

“Who Has the Time?” and Other Questions on Nonprofit Advocacy

By **David L. Thompson**, *National Council of Nonprofits*

Recently, a nationally prominent nonprofit leader said this to an audience of people from public charities and private foundations: “Nonprofits have a duty to advocate on behalf of the people who have no voice, to demand social justice.” Many in the audience nodded in agreement; others waited politely for him to get past his warm-up comments to get to something they hadn’t heard before. One audience member was heard muttering under her breath, “Yeah, but who has the time?”

To many of us, the “nonprofits ought to advocate” message, as delivered by the above leader and many others, is a mantra without meaning. Everyone says it – preaches it, actually – but very few embrace advocacy as core to advancing their missions.

The ought-to-advocate message is akin to hearing that you need to learn a new language. There are plenty of good reasons: cultural appreciation, enhanced communications, reduced demographic tensions. But most of us have other priorities and those reasons don’t push language-learning to the top of the to-do list.

This is an article about nonprofit advocacy, but not of the “ought-to” variety. Instead, it relies on three bedrock principles to make the case for “everyday advocacy,” which virtually all of us are already doing.

- 1 The first principle is that we in the nonprofit community are driven by our mission, our values, and our impact.** Stated simply, mission is our motivation.
- 2 The second fundamental truth about us is that we typically see ourselves as problem solvers, as solutions-oriented people, as optimists.** We haven’t ended hunger and homelessness yet, but we keep at it, and we keep trying new ideas to get to the solutions that work. We know that a live performance of a classical work, or of a brand-new piece, will not only change a life, but also the world; we believe in the transformative power of art. And faith, and education, and community engagement, and more.
- 3 The third point is that the law is on the side of nonprofit advocacy.** While “lobbying” for specific legislation can trigger some limitations, the much broader arena of “advocacy” – speaking up for a point of view, promoting good ideas, telling a compelling story – is free to all nonprofits.

Based on those principles, the answer to the question “who has the time?” is ... each of us. That is partly because bad policies are forcing us to divert time away from our missions. And it is partly because we are already advocating for our missions every day.

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Urban Institute Survey Findings

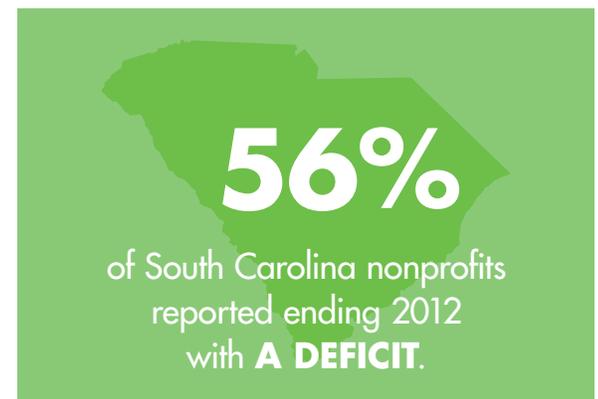
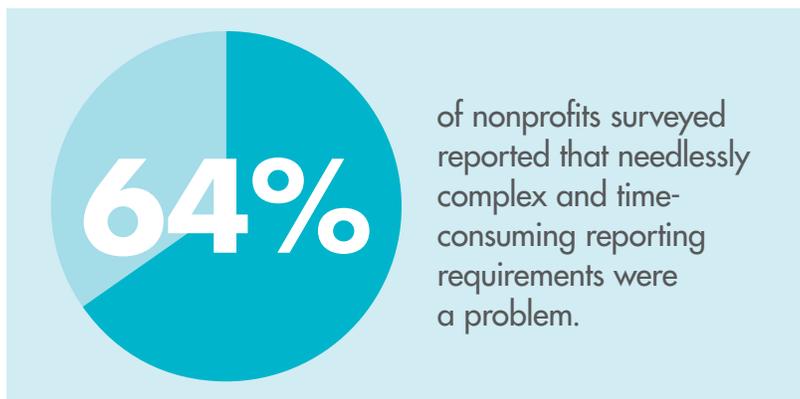
Recently released data from the Urban Institute in Washington, DC bring these points home. Responses to a nationwide survey of nonprofits with government contracts and grants indicate that almost two-thirds (64 percent) of nonprofits in South Carolina reported that governments imposing needlessly complex and time-consuming reporting requirements is a problem. The result is that the time and aggravation that South Carolina nonprofit employees spend on preparing and submitting duplicative reports and forms is greater than it should be.

To this problem, the question is less who has the time to advocate, but how much time could we save by working with governments to prevent duplicative audits, overlapping and inconsistent compliance procedures, retroactive imposition of reporting requirements, incompatible and

inconsistent data collection, and a lack of standardization that inject vagaries into an already complex process.

Continuing with the Urban Institute data, the ongoing problems and waste that permeate human services contracting in the state are taking their toll on the viability of the nonprofit community, and therefore those they serve.

South Carolina has the dubious honor of ranking worst in the nation in the number of nonprofits who ended the year with a deficit, with 56 percent reporting this was the case. And, this is despite attempts to cut expenses, including 71 percent freezing or reducing already low staff salaries.



Percent of nonprofits that froze or reduced employee salaries



It is not difficult to figure out why this is happening.

Based on the Urban Institute survey:

- **47 percent** of nonprofits indicated it was a problem that government does not pay for the full cost of their services.
- Some of this is because **44 percent** also reported that government grants or contracts place arbitrary caps on what they will reimburse nonprofits for their program administrative or overhead costs.
- Of those, **23 percent** receive no reimbursement for these necessary costs and **77 percent** reported that government contracts or grants reimbursed them at a rate of **15 percent** or less for program overhead/administrative costs.

Studies reveal that the usual range of overhead rates for for-profit companies and nonprofit organizations alike is approximately 25 percent to 35 percent. Yet, governments have historically treated nonprofit organizations differently, imposing arbitrary restrictions on reimbursement rates that undercut the ability of their partners to succeed on behalf of taxpayers. Why? The most obvious answer is because nonprofits haven't effectively advocated for fairness.

Unrealistic limits on reimbursement of a nonprofit's legitimate costs undermine its efficiency, effectiveness, and ability to perform vital services on behalf of the governments. Worse, current policies on indirect costs force nonprofit employees to spend time raising funds to fill the gaps.

So to the question, who has the time to advocate, another question is: why are nonprofits and their funders subsidizing governments? And importantly, how much time must we divert from our missions to fundraise for government?

New Federal OMB Guidelines

Thanks to the ongoing advocacy efforts of the **National Council of Nonprofits** and other organizations like **South Carolina Association of Nonprofit Organizations (SCANPO)**, there is the promise of relief for some of the time- and money-wasting problems that are plaguing nonprofits in the state.

Last December, the federal Office of Management and Budget published new *Uniform Guidance* - www.councilofnonprofits.org/public-policy/omb-guidance-indirect-costs (sometimes called the "Super Circular") that will require pass-through entities (typically states and local governments receiving federal grants) and all federal agencies to reimburse nonprofits for their indirect costs.

If the nonprofit already has a federally negotiated indirect cost rate, that is what the states and localities will have to pay. Nonprofits that have never had such a negotiated rate will be entitled to an indirect cost rate equal to 10 percent of their modified total direct costs or to negotiate a rate based on their actual costs. **The important news is that nonprofits will finally have the opportunity to get paid for real and necessary expenses incurred at a rate based on the federal guidelines.**



Here is what the National Council of Nonprofits said about the OMB Uniform Guidance when it came out:

“The new guidance from the federal government means that nonprofits should be able to focus more on their missions, and should be under less pressure to raise additional funds to essentially subsidize governments.”

The benefits are not limited just to nonprofits that provide services on behalf of governments:

“In turn, charities with no government contracts or grants could see less competition for scarce philanthropic dollars.”

The OMB Uniform Guidance is a major success story demonstrating the value of nonprofit advocacy. But it would never have happened if nonprofit leaders focused solely on getting the duplicate forms filed and resubmitted, and spent any leftover time planning and engaging in fundraising activities. Many leaders over many conversations told their stories to colleagues, who recognized shared problems and did what nonprofit people do best – came up with solutions. That is the kind of everyday advocacy that is transforming nonprofits and their communities.

*David L. Thompson is vice president of public policy for the National Council of Nonprofits in Washington, DC. The Council of Nonprofits' recent special report, *Toward Common Sense Contracting: What Taxpayers Deserve*, highlights ready-made solutions to problems South Carolina nonprofits are facing.*

