

The Nonprofit Center of Northeast Florida

Strengthening the Independent Sector

In *Holding the Center: America's Nonprofit Sector at a Crossroads*, Lester Salamon writes about four distinctive types of contributions made by nonprofits to society: guardian of values; provider of services; monitor of societal problems; and creator/sustainer of common bonds.

In addition to contributing to a stronger social fabric, the nonprofit sector has contributed significant economic value to American society. In 1997, according to *The New Nonprofit Almanac & Desk Reference*, the total annual revenue of the independent sector approached \$665 billion. In 1998, "one out of every twelve paid employees in the United States worked in the nonprofit sector." In addition, the same publication estimates that "volunteer employment contributed over \$200 billion in unpaid human resources to the economy" in 1998.

Currently, however, nonprofit organizations are facing serious challenges, including, but not limited to, increased demand for services (often as a result of devolution and federal and state legislative budget cuts), more competition (from both for-profit and other nonprofit organizations) for less funding, changing demands on the part of funders (e.g., for greater accountability or outcomes-based reporting), and greater public scrutiny.

Responding to these demands, as well as to increasing costs associated with maintaining and supporting staff and operations, can stretch nonprofits beyond their limited resources – especially because they cannot pass increased operating costs along to their "clients." For all of these reasons, nonprofit organizations of all sizes are realizing a need to coordinate their efforts and combine their resources. They are also looking at the role they can play in advocating for public policies that will protect their employees and their ability to provide much-needed social services to the public. But they need the support of the public and other interested organizations to grow into that "vital, traditional role."

In their essay "Civic Participation and Advocacy," Elizabeth Boris and Jeff Krehely write: "Throughout U.S. history, individuals have voiced their concerns and worked together in nonprofit associations to shape and reshape the country's political, economic, and cultural landscape.... Building the capacity for advocacy is a

The Roles of Nonprofits in Society

Value Guardian

"Perhaps most fundamentally, the nonprofit sector functions as a 'value guardian' in American society, as an exemplar and crucial embodiment of a fundamental national value emphasizing individual initiative in the public good. Just as private economic enterprises serve as vehicles for promoting individual initiative for the private good, nonprofit organizations provide a mechanism for promoting such initiative in the pursuit of public purposes."

Service Provision

"The nonprofit sector has functioned as a first line of defense, a flexible mechanism through which people concerned about a social or economic problem can begin to respond immediately without having to convince a majority of their fellow citizens that the problem deserves a more general, governmental response. It also provides a vehicle through which publicly financed services themselves can be delivered, thereby avoiding the enlargement of governmental bureaucracies and keeping the provision of services in private institutions at the community level."



Advocacy and Problem-Identification

"[N]onprofit organizations also play a vital role as mechanisms for mobilizing broader public attention to societal problems and needs. [...] By making it possible to surface significant social and political concerns, to give voice to under-represented people and points of view, and to integrate these perspectives into social and political life, these organizations function as a kind of social safety valve that has helped to preserve American democracy and maintain a degree of social peace in the midst of massive, and often dramatic, social dislocations."



Social Capital

"[N]onprofit organizations play a vital role in creating and sustaining what scholars have come to refer to as 'social capital,' i.e., those bonds of trust and reciprocity that seem to be pivotal for a democratic society and market economy to function effectively, but that the American ethic of individualism would otherwise make it difficult to sustain."



Holding the Center: America's Nonprofit Sector at a Crossroads

Lester Salamon

relatively new and promising activity. Effective advocacy requires management as well as organizing skills and an understanding of the relevant laws and regulations. Many analysts and advocates believe that increasing funding for advocacy organizations and activities should be a top priority for the foundation community.”

It was in this spirit that the Nonprofit Center of Northeast Florida was born.

The Nonprofit Center: A Community’s Vision Put Into Action

In 1998, the Jacksonville Community Council, Inc., (JCCI) undertook a study of the nonprofit sector in Northeast Florida, which in 1997 consisted of 2,346 nonprofit organizations, 64 percent of which (or 1,507) had 501(c)(3) charitable status. Only 505 of these organizations had receipts of \$25,000 and more and thus were required to file a tax return. The study aimed to gather information for the citizens of Jacksonville about the strength and efficacy of their local nonprofits. “We noticed some trends in the environment of the nonprofit world, but realized we had very little research,” recalls Jill Langford Dame, who chaired the task force organized to implement the study’s recommendations and now serves as board president of the Nonprofit Center of Northeast Florida. “The study allowed us to gather data on how local nonprofits operate and are governed, how they identify and respond to community needs, where they go for support, and how they respond to public concerns about accountability.”

Among its findings, the study reported that Northeast Florida nonprofits lacked “an organizational vehicle [. . .] to increase public understanding, share information, grapple with issues, and advocate for a strengthened nonprofit sector.” The study recommended the formation of a nonprofit center, and the Jessie Ball duPont Fund, whose president, Sherry Magill, had chaired the JCCI study group, agreed to convene an ad hoc group to think through what such a vehicle would look like and do.

The Fund’s interest was bolstered by the fact that its own offices and those of 53 of its eligible organizations are located in Northeast Florida, and would benefit from such a center. Ultimately, the duPont Fund invested \$50,000 a year for three years in the Center and assisted in bringing other funders to the table, including The Community Foundation of Jacksonville, the Jaguars Foundation, the Blue Foundation for a Healthy Florida, and a number of family foundations (the DuBow Family Foundation, the Weaver Family

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Foundation, the Delores Pass Kesler Foundation, the Ida M. Stevens Foundation, the Kirbo Charitable Trust, the Edna Sproull Williams Foundation, and the David A. Stein Foundation).

The implementation task force spent the next four years surveying the nonprofit community and working through the details of supporting a nonprofit center. “We spent the first year primarily educating the community about nonprofit centers and learning about the different kinds that already existed,” says Dame. Over the next two years, the task force hosted dialogues among leaders from the nonprofit, business, and foundation worlds, as well as community leaders, ultimately coming to the conclusions that the area would benefit from such a center, that the community was supportive of its creation, and that the center should be an independent, stand-alone organization (not housed within a chamber of commerce, college campus, or other nonprofit agency). In the fourth year, the group went about the business of incorporating, raising a three-year operating budget, and hiring an executive director. Dame notes, “We wanted to start off with enough money that the executive director could get right to work on the issues and not worry about raising funds to pay his or her own salary.”

The resulting Nonprofit Center of Northeast Florida was launched October 29, 2002. The mission of the Nonprofit Center is to enable a thriving nonprofit community by equipping nonprofit leadership, facilitating collective action, and enhancing public understanding of the sector. One of the Center’s primary strategies for facilitating collective action and enhancing public understanding is advocacy.

Executive Director Jonathan Lever acknowledges that the Center is a hybrid of other centers’ models: “We’re not just a management support organization that offers bulk discounts, training, and management consulting to nonprofit leaders. We’re also a provocateur – an organization that challenges nonprofit leaders and the community to think differently about their organizations and needs.” To that end, the Center has sponsored workshops such as “Nonprofit Entrepreneurship: Difficulty Raising Money? – Consider Earning It” and has convened philanthropic and nonprofit leaders for a five-part series called “Uplifting (Nonprofit) Leadership” – a series that uses short readings in the humanities to raise fundamental issues at the heart of being a nonprofit leader. Lever adds, “In addition, we’re an advocate for the sector; we are taking an active role in strengthening public awareness and support of nonprofit organizations.”



Workshops and educational series have found eager audiences in the first year of the Nonprofit Center of Northeast Florida.

Photo by Laura Evans

The Nonprofit Center and Workers' Compensation: How Advocacy Can Bolster the Nonprofit Sector

Part of the Center's challenge in raising public awareness is to shift the public focus from the special tax benefits enjoyed by nonprofit organizations to the nuances of everyday operations that place a heavier burden on nonprofits than on for-profit organizations. "Nonprofits play a huge role in the socioeconomic fiber of the state, but legislators and the public don't know it because nonprofits haven't had a unified voice, someone to advocate for them in Tallahassee," says Lawrence DuBow, a founding board member of the Nonprofit Center. "At this stage, the Nonprofit Center can play a leadership role in teaching government and the public about the sector."

The Nonprofit Center's involvement this year with legislation on workers' compensation insurance demonstrates the role a unified voice can play in teaching the broader public about the sector and ultimately changing the perception of nonprofits.

In January 2003, after hearing from nonprofit organizations in Northeast Florida that the escalating cost of workers' compensation premiums was beginning to erode their ability to deliver programs, the Nonprofit Center convened a meeting of nonprofit executives, insurance professionals, funders, attorneys, and a representative of the chamber of commerce to learn about the issue. This meeting, combined with the Center's research, revealed that the insurance industry was refusing to insure nonprofit organizations because, given the recessionary economy, nonprofits were not a profitable line of business to insure. Faced with losing their coverage, many nonprofits were being forced to "lease" their employees from professional employment organizations (many of which were losing their workers' compensation insurance) or pay exorbitant premiums for coverage under the State Workers' Compensation Fund - the so-called "Insurer of Last Resort."

As an example, the premiums of one nonprofit went from \$45,492 in 2002 to \$197,517 in 2003, when it was forced to obtain coverage from the state fund. In February 2003, a Jacksonville-area United Way agency that served children was forced to close because of its inability to afford workers' compensation insurance. "What the public and government officials didn't understand," says Lever, "was the inelasticity of nonprofits' budgets. A small business might increase the cost of its goods or services to make up an increase in

expenses such as workers' compensation insurance. In other words, it passes the cost on to the consumer. But a nonprofit generally does not receive payment from the consumers of its services. There's no way to pass on the cost. It's simply not possible, for example, to ask a homeless person to pay more for services he or she receives at the homeless shelter."

The Nonprofit Center saw an opportunity to educate policy makers and the public about this important but subtle difference between for-profit and nonprofit organizations. The Center pursued media coverage of the issue and wrote letters to legislators requesting that more attention be paid to the workers' compensation crisis as it affected nonprofits.

By March, the Nonprofit Center had testified before Rep. Dennis Ross's House Select Committee on Workers' Compensation about the particular challenges nonprofits face with regard to workers' compensation insurance. Later that month, Governor Jeb Bush invited the Center and several nonprofits to present the Center's research and suggestions to him and Lieutenant Governor Toni Jennings, a small business owner herself.

"We presented the issue using a play out of the state's own playbook," Lever says. "We said that if the state believed in devolution - the decentralization of funding and responsibility for local social services - then wasn't it inefficient for the state to give funds on the one hand and then force nonprofits to pay the same funds back to the JUA to obtain workers' compensation insurance?" Jennings and Bush were receptive to the Center's proposal. They promised their support for bills under consideration by the House and Senate to reduce the cost of workers' compensation while increasing the benefits.

Then, Lever began working with other nonprofit organizations, lobbyists, and legislators to help draft legislation that would pay particular attention to the needs of nonprofit organizations. Specifically, the proposal called for the elimination of two JUA charges - the Risk Adjustment Factor and Surcharge - faced by nonprofits. By June, a modified version of that legislation was passed in a special session and Governor Bush signed it into law, to take effect in October 2003.

The legislation enables qualified charitable organizations that cannot obtain workers' compensation insurance in the voluntary marketplace to obtain coverage from the JUA at a cost significantly lower than the very high cost previously charged. The law achieves this result by placing a cap on the amount charged by the JUA.

“This is good news for nonprofits,” says Lever. “It’s significant that a section of the legislation specifically addresses nonprofits. Without the Center’s effort, this section would not have been included. Now that it’s there, it provides the architecture around which to build other provisions for nonprofits. In addition, the JUA cap will save organizations that cannot obtain coverage in the marketplace significant amounts of money. Depending on the size of the organization, that amount could be hundreds of thousands of dollars.”

“It was a clear success,” Lever says, “but only a qualified victory.” He notes that the experience helped prove that nonprofit advocacy and informing legislators about nonprofit issues and concerns really can work, and that once people understand issues they can be sympathetic and ready to respond to them. Still, Lever hopes to be able to continue working with the legislature to increase the number of nonprofits who benefit from the new provisions.

The Center has hopes of educating the public and the legislature about other issues that will potentially affect the existence and operation of nonprofit organizations in Northeast Florida, like the proposal to eliminate nonprofits’ sales tax exemptions. “When that debate comes up,” Lever says, “we’ll be there to explain why nonprofits need and deserve the exemptions.”

Early Lessons

In its first year, the Nonprofit Center of Northeast Florida has made significant strides and learned some valuable lessons about building a support organization. Some of the lessons Lever says he would share with other emerging nonprofit centers include the following:

- Be on the lookout for a big victory – early. It’s not

critical that the big victory be determined ahead of time, but it's critical that a new organization be aggressively searching for the big victory.

- Structure your board in a way to include nonprofits, for-profits, and government officials. Too often nonprofit centers include only nonprofit executives on their boards, and that simply furthers the nonprofit sector's marginalization.
- Connect with other people (formally as board members or informally as friends/acquaintances) who have “started something from scratch.”
- Find trustworthy people completely unconnected to the organization who will ask tough questions about the organization - people who, to borrow from leadership expert Ron Heffetz, can help you get “from the dance floor to the balcony.”
- Be comfortable with the messiness of building a new organization. It's not always neat and tidy; a willingness to allow events to unfold has merit.

Perhaps a larger lesson that the Nonprofit Center offers is that investing in infrastructure, even during economic downturns, can increase organizations' productivity and efficiency. Dame points out that none of the private and philanthropic funders who supported the Center's initial budget did so at the expense of funding local nonprofit organizations: “All of our funders saw the need for the kind of support the Center was going to give the people and programs they were already funding - they saw that their investment in the Center would multiply the effects of their investments in individual nonprofits.”

DuBow calls the funders' willingness to support the Center “venture philanthropy.” “Foundations need to find new ways for the sector to share resources and improve their program delivery - especially when a lot of providers have been forced to cut their budgets for staff and consultants,” he says. The Nonprofit Center's early success with workers' compensation legislation serves as an example of just how valuable a central support organization can be.

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