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INTRO
Welcome to the Fund The People podcast. I'm your host, Rusty Stahl. I'm president and CEO of Fund The People where our mission is to maximize investment in America's nonprofit workforce. We give funders and nonprofits cutting edge ideas, research and tools to help drive equity effectiveness and endurance in the social sector. So let's start the show.

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RUSTY
Hey, everybody! Welcome to the Fund The People Podcast, season seven episode seven. In this episode, you'll get a masterclass on the political and economic power of California's nonprofit workforce from one of the leading voices for the sector in the state and in our nation. You'll learn about the policy agenda of the nonprofit sector in the Golden State, how government contracting and nonprofit economics impact our workforce. And you'll hear about some of the nuanced challenges confronting our sector and the labor movement in California.

This episode will kick off our series featuring guests who presented or participated in Fund the People's California Regional Dialogs last September 2024 and our California Talent Justice Summit last December 2024. The conversation was recorded November 8th, 2024, and we're publishing it in January 2025. Our guest today is Geoff Green. Jeff Green is CEO of the California Association of Nonprofits, generally known as CalNonprofits.

CalNonprofits is a statewide policy alliance of more than 10,000 nonprofits speaking to government, philanthropy and the public at large. A long time CalNonprofits board member, Geoff previously served as CEO of the Santa Barbara City College Foundation. With more than 25 years of experience in the nonprofit sector, Geoff has worked on a wide variety of issues,

including affordable housing, access to education, racial equity and environmental protection. A dedicated champion of the nonprofit sector, his prior roles include campaign organizer, public affairs, radio host, and National Park ranger. I first met Jeff when he was working at the Santa Barbara Foundation, a public social justice fund. Geoff, congratulations on one year in your role as CEO of CalNonprofits and welcome to the Fund The People podcast.

GEOFF
Thank you for the invitation, I've been looking forward to this for a while.

RUSTY
Yeah, it's been terrific to get to partner with you in this last year on the Talent Justice gatherings that CalNonprofits has helped Fund The People to pull together in Northern California, L.A. and San Diego. So thrilled to have you on the show as well, you know, we're cross-platforming. I'm excited to have you on and to learn more and share more about CalNonprofits and the important work you do. Before we kind of dive into all of that, I often ask our guests to share a little bit about their career trajectory and what got them to this point. So, would you share one motivating idea or experience that has fueled your career in philanthropy and nonprofits? And what's one thing you were doing before this job that got you into this position?

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GEOFF
Well, I'm not sure I can point to one. I grew up in a family of social servants, public employees. My mom was a teacher, my dad was a juvenile probation officer and counselor for his whole career. So I actually, most of my family is in education. I was asked a similar question when I was in university, and it was probably my third year at the U.C. and I had a friend, actually still a friend, who was sort of a mentor and teacher said, so what created your political worldview, which is something I'd never been asked before at that point, and I don't know that I can still answer it. But I do think that, you know, I had a lot of models of people that were publicly focused and that notion of what do you do for your community, the public good, like those are worthy careers in my world.

But the power structural policy piece of it, I think came more from just how my brain works. I'm better at structural things than I am at anything really else. I always tend to step back, I don't want to get too far into the weeds, I want to see like, how does this all fit together? Although I did remember, I did recall and I shared, I walked picket lines with my mom when the teachers went on strike while I was in high school and I think that's the first sort of visceral memory I have of sort of mobilization and exercising power that way. I was very interested in policy and politics and decisions and so then I followed that route in a variety of ways. I did take a detour for a while. I did pursue my childhood dream job of being a park ranger in Yosemite, so that was as close as I got to teaching or maybe the second closest, general public educator of folks that would get out of their cars and go on a short hike with me.

But other than that, I think I wandered through a lot of different things and they weren't necessarily intentional choices. Like I admire those who say this is what I want to be when I

grow up and I stick to that path. I was always the opposite of that. I did campaign organizing and I did public radio, and I did fundraising and I did camp counseling and you name it. I tried a little bit of everything, and it only made sense in retrospect when I landed at the Fund for Santa Barbara and the funding exchange world where you and I first met. And I think from then on I was a lifer for the nonprofit progressive organizing world.

RUSTY
Yeah, that's great. Thank you for sharing that. And it's so interesting to hear those visceral moments, too. How old were you, do you think, when you went out on that picket line?

GEOFF
It would have probably been my junior year, so I would have been 15.

RUSTY
Yeah. And do you have any lessons we should know about social justice, social change, nonprofits from your park ranger days?

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GEOFF
Well, I mean, I think that's more in the context of the commons and the common good and publicly, you know, sort of managing resources. I think my first love has always been the outdoors and environmental work. And then probably my second was around housing and homelessness, because that's something I saw a lot of. I mean, I have early memories of thinking like, where does trash go when you throw it away? And it always bothered me, like that didn't make sense. You know, if you see somebody sleeping on the sidewalk and, you know, that didn't make sense, why don't they have somewhere to go? So those were sort of the visceral things that I saw and reacted to. And what that led me to was I volunteered, I did some charitable work over the years, but it always bothered me that there's no reason that we don't have a different structure. And so, I always would come back to that for whatever reason. I can't explain that one necessarily, but that's where my interest always lies. And there's got to be a better way to do this.

RUSTY
Right. Well, that's a good lead in. So tell us about CalNonprofits. How long has it been around? What's the purpose of CalNonprofits? Tell us about the membership, etc..

GEOFF
Yeah, absolutely. So the organization is 40 years old. It was founded in 1984 into early 85. And it was actually, it grew out of like many other organizations, just an immediate critical need. And one of the big needs actually was access to benefits for employees of the nonprofit sector. And in the mid-eighties, it was really hard to find basic medical insurance coverage for a small shop. And so that was certainly a need or other sort of just training and access to information needs. And so the founding group got together and did a few different things. It's a fairly unusual

structure, actually, to this day. We are a 501c3 nonprofit organization that owns a for profit insurance brokerage, which is CalNonprofits Insurance Services, CNIS, and many, many people find their way to the parent nonprofit by their search for insurance, I'm actually a walking, breathing example of that.

I first met CalNonprofits in the late nineties when I was at the Fund and we had two and a half staff and we needed medical insurance and it wasn't obvious how we would do that. So I've been affiliated with the organization in some fashion for well, as long as that's been, some 25 plus years as a client first. But yeah, I mean, that was it. I was looking for a solution to a problem and that led to an awareness of the parent nonprofit and the fact that they were doing some policy work, which I was always interested in, and to be able to meld my sort of love of nonprofits and that sort of community organizing and progressive politics and then with the notion of a nonprofit actually working in a policy area. That was my first introduction.

So, the director at the time and CEO was Flo Green, no relation. She was there for many years as CEO and I got to know her and I got invited onto the policy committee at one point at the organization which I said absolutely, I would love to be part of that group. She left shortly after. It went through a period with some false start leadership and a real short term CEOs that didn't quite work out, it went a little bit quiet. And then Jan Masaoka was approached by the board in a late term, probably 2010, 2011, and that was when I got much more involved. I'd known Jan from her work at this point and ultimately had invited me on the board. And so I served on the board of CalNonprofits for seven-eight years, chaired it for a few years, stepped away. So this is my new day job, but I'm not new there, I've been a long time fan of the organization.

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RUSTY
And so what's the membership scale like? What does membership look like? Can you give people a sense of…

GEOFF
Yeah, well, you know, California is massive and of course that there are -according to the attorney general's office- 109,000 roughly nonprofit, 501c public charities, in the state of California, so we're talking about a huge potential base. We go out and do our work, we make the claim that we're speaking on behalf of about 10,000 of those, and about a quarter of those are dues paying members who are engaged through our membership program. The other three quarters are partners in other ways through affiliations and what have you. So, you know, it's thousands of members, is certainly a powerful base. But if you look at it in the context of the size of the potential membership in California, it's really only a piece of it. But that's partly because of the structure of the sector.

So as you may know, two thirds of nonprofits don't have staff, they're volunteer associations and that's part of what's hard about the sector, speaking and acting as a sector is because of the diversity both in size and scale, but also mission and community and structure and value. You name it, there's virtually anything under the sun, there's some nonprofit structure that's working

in that space. So what we tend to be is a collection of the entities that are more interested in the policy work. People come to us for all reasons: we have membership benefits, we have that insurance subsidiary, but in the last decade, really, we've been building the policy footprint and really the political power of the sector. That's the goal at this point, probably above all.

RUSTY
Yeah, I was going to say, I think that one of the other things that really distinguishes CalNonprofits from many of the other, what 30 or 40 state associations of nonprofits in the U.S. is that you're one of a handful only that really focus on policy and advocacy rather than sort of training, more like direct capacity building services for nonprofits. And we had actually, we had your predecessor Jan Masaoka, on this show in a previous season, and we'll link to that great interview with her in the show notes, and she talked about her perspective on why that was important. But I was curious to hear from your angle, as a former board chair and now president CEO, I mean, it's kind of obvious, given what you've already said, but why do you think that's come about in California and with CalNonprofits and why is it so important?

00:12:29:09
GEOFF
Well, I think the why it's come about is simply, I mean, I credit Jan's leadership a lot, for attracting a cohort of leaders who have a real commitment and interest in building the political power of the sector. I think it comes from something, some can sense it's an underdog question. I mean, we are a beloved sector, as you well know, people generally trust nonprofits above other sectors, they know them. They don't always think of them as nonprofits and that's what's so hard about it, is that, you know, whether it's your personal faith and you have a congregation you go to, whether you got a youth club or sports league or whatever it may be, or whether you're a member of an advocacy organization on the environment or whether you go and donate at a homeless center shelter service organization... I mean, all of those things are nonprofits, so people don't conceptualize it as a sector, right? I think it's important because we are looked to take care of all those externalized costs of every other sector's work, is one way to look at it. If you think about the way that the for profit sector works and even much of the public sector, you know, it's the nonprofits that then come along and fix the problems that are left or created by those other sectors. And, you know, in some cases actively created by, in other cases, it is just sort of the externalized costs of it.

And so, you know, nonprofits are generally led by, populated by, supported by people that see a problem and a challenge and they want to address it. I will always claim that the greatest innovators I know are nonprofit folks. That's where I see the most exciting creative experiments. And it's also because if you think about the way public policy works, can you imagine a world where the people that actually knew the most about the issue were making the policies? That is not how we work today. We have experts oftentimes, people that have studied something, but, you know, people living it, people know their own challenges best and I think if you really believe that, and I do, and that's been reflected in every job I've ever taken, then that's what you need,

you need to get those folks at the table. And one of my favorite adages, as you've heard me say, is: if you're not at the table, you're on the menu. So, the nonprofits are often in that position and I think getting nonprofits to claim the role that they actually play in the larger world is an important part of how we make public policy.

So we need that, Jan used to always say use the chamber of Commerce, analog, and that's fair, you know, they're sort of the chamber of the nonprofits if you want to think of it that way. But if you think about the way public policy is made, you can easily imagine a legislator saying, well, I wonder what small business would think of that, or I wonder what the tech sector would think of this, and of course our goal is, I wonder what the nonprofit sector would think of this. And that needs to be the frame that public policy decisions are made in. So, nonprofits often come together to advocate, oftentimes for their budgets, that's the thing that is always immediately mobilizing. But if we were to take that and actually act on a bigger scale, I think we'd see a lot more progress.

So that's why, and of course in the scale of the state of California, that's a map I mean, it's a country unto itself by most measures. If you just look at population or economic activity or anything you want to measure it by. So, what we have the capacity to do is really quite extraordinary if we can mobilize our base to do it. I also think it's important because people have been miseducated on, I know you see this all the time, nonprofits can't be political (I use my favorite finger quotes on that) and they just simply conflate partisanship with political engagement and policy. And one is absolutely true, there's a red line there, the Johnson Amendment. Since the 1950s, nonprofits may not engage in partisan activities, 501c public charities at least, but everything else is on the table. It's just a matter of how much, how you measure it. So we want to get folks doing that and want people to definitely weigh in on the public policies.

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RUSTY
And that's such an important distinction. 501c3 can't do electoral work and they can't do partisan work, but beyond that…

GEOFF
Yeah, and actually they can do some electoral work. This is where word choice is so important, it's because we don't use these terms in a very specific, exacting way. Including the word politics and politics is a dirty word to most people, it's not to me, I love politics! Let's be more political. But when I say that, what I mean is that's how we make the decisions about the rules of the road, you know, the rules of the game. This is how we make collective decisions, at least in theory, in a democracy. So everybody should be more engaged in politics. I think Partisanship is the piece, that's the red line you can't be in the parties, you can't work with candidates or parties. But electoral in California, I mean, look how many decisions we make by ballot initiatives. Those are all on the table for nonprofits should they so choose. There are certain rules about how they go about it. But I tend not to say we can't do electoral work just because, if you mean by elections and you're talking about ballot initiatives, you can actually do that piece.

RUSTY
Okay. That's helpful. Thank you. And can you just very briefly say what you mean by externalized costs, that nonprofits address the externalized costs of business and government? And can you just give a concrete example of that?

GEOFF
Yeah, absolutely, yeah. And I'm sorry to speak like an amateur economist when I start saying things like that, but what I mean is let's talk about low wages. So, by paying low wages, a company, let's say, you know, a big box store of unnamed type, pays minimum wage to its employees. Now that is not a wage one can live on, in most cases not even a single person, certainly not a family with just one job. So what you end up doing is creating poverty, and that is an externalized cost because those folks then have to go out and seek all range of public benefits that we make available. And essentially that means we're all paying their wage, as opposed to their employer paying their wage and their employer takes the profits, externalizes the cost of having an employee by paying the absolute minimum, not giving them access to health care, not giving them access to sufficient time off and leave. And so everything else was picked up by the surrounding community, or the county, or the state. So that's an externalized cost.

In environmental terms, it's toxic waste, it's hazardous waste, it's anything that gets put out in the world as a byproduct, often for free, for the corporation doing that work. And then the cleanup is paid for by us collectively through our tax pays, through nonprofit work, through what have you. So those are the kinds of costs I mean. So oftentimes, yeah, poverty and environmental degradation are probably the two most obvious.

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RUSTY
All right. So we pick up the slack and solve the problems created by others and sometimes we're paid to do it and sometimes we're not.

GEOFF
Yeah. You know, there's a scale question in this. And this is one that I always, you know, there's probably a half dozen favorite statistics I'd like to throw out in any conversation about this stuff, because it sort of frames the order of magnitude issue. And if you look at public versus charitable expenditure in this country over time, it's like, take the last 50 years, it's a roughly 20 to 1 ratio. So $20 of public expenditure, $1 of charitable. So if you think about it, if you do, if what is happening with those $20 is something unjust, unsustainable, otherwise problematic, poorly designed, whatever it may be, you're never going to correct that with $1 of charity. That's never going to happen. You'll clean up the worst offenses, but you're never going to solve the problem.

So to me, that's the argument for the structural engagement on policy. The only way to fix that problem is to use part of that or all of that $1 to affect how the other 20 are spent. And to me,

that's the only way we ever really solve an issue. Other than that, we're tinkering at the margins. And that doesn't mean that kind of charity isn't a good and humanus thing to do, it absolutely is. But we then need to be realistic that we're not really questioning the “why” of why that charity is needed in the first place.

RUSTY
Thank you. That's a really clear picture you paint, and I'm really glad you did. That's very important. So, following on that, given that nonprofits get money from various sources, right, they can get money from government through grants and contracts, they can get money from individual donors, they get money from foundations, they get money from bequests from people who've passed away and left the money, you know, they can get money from corporations. And so, how do you see the kind of economic power of nonprofits and sort of how do they contribute to the economy, or how does that economic power contribute to the political power of nonprofits in California?

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GEOFF
Well, that's one of those areas we need to claim. Because people don't think of the nonprofit sector as an economic force. They think of it as nice people doing good stuff and that's true. But that can come up very patronizing, too. And it means we're not going to take it seriously. Thank you for doing the nice things, but we're going to go talk to the serious players over here when we make our policy decisions. And so that's what we're trying to flip.

So if you look at it that way, you mentioned revenue sources. So one thing, important thing to know, another sort of just basic framework of how we work, people need to know that first, if you put the entire sector together nationally, that the first biggest revenue source, the primary revenue source, is actually earned revenue. So when you get the finger wagging, you should be more like businesses, that's always driven most of us crazy, like we are businesses. I mean I'm sure we can learn some things, but we can also teach them things. So let's talk. But that is the first thing to know is that we earn most of our revenue in this sector if you put it all together. Now, it's very different from subsector to subsector, but you put it all together, earned revenue is number one, and then government grants and contracts is number two.

So we are not only dependent upon, but we are, you know, hired to and paid for to do certain things. So the public sector has long seen that if they want to solve a problem and public policy says we're going to allocate these dollars for this issue, this challenge or this creative new solution, we're going to enlist the help of the nonprofit sector because they know how to do this better. So that's the second biggest revenue source. We can talk about the problems within that as well.

The third is philanthropy and most of philanthropy is individuals. And so the vast, vast majority of philanthropy is individuals. And then you get to foundation funding and then you get to

corporate funding. So if you really look at the scale, you know, we talk a lot about certain pieces of that revenue structure that really are relatively minor compared to the overall revenue in this sector. And there are certainly good reasons for that, but we need to be clear eyed about why we spend so much time on this versus that. And I say that as someone like you, who worked in philanthropy for many, many years, organized philanthropy. So that's a part of what we have to kind of explain to everyone and then claim the power of it.

So in California, one of the data points we know from our own work with Causes Count, which was a report that CalNonprofits first issued in 2017 and then again in 2019, and we're working on a new version for 2025 right now, is that if you look at the entirety of the economy of California, you come up with some pretty remarkable numbers of the impact, the economic impact, of the sector. We're the fourth largest employer in the entire state of California. You got 1.2 million people roughly working in the sector as of those data which are, you know, a few years old now. But that general pattern has been long standing. We bring in, you know, tens of billions of dollars from out of state, through grants and other earned revenue into the economy of California. There's data point after data point that says oh, this is a different conversation than what I thought. And this is the one we have to have legislators, is that if you're talking about the economics, if you're talking about employment, if you're talking about the economic health of the state, you absolutely need nonprofits right there, front center, out at the table, as we have those conversations. Translating that economic reality into the political power that it should have is the challenge of the moment.

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RUSTY
Amen. Yeah, I think educating legislators and agency staff and congressional staff and White House staff and whatever other people in government about the nonprofit sector exists, and this is what it does for you and your constituents. And this is what it looks like in terms of the economics and, you know, our role in society and our workforce. All of that is so needed because it's not taught in poli-sci. It's not part of the framework of how legislation happens or how government works. So even though it's embedded in, as you said, like government is always outsourcing government services through nonprofits, but they don't think of it that way as they make legislation. So it's fairly frustrating and that seems to be across the country, across the board.

So, you know, this show and Fund the People as an organization is all about increasing investment in the nonprofit workforce specifically. So how do you and how do CalNonprofits think about this political power or this economic power as it relates to the staff people, the professionals, as well as the volunteers who are a part of the nonprofit workforce? Like, we talk a lot on this show about things like indirect costs and overhead, which are more wonky terms, but ones that many people listening are familiar with and have to struggle with. So those concepts seem to also be embedded in how government funds nonprofits. So how do you see those things playing out in the state now? I know you all have been working on these issues of contracting and equity and contracting for a good number of years…

GEOFF
Yeah, well, there's a lot of pieces to that. So let me start with the real cost / indirect cost / overhead… I mean, there's plenty of framing that people use. I like real cost because I think it reinforces that the work that we do has an actual cost, as any work does, and we need to talk about it holistically. So the nonprofit sector has long accepted partial payment for their work. If you dig back into the psychology and history and why and it's some puritanical notion of, you know, you make your money over here and you do your good work over here and never the twain shall meet. And so the nonprofit sector is sort of written out of the economic norm. You pay for work done, and we need to flip that.

I mean, that's the long standing issue here for, I know all of us, many of us have dealt with and struggled with it. Certainly what we're doing now with the talent justice work, working with you, Fund The People is the questions in a lot of our government contracting advocacy that CalNonprofits have been doing, and other states as well are our peers across the country, and NCN and IS as a federal level as well.

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RUSTY
Right, National Council on Nonprofits and Independent Sector. Yeah.

GEOFF
Thank you for translating my acronyms. Yes, exactly. I think there's a lot of ways this can look, but the way that we seem to have the most opportunity right now is to train institutional philanthropy, a lot of the work that Fund The People is helping to lead, on is this is why it's so important to actually pay for the cost of the work. And then at a policy level, have structures in place that require governments at every level to actually pay for the work done.

Now, I think we need to be honest with ourselves as well that the nonprofits have been complicit in some of this by selling ourselves as the cheap alternative. And there are some people that do that, I hear it occasionally and it makes me scream, but I hear it. And so I always want to say, look, that's not helpful. We don't want to be the cheap alternative because that leads to some other big problems, which I know we'll chat about here in a moment. But we need to be insisting that our work has value and you're coming to us for a reason and we're happy to do what we do best, but we need to actually have the revenue to do it.

So I think some folks think, well, yeah, but you're a nonprofit, I'll pay you 70%, you go raise the other 30 from nice people. And there are certain models where a multi revenue frame there would work. I mean you could do that. But the core principle can't be we're going to get you on the cheap, that's not healthy for anybody. So that's what we're fighting on on that level for sure. And that has led, and I don't want to jump ahead because I think we're probably going to talk about sort of labor dynamics in the sector, but that has led to conflict with organized labor for, I think in some cases some good reasons, in other cases a complete misunderstanding of the

landscape. So we can talk through that too. But we need to be clear that wage equity has got to be a principle for any work done in the nonprofit sector. And so that's a big piece of it.

RUSTY
Yeah. So maybe we should be called not for profit, but not for cheap.

GEOFF
There you go. That would lead to another long acronym, I'm sure. I know we can do it. That is a large part of the problem because the vast majority of the sector is volunteer. I mean, not only are two thirds of nonprofits roughly unstaffed, but you have all the board members and other volunteers engaged in the sector. So, you know, for every paid staff member, you have many volunteers in the sector. We need to never forget the volunteer workforce, but that volunteer workforce is not expected to be compensated in cash. They are expecting to be compensated in other ways or supported in other ways, but not payment.

And then on the professional side, we just need to treat nonprofit professionals for what they are. You know, Dan Pallotta did a big piece on this and, you know, there's all kinds of challenges about the framework that he uses, too. But one of the things I've always respected is that Ted Talk a dozen plus years ago where he says, look, you know, if you're school and you have a choice between leading this nonprofit and leading this financial services agency, you go the other way because you're going to get paid, you know, many times with this folk over here are going to get paid. You're going to end up on their board, or you can get celebrated as a donor and you can tell them what to do. I mean, there's sort of this self-interest problem there where for work that, I would argue, is certainly no more complex and absolutely not more needed by our society or our communities, it's compensated better for other reasons.

So we need to make sure that nonprofits are compensated farely. And it doesn't mean it's a place you go to get rich, it never has been, it never should be, I don't think. But certainly a place where you can sustain a lifestyle. And I think that's where, you know, we also, in fact to the externalize costs problem, we lock ourselves into these situations. I mean, I remember this sort of burst of living wage efforts across the country 20 or so years ago. And I was certainly part of the one in my home region. Some of our biggest opponents were nonprofits and what they would say to us was, I'm absolutely with you on philosophy, on values, I would sign on, but I literally cannot because I'm locked into these federal contracts where I can only pay these folks minimum wage. And so they're creating poverty while addressing poverty. And of course, that's the great obscenity of certain parts of our sector, it’s you have people that have dedicated their lives to serving others in poverty and helping while being paid poverty wages and having to go seek the very same benefits that they help others seek on their day jobs. We need to just get out of that entire thing. That's a long haul goal.

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RUSTY

Amen. Yes, well said. So we have a few minutes left. Do you want to talk about what you referenced earlier, the relationship between nonprofits and organized labor as it's evolving in the state now?

GEOFF
In California, we've had now three rounds of conflict with organized labor at a state level whereby bills are put forward that would put additional new barriers in front of government contracting and grantmaking with nonprofits, intentionally there to stop or slow down that process. You know, of course, it doesn't always get described that way in the public sphere, but that is what these bills have been built to do. And from a labor perspective, I understand it. I mean, if you're working within a public labor organization and you see work that you think could or should be done by your members being done or contracted to a nonprofit, that every time that happens, it's a loss of power, a loss of revenue and a loss of influence.

RUSTY
And by public unions, we mean people working inside government who are organized into unions, right?

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GEOFF
Exactly. So public employees and government employees who are well unionized, it’s one of the few sectors left in the country that that is. And, of course, you know, after 50 years of deteriorated union membership, there's a resurgence in recent years and they're taking advantage of that moment (absolutely, it's what I would do in their shoes). And if you talk to most nonprofit people, staff members, they're going to say, absolutely, I'm with organized unions, respect for work and fair wage and all of the things and protections that come with organized labor, even though a vast majority of the nonprofit sector is not unionized. But the problem is that that misunderstands the relationship is what I would argue.

So I think we need to get to that wage equity point where I don't think we're always going to agree on every policy. But I think out of just respect for what each other is doing here, and sometimes you do have unionized shops that are also nonprofit and they're part of this framework too. So, I think we need to figure out ways to not have these, what I would just call, some stupid fights at a policy level and get beyond it, and then really talk about what structure makes sense. But as long as public labor thinks that the nonprofit sector is undercutting and taking jobs that should be in their sphere, and then as long as legislators think they can get nonprofits on the cheap, and as long as nonprofits are willing to work on the cheap, then we've got that problem.

So there's actually a real bright spot. I wasn't sure we were going to talk about the elections, as we're having this conversation that just happened, but there is a measure that passed in Los Angeles that actually addresses it in I think a really smart way this challenge, and it has a sort of

a wage equity principle built in, and it's going to generate $1.2 billion a year for housing homeless services of various types and it's built in with a leadership council to decide how those funds are expended. And it's made up of public labor, nonprofit leadership and public agency leadership to figure out how to do it. And the baseline assumption is, no matter who's going to get the contract to do the thing, the wage is going to be comparable across sectors.

So if you do that, you remove probably the biggest tension point and then you can go on to say, great, well, so who will do this better? And it's usually not a single answer. It's like, well, here's something that nonprofits uniquely can do, here's something that the public sector uniquely has the power to do, here's something that the private for profit sector can do. That takes coalition work in everything we're talking about and that's one of the big ones that we need to look at. But since there is one real experiment now just passed, looks like, almost certainly, elections aren't certified yet, but it looks like it will, we can learn a lot from that.

RUSTY
Great! I'm glad you shared that. And you know, speaking of elections, I know CalNonprofits has put forward packages of bills to propose reform to government contracting. And those have not made it to the finish line for various reasons. And so, I wanted to ask you, you know, going into 2025, you know, what do you think are the prospects for building political power and support for those kind of reforms that would enable nonprofit workers to be paid for the work they do on time and upfront and not six months later for 75% of the actual cost. or whatever. 60%...

00:35:39:13
GEOFF
If you get in six months, you're doing well sometimesRusty.

RUSTY
Yeah, I've heard that.

GEOFF
I would say we've had some successes. So, we put together a pa, and we got four to the governor's desk. He signed one and vetoed three. But one of the three was actually the same bill two different years, similar bills. And on one hand, it's ridiculous that those things have passed through both houses unanimously, as these did, then get a veto for a reason that really is a non sequitur, which is: well, that might cost more. It wouldn't, it would save money, it would reduce fares. But it's easy to go to: budget problem is the reason I'm going to veto that. So I think a lot of it is prioritization, we need to convince legislatures, we need to convince our governor, we need to convince different regulators that this is a priority.

And I think, honestly, it's not so much that they don't like this. Nobody's going to stand up and say, I hate nonprofits,that doesn't happen. But you definitely get them saying, well, is that really an issue? I mean, they seem to be fine, you know, there's no consequence to this. And so we need to make sure that people see the consequences, that late payment means work can't be done, that we have nonprofits that frankly don't volunteer to do that work because they look at

that problem and they say we can't weather that. Whether it's that they're not going to get paid upfront. Some undercapitalized small nonprofits don't have a big pool of money sitting in the bank so that, you know, they signed a contract, they start work tomorrow… That doesn't happen unless the check also comes tomorrow or the wire transfer or whatever it is. So we need to work on that.

So the Advance Pay Bill AB-590 is the one that we did get through, it was signed in December of 23 and went into effect January 24 and that authorizes and reinforces the norm that up to 25% of any government contract program should be paid upfront. It was written, however, as permissive language, not directive, because we knew we wouldn't get the signature if it just declared that everyone had to do that. And so now we have the implementation challenge, which we're working on. But the good news is none of this is radical, it's certainly not new. There have been programs like this that we found all the way back to the 1970s. Over 50 years of examples of this works well. If it was written into a particular enabling language for a particular grant program.

So now we just have to show that that actually has a positive effect and that not doing so has a real negative consequence for the public priorities of those legislatures. Because if they understood that their goals are being stymied by their own refusal to pay upfront and then on time, when you have to go to reimbursement and it would look at this differently, and that's the education process. In the spring of 2024, the Biden administration actually did a great thing through OMB, the new guidance that went into effect October 1 of '24, which was the new de minimis rate, meaning that the sort of assumed minimum overhead indirect cost level became 15%. That was up from ten, which was up from zero, or that you just had to negotiate and if you had the political power to do so. And so now we've got 15% as the new minimum. And California didn't even adopt that. One of our bills was simply to match the federal level in California, which of course enjoys claiming to be at the forefront on many things, it's way behind now. And so we need to get that fixed as well.

So I think all those contracting pieces and there's a lot of more pieces to it, we'll continue this long haul work. We've got an insurance system that nonprofits are suffering from, lack of available, affordable insurance for certain things that they're required to have insured because they deal with very difficult issues and topics. And we've got, you know, tax reform and all the issues at the federal level and that's going to be fascinating in this coming session, as far as could we come up with a more just tax system and how does philanthropy fit into that? So there's a lot as you well know.

00:39:15:02
RUSTY
I'm glad you and your colleagues at CalNonprofits are keeping it all in focus.

GEOFF
I think philanthropy and tax policies is another huge area for us. Having run the bills on the donor bodies funds and doing work in partnership at a federal level around that too.

RUSTY
So how do you think that taxes affect nonprofit workers? Well, nonprofits pay payroll tax. That's one thing…

GEOFF
Well, yeah, that's one of the great myths that nonprofits don't pay taxes, it's like no, no, no, they don't pay some taxes and donors giving to nonprofits are not taxed on that income. But we absolutely, as employers pay all the other taxes, most of the other taxes that any employee would pay. And of course, there's big debates now on property tax exemptions and how available should those be for nonprofits , there's a lot in the overall. But I'm thinking more the income tax structure, because, you know, with the 2017-2018 Trump Tax Cuts expiring and now with that new Trump administration coming in and potentially control of all three branches of government by the Republican Party, they're going to have a strong interest in those tax policies continuing and maybe even becoming more generous to corporate entities and the wealthiest Americans.

And so I think we need to look closely at what that impact will be. The prediction back in 2018, when they first went into effect, was that the Tax Cuts and Jobs Act would actually have a negative impact on philanthropy and that was sort of broadly understood to be likely true. But the American Enterprise Institute at just the middle of this year, I believe was in July, released a report that actually put a number to it and said that, yes, those tax adjustments, that those changes to the tax code actually resulted in 23 million fewer itemized ERS and for wealthy people whose primary impetus for donating to charity is tax benefits maximization, that's huge. And then on the heels of that, the Lilly School put a number to it and said that that probably meant something like 20 billion fewer dollars were given to philanthropy towards charity as a result of those changes in the incentive structure in our tax code. So, it makes a big difference. And I think that's a big area of debate about, you know, how do you build a tax code that is both fair and brings enough revenue into the public purse to do the public's work and also incentivizes giving and charity in a way that is healthy and sustainable. That's always a big one.

I mentioned donor advised funds just because of the treatment that they get and the fact that they've exploded as a tool. And so we had, we sort of have concerns about how that sort of imbalance of benefit, you know, donor benefit to social benefit is causing a real, real challenge in philanthropy right now.

00:42:03:13
RUSTY
Well, one of the important underlying things there is what is the premise of why government exists, why the nonprofit sector exists, and why are we taxing people and why are we giving these tax exemptions? And, you know, how do we create a good society in which people can have a decent life? So the self-centeredness of the wealthy wanting to become wealthier or hoard their wealth is just, to me is not a good way to run a good society. And it's just an essential challenge we're going to be confronting in the years to come as that mindset becomes

even more dominant and powerful. So it's another, another long haul shift that's needed. But thank you, Geoff. Are there projects, products, you mentioned the Causes Count report, other things, give folks a little sense of what's coming up and where they should find it.

GEOFF
Well, I think it's always worth looking, so Causes Count, absolutely. And we'll have a new one coming out in 2025. And that's sort of an overall snapshot of the facts and figures, the numbers, the economics, the demographics of the nonprofit sector in California. I think we need to take a look at, if you live in an area that has a good wage and benefits survey. In California, we have two that CalNonprofits is a partner with and we do it annually. And take a look at some of those numbers and get a real sense of what has been normalized in the sector. There's some bright spots for sure around, you know, benefits moving in the right direction. You'll find that 7% of nonprofits right now are unionized, that's a small number. And so there's a conversation there about where does that make sense? But actually, the bigger question I would say is not that, it's the let's look at compensation levels and how nonprofit staff are generally treated.

There was a new report that came out in partnership between the United Way and Independent Sector, which uses the acronym ALICE, which some people will be familiar with, but that's Assets Limited Income Constrained and Employed, ALICE -we like our acronyms- but it's based, you know, on what would have been referred to as the working poor in a previous generations. And it's the notion that if you look at the nonprofit sector, almost a quarter are not making enough to sustain themselves, and the high level numbers are 17% fall into that category and then there's that, the additional 5%, which are in poverty by any measure. So you put that together, 22% of the workforce says they are struggling to make ends meet and they work for a nonprofit. That paints the big picture of the problem for sure. So those reports, I think, are really interesting.

So, yeah, wage and benefit surveys, I always look at those, I look at regional nonprofit sector health surveys. The nonprofit Science Fund is a great one, they're going to do a new version in the new year and some of the regionals around the state and around the country. I always pull those when I see them and you'll see similar responses across those.

00:44:57:10
RUSTY
Well, we definitely want to get the links to those compensation reports and the other things to add to these show notes for this episode. And can you just tell folks the website for nonprofits and any social media where people can find you?

GEOFF
Yeah, absolutely. Start with calnonprofits.org, we made it simple. So I can always tell who's old school CalNonprofits because they call it CAN because in the old days California Association of Nonprofits, it was known as CAN. So when I see that “congratulations on being the new CAN CEO”, I’m like, you've been around a while, I know this. But a dozen or so years ago, we went to CalNonprofits because we thought at least we could describe what we do a little bit, but

California Association of Nonprofits is very long. So calnonprofits.org, just start there. Everything you need to know, check it out, and all there.

RUSTY
That's great. And maybe like Geoff, you'll find something, you need like insurance or support around student debt or there's all kinds of good stuff up there. Check out Geoff and the amazing team at calnonprofits.org. Thank you, Geoff, for coming on the show and for being a great partner and I always learn a lot from you. So, thanks for thanks for all you're doing.

GEOFF
Appreciate it. This is fun. You can tell I like talking about this stuff. So anytime.

OUTRO
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