

Memorandum to Biden-Harris Transition Team

A proposal to build America back better through a signature partnership between the incoming administration and the nonprofit sector to heal divides, energize the economy, advance racial justice, and protect the planet.

About this Memorandum

This memorandum was produced by Independent Sector, the only national membership organization that brings together a diverse community of changemakers at nonprofits, foundations, and corporate giving programs working to strengthen civil society and ensure all people in the United States thrive. As the vital meeting ground, Independent Sector advances its mission by fostering a sense of belonging, catalyzing action, and providing policy leadership across the full breadth of the charitable sector.

The lead author was Shirley Sagawa, who played a lead role in the creation of AmeriCorps and the Corporation for National and Community Service. She now serves as a senior fellow at the Center for American Progress. Robert T. Grimm, the Levenson Family Chair in Philanthropy and Nonprofit Leadership, and director of Do Good Institute at the University of Maryland, and Nathan Dietz, senior researcher at the Do Good Institute, provided deep subject matter expertise and helped design a process to engage a diversity of sector leaders in this effort.

Independent Sector is especially grateful to KABOOM!, a key thought partner in this effort and in leading the Nonprofit Infrastructure Investment Advocacy Group (NIIAG).

The following individuals and organizations were invited to provide input into the development of this memorandum. Many serve on one or more of the following groups: the Independent Sector Board, the Independent Sector Public Policy Committee, or the NIIAG. Independent Sector thanks each of them for their leadership and guidance.

Alan Abramson, Schar School of Policy and Government, George Mason University Alliance for Charitable Reform	Campion Advocacy Fund	Nature Conservancy
American Heart Association	Girl Scouts of the USA	New Profit
American Red Cross	Girls Incorporated	Colorado Nonprofit Association
Americans for the Arts	Habitat for Humanity	American Indian College Fund
Aspen Institute's Program on Philanthropy and Social Innovation	Hispanics in Philanthropy	Nonprofit VOTE
Association for Healthcare Philanthropy	Institute for Nonprofit Practice	OneStar Foundation
Association of Art Museum Directors	InterAction	PolicyLink
Barr Foundation	KABOOM!	ProInspire
Bill & Melinda Gates Foundation	Leadership Roundtable	Reinvigorating the Conversation
California Association of Nonprofits	League of American Orchestras	Rockefeller Brothers Fund
Cindy M. Lott, Esq., School of Professional Studies, Columbia University, IS Policy Fellow	League of United Latin American Citizens	Roger Colinvaux, Columbus School of Law, The Catholic University of America
City Parks Alliance	Lincoln Center for the Performing Arts	Service Year Alliance
Colorado Nonprofit Association	Living Cities	Southeastern Council of Foundations
Communities In Schools	Lucy Bernholz, Digital Civil Society Lab, Stanford University	StriveTogether
Community Resource Center	MENTOR	Technology Association of Grantmakers
Congressional Hispanic Caucus Institute	Minnesota Council of Nonprofits	TechSoup
Conrad N. Hilton Foundation	Mississippi Alliance of Nonprofits and Philanthropy	The Bridgespan Group
Council for Advancement and Support of Education	Morgan Stanley	The Henry Ford
Council of Michigan Foundations	My Brother's Keeper	The Truth Initiative
Council on Foundations	National Digital Inclusion Alliance	U.S. Soccer Foundation
Deloitte LLP	National Hispanic Christian Leadership Conference	UNCF
Do Good Institute, University of Maryland Fidelity	National Indian Child Welfare Association	United Philanthropy Forum
Fund the People	National League of Cities	United Way Worldwide
	National Recreation and Parks Association	Urban Swirski & Associates
	National Urban Indian Family Coalition	VolunteerMatch
	National Urban League	Washington Council Ernst & Young
	Native Ways Federation	YMCA of the USA
		YWCA USA

Executive Summary

By building a new relationship with the nonprofit sector, President-Elect Biden can accelerate the rebuilding of this nation. The nonprofit sector represents over 1 million organizations engaging 12 million employees, 20 million board members, 63 million volunteers, and 170 million donors. It contributes \$1 trillion to the national economy, accounting for 5 percent of GDP. Nonprofits are born of and rooted in community, are deeply trusted, and as demonstrated after the great recession of 2008, are proven job creators.

By putting in place key priorities and federal structures, as are in place to support the business sector, the Biden Administration can be the first to unleash the power and reach of the nonprofit sector to achieve its bold goals. Parallel structures to leverage the capacity of the nonprofit sector fully as a thought and implementation partner will require:

- **Presidential leadership.** A staff person with direct access to the President with responsibility and similar staffing in relevant executive branch agencies.
- **Policy knowledge.** Greater nonprofit policy expertise and experience among both political appointees and career staff in the White House and at agencies.
- **Prioritized investment and job creation.** Significant investment to strengthen organizational capacity, workforce, and national service/volunteer programs of nonprofits, particularly those closest to communities in greatest need, small organizations, and those led by and/or serving rural, Black, Native, and other communities of color.
- **Permanence.** A lasting federal structure, perhaps reinforced with legislation, to support cross-sector collaboration and advance policies that improve sector health.

Several structures could embody these design priorities. Independent Sector believes any, or all of the following hold great potential, and is ready to explore them with the Biden team:

- **White House Office and liaison structure.** A White House Office, headed by an Assistant to the President and staffed by individuals with knowledge of the sector, racial equity, data, technology, and other relevant topics, could play a policy and partnership coordination role, providing leadership to a network of agency leads, linked through a liaison structure.
- **Permanent Interagency Council.** A Council within the Executive Office of the President, led by an Assistant to the President and including relevant agency heads, providing elevated leadership and policy coordination across a diverse set of agencies.
- **Cabinet-level agency.** A cabinet-level agency focused on promoting the health of civil society and the sector to ensure high-level Presidential access and engagement will offer the ability to provide grants and work programmatically with the nonprofit sector. To begin this partnership, we ask that a senior person be appointed to work with us during the transition to further explore and move these recommendations forward.

Additional Background and Discussion:

For more than a century, the United States of America has stood out in the world for the strength of our civil society. Nonprofit organizations serve as the trusted backbone of communities and the core of our collective conscience. The nonprofit sector includes child care centers, hospitals, centers of faith, education institutions, civil and disability rights advocates, arts organizations, youth programs, environmental groups, homeless shelters, foundations, and many more organizations that connect communities, support us when we struggle, celebrate our creativity, and help us follow our dreams. It includes organizations that amplify our voices, engage us as change agents and voters, and take on the most vexing challenges, innovating to find new solutions and working across sectors to scale them.

Nonprofit organizations are big and small, staffed or volunteer-run, local or national, and truly as diverse as America itself. Over 1 million organizations engaging 12 million employees, 20 million board members, 63 million volunteers, and 170 million donors make up this critical sector, which contributes \$1 trillion to the national economy, accounting for 5 percent of GDP. The nonprofit sector ranks behind only retail trade and manufacturing as a private employer of American workers. In nearly half of all states the nonprofit workforce outnumbers the manufacturing workforce, and it accounts for more than 5 percent of the overall private sector workforce in every state except Nevada.

Nonprofits have responded to every form of crisis the nation has experienced, including wartime, health and economic emergencies, and environmental disaster. During World War II, the American Red Cross launched a successful campaign to raise millions of dollars, recruit over 100,000 nurses, and start the nation's first-ever war-related blood donation program. Today the Red Cross is at the center of COVID-19 relief efforts across the nation. Nonprofits rebuild communities and create jobs. When Detroit faced bankruptcy, an unprecedented coalition of 12 regional and national foundations committed a total of \$366 million over 20 years, saving the city and fueling its successful recovery. It was the Boone and Crockett Club, a nonprofit, that worked with President Teddy Roosevelt to shape the policies that launched the first federal conservation and wildlife protection initiatives in the nation.

A majority of Americans now view nonprofits as most effective in responding to the COVID-19 crisis. There is good reason. Nonprofit food banks, faced with exponentially increased demand for services and complexity of delivery, innovated new systems and partnerships to stem food insecurity and serve 1.9 billion meals between March and June of this year. Nonprofit organizations like The Urban League of Greater Atlanta have rapidly transitioned service delivery models to fully online platforms so that critical workforce training, entrepreneurship, and housing services can be delivered safely. And, of course, a community-based organization like The Urban League of Greater Atlanta sits in a national network of 90 affiliates that serve 300 communities across 36 states and the District of Columbia. These organizations have the history and power to rapidly scale solutions in times of crisis.

Finally, as the disproportionate impact of this health crisis upon Black, Native, and other communities of color becomes ever clearer, it is nonprofit organizations like the Southern Poverty Law Center and its Voice Your Vote program that are mobilizing communities to drive systemic change through voter registration and mobilization.

While the impact of nonprofits can be very community-centric, in many cases, local nonprofit innovations have led to large-scale solutions, often in partnership with government. National service programs developed by social entrepreneurs in the nonprofit sector led to the creation of AmeriCorps, which has engaged more than one million Americans in service to their communities, mostly through local nonprofits. In so doing, it has generated hundreds of thousands of future teachers, youth workers, and other nonprofit staff.

Our nation can never become its best self without the engine of independent and robust nonprofits. No other sector has the credibility, expertise, or reach. However, although past presidents of both parties have worked with the sector in various ways, none has maximized the power of nonprofits as true partners in the work of governing and leading. We hope that might now change in a Biden Administration, and that is why we bring this proposal to you.

A Proposal for Partnership

Working with the Biden Administration, we see progress on your key goals, many laid out in the “Build Back Better” plan:

We can bring Americans together to tackle critical challenges, from climate change to COVID-19 response and recovery. Our ability to innovate solutions and support them at scale is a strength of the sector. Our capacity to mobilize volunteers and lead change at the local level is unique. And our reach — into communities large and small, of every political persuasion, in every corner of every state, district, and Tribal land — offers the powerful potential to reach all Americans through trusted messengers.

We can put racial equity at the center of our economic recovery. The nation’s long history of racism demands both legal and structural changes, as well as the changing of hearts and minds. The nonprofit sector has long been and will remain a key partner in this journey towards justice.

We can act as an engine for employment, preparing Americans for first jobs or new jobs, deploying national service members to rebuild communities while acquiring valuable professional and civic skills, and employing millions of people of all backgrounds to do the work of change. The nonprofit sector is where nurses, youth workers, addiction counselors, clergy, community organizers, workforce development trainers, social workers, artists, and activists of all kinds find meaningful employment. These are the people and organizations that have nurtured community and compassion for decades. In these most challenging times, we need them more than ever.

At the core of this partnership, we envision several key principles:

First, we need a healthy ecosystem that is cognizant of the complexity, diversity, and expansiveness of the sector. Government plays a multi-dimensional role in that ecosystem as funder, regulator, partner, and protector, so it is critical that public policy support a healthy, dynamic, and innovative sector. We also need boundaries that are well-enforced: a recognition that the nonprofit sector is a close partner in delivering public services, but cannot be primarily responsible for meeting basic needs. Education, health care, infrastructure, and access to clean water, food, shelter, and racial justice are the responsibility of the public sector — core components of human dignity that must be available to all people. The nonprofit sector can partner to spur innovation, expand reach, and augment service delivery, so long as the public sector meets its obligation.

Second, the independence of the sector and the organizations that make it up must be honored. Private action for public good must be freely given, protected, respected, and aggressively supported, and regulation of the sector must be both rigorous and fair.

Finally, the structures of government must give life to this partnership. The federal government engages with business through many structures because its health is critical to our nation. Business speaks with a strong voice, recognized and understood by policymakers from the Commerce Department to the Small Business Administration. So should the federal government recognize the nonprofit sector through thoughtful, lasting structures that honor the foundational role of civil society in the republic. Government relies heavily on nonprofit organizations to provide publicly financed services, including health, housing, education, community building, and the arts. We play this role because we have a unique capacity to understand local needs, be flexible, mobilize volunteers, and build community trust. But our relationship with the government, while close, has suffered from a lack of protection, permanence, and care. In this time of crisis, when our partnership must be at its most effective, it makes sense to reinforce and formalize this relationship.

Many structural frameworks are possible, but an effective structure must allow for:

Presidential leadership. Most nonprofit organizations are rightly limited in their legal ability to engage in the political process, and have sometimes been overlooked in the policy process, even where legislation has profound implications for the sector. A staff person with direct access to the President could have responsibility for supporting the partnership described above, with similar responsibility housed in every relevant executive branch agency.

Policy knowledge. Although almost every major government agency works with and relies on nonprofits to achieve its mission, there is limited knowledge across the executive and legislative branches about the sector, its importance, and how it operates. Relevant agencies include the IRS Tax-Exempt and Government Entities Division, the Corporation for National and Community Service, the Departments of Education, Health and Human Services, Labor, Commerce, Housing and Urban Development, the National Endowments for the Arts and Humanities, the Federal Communications Commission, and more. Needed policy changes include:

- a commitment to collecting and disseminating disaggregated data and research relevant to strengthening the sector;
- a robust policy agenda that includes incentives for increased charitable giving and service; and appropriate support for nonprofit overhead and capacity, as well as for nonprofit entrepreneurs who are creating jobs;
- safe, equitable, secure, and publicly governed access to the internet for all;
- well-considered ways to support the sector through comprehensive health care, COVID-19 recovery, and tax reform proposals; and
- greater nonprofit policy expertise among both political appointees in the White House and at agencies (including appointees with management experience in the sector), as well as among career staff who can help sustain sound policy across administrations.

Prioritized investment and job creation. Nonprofit organizations, the nation's third largest private-sector employer, are suffering in the current economy — pressed to do more but constrained by resources and the logistical challenges of operating during the COVID-19 crisis. In addition to employing staff, nonprofits also provide workforce training opportunities for those who are too often hardest hit by economic downturns. Significant investment is needed to strengthen the organizational capacity, workforce, national service, and volunteer programs of nonprofit organizations, particularly those closest to the communities in greatest need, as well as small organizations that often don't meet the capacity requirements imposed by grantmaking agencies and organizations led by and serving Black, Native, and other people of color.

Permanence. While past presidents have created White House Offices, agency liaison systems, councils, and initiatives involving the nonprofit sector or aspects of it, none of these structures has survived a presidential transition. A lasting federal structure to support a strong cross-sector partnership and lead effective policy that affects the nonprofit sector is critical and may be further codified through legislation.

As briefly set forth in the Executive Summary, there are a variety of structures that could advance the goals and embody the principles and design priorities described above. We believe any, or all, of the following hold the greatest potential and are ready to further explore them with the Biden team:

White House Office and liaison structure. A White House Office, headed by an Assistant to the President and staffed by individuals with knowledge of the sector, racial justice, data, technology, and other relevant topics, could play a policy and partnership coordination role, providing leadership to a network of agency leads. Many Presidents have created similar offices, such as President George H.W. Bush's and President Bill Clinton's White House Offices of National Service, President George W. Bush's and President Barack Obama's Offices of Faith-Based and Neighborhood Partnerships, and President Obama's Office of Social Innovation and Civic Participation.

Any nonprofit sector function in the White House must link to multiple agencies. For example, for the last two decades, American Indian and Alaska Native Tribal governments have had a single point of contact within each federal agency to influence policy and funding opportunities agency-wide to ensure the needs of tribal governments are met. A combination of these two structures could serve the purpose of coordinating and elevating policy and programming in support of a strong nonprofit sector. It could work closely with agencies that fund programming of importance to the sector, including funds for nonprofit capacity, national service programs, and community initiatives, as well as help the IRS develop a regulatory structure that promotes transparency and accountability for organizations with charitable missions.

Permanent Interagency Council. A Council within the Executive Office of the President, headed by an Assistant to the President and made up of relevant agency heads, would provide both elevated leadership and policy coordination across a diverse set of agencies. Modeled on the National Security Council, Domestic Policy Council, or National Economic Council, the Council could coordinate new programs in support of COVID-19 response, ensure that the nonprofit sector is a full partner in all priority initiatives of the Administration, and review and act on data relevant to the health of the sector. Alternatively, the Council could be a subgroup of the Domestic Policy Council and National Economic Council.

Cabinet-level agency. A cabinet-level agency focused on the health of civil society ensures high-level Presidential access and policy engagement, while offering the ability to provide grants and work programmatically with the sector. Regulatory functions could still rest with the IRS, FTC, and FEC, with the cabinet-level agency focusing on programmatic efforts to sustain a healthy nonprofit sector, strengthen communities (especially those facing the greatest challenges), and encourage strong civic responsibility across all sectors, with a focus on solving the nation's biggest problems. This agency need not mean adding to government bureaucracy because it could subsume relevant existing agencies, offices, and programs.

Preparing to Move Forward

To begin building this partnership, we ask that the Biden-Harris transition team appoint a senior person to hold the nonprofit portfolio and work with the sector to advance these recommendations. If helpful, we can share recommendations regarding good candidates. Led by Independent Sector, we stand ready to work with President-Elect Biden and Vice President-Elect Kamala Harris to determine how the partnership can be strengthened and structured to ensure success. We all want to build back better and secure a more just, equitable, and prosperous future for all people living in the United States.