



## **History of the Nonprofit Sector**

### **Part 3: Challenges for the U.S. Nonprofit Sector and Its Support Organizations**

By Alan J. Abramson  
Visiting Scholar, Independent Sector  
March 2019

The third class session with Independent Sector staff focused on the challenges now facing the U.S. nonprofit sector and its support – or infrastructure – organizations.

In recent decades, a variety of challenges have emerged for the nonprofit sector in the U.S. including:

- A weakening – or unreliable – funding base for nonprofits, including relatively flat or falling government and philanthropic funding;
- Worries about the over-commercialization of nonprofits, including the blurring of distinctions between the nonprofit and for-profit sectors and the drift of nonprofits away from their charitable missions;
- Inequities in philanthropy with declines in giving by middle and lower-income individuals;
- A lack of diversity in nonprofit leadership and staff;
- Persistent concerns about nonprofits' effectiveness and accountability; and
- Lack of visibility and understanding of the nonprofit sector.

The task of addressing these challenges has fallen in part on the sector's support – or infrastructure – organizations. These organizations, which grew especially in the late 1900s, are entities that work to improve the effectiveness of nonprofits and to represent the nonprofit sector in the policymaking process. Among the most important sector-wide infrastructure organizations are Independent Sector, the Council on Foundations, the National Council of Nonprofits, and United Philanthropy Forum, which all focus at least in part on advocacy for and public education about the nonprofit sector. University-based nonprofit centers expand understanding of nonprofits and help educate the nonprofit workforce. The organization Candid, formed from the merger of the Foundation Center and GuideStar, develops and disseminates important information about nonprofits, including foundations.

These and other sector-wide support organizations are focused on helping the nonprofit sector address its challenges through a variety of strategies, including:

- Framing a bolder approach to public policy;
- Improving the sector's accountability and effectiveness;
- Communicating a compelling vision for the overall sector;
- Meeting the sector's funding challenges by exploring new sources of earned revenue;
- Making infrastructure organization services more available to underserved nonprofits; and
- Employing a diversity and equity lens in their work.

While support organizations have made some promising progress in their efforts to strengthen the overall sector, these support organizations have faced their own challenges, including:

- Worries about their own financial sustainability;
- Concerns about their performance and difficulties in telling the story about their value added; and
- Overlap of their efforts.

In order to be of more benefit to the overall nonprofit sector, sector-wide infrastructure organizations will have to find ways to address the challenges that they themselves face.



# INDEPENDENT SECTOR

For further reading, see: Lester M. Salamon, ed., *The State of Nonprofit America*, Washington, DC: Brookings Institution Press, 2012. On infrastructure organizations, in particular, see Alan J. Abramson and Rachel McCarthy, "Infrastructure Organizations," chapter 11 in *The State of Nonprofit America*.