Nonprofit Sector Strategic Planning Summit

BACKGROUND REPORT

- Summit participants are urged to read this report before the event.
- Summit details: June 14, 2016, 8:30 a.m. to 5:30 p.m., Albuquerque, New Mexico

CONVENER

CEO Nonprofit Roundtable

FACILITATOR

New Mexico First

NEW MEXICO FIRST

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FOREWORD

Purpose of the Event

This background report is intended to help participants prepare for the Nonprofit Sector Strategic Planning Summit, June 14, 2016, convened by the **CEO Roundtable** and facilitated by **New Mexico First**. The event will bring together key stakeholders for a consensus driven deliberation to develop strategies that enhance the nonprofit sector as a whole. Goals include:

- Increase knowledge among the general public, funders, boards, and the media about the positive impact nonprofits have on the state's economy and quality of life, as well as the essential safety net services they provide.
- Determine how the nonprofit sector can provide a major leadership role in strengthening New Mexico.
- Lay groundwork for partnerships between the nonprofit and for-profit sectors, as well as the nonprofit and governmental sectors.
- Create a concrete, actionable platform of recommendations for nonprofits, funders, and the private sector. The platform will be published in a public report.

The event will produce a platform of recommendations. New Mexico First and other organizations will advance those recommendations in the coming years, with particular emphasis on the next six months, ensuring that the participants' ideas receive attention and, where possible, implementation.

All attendees must agree to think deeply and strategically about the nonprofit sector as a whole. Thus, no one should attend the Nonprofit Sector Strategic Planning Summit from the perspective of advancing the needs of a particular charity, region, or social cause.

Convener

The **CEO Roundtable**, an informal coalition of nonprofit executives, is spearheading the event. The group is dedicated to advancing professionalism and effectiveness within the nonprofit sector. Members include Roadrunner Food Bank, Heading Home, Girl Scouts of New Mexico, New Mexico First, Ronald McDonald House and WESST.

Facilitator

New Mexico First engages people in important issues facing their state or community. The public policy organization offers unique town halls and forums that bring together people from all walks of life to develop their best ideas for policymakers and the public. New Mexico First also produces nonpartisan public policy reports on critical issues facing the state. These reports – primarily on water, education, healthcare, the economy, and energy – are available at nmfirst.org.

Our state's two U.S. Senators – Tom Udall and Martin Heinrich – serve as New Mexico First's honorary co-chairs. The organization was co-founded in 1986 by then U.S. Senators Jeff Bingaman and Pete Domenici.

Research Committee

This New Mexico First report was prepared by Elizabeth Perrachione and edited by Heather Balas. Reviewers included:

- Amy Duggan, formerly Center for Nonprofit Excellence
- Leslie Neal, U.S. Bank
- Agnes Noonan, WESST
- Dennis Plummer, Heading Home
- Kristin Rortvedt, Ronald McDonald House Charities of New Mexico
- Dolores Roybal, Con Alma Health Foundation
- Peggy Sanchez Mills, Girl Scouts of New Mexico
- Melody Wattenbarger, Roadrunner Food Bank

A special thanks goes to the review committee for sharing their time and expertise.

Where Do We Get Our Information?

Throughout this document, we provide as many data sources as possible. We draw from published reports, newspaper and journal articles, first-hand interviews and online resources. All direct quotes come from our interviews unless otherwise noted. We know that policymakers, researchers and students use our reports, so we provide the details you need to learn more – and answer your own questions. Footnotes provide short-references to complete citations in the bibliography.

INTRODUCTION

New Mexico's nonprofit sector is already building an engaged and impactful New Mexico. From essential safety net services to policy research, the arts to healthcare – nonprofits make a difference in New Mexico every day. **This report and the Summit focuses primarily on social service nonprofits, since they share many of the same goals and challenges.**

The challenges facing our state and nation require extraordinary levels of social change. Research on high-impact nonprofits indicates that truly great organizations mobilize every sector of society – business, nonprofits, government, foundations, and the public – to be forces for good. "Greatness has more to do with how nonprofits work *outside* the boundaries of their organizations than how they manage their own internal operations."[1]

In addition, great nonprofits work with markets and help business "do well while doing good." They influence business practices, build corporate partnerships, and develop income ventures.[2] Links, both formal and informal, are key. "High-impact organizations *help the competition succeed*, building networks of nonprofit allies and devoting remarkable time and energy to advancing their larger field."[3]

These ideas matter, given this report's goal of improving interaction, shared leadership and true collaboration between service-providers, funders and corporations. "Our goal with this project is to better position the nonprofit sector to be proactive and collaborative, and build deep linkages with our foundation and business partners," said Melody Wattenbarger of Roadrunner Food Bank.[4]

It may be obvious why nonprofits, with their goals of improving the social condition, want to strengthen the sector. However, a strong nonprofit sector matters to all elements of our society. Without a strong safety net, people in trouble can create communities in trouble – which can undermine commerce, public wellbeing or a stable workforce. "The work being done in the New Mexico nonprofit sector enables everything else within our society to function better," said Dennis Plummer of Heading Home, an organization that serves homeless people.[5]

The time is ripe to open a practical dialogue – organized around concrete actions not just lofty ideals – about strengthening nonprofits and building amazing, impactful collaborations across all sectors of our state's economy. Together, we can build the New Mexico we want to see.

[1] (Crutchfield and Grant 2007)
[2] (Crutchfield and Grant 2007)
[3] (Crutchfield and Grant 2007)
[4] (Wattenbarger 2016)
[5] (Plummer 2016)

SECTION 1

NONPROFIT IMPACT

New Mexico's nonprofits make a difference everyday – economically and socially. Quantifying that impact can be challenging, however. For example, the last comprehensive economic impact analysis of the sector was performed a decade ago.[6] The changing role of the healthcare dollar in our country – and within the nonprofit sector – is an additional variable that we will learn more about in the coming months and years. What we do know can be compiled from multiple, separate data sources. It remains absolutely clear that the nonprofit sector plays key, measurable roles in New Mexico's financial and social makeup.

New Mexico Nonprofit Impacts: At-a-Glance

Item	Amount	Data Year
Number of nonprofits	10,600 (7,500 are public charities)	*2010*
Annual revenues	$6.5 billion	*2014*
Collective assets	$15.7 billion	*2015*
Total giving from New Mexico grantmakers	$60 million	*2012*
Total giving from out of state grantmakers	$$74 million	*2012*
New Mexicans employed by nonprofits	48,000 individuals	*2012*
Total amount of wages earned	$1.2 billion	*2003*
Volunteer time	60 million hours	*2014*
Volunteer hours translated to dollars	$1.4 billion	*2014*

Economics and Employment

AN ECONOMIC FORCE

The nonprofit sector in New Mexico comprises roughly 10,600 organizations, about 7,000 of which are public charities.[7] It generates more than $6.5 billion in annual revenues – roughly four percent of the amount of revenue collected by the state through taxes and licenses.[8] New Mexico also received $5 billion in federal aid in 2013.[9] The collective assets held by nonprofits are roughly $15.7 billion.[10]

New Mexico grantmakers' giving to organizations in-state increased by 11 percent between 2006 and 2009 – during our country's recession – with their total giving in 2009 reaching almost $60 million.[11] In addition, about a quarter of the funding for New Mexico's nonprofits come from out of state. These out-of-state funders provided an additional $74 million in grants.[12] They also benefitted New Mexico with an estimated $812 million in revenue for our state's businesses, close to 10,000 jobs, and the $290 million in wages and salaries for these workers. "Because these activities are funded by out-of-state monies, they

[6] (Mitchell 2006)
[7] (Independent Sector 2016) referencing the National Center for Charitable Statistics, 2010
[8] (State of New Mexico Taxation and Revenue Department 2014)
[9] (Ballotpedia 2016)
[10] (Independent Sector 2016) referencing the National Center for Charitable Statistics, 2015
[11] (Pratt and Sanchez 2012)
[12] (Pratt and Sanchez 2012)

represent net growth to the state economy – these activities would not exist in New Mexico were it not for the capacity of nonprofit organizations to attract these funds to the state."[13]

In addition to foundation money, New Mexico families contributed $656 million to charitable causes – much of which ran through one or more of the state's nonprofit organizations.[14] This personal giving, combined with foundation grants, totaled $790 million.

"We offer a whole circle of impact, including employment and purchasing power, that contributes to the economy," commented Peggy Sanchez Mills of Girls Scouts of New Mexico.

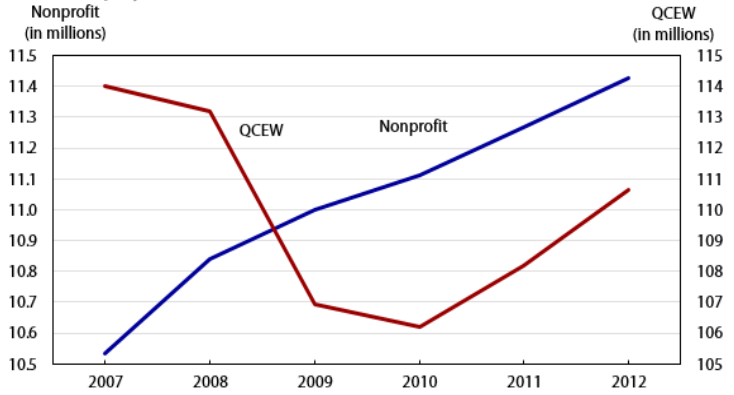
JOBS

Nationally, about 10 percent of employees work for nonprofits. In New Mexico, the nonprofit sector employs roughly eight percent of the state's workforce (48,000 people), as compared to the 29,000 employed in manufacturing jobs.[15] It is estimated that nonprofit employment in New Mexico comprises more than double the amount in state government, and more than the combined workforce in agriculture, mining, oil and gas, and utilities.[16] Further, when looking at statewide economic base jobs per economic sector, health and social services were responsible for 23,000 positions.[17] Though the highest concentration of nonprofits is in Bernalillo and Santa Fe counties, the sector employs people throughout the state. Of the 33 counties, 28 have more than 100 nonprofit jobs, and 17 counties have more than 500.[18]

Many jobs in the nonprofit sector pay comparatively well, with employees of nonprofits earning over $1.2 billion in wages in 2003. The number has likely increased significantly since then. Overall, the average earnings are about 6.5 percent lower than the state average but 66 percent higher than the combined average of retail, accommodations and food services, which are among the largest sectors of the state's economy.[19]

Nonprofit job growth is shown to be more resilient than the for-profit job market. Noted a Johns Hopkins report, "Indeed, nonprofits have been holding the fort for much of the rest of the economy, creating jobs at a time when

Figure 1. Comparison of nonprofit sector employment with QCEW total private employment, 2007–12



Note: QCEW = Quarterly Census of Employment and Wages.
Source: U.S. Bureau of Labor Statistics.

[13] (Mitchell 2006)
[14] (Pratt and Sanchez 2012)
[15] (Salamon, Sokolowski and Geller 2012), (Independent Sector 2016)
[16] (Mitchell 2006)
[17] (New Mexico Legislature 2013)
[18] (Mitchell 2006)
[19] (Mitchell 2006)

other components of the economy have been shedding jobs at accelerating rates. This striking pattern holds for nearly every state and for most major fields of nonprofit activity."[20]

Given the annual average growth rate of two percent during the recession, the Johns Hopkins report upholds the "persistent dynamism of the nonprofit labor market," especially by comparison to the for-profit sector, which lost jobs during that timeframe at an average of minus .6 percent per year.[21] Even during 2008-2009, when the for-profit sector suffered a six percent loss in jobs, the nonprofit sector experienced 1.2 percent growth. *(See chart above for national comparison of nonprofit vs. for-profit job growth.)*

VOLUNTEERS

One of the characteristics that separate nonprofits from the government and business sectors is the wide use of volunteers, which is uncompensated labor that benefits communities significantly.[22] In 2014, a quarter of New Mexico's residents – over 400,000 individuals – volunteered their time and expertise. According to data collected by the Corporation for National and Community Service, this translated into roughly 60 million hours, worth $1.4 billion. This does not include the "more than 700 AmeriCorps members and 3,800 Senior Corps volunteers" who will "commit more than $8 million to support New Mexico communities through national service."[23]

Volunteers are a key element to the success of nonprofit organizations, that often lack the budget to pay for such expertise and assistance outright. Individuals provide crucial support to these service-providing organizations in a myriad of ways, including via administrative functions, fundraising, assisting with service delivery, cataloguing donations, and disseminating resources like food and coats. Board members, acting as conduits between the nonprofit and for-profit sectors, provide expertise, help hold the 30,000-foot-view, act as advocates, and provide links to funding sources.

In return, nonprofit organizations provide opportunities for volunteers to "give back" in ways that positively impact their communities. Becoming involved in the myriad organizations that need assistance not only supports those being served, but provides meaning and a sense of community that can ameliorate isolation among those serving.

Though nonprofits offer a crucial foundation – especially for those within our society that are most marginalized – the work they do often goes unseen or is misunderstood. "I'm amazed by how many people don't seem to know what a nonprofit is, let alone the vast array of services we provide," commented Agnes Noonan of WEEST. *(See Section 2 for information on public awareness challenges facing nonprofits.)*

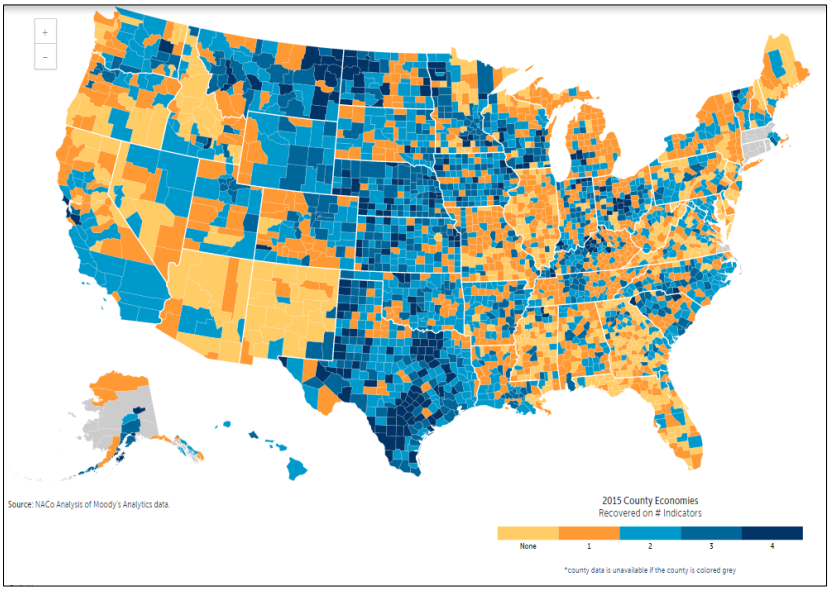
[20] (Salamon, Sokolowski and Geller 2012)
[21] (Salamon, Sokolowski and Geller 2012)
[22] (Mitchell 2006)
[23] (Corporation for National & Community Service 2014)

SECTION 2

NONPROFIT CHALLENGES

Slow Recession Recovery

The economic recession of the last decade continues to impact the nation as a whole, including New Mexico. Of the 11 recessions identified since 1946, the 2007-2009 was the longest and deepest; at the lowest points employment fell by 6 percent and output fell 5 percent.[24] Full recovery has eluded 93 percent of the counties in the U.S.[25] This data was based on employment, the size of the economy and home values. Additionally, median household incomes have not recovered, and newly created jobs pay less than previously existing jobs.[26]



From the Wall Street Journal

While Albuquerque fares relatively well on the recovery list, rating 154 of 327 metropolitan areas, the majority of New Mexico counties remain at or near the bottom of the recovery index.[27] *(See map.)*

"We are in a very challenging time," said Noonan. "We all know the impact of falling oil and gas prices in New Mexico, especially since our state is not economically diversified. What kind of an impact will this have sector wide – and especially for the organizations providing much needed social services?"[28]

SOCIOECONOMIC DEMOGRAPHICS

Of the two million people in New Mexico, almost five hundred thousand – one quarter of the population – lives in poverty.[29] Resultant issues impact every sector of our state. Seeking to bridge the ever-widening gaps between resources and need, the nonprofit/funding community feels this effect deeply. With 33% of the population living rurally, many issues are exacerbated.[30]

States with large rural populations have unique difficulties for philanthropy and for nonprofits. Smaller tax

[24] (Federal Reserve Bank of Minneapolis n.d.)
[25] (Morath 2016)
[26] (Alpert 2015)
[27] (Chamberlain 2015)
[28] (Noonan 2016)
[29] "Poverty" is defined as a family of four living on $24,000 or less.
[30] (Quigley 2014) New Mexico's 33 percent living in rural areas compares to 19 percent of the nation's population.

bases, less discretionary income, and few – if any – large corporations in remote locations challenge rural giving. "Foundations often evaluate their grants by the population reached, making rural communities less appealing."[31] This holds true, even though "people in rural areas access nonprofit services and programs frequently, providing a value often overlooked by many foundations."[32]

Societal perceptions of those served by nonprofits are also challenging to navigate. "Poverty is stigmatized. People dismiss the issue, with some expressing disdain. And somehow this becomes the nonprofit's fault, as though we were causing individuals to become dependent,"[33] shared Wattenbarger. This attitude can be due to lack of understanding or awareness. Those who lack a first-hand experience with addiction or domestic violence, for example, feel that these issues do not affect them. Others "don't trust those who are poor to know what they need to change their circumstances. The attitude is that the poor aren't to be trusted. There is a perception that huge fraud exists in the social service sector, when in reality it is one percent."[34]

The Scarcity Mentality

Socioeconomic challenges in New Mexico are compounded by what many refer to as the "scarcity mentality." "It is one of the things that gets in the way of all of us working together. If we believe that everything is zero sum, then if someone gets something, we feel like we'll lose."[35]

Writing about potential causes of this "shortage-thinking," Journal staff writer Winthrop Quigley referenced new research that found "a region's history does much to shape its economic present." Historically, New Mexico has been resource-poor and is locked in geographically. This has traditionally made it harder to share trade and ideas. Though New Mexico's economy was agrarian well into the 20th century, "…farming was largely subsistence in a few confined areas that had access to water." Wealth was measured by land, not liquid assets," and "an elite dominated local economies and politics."[36] These factors, posit this theory, contribute to New Mexico's socioeconomic demographics to this day.

Whether they chose to buy into the scarcity mentality or not, those on the report committee all agreed with Wattenbarger's statement: "We are not going to get anywhere unless we figure out how to make the whole pie bigger."[37]

Public Awareness

Many people understand the important role business plays in society – creating jobs that drive the economy. And they may understand the role of government – funding essential public services. But the complex and bridging role nonprofits play is often a mystery. "Not everyone fully comprehends what a

[31] (Santa Fe Community Foundation 2010)
[32] (Santa Fe Community Foundation 2010)
[33] (Wattenbarger 2016)
[34] (Duggan 2016)
[35] (Wattenbarger 2016)
[36] (Quigley 2014)
[37] (Wattenbarger 2016)

nonprofit is or what they do – let alone the specific guidelines nonprofits must adhere to as they work to manifest social change," shared Amy Duggan, of Center for Nonprofit Excellence.

Nonprofits fill unique gaps. While government provides needed services, they often look to the nonprofit sector for highly specialized programs. And "most people expect business to elevate the population, primarily through job creation. This is a hugely important activity. But the corporate sector tends to leave behind that 10 percent who are most disadvantaged. If we really want a world that works for everyone, then the nonprofit sector has to be a serious part of the conversation."[38]

> ***Most people expect business to elevate the population, primarily through job creation. This is a hugely important activity. But the corporate sector tends to leave behind that 10 percent who are most disadvantaged. If we really want a world that works for everyone, then the nonprofit sector has to be a serious part of the conversation."***
>
> -- Dan Pallotta, nonprofit fundraiser and innovator

"What would our world look like if there were no food banks, no workforce and youth development, no Presbyterian Hospital?" asked Peggy Sanchez Mills of Girl Scouts of New Mexico. "Nonprofits add to everyone's quality of life." Mills believes there is a significant learning curve among state and local leaders about the role that nonprofits play.

With that awareness may come a heightened sense of value. "The nonprofit sector needs more legitimacy," said Dennis Plummer of Heading Home. "What everyone seems to forget is that we provide something the community not only wants, but needs. We are a vendor, delivering a service, and getting reimbursed for the work we offer."

A SEAT AT THE TABLE

This lack of understanding can lead to important state or community decisions being made without adequate consultation with nonprofits. "One of our roles," explained Wattenbarger, "is to be a voice for people who are largely disenfranchised and disconnected from our communities." As an example, she observed that when nonprofits are left out of economic development planning, the solutions may lean toward creating entrepreneurs or training people for high paid jobs in the tech sector. While an effective strategy for some, this leaves out a large swath of the population. "If you can't read or write, you're not going to have much success in those areas."[39] Thus it is important, she noted, that leaders hear different voices and perspectives.

Why aren't nonprofits included more often? Mills offered an explanation: "There is a perception that nonprofits aren't as savvy, that we need more in resources than what we offer in services. These are the types of conclusions people may draw if they don't realize we contribute to the backbone of the community."

But fairness or inclusion are not the only reasons to keep a seat at the table for nonprofits, advocates point out. It is simply practical. "There are so many things that would get done faster if other sectors worked more closely with us," said Wattenbarger. "We are on the ground in the communities we serve.

[38] (Pallotta 2013)
[39] (Wattenbarger 2016)

We've built long term relationships. People trust us. If you put all nonprofits together and weave them into a fabric, we cover practically everything."

Different Standards

An article from the Stanford Social Innovation Review interviewed eleven "crossover leaders,"[40] who shared challenges faced by nonprofits that business leaders often fail to comprehend. These included: Nonprofit CEO's having less control and authority and more stakeholders to which they must answer; a lack of clear performance measures for nonprofits, and the fact that nonprofits are both under-resourced and under greater scrutiny.[41]

Founder and President of the Charity Defense Council, Dan Pallotta created "the multi-day charitable event industry." His "AIDS Rides and Breast Cancer 3-Day events" raised $582 million in nine years."[42] "The nonprofit sector is critical to our dream of changing the world. Yet there is no greater injustice than the double standard that exists between the for-profit and nonprofit sectors. One gets to feast on marketing, risk-taking, capital and financial incentive, the other is sentenced to begging."

These divergent sets of standards can also lead to nonprofits questioning how they present themselves. "We hear from funders that they want to fund strong organizations. So you submit a proposal, have the site visit, present your financials and answer lots of questions. And at the end of the day the funder decides not to fund you because they don't feel you need the money."[43]

CULTURE AND LEADERSHIP METHODS

Each sector demands distinct management skills. Many business leaders find it difficult to "accommodate the nonprofit sector's different culture and demands."[44] Richard Schlosberg, Los Angeles Times CEO turned foundation president, offered: "Their time frame, their command-and-control orientation, and their view of the employee/employer relationship just don't translate as easily."[45]

Nonprofit leadership must "honor the disparate concerns of many more groups, each with a legitimate stake in the organization's mission and activities."[46] For-profit boards, CEO's and senior management are unified by a common goal: shareholder value. By contrast, each nonprofit board member has "a different set of goals and often different agendas. To manage that as a CEO is much more complex."[47] Compounding these issues, business leaders often fail to see their nonprofit board membership as being as important as their corporate board membership.

Working with so many different stakeholders impacts the timeframe in which decisions can be made and carried out. "Eternal consensus building, slow decision making, slow to act,"[48] was a common sentiment.

[40] Those heading up organizations in the nonprofit sector who once held leadership positions in the business world.
[41] (Silverman and Taliento 2016)
[42] (TED 2016)
[43] (Noonan 2016)
[44] (Silverman and Taliento 2016)
[45] (Silverman and Taliento 2016)
[46] (Silverman and Taliento 2016)
[47] (Silverman and Taliento 2016)
[48] (Silverman and Taliento 2016)

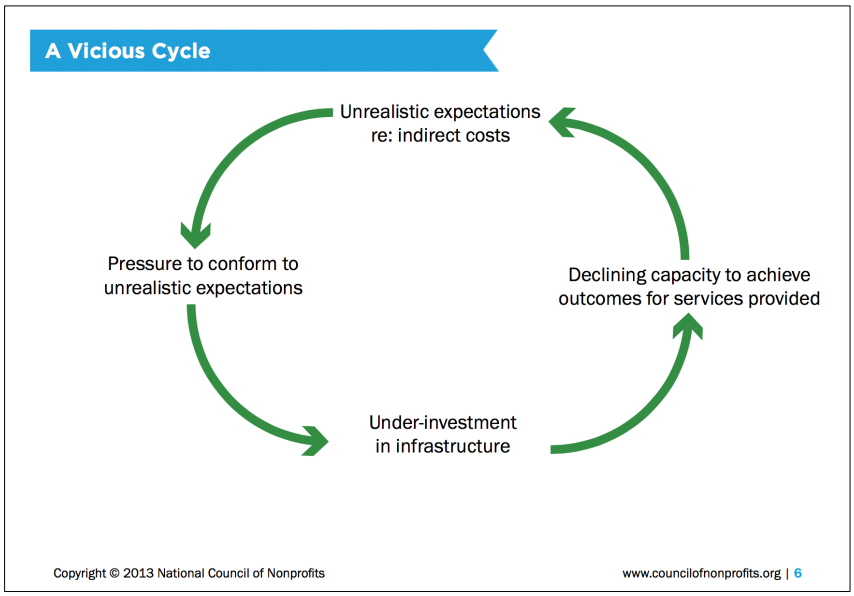
Not that consensus building in and of itself is wrong. "It's just that it shouldn't be 100 percent consensus. It's not like the mailroom guy has to weigh in. There has to be an end to it."[49]

There is also the question of how much authority nonprofit executives truly wield. College presidents need faculty consent to implement reform. "Contrary to a corporate setting, I would stand before the faculty senate and plead for their support." Ultimately, however, the blame or credit was always credited solely to him. "You will have little opportunity to lead by making decisions. You'll have the power of the budget to some extent, but if you have a vision or you want to make any changes, you're going to do it by leadership and by inspiration and not by direction. You've got to be a Pied Piper."[50]

OVERHEAD MYTH

Conventional wisdom has long defined "the best charitable nonprofits" as "those that spent the least on indirect costs."[51] Charity Navigator rates nonprofits based on two "broad areas of performance; their Financial Health and their Accountability & Transparency." Financial Health has four metrics, one of which is administrative expenses.[52] A food bank, for example, receives a perfect score of 10 if indirect costs do not exceed 3 percent and a zero if they are greater than 30 percent.[53]

This leads to a "starvation cycle,"[54] with watchdog groups rating nonprofits based on overhead percentages. And nonprofits "keeping these costs artificially low in order to meet these unrealistic expectations."[55] This runs counter to the business sector, where overhead expenses are accepted as good practice. *(There is a chart in the Appendix that shows how challenging it can be to determine these costs.)*



From Foundation Center

[49] (Silverman and Taliento 2016)
[50] (Silverman and Taliento 2016)
[51] (National Council of Nonprofits 2013)
[52] The other three Financial Health metrics are program and fundraising expenses and fundraising efficiency.
[53] (Charity Navigator: Your Guide to Intelligent Giving 2016)
[54] (National Council of Nonprofits 2013)
[55] (National Council of Nonprofits 2013)

Salaries generally make up the largest portion of indirect costs – in both the nonprofit and for-profit sectors. Responsible for carrying out all aspects of an organization's mission, "the vast majority of paid staff members cumulatively devote most of their time to carrying out program service activities."[56] Yet, Noonan shared, "the hardest money to get from funders is operating money."

Increasingly, however, the idea that low overhead equals organizational effectiveness is being challenged. "You can't create a job for $5,000. And a medium- to large-sized nonprofit can't operate with an office/management budget of $30,000 to $80,000. Funders want miracles, but they generally aren't able to fund them."[57] A decade's worth of landmark studies show that increased operating costs generate greater efficiency and impact. The National Council of Nonprofits reported that "indirect costs are not organizational 'fat' that should be reduced dramatically, but are core investments needed for the successful operation of organizations."[58]

Funders believe that they are doing diligence to support operating costs. A 2007 study, which surveyed foundations and nonprofits, found that 69 percent of foundations support nonprofit overhead expenses, nearly half of all foundations fund general operating support, almost one-third of foundation grants are unrestricted, and close to half of the surveyed foundations reported that "administrative funding builds nonprofits' capacity and helps to meet the needs of constituents."[59] Dolores Roybal of Con Alma Health Foundation explained that "there are many funders that support general operating grants, multi-year grants, and are not prescriptive in their funding."[60]

How do these numbers reconcile with the two-thirds of nonprofits who reported a lack of adequate funding for overhead? Perhaps this is in part due to choices made by the organization's leadership. Three-fourths of nonprofits "do not rely on foundation funding to pay core operations." These funds are viewed as temporary; and nonprofits are less inclined to use the money for overhead, preferring "to enhance programs or cover periodic expenses such as capacity building or board training."[61]

Though there is interest in an average percentage that would be reasonable for nonprofit overhead, the absence of reliable data makes it challenging to come up with a number. The Bridgespan Group concluded that for-profit indirect costs averaged in the mid-twenties. While there wasn't an average for government, some shared that their own rates "far exceed the artificial limits imposed on nonprofits." For service industries – which best parallels the social sector – the figure reached was 34 percent.[62] While this may be closer to the reality of what successful nonprofits spend on indirect costs, it is not yet a widely acceptable number. As an example, "to apply for United Way funding, your operating expenses must be below 20 percent."[63]

INFRASTRUCTURE, MARKETING AND FUNDRAISING SCOPE

Different standards for nonprofits keep organizations small by offering little to no start-up time for

[56] (GuideStar Inc., Charity Navigator, BBB Wise Giving Alliance 2014)
[57] (Noonan 2016)
[58] (National Council of Nonprofits 2013)
[59] (Foundation Center 2007)
[60] (Roybal 2016)
[61] (Foundation Center 2007)
[62] (The Bridgespan Group n.d.)
[63] (Plummer 2016)

programs and service arrays. Amazon was cited as an example of a for-profit that "went for six years without returning any profit to investors." But a nonprofit could not hold off on providing services to the needy to build a larger service delivery scale.[64] "Most donor funds expect outcomes within one year, grantmaking is an annual cycle. Whereas venture capitalists operate on a five to 10 year cycle."[65]

The scope in which nonprofits can fundraise is similarly curtailed. For-profits have large advertising budgets, whereas donors want their money "to go to the needy." The attitude is, "well, look, if you can get the advertising donated, you know, to air at four o'clock in the morning, I'm okay with that. As if the money invested in advertising could not bring in dramatically greater sums of money to serve the needy."[66] This leads to a real hesitancy among nonprofits to try large-scale innovative fundraising techniques.

Pallotta explained that "people are yearning to measure the full distance of their potential on behalf of the causes they care about deeply. But they have to be asked." He created successful fundraising campaigns that earned his clients multiple millions of dollars "by buying full-page ads in *The New York Times*, in *The Boston Globe*, in prime time radio and TV advertising. Do you know how many people we would have gotten if we put up fliers in the laundromat?"[67]

Concerns about the limits nonprofits have in using bigger scope to achieve wide-scale sustainability is echoed by the Stanford Social Innovation's research. One crossover leader shared, "Every time we in nonprofits satisfy customers, we drain resources, and every time for-profits satisfy a customer, they get resources back."[68]

Hiring and Retaining Talent

Even those interviewed for this report were polarized about the ease with which nonprofits secure talent. Some felt it obvious that top talent would choose higher compensating for-profit work; others disagreed. "A colleague with a past career and current consulting practice in the nonprofit sector recently told me 'good people choose to work in the for-profit sector.' His mentality is that nonprofit organizations can't keep talented individuals. There was a huge disconnect about how critical nonprofit work really is. Many choose the field because they want a job that has real meaning and impact."[69]

In the for-profit sector, more money made by a company translates to more money earned – at least for top executives. But "we have a visceral reaction to the idea that anyone would make very much money helping other people. Interestingly, we don't have a visceral reaction to the notion that people would make a lot of money *not* helping other people."[70] This dichotomy "gives a really stark, mutually exclusive choice between doing very well for yourself and your family or doing good for the world."[71]

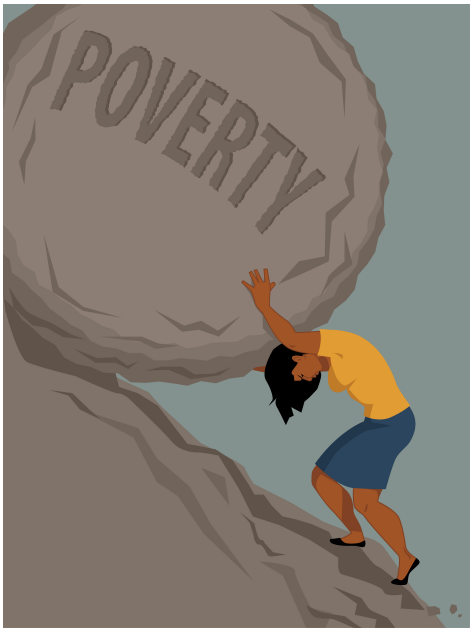
According to a *BusinessWeek* survey, "the median compensation for a Stanford MBA, with bonus at the

[64] (Pallotta 2013)
[65] (Plummer 2016)
[66] (Pallotta 2013)
[67] (Pallotta 2013)
[68] (Silverman and Taliento 2016)
[69] (Duggan 2016)
[70] (Pallotta 2013)
[71] (Pallotta 2013)

age of 38, was $400,000. Meanwhile, for the same year, the average salary for the CEO of a $5 million plus medical charity in the U.S. was $232,000, and for a hunger charity $84,000."[72] That translates into a $316,000 difference between the MBA and hunger charity CEO. The MBA can give plenty per year to a hunger charity, and most likely be asked to serve on that organization's board. Therefore, the choice of a for-profit job allows individuals a higher standard of living that still enables them to give back to their community.

Finally, as is evidenced by the huge disparity between the two nonprofit CEO salaries, there is a challenge in determining how much to pay nonprofit employees. "Are we in the right market?" asked Plummer. "We have nowhere to reference salary levels as there is in the for-profit sector, where average CEO incomes are based on the size of the organization's budget."[73]

Sisyphus



"People working on the front lines in the nonprofit world get tired,"[74] explained Wattenbarger. Every year nonprofits campaign to the same funders while simultaneously researching to find new, additional sources of financial support. "Most of us spend all of our time and resources raising support and delivering our mission."[75] "The number of individuals who need help is not getting smaller – it's getting larger."[76] It is much like the myth of Sisyphus, who continually rolls the rock uphill – only to have it roll back down.

Those working in human services experience "burnout" defined as "the cumulative psychological strain of working with many different stressors. It often manifests as a gradual wearing down over time."[77]

COMPASSION FATIGUE

Many who serve "trauma survivors experience an enhanced sense of meaning, self-esteem, respect for the strength of others, and connection with humanity."[78] Ameliorating the suffering of others and positively contributing to one's community are key factors in job satisfaction for those working in nonprofits.

Unfortunately, service providers can also experience their own form of trauma. Labeled "compassion fatigue." This phenomenon is "a classic problem for many of us working in nonprofits," explained Human Resources Director Lessie Askew. "We're so focused on who we're serving that sometimes we neglect ourselves. We repress the sad stories we hear, we forget the trauma we witness, and we go about our

[72] (Pallotta 2013)
[73] (Plummer 2016)
[74] (Wattenbarger 2016)
[75] (Noonan 2016)
[76] (Wattenbarger 2016)
[77] (U.S. Department of Veterans Affairs 2016)
[78] (U.S. Department of Veterans Affairs 2016)

day."[79] Also called "secondary" or "vicarious" trauma, compassion fatigue is "the stress resulting from helping or wanting to help a traumatized or suffering person."[80] Recognizing this, the U.S. Department of Veterans Affairs advises those offering services "to know about traumatic stress … so that you can apply this knowledge to yourself."[81]

Ignoring the effects of secondary trauma has damaging consequences for nonprofit organizations. The Compassion Fatigue Awareness Project cites "symptoms" within an organization that include: "high absenteeism, inability for teams to work well together, and a lack of vision for the future."[82] Conversely, the benefits for individuals and organizations who obtain treatment for compassion fatigue are considerable. For this reason, Green Cross' Academy of Traumatology gives the same importance to their staff following Self Care Guidelines as they do to Standards of Practice.[83]

[79] (Dennis 2015)

[80] (Secondary Trauma 2010), citing Figley, C.R. (Ed.) (1995). Compassion Fatigue: Secondary Traumatic Stress Disorders from Treating the Traumatized. New York: Brunner/Mazel, p.7.

[81] (U.S. Department of Veterans Affairs 2016)

[82] (Compassion Fatigue Awareness Project 2013)

[83] (Green Cross 2014) This nonprofit's "international, humanitarian assistance organization of trained traumatologists and compassion fatigue service providers."

SECTION 3

NEW MEXICO FUNDERS

In a paper she authored on nonprofits, Delores Roybal of Con Alma Health Foundation clarified that "the nonprofit sector includes both the service providers (non-grantmakers) and funders (grantmakers)."[84] Funders grapple with many of the same challenges as service-providing organizations. Working within the same economic landscape, they face the same often overwhelming mountain of need. Secondary trauma, in this case, is referred to as "donor fatigue." Added to this are limits and earmarks on their funds, accountability to investors, and a myriad of conflicting opinions about what kind of funding works best. These are some of the ways the experiences of funders and nonprofits overlap.

Funding Limits

Just as nonprofits feel discouraged when they can't reach everyone in need, funders experience that same frustration regarding their grantmaking. Leslie Neal, of U.S. Bank, shared: "Like nonprofits, foundations are operating with limited resources." [85] Further limits are often imposed by earmarks for specific missions. Perhaps their endowments can only be used for education or the arts.

It is important for nonprofits to research funders prior to meeting with them. Asking for funding that doesn't meet the funder's criteria wastes everyone's time. "As a volunteer," explained Neal, "I have found the idea of strict funding guidelines to be the hardest message to get across. Those working in the nonprofit sector – especially those offering desperately needed social services – often believe that if they can genuinely get foundation or corporate personnel to understand the need, they would not be turned away."[86]

"Of course you feel compassion, but you can't change your funding criteria to match a need that falls outside of your scope. That would be a dramatic deviation from a funder's mission." This kind of shift makes as much sense as asking a nonprofit organization to change their mission to fit available funding.

Impact Investing

Challenged by the ever growing need and concerned that their grantmaking efforts are not achieving even adequate results, foundations are increasingly adopting the idea of "impact investing." "Funders need to know that their dollars are having a real effect on the communities they are trying to serve. They must be

[84] (D. Roybal 2015)
[85] (Neal 2016)
[86] (Neal 2016)

able to tell their investors and donors, to whom they are accountable, 'yes, we delivered on what you wanted us to,'"[87]

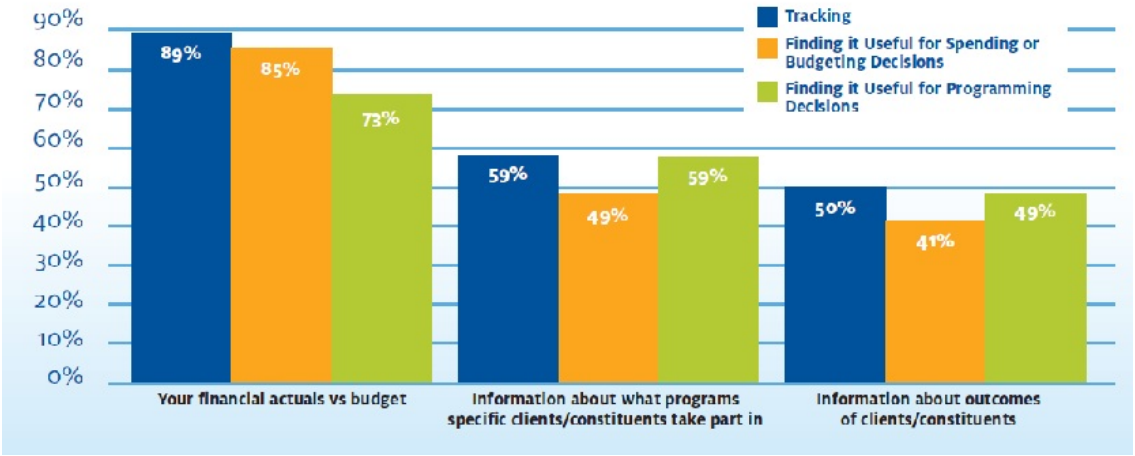
Noonan doesn't see this as a problem: "We think donors should demand demonstration of impact. A lot of programs don't have the metrics. If we can't prove that we're meeting our mission – not the demand mind you, but the mission – we should close our doors."[88] Yet some worry about unrealistic expectations or programs suffering when dollars are diverted to evaluation. "Funders want measurements and deliverables from organizations that barely have enough staff to raise the budget each year and do their part in providing services."[89]

"It's a matter of managing expectations," shared Neal. "Nonprofits need clear plans that define what success looks like, how they measure their progress, and how the funding they received fits into that picture. This is a methodical approach that most funders can appreciate."[90]

DEFINING METRICS

"Funders want to know: how did you move the needle?" said Dolores Roybal of Con Alma Health Foundation.[91] This requires metrics, though defining them is notoriously difficult in the nonprofit sector. "The lack of having a bottom line is truly underappreciated, as is its importance in enabling an organization to have focus and come together."[92] Without it, there is "much more of a challenge to evaluate not only the organization, but individuals and their performance as well."[93]

There is no "simple financial metric that is really central," explained one Stanford Social Review crossover leader. "You are dealing with more squishy and intangible issues of social change or public attitudes and behavior."[94] Perhaps this contributes to the results from an article surveying nonprofits about their use of



From the Nonprofit Technology Network

[87] (Neal 2016)
[88] (Noonan 2016)
[89] (Noonan 2016)
[90] (Neal 2016)
[91] (Roybal 2016)
[92] (Silverman and Taliento 2016)
[93] (Silverman and Taliento 2016)
[94] (Silverman and Taliento 2016)

data, which showed "a large dichotomy—either they were doing a lot with their metrics or not much at all," with less than two-thirds using data at all.[95]

EVIDENCE-BASED PRACTICES: PROS AND CONS

Originating in the medical field, evidence-based practices are those proven to be more effective based on data compiled from double-blind studies. Delivering services based on the best evidence available "is a common sense idea that is typically viewed favorably by researchers, funders, practitioners, service users, and policy makers."

As with clearly defined metrics and goals, "Funders like evidence-based practices because they increase the chances that the programs they pay for will get positive results."[96] This also provides protection for grantmaking bodies from criticisms that "they're wasting money on unproven programs."[97] Evidence-based practices has supporters and those who question their efficacy.One of many social service areas that has experienced success drawing on evidence-based programs is child abuse and neglect prevention and treatment. In 1993, the National Research Council issued a report that led to "significant advances" in the "development and dissemination of model programs." Of these service options "an increasing number of interventions have strong evidence of efficacy with at least a portion of their targeted populations. Many others are aggressively building their evidence base and now operate with increased awareness of the need for and value of robust evaluative data."[98]

Tracking data has other important impacts. Doing so helps illuminate potentially dangerous gaps in services, as well as populations that remain underserved. The process also helps those organizations offering programs within a similar service array to collaborate and share data so they can better join efforts to build a comprehensive system of care within their communities. Finally, a body of proven research can guide reforms in public service delivery systems "to improve overall service quality and create an institutional infrastructure capable of sustaining such reforms."[99]

There are also some who express concern about evidence-based practices, citing that they have "a wide range of associated meanings."[100] Research used to qualify a program or practice as evidence-based "can be of varied quality,"[101] with many service areas lacking a single set of standards. There is also the question of how universal research results from one successful program really are, with many feeling that findings from the medicine and natural sciences "are more generalizable than results obtained from the social sciences."[102]

[95] (Nonprofit Technology Network 2013)
[96] (Wells 2016)
[97] (Bouffard and Reid 2012)
[98] (Committee on Childhood Maltreatment Research, Policy and Practice for the Next Decade: Phase II; Board on Children, Youth and Families; Committee on Law and Justice; Institute of Medicine; National Research Council 2014)
[99] (Committee on Childhood Maltreatment Research, Policy and Practice for the Next Decade: Phase II; Board on Children, Youth and Families; Committee on Law and Justice; Institute of Medicine; National Research Council 2014)
[100] (Mullen and Streiner 2009)
[101] (What is an Evidence-Based Practice? 2013)
[102] (Bouffard and Reid 2012)

Based on hard science and quantitative research, evidence-based practices are "weak on the qualitative side and rarely shows how, why, and for whom the program is effective." National models may lack cultural sensitivities that alienate targeted populations. Without enough clients "to provide both treatment and control groups," small, local organizations doing effective work "rarely have the money or expertise to have their program scientifically studied." This can pressure smaller, local nonprofits "to abandon the successful program they have developed" in favor of a "national model which may be expensive, complex, and require extensive modification to fit local conditions."[103]

Perhaps most ironic is that evidence-based practices themselves do not always "meet [their] own tests of efficiency and effectiveness."[104] As a result, "there is little evidence that evidence-based practice works."[105] The belief persists that basing practices on research will result in more effective programs with higher rates of success. Yet, there is often a lack of "convincing direct evidence" to "show that this assumption is correct."[106]

Recognizing the need for social service providers to have access to data, nonprofit, nonpartisan organizations assist service providers, funders, and policy makers navigate the growing world of metrics, best-practices and evidence-based programs. PerformWell's website offers a comprehensive array of information and services. Founding partners include: The Urban Institute, which develops "outcome and performance measures for the nonprofit and public sectors." Child Trends, whose mission focuses on improving "outcomes for children by providing research, data, and analysis." And Social Solutions, which provides tracking software for nonprofits to determine which of their efforts are most effective.[107]

Despite the inherent challenges, there is strong consensus that developing clear, meaningful metrics is important, even if those metrics aren't perfect. *(There is further information in the Appendix of this report that details how to measure transparency and/or accountability.)*

Competing Funding Philosophies

In a state like New Mexico, with high competition for limited dollars, some people recommend that funders collaborate behind very targeted causes. Others point to the wide array of nonprofits and call for a "broad brush" with funding. There are funders who believe in putting restrictions on funding and those that prefer to let an organization decide a gift's best use. Areas of funding focus can cycle in and out of the limelight, as do specific funding philosophies.

RESEARCH AND PLANNING

In their book, *Philanthropy and the Nonprofit Sector in a Changing America*, the authors explore different processes used by funders. Surprisingly, they found that "very few take a clearly planned approach in dealing with the impact of the changing human service environment." Instead, "a substantial proportion of philanthropic funders are somewhat isolated and considerably constrained by their mission and other factors that control their primary source of funding." As a result, "they react to what agencies tell them

[103] (Wells 2016)
[104] (Bouffard and Reid 2012)
[105] (Bouffard and Reid 2012)
[106] (Bouffard and Reid 2012)
[107] (Perform Well n.d.)

are community needs, are aware of broad policy issues highlighted in the mass media, and know about a small number of large philanthropic funders in the local community."[108]

By contrast, there are "philanthropic funders who make sustained and systematic efforts to scan the environment and who pay a great deal of attention to public policy developments and community needs." These foundations also seem more likely to be "actively involved in various external planning efforts related to their primary focal area and collaborate with both public agencies and other philanthropic funders in these areas."[109] The majority of foundations fall somewhere in the middle.

One common practice among funders is to network among themselves and to form alliances with regional grantmaking associations. Some involve themselves "with United Way needs assessments or priority grant activities."[110] Unfortunately, New Mexico lacks a centralized organization that could compile data on the nonprofit sector. "There is an absence of a neutral convener who could perform needs assessments in communities throughout our state," shared Mills.[111] "Reports will come out after the fact, but at this point each nonprofit is deciding what the community needs."[112]

Not having this data readily available poses another problem. Noonan shared: "I hear people tell me they are going to start a nonprofit three times a week." The lack of a well-publicized and central place to find cohesive data means people can move forward with an idea uninformed by current offerings. "Then we are told that there is too much duplication."[113] Kristin Rortvedt of Ronald McDonald House Charities of New Mexico, clarified: "Share NM is compiling some data for use by the sector, and the Center for Nonprofit Excellence puts out a nonprofit director. That said, I think there is a lack of awareness of these resources to help people when they are considering a new organization."[114]

FUNDING PREFERENCES AND TRENDS

As in many aspects of society, areas of funding focus can become trendy. Nonprofits then have to avoid adopting new programs because funding is available for them. "Someone came to us recently with the idea of growing hydroponic vegetables at the food bank. It isn't something we can do; yet they were so persistent, insisting that 'there is money for that.' We said 'great, we hope someone else does it.'"[115]

Funders can unknowingly add to this challenge. "It is far more exciting to fund a program, and some even come on board with their own pet project."[116] "Right now economic development is the darling of funders. Back in the 90's I could not sell the idea of supporting local business and entrepreneurship to anyone. The fact that economic development is in vogue at this time benefits my organization," shared Noonan, "but what about the nonprofits doing great social service work that isn't popular right now?"[117]

[108] (Clotfelter and Ehrich 2001)
[109] (Clotfelter and Ehrich 2001)
[110] (Clotfelter and Ehrich 2001)
[111] (Mills 2016)
[112] (Mills 2016)
[113] (Noonan 2016)
[114] (Rortvedt 2016)
[115] (Wattenbarger 2016)
[116] (Noonan 2016)
[117] (Noonan 2016)

RESTRICTED VS. UNRESTRICTED GIVING

Some foundations put very specified earmarks on their gifts; others donors strongly advocate for unrestricted giving. Those who have resources to offer feel a responsibility to restrict funding to a specific activity that they can monitor closely. Then there are others who "give restricted money to have closer engagement with the doers. Let's face it, they're the coolest people out there, and I certainly treasure my relationships with those who are doing great work to make the world a better place."[118]

Leslie Neal, of U.S. Bank, shared: "I have worked for organizations that put restrictions on funding, and I understand that it comes from a very real action-oriented place. Business people, particularly working for a large corporation, are expected to perform. And the only way you can ascertain whether they are or not is via measures. This results in a leaning toward programmatic funding."[119]

Having said this, Neal cautions, "it is short-sighted for any funder to exclusively fund programs, because you can't deliver programs if you can't keep doors open. It's challenging for anyone to put together a solid budget every year if they have to constantly shift funding just to be sure their administrative costs are covered. For nonprofits, it's about knowing your funder and telling your story clearly enough for them to understand. Funders are caught up in a world view of having to see hard numbers and improvement every quarter. You have to be ready to say 'I know we're asking for both program and administrative funding and this is why…'."[120]

"Unrestricted funding remains a cornerstone of our funding strategy," wrote Kevin Starr of the Mulago Foundation, because it "makes an organization work smoothly, enables innovation, and provides fuel for growth. It unlocks potential and allows people to get down to business and do what they're best at. It makes it possible for organizations to weather crises without losing momentum."[121]

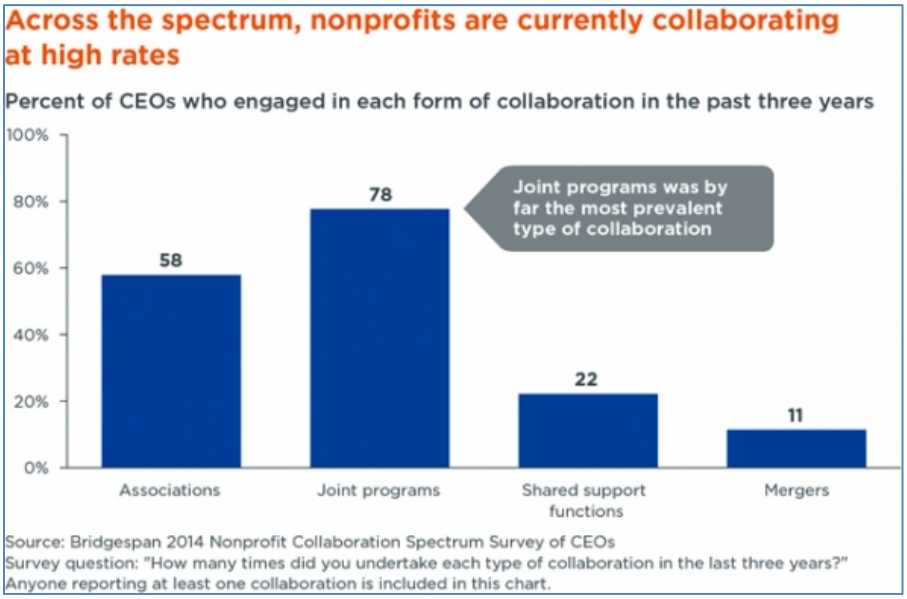
While there is concern that unrestricted money could be used inefficiently, Starr sees it differently. "If you don't think an organization is smart enough to use your money well, don't give them any." He suggests that: "In the real world, if you were to invest in a company you thought would make you a tidy profit, you wouldn't tell the senior management they had to make a product of your choosing, restrict the number of vehicles they purchased, or expand operations into a new country. Why should we do any differently in the social sector?"[122]

[118] (Starr 2011)
[119] (Neal 2016)
[120] (Neal 2016)
[121] (Starr 2011)
[122] (Starr 2011)

SECTION 4

COLLABORATING BETTER

Regardless of what sector people work in, they seem to agree that collaboration can be both increased and improved. This goal includes engagement within the nonprofit sector as well as across sectors.



A recent Bridgespan study cited in a Stanford Social Innovation Review analyzed almost seven-hundred formal collaborations that fell into one of four main categories:[123]

- Associations, including coalitions and collaboratives. Joined by formal agreement, work and governance happens separately.
- Joint programs that are integrated under contract. Governance happens separately.
- Shared support functions, that combine administrative services.
- Merger that legally links governance of two organizations.

"Our research surprised us in four ways: the sheer volume of all types of collaborations, the high level of satisfaction with them by both nonprofit and philanthropic leaders; the strong desire for more collaborations at the most integrated end of the spectrum, and the places where nonprofits and foundations did not see eye-to-eye, creating significant barriers to achieving the full potential of collaborative endeavor."[124]

Nonprofits are currently collaborating at high rates, with CEO's expressing high satisfaction with the partnerships. The desire for collaboration is higher than the amount happening. There were also key barriers identified that inhibit collaboration. "Fewer than 20 percent of nonprofit leaders said they received support from their funders during the [collaboration] process, and more than 50 percent reported no support whatsoever for any form of collaboration." There is also difficulty "finding the right partners and negotiating respective roles," and "disparity between funder and CEO perceptions about which forms of collaboration fail more often." Interestingly funders saw joint programming as more

[123] (Neuhoff and Smith Milway 2014)
[124] (Neuhoff and Smith Milway 2014)

successful, while CEO's reported that these had the highest failure rate. Instead, CEO's uphold more integrated forms, such as "shared support functions and mergers" were most likely to succeed. [125]

Nonprofit to Nonprofit

Given that there are roughly 10,600 nonprofits in New Mexico, collaboration within the sector is probably a smart place to begin. "We have to start thinking broader," said Peggy Mills of Girls Scouts. "Rather than 'what's in it for me,' we have to come from the perspective of 'what can we do for one another.'"[126]

Collaboration is challenging. It takes time, trust, and a willingness to push through the complexities. This is true not only within the nonprofit sector but across sectors as well. "When you have high trust, you can get things done quickly and with a minimum of fuss. When trust is absent, it's really hard work. Not only do you not know each other, you don't speak the same languages, have the same objectives. Real collaboration takes work, compromise, and a willingness to be vulnerable that is often absent."[127]

"A myriad of divergent points of view adds complexity," shared Leslie Neal of U.S. Bank, "but it can also produce more elegant solutions. Complexity makes people shy away from collaboration; but it doesn't have to be messy. Complexity can be managed." "More and more I believe that it isn't about *not* wanting to collaborate," explained Agnes Noonan of WESST, "it's that nonprofits lack staff, resources and time. It's far too easy to get caught up in a priority today that you didn't even know you had until it comes up."

If achieved, sector-wide collaboration could offer many benefits. "Clearly it would help us avoid duplication," added Noonan. "And we would have to address funders to achieve this, as duplication often surfaces in response to their requirements."[128] It would also make asset-mapping – another outcome for which many in the nonprofit sector advocate – easier to accomplish. The ability to share best practices can assist all organizations become more impactful. Also, "there is a growing interest in how nonprofits

[125] (Neuhoff and Smith Milway 2014)
[126] (Mills 2016)
[127] (Wattenbarger 2016)
[128] (Noonan 2016)

can be effective self-advocates, especially on the policy level. To make that happen, organizations will need to focus concurrently on collaboration and capacity building."[129]

Examples of Sector-wide Collaborations

STATEWIDE ASSOCIATIONS

New Mexico's challenges – including: accessing economic data, understanding which nonprofits are doing what, or duplicating some efforts – are lessened in other states with nonprofit associations. For example, Colorado and Arizona both have much more comprehensive reporting on their nonprofit sectors. The Colorado Nonprofit Association's mission is "to lead, serve and strengthen Colorado's nonprofit organizations."[130] Similarly, the Alliance of Arizona Nonprofits "is a statewide organization of, by, and for all Arizona nonprofits."[131] This organization's website, combined with Arizona State University's Lodestar Center, presents in depth information on their nonprofit sector, updated annually.[132]Con Alma Executive Director Delores Roybal is specific about the model of support she would like to see. "Membership organizations are dinosaurs; they can't be sustained solely on dues. There are models in other states where funders and grantseekers can share infrastructure support. One director, one big mission, and one set of staff sustain the whole system in an integrated way."[133] The organization for which she works feels so strongly about this model – and Roybal agrees – that "Con Alma would consider helping fund a shared aligned infrastructure – if there were support for this model."[134]

COMMUNITY RESPONSE TO HOMELESSNESS

First developed in 2007, A Community Response to Homelessness established a five year strategy based

CASE STUDY: NGO-New Mexico

New Mexico had a statewide association for nonprofits (2004-2009). It convened nonprofit conferences, offered training and networking, provided technical assistance, created a resource center and centralized database, had as a goal securing group benefits for members, and advocated for the sector.

Initially directed by Dolores Roybal, who now leads Con Alma Health Foundation, "NGO-New Mexico was part of an effort by a coalition of stakeholders who advocated against changes that would have harmed the nonprofit sector. Our ability to assist to the degree we did was, in part, based on the network we'd built."

Organizational and financial challenges prevented NGO-New Mexico from continuing past 2009. After the organization closed its doors, other groups began filling some of the gaps. The Center for Nonprofit Excellence and Share New Mexico are two such efforts. The question remains whether New Mexico needs a statewide association and, if so, how to prevent duplication with existing efforts.

[129] (Duggan 2016)
[130] (Colorado Nonprofit Association n.d.)
[131] (Alliance of Arizona Nonprofits n.d.)
[132] (ASU Lodestar Center: for Philanthropy & Nonprofit Innovation 2014)
[133] (Roybal 2016)
[134] (Roybal 2016)

on "the fact that Albuquerque leaders and voters had put forth policies, resources, and a will that demonstrated the potential to implement an integrated, focused, multi-sectoral, and effective response to homelessness."[135]

Funded in part by a federal grant, this city-wide plan to end homelessness includes many key partners, such as: Heading Home, Albuquerque Healthcare for the Homeless, St. Martin's Hospitality Center, The Supporting Housing Coalition of New Mexico, and New Mexico Coalition to End Homelessness. Joined with others across the city and state, the system of care being built offers "grant-funded services such as case management, housing supports, medical and behavioral health care." Clients also "have access to a wide variety of services at each of these partner agencies," that include "intensive addiction treatment, individual therapy, job training, art therapy and dental care."[136]

The cross-sector city-wide collaboration provides a "resource rich" housing environment, "with a good supply of fair market rate apartments and housing vouchers" that allow those in the program to be housed quickly." Because cultural competency is built into the system of care model, clients can also access services "such as medicine men, sweat lodges and traditional food at First Nations." [137] While a shift in methodology makes numbers difficult to compare, "in 2006 Bernallilo County had close to 4,000 homeless individuals, and in 2015 that number was roughly 1,300."[138]

INCREASING THE SIZE OF THE PIE

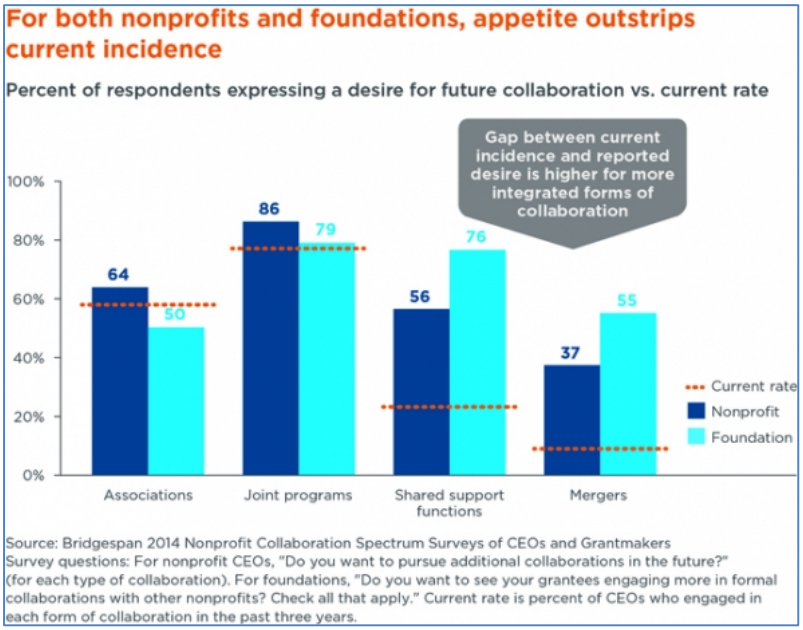
Many advocate the sound idea of making the amount of available funds for nonprofits larger. **The Grant Collective's Impact Fund**, which received EDAct funding, works with organizations to bring out-of-state grants to New Mexico. Over $8 million came in for the 2014 fiscal year; and while numbers aren't finalized yet, it looks like the 2015 amount will be significantly larger. The Collective seeks to "embed expertise into nonprofits to grow this impact to a larger scale," explained Tara Gohr of The Grant Plant. The hope is that having greater resources will shift the competition and scarcity mentalities and foster a spirit of cooperation and true collaboration." "Bringing together people from multiple sectors – including nonprofits, local corporate funders, business and government expertise, K-12 and higher education – will spark collaborations that have the potential to impact every corner of our state."[139]

NONPROFIT ADVOCACY

In 2013 three groups – **GuideStar, BBB Wise Giving Alliance and Charity Navigator** – joined together and "wrote an open letter to the donors of America in a campaign to end the overhead myth – the false conception that financial ratios are the sole indicator of nonprofit performance."[140] In 2014 they followed up with an open letter to nonprofits. Their efforts include a web site with tools and resources that can

[135] (New Mexico Coalition to End Homelessness 2014)
[136] (Substance Abuse and Mental Health Services Administration 2014)
[137] (Substance Abuse and Mental Health Services Administration 2014)
[138] (Plummer 2016)
[139] (Gohr 2016)
[140] (GuideStar Inc., Charity Navigator, BBB Wise Giving Alliance 2014)

"help nonprofits move beyond the Overhead Myth, toward the Overhead Solution, by providing their worth based on impact."[141]



Nonprofits and For-Profits

While collaborations among nonprofits are important, many of those working within the nonprofit sector agree with Wattenbarger, who said: "More important is how we develop collaborations across sectors. How do we engage for-profits and governments – traditional and nontraditional – in working on things together?"[142] "We need to be collaborating if we are going to address some of our most complex social issues," explained Duggan.[143] "Cross sector collaboration is our greatest opportunity to have impact."[144]

This is true in large part to the different characteristics and functions of three main social sectors: nonprofit, for-profit and government. Roybal shared that "the three sectors can be represented by a three-legged stool or table; showing that all are necessary in order to support the 'table' of community. Although there are major distinctions between the sectors, these distinctions support the different roles and value that each sector brings to our society."[145] *(Please see the Appendix for additional information)*

"Government at all levels relies on nonprofits as key partners in implementing programs and providing services to the public." [146] And there are many ways for-profits also benefit from such collaboration with the nonprofit sector. "At an objective level, corporations receive good public relations when they are engaged with and improving their communities." But it is at the local, micro level that hearts can really be engaged. "Every corporation is built of thousands of individual citizens who live somewhere. At the end of the day, work done across sectors contributes to improving the communities our employees go home to each night."[147] Neal summed it up, offering: "The reality is that these three sectors are circles within circles, with various pieces overlapping."

[141] (GuideStar Inc., Charity Navigator, BBB Wise Giving Alliance 2014)
[142] (Wattenbarger 2016)
[143] (Duggan 2016)
[144] (Duggan 2016)
[145] (D. Roybal 2015)
[146] (D. Roybal 2015)
[147] (Neal 2016)

Examples of Cross Sector Collaborations

NONPROFIT/FOR-PROFIT HYBRIDS

Diversified Funding Structures blur "the boundaries between nonprofit and for-profit organizations."[148] "Some nonprofits have for-profit arms."[149] This hybrid can lead to entrepreneurial and for-profit activities, including: "cause-related marketing; affinity credit cards; contracts between nonprofit agencies and for-profit companies; the creation of for-profit subsidiaries, or even separate for-profit companies to tap new markets."[150] "Contributed revenue is vitally important to nonprofits," explained Melody Wattenbarger of The Roadrunner Foodbank. "And there is value in diversifying funding streams."[151]

Examples of these hybrids include:

- "An AIDS service agency in the Pacific Northwest" that "entered into a cause-related marketing arrangement with a large national company where-upon the proceeds of a particular product are given to the agency."
- A Seattle-based human services agency that uses big local employers like Starbucks and Boeing to train their clients – rather than applying for government funding.[152]
- Ben and Jerry's offers a model of a joint venture begun in the for-profit sector. They donate money to social services and provide job training for welfare recipients. They received public funds for some of the latter efforts.[153]

NETWORKS AND MENTORSHIP

Strong networks and experienced mentorship from multiple sectors are key ways to strengthen nonprofits and increase impact. "Though our state is large and our population is spread out," shared Rortvedt, "I am often amazed by the networks – both formal and informal – that exist within the nonprofit sector and even between the nonprofit and government and business sectors. Certainly in Albuquerque and Santa Fe it seems as though those in leadership positions at least know of each other even if they haven't worked together directly."[154]

There are a number of networking and incubator opportunities statewide. The three initiatives offered as examples below came from Tim Nisly of SINC and the Rio Grande Community Development Corporation. He explained that these initiatives are "based on the proven idea that when you put innovators into a network, everyone learns faster, works faster, and is more productive."[155]

- Mainly operating between the nonprofit and business sectors, **Impact & Coffee** is taking the "1 Million Cups"[156] model and applying it to nonprofits. The first three Tuesdays of the month,

[148] (Clotfelter and Ehrich 2001)
[149] (Roybal 2016)
[150] (Clotfelter and Ehrich 2001)
[151] (Noonan 2016)
[152] (Clotfelter and Ehrich 2001)
[153] (Clotfelter and Ehrich 2001)
[154] (Rortvedt 2016)
[155] (Nisly 2016)
[156] (1 Million Cups 2016) A free, national program designed to educate, engage and connect entrepreneurs – based on the notion that entrepreneurs discover solutions and network over a million cups of coffee.

roughly 60 nonprofits and community members meet to share stories, challenges and successes, and to encourage and support each other. And on the third Tuesday of the month the **Impact Office** joins community members with specialized knowledge and nonprofit leaders who could benefit from their expertise.

- **SINC** acts as a connector between the nonprofit, funding, and business sectors. Supporting a lean startup model for non-duplicative, high-potential nonprofits, it allows strong social impact ideas to start up inexpensively and effectively. This is done via peer support, mentorship, and collaborating with experienced training providers. SINC also supports financial development by helping funders identify high-potential nonprofits quickly and efficiently. With 27 nonprofit programs, led by independent entrepreneurs, SINC also helps nonprofits find and integrate volunteers.
- **Impact Hub Working Group** also uses entrepreneurial models to strengthen nonprofits. The goal is to connect nonprofits and the business sector by creating a centralized location for nonprofit innovation. As with 1 Million Cups, Impact Hub is a global model. When finished it will integrate co-working small offices for startups, and have larger suites for anchor tenants and nonprofit support organizations.

Increasing the Scope of Cross Sector Collaborations

An article in the Stanford Social Review noted that "the nonprofit sector most frequently operates using an approach that we call isolated impact. As a result of this process, nearly 1.4 million nonprofits try to invent independent solutions to major social problems, often working at odds with each other and exponentially increasing the perceived resources required to make meaningful progress."[157]

While the isolated impact approach has led to the build-up of a few nonprofits into large, national organizations, the article's authors suggest there is a different, better way to solve large-scale issues.[158] "Social problems arise from the interplay of governmental and commercial activities, not only from the behavior of social sector organizations. As a result, complex problems can be solved only by cross-sector collaborations that engage those outside the nonprofit sector."[159]

Peggy Sanchez Mills of Girl Scouts New Mexico agrees. "Honest to God peer collaboration is a beauty to behold. People rally around one goal, understanding that it makes no sense for a woman to receive a scholarship to the University of New Mexico unless she has transportation to get there, money for books, access to a computer to write papers, and affordable childcare while she's in class."[160] Noonan offered another example: "You have to look at the whole picture. Reducing domestic violence requires that you address income status, shift the rape culture, and ensure mental health services are available. It's far easier to say 'domestic violence – or addiction, or homelessness – doesn't affect me.' But it does. It's all connected."[161]

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[157] (Kania and Kramer 2011)
[158] Article authors Kania and Kramer make clear that collective impact is not useful to solve all social issues. Citing the difference between technical problems and adaptive problems, they suggest that collective impact is best used for the latter. The main difference between these two types of problems is the complexity level and whether or not the solution is known in advance. (Kania and Kramer 2011)
[159] (Kania and Kramer 2011)
[160] (Mills 2016)
[161] (Noonan 2016)

While there are many examples of joint efforts among organizations, "unlike most collaborations, collective impact initiatives involve a centralized infrastructure, a dedicated staff, and a structured process that leads to a common agenda, shared measurement, continuous communication, and mutually reinforcing activities among all participants."[162]

CO-CREATING A SOCIAL IMPACT SECTOR

In Illinois, **Forefront**[163] is a statewide umbrella organization that unites all social change agents across sectors. Their mission: "Building a vibrant social impact sector for all the people of Illinois." The "only statewide association in the U.S. that represents grantmakers, nonprofits, and their advisors, along with their allies," they have brought together state leaders as well as industry experts to create, in essence, a new sector: the social impact sector.

Their work focuses on "four pillars: attracting investment to the sector, improving systems and policies, developing top talent, and building the organizational capacity of the sector.[164] They are having an impact. "Forefront's Membership is currently 1,100. Our Nonprofit Members work in 26 issue areas in communities across the state."[165] Joining forces with private foundations, consultants, attorneys, investment managers, and other professional advisors, Forefront actively engages social entrepreneurs, impact investors, and B-Corps in our work."[166]

[162] (Kania and Kramer 2011)
[163] Formerly the Illinois by Donors Forum
[164] (Forefront: Engaging for Impact 2015)
[165] (Forefront: Engaging for Impact 2015)
[166] (Forefront: Engaging for Impact 2015)

CONCLUSION

Nonprofits come in all shapes and sizes; and their combined positive impact on the state is undeniable. Each one is, "held by the public trust,"[167] and have missions that include care for the needy, education, civic and social improvement, and even artistic entertainment. Providing "both deficit and deep end services,"[168] these organizations contribute to the prevention of and help ameliorate some of society's most challenging issues. Because they do not require large tax incentives, they "tread gently on their communities," growing in areas of town often least served by businesses.[169]

Not needing to "be concerned with per unit cost," the work nonprofits offer is "a provision of care that a civil society has decided is important." In fact, many nonprofits provide services that "the government can't do and the business community won't. Government simply can't touch the nonprofit sector in terms of efficiency and effectiveness."[170] Beyond the programs offered to a wide swath of the population, nonprofits also employ a significant number of people in New Mexico, each of whom contributes to taxes and purchases products and services.

Yet there are many who are unable to grasp the breadth and depth with which nonprofits work. Imagine for a moment what our state might look like without these organizations providing services for the homeless, for victims of violence, for those living at or below the poverty line. What would happen without youth programs, job training, and advocacy? What would it feel like to go out to dinner, run errands, bring your children to any of the parks in the community, without those individuals being bolstered by the services nonprofits provide? Would our neighborhoods, communities, and our state as a whole, feel the way they do now?

It is for this, and many other, reasons that it is crucial to raise awareness of what nonprofits provide for all of us – and to help build a future in which New Mexico becomes a leader in both nonprofit sector collaborations as well as partnerships between nonprofits and the business and government sectors. It is not just the lives of those being served who rely upon it. All of us who appreciate the convenience and safety of a civil society need it as well.

[167] (Mitchell 2006)
[168] (Mills 2016)
[169] (Mitchell 2006)
[170] (Mitchell 2006)

APPENDICES

Appendix A: Standards and Metrics to Assess Nonprofit Impact

All of the following standards come from the BBB Wise Giving Alliance's *How We Accredit Charities* report. Visitors to their website (http://www.give.org/for-charities/How-We-Accredit-Charities/) can access additional information for meet each standard.

STANDARDS 1-5: GOVERNANCE AND OVERSIGHT

The governing board has the ultimate oversight authority for any charitable organization. This section of the standard seeks to ensure that the volunteer board is active, independent and free of self-dealing. To meet these standards, the organization shall have:

Board Oversight: A board of directors that provides adequate oversight of the charity's operations and its staff. Indication of adequate oversight includes, but is not limited to, regularly scheduled appraisals of the CEO's performance, evidence of disbursement controls such as board approval of the budget, fund raising practices, establishment of a conflict of interest policy, and establishment of accounting procedures sufficient to safeguard charity finances.

Board Size: A board of directors with a minimum of five voting members.

Board Meetings: A minimum of three evenly spaced meetings per year of the full governing body with a majority in attendance, with face-to-face participation. A conference call of the full board can substitute for one of the three meetings of the governing body. For all meetings, alternative modes of participation are acceptable for those with physical disabilities.

Board Compensation: Not more than one or 10% (whichever is greater) directly or indirectly compensated person(s) serving as voting member(s) of the board. Compensated members shall not serve as the board's chair or treasurer.

Conflict of Interest: No transaction(s) in which any board or staff members have material conflicting interests with the charity resulting from any relationship or business affiliation. Factors that will be considered when concluding whether or not a related party transaction constitutes a conflict of interest and if such a conflict is material, include, but are not limited to: any arm's length procedures established by the charity; the size of the transaction relative to like expenses of the charity; whether the interested party participated in the board vote on the transaction; if competitive bids were sought and whether the transaction is one-time, recurring or ongoing.

STANDARDS 6-7: MEASURING EFFECTIVENESS

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has defined, measurable goals and objectives in place and a defined process in place to evaluate the success and impact of its program(s) in fulfilling the goals and objectives of the organization and that also identifies ways to address any deficiencies. To meet these standards, a charitable organization shall:

Effectiveness Policy: Have a board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission.

Effectiveness Report: Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.

STANDARDS 8-14: FINANCES

This section of the standards seeks to ensure that the charity spends its funds honestly, prudently and in accordance with statements made in fund raising appeals. To meet these standards, the charitable organization shall:

Program Expenses: Spend at least 65% of total expenses on program activities.

Fund Raising Expenses: Spend no more than 35% of related contributions on fund raising. Related contributions include donations, legacies, and other gifts received as a result of fund raising efforts.

Accumulating Funds: Avoid accumulating funds that could be used for current program activities. To meet this standard, the charity's unrestricted net assets available for use should not be more than three times the size of the past year's expenses or three times the size of the current year's budget, whichever is higher.

Audit Report: Make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles. When total annual gross income exceeds $500,000, these statements should be audited in accordance with generally accepted auditing standards. For charities whose annual gross income is less than $500,000, a review by a certified public accountant is sufficient to meet this standard. For charities whose annual gross income is less than $250,000, an internally produced, complete financial statement is sufficient to meet this standard.

Detailed Expense Breakdown: Include in the financial statements a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these expenses was allocated to program, fund raising, and administrative activities. If the charity has more than one major program category, the schedule should provide a breakdown for each category.

Accurate Expense Reporting: Accurately report the charity's expenses, including any joint cost allocations, in its financial statements. For example, audited or unaudited statements which inaccurately claim zero fund raising expenses or otherwise understate the amount a charity spends on fund raising, and/or overstate the amount it spends on programs will not meet this standard.

Budget Plan: Have a board-approved annual budget for its current fiscal year, outlining projected expenses for major program activities, fund raising, and administration.

STANDARDS 15-20: FUNDRAISING AND INFORMATIONAL MATERIALS

A fund raising appeal is often the only contact a donor has with a charity and may be the sole impetus for giving. This section of the standards seeks to ensure that a charity's representations to the public are accurate, complete and respectful. To meet these standards, the charitable organization shall:

Accurate Materials: Have solicitations and informational materials, distributed by any means, that are accurate, truthful and not misleading, both in whole and in part. Appeals that omit a clear description of program(s) for which contributions are sought will not meet this standard. A charity should also be able to substantiate that the timing and nature of its expenditures are in accordance with what is stated, expressed, or implied in the charity's solicitations.

Annual Report: Have an annual report available to all, on request, that includes: a) the organization's mission statement, b) a summary of the past year's program service accomplishments, c) a roster of the officers and members of the board of directors, and d) financial information that includes (i) total income in the past fiscal year, (ii) expenses in the same program, fund raising and administrative categories as in the financial statements, and (iii) ending net assets.

Website Disclosures: Include on any charity websites that solicit contributions, the same information that is recommended for annual reports, as well as the mailing address of the charity and electronic access to its most recent IRS Form 990.

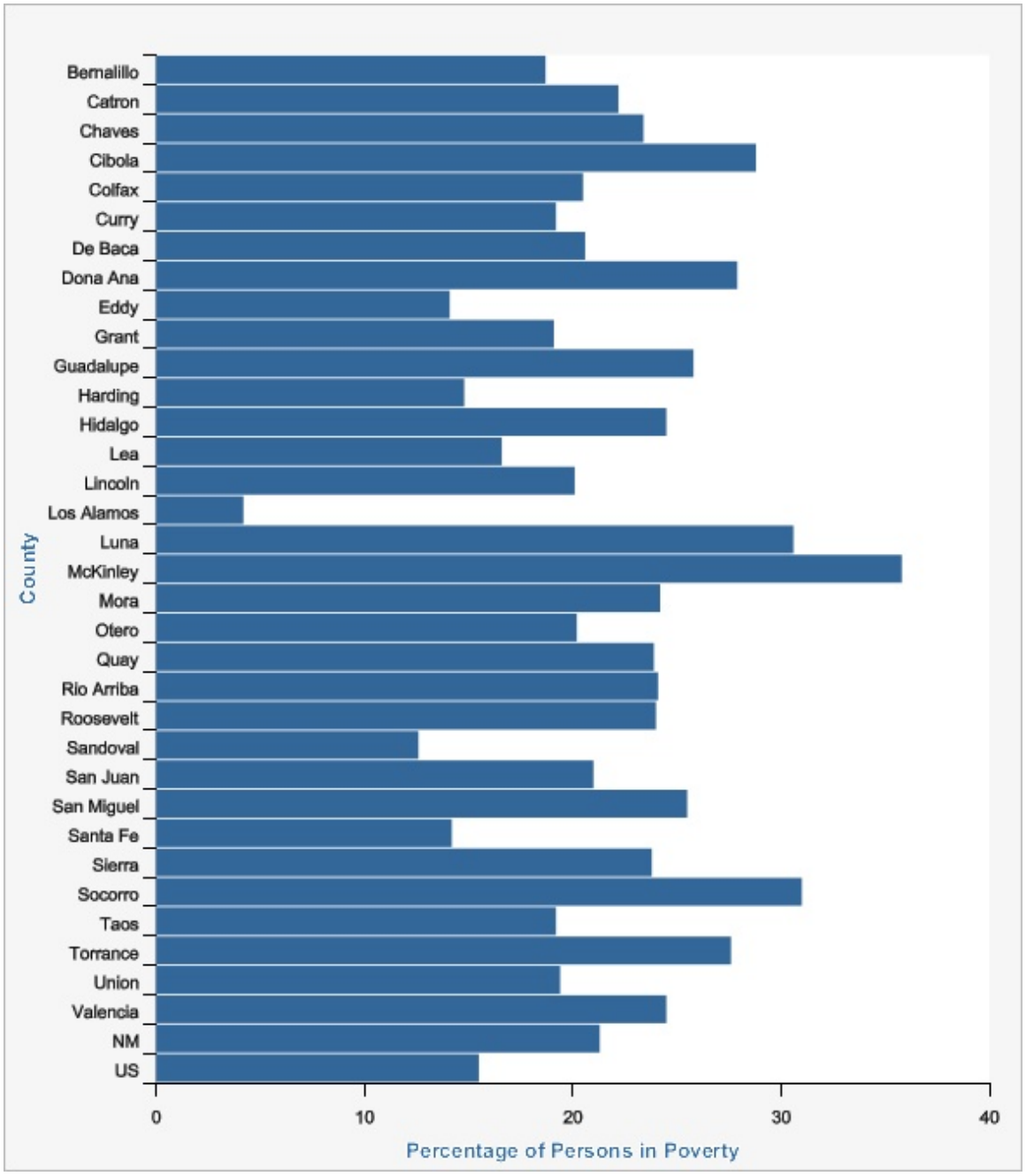
Donor Privacy: Address privacy concerns of donors by: a) providing in written appeals, at least annually, a means (e.g., such as a check off box) for both new and continuing donors to inform the charity if they do not want their name and address shared outside the organization, and b) providing a clear, prominent and easily accessible privacy policy on any of its websites that tells visitors (i) what information, if any, is being collected about them by the charity and how this information will be used, (ii) how to contact the charity to review personal information collected and request corrections, (iii) how to inform the charity (e.g., a check off box) that the visitor does not wish his/her personal information to be shared outside the organization, and (iv) what security measures the charity has in place to protect personal information.

Cause Marketing Disclosures: Clearly disclose how the charity benefits from the sale of products or services (i.e., cause-related marketing) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation: a) the actual or anticipated portion of the purchase price that will benefit the charity (e.g., 5 cents will be contributed to abc charity for every xyz company product sold), b) the duration of the campaign (e.g., the month of October), and c) any maximum or guaranteed minimum contribution amount (e.g., up to a maximum of $200,000).

Complaints: Respond promptly to and act on complaints brought to its attention by the BBB Wise Giving Alliance and/or BBBs about fund raising practices, privacy policy violations and/or other issues.

Note: GuideStar and Charity Navigator also have tools to assist nonprofits in gaining accreditation and/or different levels of status to help donors determine how effective nonprofits that they are considering giving support to are functioning. And The Bridgespan Group also offers a magnitude of resources to assist nonprofits in a variety of ways, including strategy and performance measures.

Appendix B: New Mexico Poverty Rates by County



Appendix C: What Kind of Cost is it? It's Complicated

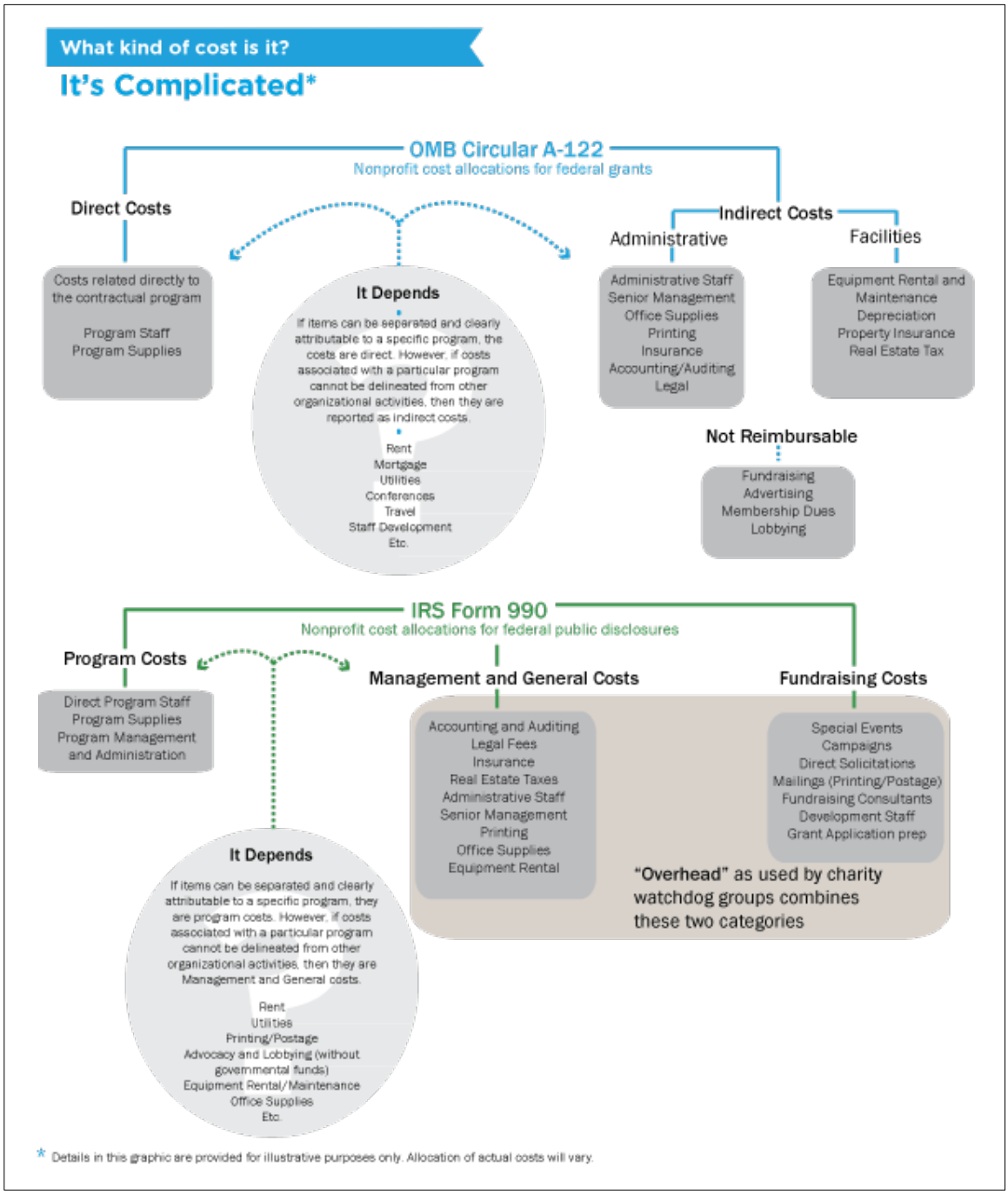


Figure 1 From Council on Foundations

Appendix D: The Three Sectors

	PUBLIC	PRIVATE	
	1) Government (federal, state, local)	2) For-profit (business)	3) Nonprofit
1. Philosophy	justice	profit	charity
2. Represents	majority	owners & managers	minority
3. Legal basis of service	right	fee for service	gratuity
4. Primary source of funds	taxes	payment from customers or 3rd parties	contributions, fees, grants
5. Determination of function	prescribed by law	chosen by owners/ managers	selected by group
6. Source of policy-making authority	legislative body	owners or corporate board of directors	charter & bylaws authorizing board
7. Accountability	to the electorate via a legislative body	to owners/stock holders	to constituency via board and to funders
8. Scope	comprehensive	generally limited to those who can pay	limited by location and ideology
9. Administrative structure	large, bureaucratic	bureaucratic	small, bureaucratic
10. Mission/ motivation	public good	profit	service
11. Management philosophy	public administration	business management	social work or human services
12. Measurement of performance	public opinion	sales/profit	community support, need

Source: Numbers 1 –9 McCarthy, M. (1989). The New Politics of Welfare: An Agenda for the 1990's? Chicago, ILL: Lyceum Books Publisher. Slightly adapted from Kramer (1987). Numbers 10 - 12 added by Dolores E. Roybal, Aug. 2006.

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Nonprofit Sector Strategic Planning Summit

FINAL REPORT

- This report presents results from the June 14, 2016 planning summit
- Roadrunner Food Bank, Albuquerque, New Mexico

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EXECUTIVE SUMMARY

Creating abundance for all New Mexicans – to meet needs and improve quality of life – is a key motivating factor for people advancing a strong nonprofit sector. This shared desire was made clear at a statewide summit of nonprofit professionals, funders and corporate sector leaders held June 2016 in Albuquerque.

The majority, if not all, of the 75 participants saw nonprofits as an important part of an overall strategy to raise the standard of living for all New Mexicans. Nonprofits were rightly recognized as having the ability to improve the economic self-sufficiency and well-being of the people of New Mexico, thus generating interest to promote and expand nonprofit organizations' role in 'moving the needle' for the state.

Creating centralized locations for information and support, elevating nonprofits' impact, and assisting communities in advocating for their needs were major points of discussion throughout the day. The necessity to increase efficiency both within the nonprofit sector as well as between nonprofits and for-profits, was recognized. Participants also focused on how to use and expand existing resources. These discussions led to the creation and refinement of recommendations to better position nonprofits to actively work together and across sectors and foster dramatic change in the political and economic landscape of New Mexico.

Specific themes that emerged include:

- Reforms within the nonprofit sector:
  - Creating a formalized nonprofit hub to align efforts, as well as share information and resources
  - Diversifying funding strategies
  - Identifying and promoting best practices
  - Advocating for nonprofits, including the needs they address within the community
- Cross-sector
  - Increasing cross-sector efficiency communication and collaboration
  - Building network and mentorship opportunities

A complete list of the summit's recommendations, organized by theme and then by the small group, is presented in this report. Organizations interested in helping to advance any of the proposed reforms should contact New Mexico First.

INTRODUCTION

Nonprofits contribute significantly to New Mexico's economy, providing jobs and needed services. To strengthen and enhance this sector – including opportunities to collaborate with other sectors – the Nonprofit Sector Strategic Planning Summit brought together service providers, funders and corporate leaders from throughout the state. Convened by the **CEO Roundtable** and facilitated by **New Mexico First**, the summit produced a platform of proposed reforms and activities. Organizations, coalitions and companies will have the opportunity to advance these recommendations in the coming years, with particular emphasis on the next six months.

Convener

The **CEO Roundtable**, an informal coalition of nonprofit executives, spearheaded the event. The group is dedicated to advancing professionalism and effectiveness within the nonprofit sector. Members include:

- Roadrunner Food Bank
- Heading Home
- Girl Scouts of New Mexico
- New Mexico First
- Ronald McDonald House
- WESST

Facilitator

New Mexico First engages people in important issues facing their state or community. The public policy organization offers unique town halls and forums that bring together people from all walks of life to develop their best ideas for policymakers and the public. New Mexico First also produces nonpartisan public policy reports on critical issues facing the state. These reports – primarily on water, education, healthcare, the economy, and energy – are available at nmfirst.org.

The organization was co-founded in 1987 by retired U.S. Senators Pete Domenici and Jeff Bingaman. New Mexico's current U.S. Senators Tom Udall and Martin Heinrich now serve as honorary co-chairs.

Summit Process

The one-day event asked participants to share their best ideas for enhancing the nonprofit sector. The 75 registrants were divided into four small groups, each designated with a color (blue, green, brown and orange) and managed by a two-person facilitation team. Their discussion was informed by a background report on issues facing the nonprofit sector. Each small group developed up to two recommendations (each comprised of an action and strategies), and the full group used electronic polling devices to gauge level of support and predicted level of impact.

As expected, there was considerable commonality between the groups. To make it easier for readers to consider the ideas by topic, this report first presents all the summit's proposals thematically. For example, in this section, similar ideas developed by the green and the blue groups might be presented together if they share common elements. Then, in the appendix, the report presents the recommendations as authored during the meeting, organized by group, and listed in order of support.

Next Steps

Change is challenging and requires many advocates. This final report will be sent to all registrants as well as known stakeholders in the nonprofit, business and policymaking communities. An implementation team, led by the CEO Roundtable, will select and advance key recommendations. The CEO Roundtable will circulate a preliminary implementation framework by early Fall 2016. Meanwhile, other advocates associated with the nonprofit community are also invited to circulate and advance this report's proposed reforms. People interested in helping achieve any of the recommendations are asked to inform New Mexico First, thus preventing duplication of efforts and enabling tracking of outcomes.

RECOMMENDATIONS BY THEME

A combined total of eight recommendations, including 33 specific strategies, were developed during the one-day meeting. This section presents the ideas thematically.

Potential Reforms Within the Nonprofit Sector

CREATE A FORMALIZED HUB TO ALIGN EFFORTS, INFORMATION AND RESOURCES

Participants discussed ways to implement an inclusive, integrated system to work across communities, one that would help streamline the sector by maximizing the efforts of efficient and effective organizations. While the idea of a statewide agency acting as an umbrella for all nonprofits was discussed, there was also thoughtful dialogue about ways to link nonprofits and share information or resources in ways that would not require the establishment of a new, stand-alone organization.

Create centralized ways to collect and share information.

- Provide a common language and develop a strategic communications plan for policymakers and consumers – one that identifies and integrates missing resources necessary to support the communications plan.
- Agree on a communication tool that is the go-to location for information.
- Research existing successful models for strengthening the nonprofit sector.
- Create a centralized nonprofit resources infrastructure in urban and rural areas (could be an organization) that is:
  - Valuable, thus ensuring nonprofit and funder buy-in
  - Includes resources such as training, communication and development
- Deploy existing resources, such as SHARE New Mexico, the Anne E. Casey Kids Count Report, UNM's Institute for Policy, Evaluation & Applied Research, and the Pew Data Center to maintain a centralized information repository on the important outcomes nonprofits are achieving in their communities.

Share resources within the sector.

- Align funders and donors, promoting successful groups and projects, and facilitating mergers and acquisitions.
- Utilize clearinghouse and central resources for information, peer support, existing programs and support (asset mapping).
- Identify and leverage existing resource programs, such as the Center for Nonprofit Excellence, Association of Fundraising Professionals, Santa Fe Community Foundation's Philanthropy HUB and the Young Nonprofit Professionals Network.
- Create a hub where donated, essential physical items needed by nonprofits and/or the people they serve are inventoried and distributed (or sold).
- Share and consolidate back office services and resources.

- Create mechanisms to make volunteering easier by using existing resources (e.g. SHARE New Mexico), and engaging underserved groups such as young people and retirees.
- Connect existing programs to needs.
- Identify common reporting tools, peer support mechanisms, and joint training.
- Foster leadership through mentorship programs and board development training.
- Cultivate a second version of the website, SHARE New Mexico, to provide tools to increase the effectiveness of nonprofits.

DIVERSIFY FUNDING STRATEGIES

Participants recognized the profound need for adequate, stable and varied sources of funding, enabling nonprofits to perform the essential services many New Mexicans need. To this end, discussion focused both on how to increase the amount of funding for nonprofits while also looking at ways all funds can achieve the highest impact.

Increase the size of the pie.

- Endorse and educate nonprofits on strategies to diversify the funding of the nonprofit sector to improve the quality of life in NM, which could include:
  - Social enterprise
  - Policy changes (e.g. less reliance on traditional state revenues)
  - Social impact bonds
  - Better applications and new concepts to secure more funding
- Support and advocate for New Mexico nonprofits on a national level to connect their work with external funding mechanisms.

Maximize the impact of funding.

- Align strategies and create a better value proposition for funders
- Leverage resources, internal and external, to create and sustain positive change in the non-profit sector and position non-profits to be key players in solving New Mexico's challenges.
- Build grant-writing capacity (i.e., Grants Collective, Nonprofit Resource Group).
- Maximize financial resources by creating a resource hub that all nonprofits can access. It should provide back office support including bookkeeping, information technology, financial advice, marketing, communications, human resources and grants management.
- Develop, promote and explain funding strategies that are new, broad-based, collaborative and sustainable (i.e., Heading Home case study).

IDENTIFY AND PROMOTE BEST PRACTICES

Creating formal systems to ensure commonality among tracking and reporting of best practices surfaced in most deliberations. To do this, participants focused both on using current resources and expanding them to create greater consistency.

- Identify specific, measurable goals and track and share the results as well as coordinate efforts as appropriate.
- Train nonprofits on how and what to measure (results-based accountability or logic models).

- Share progress and successes internally and externally and correct course when needed.
- Engage SHARE New Mexico to measure progress and share data.
- Measure outcomes consistently and promote successes statewide.
- Utilize clearinghouse and central resources to identify/create common reporting tools and best practices (with key learnings posted on SHARE New Mexico).

ADVOCATE FOR NONPROFITS, INCLUDING THE NEEDS THEY ADDRESS

Summit participants pointed out that people outside the nonprofit sector need to understand the breadth and depth of these organizations' contribution to New Mexico. Participants also talked about amplifying community voices to create better bridges between what communities need, existing services nonprofits offer, and any new services that need to be developed.

- Generate community and political will (including a nonprofit liaison to communicate with communities, as well as a strategic marketing plan emphasizing the human and economic impact of the nonprofit sector).
- Create centralized ways to build and support political advocacy and public relations.
- Develop a communication infrastructure that allows for inclusiveness and voices from communities throughout New Mexico.

Potential Reforms Between Multiple Sectors

IMPROVE COMMUNICATION AND COLLABORATION BETWEEN SECTORS

Just as a formalized hub was suggested for the nonprofit sector as a whole, participants sought ways to streamline the sharing of information and resources across sectors. The goal was to build further collaboration among sectors, while also better positioning nonprofits to help strengthen and expand the safety net already provided by these service organizations.

- Form a working group to strengthen relationships between sectors, making them more efficient (including data, technology, contracting and leveraging funds).
- Create and fund a nonprofit, private, government working group to direct an aggressive, coordinated, cross-sector effort behind transformative projects, to include: forming common political ground to focus on key priorities and building in an ecosystem/infrastructure.
- Create an awareness campaign to educate donors on effective giving.
- Create a clearinghouse for data sharing on a state, county and regional basis; focus on critical service needs, demographic indicators, national rankings, and trends.
- Create a process for funders, grantees, service recipients and their communities to work on issues and develop strategies together.
- Cultivate SHARE New Mexico 2.0 as a communication tool for improving communication and coordination among nonprofits, funders, foundations, corporations, government entities, and individuals – as well as to act as a resource for decision-makers and the media. To effectively do this, the group recommended:

  - Requesting status of development of the new version
  - Providing ongoing input as the tool is developed (e.g. by taking a survey)
- Use the existing website, SHARE New Mexico, to share information about opportunities to network more broadly face-to-face.

BUILD NETWORK AND MENTORSHIP OPPORTUNITIES

In addition to streamlining communication, participants at the summit focused on ways to strengthen opportunities for those across sectors to better learn from each other and share resources. This included analysis to determine what programs, policies and funding would be most impactful in the future.

- Foster informal, organic networks between leaders of nonprofits, funders, foundations, government agencies and interested corporate partners.
- Support network nodes as they emerge.
- Assess programs, policies and funding in multiple states to learn what is, and is not, working.
- Recruit board members and develop partnerships with educational institutions, businesses and government to implement entrepreneurial strategies. For example, one of the groups worked on a way to use such networks to improve education:

  ACTION: Invest in education as a priority, engaging every sector to propel all New Mexicans from birth, to self-sufficiency and productive community membership.
  - *Create a neutral forum of all stakeholders in education to create democratic, shared priorities and strategies, and define common outcomes and indicators (e.g. focusing on grade-level reading).*
  - *Attack poverty as a root cause of low educational performance, aligning action among nonprofit, for-profit, and governmental institutions.*
  - *Collaborate with nonprofits to develop a school-based system of family support centers focused on student success.*
  - *Make New Mexico the first state to offer quality early childhood education to every child.*
  - *Identify what is currently working in New Mexico to accomplish this goal.*

Conclusion

The CEO Roundtable and New Mexico First thank those who supported the summit, including the sponsors, participants and facilitators. Taking the time to connect and strategize about ways to improve life in New Mexico by strengthening our nonprofit sector is a worthwhile effort, but finding the time to do so can be challenging. To best honor and utilize the time spent on the summit, all participants are urged to identify ways to advance this report's recommendations. More importantly, participants are asked to seek ways to support one another's work and take pride in the reality that the nonprofit sector – with its many partners – works every day to make New Mexico stronger.

APPENDIX A

RECOMMENDATIONS BY GROUP

Overall feedback from the entire group was gauged in two ways:

1) Level of support for the entire recommendation (strongly support, moderately support, or do not support)
2) Predicted level of impact for each specific strategy, if it were implemented (high impact, moderate impact, little impact)

REC #	GROUP NAME	RECOMMENDATION	PERCENT WHO STRONGLY SUPPORT	PERCENT PREDICTING HIGH IMPACT
1.	Brown	ACTION #1: Actively work together in the nonprofit community to foster dynamic change in the political and economic landscapes of New Mexico. STRATEGIES: A. Educate nonprofits on strategies to diversify funding for the sector. Endorse these strategies sector-wide to promote alignment around them, thus creating better value proposition for funders, including: • Social enterprise • Policy changes, i.e., less reliance on traditional state revenues • Social impact bonds • Better applications of and new concepts to secure more funding B. Develop a strategic communications plan for policy makers and consumers that: • Uses and improves existing resources (e.g. SHARE New Mexico, Anne E. Casey Kids Count Report, UNM IPEAR and the Pew Data Center), while supporting and maintaining a centralized information repository on the important outcomes nonprofits are achieving in their communities • Identifies and integrates missing resources necessary to support the communications plan • Measures outcomes consistently and promote successes statewide • Trains nonprofits on how and what to measure (e.g. results-based accountability and/or logic models) C. Create and fund a nonprofit, private, government working group to direct an aggressive, coordinated, cross-sector effort behind transformative projects. Suggestions on how to begin doing this include: • Finding common political ground to focus on key priorities, and • Building an ecosystem/infrastructure.	75%	63% 57% 59%
2	Orange	ACTION #1: Strengthen the tracking and sharing of information and best practices among nonprofits and other sectors to improve the economic self-sufficiency and economic well-being of the people of New Mexico.	69%	

REC #	GROUP NAME	RECOMMENDATION	PERCENT WHO STRONGLY SUPPORT	PERCENT PREDICTING HIGH IMPACT
		STRATEGIES: A. Identify specific, measurable goals. Track and share the results as well as coordinate efforts as appropriate. B. Foster informal, organic networks between leaders of nonprofits, funders, foundations, government agencies, and interested corporate partners. Support more formalized network nodes as they evolve. C. Agree upon a communication tool to act as a go-to location for information. D. Share your progress and your successes both internally and externally, and correct course when needed. E. Engage SHARE to measure progress and share data.		55% 46% 48% 44% 51%
3	Red	ACTION #2: Leverage internal and external resources to create and sustain positive change in the nonprofit sector and to better position nonprofits to be key players in solving New Mexico's challenges. STRATEGIES: A. Create mechanisms to make volunteering easier in New Mexico by utilizing existing support structures (such as Share New Mexico), as well as designing outreach to engage underserved groups such as young people and retirees. B. Foster leadership development through a variety of means, including: • Mentorship programs • Joint training opportunities (including board development training) • Connecting existing programs with need • Common reporting tools • Peer support mechanisms • Building grant-writing capacity (Grants Collective, Nonprofit Resource Group) C. Utilize clearinghouse and central resources for: • Information sharing • Peer support • Asset mapping (of existing programs and support) • Common reporting tools (Share New Mexico key learnings) • Best practices sharing D. Maximize financial resources via a resource hub accessible to all nonprofits. Resource hub could include: bookkeeping, IT, financial, marketing, communication, human resources, and grants management advice and support. E. Develop, promote, and educate others on funding strategies that are new, broad-based, collaborative, and sustainable (e.g. Heading Home	66%	45% 67% 58% 52% 58%

REC #	GROUP NAME	RECOMMENDATION	PERCENT WHO STRONGLY SUPPORT	PERCENT PREDICTING HIGH IMPACT
		cast study). Create awareness campaign to educate donors on effective giving.		
4	Red	ACTION #1: Implement an inclusive, integrated system that strengthens nonprofits and works across communities to link resources, thus creating abundance for all New Mexicans (needs met and daily lives improved). STRATEGIES: A. Create a nonprofit structure that provides leadership within the sector to: align efforts, provide a common language, and promote our community. B. Develop a communication infrastructure that allows for inclusiveness and voice from communities throughout New Mexico. C. Research existing successful models for strengthening the nonprofit sector. D. Generate community and political will (which could include): • Identifying a statewide nonprofit liaison to learn about local communities and brings information on resources and needs to the state. • Developing a strategic marketing plan that reinforces the human and economic impact of the non-profit sector. • Forming a work group to assist efficiency of relationships between sectors (e.g. use of data, technology, contracting, legal funds, etc.).	58%	44% 53% 55% 73%
5	Brown	ACTION #2: Create a centralized resource infrastructure (could potentially be an organization) for nonprofits in urban and rural areas that is of such value that nonprofits and funders fully buy into it. This would allow for a sharing of resources, including but not limited to: training, political advocacy, public relations, communications and development. STRATEGIES A. Streamline the sector by maximizing the efforts of efficient and effective organizations while lessening and removing support of ineffective organizations. Streamlining can include: aligning funders and donors, promoting successful groups and projects, and facilitating mergers and acquisitions. B. Identify and leverage existing nonprofit resource programs, such as the Center for Nonprofit Excellence, Associations of Fundraising Professionals, Santa Fe Community Foundation (The Hub) and YNPN, to increase the quality of all nonprofits, including staff and board members. C. Create a hub where donated, essential physical items needed by nonprofits, and/or the people they serve, are inventoried and distributed or sold effectively and efficiently; share and consolidate back office services and resources.	52%	53% 49% 26%

REC #	GROUP NAME	RECOMMENDATION	PERCENT WHO STRONGLY SUPPORT	PERCENT PREDICTING HIGH IMPACT
6	Green	ACTION #2: Push, promote, and expand non-profit organizations' roles in "moving the needle" for New Mexico. STRATEGIES: A. Analyze programs, policies, and funding of New Mexico and other states to determine what is and isn't effective. B. Build a clearinghouse for data sharing on a state, county, and regional basis; focused on critical service needs, demographic indicators, national rankings, and trends. C. Create a process for funders, grantees, service recipients, and their communities to work on issues, and develop strategies together. D. Recruit board members and develop partnerships with educational institutions, businesses, and government to implement entrepreneurial strategies. E. Support and advocate for New Mexico nonprofits on a national level to connect their work with external funding mechanisms.	49%	 50% 50% 41% 33% 59%
7	Green	ACTION #1: Invest in education as a priority, engaging every sector to propel all New Mexicans, from birth to self-sufficiency and productive community membership. STRATEGIES: A. Create a neutral forum of all stakeholders in education to create democratic, shared priorities and strategies, and define common outcomes and indicators (e.g. focusing on grade-level reading). B. Attack poverty as a root cause of low educational performance, aligning action among nonprofit, for-profit, and governmental institutions. C. Collaborate with nonprofits to develop a school-based system of family support centers focused on student success. D. Make New Mexico the first state to offer quality early childhood education to every child. E. Identify what is currently working in New Mexico to accomplish this goal.	48%	 35% 67% 63% 75% 36%

REC #	GROUP NAME	RECOMMENDATION	PERCENT WHO STRONGLY SUPPORT	PERCENT PREDICTING HIGH IMPACT
8	Orange	ACTION #2: So that New Mexico nonprofits may improve the economic self-sufficiency and economic well-being of the people of New Mexico, cultivate SHARE New Mexico 2.0 as a communication tool to serve the following purposes: a.) Improve communication and coordination among nonprofits, funders, foundations, corporations, government entities, and individuals; b.) Provide tools to increase effectiveness of New Mexico nonprofits; and c.) Act as a resource for decision makers and media. STRATEGIES: A. Request status of development of the new version. B. Provide ongoing input as the tool is developed, e.g. by taking the survey. C. Use SHARE to share information about opportunities to network more broadly face-to-face.	40%	 17% 36% 38%

APPENDIX B

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