Who Has the Time?
And Other Questions on Nonprofit Advocacy

By David L. Thompson, Vice President of Public Policy, National Council of Nonprofits

This spring, a prominent nonprofit leader said 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 commenting softly, “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 two bedrock principles to make the case for “every day advocacy,” which virtually all of us are already doing.

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.

The second fundamental truth 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, education, community engagement and more. 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.

Recently released data from the Urban Institute brings these points home. Responses to a nationwide survey of nonprofits with government contracts and grants indicate that Connecticut is the second worst state in the nation (after Maryland and tied with Illinois) for governments imposing needlessly complex and time-consuming reporting requirements. Presumably this means that the time and aggravation that Connecticut nonprofit employees spend on monitoring, reporting and dealing with audits is greater than most other places in the United States.

To this problem, the question really is not, ‘who has the time to advocate?’ The question is, ‘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, Connecticut ranked as the third worst state (following Rhode Island and Wisconsin) in governments changing written contract or grant agreements once services commence. Mid-stream changes to contracts that governments previously signed and agreed to honor is vexing, in part because it often creates increased costs for nonprofits that are then not paid. Such changes take many forms, including cuts to agreed-upon payments, redefined eligibility for payments, instructions to perform additional or increased levels of service and new reporting and compliance requirements with no additional reimbursement for these added costs. The time spent adjusting, re-doing and fundraising as a result of mid-stream changes is time away from mission.

Is it fair to demand this time of nonprofit employees? Most of us think it is not, and many are working to fix this recurring problem.

One more data point worth noting: Connecticut ranks as the sixth worst state in which nonprofits report problems with governments failing to pay for the full cost of contracted services. Perhaps the most problematic way this occurs is through the imposition of arbitrary caps on reimbursement of indirect costs (sometimes called overhead costs or administrative costs). More than three out of five (61 percent) Connecticut nonprofits responding to the Urban Institute survey reported that governments impose limits on general administrative and overhead costs. Of those, thirteen percent were paid zero for their necessary administrative/overhead expenses; a third (34 percent) reported receiving no more than seven percent and fully seven out of ten received reimbursements of ten percent or less for these 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

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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?” the more relevant question is: “why are nonprofits and their funders spending time and resources subsidizing governments?” How much time must we divert from our missions to fundraise for the government?

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.

Thanks to the ongoing advocacy efforts of CT Nonprofits and many other organizations, 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 that will require pass-through entities (typically states and local governments receiving federal funding) 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 must pay. If a negotiated rate does not yet exist, then nonprofits are empowered to request negotiating a rate or elect the default rate of 10 percent of their modified total direct costs.

As 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. 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 every-day advocacy that is transforming nonprofits and their communities.

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