

Tennessee Nonprofit Association Exploration Task Force Report and Recommendations from Regional Association Leadership

1. Introduction

Four regional nonprofit associations exist in Tennessee, each providing similar services to their individual service areas in Tennessee. Though their constituents and service areas are different, each association shares the same vision of providing a unified voice for nonprofits. As the associations have worked more deeply together to tackle some of the policy and resource issues across the state, the next phase of our work has become clear: all Tennessee nonprofits need a collective voice at the state level, not just the local level. 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.

Nonprofits are Tennessee's 6th largest industry, and the sector pays more than \$13.5 billion in wages each year to 181,300 Tennesseans (or 8% of the state's workforce). Tennessee nonprofits generate over 31.6 billion in revenues each year, and they hold assets of almost \$71.4 billion,

accounting for 10% of the Gross State Product. With nonprofits serving a vital role to the communities in Tennessee and majorly contributing to employment and revenue, nonprofits need a statewide leader to both advocate for nonprofits at the state level and also provide consistent, coordinated resources to nonprofits that serve the citizens of Tennessee.

In most states, [a statewide nonprofit association](#) provides holistic services to nonprofits, including services such as statewide public policy and advocacy support, training and technical assistance, and research. Tennessee is one of the only states in the United States without a statewide nonprofit association. Instead, four independent regional nonprofit associations have provided more localized support for nonprofits. These include:

NUMBER OF TENNESSEE NONPROFIT ORGANIZATIONS	
ALL NONPROFIT ORGANIZATIONS	27,623
501(c)(3) PUBLIC CHARITIES (INCLUDES SOME RELIGIOUS ORGANIZATIONS)	20,577
501(c)(3) PRIVATE AND PUBLIC FOUNDATIONS	1,034
OTHER 501(c) NONPROFIT ORGANIZATIONS *	6,012
* CIVIC LEAGUES, CHAMBERS OF COMMERCE, VETERANS ORGANIZATIONS, ETC.	

1. [Center for Nonprofit Management](#) (Nashville)
2. [Momentum Nonprofit Partners](#) (Memphis)
3. [Alliance for Better Nonprofits](#) (Knoxville)
4. [Venture Forward](#) (Chattanooga)

Until 2017, the four regional nonprofit associations operated in silos, rarely partnering or even communicating with one another. With new leadership at each of the organizations, the CEOs of these organizations decided to come together to create better avenues of communication and collaboration. The four regional nonprofit associations now meet regularly, collaborate for statewide convenings, and share benefits with one another's members. Though statewide advocacy work was minimal, the associations also mobilized their constituents around some statewide advocacy efforts.

When the COVID-19 pandemic occurred in 2020, the need for support at a state level became increasingly more obvious. Four events led Tennessee regional nonprofit associations to think more deeply about the need for statewide support:

- *Tennessee COVID-19 Recovery Act*: Nonprofits were left out of the original bill that evolved into Tennessee COVID-19 Recovery Act. In the original draft of the bill, for profits and healthcare institutions were protected from unnecessary COVID-19 litigation, but a loophole could have limited nonprofits' protection under the bill. The four regional nonprofits were able to mobilize their members to advocate for the inclusion of nonprofits in this bill. 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. Many nonprofits were confused or unaware of the vaccine distribution process, though nonprofits have access to many marginalized groups who could benefit from nonprofits disseminating information about the vaccine rollout. 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*: When Tennessee legislators met for a special assembly to address the nationwide vaccine mandate, many nonprofits were concerned about the dangerous legislation put forth by lawmakers. Specifically, nonprofits were concerned about a potential ban on mask mandates at individual organizations. With many nonprofits working closely with vulnerable populations with health conditions, this was a frightening possibility. The four regional nonprofit associations worked with the Tennessee Chamber of Commerce to fight the 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.

2. Challenges and Opportunities

What has become clear to the leaders of the four regional nonprofit associations in Tennessee was the three concerning challenges that had yet to be addressed: gaps in service, duplication of services, and statewide advocacy. Additionally, the ongoing dual concerns about sustainability and impact have consistently been a focal point for discussions among the regional associations. In the next section, we discuss the many challenges, pressing concerns, and opportunity for additional impact.

A. Gaps in Service and Practice

Though the four regional nonprofit associations have worked closely together over the last five years, coordination and delegation of responsibilities has caused an undue strain on the individual organizations. Without a coordinating body to support the entire state, several major gaps currently exist that must be addressed in order to more effectively serve all nonprofits in the state of Tennessee.

- *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.
- *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.

The opportunity exists to relieve the burden of statewide support that the regional nonprofits provide piecemeal through the creation of a state nonprofit association or a merged organization. A state nonprofit association could address each of these gaps in service more strategically and effectively than the four regional organizations have the capacity to provide.

B. Duplication of Services

Each of the four organizations provide similar services to their member organizations. In reviewing the services provided by each organization, you can see that there is overlap or duplication. Similar trainings are provided by each organization, yet training services is a loss leader for each. For example, Momentum Nonprofit Partners and Center for Nonprofit Management provide their own fundraising and board governance trainings, doubling the potential cost. Each organization also provides a series of benefits to their organizations, but these benefits are limited to their services areas. For example, Momentum partners enjoy a discount to graduate programs at Christian Brothers University, while Center for Nonprofit Management members enjoy discounts to Belmont University, Lipscomb University, Trevecca Nazarene University, and Cumberland University. Center for Nonprofit Management member organizations do not get to take advantage of the Momentum benefit, and vice versa.

Below is a chart highlighting the overlapping services provided.

	Center for Nonprofit Management	Momentum Nonprofit Partners	Venture Forward	Alliance for Better Nonprofits
Training and technical assistance	X	X	X	X
Consulting	X	X		X
Research		X		
Public Policy and Advocacy		X		
Curated Member Benefits	X	X		X
Conference		X		X
Awards Gala	X	X		

With more than \$5,000,000 in funds supporting the regional nonprofits, an enormous opportunity exists to more effectively utilize these resources through the streamlining of services and reduction in duplication. A state nonprofit association could help streamline services provided regionally while better coordinating resources to support all nonprofits across the state.

C. 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.

D. 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 opportunity exists to discuss what a merger between some or all of these organizations could mean for long-term sustainability and impact across the state.

3. Options for Consideration

The leaders of the four regional nonprofit associations in Tennessee have provided multiple options for consideration in how to effectively address the challenges and opportunities that each of the associations face. One concern from all leaders of the associations is the fear that local context and support could easily be lost. In discussing the various scenarios for moving forward, the leaders agreed that local support must be available for both West Tennessee and East Tennessee.

Option 1: Merger of Momentum Nonprofit Partners and Center for Nonprofit Management (RECOMMENDED)

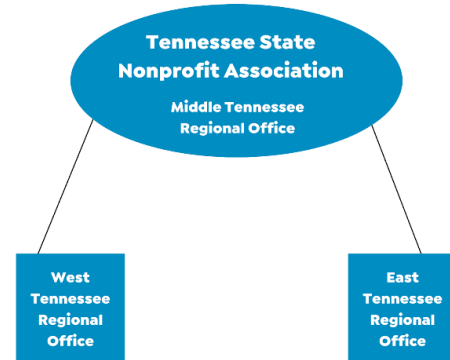
The 27,000+ nonprofit organizations in the state of Tennessee currently do not have one statewide coordinating body, and many rural nonprofits are left unrepresented. Without a coordinating body across the state, the voices of a majority of nonprofits will continue to be unheard at the state level. Even then, the nonprofit members of the four regional associations do not have statewide support regarding policy, research, and standardized training. With Venture Forward and Alliance for Better Nonprofits shrinking their scope of work rather than broadening it, there will be even more gaps in representation and support across the state of Tennessee. As the largest associations in the largest two cities, Momentum Nonprofit Partners and Center for Nonprofit Management have the unique opportunity to better serve all Tennessee nonprofits through a merger to become the state nonprofit association.

The recommended best course of action would be to begin merger discussions between Momentum Nonprofit Partners and Center for Nonprofit Management to become the state association. This would require the blessing of the United Ways in the eastern part of the state, as Venture Forward and Alliance for Better Nonprofits are now part of those entities. This course of action would allow for huge cost savings, as much of the operations costs and overhead could be consolidated. This option would also

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 to ensure that local support continues while the programming and operations become centralized.

The merged organization 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.

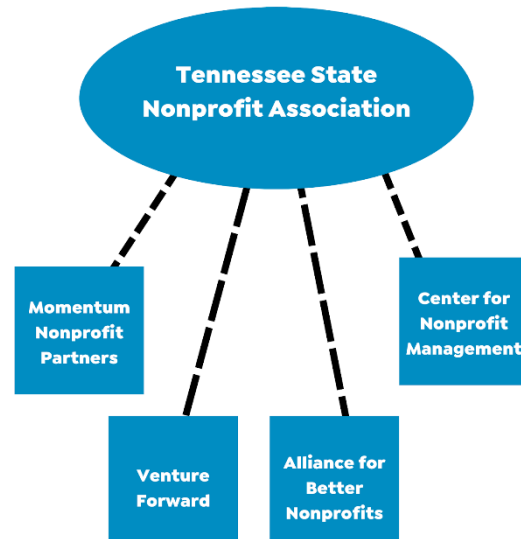
This will not be a quick process and could take years to complete. We urge caution in setting a short timeline, and we encourage the committee to think of this as a long-term strategy instead of a short-term one.



Option 2: Creation of State Nonprofit Association

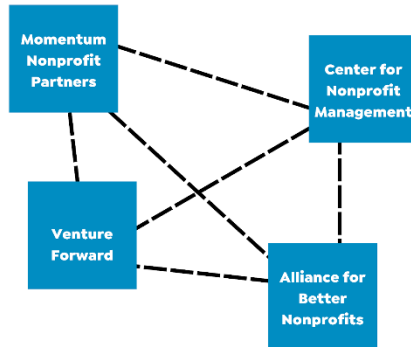
In the event that merger talks stall between Center for Nonprofit Management and Momentum Nonprofit Partners and/or East Tennessee United Ways are unwilling to partner, the leaders of the regional nonprofit associations recommend the creation of an independent state association. Having a statewide organization 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. Additionally, this model would ensure that localized support and context are maintained.

Some challenges could exist with this model. 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.



Option 3: Remain Independent Organizations

Remaining as four individual organizations would not remedy many of the challenges each organization faces, nor does it remedy the statewide gaps in service that must be closed in order to effectively support all Tennessee nonprofits. While the current decentralized, autonomous model does 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.



4. Mitigating Loss and Unintended Consequences

In all of these discussions, we must recognize that there are unintended consequences to every decision. Though some challenges may be unavoidable, it is important for us to recognize the potential losses and obstacles we may experience as these discussions continue:

- *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?