

---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

**Uniting to Meet  
the Challenges We Face  
as Nonprofits**

**Nonprofit Management Center  
Midland, Texas  
April 18, 2012**

**Robert Manzer, PhD  
Chief Operating Officer, TANO**

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Overview – Setting the Scene

- An older understanding of nonprofits and American life
- Where we've been
- What we're hearing
  - Highlight: tough finances, more need and red tape
  - Highlight: erosion of public trust, crisis of legitimacy
- Not as well known in Texas
  - Government withholding payments to nonprofits
  - New Taxes and fees
- Crisis of legitimacy – What we can do

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## An older understanding

- Private associations
- Exceptional – new civilization
- Responsibility and common men and women
- Softening individualism: broadening hearts and minds
- Elevating and stretching the possible
- Preserving freedom

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

# TANO

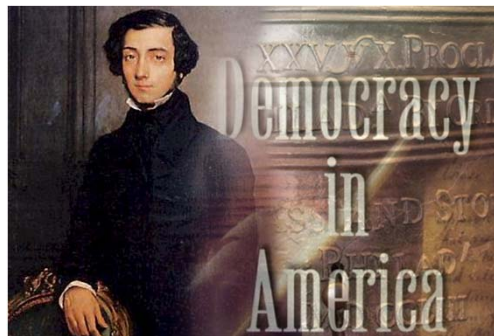
---

NONPROFITS

---

## An older understanding

- “Nothing, in my view, more deserves attention than associations in America.”
- “If men [and women] are to remain civilized ... the art of association must develop and improve among them at the same speed as equality ... spreads.”



---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Back to the present – TANO around Texas – Listening

- El Paso, Laredo, Alpine, Amarillo, Midland, Odessa, Lubbock
- San Angelo, Wichita Falls, Abilene
- Dallas, Fort Worth, Sherman, Denton
- Houston, Galveston, Beaumont
- Austin, Round Rock, Killeen, San Antonio, San Marcos
- Corpus Christi, Kingsville, Harlingen, McAllen
- Tyler, Jacksonville
  
- Statewide Task Force (Strengthening the Nonprofit Sector):  
Austin, Dallas, Houston, El Paso, Harlingen

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

# TANO

---

NONPROFITS

---

## What we're hearing

- Continued fiscal distress/ decreased revenue from traditional sources
  - Corporations
  - Foundations
  - Government
  - Individuals

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we're hearing

- Growing needs
  - More people hungry
  - More people unemployed and underemployed
  - More people uninsured and underinsured
  - More home foreclosures and more people homeless
- Governments abandoning programs, off loading on to Nonprofits

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we're hearing

- Heightened competition
- Increased demands to demonstrate performance
- Pressures to attract qualified workers

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---





---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we're hearing

- Increased public scrutiny
  - Sarbanes Oxley
    - Whistleblower protection policy and procedures
    - Document retention and destruction policy
    - Executive compensation
  - New 990s
  - Federal pre-emption of state nonprofit laws
  - Potential tightening of auditing and other standards

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we're hearing

- An erosion of public support and trust
- Senate Finance Committee Chairman Max Baucus and ranking member Chuck Grassley – proposals to “fix” alleged scandals:
  - Recurring renewal of 501(c) 3 tax exempt status
  - “accreditation” of larger nonprofits
  - Increased fees for all IRS filings
  - Performance based reviews as part of 990 report
  - Establish Federal standards for boards and ethics issues
  - Limit board size; IRS could disqualify certain persons
  - Mandatory CPA audits; and attached to 990

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Not as well known in Texas

- Government withholding payments contractually owed to nonprofits
- Fiscal Policy initiatives: New Taxes and Fees

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Not as well known

- Withholding payments contractually owed to nonprofits
- Exhaustively documented in Urban Institute Study: Human Services Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants
  - Paying less than it costs to deliver
  - In essence, nps loaning to government
  - Avoidable inefficiencies foisted on nps
  - Increasing burden: complexifying reporting requirements

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Not as well known

- Fiscal policy initiatives in other states (and Texas)
  - New taxes and fees: Pilots
  - **SB 714 (=HB 1022):** Drainage fees (PILOTs) imposed by the City of Houston on utility-using tax-exempt properties owned by charitable and religious organizations would be banned by state law. *Above bill seeks to ban and was passed by Senate. On 4-6-2011, the Houston City Council passed an ordinance exempting churches and schools from the previously-enacted drainage fees, in response to the local public outcry and the state legislation referenced above.*

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Crisis of Legitimacy

- Lack of understanding
  - Relationship of nonprofits and government in providing services
  - Ongoing shifting of services to nonprofit sector
  - Basics – what is a nonprofit?
  - Forgetful of American distinctiveness
- Isolation, anomie, fear, reluctance to stand up

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Crisis of Legitimacy

- Further aggravating
  - Taxation of tax-exempt organizations
  - State budget crisis – not going away anytime soon
  - Really puts the question squarely: why are nonprofits treated differently?

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## One response: State Association Movement and the National Council

- 42 state associations – nation’s largest network of nonprofits
- 25,000 nonprofits (goal 100,000)
- Connecticut – Cabinet official for nonprofit relationships
- Illinois – Guidelines for government/nonprofit relationships
- Texas – 2<sup>nd</sup> Task Force (improving relations with nonprofits)

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---





---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Response: TANO

- Over 800 members (up from 350 last year)
- Statewide presence established and growing
- One of fastest growing associations
- Growing because meeting the needs of nonprofits
  - Advocacy
  - Convenient programming and consulting
  - Benefits that strengthen organizations/Cross-sector Collaborations

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we can do: know who we are

- Texas nonprofit sector: 403,196 workers (2<sup>nd</sup> quarter, 2008)
- 3.8% of total workforce (1 out of every 26)
- 8 x as many workers as state's utilities industry
- 5 x oil and gas extraction industry
- 2 x real estate and leasing industry
- 20% more than the entire Texas state government

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we can do: know who we are

- Texas nonprofit sector: small
- 95% all NPs have gross revenue less than \$1 million
- 92% less than \$500,000
- 88.4% less than \$250,000
- 82.2% less than \$100,000
  
- 55% of all TX nonprofit jobs are in health services
- 15% in educational services
- 12% in social assistance

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we can do: advocate

- TANO – help us get the word out that NPs can engage in advocacy
  - Take the powerful, free, and easy 501(h) Election to safeguard your advocacy activities
  - “insubstantial” standard
- Extensive info on website
- PP Alerts
- PP Conference calls
- Non-ideological – concern for sector wide issues

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we can do: HHSC Task Force

- Access to credit and capital
- Grant and contract process
- Coordination
- Communications plan
- HB 1965: TF on Improving Relations with Nonprofits

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## What we can do: Come together and Unite

- Build a new public awareness of the sector
  - Be aware of its economic impact
  - Tap older understandings of the sector's historic roots and distinctiveness
- 
- Distinctively American
  - Tempering individualism and preserving freedom

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---



---

EMPOWERING

---

**TANO**

---

NONPROFITS

---

## Sum up – Crisis of legitimacy: 2 futures

- New broad-scale public awareness of the role of nonprofits in American life
- Gradual, steady erosion of legitimacy and distinctive treatment under the law
- Critical moment
- “If I am not for myself, who is for me? If I am only for myself, what am I? If not now, when? -- Hillel

---

**TANO** IS THE TEXAS ASSOCIATION *of* NONPROFIT ORGANIZATIONS · **TANO.ORG**  
info@tano.org · 8001 Centre Park Drive Suite 120 Austin, TX 78754 · P 512.381.1490 · F 512.381.1499

---

