



A PODCAST WITH RUSTY STAHL | S4 EP2

Where Government and Nonprofits Interact

WITH
Jan Masaoka
CalNonprofits



INTRO: [00:00:04]

You're listening to the Fund the People podcast. I'm your host, Rusty Stahl. Each episode, we serve up nutritious, delicious alternatives to the nonprofit starvation cycle. We're the only show focused 100% on investing in America's nonprofit workforce. So whether you work in social justice, social service or something else, we've got something for you. The guests and ideas you'll get access to here will help you to drive equity, effectiveness and endurance, in the social sector. So let's get cooking.

RUSTY: Hey everybody! Welcome to the Fund the People podcast. In this episode, I have the honor to speak with Jan Masaoka, one of the most respected and outspoken leaders of the nonprofit sector. Jan recently announced her departure as the head of the California Association of Nonprofits after more than a decade, and Jan and I discussed the overhead myth. We talked about advocacy for government investments, inadequate nonprofit compensation and much, much more.

Jan Masaoka is CEO of California Association of Nonprofits also known as CalNonprofits, a statewide policy alliance of more than 10,000 nonprofits, speaking to government, philanthropy and the public at large. Through active policy, education and research work, CalNonprofits works with legislators and regulators to strengthen the economic and regulatory climate for nonprofits. CalNonprofits has offices in San Francisco, LA, Sacramento, and through their social enterprise they also offer full service insurance broker and provide health insurance to more than 25,000 nonprofit staff.

Jan is a leading writer and thinker on nonprofit organizations with particular emphasis on boards of directors, business planning and the role of nonprofits in society. Her books include: *Best of the Board Cafe*, *Nonprofit Sustainability*, and *The Nonprofit's Guide to Human Resources*. Jan

founded and wrote "Blue Avocado" magazine, growing it to sixty four thousand subscribers before leaving in 2015. And prior to CalNonprofits, she served for 14 years as executive director of Compass Point Nonprofit Services in which position she was named Non-profit Executive of the Year by Nonprofit Times. She's an eight-time designee as one of the 50 Most Influential People in the Nonprofit Sector Nationwide and was named California Community Leader of the Year by Leadership California. Her volunteer work includes having served as chair of Asian Pacific Islander Wellness Center and founding chair of Community Initiatives. She currently serves on the National Public Policy Committee of Independent Sector.

So I'm very excited to have Jan with us today. Welcome, Jan Masaoka to the Fund the People podcast.

JAN: [00:03:05]

Thanks, Rusty, always fun to talk to you.

RUSTY: [00:03:09]

You too, and I'm very appreciative of your time and your voice and bringing that to this show. So, thank you. Can you give us a little bit of a sense of what has motivated and animates your public service and social justice career?

JAN: [00:03:26]

That's a question I usually avoid answering because I feel like, you know, when I was a kid people would ask you, you know, what are you going to be when you grow up? And my father used to always tell us: don't answer that question, because what you're going to be when you grow up probably hasn't been invented yet. And I think that was really good advice. Of course, we grew up as Japanese-Americans in the shadow of World War II internment and the tremendous then, open, very open discrimination against Japanese. But nonetheless, I think that, you know, we all, as the times change, we change and new opportunities arise that weren't there before. Otherwise, you know, we would have all grown up to be secretaries and railroad engineers, you know. So I think that it's hard to be in this world and not care about how people are treated. And at the same time I also think I've been lucky enough to have the opportunity to do this kind of work. That doesn't happen to everybody.

RUSTY: [00:04:19]

That's certainly true. I don't even know how I'd describe, you know, my career, no idea what to tell people when they say, what do you do? Philanthropy stuff? At least you can say, you're an association executive.

JAN: [00:04:34]

That is such a glamorous, sounding title, oh my gosh, yeah...

RUSTY: [00:04:40]

You've done so many, so many interesting things with Compass Point and *Blue Avocado* and CalNonprofits, just some of the highlights, and congrats again on announcing your departure

from CalNonprofits after what 12, a dozen years or so? We have a lot of California listeners but also a lot of New York and many outside of the country as well. So can you give folks a brief kind of overview, synopsis of CalNonprofits?

JAN: [00:05:07]

Well the California Association of Nonprofits, and we say **CalNonprofits** for short, **is an association of nonprofits that crosses all the fields, it crosses housing, art, environment, animal welfare, etc. And like a lot of alliances we're policy focused. Now, unlike most of the other associations of nonprofits around the country, we don't do capacity building.** So we're not in that business of teaching people how to write grant proposals and stuff like that. **We work in the area where government and nonprofits interact.** So for example, we do have workshops on how to get your first government grant, which by the way drives me crazy the amount of workshops that there are about how to get a foundation grant and how few there are about how to get government money, when realistically, you know, government money is roughly 10, 20 times the amount of money that foundations give to nonprofits. So we do capacity building in that area of working in federal and state legislation. But **mostly we work on the state and policy matters.**

And we also take on big business and philanthropy too on behalf of nonprofits, not just the government. Just this week, I guess, is the first week of a landmark legislation that we were very much part of for four years, to regulate the big online giving platforms like PayPal and GoFundMe and those things, which I think unbeknownst to a lot of people were diverting a lot of the funds, because people make a twenty dollar donation, and it never really occurs to them: did it actually get to that nonprofit and when did it get to that nonprofit? We just kind of take that for granted. So, we worked very closely with the Attorney General's office and put in a lot of regulations to regulate those companies. And I feel like that's **the kind of work that we do, which is, I described it as high impact, low profile.** Certainly doesn't make the headlines, but in fact, this is legislation that is protecting every single donor and every single nonprofit in California.

RUSTY: [00:07:05]

I didn't even know about that, that's amazing! And thank you for bringing that example up of high impact low profile work. Fund The People is a project of Community Partners in LA and they use Network for Good for all their projects for online donations. So that is so ubiquitous now in terms of online giving.

JAN: [00:07:25]

I mean, just yesterday somebody sent me a link asking me to donate to a GoFundMe project and have a default of 15% as the takeaway. And I think thanks to this regulation they have to actually say that now before you press submit, it didn't used to be the case. And people were deeply surprised by the amount of fees that they were being charged.

RUSTY: [00:07:46]

Well, **I'd love to get a link from you or one of your policy staff about that new law** so folks can, we can put it in the show notes so people can learn more about that regulation whether they're based in California or not because other states obviously need to be looking at that. So

CalNonprofits, one of the questions it was kind of lower down in my list of questions, but seems appropriate for here... one of the things I noticed in the letter from your board chair on the CalNonprofits website about your transition, there's a message from you, and there's a message from the board chair and kind of says that, I mean, it says pretty explicitly that CalNonprofits was basically dormant a dozen years ago when you came in and today it's really thriving as we hear from how you talk about it. So can you talk about, as a manager, as a leader, how have you built up CalNonprofits, as a strong association?

JAN: [00:08:43]

Well, four years before I started, the organization ran into a lot of financial trouble and the board made the decision to close the offices and to lay off all the staff. And so, and we have a wholly owned subsidiary, that's an insurance brokerage, and that kept going and so over that four year period the profits from that brokerage paid off all the debt. They were able to look to hire at a time when they didn't have any money, but at least didn't have any debt either.

I have to say that I didn't take this job because I wanted the job, it wasn't like an HR kind of seeking job thing. I felt like CalNonprofits needs to be important because California nonprofits need it to be important, and I was hoping that somebody else would step into that job and I personally set out to recruit some people, they all said no. So, I took the job because I think it was important work to do, not necessarily because it was a career path decision. And I think you know the first thing you have to do, of course, is you have to raise some money and you have to figure out what you're going to do. And one of the interesting things was I started out by asking people, "what do you think this organization should do?" Because we had the chance to reinvent it, really. And pretty much everybody said to me, "we need CalNonprofits to be the voice of the nonprofit sector." And I said, "well who is that voice talking to and what is it saying?" And there would be this long silence.

At first I thought, I must be talking to the wrong people, okay? And so I started asking more specific questions: is there a law that your clients or your audiences really need to have an act that would help? Just like, for example, many years ago when the first women's shelters for battered women were being started, it wasn't against the law then to hit your wife. So that was a clear policy issue that such women's shelters had to take up in good conscience, even though they began themselves as service organizations, they also became advocacy organizations.

But what I ultimately realized was that **what people really need, what they were really saying in fact is: we need to have a sense of self and a sense of community and a sense of being an entity and an entity that stands up for itself**, whenever various things big and small come up. So when we've taken on issues, like for example, donor advised fund reform or regulation of online giving platforms, or our biggest priority this year changing contracting practices between government and nonprofits, people have been so eager, and so happy, and so thrilled to be able to sign on to participating in this kind of work. And so I think that really shows that we have a sense of where we want to go, but we don't always know exactly what that means.

RUSTY: [00:11:37]

Hmm. So it's like, people were kind of... they didn't know what they didn't know, but they knew there was something, that role for the institution that was missing in the field.

JAN: [00:11:48]

Well, it's kind of like my dad, you know, you can't aspire to be something that you haven't heard of before.

RUSTY: [00:11:55]

Right. You know, on that note in terms of being a voice for the sector and sort of sharing, even the basic data about what we do and why this sector is important, one of the first things I learned about CalNonprofits, when I heard you speak, I think it was at a Southern California Grantmakers Conference, you gave kind of a workshop, or a speech based on this research called "Causes Count" that you all have done over the years. It was one of the first times I've seen an association really bring dramatic data points and visually share, kind of the power and importance of the sector. That's something that you all have done and I think that the National Council of Nonprofits does a good job as well at the national level, but I wanted you to share a little bit about what was "Causes Count" or what is it? And what did you find?

JAN: [00:12:52]

Probably the most quoted item from it is that "one in every 14 California jobs is at a nonprofit." We have more employees than construction, more employees than finance, more employees than real estate, but we don't think of ourselves as a voting block, although we could, and we should be thinking of that, and that's kind of part of our campaign called "Vote with Your Mission" which includes pins that say things like "I work for a non-profit and I vote," but I think a lot of people do surveys and other kinds of economic data that basically say stuff like: "we're big." And those are important things to say.

But I think what really make Causes Count stand out and continues to stand out as we do revisions of it, updates, is it brings these things to policy in a different way. So, for example, I think the one that we probably use the most in our state capital is the fact that nonprofits bring \$40 billion a year into California from out of state. And so a lot of times I think the framework is nonprofits use money as opposed to nonprofits bring in a ton of money into California. We do that through getting federal grants and contracts. We do it through out-of-state foundation grants, like the Gates Foundation or the Ford Foundation, and we get huge amounts of money from individual donors all around the globe, because they appreciate and they value kind of some of California's really cutting-edge nonprofits. So, when we reframe it to say, nonprofits bring money into California, which by the way was extremely hard data to get, I think that that is the kind of data that actually makes a difference beyond just the word big.

A couple of other things that I think are kind of worth noting: One is that when we compare nonprofits to the for-profit sector, we are dramatically more gender diverse and racially diverse, particularly in boards of directors, and in management teams and I appreciate the concern that many nonprofits have expressed over the lack of racial diversity in particular, but I want to say that we should also point out our achievements, and the fact that we are remarkably much

stronger than for-profit companies. And just another example of that is, you know, if we control for size—so if you compare a non-profit of the same number of employees, to a for-profit with the same number of employees, we are three times more likely to have a retirement plan. So, I think it's just important for us to recognize our strengths, as well as there are still clearly, you know, retirement is a national crisis crossing every sector of society, but nonetheless, we should be proud of what we have done as well as aware of where we could still improve.

RUSTY: [00:15:31]

Thank you for that. We'll provide links to the Causes Count page of your site so folks can find all that data, but I think those are such important points. We're not only saying we are big but that we bring assets to the table and bring money into our communities.

JAN: [00:15:50]

Another example, like in the California Central Valley, a largely agricultural region, a lot of times, you know, nonprofits tend to be focused on farm worker kinds of conditions and issues and toxics and environmental concerns. And business in those communities is often agribusiness, for example. And so, a lot of times they are clashing, and if we change that framework to: let's work together and get a big gigantic amount of federal money to come into town and to fund a farm worker clinic, then first of all we create stable, good permanent jobs in the region, we provide healthcare to farm workers, which makes business happy and makes nonprofits happy and maybe most importantly of course, makes farm workers and their families happy.

And so the fact is that working together to bring in money into the community is a much better strategy, not just because it's a winnable one but because it's smarter and really suits the needs of the community, rather than fighting over what resources already exist in that community and how they might be able to be deployed. And I think that this is an undervalued role that philanthropy can play. Instead of giving out their typical \$15,000 grants to people, instead what they could do is bring nonprofits and business together and go after that federal money, that would make a big difference, and they're well positioned to do that, but unfortunately that isn't often the role that they see themselves playing.

RUSTY: [00:17:22]

Yeah, there was a program officer at the Ford Foundation when I worked there, George McCarthy, who started going to DC, he worked on like housing and the kind of CDC's and communal financial development institutions. And I remember he said to me, I said, why do you keep going to DC working on policy stuff? And he said, well, there's a seat at the table for us as a funder, you either take that seat or you don't. And so, I remembered that like: take the seat at the policy-making table that you have.

JAN: [00:17:55]

I regret that unfortunately many foundations mostly use that seat to support the strengthening of philanthropic institutions rather than strengthening communities.

RUSTY: [00:18:07]

Hmm... There's a rabbit hole we can go down. But yes, I think that's an important reframe of the power of private foundations.

JAN: [00:18:16]

And community foundations of all types, not just like the main ones, but also people like the Woman's Foundation and the LGBT Foundation are also community foundations.

RUSTY: [00:18:28]

Yeah, absolutely. And community foundations have such convening power to bring together. I mean, that's one of the things I love about those public foundations is they bring together donors, nonprofits and community members into sort of one project, if they work well.

JAN:

When they work well.

RUSTY:

Well, I wanted to dig in a little bit more too, you said this year CalNonprofits' priority in terms of policy has been government contracting and I think this is so important and we've talked about it on this show from various perspectives. And so I wanted to talk with you about what has that meant for CalNonprofits? Where are things in California with this issue?

JAN: [00:19:13]

Well, first of all you know about a 1/3 of nonprofit funds outside of universities and hospitals, even comes from government. So that means that, you know, for us to ignore the importance of government money would be a huge mistake and particularly in human services and health and increasingly in environment, it's often 80, 90, 95% of the funding. So, and realistically **if we're going to change the way that funding works in the nonprofit community, it would just be silly to ignore, or to low prioritize the issue of government funding.**

Just as one example in the Bay Area, where I live, if you take the five community foundations in our area which includes the Silicon Valley Community Foundation, and you take all the money that those five community foundations give out from their discretionary funds, that is to say that they make the decisions, not the donor advised fund account holders, those five foundations added up their discretionary giving equals 1/10 of one department of San Francisco county. So if you want to change the funding picture for Bay Area nonprofits, you have to look at County and State funding. And I think that despite the importance of this, also nonprofits are often... back when I was a CFO and a consultant to nonprofits and finance matters, I used to sometimes joke that there would be no bankrupt nonprofits if there were no government funding, because oddly enough, this government funding often comes with so many problems that an unsavvy nonprofit can often find itself in financial trouble.

And I actually feel that with the big infusion of ARPA funds that have come over the last few years, a couple of years, I think that we're looking now in the future a kind of a tsunami of these kinds of issues. Because if the ARPA funds dry up and there isn't something to replace them

and possibly we were also in a recession or a mild recession of some kind. So I think that it's kind of like you can see a tsunami coming from the other side of the whole ocean, right? And you know, it's going to take a day and a half to get to your shore but you still see it out there and I think we can see that tsunami coming, and we need to be thinking differently.

I feel like the same old, conventional advice is being given to nonprofits, but in any case, I think, if we're going to move the needle, and this is a big part of supporting the nonprofit workforce, because nonprofit wages are driven by the amounts that are allowed to them in contracts with government. In California, for example, Meals on Wheels, which are separately incorporated, but if you take the average of how much government money that Meals on Wheels get in California, it's \$5.05 per delivered meal. So if you have that kind of funding, there's only one thing you can do, two things you have to do. One is you have to suppress wages, okay? There's just no way you can do it. And the other thing you have to do is fundraise like crazy. Okay? And so that's what of course we nonprofits do, it is kind of like the government comes to us, like somebody going to Starbucks and say, well, okay, it costs \$4 for this latte but we're only going to give you \$3 and of course Starbucks would say: Okay, you need to get out of here guy, ok? But we nonprofits go: Well, we care so much about helping autistic kids. Sure, we'll take the \$3 and we'll raise a dollar somewhere else.

And the problem is, and this is happening right now to Meals on Wheels, is just one example, is that then when government says: ok, well we want to double the number of meals that you deliver and we want to double the amount of money. But nonprofit is saying, we have to double the amount of money we have to raise, I'm not sure we can do that. So, we're seeing right now that nonprofits are turning down expanded contracts and new contracts because they simply cannot afford to do them. And our communities need nonprofits to be doing mental health care work, and disabilities work, and Meals on Wheels and toxic alleviation. And so when we don't have the kinds of funds, we can't provide these kinds of services that I think our governments lean on us to provide. So in California for example, 1/3 of Medicaid services are provided by nonprofits. So it's not just that nonprofits need government, government leans on us, we're the supply chain for services in all of our states.

RUSTY: [00:23:34]

Yeah, that's intense and it's true! Government leans on nonprofits to deliver services to people and one of the things you told me during our preparatory conversation was about the mayor of San Francisco and homelessness. This was a kind of another example in addition to your Meals on Wheels, so can you share that story as well?

JAN: [00:23:55]

This is true in a lot of cities and the new mayor in Los Angeles, Karen Bass, is up against the same thing. The public is demanding something be done about the homelessness on the streets and the San Francisco and LA mayors are just two examples and they know that if nonprofits can't step up, their initiatives are going to fail. And so in both of these cities now, there's some discussion happening about raising the wages for client facing staff and homeless services, because simply it's impossible to hire people to do these services at the wages that are

currently specified in our county contract. So, I think this is an example of as government recognizes how much they do lean on our supply chain, they need that supply chain to be healthy, just like we need the agricultural supply chain to be healthy to be able to feed people. They're recognizing that we need to change what we pay people, and that's specified in these contracts. We have nonprofit members for example that have gone nine years without an increase in their pay for performance contracts and so, and of course, I mean Rusty, you know cost of living or cost of doing business hasn't gone up at all in nine years [sarcastic].

RUSTY: [00:25:04]

No, totally flat, especially in California, especially in the Bay Area [sarcastic]. Now, I remember you or one of your colleagues at the public policy conference you put on last year, or the year before 2022, that I participated in. There was this, let's see if I can get this right, there was the effort to raise the minimum wage at the state level in California, but then you had state contracts with nonprofits with a lower wage than the new raised wage, but the contracts were still in play with these below, basically, underwater wages baked in. So, and I know you all were working on that. What stand did you take as CalNonprofits and how did you all try to circle that square or whatever?

JAN: [00:25:56]

I like that metaphor, make that square into a circle. Well first of all, we extremely strongly supported the increase in minimum wage and right now we're looking, because now we're in the top year of that freight of that minimum wage increase and now we're actually talking with legislators about new legislation that would increase the minimum wage again from where it stands right now. So, I think it is important for nonprofits to take that position of increasing minimum wages. And I think that we have an important role to play because the opposition to increases in minimum wage usually finds one or two small nonprofits to come up, and they use them as their poster child saying: we're not going to be able to increase the wages, which is kind of like a big oil company, you know, putting on the stand a mom and pop gasoline station or something like that. That's not what the issue is. So it's important for us to play that role.

We tried and failed to get riders passed that would allow all contracts with state government to increase, if they didn't based on the increases of the minimum wage. So, for example, that, you know, if 30% of the contract funds went to jobs that were minimum wage, that that 30% would be increased by the amount of money to pay at the new minimum wage. We were unsuccessful in that and many nonprofits in various counties tried that as well and also failed. We also did an open letter to California foundations, and we said this is, for lots of nonprofits, this is a very sudden \$50,000 - \$200,000 hit to their budget, because the government contracts aren't going up and would you consider making some one time or two times grants to these nonprofits to help them be able to pay that, it gives them some time to kind of figure out how they're going to maneuver around things. And we were really disappointed that not a single foundation in California did so and only two foundations let us know that they had brought the issue to their boards, which is what we had asked in our open letter. So this is, I think, an example of the convening role or the leadership role, even with relatively small amounts of money that philanthropy could play, that unfortunately, in that case, they neglected to take that role up.

RUSTY: [00:28:16]

So, have you seen some of your members just really struggle with increasing wages to get to that new minimum wage or have you seen shops fold as a result of this?

JAN: [00:28:29]

Not as a result of this, because, you know, I think that first of all, this has happened simultaneously with the pandemic, and so, all the economic issues have been upended.

RUSTY: [00:28:41]

That's true, right.

JAN: [00:28:43]

So, for example, a lot of particularly primary care health organizations, and primary behavioral or mental health and substance abuse organizations, have had more money than they've had before. **Frankly, one of the reasons why this is a moment for contracting reform is that during the pandemic a lot of governments and foundations started waving all kinds of requirements that they used to have.** Like, they used to require wet signatures and now they said: ok, we can handle, we can use electronic signatures, right? And now they're taking all of those back, both foundations and government, and we're saying: wait a minute, you always said they would work, we all just mutually showed that they did work, so why don't we go ahead and make those permanent? So **this is another reason why this is a good moment for contracting reform.**

RUSTY: [00:29:29]

Absolutely. Yeah, I totally agree. You can't just get more flexible and then take it. I mean you can, but it's horrible and I don't, in my experience many of those foundations never did a really good job at offering the flexibility they said they were going to during the worst of the pandemic and then they try to claw back what they used to do. But that makes a lot of sense to address the contracting now, given the current context.

In a related topic, CalNonprofits has had a non-profit overhead project. So I wanted to ask you to talk about that. Why did you launch that line of work? How did you try to change things with kind of the overhead ratio, overhead myth? And, in particular, I think it's interesting that in California you have the three funder associations that have launched this full cost project together and then CalNonprofits had the Nonprofit Overhead Project and I know there was some interaction between those two efforts. So I was curious to hear you talk about some of that.

JAN: [00:30:39]

Our work with nonprofit overhead has been very much focused on government, because for example, if you look at the overhead rates that nonprofits get in government contracts, they're often 0% or 3% or 5% and the de minimis for federal contracts is even 10%. Now, if you look at the for-profit services sector, okay? So the for-profit services sector which has every reason to keep overhead low, they have an average overhead rate of 35%. So **we know that when you're**

a for-profit company 35% is kind of what you're shooting for, for us to be getting these 0, 3, 9% amounts is just unconscionable and it means that we not only, you know, short circuit our administration work, like accounting for example, but we also depress wages. And so really, Nonprofit Overhead Project for us was about correcting that in government work because that money is so much huger than foundation money. There are actually many more than three foundation associations here in California, but three of them are larger than the other ones. And so, that's why people sometimes think there are only three and they took up a very worthy cause which is increasing foundation awareness of adequately funding overhead for nonprofit organizations so that they didn't make the same mistake the government makes, which is saying, for example, you know, we're only going to fund program but we're not going to fund the workshop materials and the staff for this particular after school program. But we're not going to pay for any renter insurance or anything like that.

At the time, I think that that project got a lot of attention. Although, the main consultant to that project even commented to me, it's kind of we're really what we're doing is we're kind of making the choir more aware that it is a choir, as opposed to reaching foundations that were not previously, you know, aware or sensitive to the issue. So to me, that's something that was an important but relatively speaking minor impact in the world of the philanthropic initiative. It's still an important issue. I remember once a foundation executive director, asking me to come talk to his board of directors because there were two people on the board that felt that even if they were paying the full salary for somebody, a grantee, they should not be paying for that person's sick days or holidays or vacation. Why should we be using charitable money to pay for somebody's time when they aren't actually working? So that was kind of an extreme example, but I think that kind of viewpoint certainly still exists and continues to exist. But again, the big needle is with government money.

RUSTY: [00:33:30]
(Sigh)

JAN: [00:33:33]
I know one of the things you mentioned talking about is our Nonprofits Student Debt project right?

RUSTY: [00:33:38]
Right, I don't know where that went in my question list, but go ahead.

JAN: [00:33:41]
Talking about supporting the nonprofit workforce, and I think a lot of times that idea has not really fully operationalized, made into specific actions that people can do, when I think student debt is a really important one. You know, in California, we estimate that there are almost 200,000 nonprofit employees with student debt. And a lot of times nonprofit management team members are not aware of the extent of the issue because they themselves may not have student debt. Foundation staff typically don't have student debt. So as a result, we see a lack of awareness of the importance of it. And this is especially important because the Public Service

Student Loan Forgiveness work allows a nonprofit staff who have worked for a non-profit for 10 years to get the remainder of their student debt forgiven.

We're seeing people now get a \$100,000 - \$150,000 debt forgiven. So, this is a very powerful issue for keeping people at nonprofits and attracting people into nonprofits and also helping people that are already in nonprofits, and I think that there are some simple no-cost things that nonprofits can do. And we need to be more aware of them, including enrolling more people in the student debt forgiveness program, because a lot of them aren't aware of it and they need to be enrolled in it, and their employers can help them doing that. And just one simple thing would be for nonprofits to fill out the form to become a certified public service loan forgiveness employer. It took me about, I think 12 minutes to fill it out. So it's not one big onerous government form and then on all of your job announcements you can say, we are now a certified nonprofit student loan forgiveness employer, and that in itself is a powerful awareness and recruiting message.

RUSTY: [00:35:30]

That's terrific, thank you for giving people that easy opportunity to communicate that they are concerned with the employees and the student debt that many of them are going to come with, especially as nonprofits ask more and more for degrees and master's degrees for this kind of work. You know?

JAN: [00:35:50]

We need to stop doing a lot of that too...

RUSTY: [00:35:55]

As you reflect on your years at CalNonprofits and Compass Point and *Blue Avocado*, the publication, and other things you've done, are there other messages you'd want to share, or things you'd want to say to nonprofit leaders, to young people entering nonprofits, to funders. Anything you want to get on your soapbox, think of this as a soapbox moment.

JAN: [00:36:20]

I'm enraged about so many things. It's hard to narrow it down. I guess, one thing, I think that we need to be more aware of is we're kind of over building the nonprofit and philanthropic infrastructures, and there's a couple of aspects to that. You know, over the last 15-20 years, we've seen the growth of think tanks, and philanthropic support organizations, and consultants to philanthropy, and research firms, and intermediaries, and regrantors. And, you know, I think we know the analogy in Washington, DC of kind of the beltway, where this kind of army of think tanks and lobby firms surrounds the capital so that they really shield, they act as buffers between the public and members of congress. And I think philanthropy has now built up kind of its own beltway. This thicket of think tanks and consulting firms in particular and intermediaries that is I think making the philanthropic infrastructure really overbuilt and becoming more and more of an obstacle.

Another part of this is that you know young people, they often, what are your nonprofit career goals? They are more typically going to say something like: I want to be a strategy consultant or a foundation program officer and frankly we need them to be running methadone clinics, we need them to be running volunteer programs that clear toxic weeds from natural spaces, but instead they want these infrastructure jobs. And we're also seeing this huge growth of intermediaries and re-grantors and becoming the business models for many philanthropic support organizations and for many philanthropic associations. I recently saw a study that noted that, you know, the big national let's fund the infrastructure projects, I don't know if you remember that big funding push at the beginning of the pandemic, that the top ten recipients of infrastructure funding were all foundation support organizations. And so **I think that we need to recalibrate and think about giving money to nonprofits that are on the ground and making those important and career jobs.**

Foundation program officers in California often make in the high \$100,000 for salaries and at the same time, they're funding people that are running homeless shelters making \$65,000. And I think **this issue about funding client-facing organizations and client-facing staff is one that I'm just so deeply concerned about**, and I feel like the post pandemic time we're really seeing this incredible growth in regrantors, intermediaries, and think tanks that we really need to limit that growth. It's an important part of our sector, but it's grown way out of proportion to how much we need our ecosystem to look like.

RUSTY: [00:39:11]

Well, all the more reason to make those client-facing on the ground jobs more appealing, more viable, more affordable for people...

JAN: [00:39:21]

More sustainable. I mean, when you think a lot of the "yakety yak" about nonprofit salaries has been for people on the high end, you know? And the fact is that, I think, you know, not everybody can be or ought to be a conductor, it needs to be possible to be a successful career trombonist and we're neglecting that aspect in our nonprofit client facing organizations.

RUSTY: [00:39:49]

Yep, that's a perfect analogy, I think. So, I don't want to stop talking to you because I like your rage and I like your soapbox. Are there other things coming out of CalNonprofits or other projects you have going on you want to share with folks?

JAN: [00:40:04]

I think one project that's gotten a lot of attention from around the country has been **our work on donor-advised fund transparency**. So just to mention it, briefly, we've sponsored two bills now in the state of California related to donor-advised fund transparency. If we see giving in California and nationally has actually remained relatively flat over the last 20 years as a percentage of GDP. But the percentage of that giving that is going to donor-advised funds is now well over 10%. And as you know, the thing about donor-advised funds is that if I were to give \$10 million to a donor-advised fund today, I'd get a tax deduction today. I could take \$10 million off my

taxable income, but I would never have to give any of that money out to nonprofits. I could give it out this week or I could give it out sometime in infinity. Whereas, if I were to give it to an actual nonprofit, the timing and the year would be the same between my tax deduction and the nonprofit getting a benefit, and also would never have to be disclosed where that money actually went to. So I think our first priority is transparency because it's so invisible and we see periodic reports, like a recent very strong report from Bloomberg and another one, an audit from the California State Attorney General, showing that a lot of this money, because it's hidden, is doing things that we might not be happy for charitable funds to be doing.

But the second thing is we think that there ought to be less of a mismatch between the time of the tax deduction and the time that it actually goes to a nonprofit. You know, right now that time it goes to a nonprofit is something like infinity, and we think it should be something closer than infinity. But there's been so much opposition, organized opposition, from the foundation community and I would have to also say that the issue of donor-advised funds is probably the single most emotional issue for our members. When we talk about the work we're doing in donor-advised funds the response is so overwhelming, and I think the philanthropic community is unaware of that because nonprofits can't say that.

And I do think that that's an important role for associations like ours to play, is to take up the causes that everybody wants to take up but they can't afford to do so individually, whether that's criticizing big business like PayPal or GoFundMe, whether it's criticizing big philanthropy, big donor-advised funds, we're in favor of small donor-advised funds and are up for criticizing government. And I think those things are all important roles for associations to play.

RUSTY: [00:42:45]

Thank you for that. Great message to the association world within our sector. Curious and you may not want to answer this or have an answer for this, but do you have any sense of, that you'd be willing to share, what you'd want to focus on next as you transition out of CalNonprofits and this role?

JAN: [00:43:06]

Well, I'm kind of quoting Serena Williams, the great tennis player and saying I'm not retiring, I'm evolving. And I think that there is still work for me to do and I need to help find the right places to do it. So I want to ask you, Rusty, and I ask all of your listeners if you have a great job, paid or volunteer, that I would be good for, let me know about it.

RUSTY: [00:43:26]

Okay. Awesome, I have my homework now. Well, I imagine that folks will be hustling to get some of your time and perspective on the field because you bring so much. So thank you. How can listeners find you and or CalNonprofits online?

JAN: [00:43:46]

Calnonprofits.org and my contact information is there. And even after I leave, you can always contact them and they'll give you my new contact info. And Rusty, I love your rage too. I think

you need to do one of these podcasts where you interview yourself, you're kind of a nice facilitative person, and then you're a crazy, enraged, maniac person. I think that would be a great segment.

RUSTY: [00:44:09]

It's funny you say that because in season one, I had this idea of doing episodes that were called like Rusty's Rants and Raves and we did like one of them so I got to bring those back I guess now. Yeah, thank you. Thank you for that. Well, yeah, this has been a real pleasure and I look forward to seeing what you're up to next and keep staying in conversation and thank you again for your time today.

JAN: Thanks, Rusty.

NEXT EPISODE TEASER:

Next time on the show, I chat with Rodney Christopher from BDO FMA and Funders for Real Costs, Real Change. I talk with Rodney about why and how a group of major foundations are changing their overhead and indirect cost funding practices. This is the first installment of our special series Smashing the Overhead Myth Once and For All! You do not want to miss this one. So join me next time as we start smashing the overhead myth on Fund the People podcast.

OUTRO:

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