

# Urban Connection

TRAINING CALENDAR PULL-OUT SECTION INSIDE!

## Helping Nonprofits Respond to a Changing Economy

What is the impact of the economic crisis on the work and sustainability of the Milwaukee area nonprofit sector? As nonprofit leaders and staff grapple with the question while the number of clients who depend on nonprofit service providers increases, we've already learned that there is no "one size fits all" answer.

We do know that the effects of the changing economy will vary substantially depending on the type of work a nonprofit does and its specific revenue streams, will extend over many years for most organizations, and will often have results that seem to have no basis in rhyme or reason.

Keeping those variables in mind, the Nonprofit Center of Milwaukee has begun a series of free Critical Issues Forums focused on addressing recessionary conditions organizationally (see page 2). We're also conducting regular nonprofit surveys (see page 3) and re-tooling consultation and training resources to help the sector get through tough times in the short term and thrive in the long run.

"As the sector works to meet today's challenges, it will be useful for everyone to have better understanding of the situation in context," said Michael Barndt, PhD, Analyst for the Nonprofit Center's Data Center. "There is a great deal of important information and analysis that you may not see online or read in the papers. We're gearing up to provide as much of that as possible in the coming months."

For starters, Barndt offers five key points for nonprofits to consider as they embark on the process of crafting well-planned, coherent and effective organizational responses to the economic crisis.

### **First, many organizations are already accustomed to working under stress.**

That has been the pattern for many years because they serve, with limited resources, residents of Milwaukee that have experienced intense poverty.

As has been said before, the recession is nothing new for these residents. They have had limited choices, and racial inequity is pronounced. While Milwaukee is among the "leaders" in this category, nonprofits here do have a wealth of experience in dealing with the negative outcomes on limited budgets.

**Second, a number of organizations working in housing and economic development have been aware for more than a year of the toll taken by predatory lending and foreclosure.**

The concentration of foreclosures in several neighborhoods has had a cumulative effect within them – affecting property values, housing condition, resident mobility and general stability. This segment of the nonprofit community will have significant work to do, but will also see additional resources in 2009

### **Grants: Expect the Worst in 2010-2012**

**Third, the collapse of the financial system has a direct effect on those organizations with resources linked to that system, such as large organizations with significant investment portfolios.** These few organizations may have substantial short term issues. But far more organizations will be affected by the changing capacity of foundations to maintain their level of grants, not just in 2009 but well beyond.

For most community foundations, grant levels are determined by a "rolling average" of three or more years. For example, a downturn in 2009 grants is moderated by two good years (2006-2007). Just two poor years in the financial system (2008-2009) would mean the worst is yet to come after 2009, with an even more serious restriction of grants in 2010, 2011

*continued on page 2*

save the date

#### **Thursday, January 15, 2009**

2009 Nonprofit Center membership renewals due

#### **Friday, January 30, 2009**

Fran Swigart Board Leadership Award nomination due

#### **Friday, February 13, 2009**

"Inspire by Example" volunteer award nomination due for the youth, adult, team and business categories

#### **Thursday, April 23, 2009**

"Inspire by Example" volunteer awards luncheon  
11:30 a.m. - 1:00 p.m., Italian Community Center

#### **Thursday, December 3, 2009**

15th Annual "Spirit of the Nonprofit Sector: A Holiday Celebration of Diversity"  
5:30 - 8:30 p.m., Italian Community Center

the economic crisis

## Helping Nonprofits Respond to a Changing Economy

continued from page 1

and 2012. Recovery in grant levels, just to the 2009 level, may not take place until 2013 even with a fairly quick overall economic recovery.

Grants will be further constrained as foundations become more focused on their core priorities and their direct response to crises in Milwaukee. Exacerbating these crises will be the fact that many residents, especially the elderly, will be strapped by losses in their own investments no matter how small. With less cash of their own on hand and greater street-level need, foundations will tend to address immediate situations first and hold off on long term projects that would be well worthy of funding in better times.



The second in a series of Nonprofit Center Critical Issues Forums drew more than 30 people to Aurora Family Services on December 2. The topic was *The Changing Environment for Financial Support of the Nonprofit Sector*. Participants learned about the challenges foundations face during a period of reduced portfolios and how the corporate community and individual donors may reduce giving in the coming months. Presenters included Gwen Dansby (left), Vice President, Wisconsin Community Relations, JP Morgan Chase Foundation, and Shawn Perrin (right), Principal, VisionFirst LLC.

– Photos by Mike Barndt

Fourth, the downturn of business activity on “Main Street” will have direct effects in the nonprofit community, as local businesses are less able to direct some profits to community endeavors. Again, the rolling average effect will often be in play. In some cases, corporate foundations have conservative endowments that will buffer the effects. In other cases, the link between profit levels and charitable giving will be much more direct and have immediate negative impact on the charity side.

The critical consequence of a business downturn is increasing unemployment. This will substantially challenge nonprofit organizations offering emergency services. Families under greater economic stress in general will also affect most other nonprofit services, and organizations depending upon fees for service will see less revenue from this stream. The structure of many services is likely to be in need of reshaping as clients deal with more complex sets of problems.

continued on page 3

### Meeting the Challenges of Tough Times

See the Training Calendar for details on the events below. For more information on these and other resources that can help nonprofits meet the challenges of tough times, visit [www.nonprofitcentermilwaukee.org](http://www.nonprofitcentermilwaukee.org) or call (414) 344-3933.

#### 2009 Critical Issues Forums: Accepting the Challenges Facing the Sector

##### ECONOMIC CHALLENGES AND VOLUNTEERISM

Thursday, January 15, 8:30-10:00 a.m. at the Nonprofit Center

##### EXPLORING COLLABORATION AS A RESPONSE TO THE ECONOMIC CRISIS

Tuesday, January 27, 8:30-10:00 a.m. at Aurora Family Services

##### RESPONDING TO CHANGING CLIENT NEEDS

Tuesday, February 10, 8:30-10:00 a.m. at Aurora Family Services

##### A DISCUSSION OF PUBLIC POLICY CHOICES

Tuesday, February 24, 8:30-10:00 a.m. at Aurora Family Services

#### Annual Planning Training: Take the A.P.T. Challenge

Here’s an “economy-proof organizational capacity building” tip from Ylonda D. Glover, MS, Nonprofit Center Organizational Development Consultant: “No matter what we are experiencing in our economy, it is important to keep the words ‘impact, alignment, results’ in mind as you continue to sustain your organizational capacity.”

Glover will facilitate an Annual Planning Session to help implement this tip on Wednesday, February 11, 11:00 a.m.-1:00 p.m. at the Nonprofit Center. See the Training Calendar for more details (and what we mean by “impact, alignment, results”).

U R B A N C O N N E C T I O N ▼

The Urban Connection is published by  
**The Nonprofit Center of Milwaukee, Inc.**  
 2819 W. Highland Blvd., Milwaukee WI 53208  
 Telephone: (414) 344-3933 • Fax (414) 344-7071  
 E-Mail: [info@nonprofitcentermilwaukee.org](mailto:info@nonprofitcentermilwaukee.org)  
 Website: [www.nonprofitcentermilwaukee.org](http://www.nonprofitcentermilwaukee.org)

## Responding to a Changing Economy

*continued from page 2*

Unemployment may also affect the volunteer pool. New volunteers may offer talent that nonprofit organizations should view as an additional resource.

Historically, Milwaukee employment patterns have lagged the nation – we're slower to lose jobs and later to get them back. Even if the financial markets begin to stabilize in 2009, the employment effects will be longer term everywhere.

**Fifth, government budgets will be substantially and somewhat** arbitrarily affected. A drop in property values in 2009 will limit city, county and school budgets in 2010. A loss of income tax and sales tax revenue will be felt in state budgets even sooner.

Federal government will be less restricted as it will be able to make investments as a counter-recessionary effort. The nature of that investment will expand some local work and stabilize the funding for others. But the mixed effect among all sources of government dollars will challenge the work of many organizations with government contracts.

---

## Economic Changes and Volunteerism

As the economic downturn continues to influence how organizations and individuals go about their business, volunteerism is being affected as well. Dwindling resources and reductions in staffing mean that many nonprofits need more volunteers to deliver their services, and changes may be necessary to recruit and keep them.

Some retirees who volunteered in recent years now find it necessary to go back to work. Other people are looking for work and volunteer in part to help their employment prospects in any number of ways. Those with specialist or professional skills will want to volunteer to network and keep their skills current while searching for a job. They will look for organizations that:

- Think creatively about projects that volunteers can accomplish
- Utilize volunteers in management, marketing, IT, finance and fund development
- Outline benefits to job seekers in their descriptions on the Volunteer Center's website
- Respond quickly to inquiries

Please respond to the Nonprofit Center survey that was sent to executive directors to weigh in on this topic, and plan to attend the Critical Issues Forum on Economic Changes and Volunteerism to assess and prepare for the volunteers in the days ahead. The forum will be held on January 15, 8:30-10:00 a.m. at the Nonprofit Center.

## Taking the Pulse of the Sector in Tough Times

A series of online surveys conducted by the Nonprofit Center of Milwaukee is taking the pulse of the sector in order to assess the impact of the recession on organizations and identify training and other resource needs to be addressed in the coming months.

**The first survey has drawn responses from 93 area nonprofits to date and focused on budget planning. Among the key findings:**

- 35% of all groups surveyed planned smaller budgets for 2009 compared to 2008, although only 8% planned budgets smaller by 15% or more
- 26% of organizations with budgets below one million dollars planned smaller budgets, while 44% of organizations with budgets over one million dollars planned smaller budgets
- Generally, organizations substantially dependent upon foundation grants are more likely to have planned for a smaller budget in 2009
- Health, education, and emergency service organizations are least likely to have planned smaller budgets in 2009, while youth & family and counseling organizations are most likely to have planned smaller budgets for 2009

Nonprofit Center survey participants have access to full results and accompanying analyses. Please take part and help your organization and the entire sector – watch your email for survey links and respond to any or all of them.

Several more local surveys will be conducted throughout the year on a variety of themes related to nonprofit management and effectiveness in these tough times.

**Nationally, the Bridgespan Group conducted a survey of nonprofits that was published in December. Highlights included:**

- 75% of nonprofits surveyed are already feeling the effects of the downturn, with 52% having already experienced funding cuts
- Nonprofits generally appear to be communicating broadly with key stakeholders and actively engaging their boards at this time
- Many nonprofits seem unprepared or underprepared to weather the downturn: 74% believe that funding for *other* organizations like theirs will decline by more than 5% while only 55% believe that *their own* revenues will decline by that amount; Only 28% of nonprofits actually had a “well defined” contingency plan
- Few organizations have strong reserves: 54% of respondents had three months or less of operating reserves and 74% of respondents have less than six months of operating reserves
- Many organizations are being slow to take action to cut costs, instead spending the lion's share of their attention on improving their fundraising capacity first

offerings & transitions

## Now More than Ever: Take Advantage of Membership Savings

The nonprofit sector is needed now more than ever to provide vital mission-driven programs in our community. The Nonprofit Center will continue to help the sector get through the recession, providing services and resources that support and sustain the work of nonprofit organizations.

Membership with the Nonprofit Center allows you to benefit from our services at the member discount, including specialized trainings and events focused on the economic crisis that are being planned for 2009. Member organizations can also utilize the services of the Volunteer Center at no cost at a time when finding and keeping volunteers is increasingly important.

As we all face economic stresses, our partnerships and collaborations are the key to coming through stronger and more effective in our work. Working together, we can accomplish so much for the entire Milwaukee community.

If you would like to take advantage of the cost savings available to members or need more information, email [info@nonprofitcentermilwaukee.org](mailto:info@nonprofitcentermilwaukee.org) or call (414) 344-3933.



More than 100 participants joined Dr. Jim Gambone at the Intergenerational Dialogue on Race and Action he facilitated on September 27 at the Italian Community Center. Five generations and seven area geographical regions were represented. Follow-up recommendations will be made in 2009. – Photo by Nick Patrinos

The Nonprofit Center of Milwaukee promotes the interests and effectiveness of the nonprofit sector

M I S S I O N ▼

through strengthening organizational capacity, expanding volunteerism and encouraging collaboration.



Outgoing Nonprofit Center President Rolunda Nezerin-Dixon passes the gavel of leadership to the new President, George Loxton, at the annual meeting of the Board of Directors on October 2. The event at Manpower headquarters included the Center's first Corporate/Nonprofit Networking Fair and was a tremendous success. More than 150 representatives from nonprofit organizations and area businesses got together to socialize, learn more about our services, and share information about sector-to-sector collaborations.

## Thank You for a Successful Bookkeeping Series

The Nonprofit Center sends a special thank you to Andy Holman and Rolunda Nezerin-Dixon for helping to make our Bookkeeping for Nonprofits series a success. Dixon is comptroller for Running Rebels Community Organization and owner of Kingdom Financial Services; Holman is a partner in RitzHolman CPAs. They developed and taught the bookkeeping classes above and beyond the call of duty. The course included ten instructional hours in five sessions designed for nonprofit accounting professionals who do not have formal bookkeeping training. Twenty-two participants took one or more of the classes, and 16 received a certificate for successfully completing the final examination.

[www.nonprofitcentermilwaukee.org](http://www.nonprofitcentermilwaukee.org)

[www.volunteermilwaukee.org](http://www.volunteermilwaukee.org)

[www.jobsthatserve.com](http://www.jobsthatserve.com)

phone: 414-344-3933

fax: 414-344-7071

URBAN CONNECTION LAYOUT BY DESIGN PLUS GRAPHICS.

### Nonprofit Center

OF MILWAUKEE, INC.  
2819 W. Highland Blvd.  
Milwaukee, WI 53208



United Way  
of Greater Milwaukee



Non-Profit  
Organization  
U.S. Postage PAID  
Milwaukee WI  
Permit 4822