

STATE NONPROFIT  
ASSOCIATION  
EXPLORATION TASK  
FORCE

Understanding the need and  
recommendations for next steps

# At the four regional nonprofit associations in the State of Tennessee, we believe:

- Excellence statewide starts with a more structured way to build capacity for all nonprofits.
- Nonprofits are able to make a bigger impact when there is better coordination across the state.
- All nonprofits in Tennessee should have easy access to all of our services and benefits.
- Nonprofits should be able to speak as one collective voice to advocate for themselves at the local, state, and federal level.
- Research should exist at the state level to educate policymakers, philanthropists, and other stakeholders about the challenges and opportunities of the nonprofit sector in the state of Tennessee.
- There should be a consistent baseline for success embraced by nonprofits and philanthropy in the state.

# Understanding the Nonprofit Landscape in Tennessee

- Tennessee's 6th largest industry
- Tennessee nonprofit sector pays more than \$13.5 billion in wages each year
- There are 181,300 Tennesseans employed by a nonprofit (or 8% of the state's workforce)
- Tennessee nonprofits generate over 31.6 billion in revenues each year
- They hold assets of almost \$71.4 billion, accounting for 10% of the Gross State Product

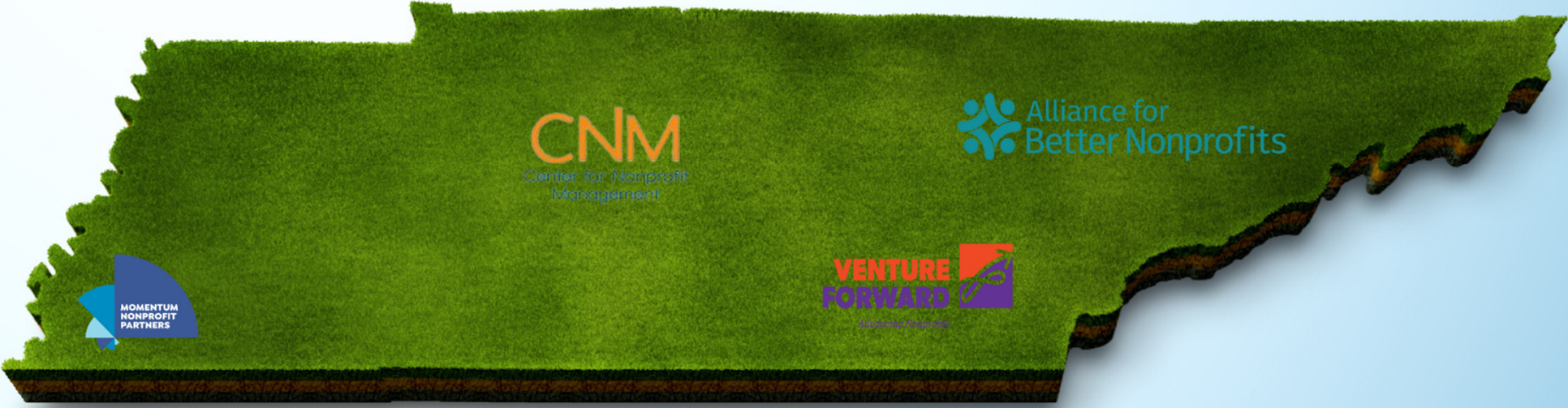
# Nonprofits in Tennessee

## NUMBER OF TENNESSEE NONPROFIT ORGANIZATIONS

<b>ALL NONPROFIT ORGANIZATIONS</b>	<b>27,623</b>
<b>501(c)(3) PUBLIC CHARITIES (INCLUDES SOME RELIGIOUS ORGANIZATIONS)</b>	<b>20,577</b>
<b>501(c)(3) PRIVATE AND PUBLIC FOUNDATIONS</b>	<b>1,034</b>
<b>OTHER 501(c) NONPROFIT ORGANIZATIONS *</b>	<b>6,012</b>

**\* CIVIC LEAGUES, CHAMBERS OF COMMERCE, VETERANS ORGANIZATIONS, ETC.**

# Regional Nonprofit Associations



MOMENTUM  
NONPROFIT  
PARTNERS

CNM  
Center for Nonprofit  
Management

Alliance for  
Better Nonprofits

VENTURE  
FORWARD  
Learning Nonprofits

# A Need For Coordinated Efforts

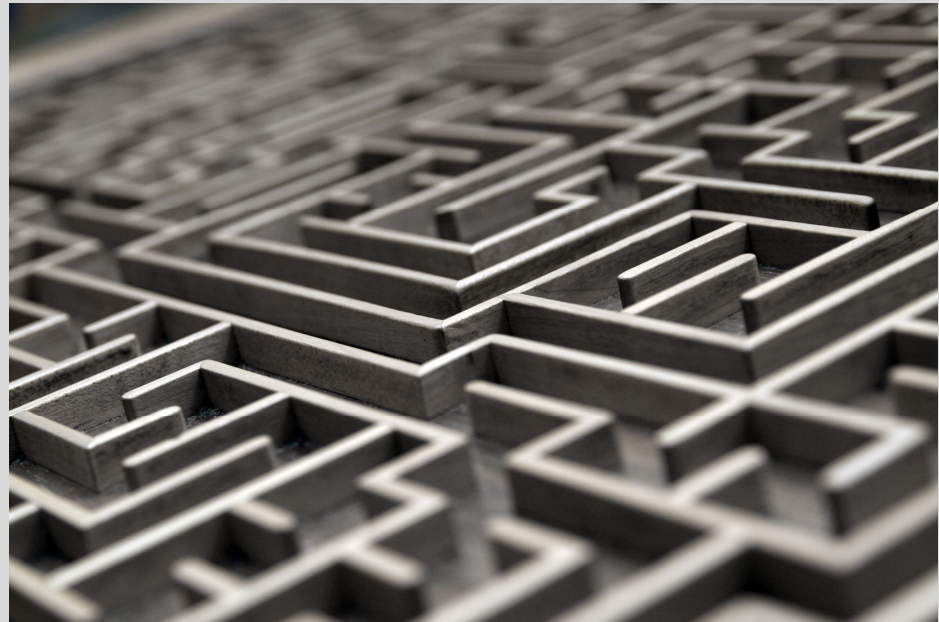
- Tennessee COVID-19 Recovery Act
  - Nonprofits were left out of the original bill that evolved into Tennessee COVID-19 Recovery Act. Thanks to the advocacy of the four nonprofit associations, every nonprofit in the state of Tennessee was protected under the new law, potentially resulting in millions of dollars saved in unnecessary legal fees.
- Economic Recovery Group
  - During the reopening process after the nationwide shutdown, nonprofits found themselves without representation on the Governor's Economic Recovery Group (ERG). Again, the nonprofit associations mobilized their members to advocate for representation. Because of this advocacy, a nonprofit subcommittee was created, and the subcommittee was able to provide recommendations to the Governor's office. The Governor eventually released \$150 million through the Tennessee Community CARES fund to nonprofits thanks to the recommendation made by the subcommittee.
- Vaccine Distribution
  - The vaccination distribution was problematic in a number of ways across the state, and communication was fractured and siloed. In response, the four regional nonprofit associations worked together to provide a virtual statewide town hall that included representatives from the State of Tennessee to demystify the rollout process.
- Special Assembly Addressing Vaccine Mandate
  - The four regional nonprofit associations worked with the Tennessee Chamber of Commerce to fight harmful legislation. Though many bills were passed that continued to concern our members, we were able to partner with the chamber to defeat the mask mandate prohibition.

# A Shared Vision for the Future

- Excellence statewide starts with a more structured way to build capacity for all nonprofits. Nonprofits are able to make a bigger impact when there is better coordination across the state.
- All nonprofits in Tennessee should have easy access to all of our services and benefits.
- Nonprofits should be able to speak as one collective voice to advocate for themselves at the local, state, and federal level.
- Research should exist at the state level to educate policymakers, philanthropists, and other stakeholders about the challenges and opportunities of the nonprofit sector in the state of Tennessee.
- There should be a consistent baseline for success embraced by nonprofits and philanthropy in the state.

# Challenges and Opportunities

- Gaps in service and practice
- Duplication of Services
- Statewide Advocacy
- Sustainability and Impact



# Gaps in Service and Practice

- **State government funding:** There is not a central organization that is consistently advocating for state funding for local organizations. This has potentially led to billions of dollars lost over the last two decades.
- **Statewide nonprofit public policy and advocacy:** There is no central organization that provides monitoring of legislation, lobbying and advocacy, and representation of the entire nonprofit sector at the state level.
- **Rural support:** Though the four nonprofit associations cover much of Tennessee, rural nonprofits may be out of the service area of these organizations or have limited access to in-person convenings due to proximity.
- **Consistent communication:** With only Center for Nonprofit Management and Momentum Nonprofit Partners as ally members of National Council of Nonprofits and members of other national nonprofit organizations, messaging around national trends, national policy work, and grant opportunities is not consistent across the state.

# Gaps in Service and Practice

- **Standardization of best practices:** Nonprofits in the state of Tennessee need a baseline and standard best practices from which to build their foundation. There is not currently a standardized set of best practices for the state, though Momentum Nonprofit Partners currently holds the state license for Standards for Excellence.
- **Curated, centralized resources:** There is a lack of well-curated resources for all nonprofits in Tennessee.
- **Peer support and innovation:** By having siloed regional peer support, nonprofits miss opportunities to network, collaborate, and share with other similar organizations across the state. This limits innovation, collaboration, and even potential merger opportunities.

# Duplication of Services

	Center for Nonprofit Management	Momentum Nonprofit Partners	Venture Forward	Alliance for Better Nonprofits
Service				
Training and technical assistance	X	X	X	X
Consulting	X	X		X
Research		X		<input type="checkbox"/>
Public Policy and Advocacy		X		
Curated Member Benefits	X	X		X
Conference		X		X
Awards Gala	X	X		

# Statewide Advocacy

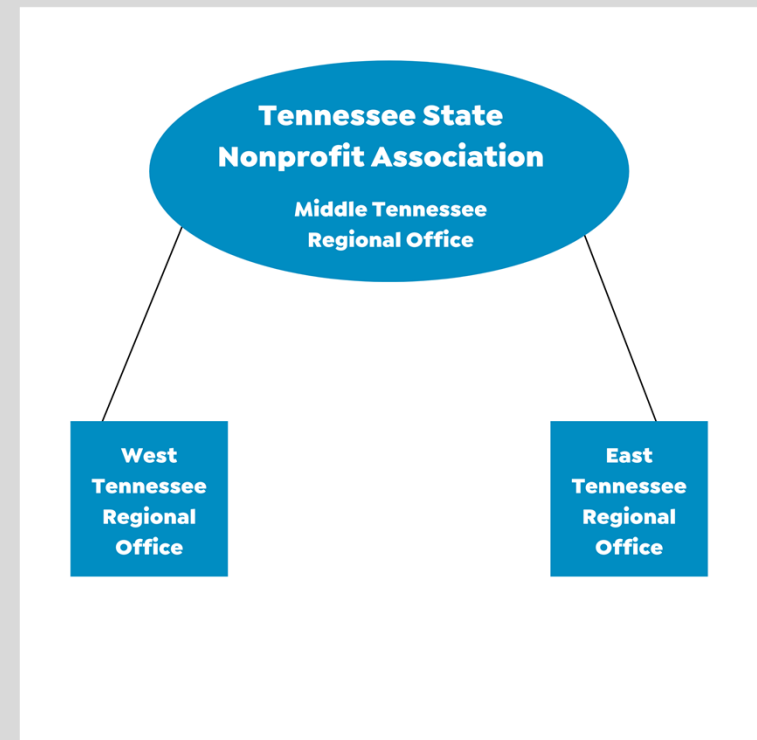
- Each charitable nonprofit is part of a greater whole that improves the state. One doesn't make a big difference, but all of us do collectively.
- From a public policy perspective, it's essential that nonprofits work together.
- Policymakers live all over the state, and they need to hear from their own constituents.
- Grassroots advocacy is nearly impossible from only one part of the state.
- Substantively, nonprofits are governed by state laws on tax-exempt status, giving incentives, regulation, employment standards, contracting, and more.
- Nonprofits need to engage at the state level to ensure those laws are fair and appropriate.

# Sustainability and Impact

- The traditional model of a nonprofit association has typically relied heavily on earned revenue generated through consultant engagements, membership dues, training, and special events.
- The earned income model, which sets an association up for being more of a consultancy than a true resource hub for nonprofits, has become less popular as nonprofit associations have had to adjust to the current realities and changing needs of their constituents.
- As popularity of the consultancy model has waned, so has the income.
- Foundation support has become vitally important for nonprofit associations to deliver consistent, high-impact support to their nonprofit members.
- Each of the four nonprofit associations are struggling to build a business model that is both sustainable and highly responsive to the needs of their member organizations.
- This is not a unique situation, as regional nonprofit associations across the country are struggling.
- The total budget of all four organizations is more than \$5 million combined.

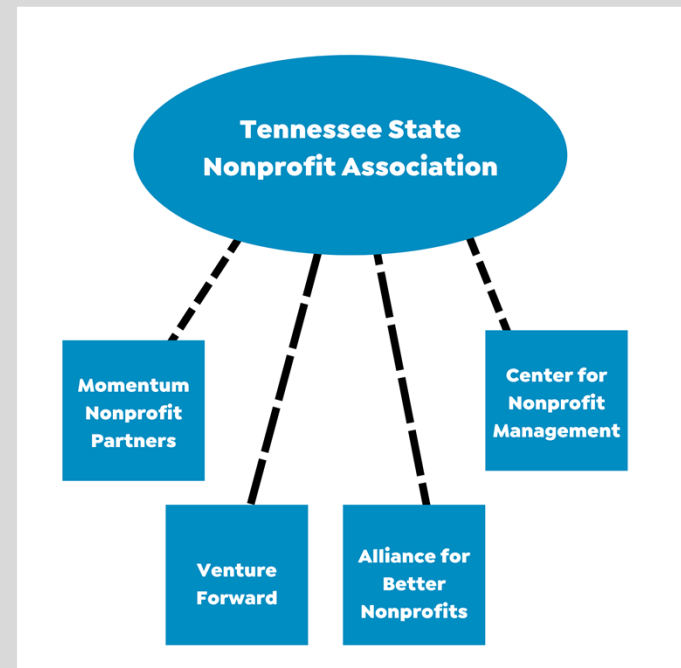
# Option 1: Merger


- Recommendation: Begin merger discussions between Momentum Nonprofit Partners and Center for Nonprofit Management to become the state association.
- Requires the blessing of the United Ways in the eastern part of the state
- Huge cost
- Reduce redundancies by centralizing training and other services while allowing for more scalability.
- Two satellite locations would be needed in Memphis and in Eastern Tennessee
- Could provide benefits, policy and advocacy support, standardized training, and even a statewide conference while also tending to the more rural organizations outside of the current service areas.



# Option 2: Creation of New State Association

- Having a statewide organization to take on important services like member benefits, state public policy and advocacy, some standardized training, and dissemination of national and state information would reduce the workloads of the regional nonprofit associations, potentially resulting in cost savings for everyone.
- This model would ensure that localized support and context are maintained.
- First, all four regional associations' staff and board would have to buy-in to the state organization.
- In the event of staff turnover or shifting strategy, the communication channels between any of these independent organizations could be lost, resulting in the same redundancies, communication issues, and representation that is currently problematic for the state.



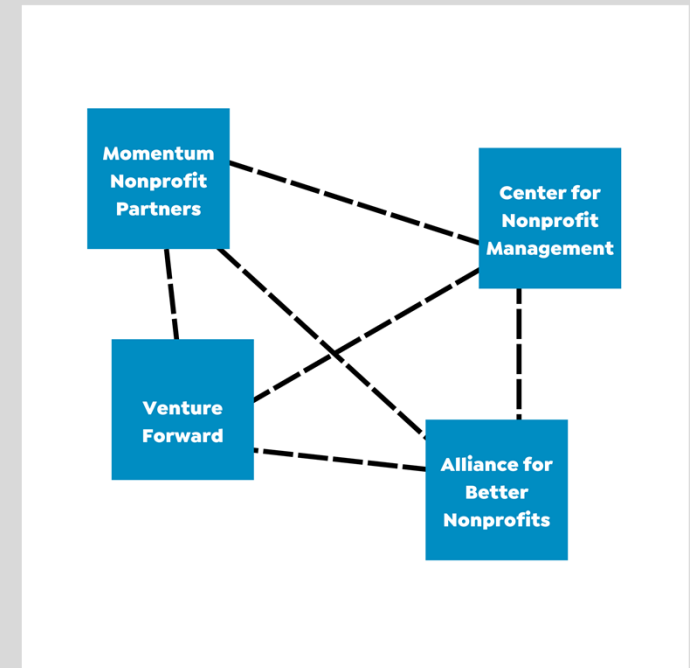


"NAWA WAS FOUNDED IN 2010 AND ENTERED A CROWDED FIELD OF CAPACITY BUILDING PLAYERS IN WA. OUR BIGGEST NEW VALUE ADD WAS POLICY ADVOCACY. IT HAS MADE IT DIFFICULT TO DIFFERENTIATE OURSELVES AND I BELIEVE HAS IMPACTED OUR ABILITY TO ATTRACT DUES PAYING MEMBERS (VS. AN "UNDER ONE ROOF" MODEL), SO I WOULD ENCOURAGE A MERGER IF FEASIBLE, SO THAT YOU ARE BRINGING THE MOMENTUM THAT THE EXISTING GROUPS ALREADY HAVE TO BEAR)."

-Laura Pierce, Executive Director, Nonprofit Association of Washington

## Option 3: Remain Independent

- Remaining as four individual organizations would not remedy many of the challenges each organization faces, nor does it remedy the statewide gaps in service. Not recommended.
- Allow each association to center the more granular needs of its constituents locally, the challenge of statewide advocacy and support would remain.
- This model currently lacks accountability structures, requires buy-in from multiple boards and executive leadership, and is extremely time-intensive.
- Any shift in staffing or board composition could effectively end the collaborative nature of the regional associations' partnership, resulting in even more fractured and siloed work that does not tend to the growing needs of nonprofits at the state level.



# Mitigating Loss and Unintended Consequences

- *Localized support*: Will the local foundation community continue to support the localized services and support that a state association would continue to offer?
- *Jobs*: How do we avoid losing employees unnecessarily if either recommendations are implemented?
- *Programs & services*: How do we ensure that the most needed programs and services are not lost?
- *Members*: Will we lose members?
- *Earned revenue*: Will there be opportunities for new earned revenue streams, and how do we keep the earned revenue that we have? If a program or service no longer makes sense but does earn revenue, how do we compensate for lost earnings?
- *Funders*: Funders can be notoriously fickle, and our regional/local funders may not see or value the bigger picture. How do we gain buy-in from all of our funders to support our potential new path forward?
- *Geographic differences*: How do we account for the nuanced differences in geography and culture across the state?
- *Grassroots organizations*: How do we ensure grassroots organizations and rural organizations have a meaningful seat at the table?