

Three Simple Things Statewide and Local Elected Officials Can Do to Strengthen Communities, Improve Government, and Save Taxpayers Money

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In election campaigns throughout the country, voters are asking candidates what they will do to solve problems in their communities, make government work better, and resolve our many fiscal problems. Recognizing that there are fewer dollars available to state and local governments, the nonprofit community – working every day to improve lives and solve problems – has three proven, nonpartisan solutions for soon-to-be elected and re-elected government officials who are committed to strengthening communities, improving government, and saving money for taxpayers.

Charitable Nonprofits: Nonpartisan, Community-Focused, Solutions-Oriented

In communities across America, charitable nonprofit organizations are working to address local needs: protecting and educating children, training the workforce, nursing the sick, supporting our elders, caring for returning soldiers, rebuilding cities, fostering faith, elevating the arts, protecting natural resources, and more. Some nonprofits successfully pursue their public-spirited missions with very little government interaction; but often governments turn to nonprofits to provide vital services to citizens and fulfill commitments and programs established by policymakers. In all cases, charitable nonprofits are essential partners with state and local governments in solving problems and implementing solutions.

Some elected officials recognize the significant contributions that nonprofits make in improving lives and communities. For instance, in just the past two years Governors in Alabama, Idaho, Michigan, and North Carolina have proclaimed Nonprofit Weeks or Nonprofit Awareness Months. Right now, statewide officials like Governors, Attorneys General, and Comptrollers and local leaders like County Executives and City Mayors have the opportunity to go beyond recognition of nonprofits and make meaningful change by taking action on these three simple things:

Simple Thing #1: Establish a Government-Nonprofit Task Force to Streamline Contracting

Cutting wasteful red tape helps everyone.

Governments at all levels contract with charitable nonprofits to provide efficient and effective services to residents that would be more costly if provided by others. Yet governments are not always good partners with nonprofits: three out of four (75 percent) nonprofits receiving state funding report that governments do not reimburse the full cost of contracts and grants.¹ In a separate study, over half of nonprofit human service providers (53 percent) contracting with government reported that government paid them late.² Plus, nonprofits reported other problems such as governments imposing burdensome and redundant application and reporting requirements (76 percent), and governments changing contract terms mid-stream (57 percent). These practices add unnecessary costs for government and nonprofits that ultimately reduce the quality and quantity of services provided to individuals most in need.

To address contracting and other problems such as these, a few Democratic and Republican Governors, Attorneys General, and other officials have formed government-nonprofit task forces. These public-private collaborations already have produced results, consistently paying off for taxpayers in their states. The elected executives in the following examples created task forces addressing the dual goals of rooting out waste while maintaining and even enhancing accountability:

- The Governor of Connecticut created a high-level Cabinet on Nonprofit Health and Human Service – including significant nonprofit participation – to analyze and make recommendations to enhance client outcomes and the cost-effectiveness, accountability, and sustainability of the partnerships between the state and nonprofit health and human service providers.³
- Through an Executive Order, New Jersey's Governor established a permanent, bi-partisan Red Tape Review Commission to review government interaction with for-profit and nonprofit organizations and make detailed findings and recommendations, including an analysis of existing rules, regulations, and legislation that are burdensome to the state's economy.⁴
- In New York, the Attorney General appointed a Leadership Committee for Nonprofit Revitalization, which found that state laws “and regulatory practices have placed unnecessary and costly burdens on the nonprofit sector. Redundancies throughout the system waste scarce taxpayer and nonprofit dollars, and bury nonprofits in duplicative paperwork and audits.”⁵

These and similar collaborative efforts have reduced waste and enhanced accountability through the simple act of coming together to review, as the New York Attorney General's Leadership Committee found, “outdated and burdensome requirements that result from a regulatory scheme that has not been meaningfully updated in decades.” The straightforward recommendations from task forces have included basic problem-solving ideas such as: creating electronic information repositories (document vaults) that cut down on repeated paper filings that consume government resources of staff time and storage space; and reducing duplication of efforts by multiple taxpayer-paid audit teams. Government-nonprofit contracting task forces consistently produce pragmatic recommendations that save taxpayers' dollars and reduce burdens on nonprofit contractors.

Simple Thing #2: Establish a Nonprofit Liaison

Solving community problems requires open lines of communication.

Across the United States, few government structures exist to tap the expertise, creativity, and local economic impact of the nonprofit community, despite the fact that charitable nonprofits employ more than 10 percent of the workforce (13.7 million workers), contributing \$587.6 billion in wages and salaries – or 9.2 percent of all wages and salaries paid in the United States in 2010.⁶ However, a few inspired government officials have discovered – and implemented – ways to open and maintain communications, thereby creating opportunities for government and nonprofits to work together on policy issues that threaten the sustainability of charitable nonprofits on which governments rely to provide basic services to constituents.

\$587.6 billion

Wages and salaries paid by nonprofits
in the United States in 2010

- In his first week in office in 2011, Connecticut's Governor became the first in the nation to appoint a cabinet-level official to serve as liaison with nonprofits providing services to the state's residents on behalf of government.
- The Governor of New York recently appointed an Interagency Coordinator for Nonprofit Issues who is responsible for tackling persistent problems that add costs and complicate otherwise effective government-nonprofit relations, including reforming contracting practices. In office for less than a year, the new official recently announced proposed action on ways to streamline processes to help taxpayers and nonprofits.⁷
- Several years ago, the Mayor of Denver created the Denver Office of Strategic Partnerships (DOSPP) to serve as a liaison between the City of Denver and the nonprofit sector. Beyond providing a way "for both nonprofit and City staff to develop an understanding of each other's strengths and capacities" to strengthen Denver's communities, DOSPP has trained hundreds of nonprofit leaders on how to apply for federal grants, bringing outside dollars to the City.⁸

In these and other locations, elected officials have seen that the government and taxpayers benefit when ongoing dialogue is established – at the highest level – with solution-oriented charitable nonprofits. The core purpose of a nonprofit liaison is to establish a constructive way for government and charitable nonprofit leaders to interact and communicate directly to identify problems and create coordinated reform efforts. Through these arrangements government executives are able to make more informed decisions based on ideas and solutions tested in the real world by organizations dedicated to serving their communities.

Simple Thing #3: Extend State Small Business Programs to Small Community-Based Nonprofits

Most nonprofits are small businesses, too.

Like their best small business colleagues, nonprofit organizations are dedicated to their communities; they are innovative and effective, and provide jobs to local residents. The vast majority of charitable nonprofits are small; of those filing with the IRS, 89.5 percent of charitable nonprofits have revenues of less than \$1 million.⁹ And like small for-profit businesses, smaller nonprofit employers experience limited access to credit, are forced to pay higher health insurance premiums, and need specialized consultation and technology assistance. Government officials should ensure that all job-creators in their communities – nonprofit and for-profit employers alike – are included in programs to promote economic development, capacity building, and community solutions.

Conclusion

Charitable nonprofits and governments serve the same individuals and communities every day to address local needs and improve the quality of life for all residents. They exist to solve problems in their communities and are natural allies. As elected officials in the executive branch of governments consider what they want to accomplish while in office, we urge them to reach out to and engage nonprofit community leaders to help solve the most pressing issues of the day. These three simple ideas are proven, nonpartisan solutions that serve the best interests of constituents, of communities, and of the public good.

¹ "2012 State of the Sector Survey," Nonprofit Finance Fund (April 2012). <http://nonprofitfinancefund.org/state-of-the-sector-surveys>.

² "Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants" (Urban Institute Center on Nonprofits and Philanthropy) (2010) <http://bit.ly/govtUI>. See also, "Costs, Complexification, and Crisis: Government's Human Services Contracting 'System' Hurts Everyone," National Council of Nonprofits, at www.govtcontracting.org.

³ Governor's Cabinet on Nonprofit Health and Human Services, <http://www.ct.gov/opm/cwp/view.asp?a=2998&Q=490946>.

⁴ "Red Tape Review Commission: Findings and Recommendations, February 2012" <http://www.state.nj.us/state/pdf/2012-0208-red-tape-review-report.pdf>.

⁵ "Revitalizing Nonprofits, Renewing New York," New York Attorney General's Office (2012), <http://bit.ly/rvnpny>

⁶ Roeger, Katie L., Amy S. Blackwood, and Sarah L. Pettijohn. *The Nonprofit Almanac 2012* (forthcoming). Washington, DC: The Urban Institute.

⁷ "Coming Soon! A NYS Standard Contract," NY Nonprofit Press, Oct. 6, 2012, <http://www.nynp.biz/October0912.html>.

⁸ 2011 Annual Report, Denver Office of Strategic Partnerships, <http://bit.ly/dvosp>.

⁹ Internal Revenue Service, Exempt Organizations Business Master File (2012, Aug) via The Urban Institute, National Center for Charitable Statistics.

