

## Public and Societal Benefit

Black Lives Matter. Me Too Movement. Voting Rights. Immigration Policy. Nonprofits form the social framework of civil society and public goodwill. “Philanthropy is often defined as the giving of time, talent, and treasure,” playing a critical role in funding nonprofits (Martin, 2019). With activism and technology use rising, the importance of public and societal benefit nonprofits is changing rapidly in response to community needs to advocate for equity and justice. This subsector covers a large scope representing civil rights and liberties, community improvement, philanthropy, volunteerism, and voter education and registration. While encompassing 13.2% or 205,729 nonprofits in the United States, this area is one of the largest subcategories (Guidestar by Candid, 2020; Mckeever, 2018). With infection rates increasing with the resurgence of COVID-19, public and societal benefit nonprofits will fill the gap and shortfall of government subsidies, providing basics for victims of this virus. The entire nonprofit sector is mostly based on public and societal benefit with the intersection between church and state, giving broad appeal, and maintaining the fiscal ideology of tax-exempt organizations (Anheier, 2014, pg. 65-8). Civil society is defined as “the space of uncoerced human association and also the set of relational networks—formed for the sake of family, faith, interest and ideology—that fill this space” (Eikenberry, 2004, pg. 132). The exponential growth of social injustice will determine the engagement level of public and societal benefit nonprofits as they attempt to strengthen democracy and access and equity, locally and nationally.

As America is in the midst of political divide, the challenges of this sector are increasing, with impact on a national scale, causing the emergency of rapid mobilization around new causes and emerging communications platforms, as well as funding conflicts. “How can traditional nonprofits embrace some of the benefits of networked or decentralized approaches?” is posed to

Lucy Bernholz in “Charities Aid Foundation’s Giving Thoughts” podcast (Bernholz, 2020). Her response discusses how communication needs to bridge the divide between generations and an ongoing technology shift. She also highlights how in a distributed technologies world, distributive leadership is increasingly important, building for capacity and change in organizations. Furthermore, challenges also confront political and social uprising that result in dead bipartisan leadership, new movements of change, and government regulation. The National Council of Nonprofits has expressed their position in favor of “preserving the integrity of charitable nonprofits by supporting the tax-law ban on electioneering and partisan political activities”, otherwise known as the Johnson Amendment (National Council of Nonprofits, 2020). Nonprofit nonpartisanship leadership is required for broad partnerships and collaborations necessary for the common good. The key is for philanthropy to become democratized to enable Americans to deem social causes are worthwhile to allocate funds to civic engagement. Categorizing nonprofits often is too broad with overlapping conflicting missions. Utilized by the Internal Revenue Service and The Urban Institute’s National Center for Charitable Statistics, The National Taxonomy of Exempt Entities categorizes all areas of the nonprofit sector. Six groups R through W encompass the public and societal benefit arena (Jones, 2019). Notably, pro choice and pro life and gun rights and gun safety are combined, making it a challenge for a donor to fund one social cause, at the detriment of another. In addition, society’s focus is shifting to respond to COVID-19 disruption impacting millions of families, with funding being funneled exclusively to help victims and families. In the meantime, no operational or administrative grants are available which is a cause for concern for annual operating budgets. This places a burden on this sector, as it struggles to avoid mission drift as a clarity of goals or embracement of activism may be lacking. With economic uncertainty and funding conflicts, there has also been increased

demand for services, while trying to maintain wellness and sustainability, challenges are of global concern for public and societal benefit nonprofits.

While funding across nonprofits evolves based on need, the accountability, measurement, and data collection across public and societal benefit nonprofits are not equal. From an operational viewpoint, measuring outcomes is critically important, but the demand for evaluation accuracy and metrics is challenging for many public and societal benefit organizations. “The field of civic participation represents the essence of civil society and the nonprofit sector”, the issue is most nonprofits promote civic participation but fail to make it their sole mission (Anheier, 2014, pg. 144). There is a strong preference for funding accountability and outcomes measurement, but many public and societal endeavors do not fall into similar buckets of activities that are easily evaluated such as certain cultural outcomes. Ultimately, everything cannot be counted. *The Nonprofit Sector: Research Handbook* states to try to quantify policy success is a fool’s errand (Brest, 2020, pg. 400). A challenge not often mentioned is that racial diversity explicitly emphasized appears passé. In other words, “racial and ethnic diversity [currently] constitutes a picture of an organization, not the substance of its values and commitments” (Cohen, 2014). One cannot just see that an organization is diverse, but must see organization immersion, impact, and action in terms of equity and rights. Hence, nonprofits must provide leadership that reflects the values of diversity, equity, and inclusion. The subsector of public and societal benefit nonprofits, unlike other nonprofits, realize that they cannot just take a stand to denounce racism by supporting movements. They must be a leader, making space for positive outcomes in nonprofit capacity building. As such, they are further addressing change, while millennials, volunteers, and staff are tasked to use new tools with greater impact such as funding beyond grants, impact investing, and support for advocacy and policies, to ensure

accountability is properly reflected and documented (Garton, 2017, pg. 122). Measurement of outcomes will continue to be challenged, although passion, mission impact, and community change will drive growth.

With the emergence of technology, public and societal benefit nonprofits are constantly changing with new grassroots nonprofits emerging for dedicated causes. This causes disruption in the marketplace, but adoption of new methods of engagement that are proving effective. This growth is funneled often through the internet by using technology to uphold and spread democracy and social justice. An example of direct impact, Nonprofit VOTE is a nonpartisan organization that spreads awareness of the electoral college and voter procedures. In the 2008, 2016, and now the 2020 election, the large voter turnout proved that:

Information was decentralized and civic action was democratized. Individuals and organizations from across the ideological spectrum communicated at will, empowered by the low cost and high satisfaction of participating in the political dialogue. (Boris & Maronick, 2012, pg. 397)

Similarly, Lucy Bernholz's Digital Civil Society Lab at Stanford University's Center on Philanthropy and Civil Society believes individuals need to be willing to engage in the digital world to be counted to shape the collective common good of democracy. Bernholz refers to the fourth domain of change which answers these evolving questions: what are new organizations going to look like, what skills must they have, what kind of requirements for reporting and corporate structure are necessary now, and how to use data for public benefits? These concepts will merge the creation of new trends with the old guard (Bernholz, 2020). Embracing the digital age to give voice to social justice is necessary to increase participation across generations and ensure democracy and equality endures. Public and societal nonprofits have a dual obligation to

invest in technology through capital campaigns and individual donor giving, but to conduct outreach to the digital generation to support social justice.

In advocating for social justice, public and social benefit nonprofits must keep up with current fundraising trends and changes in donor behavior, causes and giving. According to Giving USA, in 2018, charitable giving reached almost \$430 billion of which \$30 billion came from public and societal benefit (Giving USA, 2019, pg. 21-6). Similarly, statistics from the 2010s versus 2000s show growth has doubled likely due to societal issues becoming more prevalent and publicized on social media. While growth remains strong, charitable giving for public and societal benefit nonprofits has decreased by 3.7% a loss of \$31.21 billion to this subsector (ibid). In the last two decades, the trend towards giving has significantly increased, “especially as a delivery mechanism for public services, and in the contribution it makes to community building” (Almog-Bar, 2018, pg. 343). Studies in the United States demonstrate that those who participate in volunteering are associated with a greater level of civic engagement, funding political action and establishing social trust (Anheier 2014, pg. 189-90). Primary funding sources include individual donations, membership fees, and grants, but foundations and donor advised funds (DAFs) are growing in importance. In 2019, individual giving accounted for 69% of donations and 79% when bequests were added (Hurstson, 2020). This subsector also had a high increase in individual giving at 13.1% (ibid) . Workplace giving, such as shown by United Way, decreased and DAFs increased. In 2018, public and societal benefit online giving had a 4% growth rate and encompassed 5.5% of the nonprofit sector in overall giving (Giving USA, 2019, pg. 259-61). They also received the highest average online gift amount and online retention ratings, while embracing online giving as a new and easy revenue stream (Suárez, 2009, pg. 268). As problematic issues came to fruition, new civic funds helped women, criminal justice

reform, and legal representation to counteract the zero-tolerance immigration policies (Giving USA, 2019, pg. 262-4). As DAFs rise in this subsector, it is important to explain the three different types. National fund providers, single-issue charities, and community foundations house DAFs, but only the first applies to public and society benefit (Giving USA, 2019, pg. 269). DAFs facilitate giving more complex financial securities and impact investing, as well as welcoming new philanthropists.

In the start of the twentieth century, nonprofits grew to reflect a unique type of social infrastructure, although short lived, the New Public Management approach, follows:

...and what could be called a mixed economy of welfare and development. Expanded contracting of nonprofit organizations in governmental welfare provision, voucher programs, or client/user empowerment projects are examples of this development.

(Anheier, 2009, pg. 1082)

New Public Management preferred to outsource government services to contracted non-governmental partners. Hence, a New Public Governance school of thought was seen as the better approach by focusing less on the market and more on service delivery monitoring the institution and external conditions (Almog-Bar, 2018, pg. 344). In dealing with the intersection of public and private partnerships, nonprofits, as service providers, are compensating for inequality, inequity, and market failures creating a barrier between political and managerial actions such as governance, accountability, and transparency (Anheier, 2009, pg. 1084). The role and success of nonprofits will be to manage change, while ensuring mission impact meets the desired outcomes and in doing so, collaborate with private and public sectors to identify and fulfill societal needs for the common good.

Operationally, public and societal benefit nonprofits must tread carefully to ensure they are advocating and not legislatively lobbying to abide by ethical and accounting standards, so they do not risk potential loss of their tax-exempt IRS status. Education engagement, information sharing, and research is allowed, but political mobilization could endanger their nonprofit determination. In terms of lobbying or advocating that may lean too political, consulting a nonprofit's management team and board of directors is essential. Living on the edge of advocacy versus lobbying is a hot topic for ethical debate. Funding as a result of lobbying may deter organizations away from policy and advocacy discussions. As Anheier states, lobbying limit restrictions often depend on the federal administration currently holding office and most organization reports to stay within these expenditures (Anheier, 2014, pg. 144). Hence, lobbying is not seen as a major issue. These nonprofits depend mainly on "direct public support", although more lobbying has occurred in the last 20 years, the greater their revenue, especially as government grants have decreased by half fold (ibid). It should be known that 62% of Americans feel heard and represented by nonprofits who are advocates for issues they care for (Martin, 2019). As environmental conditions change, partnerships allow for government interdependence and the reshaping of civil society when deemed necessary (Almog-Bar, 2018, pg. 346). Nonprofit organizations are engaged in social change and consistently challenge the status quo, while working for public benefit and in partnership with the government, but need to be cognizant of the complexities of lobbying vs advocacy.

Public and societal benefit nonprofits are needed more than ever with social injustices occurring on a daily basis, throughout America. With black lives threatened, police brutality unchecked, gender equality attacks, immigration policy upheaval, and voter suppression activity the need for public and societal benefit nonprofits is paramount. The uncertainties of the

COVID-19 disease is causing significant funds to be diverted to assistance. What is the long term impact from COVID-19 pandemic? Could there be more donations from DAFs and high networth individuals? The current state of public and societal benefit has yielded a new gilded age, where trends, causes, and needs are constantly changing. Increased engagement and giving is due to technology's role in individual donations and the importance of diversity, equity, and inclusion, and DAFs as game changers. Although giving has increased to \$427.71 billion in 2018, that is spread amongst the proliferation of 1.56 million nonprofits, resulting in a decrease of funding for small, community-based nonprofits (Giving USA, 2019, pg. 21; Mckeever, 2018). The power of civil society will seek to revitalize and lift the spirits of generations of people through the dedication, support, and missions of public and societal benefit nonprofits for centuries to come. Along with this 21st century movement, hope for access and inequity will be achieved, positioning nonprofits to address and support immediate and ever-changing inequities for the betterment of communities.



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