

## **SUMMARY: Barriers to Impact and Innovation: The Power of Statistical Data on the Nonprofit Sector**

**January 15, 2009 – The Aspen Institute**

### **Background**

At a time when innovative solutions to our country's most pressing problems are desperately needed, the Aspen Institute's Program on Philanthropy and Social Innovation hosted an important gathering of government representatives, Presidential Transition officials, scholars, nonprofit leaders, philanthropic executives, and social entrepreneurs to discuss "Barriers to Impact and Innovation: The Power of Statistical Data on the Nonprofit Sector." This meeting was held on Thursday, January 15 at the Aspen Institute headquarters in Washington, D.C. (see attached list of participants and agenda).

The purpose of this meeting was to give greater visibility to the need for improved nonprofit data in the United States, and to begin a cross-sector dialogue on this issue. Jane Wales, Vice President, Philanthropy and Director of the Program on Philanthropy and Social Innovation, introduced and moderated the discussion.

### **The Importance of Social Sector Data**

Peter Goldberg, President and CEO of the National Alliance for Children and Families, a network of over 300 service human service agencies throughout the country, began the discussion by stating that more data on the social sector is needed. In particular, data is needed on such critical issues as the size, structure, and financing of the sector, as well as the ways in which current economic and demographic trends affect nonprofit and voluntary activity. But he cautioned that the capacity of many organizations to collect and analyze data has been stripped away; in a "post-privatization" era, in which government relies even more heavily on nonprofit organizations to meet the basic needs of communities, foundations must recognize and invest in this capacity.

Rick McGahey, of the Ford Foundation noted that the foundation would be developing considerably more data on its grantees and on the fields it supports more generally as part of its performance review process. Jane Wales asked whether that data would be made public so that the social sector would benefit from the knowledge gathered. She noted that much information exists within foundations which would be beneficial to the fields it supports if made available.

Lester Salamon of Johns Hopkins University reinforced the need for better data, stating that without it, there would continue to be gross misperceptions about the scope and scale of support for the social sector, including government support;

the economic impact of the sector; where human needs are the greatest; and whether those needs are being met. But Salamon insisted that much data was already being collected by the federal government; it just needs to be modified, tailored and made accessible to the social sector in order to be rendered more useful. With appropriate leadership and relatively modest resources, significant progress could be made.

For example, the Bureau of Labor Statistics could separate out nonprofit organizations from for-profit organizations on its wage and employment survey, providing critically important information on the nonprofit workforce and the geographic spread of nonprofit activity. The Census Bureau could ensure that social sector organizations are consistently a part of its annual surveys. The Internal Revenue Service could take steps to distinguish government contracts from program service revenue on the 990 tax forms, clarifying the sources of nonprofit income. He concluded by saying that the federal government should identify some unit within the government to "develop a lens through which to see the social sector." Without this lens, the sector will continue to be invisible.

### **Obama Administration Developments**

Shirley Sagawa, Presidential Transition Team Leader for the Corporation for National Service, pointed to two important developments on the horizon that could lead to improved data and data capacity for the nonprofit sector. The first is the creation of a social entrepreneurship agency within the Corporation. This agency will help to coordinate activities that assist innovative charities and help to improve the capacity of these organizations.

The second is the Serve America Act, which includes a bi-partisan Commission on Cross-Sector Solutions to America's Problems. The Commission will, among other things, study the "ways in which the Federal Government can make more data available about the nonprofit sector, as the Federal Government does for the business and government sectors" and the "ways in which the Federal Government supports social service sector research and development, whether there is a need to increase such support, and if so, how such support may be increased."

Howard Buffett, Presidential Transition Advisory Member of the Technology, Innovation and Government Reform Working Group, addressed this issue from the vantage point of the incoming White House team, and the Office of Social Innovation that the White House will soon be creating. Among the priorities of this new office will be the identification of new and innovative methods for partnering with the private sector, including the creation of a Social Investment Fund to seed and launch entrepreneurial efforts to solve public problems.

## **Dialogue and Next Steps**

As the dialogue ensued, several key points were made: data needs to be better connected to the sector's larger purposes and should to be tied to policy goals; macro level data was sorely needed but the sector is making progress on the development of common indicators for measuring impact within certain sub-sectors; and data collectors themselves could try to share their findings broadly. For the future, it was suggested that further discussion on nonprofit data could be continued at conferences that draw social sector professionals and researchers. It was also made known that in 2012, the Bureau of Labor Statistics will conduct its next update on data of the industries it studies thus presenting an opportunity for better and more effective data coverage of the nonprofit sector. Jane Wales concluded the meeting by suggesting participants work with Aspen to help map the various data collection efforts underway, in order to share information and fully understand the landscape.