

Tsunami, Perfect Storm, or Tectonic Shift?

The Future of the Nonprofit Sector

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Introduction

Overall aim: offer a view from not from the ground level but from 35,000 feet.

Discuss five macro trends and five micro trends:

- macro trends in society that are having, or could have, a profound effect on philanthropy and the nonprofit sector;
- micro trends within philanthropy and the nonprofit sector that are re-shaping the landscape from within.

Another way to situate my remarks:

We think in metaphors. We often hear natural disaster metaphors today.

Tsunami?

The CEO of the Independent Sector, Diana Aviv, talks about the “coming tsunami” of reforms in the tax code that could affect charitable giving.

Perfect Storm?

Others point to a “perfect storm” of federal, state, and local budget cuts and declines in charitable giving that together threaten the fiscal health of many nonprofits.

My proposal: tectonic shift

Macro Trends

5 big picture trends: things happening outside the confines of the world of nonprofits/philanthropy.

1. Massive federal, state, local deficits. Public coffers are depleted.
2. How can states generate potential new revenue? One answer: changes to the tax code. Comprehensive tax reform a subject likely to be taken up in 2013.
3. Citizens United and the *politicization* of the nonprofit sector
4. Dysfunctional political system at federal level.
5. Blurring of the boundaries between sectors.

Nonprofits more like for-profit businesses; businesses more like nonprofits.

MICROTRENDS

5 microtrends: things happening inside the world of nonprofits and philanthropy that are re-shaping the sector.

1. New forms of giving, some technologically enabled.
 - web-based platforms for giving (Kiva, Donors Choose)
 - Kickstarter, crowdsourced funding.
 - Donor advised funds
 - Social impact bonds
2. Impact Investing
3. Focus on measurable outcomes.
4. Experimentation with new organizational forms: B corporations, flexible purpose corporations.
5. Massive income and wealth inequality: will lead to much greater need while also creating more individual and family philanthropists.

CONCLUSION

A profoundly changing landscape.

The changes I've just described amount to massive underground forces at work – tectonic shifts – that are re-defining the size, scope, and role of government, business, and the independent sector. We are seeing nothing less than the emergence of a new social compact or new social contract. The changes are affecting not only the nonprofit

sector, but the entirety of our society and democracy. We are seeing a re-definition of the role and responsibility of the marketplace, the state, and civil society. It is this re-definition that ought properly to command our collective attention, and where nonprofits ought to assist in mobilizing citizen voice.