Our Region’s Nonprofit Sector

The Confluence of Passion & Pragmatism

March 7, 2006 | David L. Lawrence Convention Center

Presented by:

Granntakers of Western Pennsylvania
Welcome to the 2006 Nonprofit-Plus Summit! On behalf of this region’s civic community, we want to thank you for taking the time to participate in this year’s event.

For 2006, we are thinking BIG, as we endeavor to engage community leaders in civic matters as never before and as nowhere else and, in doing so, to transform the way community leaders think about charitable organizations and their potential to impact the future of the region.

We are framing this year’s summit as Nonprofit-Plus, meaning that representatives of sectors across the community will join nonprofit professionals in a lively, interactive, 21st Century Town Meeting to address some of this area’s most pressing community issues and the nonprofit sector’s role in addressing them. Grantmakers of Western Pennsylvania has contracted with AmericaSpeaks, a well-respected nonprofit organization with expertise in deliberative democracy to engage us in an exciting and productive discussion. The topics generated and the conclusions drawn from this session are certain to affect the substance and the spirit of the work of every nonprofit organization in the region.

To ensure that you get the most out of this unprecedented conference experience, we are asking that you review this Participant Guide and the newest Greater Pittsburgh Community Threads publication in advance of March 7, 2006.

We also recommend downloading and reading three publications available on-line at:

www.pittsburghnonprofitsummit.org

A Generous Gift — a profile of the nonprofit sector and its values; Facing the Futures — an advocacy report outlining what nonprofit organizations must do to build strong organizations; and Opportunity Builders — an essay on the leadership opportunities now before nonprofits.
In a seminal publication “Looking Out for the Future,” Global Business Network leaders assert that “No one is in charge of working for a better future, and no one can be. A better world can only emerge from the bottom up, by many creative citizens and institutions that are willing to grapple courageously with an issue they feel passionately about.”

All of us in the nonprofit sector are passionate about our work and those we serve are grateful, but the fundamental question is: “How can we channel that passion and community goodwill into effective action plans that result in measurable outcomes?”

The overarching purpose of this Nonprofit-Plus Summit is to provide people who work in the field with two essential tools: an in-depth connection to the civic-affairs agenda and a roadmap showing new pathways that will better connect nonprofit and civic leaders to one another.

The potential rewards are huge: those of us in the nonprofit sector will begin to work more concertedly to serve more people and to serve better. Those outside our sector are likely to benefit from enhanced interaction and to produce significant quality-of-life improvements for the region. Among our outcomes, the electronic town meeting format is designed to elicit the following:

1. A set of priorities that nonprofit organizations can act on in order to make a difference in the region in the years ahead.
2. Strategies for strengthening the nonprofit sector in the region and building its capacity to work together more strategically.
3. Reflections on the alignment of the nonprofit community’s priorities with those of business and government.
4. Action steps for nonprofit organizations to advance the region’s next renaissance.

The timing for this special summit is not accidental. Issues playing out in every sector — city government financial crises, federal budget cuts, sprawl, access to talent, and knowledge management — are directly impacting nonprofit work across Southwestern Pennsylvania.

As you prepare to participate at this summit, please note that, while some of the data and information is this Participant Guide is specific to fields such as human services or geographic areas such as the City of Pittsburgh or Allegheny County, the questions, ideas, and issues are broadly relevant for all nonprofits across Southwestern Pennsylvania, ranging from education to the environment to the arts. Some of the specificity is due, in part, to the availability of reliable data. To be sure, however, our goal is to be inclusive, to encourage all of us to come together, and to explore new ways of working together.

And who exactly is “all of us?” What is “our region?” Many in Southwestern Pennsylvania consider the region to include between 7 and 11 counties. Others view the region as one that extends up and down the I-79 corridor and across the I-70 and I-76 corridors, including other areas of Pennsylvania, as well as parts of West Virginia and Ohio. One thing is certain: however you define “our region,” the ideas that we will discuss at the summit transcend geography, and we will all benefit from thinking BIG together.

—— Margaret Mead
One such impending shift is the growing strain on resources for human service deliverers and related nonprofits in the Pittsburgh region. In 1980, government funding accounted for half the human services spending in Allegheny County. This year, the contribution is only one-third.

It is not clear whether other institutions can pick up the slack. Local foundations may continue to give at a steady rate, but charitable giving as a share of personal income has been declining across the nation for more than 40 years.

Support for services has not declined due to a drop in demand. The Pittsburgh region has a low-income population that is among the most disadvantaged in urban America. According to economic indicators compiled for the last decade by staff at the University of Pittsburgh’s Center for Social and Urban Research, Pittsburgh continues to rate near the top, among 70 metropolitan areas in the nation, in the number of female-headed households with children, elderly living alone, youth aged 16–19 not in school or the labor force, households in poverty, households without a vehicle, as well as other indicators of poor quality of life.

Even in the best of times, human service agencies in the region are hard pressed to meet the full range of client needs. In 2000, while the dot.com bubble was still expanding (and state government budgets were increasing), nearly four of every 10 human-service nonprofits ended their budget years in the red. Operating for years at very thin margins, human services organizations in Pittsburgh ranked last among six benchmark regions in per capita spending for residents in poverty.

Since the burst of the high-growth bubble, the situation has only grown worse in Allegheny County. In a 2003 Forbes Funds’ survey, only one-third of all nonprofits in the county — human service and non-human service — reported a high or very high ability to raise sufficient funds to ensure uninterrupted service delivery. Just as alarming was the finding that only 19 percent reported the same ability to generate unrestricted revenue — income not designated to particular uses by the donor.

But another Forbes Funds’ 2004 survey of nonprofit executives and residents of Allegheny County shed some light on why public support for human services has not kept pace with need. Responses show that county residents and nonprofit executives do not agree on the needs and priorities facing their communities or on the best ways to improve community capacity to meet those needs.

Residents rated crime-neighborhood safety as the most serious problem in their communities, whereas nonprofit executives gave top priority to lack of quality education; they ranked crime-neighborhood safety fourth of five major problems.
Similar disparities in perception exist between residents and executives on hunger, literacy and housing issues. For example, 69 percent of executives said that the county has serious housing problems, whereas only a third of residents (24 percent) said so. Overall, executives were two to four times more likely than residents to believe that any of five specific problems in their community — education, crime, hunger, illiteracy and housing — are serious problems requiring attention.

On the issue of how best to improve local capacity to address community problems, the study reveals further differences in perception between nonprofits and residents. Executives ranked increased funding and other resources for nonprofits first among possible solutions. They also tended to agree that charitable giving is the most important action citizens, governments and businesses can take to solve serious social problems. Residents reported opposite views. They listed donating money to charity last among ways that people like them could help, saying instead that volunteering would have the greatest impact — a solution that nonprofit executives ranked sixth among 11 possible solutions.

The research cited above paints a distressing portrait of human services organizations — and, likely, related nonprofits — across Southwestern Pennsylvania. They face shrinking resources at a time of growing community need, a problem reflected in a lack of effective communication between nonprofits and the communities they serve. If residents and nonprofits don’t share similar priorities for addressing serious community problems, how will they be able to work together to improve local quality of life?

What accounts for this lack of mutual understanding? In part, the problem stems from failure to establish and sustain public dialogue on community problems. Dialogue enables people to, as University of Maryland Political Science Professor and author Benjamin Barber declares, “Find a common will to undertake common tasks.”

The research shows that for many years, there has been a great community need for this type of meeting. Even back in 1984, experts on the nonprofit scene in Pittsburgh were lamenting budget cuts that had reduced staffs and altered operations.

“While some of the consequences of these pressures may be positive, improving agency productivity and strengthening the sector’s fiscal base,” the Urban Institute’s Lester Salamon wrote in a report titled “The Pittsburgh Nonprofit Sector in a Time of Government Retrenchment,” others — such as the increased pressures on agency personnel and the growing reliance on fees and charges — raise troubling questions about the evolution [of the sector].”

But this summit may provide for some venting of these long-standing pressures and may offer a rare opportunity for participants to exercise influence and leadership beyond their individual capacities.

Much of our summit work will put a long-overdue focus on addressing intractable problems whose solutions require a marshaling of resources beyond what is available in the nonprofit community. But we also must take stock of our assets. It is critically important that we recognize the inherent organizational strengths in our field as a whole.

Even a cursory scan of basic demographics points out an unusual degree of vitality and creativity of the region’s nonprofit sector:

- The 2,674 financially-active nonprofits operating in metro Pittsburgh spend about $12 billion annually on the well-being of the region. Of that $12 billion, private nonprofit hospitals and health systems account for about $6 billion; private nonprofit higher education institutions account for about $2 billion; and private nonprofit human service providers account for about $1.2 billion. While it should be noted that typical organizations spend about $463,000 annually, the region’s nonprofits nonetheless collectively hold $23 billion in assets and $14 billion in net assets. Unquestionably, the fiduciaries of these assets represent a...
political, social, and economic force.

• Seventy percent of this region’s nonprofit directors hold graduate degrees, a remarkable percentage given that less than 25 percent of all local adults have earned college degrees. While seeking first and foremost to direct their organizations outward to the community, these directors wisely invest internally so that they may “do more and do it better.” Seventy percent of nonprofits operate according to current strategic plans. During the past two years, more than 65 percent of nonprofits have sought outside assistance for board training, program evaluation, and information technology. Among nonprofit leaders, 58 percent have hired consultants; 60 percent have attended training seminars; and 55 percent have participated in peer-learning activities. Further, Pittsburgh’s nonprofits spend, on average, 2.7 percent of annual operating expenditures on capacity-building expenditures (generally about $15,000). Also, 46 percent reimburse employees for continuing education expenses, and 40 percent of agencies’ staff dedicate one day per month to professional development.

• Most nonprofits have cut the fat, if any fat really ever existed. Most operate with less than a 3 percent cushion in their budgets; and, on average, more than four of every five dollars support program expenses. They’ve gotten back to basics. Yet, even in 2000, after years of a high-flying economy, 40 percent of Pittsburgh’s nonprofits ended the year with negative balance sheets. While some attribute this debt to mismanagement or the duplication of services by too many nonprofits (and they would not be entirely wrong), data reveal that, compared to other metro areas, this region’s nonprofit sector is not bloated and is actually stretched in meeting community needs.

The Pittsburgh region has 11.1 nonprofits for every 10,000 residents, in line with such cities as Cleveland, Indianapolis, Philadelphia and Baltimore.

• Among Allegheny County’s residents, 89 percent rate nonprofits highly in helping people, and 85 percent believe that nonprofits deliver programs and services well. However, only 14 percent of residents have a great deal of confidence in nonprofits, and 67 percent have fair amounts of confidence.

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The Electronic Town Meeting:
Developing a Community-wide To-do List

This one-day agenda is designed to allow for discussion of bold visions and big dreams as well as the practical realities. We want summit participants to focus on a quality-of-life image of the region as it should be, not on the quality-of-life picture that exists now.

What will you experience at the summit? You will participate — actively. The day will begin with an explanation of the ground rules for participating. Utilizing your own keypad, you will then answer a series of demographic questions. Before any dialogue commences about key content, there will be a values-based discussion among your table mates to allow you to learn what is important to them regarding the issues at hand. This discussion will lay the foundation for the next 4 hours of discussion about key issues. During each segment of the agenda, discussion begins at individual tables, is themed in real time, and is presented back to the whole room for clarification and modification, and finally for voting. Before departing at the end of the day, you will receive a real-time report summarizing the outcomes of the day, which will include your responses to our key questions. So, onto those questions!

**TOPIC NO. 1**

**What are our common issues?**

What are our priorities?

Among the many Big Ideas we want to nurture and the societal problems we want to alleviate, are there common threads in the lists we all compile, such that the nonprofit sector as a whole might identify pressing issues requiring and deserving community-wide attention now?

If there is a common priority list, is there a common notion around community solutions? How best do we think holistically about systems and about ingredients that constitute regional excellence?

You will address one of the following categories: children, elders, and families; poverty; economic development; and creative communities.

**CATEGORY A:**

Are we in the Pittsburgh region supporting our children, our elders, and our families especially well?

Sample issues and indicators: educational inequities, special needs, violence, vocational training, health services, access to college, safe play spaces, after-school programming, mentoring, parental support, abuse, kinship care, health care quality, independent living, access to services, end-of-life care, etc.

>> What’s going on? Please refer to these sections in Greater Pittsburgh Community Threads: Family Services and Support; Youth and Education; Public Health.

>> And what are some people saying?

“Sixty-eight percent of African American eight graders in the Pittsburgh Public Schools cannot calculate numbers at grade level — a 34 percent gap with the achievement of their white classmates. By 11th grade, 82 percent of African American students have fallen behind in math. Even though Pittsburgh Public School District is spending is more per pupil than any other comparable districts in the nation, many of its students are not learning to proficiency. Among African American students in the system, the achievement gap in comparison to white classmates is huge. A $45 million budget deficit makes the situation more urgent. The Pittsburgh Public Schools can overcome these challenges, but reform will require tough and painful choices. All Pittsburghers need to join together in pursuit of public education reform — the future of the region depends upon it.”

— Carey Harris, A+ Schools

(citing data from the Pittsburgh Public Schools)
“We say that our children are our most treasured possessions, the future of our country. But we don’t walk the talk. More and more of our children are falling below the poverty line. In 2004, there were 12.9 million children — or 17.6 percent living in poverty. In any given year, it’s estimated that there are 3.5 million people — 1.35 million of them children — who are homeless. And of the nation’s homeless population, families with children comprise more than 40 percent of the total. We place our children in child care centers for four to 10 hours a day, expect them to have excellent care and pay many of their care givers $6 to $7 per hour. Compare that to what one can make at a fast food restaurant today. Let’s make our children a top priority, or stop pretending that we care.”

— Fred Just, Society of St. Vincent DePaul

For 32 years, I have worked on behalf of struggling Pittsburgh-area families. Increasingly, the problem I see underlying families’ struggles is income inequality: the rich getting richer while the poor get poorer. Poor families can’t keep up economically, let alone get ahead, and the situation is destroying families. When adults must work more than full-time, to make ends meet, relationships suffer. When quality child care is unaffordable, children suffer. When teenagers forgo education to clench onto the treadmill of low-wage employment, a new generation repeats the cycle of poverty. My organization, Holy Family Institute, offers families healing and hope. Increasingly, families need even more to survive — a fighting chance.”

— Sister Linda Yankoski, Holy Family Institute


“Many local seniors are choosing to ‘age in place,’ with major implications not only for health care, but also for poverty-related programming and transportation. We need to work to ensure that services for seniors are age appropriate, compassionate and accessible. Many local seniors are ‘young’ seniors who can contribute huge amounts of time and talent for the well-being of their neighbors in need. We need to empower them to serve.”

— Fay Morgan, North Hills Community Outreach

(citing A Demographic Overview of Metropolitan Pittsburgh, Population Matters Issue Paper, RAND, 2003)

**CATEGORY B:**
Are we in the Pittsburgh region eradicating poverty ambitiously?

Sample issues and indicators: race, homelessness, hunger, affordable housing, public health, the working poor, etc.

>> What’s going on? Please refer to these sections in Greater Pittsburgh Community Threads: Poverty and Hunger; Affordable Housing and Homelessness; Public Health.

>> And what are some people saying?

“In December 2005, the U.S. Department of Education released the new National Assessment of Adult Literacy. It reports that 14 percent of adult Americans — 30 million people — lack many of the basic reading, writing and math skills needed to cope with daily life. In Allegheny County, about 120,000 adults lack these basic skills. These low-literate adults are among the clients of all nonprofit agencies, since they tend to be in poverty and to experience many other problems beyond illiteracy. Every nonprofit in the area could benefit from an effort to address their needs.”

— Don Block, Greater Pittsburgh Literacy Council

(citing “A First Look at the Literacy of America’s Adults in the 21st Century,” National Center for Education Statistics)

“A recent survey of the members of the region’s Homeless Providers’ Leadership Group offered evidence that the community’s existing homeless delivery system is facing a profound crisis. The providers identified a multitude of problems with the current system: a significant increase in the homeless population during the past several years, while both the housing and supportive services required to address the needs of this population have been critically reduced; annual budgeting required to support these programs has become an impossible burden for many organizations as local foundations and other funders exhibit ‘donor fatigue;’ homeless providers are not able to do an adequate job of coordinating their services or linking their clients to other essential human service systems for lack of a coordinated service system; and government support for these programs continues to shrink.”

— Marilyn Sullivan, Bethlehem Haven Women’s Shelter

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According to the U.S. Census, within the six county Pittsburgh Metropolitan Statistical Area (MSA) (Allegheny, Beaver, Butler, Fayette, Washington and Westmoreland counties), the number of individuals in poverty declined from 1990 to 2000. However, African American and white poverty rates in the Pittsburgh MSA are among the highest in the nation (50 largest MSAs). In 1999, the region had the third highest poverty rate (31 percent) for African Americans and fourth highest poverty rate (9 percent) for whites. In 2000, the region had the 7th lowest homeownership rate (40 percent) for African American and 14th highest rate (75 percent) for white households; and the second highest rate (39 percent) for African American households and fourth highest rate (11 percent) for white households with no vehicle available.


Are we in the Pittsburgh region spurring economic development robustly?

Sample issues and indicators: business recruitment, site development, marketing, workforce training, fix-it-first policies, incubating industries, higher education, access to capital, thriving main streets, women and minority-owned businesses, sustainable planning, living wage, transportation policies, land use, regional governance, etc.

>> What’s going on? Please refer to these sections in Greater Pittsburgh Community Threads: Economic Development; Workforce Development.

>> And what are some people saying?

“The region’s gender pay gap is among the worst in the nation. Full-time women workers earn less than 70 percent of the annual earnings of their male counterparts and 10 percent below median earnings of women in the nation’s 50 largest metro areas. Additionally, not only is the gap here one of the worst in the nation, but Pennsylvania is also ranked 45th among all states in progress in closing the hourly wage gap. This pay gap should be troubling not just to women but to every corporate and public official in the region, for “women now make up 56 percent of the national college population — and that number continues to rise. Within ten years, three million more women than men could be attending college, with women making up on average 60 percent of every entering freshman class.” As the region crafts a redevelopment strategy, it will be imperative to remedy the wage gap in order to attract and retain the most highly skilled and qualified work force of tomorrow.”


“As leaders in our communities, we need to begin moving towards a more comprehensive and integrated model of community sustainability, much more than what we have ever done in the past. Simply using the old ‘for profit’ model for sustainability, even if it includes environmental objectives, will not work in the future. It is through the integration of all of the efforts of land use planning, social services, economic development, education, environmental, preservation, agriculture, etc. that we can begin to first understand, and then address, future community sustainability issues. All of the organizations that I know do not engage in a more elaborate, integrated model. The processes have not been developed for guiding communities. Those that are being more progressive are putting land use and planning first with a primary focus on environmental issues as the key to economic sustainability, but still do not fully grasp the larger picture. While it is an important part, a much broader strategy is needed to develop a region of communities that offer its residents the opportunity to lead happy and meaningful lives.”

— Michael Krajovic, Fay-Penn Economic Development Council

“Though the city continues to lose population annually, it has retained its role as a major employment hub in the region and a location of relatively higher paying jobs. A recent article by Hill and Brennan (2005) showed that between 1998 and 2001, job growth in the City of Pittsburgh (3.3 percent) slightly outpaced job growth in the metro political region (3.1 percent) by 0.2 percent. Though both changes fall...
below average job growth for the 100 largest central cities and metropolitan areas over the period, in recent years the region’s central city has gained in its share of the region’s employment. Over a longer period, 1993–2001, the central city’s share of regional employment declined only slightly, by 1.4 percent. This information shows that in Pittsburgh there is little distinction between a “city economy” and a “suburban economy.” Both are part of the regional economy, where the City of Pittsburgh maintains its role as an important job center and job generator in the region.”

— Christopher Briem

“Ranking near the top of the nation on many measures of higher education, Pennsylvania’s plethora of public and private colleges, universities, and vocational schools represent a major economic asset to the Commonwealth. Already there are many partnerships between these institutions and their host communities, which are mostly located in the state’s metropolitan and older jurisdictions. However, as a whole, Pennsylvania’s higher education assets remain underleveraged.”

— Grant Ervin, 10,000 Friends of Pennsylvania (citing Jennifer Vey, “Higher Education in Pennsylvania, a Competitive Asset for Communities, December 2005)

“In a fiscally weak and politically fragmented region, the burden for maintaining the region’s infrastructure is not shared equally. While all regional residents benefit from the presence of an international airport, world-class medical facilities and exemplary educational institutions, some residents are able to escape their fair share of the true costs of these services and facilities by simply moving farther away from established urban communities. This is not a problem confronting the City of Pittsburgh alone. Increasingly, it’s apparent the future of city and suburb are joined at the hip. The challenges that hold back one community often are the same in those across our region. Nearly one-third of the municipalities in seven counties are consistently running deficits, and more than two-thirds have been spending money faster than they take it in. Weak local markets for housing construction and renovation are barriers to attracting and retaining new residents and to revitalizing existing and older communities. Thus, the cycle of decline is reinforced.”

— Court Gould, Sustainable Pittsburgh, and Jerry Paytas, Carnegie Mellon University

Sample issues and indicators: public spaces, support for the arts, green spaces, diversity, quality of life, civic design, historic preservation, sustainable planning, leadership training, etc.

>> What’s going on? Please refer to these sections in Greater Pittsburgh Community Threads: Diversity and Equity; Civic Participation; Arts and Culture.

>> And what are some people saying?

“Andrew Carnegie invested in Pittsburgh by seeding libraries with the capital investment of a central library. By establishing a Public Trust, Carnegie believed that citizens would embrace libraries by providing public funding for their continuation. Yet, with decreased government funding, Carnegie Library of Pittsburgh’s dependence on sales tax makes it vulnerable. Remaining true to Carnegie’s dream, the Library remains “free to the people” serving as the region’s most visited asset with over 2.2 million visitors in 2005, circulating 3.3 million items. How do we ensure or engage the community in becoming advocates for library services and library funding?”

— Barbara K. Mistick, Carnegie Library of Pittsburgh

“Analysis of current data indicates several trends in the cultural sector. One key finding, with repercussions cross every indicator, is that all categories of [cultural] organizations experienced significant declines in total income from 2001 through 2004 – an average of 35 percent…. The bottom-line conclusion is that cultural organizations in Southwestern Pennsylvania are collecting less income year after year.
And the less money flowing into organizations, the less programs and services provided to the community.”

— Dan J. Martin and Edna Neivert (citing 2005 Cultural Census of Southwestern Pennsylvania, CMU Arts & Culture Observatory, October 2005, p. 2)

“Pittsburgh’s urban fabric — its residential neighborhoods, business districts, streets, parks and open spaces — give Pittsburgh its unique character and contribute to a quality of life that sets it apart from other cities across the country. Through sensitive care and investment, or “Civic Stewardship,” we can preserve, sustain, and enhance our city and its unique urban fabric for generations to come.”

— Community Design Center of Pittsburgh

### TOPIC NO. 2

**Our Nonprofit Sector: Finding the Ties That Bind**

What can nonprofits — as a community of charitable organizations — do to address sector-wide issues commonly? Of note, various affinity groups across the nonprofit community are already coming together to address specific issues commonly and/or to raise public policy matters jointly. Some of these are:

| Grantmakers of Western Pennsylvania | Community Action Agencies (various) |
| Greater Pittsburgh Nonprofit Partnership | Forum of United Way Agencies |
| County Human Service Councils (various) | Pittsburgh Public Service Fund |
| Greater Pittsburgh Arts Council | Health Alliance for Nonprofits |
| Mon Valley Providers Council | Conversation on Revitalization, Sustainability and Health in Southwestern Pennsylvania |
| Erie Nonprofit Partnership | Pennsylvania Association of Nonprofit Organizations |
| State Health Improvement Partnerships (various) | Council of Allegheny Providers |
| Homeless Providers Leadership Group | Pennsylvania Council of Children, Youth and Family Services |
| Pittsburgh Civic Design Coalition | Southwestern Pennsylvania Partnership on Aging |
| North Hills Nonprofit Consortium | Southwestern Pennsylvania Human Services |
| Fay-Penn | Greater Pittsburgh Community Food Bank |
| Pittsburgh Cultural Trust | Mon Valley Initiative |
| Southwestern Pennsylvania Community Development Corporation Coalition | Regional Business Alliance |
| Pittsburgh Council for Higher Education | A+ Schools |
| Pittsburgh Partnership for Neighborhood Development | Mental Health Association |
| Alliance of Nonprofit Stores | Allegheny County Library Association |
| Regional Coalition of Community Builders | Greater Pittsburgh Mentoring Association |
| Youth Providers Council | |

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**NOTES**
To what extent are these networks known broadly across the nonprofit community? To what extent would it be fruitful to connect these efforts? How can nonprofits more fully mine existing collaborative efforts? And how might nonprofits navigate some of the following sector-wide issues:

Public Policy

Nonprofits face increasing scrutiny from journalists and legislatures. This is clear from the recent hearings held by U.S. Senator Charles Grassley, R–Iowa, as chair of the Senate’s Finance Committee, and in reports from the Panel on the Nonprofit Sector. While pending legislation (e.g., H.R. 4297) is likely to alter how nonprofits go about fulfilling their missions, the matter of appropriations raises perhaps the most difficult challenges, for, as outlined below by the Aspen Institute, congressional appropriators approved two-thirds of President Bush’s proposed cuts in this year’s budget for federal contracts with charities, resulting in billions in losses for the nonprofit sector:

“Even as they continue to shoulder a large part of the burden of meeting human needs in the wake of recent hurricanes, the nation’s nonprofit organizations will soon begin to feel the impact of federal spending cuts enacted in the recently-completed FY 2006 appropriations process. Moreover, nonprofits will likely face additional funding cuts in the FY 2007 budget cycle, which began with the release of the president’s budget.

Overall, enacted FY 2006 federal appropriations for these programs of interest to nonprofits are $4.6 billion, or 2.8 percent, below FY 2005 levels, after adjusting for inflation.

Social welfare programs — including social service, employment and training, and community development activities — of interest to nonprofit organizations experienced the largest reductions in appropriations, at least in dollar terms. Funding in this broad category will fall by $2.4 billion or 7.3 percent, between FY 2005 and FY 2006.

Discretionary appropriations for education programs of interest to nonprofits will fall, under the congressional appropriations decisions, by $2.2 billion in FY 2006, or 3.8 percent, compared to FY 2005 levels. The total cuts in education appropriations were roughly equal to those proposed by President Bush, but the cuts were applied differently by Congress. In particular, Congress reduced funding for elementary and secondary education by $2.0 billion while only reducing higher education appropriations by $0.2 billion.

Congress enacted only one-third of the president’s proposed cuts to health services programs, but actual FY 2006 appropriations are still $1 billion below last year’s level. While nearly all of the major programs in this category experienced funding reductions or freezes under both the president’s proposal and the final legislation, Congress did not agree to cancel several of the smaller programs targeted for elimination by the administration.

Discretionary appropriations in the two smallest categories of interest to nonprofits, “arts and culture” and “environment,” were reduced by 2.3 percent and 7.4 percent, respectively. Total reductions in these two fields amount to $0.1 billion.”


Fundraising

Twenty-years ago, when only 1,200 nonprofits served the Pittsburgh region, government contracts accounted for 51 percent of the revenues, fees-for-services accounted for another 19 percent, and all private giving, including foundations, corporations and individuals, accounted for 17 percent. In 2000, in the Pittsburgh region, service fees accounted for 32 percent of revenues, followed by private donations (26 percent) and government contracts (14 percent). As compared to nonprofits in 1984, nonprofits today are, in the aggregate, clearly much more dependent on private giving and fees. That said, it is important to note that individual nonprofits are typically less diversified than the averages reflect. Therefore, local nonprofits must develop diverse revenue streams. Such diversity begins by developing a strong base of individual donors. While 80 percent of Allegheny County’s nonprofits receive donations from individuals, individual giving accounts for only 16 percent of revenues among all nonprofits. Other data evidence that rates of individual giving in Pittsburgh are much lower than in other regions. So what must nonprofits do? What can they do?
Community Visibility

By example, in Allegheny County, while 60 percent of nonprofits report engaging in advocacy (such as in efforts to make the general public and policy makers aware of problems and issues in the community), only 23 percent report engaging in lobbying. In an era when multi-sector planning (cooperatively involving the government, business, and nonprofit sectors) is crucial for community problem solving, nonprofits must make their voices heard, as the law fully permits. What might nonprofits do? They could convene public meetings, write op-eds, meet with public officials or host candidate forums. What strategies might be best?

Collaboration

By example, in Allegheny County, while 82 percent of nonprofits report contacting other nonprofits for purposes of identifying community needs, 61 percent report regularly competing with other nonprofits for visibility. While 66 percent of nonprofits report contacting other nonprofits for purposes of obtaining funding, 78 percent regularly compete with other nonprofits for resources. And while 85 percent of nonprofits contact other nonprofits for purposes of serving clients, 48 percent regularly compete with other nonprofits when serving clients.

Remarkably, 14 percent even compete with government when serving clients. Although some competition may be valuable to keep programming fresh and pointed, intense competition more likely inhibits solving community problems. So what could nonprofits do? They could question why they do what they do; they could ask what other groups are doing the same thing and they could honestly measure which group is doing the job most effectively. How can the nonprofit sector come to grips with the competition problem?
Connecting the Nonprofit Sector’s Priorities to the Region’s Priorities

Nonprofits cannot lead the region’s next renaissance alone. To what extent are the region’s priorities, as identified by various business, political, and governmental associations, known to the nonprofit community? How might the nonprofit sector connect its own priorities to a broader civic vision and regional identity? On what issues might the nonprofit community play a leading role?

Across southwestern Pennsylvania, various alliances of business and government leaders, as well as researchers and citizens groups, have set priorities for the region. Some are even pushing the region to imagine itself as stretching beyond the borders of the Pennsylvania state line:

“Meta region” matters as a competitive economic unit: Comparative advantage in regional economic terms is not confined to communities, states and nations, but in fact areas that cross both state and national boundaries. Increasingly the competitive economic unit in the world is not the city or state, but the mega-region — multi-city belts where a critical mass of people — at least 25 million, generate the level of economic activity and exchange to be a player in the world economy. The term “megapolis” was first coined to describe the Northeast Corridor of the United States, which today has some 50 million people. In Europe the arc of heavily concentrated development running from London, England to Milan, Italy is the center of economic activity for the European Union. In China, leaders are deliberately planning transportation and communications links to interconnect cities in the Pearl River Delta mega-region, source of 1/3 of their exports. Columnist Neil Pierce recently called this “the geography of a new century.”

The Great Lakes Region from Pittsburgh and Cleveland through Michigan, Chicago and on to Wisconsin and Minnesota is one of these mega-regions. With over 40 million people and a large share of national GDP, it is second in size to the Northeast Corridor. According to Robert Yaro of the Lincoln Institute: “Between now and 2050, more than half of the nation’s population growth and perhaps two-thirds of its economic growth will occur in seven emerging US mega regions whose extended networks of metropolitan centers are linked by interstate highway and rail corridors.” The Midwest can and should develop the linkages and synergies that help it thrive as a “meta-region.”

What follows are some of the priorities as identified by a few of this region’s most prominent organizations representing the interests of business and government.

>> ASK: Do the priorities identified today by the region’s nonprofit sector align with priorities promulgated by some in business and government?

Business:
Allegheny Conference on Community Development

The Allegheny Conference is focusing economic and community development activities on three strategic sectors in which the 10-county Pittsburgh region already has globally-leading strengths. These sectors are information technology, advanced materials manufacturing, and the life sciences.

The Allegheny Conference seeks to work in partnership with economic development, academic and corporate researchers, and technology support organizations to identify the appropriate sub-sectors in which to concentrate; to encourage innovation and entrepreneurship as well as attraction and retention of existing businesses; and to work to improve the business climate (government structure, taxes and regulation, transportation infrastructure and workforce quality) to enable employers in these sectors to flourish in the region.

In addition, the Allegheny Conference seeks to promote the strengths of the region globally through its marketing affiliate, the Pittsburgh Regional Alliance. The PRA provides global marketing, project management and
regional promotion activities on behalf of the region as a whole.

The Conference is developing a set of goals, for completion by the end of 2008, aimed at improving the economy and quality of life of the region. The timeline coincides with the 250th anniversary of the Pittsburgh region in November 2008, which is both a deadline for action to improve the region’s competitiveness and an opportunity to energize the region’s residents to focus on the potential for a bright future. At the invitation of the City of Pittsburgh and Allegheny County governments, the Allegheny Conference, in partnership with the Heinz History Center and Greater Pittsburgh Convention & Visitors Bureau, is coordinating the Pittsburgh 250th Anniversary Commemoration.

Politics:
Institute of Politics

Annually, the Institute of Politics at the University of Pittsburgh hosts an Elected Officials’ Retreat, during which elected officials from across the region, together with some community leaders, discuss issues relevant to Southwestern Pennsylvania. At the Ninth Annual Elected Officials Retreat, held during September 2005, the participants identified and voted upon nine matters warranting top priority by the Institute’s Policy Committees.

1. Economic Development
   *focus: Identify and discuss barriers to competitiveness and economic growth*

2. Education
   *focus: Addressing inequities among school districts*

3. Environment
   *focus: Regional water system*

4. Emergency Preparedness
   *focus: Development of a regional emergency preparedness resource guide for public officials*

5. Fiscal Policy/Governance
   *focus: Improving city/county efficiency and effectiveness*

6. Human Services
   *focus: Address all policy areas through lens of poverty*

7. Health
   *focus: Medicaid*

8. Transportation
   *focus: Regional integrated mass transit system*

9. Workforce Development
   *focus: Examine financial aid structures for education to meet needs of businesses and workers*

Government:
Southwestern Pennsylvania Commission (SPC)

SPC has been designated under federal law as the entity that determines how federal transportation funds are spent in Southwestern Pennsylvania. In addition, the agency receives state and federal support to promote regional economic development through a variety of planning programs and services. SPC membership includes at least two members of each county’s Board of Commissioners, the Allegheny County Executive, the Mayor of Pittsburgh, plus other representatives from SPC’s 10 counties, the City of Pittsburgh, transit providers, and state and federal agencies.

The 21 goals outlined below are adapted from http://www.spcregion.org/pdf/chappercent202.pdf. More detailed information about the related objectives and performance measures are available on-line.

**Vision:** Southwestern Pennsylvania will be recognized locally, nationally, and internationally as one of the best regions in the United States in which to live, work, play and invest.

1. Land use and community development throughout the region will be well-planned to protect our natural amenities and to strengthen communities, offering a variety of living environments, good public services, a well-balanced economy, and family-sustaining jobs, accessible from comfortable, affordable homes.
2. The region’s quality of life will be a competitive advantage to attract and retain businesses and residents, and regional prosperity will produce sustainable and manageable population growth.

3. Local governments throughout Southwestern Pennsylvania will cooperate in fair and efficient delivery of services.

4. Citizens will be actively involved in local and regional policymaking.

5. Residents of the region will have access to an adequate supply of affordable, well-maintained housing.

6. The region will have world-class cultural, recreational and entertainment assets, which will be used by local residents and visitors.

7. The region will have clean air.

8. The region will have clean water.

9. Southwestern Pennsylvania will have a vibrant and diverse economy.

10. Economic prosperity supporting the Quality of Life and Community Development goals of this plan will occur as a result of access to quality jobs and development opportunity throughout the region.

11. Strategic industry clusters will grow, attracting other industries to the region, and distinctive markets will be developed, taking advantage of unique assets found in the region.

12. Businesses will find competitive sites and facilities.

13. Businesses will be able to start, locate and expand rapidly, receiving efficient review of development plans by all relevant agencies.

14. The region’s attractiveness as a place to do business will be marketed competitively, nationally and internationally.

15. To enhance economic development, the region will have a workforce of the size and with the skills needed by the types of industries existing in and attracted to the region.

16. The safety, security, services, diversity, and capacity of the region’s transportation system will be strategically maintained and improved to efficiently serve users and to enhance quality of life.

17. The region’s transportation agencies and communities will manage and mitigate congestion in order to improve the mobility of people and goods in the region.

18. A balanced, integrated, multi-modal transportation system, linking important regional activity centers and major development areas, will provide: businesses access to markets; workers access to jobs; residents access to services; and residents and visitors access to tourist attractions.

19. Improved public transportation will be available to and utilized by residents throughout the region.

20. Improved location, quality, convenience, and comfort of transfer facilities will reduce the trip time and costs for travelers changing travel modes for trips within and out of the region and will help manage congestion by encouraging use of alternatives to single occupant-vehicle travel.

21. The transportation system will be constructed and maintained to enhance quality of life and equitably meet residents’ diverse transportation needs.
Governor Rendell has announced the Keystone Principles for Growth, Investment & Resource Conservation for Pennsylvania’s state agencies to use when investing and supporting local growth and economic development. The 10 Keystone Principles are outlined below:

Redevelop first — Support revitalization of Pennsylvania’s many cities and towns and give funding preference to reuse and redevelopment of “brownfields” and previously developed sites in urban, suburban and rural communities.

Provide efficient infrastructure — Fix it first: Use and improve existing infrastructure. Invest in highway and public transportation designs that are sensitive to community contexts, improve existing developed areas and attract residents and visitors to these places. Require private and public expansions of service to be consistent with approved comprehensive plans and local ordinances.

Concentrate development — Support infill and “greenfield” development that is compact, conserves land, and is integrated with existing or planned transportation, water and sewer services, and schools. Foster creation of well-designed developments and neighborhoods that offer healthy lifestyle opportunities for Pennsylvania residents.

Increase job opportunities — Retain and attract a diverse, educated workforce by offering economic opportunity and an attractive quality of life in Pennsylvania’s varied communities. Integrate educational and job-training opportunities for workers of all ages with business workforce needs. Invest in businesses that offer good paying, high quality jobs, and that are located near housing, an established workforce, existing or planned water and sewer infrastructure, and access to transit or highway transportation.

Foster sustainable businesses — Strengthen natural resource-based businesses that maintain sustainable practices in energy production and use, agriculture, forestry, fisheries, recreation, and tourism. Increase our supply of renewable energy. Reduce consumption of water, energy and materials to reduce foreign energy dependence and address climate change.

Restore and enhance the environment — Maintain and expand land, air and water protection, and conservation programs. Conserve and restore environmentally sensitive lands and natural areas for ecological health, biodiversity and wildlife habitat.

Enhance recreational and heritage resources — Maintain and improve recreational and heritage assets and infrastructure throughout the commonwealth. These would include parks and forests, greenways and trails, heritage parks, historic sites and resources, fishing and boating areas, and game lands offering recreational and cultural opportunities to Pennsylvanians and visitors.

Expand housing opportunities — Support the construction and rehabilitation of housing of all types to meet the needs of people of all incomes and abilities. Support local projects that are based on a comprehensive vision or plan, have significant potential impact (e.g., increased tax base, private investment), and demonstrate local capacity, technical ability and leadership to implement the project.

Plan regionally, implement locally — Support multi-municipal, county and local government planning and implementation that has broad public input and support and is consistent with these principles. Provide education, training, technical assistance and funding for such planning and for transportation, infrastructure, economic development, housing, mixed-use and conservation projects that implement such plans.

Be fair — Support equitable sharing of the benefits and burdens of development. Provide technical and strategic
support for inclusive community planning to ensure social, economic and environmental goals are met.

NOTES

At last year’s Pittsburgh Nonprofit Summit, some 1,200 attendees were encouraged to think and dream BIG. On the practical side of that, we explored ways to better develop our organizations’ capacities and our own professional skills. Today, we hope this guide and the rich discussion generated from it will help all of us walk away with the gold list that identifies what our common dreams are. Along with it, we hope to go forward with a community map that shows us how, in traveling together, we can achieve them.

NOTES

TOPIC NO. 4

Advancing the Region’s Renaissance

The nonprofit community stands positioned to create a sense of wonder, hope and imagination about how things could be for our communities. According to one recent poll, however, only 50 percent of local residents feel that the region’s best years still lie ahead.

What can nonprofits do to engage and excite residents about tackling community matters optimistically? How might nonprofits connect more directly and productively with residents? What should nonprofits do to encourage greater public participation — voting, donating money, volunteering talents? How do nonprofit organizations best align their distinct missions to help advance broader community goals and, ultimately, a future that embodies our highest quality-of-life goals?
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