MOBILIZING CHANGE:
10 Nonprofit Policy Proposals to Strengthen U.S. Communities

The Nonprofit Sector and Philanthropy Program seeks to improve the operation of the nonprofit sector and philanthropy through research and dialogue focused on public policy, management, strategy, and other issues pertinent to the sector. **The Aspen Institute**, founded in 1950, is an international nonprofit organization dedicated to fostering enlightened leadership and open-minded dialogue. Through seminars, policy programs, conferences and leadership development initiatives, the Institute and its international partners seek to promote nonpartisan inquiry and an appreciation for timeless values. The Institute is headquartered in Washington, DC, and has campuses in Aspen, Colorado, and on the Wye River on Maryland's Eastern Shore. Its international network includes partner Aspen Institutes in Berlin, Rome, Lyon, Tokyo, New Delhi, and Bucharest, and leadership programs in Africa, Central America and India.

ABSTRACT

The stature and importance of the social sector has grown considerably in recent decades, yet – except for issues of oversight and accountability – policymakers pay scant attention to nonprofit organizations. An enormous opportunity exists to develop public policies that enhance the sector's capacity to benefit our communities. This set of proposals, identified by the Aspen Institute, provides a starting point for a bi-partisan commission to focus on maximizing the relationship between government and civil society.

Introduction

The Nonprofit Sector and Philanthropy Program of the Aspen Institute is pleased to present ten policy innovations for the nonprofit or social sector. This report puts together in one place the proposals of leading thinkers in the field who are working to address social problems and improve the lives of those in need through improved nonprofit-government policies. We believe these ideas, if implemented, would go a long way towards strengthening nonprofit organizations and communities throughout the United States. But the ideas presented here are only the beginning. With the publication of this compendium, we hope others will step forward to present their innovative ideas, and that new thinking among social sector and community leaders, scholars and others will be stimulated.

In developing this compendium, several leaders in the nonprofit field provided invaluable guidance. We wish to thank Alan Abramson, Paul Light, Shirley Sagawa, Marsha Sharp, James Allen Smith and Steven Smith for their thoughtful comments and advice. In addition, we are indebted to Jacob Buehler and Tony Pipa whose research, writing and framing of the issues were of the highest caliber; the work of Lauren Stebbins and Sue Marx Smock was also first-rate. Finally, though we are grateful for the assistance and input of others, the Aspen Institute's Nonprofit Sector and Philanthropy Program takes full responsibility for the content of this work.

– Cinthia Schuman Ottinger

The Social Sector: Unacknowledged Force

A Community Force

Change. Unity. Hope. Today, there is an unmistakable hunger for fresh approaches to the issues facing our nation and the world. It's as if the political mood has caught up with the energy that courses through our communities every day in the social sector.

The programs and institutions that make up the social sector are so varied, ubiquitous, and enmeshed in our society that rarely do we think of them as a sector apart. They are simply places that make our neighborhoods vibrant and vital: where our children play sports, music, or get daytime care; where we give birth, practice our faith, or help the most vulnerable among us – in short, where a quintessentially American notion becomes reality: taking private action for the public good.

An Economic Force

Its diverse segments are so integrated into our everyday life that it is easy to underestimate the sector's overall importance. Yet the economic impact is clear: nonprofit and voluntary activity accounts for roughly 7.2% of the U.S. Gross Domestic Product (GDP).[1] To put this in perspective, consider that the entire construction industry accounts for 4.4% of GDP, and the combined utilities – electricity, gas, and water – 2.0%.

Between 1995 and 2005, total revenue for the nonprofit sector increased by 54% compared to a GDP increase of 35% over the same decade.[2] Their share of the overall U.S. workforce increased from 5.6% in 1972 to 7.2% in 2004, with nonprofits now employing more than 9 million people.[3] This workforce growth has consistently outpaced both the business and public sectors.

Yet these employment figures significantly undervalue the sector's human capital. In 2005, 29% of Americans volunteered their time and energy through a nonprofit organization. Almost half of the 76 million baby boomers are expected to participate in formal volunteering as they retire,[4] and young people are destined to follow suit, as 94% state they would like to make the world a better place.[5]

An Indispensable – but Neglected – Partner

A great deal of the sector's growth can be traced to its relationship with government. Nonprofits are increasingly the front-line implementers of public policies; they are awarded more than $300 billion each year by federal, state, and local governments to deliver programs to eligible individuals and communities. Indeed, an estimated 31% of all nonprofit revenue comes from government sources, through grants-in-aid, service contracts, vouchers, Medicare and Medicaid payments, and other public funds. Dues, fees, and charges comprise 38% of nonprofit revenue with charitable contribution comprising 20% and other income comprising 11 percent.[6]

It is a relationship often overlooked by policymakers. Most Congressional attention has focused on issues of oversight and accountability, with little recognition of the potential for forging a partnership that fosters innovation and plays to the sector's strengths in developing and sustaining creative efforts to enhance community life and solve difficult problems.

Reimagining the Relationship

An Ideas Anthology

To begin broadening this perspective, the Nonprofit Sector and Philanthropy Program of the Aspen Institute has identified a set of policy ideas that take into account the changes underway in the social sector and provide support for its increasingly important contribution to our society. These proposals seek to strengthen the ability of nonprofits to meet the challenges related to their expanding roles and fulfill the potential heralded by their recent growth.

Four policy ideas would help nonprofits strengthen their fiscal viability to meet the needs of their communities:

- Create a Social Investment Fund Network
- Create a tax designation for Social Benefit Enterprises
- Extend the deadline for charitable contributions to April 15
- Revise the Foundation Excise Tax

Six other ideas would help build overall nonprofit capacity and improve their integration with government agencies and services:

- Create a Small Business Administration for nonprofits
- Create a Nonprofit Research Collaborative
- Coordinate and integrate local nonprofits during disaster response
- Expand recruitment and retention of a new generation of leaders for the nonprofit sector
- Make a Summer of Service a rite of passage for every middle-schooler
- Develop a National Music Service Corps

These ideas are but a taste of what is possible. While each has intrinsic value and can be pursued independently to great effect, they anticipate many additional proposals that might surface if policymakers and nonprofit leaders were to broaden their perspective and focus holistically on identifying policy innovations that use the sector's strengths to solve some of the most difficult challenges vexing communities across the country.

A Bi-Partisan Commission on Nonprofit Policy

Together these policy proposals begin to redefine the relationship between government, the nonprofit sector and the business sector as well, recognizing the shifting role that each can play in bringing real, substantive improvements to our communities and nation. They represent the beginning of an important and compelling conversation about ways to renew and deepen our social compact. It is a conversation too important to put off any longer.

That is why the Nonprofit Sector and Philanthropy Program supports the establishment of a bi-partisan commission to study comprehensively the relationship between government and the social sector and recommend policies to strengthen the sector's capacity to improve lives and solve society's most pressing problems, an idea originally developed by Shirley Sagawa and Deb Jospin. A complete analysis by experienced leaders will produce a breadth of proposals that acknowledge the scope and depth of the sector's importance and ensure that we are providing the best possible environment to maximize its benefit.

Earlier this decade, we convened the Aspen Nonprofit Sector Strategy Group to clarify the relationship between nonprofits and government, a process which resulted in a glimpse of some of the possibilities presented here [http://www.aspeninstitute.org/atf/cf/%7BDEB6F227-659B-4EC8-8F84-8DF23CA704F5%7D/GOVERNMENT.PDF]. These ideas – and many like them – are worthy of full and fair consideration by policymakers. It's time to turn those glimpses into a full-fledged vision.

…Federal, state, and local governments rely on nonprofit organizations as key partners in implementing programs and providing services to the public. Given the way the sector is woven into the basic fabric of our society, it is essential we maintain and cultivate its inherent strength and vitality and have accurate and reliable data on the overall size and funding flows to the sector.

Stanley J. Czerwinski
Director, Strategic Issues, GAO
Testimony before the Subcommittee on Oversight,
Committee on Ways and Means, House of Representatives

1 Salamon, Lester M., Megan A. Haddock, S. Wojciech Sokolowski, and Helen Tice, *Measuring Civil Society and Volunteering: Initial Findings from Implementation of the UN Handbook on Nonprofit Institutions* Working Paper No. 23. (Baltimore, MD: John Hopkins Center for Civil Society Studies, 2007).

2 National Center for Charitable Statistics, "The Nonprofit Sector in Brief: Facts and Figures from the Nonprofit Almanac 2007." (Washington, DC: The Urban Institute, 2008).

3 Salamon, Lester M. and S. Wojciech Sokolowski, *Employment in America's Charities: A Profile.* (Baltimore, MD: Johns Hopkins Center for Civil Society Studies, 2006). These figures refer to paid, full-time employees in 501(c)3 nonprofit organizations.

4 Zedlewski, Sheila R. and Barbara Butrica. "Are We Taking Full Advantage of Older Adults' Potential?" (Washington, DC: The Urban Institute, 2007).

5 Poris, Michelle P. and George Carey, *Voices Study: Research Findings.* (Washington, DC: America's Promise Alliance, 2006).

6 "Facts and Figures about Charitable Organizations." (Washington, DC: Independent Sector, 2007). These figures refer to revenue sources for 501(c)3 and 501(c)4 nonprofit organizations.

IDEA #1:

Generate growth capital for promising nonprofits by creating a Social Investment Fund Network

Why?

When a for-profit business has an innovative product or service, it has access to many financial tools to bring its idea to market: bank loans, stock sales, and even government subsidies. Nonprofits that are pioneering new approaches to solve difficult social problems face a fragmented capital market, with limited options for raising the funds necessary to take their efforts to scale.

Because of the difficulty of attracting growth capital, ideas that demonstrate real promise at the local level face an uncertain future as organizations try to expand their scope and significantly increase the amount of people they serve. Through the development of a Social Investment Fund Network, federal incentives can help expand the funding available to engage in research and development of innovative practices; expand promising approaches; and build organizational capacity.

How does it work?

The funds would be created by matching federal dollars with state, local, and private sector contributions. Funds would be distributed to nonprofits or social enterprises that exhibit the most potential for achieving high impact, yielding a significant return on investment. Special emphasis would be given to efforts that engage volunteers and businesses across sectors. A fund network – not a single national fund – would be created that allowed funding decisions to be made at the local level in response to community-identified priorities.

Who would it affect?

Start-up organizations and social entrepreneurs with promising approaches to persistent problems, and organizations with proven pilot programs seeking to expand would have access to additional growth capital.

What would it require?

Creation of a federal grant or tax credit program; establishment of governance structures and funding guidelines.

For more information:

The America Forward Coalition outlines the concept on its website [http://americaforward.org/section/policy_ideas/public_privateinvestmentfundne] and provides additional detail in its policy briefing book, *America Forward: Invent, Invest, Involve* [http://americaforward.org/userfiles/America%20Forward%20briefing%20book_2007.pdf].

IDEA #2:

Promote the growth of enterprises that mix business practices with social missions by creating a special tax code designation for social-benefit enterprises

Why?

A new spirit of entrepreneurship has stimulated significant growth in social enterprises, which combine business practices, charitable missions, and social agendas in ways that fall outside the traditional boundaries of business and philanthropy. These enterprises seek to maximize social benefit as well as profits – a bakery, for example, might employ homeless people and focus as strongly on job training and preparing their program participants for long-term employment as it does on growing sales. The federal tax code has no provision for identifying or describing such hybrid groups; it confers tax-exempt status on purely nonprofit organizations. But by choosing a nonprofit designation, a social enterprise is limited in the types of capital that it can access to help it grow.

How does it work?

Creating a social-benefit designation would allow the development of new regulatory policies or changes to the tax code that account for the special nature of hybrid organizations. One proposed change would modify existing tax law to broaden the kinds of organizations which benefit from program-related investments (PRI), which are loans made by foundations at below-market rates for charitable purposes. By creating a mechanism for social enterprises to be appropriate PRI recipients, these organizations would have better access to a new form of critical capital while protecting their access to traditional capital at market rates. In addition, some new legal frameworks – such as the B Corporation and the hybrid Limited Liability Company (L3C) that incorporates social benefit activities – are currently being developed and tested, and may require rulings, new legislation, or tax code modifications to achieve their potential in leveraging capital and social impact (and in fact, the Vermont Legislature recently passed a bill creating an L3C option in that state). According to Americans for Community Development the kinds of investments that an L3C would make include low-income housing, museums, investments in distressed communities and other projects of this nature.

Who would it affect?

Hybrid organizations that meet a social mission while generating business revenue.

What would it require?

Modifications to regulatory policy informed by legislative direction from Congress.

For more information:

Thomas Billitteri's report, *Mixing Mission and Business: Does Social Enterprise Need a New Legal Approach?* [http://www.nonprofitresearch.org/usr_doc/New_Legal_Forms_Report_FINAL.pdf] published by the Aspen Institute in January 2007, summarizes ideas discussed by 40 experts and practitioners interested in nurturing the hybrid model.

Andrew Wolk's report *Advancing Social Entrepreneurship: Recommendations for Policy Makers and Government Agencies* [www.aspeninstitute.org/nspp], published by the Aspen Institute in 2008, also presents a rationale for exploring new tax and other structures for hybrid organizations.

The B Corporation [http://www.bcorporation.net/] is a new type of corporation that is purpose-driven.

Heather Peeler of Community Wealth Ventures describes the LC3, a modification of the Limited Liability Corporation to enhance social benefit, in "The LC3: A New Tool for Social Enterprise" [http://www.communitywealth.com/Newsletter/August%202007/L3C.html]. For more information on the law recently passed by the Vermont Legislature and signed by the Governor, see http://americansforcommunitydevelopment.org/.

IDEA #3:

Increase donations by extending the deadline to April 15 for making tax-deductible charitable contributions

Why?

The federal government encourages charitable giving by offering tax deductions for contributors. Donations by individuals to charitable groups totaled $222 billion in 2006.[7] Current law dictates that donors must make contributions by December 31 to qualify for a deduction in the calendar year.

How does it work?

By extending the deadline for tax-deductible contributions to April 15 of the following calendar year, the government would encourage charitable giving at the best time – when people are filling out their tax returns and looking for additional ways to save on their taxes. This change in policy would bring charitable deductions in line with those allowed for IRA and Keogh contributions, and has the potential to significantly increase individual donations to nonprofits and faith-based groups. The cost of this extension would be a fraction of the actual increase in total giving, making it one of the most efficient ways that the government could further incentivize charitable giving. In addition, some tighter restrictions might be required to minimize compliance problems, such as allowing the additional deduction only for contributions with clear, written acknowledgements from recipient charitable organizations.

Who would it affect?

The entire nonprofit sector; all individual taxpayers.

What would it require?

New legislation.

For more information:

Eugene Steuerle, Co-Director of the Urban Institute-Brookings Institute Tax Policy Center, outlines the idea in his testimony [http://www.urban.org/UploadedPDF/900837_steuerle_091305.pdf] before the Subcommittee on Social Security and Family Policy, Senate Finance Committee, September 13, 2005.

7 Center on Philanthropy at Indiana University, *Giving USA 2007: The Annual Report on Philanthropy for the year 2006.* (Glenview: Giving USA Foundation, 2007).

IDEA #4:

Increase the funds available to nonprofits by simplifying or reducing the excise tax for private foundations

Why?

Private foundations are subject to an excise tax on their investment income according to a two-tier (one- or two-percent) system that penalizes foundations for substantially increasing the amount of grants they distribute to nonprofits in a particular year. Passed as part of the Tax Reform Act of 1969, the tax subjects private foundations to a two percent levy on their net investment income. The tax is lowered to one percent if a foundation can show that its charitable distributions, in any one year, have exceeded the average of its distribution over the past five years.

Under this rubric, significant increases in grantmaking – in response to a natural catastrophe like Hurricane Katrina, for example – can skew a foundation's five-year average to an artificially high level, effectively trapping a foundation at the higher tax rate for five years if the foundation does not sustain its giving at the increased level.

In addition, revenue from the tax is not being used as intended: for government oversight of nonprofit organizations and foundations. The total that the IRS devotes to oversight of charitable organizations is a small fraction of the revenue received from the tax, which is estimated to raise $300-$400 million annually. Reduction of the tax would make more funds available for charitable purposes each year.

How does it work?

At minimum, simplifying the excise tax to a single rate would remove the perverse disincentive to increase grants in times of great need. Revenue should also be mandated to support its intended purpose: supporting the federal government's capacity to enforce nonprofit regulation. Reduction of the tax would substantially increase the amount of capital available to nonprofits nationally.

Who would it affect?

Private foundations, which would enjoy a reduction in administrative costs, and nonprofits, which would receive additional charitable funds to support their activities.

What would it require?

Passage of legislation is necessary to modify the existing law.

For more information:

Elizabeth Boris and Eugene Steuerle of the Urban Institute discuss the need for reform in Philanthropic Foundations: Payout and Related Public Policy Issues [http://www.urban.org/UploadedPDF/311032_philanthropic_foundations.pdf].

The Council on Foundations published an issue brief *Excise Tax on Private Foundations* [http://www.cof.org/files/Documents/Government/06_Excise_Tax.pdf] in July 2006, and the National Committee on Responsive Philanthropy also touches on the issue in its *Standards for Foundations and Corporate Grantmaking* [http://www.ncrp.org/downloads/NCRPAccountabilityStatement061804.pdf] published in June 2004. Both advocate for changes to the existing tax code.

Further discussion is in Thomas J. Billitteri's report, *Money, Mission, and the Payout Rule: In Search of a Strategic Approach to Foundation Spending* [http://www.nonprofitresearch.org/usr_doc/Full_Report.pdf], published by the Aspen Institute in July 2005.

IDEA #5:

Improve the viability of smaller nonprofits by creating a Small Business Administration for nonprofits

Why?

As the nonprofit sector has tripled in size over the past two decades, communities have come to depend upon the myriad services that nonprofits provide. Federal, state, and local governments increasingly look to nonprofits and faith-based groups to implement many of their social service policies. Federal support to nonprofit organizations increased more than 230% between 1980 and 2004. Over 90% of nonprofits in the United States are small with operating budgets of less than $5 million. Yet no federal agency is charged with viewing the full picture of the federal government's relationship with the nonprofit sector. In order to take advantage of the massive potential that these organizations represent, it is essential to strengthen them.

How does it work?

The U.S. Small Business Administration offers training and assistance programs for the owners of small, for-profit enterprises. Similar federal resources are not available to nonprofit organizations facing the same kind of management and fiscal challenges that confront small companies. A U.S. Small Nonprofit Association (SNA) will help build the capacity and effectiveness of small- to medium-sized nonprofits, providing high-quality training programs on organizational growth and management, leadership, and legal issues. The proposed Nonprofit Capacity Building Initiative, which advocates for federal funds for existing organizations with a proven track record in training small nonprofits, might act as a pilot for an SNA.

Who would it affect?

Nonprofits with budgets under $5 million.

What would it require?

The Nonprofit Capacity Building Initiative, a possible precursor to an SNA, calls for $25 million per year over 3 years.

For more information:

The America Forward Coalition outlines the concept in "An SBA for the Nonprofit." [http://www.democracy-journal.org/article.php?ID=6601]. The National Council of Nonprofit Associations has developed the Nonprofit Capacity Building Initiative, and Diana Aviv, President of Independent Sector, advocates for the idea in her testimony [http://www.independentsector.org/media/20070724_taxexempt_testimony.html] to the House Ways and Mean Subcommittee on Oversight on July 24, 2007.

IDEA #6:

Advance knowledge and improve the performance of nonprofits and philanthropy by creating a Strategic Nonprofit Research Collaborative to support independent analysis of nonprofit data, issues and challenges

Why?

Universities and think tanks have begun to generate useful research and data on nonprofit issues, but the level of available research does not begin to meet the need. For example, there is a need for more current data on the size and scope of the sector, as well as who benefits from nonprofit services and who does not. A major reason for the shortfall in nonprofit research is that funding for this research is very scarce, with most funders preferring to support services rather than studies. Unfortunately, while government has a large stake in its relationship with nonprofits and the quality of the services that nonprofits provide, government has provided very little funding for nonprofit research and data collection.

How does it work?

A consortium of partners, including private and public sources, would provide funding for a Strategic Nonprofit Research Collaborative that would support high-quality, independent analyses of the social sector. The Collaborative would be governed by representatives from the nonprofit sector, academia, business, and government. These individuals would gather input from diverse experts in the field, investigate research and data needs, and develop a research agenda. Once the agenda was set, a research committee comprised of scholars and nonprofit practitioners would solicit research proposals and evaluate them through a competitive, peer-review process. This review process, coupled with a sophisticated web-based communications program with strong links to both research and practice, would ensure that the sector and policymakers had access to the latest thinking on emerging challenges and opportunities – and were providing maximum benefit to the public.

Who would it affect?

Nonprofit and client institutions; scholars; government at all levels.

What would it require?

Creation of a new nonprofit organization or program within an appropriate existing organization supported by public and private funders.

For more information:

Nonprofit Sector and Philanthropy Program, Aspen Institute [www.aspeninstitute.org/nspp].

IDEA #7:

Improve disaster relief, especially for low-income and vulnerable people, by integrating local nonprofits and faith-based groups into official response systems

Why?

Hundreds of local nonprofits and faith-based organizations provided spontaneous relief in the aftermath of hurricanes Katrina and Rita, filling critical gaps left by FEMA, state and local emergency agencies, and national disaster responders like the American Red Cross. At one point these groups – most of which had never responded to a disaster before – were sheltering as many people as the Red Cross and FEMA, without a system in place to coordinate them effectively.

The Katrina response highlighted the unique strengths of local nonprofits and faith-based groups while demonstrating the serious limitations of the disaster response architecture in supporting and integrating their efforts. Pre-Katrina FEMA policy, for example, prohibited reimbursement to nonprofits for increased operating costs due to sheltering and mass care if pre-standing contracts with local emergency officials were not in place prior to the crisis. Even with modifications to that policy, more than half of the nonprofits and faith-based groups that applied for FEMA reimbursements were deemed ineligible.

How does it work?

Several changes in policy and practice would improve coordination and support for local nonprofits during a crisis:

- Create a high-level coordinating committee to improve FEMA coordination with local nonprofits and faith-based groups, and restructure FEMA staffing responsible for the nonprofit sector;
- Allow qualifying nonprofits and faith-based groups to receive loans from the Small Business Administration for operating losses sustained during a disaster; and
- Increase preparedness programs that specifically include nonprofits and faith-based groups that work directly with the most vulnerable populations, similar to the successful Project Impact program and the Brother's Keeper program being developed by the Southeast Louisiana Red Cross.

Who would it affect?

Local nonprofits and faith-based groups that are not traditional disaster responders but that are likely to be heavily involved in relief efforts during a catastrophic event.

What would it require?

Modification of policies governing Stafford Act implementation; increased funding for preparedness programs; changes to FEMA staffing structure and practices.

For more information:

Tony Pipa, a former nonprofit and foundation executive director who helped create the Louisiana Disaster Recovery Foundation, describes the nonprofit response to Katrina and offers policy recommendations in an Aspen Institute report, *Weathering the Storm: The Role of Local Nonprofits in the Hurricane Katrina Relief Effort* [http://www.nonprofitresearch.org/usr_doc/Nonprofits_and_Katrina.pdf], published by the Institute in 2006. Audrey Alvarado, president of the National Council of Nonprofit Associations, also outlines some ideas in *Testimony before the Subcommittee on Oversight of the House Committee on Ways and Means on December 27, 2005* [www.pano.org/documents/NCNA_Katrina_Testimony.doc]. The GAO recommends improvements to FEMA's coordination and staffing structure in *National Disaster Response: FEMA Should Take Action to Improve Capacity and Coordination between Government and Voluntary Sectors* [http://www.gao.gov/new.items/d08369.pdf], February 2008.

IDEA #8:

Ensure strong nonprofits by recruiting, training, and retaining the next generation of leaders for the nonprofit sector

Why?

Employment rates in the nonprofit sector have increased significantly in recent years, easily outpacing the growth in the business and public sectors. Yet the field is facing a looming leadership deficit: according to a study by the Bridgespan Group, the growing number and growing size of nonprofits, coupled with the impending retirement of Baby Boom managers, means that over the next decade the sector will need to develop and attract the equivalent of 2.4 times the number currently employed. The sector has an important stake in providing entry-level opportunities to young professionals and developing them for future leadership, supporting new models and incentives to ensure a strong nonprofit workforce.

How does it work?

The field should focus on scaling up proven programs that expand and professionalize recruitment efforts and facilitate career mobility within the field and for those entering from the outside. For example, the Turning the Tide project, established by the Alliance for Children and Families and Public Allies, may do for the human service field what Teach for America has done for public educators: attract young professionals to the human service field and systematically identify leadership development challenges faced by those in entry-level and junior positions. The pilot recruitment and training program offers the support necessary to train and retain these professionals while offering multi-year, paid professional placements in the human services.

Another effort called the Building Movement Project focuses on supporting generational shifts in leadership in social change organizations and identifying solutions for these executive transitions. The Third Millennium Initiative at the Center on Philanthropy at Indiana University facilitates the expansion of executive opportunities for women and people of color in the philanthropic sector and, with Learning to Give has developed a junior-high curriculum to encourage careers in the sector. Grantmakers for Effective Organizations provides foundations with concrete action steps to strengthen executive leadership.

Who would it affect?

Such programs facilitate robust career pathways for those interested in nonprofit executive positions, and ensure a healthy pipeline of talent for the field.

What would it require?

Focused attention and support by foundations, nonprofit intermediaries, academic centers, and government partners.

For more information:

Turning the Tide project: "Where are our Young Workers?" [http://www.alliance1.org/magazine/spring2007/spr07-youngwork.pdf], *Alliance for Children and Families Magazine*, Spring 2007.

The Building Movement Project, *Next Shift: Beyond the Nonprofit Leadership Crisis* [http://www.buildingmovement.org/artman/uploads/next_shift.pdf], 2007.

Grantmakers for Effective Organizations, *Supporting Next-Generation Leadership* [http://geofunders.org/document.aspx?oid=b4a2c42d-fab6-468a-934b-fd2406ff6283], February 2008.

Third Millennium Initiative and Learning to Give, *Philanthropy, Leadership and Careers That Make a Difference* [http://www.learningtogive.org/teachers/careers_in_philanthropy/].

Thomas Tierney, *The Nonprofit Sector's Leadership Deficit,* [http://www.bridgespangroup.org/kno_articles_leadership-deficit.html], The Bridgespan Group, March 2006.

CompassPoint Nonprofit Services, *Ready to Lead? Next Generation Leaders Speak Out* [http://www.compasspoint.org/assets/521_readytolead2008.pdf], March 2008.

IDEA #9:

Encourage public service by making a "Summer of Service" a rite of passage for every young person during the transition from middle school to high school

Why?

Most parents work during the summer months while their teens are out of school. However, government funding for day care and school programs limits eligibility to children under 13, while federal law prohibits children under 14 from working and AmeriCorps members must be 18. In a national poll, a significant majority of parents said that their child would benefit from an afterschool program that offered community service, and 95 percent of teens agree that it is important to volunteer time to community efforts. Through programs such as the Peace Corps, AmeriCorps, and VISTA (Volunteers in Service to America), the federal government has long supported a network of public and nonprofit resources to provide service opportunities for civic-minded citizens. Offering constructive summer service opportunities for middle-school teens would help them become critical resources in their communities while they experience their own power to make a difference.

According to a recent study by the Corporation for National and Community Service, teens from lower-income families are nearly 50 percent less likely to volunteer or participate in service learning projects than their peers from more privileged backgrounds. Unique pressures combine to make it more likely that these youth miss out on important leadership opportunities, and a summer service grants initiative can ensure that funds and technical assistance are available to develop appropriate opportunities for them.

How does it work?

The Summer of Service would create a competitive grant program to enable states and localities to offer middle-school students constructive, structured, community service opportunities during the summer months in exchange for educational credits. Programs would focus on meeting unmet community needs. Grants would also help Summer of Service projects reach out and attract a diverse group of volunteers. Students would receive an educational award of $500 to pay for college later, and stipends might also be made available to remove participation barriers for low-income students.

Who would it affect?

Students making the transition from middle school to high school. Community-based nonprofits that utilize volunteers or have youth service components.

What would it require?

Proposed legislation allocates $100 million to establish the competitive grants program.

For more information:

Innovations in Civic Participation, based on Shirley Sagawa's article, *Summer of Service: A New American Rite of Passage?* [http://www.americanprogress.org/issues/2007/06/summer_service.html], has developed legislation sponsored by Rep. Rosa DeLauro (D-CT) in the House (HR 1880) and Sen. Christopher Dodd (D-CT) and Sen. Thad Cochran (R-MS) in the Senate (S. 1128).

IDEA #10:

Encourage the use of music as a development tool by creating a Music National Service Initiative, strengthening and expanding music-based public service

Why?

Music reaches youth. In a recent MTV survey, teens stated that music defines them more than family, moral values, religion, and style, and schools with music programs have significantly higher graduation rates than those without (90.2% to 72.9%, according to a 2006 Harris survey of high school principals). Music education develops habits of self-directed learning that drive lifelong success, and it can inspire community cohesiveness and service. Yet, most schools are experiencing significant cutbacks. Particularly effective at reaching disengaged youth, music can be an effective vehicle for a public service corps that meets social and civic goals.

How does it work?

The MusicianCorps Fellowship – a "musical Peace Corps" – combines the youth service corps model and the talents of performing musicians to expand access to quality music education for at-risk youth. The program will identify, train, and place post-collegiate musicians in 10-month direct service placements at high-quality music programs serving low-income communities. Corps members may become mentors in underserved public school classrooms; directors of after-school music programs; coordinators to bring volunteer musicians to underserved audiences; or implementers of music activities and programs at nonprofit service providers. MusicianCorps will recruit highly talented and socially committed musicians through a rigorous and competitive application process. In exchange for 1-2 years of service, Fellows will receive a living stipend, health care and training, as well as certification and a cash award for continuing education (with AmeriCorps funding).

Who would it affect?

Youth in underserved and low-income communities; schools with limited music programs and classes.

What would it require?

Seed funding from foundations and individual donors, and eventual support from AmeriCorps. Thirty percent of fellow costs will be paid by placement partners (schools, after-school programs, service providers, etc.

For more information:

Music National Service Initiative, MusicianCorps Program Summary [http://www.musicnationalservice.org/files/MusicianCorpsLatest.pdf].