



*National Voice • State Focus • Local Impact*

**Nonprofit Capacity Building Initiative  
Submitted by:**

**Audrey R. Alvarado and Christine Hanson  
Revised 11-2-07**

On July 24, 2007, The House Ways and Means Committee's Subcommittee on Oversight held a hearing to study the activities of the tax exempt and charitable organizations operating in the United States. Testimony was offered by Stanley J. Czerwinski, Director on Intergovernmental Relations in the Strategic Issues Team at the Government Accountability Office (GAO), calling to attention several critical facts necessary to understanding the state of the sector. Mr. Czerwinski noted that the nonprofit sector has essentially tripled in size over the past twenty years. The quality of service provision, the flexibility of nonprofit organizations and "the way the sector is woven into the basic fabric of our society," Mr. Czerwinski continued, "highlight the nonprofit sector's value as a partner to federal, state and local governments. But before advances can be made which allow for greater utilization of this massive resource, it is essential that we maintain and cultivate its inherent strength and vitality."

Mr. Czerwinski raised issues critical to the vitality of the nonprofit sector in the area of capacity building – issues that the National Council of Nonprofit Associations has been working to develop. In fact, "organizational capacity" has long been a focus of NCNA's work, and the very framework of the National Council of Nonprofit Associations itself strives to address the critical issue of nonprofit organizational capacity. NCNA's unique structure includes a network of 44 state associations, plus the District of Columbia, with each representing and serving the small and midsize nonprofit organizations within its respective borders. Simultaneously communicating state-specific news and events to NCNA's national body while apprising its state-level nonprofit organizations of key federal policy developments, growth and networking opportunities, state associations form the linchpin of NCNA's trademark philosophy: "national voice – state focus – local impact."

But capacity-building is a sector-wide problem, as Mr. Czerwinski explains:

"Many nonprofits struggling to accomplish their mission on limited budgets lack the resources that could allow them to better manage their finances and strengthen their infrastructure. In addition, particularly in smaller nonprofit organizations, the strengths of board members may be in addressing their

organization's mission, and they may lack legal and financial knowledge or the skills necessary to oversee a nonprofit entity. One specific area identified as needing attention is the development of human capital, as these organizations need to address a complex set of issues, such as competition for service workers, leadership succession, and staff turnover."

NCNA agrees with Mr. Czerwinski's claim that "providing assistance to improve capacity may be where the federal government could employ a more strategic approach," and proposes a solution: the Nonprofit Capacity Building Initiative (NCBI). NCBI is designed to help nonprofits better-serve their communities by equipping them with the requisite knowledge, tools and technical expertise through a nation-wide network of trusted and experienced capacity builders. By empowering these nonprofit and community groups with legal, financial and organizational knowledge, they will be more efficient and effective, and better able to focus their efforts on the causes which initiated their existence.

While lawmakers and leaders have long acknowledged the good work being done by nonprofit organizations, allocating funds to grow the nonprofit sector through a program like NCNA's Nonprofit Capacity Building Initiative has proven a more formidable challenge. And though the prescribed plan for nonprofit effectiveness may suggest a lengthy period of development, building on what has been in existence with the specific intention to improve outreach, accessibility and knowledge will be easier if done jointly. As Mr. Czerwinski himself pointed out, the sector has already come a long way, evolving from grass-roots operations to a formidable player in the US economy. And at this critical moment – at today's confluence of potential, guidance, and social need – the nonprofit sector's collaborative, self-reflective efforts justify a governmental partnership designed to elevate the nonprofit sector such that it may truly serve the needs of the American public.

NCNA and the more than 22,000 nonprofit organizations in its state association membership understand that demonstrating accountability and adopting governance practices are paramount to advancing the partnership between nonprofit organizations and the government. Indeed, focused discussion between nonprofit professionals at the Nonprofit Congress identified organizational effectiveness, emphasizing accountability and best practices as the sector's top priorities.

Willingness is an indication of good intentions; the willingness of the nonprofit sector is not today, not has it ever been, in question. Today, the examination of the nonprofit sector has much to do with determining its *readiness* to undertake a massive overhaul. And all signs indicate that the nonprofit sector is both willing *and* ready.

\*\*\*\*\*

Audrey R. Alvarado is the executive director and Christine Hanson is public policy intern at the National Council of Nonprofit Associations. 1101 Vermont Avenue NW, Suite 1002, Washington, DC 20005 [aalvarado@ncna.org](mailto:aalvarado@ncna.org) [publicpolicy@ncna.org](mailto:publicpolicy@ncna.org) 202-962-0322 [www.ncna.org](http://www.ncna.org)