



The Center for Public & Nonprofit Leadership

CITIZEN ENGAGEMENT: THE NONPROFIT CHALLENGE

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Educating Leaders Who Change the World

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Today is a crucial time for nonprofit organizations.

The sector is in flux, beset by increasing responsibilities, higher public expectations but limited resources. Its phenomenal growth over the past thirty years has been accompanied by the creation of thousands of new one-issue groups, narrower agendas and greater fragmentation.

One can reasonably argue that, despite its enormous expansion, the nonprofit world has become weaker, not stronger, less influential in shaping the direction, priorities, and policies of our society. It has been unable to address effectively and resolve many of the major problems that undermine our democracy: persistent poverty, the increasing inequality of income and wealth, entrenched racism, a political system corrupted by big money, excesses and greed of corporate America, and philanthropic institutions that have failed to change their priorities and procedures to meet our most urgent public needs.

We may be larger and more effective deliverers of social services than we were thirty years ago, but we are today more fragmented than ever before, often finding it difficult to collaborate with others to engage in the policy battles that threaten our collective well-being. Recent nonprofit history is the story of policy battlefields littered with the dead bodies of nonprofit lone wolves.

The sector is besieged by other problems as well. Facing increased competition for scarce dollars, severe cutbacks in public funds, and a shortage of foundation money, nonprofits have increasingly turned to fees for service, profit-making businesses, and other commercial ventures for income. Growing commercialization and corporatization of the sector is dangerously blurring the line between nonprofit and for-profit organizations, creating in the process major ethical dilemmas, some erosion of nonprofit values and mission, and the question of nonprofits' tax responsibilities.

The recent nonprofit scandals exposed by the media during the past two years have brought home the sad fact that, in a real sense, much of the sector is unaccountable. Plagued by issues of excessive compensation, self-dealing, high trustee fees, corruption, inappropriate expenditures and inadequate disclosure, nonprofits are in danger of losing the public trust - that trust that is so essential to the fiscal health of the sector. Yet much of our community clings to the illusion that self-reform is the key to public accountability and is reluctant to support the only approach that can truly ensure nonprofit transparency and integrity: tougher regulations and enforcement by the Internal Revenue Service and State Attorneys General.

Happily, the sector can point to many new effective programs and initiatives. The spread of new community organizing and service groups across the country is an encouraging sign, as is the victories of local and regional advocacy organizations on environmental, health, and welfare reform issues.

The sector, however, is suffering from a serious lack of leadership, a condition that has worsened in the past few years and which, if not addressed, could diminish the sector's future ability to play the anchor role in our civil society.

Times of trouble, such as those we currently face, are also times of opportunities in which nonprofit organizations can galvanize their communities, assert their leadership, and make the necessary social and policy changes happen. You, the members of the Minnesota Council of Nonprofits, have already demonstrated what can be done to hold public institutions accountable and push for social change. But you can't rest on your laurels; much more needs to be done, if only to show an example to other associations and nonprofit groups that haven't been willing thus far to go beyond their routine activities.

I would like to mention briefly three major challenges, which I believe confront our nonprofit institutions collectively. While I am speaking from a national perspective, these challenges apply to all groups at the local and state levels.

1. Reclaiming the crucial role of advocacy

Historically, public policy, advocacy, and constituency organizing have been the dimension of our civil society that has distinguished it from all others. Some nonprofit sectors have had proportionately more nonprofits and more service providers than ours, but none have enjoyed our strong tradition of activism. It is the latter, not our service delivery, which is the envy of the entire world.

It is this activism that has made our democracy vigorous and lasting. It has been responsible for almost all of the major social and institutional changes in our history. The irony, of course, is that our activism is much more appreciated overseas than it is here in our own country.

In fact, during the last 25 years advocacy seems to have lost much of its cache and importance among nonprofit organizations. This is due to a number of factors: the growing conservatism of the country, continual attacks by the right wing on nonprofit advocacy, the failures of nonprofit leadership, short-sighted boards of directors, the commercialization of the sector, and the unwillingness of mainstream foundations to fund activism.

But nonprofit leaders must share a major portion of the blame for this state of affairs. They have been reluctant to exercise the sector's enormous potential for legal legislative activity. Of the 228,000 nonprofits that submitted their 990 form to the IRS in 1999, only 3,500 reported doing any lobbying at all levels of government. Their median effort was \$8,000 per group, for a total lobbying effort of about \$136 million, compared to the over \$2 billion spent by corporate America.

This lack of advocacy has taken a huge toll on both nonprofits and our society over the past eight years. The Gingrich Contract with America and the enormous federal budget cuts that accompanied this effort in 1996 greatly reduced federal domestic programs along with the budgets of thousands of nonprofits. Yet the nonprofit community did little or nothing to stop the onslaught. It was the silence of the nonprofit lambs.

Similarly, when the Administration - with nine Democratic Senators in support - repealed the estate tax, the nonprofit sector was virtually silent, despite the fact that only the very wealthiest

families in the country stood to gain from this measure and that the repeal would mean the loss of some \$8-10 billion a year to charity, the undermining of our progressive tax system, and the loss of over \$60 billion annually in federal taxes. Our largest umbrella organizations like Independent Sector and the Council on Foundations sat on the sidelines and provided no leadership. Ironically, it has been some 1,300 millionaires that have led the fight against the repeal, not the nonprofit sector.

And where was the sector when the corporate governance and corruption scandals broke out? Nowhere to be seen or heard. It has been a few corporate executives, a few Senators, and the SEC, who have led the fight for reform (although not with the vigor that is necessary.)

Nonprofits should have learned a lesson from such experiences. It is that they must devote a portion of their agendas to public policy, advocacy, organizing, and coalition building. They can no longer protect or meet the needs of their constituents by services alone. Only activism, not services, can win the big battles on issues important to nonprofits: poverty, lack of health protection, environmental hazards, gun violence, and so forth.

The shift to advocacy will be a challenge to many nonprofit leaders and boards of directors, but, unless this change occurs, both our society and democracy will be weakened.

2. Developing Future Nonprofit Leadership

There is a growing consensus that many of the nonprofit sector's problems come from a failure of leadership. We've lost a number of fine leaders during the past 15 years, and many, perhaps most, have not been replaced by others of commensurate quality. The tradeoff has been a loss of passion, vision, zeal, and commitment to the public interest. For too many people, nonprofit work has become just another job. We need to start rebuilding dynamic leadership cadres now.

How do we go about this task? One way to begin is for nonprofits to place a greater priority on recruiting and hiring young people. It is surprising how many organizations don't think much about how to develop their future leaders. Ask 100 groups whether they have succession plans for their executive directors. My bet is that no more than five will say they do. No wonder the process of succession has become a lost art for so many organizations.

Foundations have sponsored quite a few leadership development programs. Most of them have been recognition awards for mid-to-senior level practitioners and for what I like to call "foot-in-the-grave" tributes to those of us who are in the twilight of our careers. Instead, foundations, with encouragement from nonprofits, should make significant investments in young people in their 20's and early 30's by creating productive opening level jobs for them and providing incentives for nonprofits to hire and promote young people.

Good opening level jobs with decent pay and benefits in nurturing nonprofit organizations are at a premium. Many college graduates and other young people interested in public service careers either can't find jobs or can't afford nonprofit salaries because of their large, outstanding tuition loans. As a beginning, national, regional, and local foundations could collectively sponsor each

year at least 1000 such jobs throughout the country for two to three years, paying \$30-40,000 a year, depending on location.

Compared to the billions of dollars foundations fritter away every year on conventional, lackluster programs, investing \$100 million a year on developing young leaders seems a bargain. If the Ford Foundation alone could spend \$330 million for graduate student scholarships in developing countries, surely American foundations collectively could find \$1 billion to develop 10,000 young nonprofit leaders over a ten-year period. The cost of not developing new leaders for the sector is too large to calculate. Minnesota foundations could take the lead in such a regional effort.

3. Promoting Civic Engagement

There is some truth in the adage that people often get what they deserve. Many of the problems Americans face are in large part the result of their failure to become involved in civic life.

Low voter turnouts in federal, state, and local elections; declining participation in nonprofit organizational activities; passivity in the face of corruption and scandals; high schools that fail to provide civic education and citizenship training; and young people who may be volunteering more but are less interested in politics, social change, and civic engagement – all are indicators that we are not creating a sufficient number of responsible, active citizens.

As you know, nonprofit organizations are an important part of the social capital that holds us together, the glue that binds our democracy. As such, nonprofits have the responsibility not only to provide services and to advocate for sound social policies but also to promote citizen participation in all aspects of American life. A part of every nonprofit's agenda should be an effort to encourage its members, clients, and supporters, to register and vote in elections, to work as volunteers at the polls, and to become part of the political process.

In addition, that agenda should include active support for ensuring that every high school in the organization's community and state has a strong civic education program, including well-taught history courses, required reading of newspapers, a thorough study of government and political institutions, and some familiarity with nonprofit organizations.

Many associations and other nonprofits have lost touch with their base, becoming publicly unaccountable in the process. They have been transformed from grassroots, membership-led organizations to professionally run groups, whose members' participation is often limited to paying dues.

That is not good enough for a vibrant democracy. Nonprofits have an obligation to involve their members in every phase of their operations. Professionals are important, but their role as community organizers is to get their members and boards involved and to develop the skills of the lay leadership. Re-energizing the capacity and power of citizens within the nonprofit community would be a concrete step toward greater citizen engagement.

Other Challenges

There are other major challenges that will confront the nonprofit sector in the coming decade. These include ensuring public accountability, tempering growing commercialism, radically reducing poverty, taming the excessive power of corporate America, and implementing philanthropic reforms.

Not the least of these is the need for the sector to regain a sense of humor. So many of us have been caught up in a somewhat puritanical zeal of doing good in the public interest - the Lord's work as it were, plugging the dykes that protect our society - that we have forgotten how to laugh, both at the world and at ourselves. It's of little wonder that some look at us as self-righteous prigs. We need to work hard but enjoy our jobs. In short, we need to lighten up.

The Future

It will take all of the nonprofit community's resources and determination to meet the challenges I have outlined today. The sector has the capacity to do so, but does it have the will and courage? Several obstacles could block our progress in meeting these challenges: The first is our sector's growing fragmentation, a factor I have already cited. The question is whether our leadership is willing to transcend individual and institutional egos to join in common causes.

The second is the sector's lack of introspection and critical analysis. Most people are afraid to look hard at what really is going on and to be critical where necessary. Collegiality has become a highly developed and prized art form. No wonder there is so little vision and intellectual vigor among our colleagues in the field.

The third obstacle is simply the lack of courage by our nonprofit institutions and leaders. This is reflected in the unwillingness of practitioners to speak out on controversial issues and to go on the record with their comments; in the reluctance of grantees to critique and challenge foundations; in the fear of nonprofits to engage in legal lobbying; and in the reluctance of foundations to support activism and risk-taking programs.

What we urgently need is a growing cadre of nonprofit leaders and board members with integrity, vision, and, especially, courage. From where will these persons come? While the answer is not clear, I am willing to bet that a good number of them will come from you, the members of the Minnesota Council of Nonprofits.