



A Conversation with
Nonprofit Leaders
About the Economic Crisis

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Introduction

We are in the midst of a significant economic upheaval. This is not simply a crisis on Wall Street or in the credit markets; it has moved directly to Main Street and our nonprofit community is taking a hard hit.

To gain a better understanding of current realities for local nonprofits and gauge their response to the crisis, the Community Foundation for Southern Arizona gathered 14 leaders from a wide cross-section of nonprofit organizations that serve Tucson, Pima County and other communities in Southern Arizona. The conversation took place on Thursday, October 23, 2008.

The conversation started with stories of increased demand and a decrease in funding that has impacted nonprofits in every sector. While the nonprofit CEOs expressed concern that this is just the beginning of this crisis, they all remain hopeful and committed that the sector can and will do what is necessary to ensure that vital services are available to as many people who need them as possible.

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Nonprofits always operate within limited budgets and without enough time to serve everyone they would like to. Though the severity and potential length of this crisis may be unique, nonprofits always have to be innovative, resourceful and collaborative to survive.

As one CEO said, “Three years from now, we will look back with pride at how we handled this crisis as a community.”

This paper is not the end of our conversation about the impacts and our collective response to this crisis. While we only spoke with a small subset of our community’s nonprofits, we believe the depth and breadth of their services, experience and leadership lends considerable credibility to what you will read.

The message that follows recognizes that we are entering a very difficult time as a community. But the sentiment from our nonprofit colleagues is one of hope – this community has shown over and over again a willingness to come together to solve its problems, and we will do so again.

If you are a donor, there are many worthwhile programs and organizations that need your support. We hope this document will help you understand more clearly how you can help and why we, as a nonprofit sector, need your help now more than ever.

Current Reality for Nonprofit Organizations

A. According to data collected by Our Family Services/Information and Referral Services from July-September 2008, the number of callers seeking assistance has dramatically increased from last year to this year:

- 125% increase in number of people seeking assistance for car payments
- 78% increase in calls for furniture
- 77% increase in calls for utility assistance
- 73% increase in calls for rental assistance
- 69% increase in calls for bus passes

This was supported anecdotally by each leader present at the focus group – all citing significant increases in requests for services and lengthy waiting lists, especially for

basic needs such as food, shelter/housing, health care and safety. Additionally, because the nonprofit sector is interdependent in nature, the economic downturn affects not only basic needs, but education, culture, human rights, environment and civic engagement.

As a result, funding is either depleted (i.e., mortgage-assist dollars that are meant to last a month are used up before half the month is gone) or insufficient (i.e., not enough capacity to fund extra staff to meet the demand). It is anticipated that these needs will only increase as many leaders predict that the numbers of working poor will continue to rise.

We know today that the City of Tucson has been forced to trim at least 10% of its budget, which will have a direct effect on nonprofits it funds. Many have received substantial cuts in other government funding as well, but they believe this is only the beginning of these cuts. The major cuts are expected to come during 2009 as the ripple effects of the market and lower-than-expected tax revenues work their way through the system.

- B. Employees of nonprofit organizations are facing increased demands professionally and personally. Clients who are in crisis - stressed, frustrated and some cases even apologetic - place heavy burdens on these employees who may be in the same personal financial situation as those they serve. These leaders shared stories about increased wait times for clients who may find themselves in a crisis situation, only adding stress to both the client and the staff member.
- C. Nonprofit leaders believe that the greatest effects of this economic downturn will last at least two to three years. While each is feeling the impact *today*, they are most concerned about the effects we can expect to see in the coming years, especially in 2009.

Nonprofits are Realistic, Hopeful

The economy has not discriminated in its impact and nonprofit organizations feel solidarity around their struggles. In crisis situations, we see people pull together in unprecedented ways. Southern Arizona's nonprofit organizations are doing this now – they believe that the only way they will weather this storm is by working together. They are already taking steps that will ultimately help strengthen the community in the long-term.

**“We won’t leave
any stone
unturned.”**

Nonprofit leaders are realistic about the present economic situation and have begun planning for a future with less funding. They understand the seriousness of this situation and are adjusting rapidly. They are outlining potential scenarios, and planning their responses so they are prepared for what may arise in the near future.

Moreover, these leaders are optimistic and embracing innovative, collaborative and cost-effective operating changes. Many are considering formal partnerships, and feel an overwhelming *opportunity* for being creative in their survival tactics. In fact, they are being approached about and are exploring innovative collaborations that help serve their clients, but also blur the line between the private sector, governments and the nonprofits.

What the Nonprofits Said They Need from the Community

- A. Survey all area nonprofits to gather further information regarding the effect of- and the response to- the economic downfall, as well as define common areas of need and support.

- B. Support for innovative collaboration with the resounding goal of meeting the basic needs of our community (food, shelter/housing, health care and safety), and promoting community well-being through education, culture, human rights, environment and civic engagement.

There are tremendous opportunities for coordinated services (a) between similar-service nonprofits, (b) across nonprofit services areas and (c) across all three sectors of society – for-profit, nonprofit and government. An assessment of current nonprofit services and capacity could help identify opportunities for collaboration.

- C. Technical skills training for nonprofit organizations to assist with revised budgeting, projections, planning, etc.
- D. Focus of funding to support infrastructure of nonprofits, including funding positions that help groups of organizations identify needs and opportunities in a given arena.
- E. Conduct an on-going public awareness campaign to (a) educate the public about the severity of the economic crisis on the residents of our community, (b) educate the public about what nonprofits need to adequately respond to the crisis (b) communicate that nonprofits are collaborating to continue to serve our community (c) garner additional support and motivate donors to contribute.
- F. These leaders are aware that nonprofits are a powerful force for change and are looking for ways to ensure they are included in the major long-term decisions facing this community.

What the Community Should Ask of Nonprofits

While this issue wasn't specifically addressed in our conversation, many of the points that were made during the discussion can be turned into questions that any nonprofit should be prepared to answer:

- A. Has the organization engaged in any contingency planning related to this crisis? If so, what do those plans look like?
- B. Is the organization examining its mission in light of the crisis?
- C. Is the organization pursuing collaborations and strategic partnerships to help deliver its mission?
- D. What plans does the organization have for raising additional revenue?

The leaders recognized that the current economic circumstance will mean that some nonprofits will not survive, while others may have to merge to keep their missions alive in the community. However, even short of these steps, budget freezes, cuts and staff reductions will be required throughout the sector to make sure organizations can continue to operate. Of course these cutbacks also mean that the staff who remain will all be asked to do more with less to serve their constituents.

Response from the Community Foundation for Southern Arizona

The Community Foundation for Southern Arizona is planning on continuing to convene various stakeholders to help us determine our response to this crisis. It was gratifying to hear the nonprofit leaders express their view that the Foundation was seen as a logical neutral party to bring the community together around these issues.

We, too, believe this should be our role and take this responsibility very seriously. We will continue to convene around this issue as we simultaneously work to gather data that can help our community identify its specific needs and work together to find ways to move forward.

As more than one leader stated, there is a tremendous amount of wealth in Tucson – not just in dollars, but in expertise, culture, passion, volunteerism and more. This economic crisis has affected everyone. It will take a collaborative, optimistic, willing spirit from individuals, nonprofits, businesses and government – together – to get through.

“There is a tremendous amount of wealth in Tucson...”

We urge you to determine your role in helping nonprofits through this economic crisis to use the questions above to help focus your thoughts. Please also provide feedback to us on this report and where you are in your thinking. We encourage you to get involved and find a way so that, as one leader put it, we can create “the community of our common dreams.”

Comment on this Report

You can comment on this report at www.cfsoaz.blogspot.com. To maintain a positive and constructive conversation to support nonprofit organizations during this economic crisis, comments will be moderated by Community Foundation staff.

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