

Nonprofit Sector: Workforce Education Needs and Opportunities

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SIZE AND ROLE OF THE AMERICAN NONPROFIT SECTOR

When some people think of nonprofit organizations, they think of small charities that are short-staffed, often struggle financially, and provide basic human needs to the most vulnerable in our society. Others think of organizations that support the civic and social infrastructure of our communities, states, and nation, and serve as a vital component of the nation's economic engine. Both perceptions are accurate.

Nonprofit organizations can be considered small in relation to their tasks. They address increasingly demanding, complex, and intractable social problems in America's urban and rural communities, with increasingly dwindling financial resources (Renz). On most measures of capacity to meet demand, the nonprofit sector fails. An ongoing parade of studies demonstrates the resource deficiencies in the nonprofit sector. Historically the average nonprofit sector employee is paid less, has less training, and is provided with fewer resources to perform a job than a for-profit or governmental counterpart (Light; Peters 2002; Peters 2006).

At the same time, nonprofits can be economic engines. When a community is in economic distress it is often a nonprofit—sometimes funded or acting as an agent of the federal or state government—that steps in first to galvanize the citizenry and establish a base for rebuilding a neighborhood through job-skill training, reclaiming brownfields, reducing violence, and investing in the social and economic infrastructure of the community. These

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works benefit the residents and act as a stimulus to attract new business to a region. The perception of nonprofit organizations as economic catalysts is often referred to as agency or market failure concepts; private nonprofits enter into communities where government agencies cannot or will not invest, or where commercial enterprises cannot make a significant enough return to justify their engagement (Herman). When a community's socio-economic foundation is strengthened, e.g., lower crime rate, improved work skills of residents, and building renovations, subsequently commercial businesses can enter and generate economic wealth in the community.

The nonprofit sector is also an economic engine by its sheer size. The American nonprofit sector in aggregate is quite large and includes:

- 1.4 million organizations;
- \$3 trillion of the nation's total assets;
- \$1.4 trillion in annual revenues;
- more than 11 percent of the nation's gross domestic product;
- 9.6 million employees (9 percent of the US workforce); and
- 8.3 percent of the nation's wages and salaries (Urban Institute, Czerwinski).

To give a sense of scale, at the state level the nonprofit sector in Connecticut comprises approximately 10 percent of the state's workforce. It is larger than Connecticut's financial, insurance, and real estate industries combined and double the size of the state government workforce (Deweese). Similarly in Indiana, wages from the nonprofit sector are twice that of Indiana state government and outpace the construction, wholesale trade, transportation, warehousing, accommodations, and food industries (Grønbjerg). In Massachusetts 36,000 nonprofits account for \$207 billion in assets and economic activity (Boston Foundation).

A HISTORICAL PERSPECTIVE: GROWTH AS A GOVERNMENT SUPPLIER

The term "nonprofit" is actually relatively modern, first used in a 1954 act of Congress allowing the Internal Revenue Service to denote organizations that are exempt from taxes because their main purpose is to serve the public good (Hall). The voluntary, nonprofit sector has been recognized as part of the American panorama for centuries. What started as small clusters of genteel "societies" of early America's elite espoused for public good (Tocqueville), has grown to 1.6 million organizations, up from 50,000 private charities in 1953.

Much of this growth has to do with contracting partnerships with government. During the 1960s through the 1990s, starting with the era of the war on poverty, the nonprofit sector grew substantially, and has increasingly become the implementation arm of government policy in areas ranging from social work to education (Van Til). In a 2007 report to Congress, "The Nonprofit Sector: Increasing Numbers and Key Role in Delivering Federal Services," the Government Accountability Office emphasized the point:

The nonprofit sector is an important means through which public services are delivered and national goals addressed ... , health care, education, and human services, for example. ... The federal government increasingly partners with nonprofit organizations as they bring many strengths to these partnerships, such as flexibility, ... breadth and diversity [in] address[ing] ... specific needs of ... special population[s] and have access to underserved populations (Czerwinski).

From 1980 to 2004, federal investment in American nonprofit organizations has increased 230 percent in adjusted dollars (Abramson). In fact, one-third of the nonprofit sector's \$1.4 trillion in annual revenue now comes from the federal government (Weitzman).

UNIVERSITY EDUCATION'S ROLE IN THE NONPROFIT SECTOR

American philanthropy and nonprofit sector is 200 years old, yet higher education's focus on the educational needs of the sector is relatively new (Renz). In 1990, only 17 American universities offered a graduate concentration in nonprofit management. Just over a decade later, 100 programs existed, and 245 universities and colleges offered some form of credit or noncredit for nonprofit management education (Mirabella). However, even with this growth the demand goes unfulfilled. University and continuing education engagement has been limited and sparse nationally. Much of the impediment to the growth of nonprofit professional training at the university level is attributable to the fact that it is a discipline that is still defining itself and seeking legitimacy within the university environment (Renz). There has also been a historical lack of philanthropic funding for professional development in the nonprofit world.

A 2002 University of Connecticut study (Garvey) found only 12 percent of Connecticut nonprofit managerial professionals engaged in professional development, and 69 percent seeking intermediate to advanced professional

development. However, the majority of current learning programs available to nonprofit practitioners provide only introductory learning. This finding led one Connecticut philanthropic leader to conclude:

This is where the university can fill the gap and help the sector provide a continuum of learning for its practitioners. Our focus has been with the short seminar curricula. We can still do that, but the University can provide its expertise in developing longer-termed certificate trainings and credit degrees that our nonprofit managers need.

Over the last decade there has been a renewed call for education and capacity building in the national nonprofit sector. A growing body of research addresses the justification for nonprofit management education (e.g., Larson), academic standards (NACC), and professional development of nonprofit leaders and front-line staff. Among the philanthropic community a similar interest in strengthening the skill-sets of nonprofit leaders and staff is growing (e.g., Chieco; Newman; Light; and Kunreuther 2005). The same is true of government:

[T]he GAO recognizes a need for continually improving the capacity of the nonprofit sector to develop its human resource skill-sets in coordination and collaboration, governance, financial and organizational management ..., noting that “[p]roviding assistance to improve capacity may be one area where the federal government could employ a more strategic approach” (Czerwinski).

In 2009, a substantial influx of federal dollars for nonprofit staff professional development funding is being provided: the Nonprofit Capacity Building Program of the Edward M. Kennedy Serve America Act establishes and authorizes \$5 million a year for five years to make grants to intermediary nonprofits to pay the federal share of the cost of providing organizational development assistance to small and midsize nonprofit organizations. It seeks to provide not less than \$200,000 in each state with a required match (Corp. for N. and C. Service).

THE NEED FOR BASIC AND NETWORK MANAGEMENT SKILLS

A University of Utah study of the Utah nonprofit sector (O'Brien) identified the top learning goals of nonprofit professionals: training in organizational management, leadership, governance, financial management, fundraising,

grant writing, and marketing. This study concurs with previous national curriculum research (e.g., Dolan).

However, also growing within the sector is a desire for collaboration and for the skills to accomplish that goal. A University of Connecticut survey found a substantial increase in interest among Connecticut nonprofit executive directors for collaboration and alliance-management training (Page). The sector is seeking to break molds that were developed back in the 1960s.

During the 1960s—the watershed moment of government and nonprofit contracting—the federal government adopted primarily a single-issue focus when issuing grants, and many nonprofit organizations evolved structurally to meet those criteria. For example, funding went to arts programs and gang violence programs, but one would be hard pressed to find federal funding for an arts program that sought to reduce gang violence. Over the last two decades, however, government, nonprofits, and private philanthropy have recognized that societal challenges are complex and cannot be overcome by a focus on one issue. Problems such as reducing crime, unemployment, and teenage pregnancies are interrelated and need a multiple-expertise approach or agency collaboration. A nationwide foundation study found that 42 percent require nonprofits to collaborate on grant projects as a litmus test for eligibility even to apply for funding (Ostrower).

However, studies point to a lack of competency in the nonprofit sector for developing and managing collaborations (e.g., Chaskin, Garvey 2006, Mitchell, Reisch, Takahashi). Practitioners themselves are aware of the problem:

I know a nonprofit organization on one side of the street ... that does real similar things to what another one does across the street. Literally! And, they don't know what the other is doing. They don't know that they are running the same programs. And they don't refer each other's clients back and forth ... to take advantage of the different things that they offer. And they are right across the street from each other (Garvey 2003).

In a post-Katrina and 9/11 world, the federal government also sees collaboration training for the nonprofit sector as a need:

[T]he importance and value of coordination and collaboration between nonprofit organizations and government at all levels ... rel[y] increasingly on new networks and partnerships to achieve critical results (Czerwinski).

THE WORKFORCE DEVELOPMENT CRISIS

Many developing countries are coming to terms with an aging workforce. Whereas countries like Japan, France, and Germany are ahead of the curve and are already addressing how to stay competitive in a global economy with an aging workforce, the US is just starting to act on the implications of an aging population and its impact on competitiveness and workforce needs (Geipel, Jackson). In Connecticut, for example, one out of five workers will be over the age of 55 by 2010 (Klein).

The American nonprofit sector is projected to feel the consequences of an aging workforce and a shortage of managers and front-line workers to replace retiring baby boomers in the coming decade. A systemic failure of the nonprofit sector to implement executive succession plans, a lack of younger talent coming into the field due to traditionally low entry pay, and an increased demand for services is projected to result in a human resource shortage perfect storm. By 2016 there will be a need for 640,000 new senior managers nationally within the nonprofit sector, 2.4 times the number of senior executives employed in 2006 (Peters, Tierney 2006).

Where will these new managers come from? What will be the level of their skill-sets? What training will be needed to bring their skill-sets up to par? The Class of 2016 will be called on to answer some of these questions, but in the meantime, it is a major opportunity for university continuing education programs.

THE UNIVERSITY OF CONNECTICUT APPROACH

Mindful of the workforce deficit, the University of Connecticut Nonprofit Leadership Program (NLP) designed professional development programs targeted to the new pockets of human-resource growth for the sector. Along with a plan to provide education for the current executive pool, it looks to the sector's demographic future: emerging leaders already on a managerial path and talent from historically untapped markets: rising populations of communities of color, America's elder population, and bridgers from the corporate sector.

Jumpstarting managerial growth

"Leading Nonprofit Organizations: A Learning Experience for Emerging Leaders" was created to help young, up-and-coming nonprofit managers take the place of retiring executives. Offered in Hartford in 2008, the program quickly exceeded expectations. We are now repeating the program

and expanding it to other parts of the state. The six-month program is a peer-to-peer, practitioner-based classroom learning experience, guided by guest experts and focused on the practices of *Good to Great* (Collins), *Forces for Good* (Crutchfield), and other essential nonprofit works.

Diversity as a human resource advantage

Only 20 percent of nonprofit executive directors in the United States are of color (Peters 2002, Peters 2006). In Connecticut, the comparable figure is 10 percent (Randall). These numbers reflect a strong disconnect between leadership of the nonprofit sector and the constituents served. They also reflect an untapped pool of managerial candidates for the sector.

Many individuals of color currently working in the field have the experience but not the academic credentials to move up the career ladder. NLP is developing a bachelor's degree completion program in nonprofit leadership that will help change that dynamic. The program, scheduled for launch in 2010, will provide a means for an individual with an associate degree in a nonprofit field (e.g., gerontology, youth services, drug rehabilitation, or other social service specialty) to gain the skill sets and academic credential so that they can move up the nonprofit organizational ladder. This initiative is a strategy to implement the national human resource goals of the Workforce Diversity and Inclusion Initiative of the National Nonprofit Sector Workforce Coalition and the Cultural Competency Initiative of the National Alliance for Nonprofit Management.

Encore careerists and bridgers

America and Connecticut's retirement-age populations are healthier and more educated than their predecessors. A large percentage desire to keep working whether for reasons of engagement, income, or both (Klein, Hart). Many of these older citizens seek work that gives back to society in "encore careers" (Civic Ventures). In addition, a significant percentage of historically for-profit sector workers are interested in transitioning into social-purpose employment within the nonprofit sector (Bridgestar, Bridgespan, Tierney 2006b). These mid-career industry changers are often referred to as "bridgers." Both encore careerists and bridgers bring seasoned experience in the fields of management, finance, law, accounting, marketing, and more, but need educational support to mold their skill sets quickly for functioning in the nonprofit world. For this group, the University of Connecticut and its partners are creating Encore!Connecticut.

Its pilot, Encore!Hartford, will begin in fall 2009 with the objective of designing, implementing, and assessing for state-wide replication a multi-agency recareering pipeline in education and social and employment services). It is targeted at 35-85 year-old, mid-career and traditional retirement-aged professionals who are interested in managerial and front-line positions within Greater Hartford nonprofit organizations. The University's Nonprofit Leadership Program is partnering with key organizations to make this happen, including Capital Workforce Partners (the Workforce Investment Board of Greater Hartford), Connecticut Association of Nonprofits, Connecticut Department of Labor, Connecticut Department of Social Services, Hands On Hartford, Leadership Greater Hartford, United Way of Central and Northeastern Connecticut, and the Workforce Development Office of the Connecticut Community College System.

Supporting current CEOs in a new economic reality

Demand for social services are expected to rise in the coming decade, but a changed economic landscape will probably slow the rate of incorporation of new nonprofits, and the American nonprofit sector will most likely contract (Boston Foundation 2009). With this in mind, the University of Connecticut is designing programs for current nonprofit CEOs and senior managers to help them envision new operating models for their organizations' immediate needs and the sector's long-term future. Our first offering, "Facing Change: A Planning Retreat for Nonprofit Executive Directors," was held during summer 2009. The retreat focused on leading and managing resources in a changing environment, and design and decision making for collaborations, mergers, and other strategic alliance approaches.

LOOKING AHEAD

Looking ahead, the Nonprofit Leadership Program seeks to develop learning that address the changing intergenerational dynamics of the nonprofit workplace (Kunreuther 2008, Purpose Project) and reduce the scholarship and practice divide between northern and southern hemisphere nonprofits and non-governmental organizations (Ebrahim, Mirabella). The University of Connecticut looks forward to developing certificates in functional specialties of the nonprofit sector, such as governance, collaboration management, and fund development, along with developing engaged research opportunities with the nonprofit community and the university's sister education partners. 

This article is dedicated to the memory of Mary Jane Garvey, the author's mother, who passed away during its writing.

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