



Nonprofits walking economic high wire in Delaware

Sheila Bravo 6:36 p.m. ET June 10, 2017

Nonprofit Advocacy Day was celebrated in Dover on June 8 with a record turnout of nonprofit volunteers, staff and clients. It was a day of mixed emotions – pride, collegiality, and anxiety.

The palpable unease created by the current forecast of a nearly \$400 million funding gap in Delaware's operating budget is a sobering reality. The State's budget continues to grow, while allocation for community services and contracts has remained flat for the past eight years.

Couple that trend with a significant decline in private funding in recent years, and you face the potential for a severe impact affecting the nearly 1,000 not-for-profit service providers in Delaware.

Why should every Delawarean care? In part, because the First State's nonprofit sector employs more than 40,000 people, receiving \$1.9 billion in wages that are spent right here. In addition, 192,000 volunteers help deliver many of these community services. Delaware's nonprofits generate \$5.2 billion in for the state's economy.

But the hard data is only part of the story. According to David Grant, noted authority on nonprofits and author of "[The Social Profit Handbook](#)," the "tyranny of hard numbers" does not consider a "qualitative assessment of measuring what *matters* – the value of *social profit*."

This indicator includes the arts and cultural attractions that encourage eight million people to visit Delaware annually; the mental and behavioral health services provided to those in need; the community amenities such as gardens, parks, and art projects; the emergency support for those in crisis with food, housing and clothes; and health, environmental and education initiatives touching the lives of many Delawareans.

Nonprofits provide many community services at a fraction of the cost it would take for government to deliver. Furthermore, these resourceful organizations match government funding 2:1 with private gifts and service fees. At a time when careful spending is critical to a balanced budget, it is essential for the state to strengthen its partnership with nonprofit agencies – an *investment* partnership.

Nonprofits have continued to become more efficient in meeting their missions, partly by stretching their resources further. But, in addition, there has been a concerted effort to align work by reducing

overlaps and increasing collaboration among nonprofits. Certain services are interconnected among multiple agencies.

Two examples: the CHEER Center in Sussex County prepares and delivers more than 1,500 meals daily through its partnership with Meals on Wheels; Family Counseling Center of St. Paul's partners with the Latin American Community Center in Wilmington to provide youth behavioral health services in Spanish to children as young as age three. With this highly woven network of services, when one group loses its funding, the entire collaboration is at risk.

All the players – nonprofits, funders and government – must remain steadfast partners. But, to maintain that partnership, nonprofits need growth in funding, rather than cuts.

Approximately 75 percent of Delaware's nonprofits have reported an increased demand for services in the last year, but their revenues remain stagnant.

Many different cost-cutting and revenue-generating solutions have been floated in recent months to balance the state's budget for FY-18. Reducing funds for grants and contracts only translates into less service hours, fewer people served and lost jobs. Nonprofits have been seeking new funding paths, such as advancing their individual giving efforts.

The recent [DOMORE24](#) led by the United Way is an example where over 200 nonprofits participated. Charitable giving by individuals is the largest source of contributed revenue for nonprofits. Recent tax reform conversations at the state and federal level could eliminate the charitable giving deduction. This would have a devastating impact on nonprofits.

Consider the example of Hawaii in 2012 when the state legislature sought to close a budget hole by imposing caps on itemized deductions for individuals with adjusted gross income of more than \$100,000. In one year, average donations dropped a staggering 19 percent. Due to the dramatic drop in giving, the reduced ability of nonprofits to serve local communities, Hawaii reversed itself in 2013 and eliminated the cap on charitable deductions.

As our legislators wrestle with a difficult set of choices to balance the budget, we implore them to put the money where it matters. And we ask them to encourage, not diminish charitable giving in the Delaware.

Delaware's nonprofit sector wants to be a partner in the solution. And, to sustain the state's economic growth and quality of life, the sector must thrive and be vibrant. Investing in nonprofit partnerships does pay off -- in job creation, skills development, reducing healthcare costs, and attracting tourism, to name just a few ways. In turn, nonprofits will continue to encourage the infusion of private funding to match.

Together, this mutual partnership investment will create the types of outcomes we all desire for our state.

Sheila Bravo is president and chief executive officer of the Delaware Alliance for Nonprofit Advancement.