, these policies also have to think about culture. What type of community, art, what type of theater, what type of music do you really want in the building of an infrastructure to create a healthy and dynamic community. And this is an economic issue that the Board of Trade and others should really be thinking about because, you know, what does it take not to have homeless on the streets? What does it take to have arts organizations that attract people to live in your region and in your city? And at a time when we’re competing with every other city and region across the city, for businesses and for people to move here, and the nonprofit sector is a fundamental part of the attractiveness of any region.

And then thirdly, we must establish a regional forum in whether that’s an institute, whether it’s summits, whether it’s something in the council of governments. I
don’t have an opinion, but it must be dedicated to ensuring that the nonprofit sector remains vibrant and healthy.

And I would just conclude with saying that nonprofits cannot be the forgotten sector, nor will charity simply take care of itself. And now is the time to prevent a perfect storm from becoming a huge, huge disaster. Thank you very much.

(Applause.)

MR. BEAN: Al Eisenberg asked me to share his brief message with you all, so if I hold my paper like this, you all will know that I’m serving as Al Eisenberg at this moment.

Al writes that, “From the perspective of a former chairman of a county board of supervisors and now as a member of the Virginia General Assembly, it is crystal clear that nonprofits get caught in the politics of budgeting and suffer as a result. In the current budget dispute between the House and Senate in Virginia, for example, the continuing disagreement puts nonprofits at some risk. For one thing, nonprofits rely often on some assistance from public sources, and if local governments cannot craft accurate budgets because they don’t know how much will be available to them from the state, then the nonprofits cannot adequately plan for their programs and employees.”

Al writes, “Even though we know that nonprofit organizations save localities money because they raise substantial funds from nongovernmental sources, because the nonprofits are not of the government, they are sometimes last in line for funds when budgets are tight and governments see to fund their operations first. Good nonprofits operate like good businesses, but when the government cannot act in a business-like fashion, the nonprofits cannot effectively maintain their administrative requirements and their programs.

“Good luck in your forum. It’s an important discussion. I regret that I cannot be there to participate.”

I’d like to open it up now to questions and answers and your thoughts, and then I’ll wrap us up. The Roundtable’s famous for ending early. We’ll take about – early or on time. We’ll take your questions now, and then I’ll give a wrap-up with some of the thoughts that I’ve been hearing from Roundtable members in the last several weeks.

Yes? If you could identify your name and your organization, and then if it’s specifically addressed to a panelist, to whom.

Q: I’d like to hear from the panel how nonprofits can do a better job in terms of the sector as a whole versus trendy causes. I know that through the 15 years or so that I’ve been in the nonprofit world I’ve seen homelessness be trendy, HIV be trendy, right now it’s disaster response being trendy and I think that we all ride that rollercoaster and I
think maybe if we could come together as a sector we would maybe feel that trendiness rollercoaster a little less. So I just wanted to hear a little bit about that.

MS. RIVLIN: Let me just start by agreeing with the point of view of the question. I mean, this is a serious problem and, I think, in part it stems from the foundations feeling quite naturally, I think, that if they’ve been funding something for a while it’s gotten – it should have gotten off their books and onto somebody else’s, not clear whose. And they want to do the new, new thing, and then because they talk to each other and because major events like 9/11 influence they all seem to glom on to the same new, new thing.

What can be done about it? Well, I’m not sure what the answer is there except better communication by the nonprofit and their regional and local organizations of where the needs really are, what is it that is increasing as a need and what is decreasing as a need and how can we better address that. And I don’t have a better solution than that.

MR. CORDES: If I could just add one other point to that and that is that I do take the point that moving to sort of one more trendy set of needs obviously can take away resources from others but in a bigger picture it actually once again speaks to, I think a rather interesting and not that well recognized feature of the nonprofit sector – which I’ve actually looked at in some other work with people at Urban – which is that it’s a very dynamic sector. It’s really characterized by lots of entry and exit and organizations recognizing new demands and responding to them.

Now, that has some mixed consequences as you’re pointing out, but some are not altogether bad either which is that you have this group of organizations that are there to meet needs that, for example, government would take a long time to figure out what to deal with and we do see this. I mean, and it’s a very interesting feature and, I think, one that’s not as well studied as it might be, but it does have costs and collaboration which is something, I think, that Alice was alluding to is one way in which nonprofits already recognize a way of addressing this issue and the question is how does one facilitate that better.

Q: I guess, I wanted – it’s not really a question, I guess it’s a statement, maybe a comment from people and the guests. I think that from 9/11 to now the budget cuts and everybody feeling the crunch, one of the things that I’m seeing is a lot of – and in Foreign Policy magazine there was an article the other day – but I think that there is a lot to be said about how people are feeling about immigrants that are here, that are coming in. I’m certainly – in our organization we’re feeling a lot of the crunch by having a lot of the folks from the suburbs being pushed into the city for them to be served in the city.

What some of the states have done – or some of the jurisdictions in the area have done is – anyone, for instance, who is undocumented in regards to the Medicaid budget cuts – is push people to the cities to be served and refuse services to those individuals. And I just want to kind of see if someone had a comment about how do we handle that because I think from 9/11 to the budget cuts to more and more people coming into this
country because of our policies overseas obviously the immigrant flow is not going to stop.

MR. CORDES: Yeah, well, let me just make one comment. It actually relates to a point, I think, that Alice made in her comments. In public finance it sort of used to be axiomatic that income transfer policies are not things in which local competition allowed to run rampant are necessarily a good thing and this is an illustration of something like this. And so part of the issue is part of this broader question of what exactly in the area of social services is the proper division between federal and state and local, and there is a division there and there are clearly functions that you want to have state and local governments do and not all of devolution is necessarily a bad kind of outcome.

But there are downsides to this too and one of them is that one jurisdiction does one thing and individuals vote with their feet, for example, because jurisdiction X doesn’t do something but an adjacent one does and then the adjacent jurisdiction looks at this and says well, maybe we ought not to do this either. So I think that’s potentially part of this broader discussion of exactly what ought to be the proper division here between pure local functions and things that are either more regional, state or at some point federal.

MR. BEAN: I think just a couple more questions. Let’s go with Michael from Kennedy Institute.

Q: Can you hear me? This may also be more of a comment than – the question came up what can nonprofits do and the comment about being trendy and the feedback is being trendy is being reactive. What can we do proactive because one of things is that we’re spending all our time building safety nets rather than making sure that we have programs that get people to participate more in the employment community. So how do we get that dialogue going? I think the Nonprofit Roundtable could serve in that function to start thinking about how do we make program planning proactive and reach out to partners in government and in the philanthropy community to fund those so that as downturns come perhaps there are fewer people who are already on the fringe and therefore the money will go further.

That’s just a comment. I don’t know if there’s reaction to it.

MR. BEAN: Thank you. I want to keep moving to get as many voices and if that’s all right, Mike from Freddie Mac.

Q: I’m Mike Schwartz with Freddie Mac. Is this recession different from other recessions and the impact on nonprofits?

MR. CORDES: Qualitatively no, in other words, this picture that one sees of nonprofits adapting in the way they have this time, I think, is similar to what one has seen in the past. What is different about this one is this particular effect that it’s having on state and local governments because of their particularly close relationship with some of
the human service nonprofits, but even that, as Alice has pointed out, is not new. I mean, we’ve had other cases where states and local governments have experienced downturns.

What, I think, is possibly different — let me put it this way — is that the concept of these kinds of public-private partnerships, which really do create both the vehicle by which nonprofits help local governments do what they do in a particular way but also makes them more dependent on revenue streams, I do think is something that’s become more integrated into the framework of how the sector operates. And so in that sense we might expect it to be somewhat more sensitive to these kinds of fiscal upturns and downturns.

MS. RIVLIN: I think there are a couple of things that are different and they’re — neither of them encouraging. One is that we have a negativism about government pervading the country but very much at the federal level and a negativism about paying taxes that has to be, I think, combated by people who understand very well on the ground what it is that government money is used for speaking up loudly because what we really need is to say to people — the citizens generally — what do you want your government to do? And most of the discussion is very abstract. It is government is too big and we don’t want to pay more taxes, but when faced with information about cutbacks in real services a lot of people don’t want that to happen.

The other thing that’s different and worse is that we have not only the impact of the recession, which I think is going to get better, but we have this overhang of federal deficit which is going to put continuing pressure on domestic spending at the federal level and that just filters down to state to local and to all of you.

MR. BEAN: Let’s take — Chuck, if we could, I’m going to ask all three to say their questions in rapid fire and we’ll take responses as we can. From Roosevelt, to Elliott and — those three please.

Q: Mine is not a question. I think it’s a comment, and basically the comment is that being in the nonprofit industry for several years on the financial side, I’ve come to really appreciate the fact that nonprofits are always compelled to do a lot with very little and as Cornelius was talking I just said welcome to the club. I’m from the YWCA. We’ve also sold assets in the past to keep programs going, and the bottom line to my comment that basically we’ve had probably a lot of funders — I mean, this comment will be actually for funders — a lot of funders in our midst have started the trend of denying — I mean, funding to organizations for the simple reason that they have deficits. And those deficits are not done in isolation, they’re done because they have to. I mean, I don’t know how else to put it.

In our particular case, most of deficit is from depreciation and we’ve run into foundations who have told us it makes absolutely difference how the deficit ended up in your books. You’ve got to find a way to resolve it. And the bottom line is, my appeal is to funders in our midst. That because they understand trends that is happening, the decrease in revenues, the increase in deficits in nonprofit books, the necessity to sell
assets to keep programs going, that we are appealing to you for a short period of time basically to separate – make a separation between cash flow for program operations and financial – (inaudible) – operations.

What I mean by that is if you can back our depreciation for the mean time and see that organization – even though organization may have a deficit on their books, they’re still relatively healthy, then you can help us keep our programs going until the finances turn around and the revenues come in to offset those depreciation items.

MR. BEAN: Thank you, Roosevelt. CFO at YWCA. Take a quick one from Elliott.

Q: Elliott Harkavy, I’m a consultant to the Roundtable on another project. All of the speakers spoke to the innovativeness of the nonprofit community and I’m wondering if in the course of this study and the other studies mentioned as part of this study, there’s been any capture of – or any capture of how certain nonprofits instead of cutting services or cutting administrative costs might have developed innovative service delivery models or innovative partnership models that might allow them to do more for less? And if so, is it being captured and disseminated as part of this or the related studies?

MR. BEAN: Let me take Martha before you answer. Let’s take the – Esther, you want to get in too? Okay, can you both be real quick? We’ll just both ask the questions and we’ll keep – we’ll bundle all these questions together.

Go ahead.

Q: I had two questions. One – Roberta Geidner-Antoniotti, I’m the managing director of operations for Whitman-Walker Clinic – in your study, did you look at competency level of management staff? Part of what I’ve seen in 20 years in nonprofits is there’s a lot of really fabulous people who are social workers, psychologist and service providers who rise to the level of management but don’t have a lot of expertise in terms of business, and some of the financial situations and some of the business situations that I see nonprofits getting into is a result of that lack of experience or expertise where I think that could be great partnerships between public and private institutions that could help. So, did your study look in terms of the difficulty that nonprofits are in in that variable aspect of their management?

And, I guess, the other side – to go back to the lady’s comments here – is on the foundation side, have you – are you seeing any trends in the changes in foundations who tend to provide one-year grants, two-year grants and then say that’s all the funding you’ll get, you should be able to establish sustainability by then, which is completely impossible in any realm of thinking? So those two things to me also seem to possibly contribute to the position that we’re in now.

MR. BEAN: Thanks. And a real quick one from Esther.
Q: I don’t know, she asked – raised two questions but my – what I’m going to say is just a comment from immigrant serving community organization. That gentleman, he’s not there – but the economic recession – recent recession is different from other recessions, I think, I have to address what’s going on in immigrant community and community based organization perspective. The economic recession, recent recession coupled with post 9/11 impact – you don’t know what’s going on. Every day people come with fear. There is the anti-immigrant climate in a way here and there.

And we had a case yesterday, the person got caught by police for drunk driving, DUI. I know it is bad but the person is in the – on the verge of deportation. You don’t know what’s going on. It can go anywhere from just a simple behavioral problem can shake the whole family, can lead to a deportation. That much – it’s a serious – many families, the peace has broken. They – because of that we have a lot of domestic violence related requests and child abuse because of the raised stress level, fighting every day whether I will be safe or not. That much – the impact is so huge in negative – in a negative way.

Thank you.

MR. BEAN: Thank you, Esther. Esther is from Korean Community Service Center of Greater Washington and the newest Roundtable member. Welcome. So teeing up: question about capturing innovations, competency, comment about foundations, and then similar to Maria’s, anti-immigrant climate.

MS. ROSS: The piece about innovations was – yes, we certainly did see some evidence of that. A number of groups are working – or a couple – some groups are working to develop some profit generating subsidiaries and adopting more of a business model. One is hiring a director of business operations.

The most interesting collaborative and innovative effort that I came across was something that Community Bridges in Silver Spring is involved with. They are teaming up with Impact Silver Spring and a group called Centro Familia to form what they call La Collectiva, which would be a joint facility for community serving nonprofits where they could pool their administrative functions, they could serve as an incubator new, smaller nonprofits and generally use the shared space for the good of all so that the childcare center could provide childcare for parents who, for instance, are participating in the leadership class at Impact Silver Spring. And they’ve gotten some foundation funding to develop a business plan for this and it’s pretty impressive.

In terms of the management competencies, we didn’t look at that specifically but it is obviously critical. A colleague of mine once ran a free clinic and she mentioned that when she got a large grant award she just used all of that money in one lump sum to pay off her mortgage because she didn’t know that what she should do is pay off some of her debt but keep the rest of it for cash flow and for emergencies coming up. And so – I mean, your point is exactly right on. She got into that business because she wanted to
provide health care for low-income people and she didn’t know anything about property management.

But what we are seeing is some interesting technical assistance that’s happening. Venture Philanthropy Partner’s model is providing a lot of assistance that way and Fairfax County, they match up applicants for their consolidated funding pool with some technical assistance and some mentoring to help them along. Of course, one of our survey respondents noted that her organization was large and complex enough that she didn’t need Budget 101 that a lot of organizations do need. What she needed was 501 and she was not yet getting that.

In terms of the foundations, we didn’t focus – we focused more on trying to track down public funding streams so we weren’t able to devote attention to the foundation streams.

MR. BEAN: Right. As a sponsor of the study and the buyer of the bagels of this morning, I’m going to just take a couple minutes for some further ideas and as you have many other questions, because I see other hands being raised, grab the panelists afterwards. We have this room for the rest of the day.

From my perspective at the Roundtable, this is a very important study. It’s the first regional study that puts in very concrete terms of how local governments invest in or do not invest in nonprofit organizations, the consolidated funding pool in Fairfax County, the Collaboration Council, Montgomery Council, et cetera. We do know that fiscal pressures are great but we also know that lawmakers have choices.

Fairfax County executive Tony Griffin is right when he notes in his citizen’s guide to the budget that budget cuts will have, quote, “short-term savings but longer term consequences.” Whatever we do with the budgets in the counties, in the District, state of Maryland, Commonwealth of Virginia, let us not balance the books on the backs of the most vulnerable and those that serve them. We have to convey that cuts have consequences. Prince George’s County Commission for Children, Youth and Families: Funding has sharply declined in the last several years. Mayor Williams’ budget has a housing production trust fund being halved this year. There’s $39 million in cuts or more on the table in Fairfax County and that means 550 childcare slots and many other possibilities that could be cut.

So three sets of action items. The first is for all of us as residents of this region – there’s two messages as residents, we need to acknowledge that cuts have long-term consequences and it’s vital to our region that lawmakers pass state and local budgets that include no additional cuts to key services. Second message – and it’s more implicit and it’s why we commissioned this report and I hope you carry this with you – is to carry this message, lawmakers, we are watching. Can you say that with me? Lawmakers we are watching. With this study we’re watching more closely than we ever have before.
Thank goodness for D.C. Policy Institute in the District. In Maryland, thank goodness for Maryland Budget and Tax Policy Institute. Here’s an idea: we need a fiscal policy institute for Northern Virginia, not this one-time shot about looking at the consolidated funding pool in Fairfax County and Section M in Arlington and Alexandria. We need a monitor every year, a Northern Virginia Fiscal Policy Institute.

Three steps for us as the nonprofit sector: first, we need greater synergy between service providers and grantmakers and advocates. All three kinds of nonprofits need to be working more closely together. Second, as nonprofit leaders we need to get beyond whine. Yes, our work is hard. Yes, we work long hours. Yes, it’s hard to meet payroll, sometimes impossible. Yes, more money is needed. But we need to frame in our case to policymakers in investment terms, I think. Policymakers know that cuts have consequences and we need to make more explicit how cuts would diminish the quality of life in our region.

Third thing, as a sector we need greater solidarity across the region. Cuts to funding for childcare in Prince George’s County ought to be a concern to childcare providers in Fairfax County and vice versa. A spokesman for Mayor Williams said last month that they’re thinking about standardizing services, and standardizing services is Orwellian double talk for reducing services. It means that they’ll look at what are the surrounding counties doing and if the District is doing anything better they’re going to standardize down so that they can spend less money.

Third set of action items, as Michael and others have said, we’ve got to work together better across the sectors, and the first one would be cross-sector forums and we’re calling on the best minds in our region from business, government and nonprofits to work better together. We ought to have a summit or a mini-summit or a series of mini-summits of dozens of these leaders on childcare, for example, that could employ this investment mentality and develop a shared vision. The same kind of mini-summits could be employed for workforce development, or for affordable housing, literacy, and other critical needs in which we’re engaged.

Second, how we can work together across the sector is through better regional indicators. The Brookings-GW Report has begun to map the train of local government funding but we need more indicators of need throughout the region, a report card for how we’re doing. Alice and the Brookings folks, maybe we need a nonprofit version of the Potomac Index to look at some of these critical needs that are in our region and how well we’re doing on them as a society.

The outcome of these summits and indicators could be a powerful agenda for children, a powerful agenda for job training, et cetera. Whatever it takes for our world class region to provide world class childcare, world class health care, that people have decent places to live inside the Beltway and outside the Beltway, and in the inner core that we have safe neighborhoods for all of our youth to go to Boys and Girls Clubs and United Community Ministries. We’re all only going to realize that vision by working together as nonprofit leaders and lawmakers, business leaders and all of us.
Thank you for coming. Go call your lawmakers, say we’re watching and don’t balance the books on the backs of the most vulnerable and those that serve them.

Upcoming Roundtable events, April 30th we’re going to have the editor-in-chief of the Nonprofit Quarterly talking about the essence of nonprofit governance. Not just the nuts and bolts, but what does it really mean – what does a nonprofit board really need to do. Our annual meeting will be June 3rd and Bill Shore who’s written a couple books, the most recent is the “Light of Conscious” will be our speaker.

Thank you for coming. Look forward to working with you.

(Applause.)

(END)