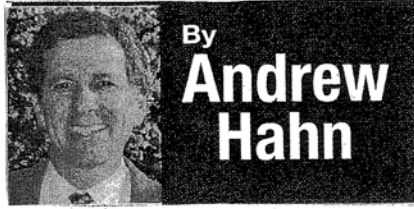


Viewpoints



(August 1, 2009)

Where is the bunker mentality, the hunker-down discipline, the emergency perspective, the feet-to-the-fire policy response to assisting youth-serving (and other) nonprofits in this recession?

I just don't see it.

In normal times, public and private funders and nonprofits engage in a kind of benign symbiotic dance. (Symbiosis: "close and often long-term interactions between individuals of two [or more] different species.") The species somehow work out differences, funds are transferred to support the nonprofits, and the nonprofits in turn meet their obligations, from serving youth to reporting news to refining program models.

In good times, the two sectors – funders and nonprofits – do good work together. It often seems to work out like a happy ending of a wildlife documentary on the Discovery Channel.

But these are not normal or good times. Consider the Obama administration's urgent actions to save the credit markets, banking sector, auto industry and more. The ante was raised in large, scary, audacious and creative ways from those sectors' normal patterns of long-term symbiosis. Business is not as usual.

But when it comes to survival of nonprofits, government and philanthropic leaders merely dispense sound but somewhat anemic advice to grantees:

To combat the conditions triggered by the recession, nonprofit leaders are told to seek a diversified funding base, seek a shift toward general support from project-based funding, and collaborate more – or even merge – with other organizations. They are all good, helpful and useful recommendations – but hardly the dramatic measures President Barack Obama has taken in other areas.

In contrast, the Independent Sector (independentsector.org) has sought a dramatic policy initiative to help save the vast landscape we call the nonprofit sector. The policy proposals described here should be better known in the youth-serving field. Sadly, the

initiative did not make it into the national recovery package. Similar proposals have been developed and promoted by other prominent groups, such as the Council on Foundations.

We need to push now to achieve passage of the proposals.

Independent Sector and the Council of Foundations recommend (quoting liberally from their websites) policy changes in these areas:

- **Foundation excise tax:** Reform the excise tax on foundation net investment income, which “discourages foundations from increasing their giving in times of greatest need.” Now, a significant increase in spending for one year can trigger a five-year increase in the tax rate for investment income. It seems reasonable to me to seek tax relief measures to help the donor community step up and contribute more to the recession’s pressing effects on families.
- **Individual giving:** Reform the caps on the amount of tax-deductible contributions individuals can claim on their tax returns, and remove the limits on how much individuals can contribute tax-free to charitable nonprofits through their Individual Retirement Accounts.
- **Volunteer mileage:** Increase the amount volunteers can deduct for use of their personal automobiles to deliver services to people in need; it is set by law at 14 cents per mile, compared with 55 cents per mile for private use of a vehicle for a business. This proposal might seem cosmetic, but really it’s a tip of the hat to the tens of thousands of volunteers in the United States. Helping them a little more with their volunteering-related expenses provides an incentive for them to keep doing what they’re doing, or even to do more.
- **Emergency bridge loans (my favorite):** Establish an essentially deficit-neutral emergency loan program to make credit available to nonprofits to bridge funding gaps resulting from state reimbursement delays. Provide incentives to states to make payments on time to nonprofits with which they have contracts.

Some may say that nonprofits are just trying to get a cut of the very lucrative support that has been given to the nation’s financial sector. However, passage of even one of these policy measures would benefit donors greatly, as well as their nonprofit partners, including youth programs.

These proposals are worthy of the youth field’s consideration.

Youth policy isn’t just about regulations for new kinds of community youth programs, nor is it just about advocating for new or continued funding. Youth policy is also about strengthening government, improving and assisting philanthropy, and repairing major structural barriers in the nonprofit field.

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