



Investing in Delaware Nonprofit Partners  
Presentation to the Delaware Joint Finance Committee  
February 23, 2017

Representative George Smith, Senator McDowell, and Honorable members of the Joint Finance Committee, my name is Sheila Bravo, and I am President & CEO of the Delaware Alliance for Nonprofit Advancement; a nonprofit whose mission is to strengthen, enhance and advance nonprofits and the sector in Delaware. We support the sector through board development, workshops and seek an effective and efficient nonprofit sector. Today we



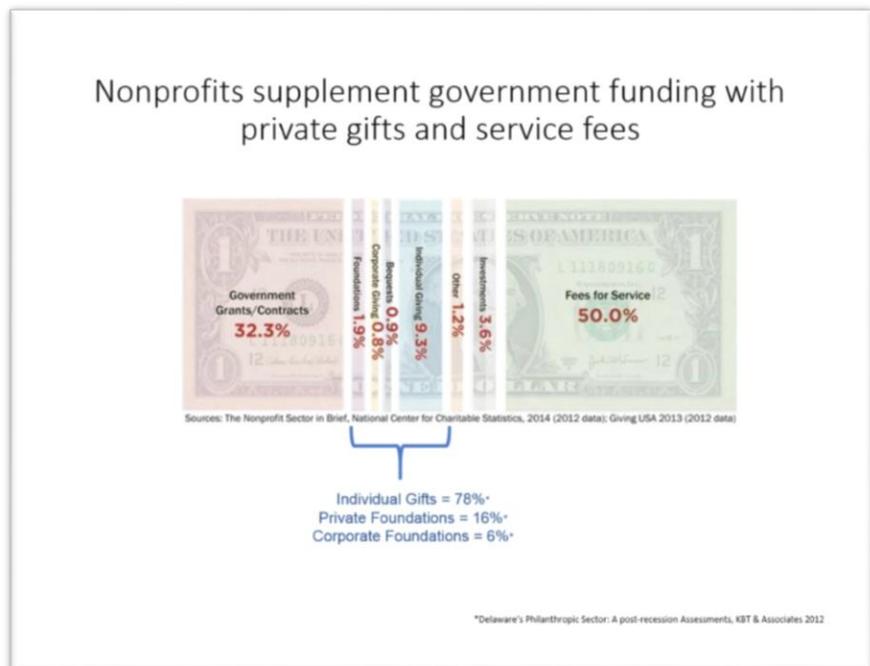
represent the members of DANA, and our partners such as the United Way, Delaware Community Foundation, and the Delaware Grant makers Association to speak with you on behalf of the nearly 1000 not-for-profit businesses in Delaware. With me here is John Baker, DANA's EVP for Sector Advancement, Michele Schiavoni, DANA Board Chair and Patty Dailey Lewes, DANA board member and chair of Advocacy Alliance Council. We recognize the most difficult task that you face to balance a budget with the forecasted \$350 Million funding gap, and thank you for your efforts to minimize the adverse impact it will have on any one constituency. As representatives of the nonprofit sector, we are here to say that we remain your steadfast partners in serving Delaware. And for that partnership to remain strong, nonprofits need growth in funding, rather than cuts to correspond to the growing demand in services.

I know that each of you personally value the great work these nonprofit agencies do for Delaware. Many of you have served on nonprofit boards, volunteer, and have even worked in the sector. And so, we know you are not surprised by the tremendous impact they have on the economic health and quality of life here in Delaware. For

example, the arts and cultural nonprofits are attractions which help to encourage over 8 million people to visit Delaware<sup>1</sup>. Our ability to persuade new businesses to make their home in Delaware relies on nonprofits to not only help develop a quality workforce, but also to provide quality childcare, after school care; and community amenities such as gardens, art projects, clean park, waterways, and beaches. We help those who have experienced hard times – whether due to health or their home environment, and have the courage to go back to school or address their addiction. Nonprofits provide services such as mental and behavioral health, and help those in crisis with housing, food, and clothes. And these social impact organizations, are at the forefront of health initiatives across the spectrum of healthcare.

(slide 2) These community innovators, employ over 40,000 people; nearly 2 Billion in wages that are spent here in Delaware<sup>2</sup>. And, with over 190,000 volunteers<sup>3</sup> – nonprofits can deliver many community services at a fraction of the cost it would take for government. (slide 3) In fact, these resourceful entities match government funding 2:1 with private dollars (though this may vary from industry to industry)<sup>4</sup>. And it is why, at a time when efficient spending is critical to a balanced budget, that the state maintains its partnership investment with nonprofit agencies.

I say partnership, because the work nonprofits and government agencies do are aligned for the same goals. Often government agencies have contracted directly with nonprofits as they can deliver the service more quickly and effectively. Like the



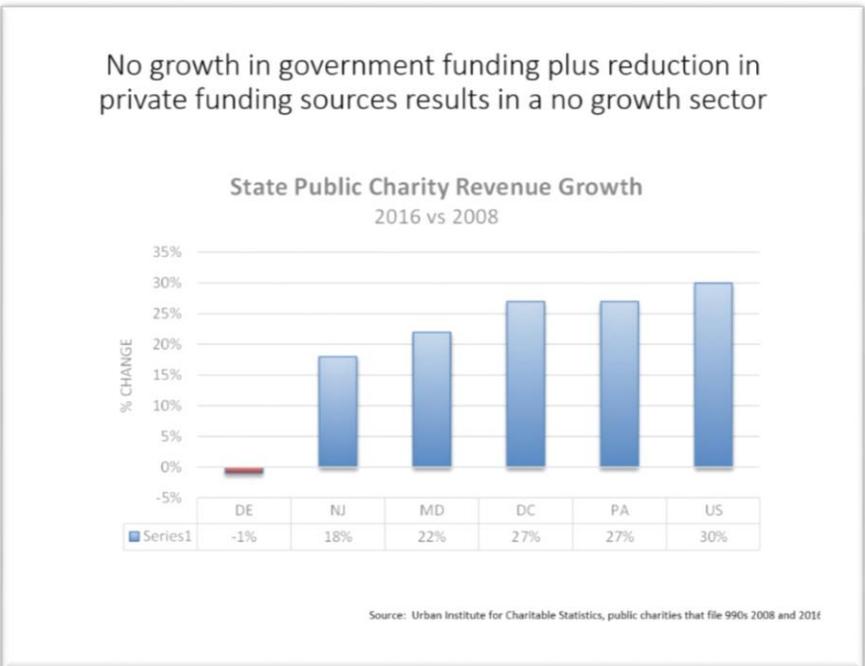
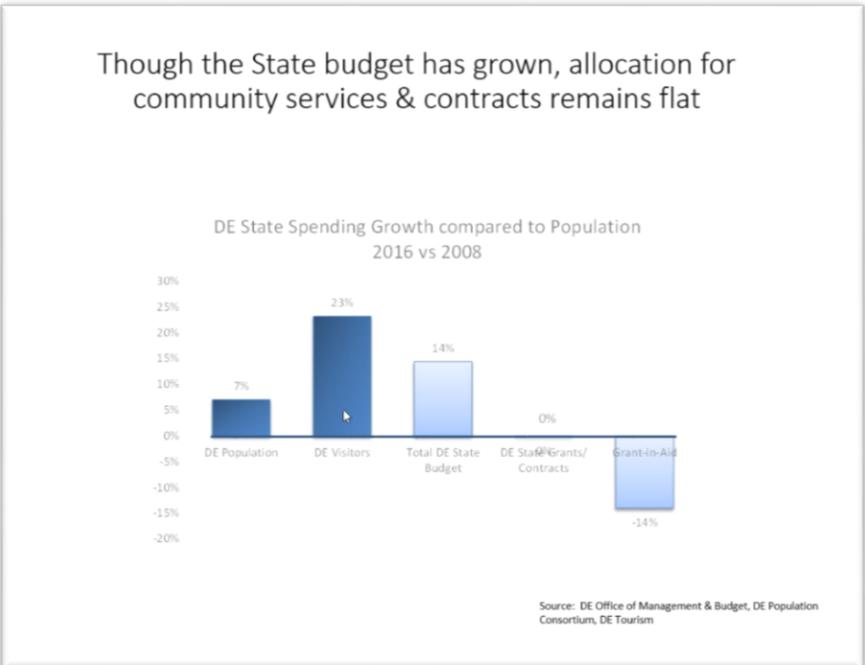
State agencies, nonprofits have faced double digit increases in employee expenses for healthcare, workers comp, overtime, and similar increases in business expenses such as technology and systems upgrades. And on top of that, the demand for services continues to increase – just by the nature of our population and visitors. And I

included visitors as this tremendous growth directly impacts nonprofit first responders, such as the American Legion Ambulance in Smyrna, healthcare providers, and the many nonprofits that support parks and tourist areas that must rise to support the demand (slide 4).

Yet, funding resources remain flat and in some industries, are declining. As you can see from this chart, revenue from government

funding that is directed to contracts/grants and Grant in Aid has declined, despite population increases and the tremendous growth in tourism<sup>5</sup>. In fact, on a per capita basis, combined funding for contractual services, grants and grant-in-aid has dropped 9%. To match per capita funding of grants/contracts at 2008 levels, those funding resources would need to increase \$94 million. If you dig deeper into the trends, you see double digit growth in populations such as children in poverty, and senior population which seek the support of nonprofit services – stretching the system even more.

And unfortunately, private funding sources have also not kept pace. We have benefitted from tremendous philanthropy in the past. However, foundation funding (corporate and nonprofit) is declining, while annual individual giving has dropped as well<sup>6</sup>. (slide 5). Thus, at a time when our citizens are demanding community services more than ever, the nonprofit sector revenue is



declining in Delaware. And we are rather unique, as you can see from the chart. Though all states around have experienced increased service demand, their revenue has grown to accommodate, and nationally sector revenues have grown on average 30%.

The volunteers and leaders of nonprofits have done their best to stretch their resources further. There has been a greater effort to align work through partnerships and collaboration among nonprofits. (slide 6)<sup>7</sup> In fact, several services to our citizens are interconnected among multiple agencies. For example, the Cheer center in Sussex County prepares and delivers over 1500 meals daily through its partnership with Meals on Wheels.



Lutheran Community Services in Wilmington partners with 15 state and nonprofit agencies, and over 40 religious communities to deliver food, provide temporary housing, encourage community gardens, and improve healthy lifestyles. Family Counseling Center of St. Paul's partners with Latin American Community Center to provide youth behavioral health services in Spanish to kids as young as age three. After school programs, such as those funded by the Federal 21<sup>st</sup> Century Community learning centers average 6-7 partners per program<sup>8</sup>. These social benefit agencies are collaborating with schools across the state to provide mentoring and tutoring services, provide workshops on healthy living, drug and smoking prevention, and anti-bullying. Organizations such as the Beau Biden foundation are providing vital training to keep our kids safe, and work in partnership with law enforcement and teachers. And the new Healthy Neighborhoods initiatives has already assembled partnerships among 400 nonprofit agencies across the state to collaborate and improve Delaware health indicators. With this highly woven network of services, when one loses its funding, the entire collaboration can be at risk<sup>9</sup>.

We are hearing several different strategies that may be employed to reduce state budget costs for FY 18, including cuts to pass-throughs, contractual services and across the board cuts to Grant-in-Aid. We respectfully request you consider strategies that retain funding to priority programs versus sweeping cuts that could shutter services to some of our most vulnerable citizens. Our members raised up concerns that these reductions mean less service hours, fewer people served, and lost jobs.

However, this doesn't have to happen. I think you will agree with me that for Delaware to have the economic growth and quality of life that we all desire, we must have a thriving and vibrant nonprofit sector. We request the JFC consider investing in agency partners. Reducing funds for grants and contracts and grant-in-aid grants only translates into lost jobs and less services for the very things we know are needed to advance this State.

Investing in nonprofit partnerships is a smart business decision -with a large volunteer workforce and the ability to encourage private funding to match – it is a great investment. As you may know, example funding the arts creates a payback to businesses and our quality of life, with \$1 spent returning nearly \$3 in economic value<sup>10</sup>. Our senior centers such as Modern Maturity, helping seniors remain active and in their homes – which we understand saves Delaware thousands per person vs being in assisted living<sup>11</sup>. And a recent report shared by the Ability Network indicated that when those with disabilities obtain employment, it saves the State \$1.3 million annually<sup>12</sup>. And did I mention that nonprofits are innovators in the community? They create jobs (such as Zipcode Wilmington) and attract new visitors to the state, like the Delaware Botanical gardens.

At a time when we encourage businesses to call Delaware home – investment in services that help our youth gain those skills, investment in quality child care, after-school, academic support and enrichment, and investment in our communities – parks, arts, historical societies, and gardens are also necessary to provide the quality of life their employees want. Our interest to be one of the healthiest states in the country, to reduce our cost of healthcare requires an investment not only in health services, but also access to healthy foods, stimulating creative experiences, volunteer opportunities and a pristine environment – and it is the work of many nonprofits in the state that make that happen.

Our desire to reduce incarceration levels, and improve the safety of our communities also means investment in community centers, job training, access to mental and behavioral health services, and affordable places to live. We also want to see our veterans, who gave so much, to have access to resources so they can experience the quality of life they so deserve. And we wish for those with disabilities to engage in society and find meaningful employment. The state earns this investment back as these citizens become contributing members to the Delaware economy.

We understand you have difficult decisions before you. And there is certainly room to improve efficiencies across the system to save resources. As your partners, the nonprofit agencies across the state will continue to work tirelessly to advance the well-being and quality of life in Delaware. However, our ability to do so requires your continued financial support as well. As you seek to balance the budget, consider the eight years of no funding

increases to support the growing Delawarean population. We ask you invest rather than cut funding on the outcomes that matter.

And we also ask you to consider finding revenue solutions which can support the investment needed for the quality of life we desire in Delaware. Several were provided in the 2015 report: **DEFAC Advisory Council on Revenue**. And we encourage consideration to other revenue sources as well. For example, encouraging state agencies to work collaboratively with nonprofit agencies to secure federal funds. Often those funds are only available if the State agency partners on the application. There are also private-public investment instruments – such as the social impact bond. Communities throughout the world are using this pay for success strategy to align private and government funds towards proven strategies which improve educational opportunities, expand the workforce, and reduce homelessness and recidivism.

Members of the Joint Finance Committee, thank you for listening today. As you weigh strategies for balancing revenue and expenses long-term, I ask you consider this important partnership between government and the private nonprofit community. And request you consider making the investment that is needed with these community partners for the desired outcomes we aspire for Delaware. Thank you.

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