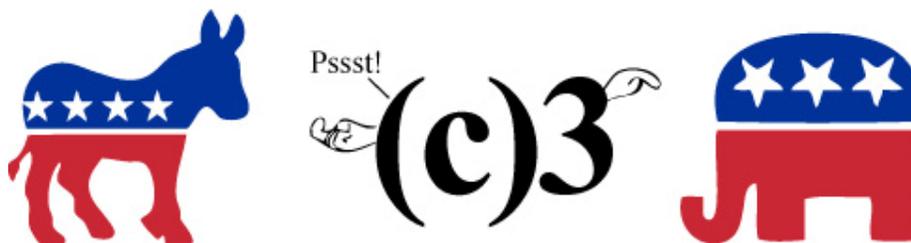


Hudson Institute's Bradley Center for Philanthropy and Civic Renewal
presents a discussion of the question

Should Nonprofit Organizations Play an Active Role in Election Campaigns?



with **ROBERT EGGER**, **PABLO EISENBERG**, and **IAN WILHELM**, moderator

August 9, 2007 ~ 12:00 to 2:00 p.m.

Recent readers of *The Chronicle of Philanthropy* witnessed a lively discussion unfold on its pages between D.C. Central Kitchen president and author **ROBERT EGGER** and Georgetown University scholar **PABLO EISENBERG**. With a view to the next election cycle, Egger argued in a May 31 opinion piece* that nonprofit organizations deserve the kind of political stature corporations enjoy because like corporations, they employ millions of Americans, command billions of dollars in resources, and thus play a vital economic as well as civic role in their communities. Yet nonprofits face a double standard when it comes to political activity, and they “accept their muzzled role.” Egger concludes that the laws that prohibit charities from direct campaign activities “not only are outdated, but also will be counterproductive” as nonprofits continue to grow in size, wealth, and stature.

Eisenberg, a regular contributor to the *Chronicle*, responded to Egger in his June 28 column.** “Existing regulations are not the culprit for the nonprofit world’s failure to be more activist and politically involved,” he wrote. Historically, charities and foundations have held themselves apart from business and government, serving as a mediating force between the two. Yet as a result, nonprofit groups have “enormous leeway in supporting and promoting activism and influencing the political system.” The problem is not that these organizations are hampered by their nonprofit status and all that it entails, Eisenberg argues, but that most simply fail to exercise their current rights to organize communities, communicate with elected officials and their staffs, and educate and register voters.

On August 9, Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal hosted a discussion between these two storied nonprofit sector leaders. *Chronicle of Philanthropy* senior writer **IAN WILHELM** served as the discussion’s moderator.

THIS TRANSCRIPT WAS PREPARED FROM A TAPE RECORDING AND EDITED BY KRISTA SHAFFER. To request further information on this event or the Bradley Center, please contact Hudson Institute at (202) 974-2424 or e-mail Krista Shaffer at Krista@hudson.org.

* “Charities Must Challenge Politicians,” Robert Egger, *The Chronicle of Philanthropy*, May 31, 2007.

** “Charities Should Remain Nonpolitical,” Pablo Eisenberg, *The Chronicle of Philanthropy*, June 28, 2007.

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Panel Biographies

Robert Egger is the founder and president of the DC Central Kitchen, where unemployed men and women learn marketable culinary skills while foods donated by restaurants, hotels and caterers are converted into balanced meals. Since opening in 1989, the Kitchen has distributed 17.4 million meals and helped over 605 men and women gain full-time employment. Currently, Robert is the chairperson of the DC Mayor's Commission on Nutrition, as well as the chair of the board of *Street Sense*, Washington's "homeless" newspaper, and RESULTS, a multinational microcredit and citizen advocacy organization. In 2006, he was the co-convenor of the first ever Nonprofit Congress.

Robert's book on the non-profit sector, *Begging for Change: The Dollars and Sense of Making Nonprofits Responsive, Efficient and Rewarding For All*, which was released in 2004 by HarperCollins, received the 2005 McAdam Prize for "Best Nonprofit Management Book" by the Alliance for Nonprofit Management. Robert speaks throughout the country and writes blogs and editorials to share his ideas about the nonprofit sector and the future of America. To check out Robert's most recent speaking schedule, blogs, and editorials, please visit www.dccentralkitchen.org.

Pablo Eisenberg is currently a senior fellow at the Georgetown Public Policy Institute. Prior to his coming to Georgetown in January 1999, he served for twenty-three years as executive director of the Center for Community Change, a national technical assistance and advocacy organization working with low income and minority organizations and constituencies throughout the country.

Pablo served two years in the U.S. Army and over three years in Africa as a foreign service officer with the U.S. Information Agency. He then spent two years as program director of Operation Crossroads Africa before going to work as director of Pennsylvania Operations for the Office of Economic Opportunity (OEO) in Washington, D.C. He subsequently became deputy director of the OEO's Research and Demonstration division. After leaving OEO, he served as deputy director for field operations at the National Urban Coalition. After almost five years with the Coalition, he worked as a freelance consultant for a variety of nonprofit organizations and foundations.

Pablo has published many articles and chapters of books and has been a regular columnist for *The Chronicle of Philanthropy* for the past seventeen years. His book, *Challenges for Nonprofits and Philanthropy: The Courage to Change*, was published by the New England Press and Tufts University in December 2004.

Ian Wilhelm is a senior writer for *The Chronicle of Philanthropy*, the newspaper of the nonprofit world. At *The Chronicle*, he covers foundations, international philanthropy, and corporate giving. Before joining *The Chronicle* six years ago, Ian graduated from Columbia University's Graduate School of Journalism, in New York. In addition to *The Chronicle*, Ian has written for *The Washington Post*, *New York Newsday*, and *City Limits* magazine. In 2003, Ian received a fellowship from the International Reporting Project at Johns Hopkins University's School for Advanced International Studies, in Washington, to report on microfinance in Bolivia.

Proceedings

WILLIAM SCHAMBRA: I think it's time for us to get underway, if we could. My name is Bill Schambra, and Krista Shaffer – who has done all of the heavy lifting for today's event – and I work for the Bradley Center for Philanthropy and Civic Renewal at the Hudson Institute here in town. It is my honor to welcome you to today's discussion between Pablo Eisenberg and Robert Egger sponsored by *The Chronicle of Philanthropy*. Our moderator today will be *The Chronicle's* Ian Wilhelm, who is filling in for Stacy Palmer.

As someone who has been involved with putting together conferences and seminars in Washington for maybe a quarter of a century, now, I can tell you there is one iron-clad rule about those events: never, ever hold one in August. That's the month that Congress has pretty much gone home, and even sensible people have fled the city for various places, or they're just huddled in front of their air conditioning units at home and are reluctant to come out. And so it was with mounting amazement over the past couple of weeks that I've watched the acceptances for this event begin to roll in – fifty, one hundred, 150. Yesterday morning we passed the two-hundred-person mark, and by the end of the day we had arrived at 220.

How can this be? I suspect it is because people who work in or care about the nonprofit sector in America are starved for lively, honest, vigorous, and direct conversation about some of its most fundamental assumptions and principles. So much of our discussion is either focused on very narrow or technical questions of procedure – how to measure results, how to award grants, how to attract grants – or it refuses to leave the high-altitude stream of inoffensive banalities that represent so much of the discourse in the sector – we need to prioritize our benchmarks to facilitate our collaborative toolkits – that sort of thing. (Laughter.) Some of you will recognize that. Some of you may have even written that. So when two of the most thoughtful and eloquent leaders of the sector, neither of whom are noted for understatement, proposed to carry on a vigorous interchange that they began in the pages of *The Chronicle of Philanthropy*, people will show up even in August, even in Washington.

At the Bradley Center, one of the things we pride ourselves on is stimulating these sorts of conversations, bringing together representatives of the full range of disciplines, experience, and points of view to discuss pressing questions before the sector. You'll find a sort of representative list of our events in your folders. We have some copies of the transcripts on the tables in the back, and we of course post those transcripts on our web site (<http://pcr.hudson.org>). But please be sure to let us know if you'd actually like to attend the events themselves. They're open to all. I would like to think they're lively and balanced, and they actually are built around that mythical event, the free lunch. (Laughter.)

Now for today's discussion, I turn things over to our moderator today, Ian Wilhelm. Ian is a senior writer for *The Chronicle of Philanthropy*, where he covers foundations, international philanthropy, and corporate giving. Before joining *The Chronicle* six years ago, Ian graduated from Columbia University's Graduate School of Journalism in New York. In addition to *The Chronicle*, Ian has written for *The Washington Post*, *New York Newsday*, and *City Limits*

magazine. Ian will introduce and conduct proceedings for our panelists today. Thank you very much. Ian?

(Applause.)

IAN WILHELM: Thanks, Bill – and thanks to the Bradley Center for holding today’s event. And thank you for all coming especially, as Bill (Schambra) mentioned, in the heat of August.

The scheduled moderator today was the editor of *The Chronicle of Philanthropy*, Stacy Palmer, my boss. Unexpectedly she was called away and I have stepped in to fill her shoes. She sends her apologies and is certainly a little bit sorry to be missing such a lively event, we hope.

When I volunteered to fill in for Stacy, I received several pieces of unsolicited advice. Perhaps the best, I heard from a colleague in the nonprofit world, “Keep your head down” (laughter), with the expectation that today we’re going to hear some strong opinions. As many of you know, and as Bill (Schambra) noted, our speakers are not shrinking violets by any means. They are outspoken and willing to take on some sacred cows of the nonprofit world. The topic itself, the role of nonprofits in politics, is certainly a hot-button issue.

Let me give a little bit of background. Since the 2004 presidential election, nonprofits have increasingly been in the crosshairs of Internal Revenue Service investigations, having run afoul of rules that ban churches, charities, and 501(c)(3) organizations writ large from partisan politics. During the 2006 election cycle, the IRS has said that more than 350 charities donated money to political candidates and have been investigated for possible illegal political activities. Let me be specific here: For example, some ministers were accused of endorsing political candidates, both Republican and Democrat, from the pulpit. Signs promoting politicians appeared on property owned by nonprofits. A few charities were also said to have distributed election materials supporting specific candidates. There are all, of course, illegal activities. And while 350 possibly law-breaking organizations is certainly a small percentage of the number – about one million – of charities and foundations in America, that is certainly a very important issue that has now come up in the nonprofit world.

Into this fray enter our two speakers, asking the question, what is the proper role for nonprofits in politics? But perhaps beyond that issue, there is a broader debate to be had here about what, exactly, a nonprofit is; what its relationship to the government and for-profit companies should be; and what, ultimately, its role should be in democracy. As Bill (Schambra) mentioned, both Pablo (Eisenberg) and Robert (Egger) started this discussion in the pages of *The Chronicle of Philanthropy*, and we’re glad to continue it here. It will, I think, be a very thoughtful and lively discussion.

The format today is fairly simple. We’ll give each of the speakers about five to ten minutes to summarize their views as they presented them in the pages of *The Chronicle*. Hopefully I will have time to ask a few questions and have them respond to each other. But I hope to open the discussion to questions from the audience for a good amount of time and allow all of you to voice your opinions and ask questions yourselves. Since Robert (Egger) started this discussion with his op-ed in *The Chronicle*, he will go first.

As many of you probably know, Robert Egger is the founder and president of the DC Central Kitchen, a nationally recognized innovator in anti-hunger efforts and job training. He is also the author of *Begging for Change: The Dollars and Sense of Making Nonprofits Responsive, Efficient and Rewarding For All*. And last year he helped organize the first Nonprofit Congress, which among other things sought to bring together neighborhood charities with large, global nonprofit organizations to discuss their role in politics and bring their issues to the forefront of the government. Robert? (Applause.)

ROBERT EGGER: Thank you! Well, as you can imagine, given my line of work, it makes me very happy to see a room full of fed people. It's always good – seriously – it's always good to see people with a full stomach.

You have to understand that a lot of the ideas I have, the theories I forward, and the things I believe passionately in are born out of the day-to-day work in the basement of the biggest shelter in America. I say this a million times: I love my job. I hate my work. I love going to work at the DC Central Kitchen. I'm surrounded by great people. And I think more than many nonprofits I have the amazing luxury of seeing people's lives change. I know a lot of us want to think we can see that immediate impact. At the DC Central Kitchen I'm really lucky; I get to see people graduate and move on. (For more information, see: <http://www.dccentralkitchen.org/article.php?id=130>.)

(Begin online video clip.) But at the end of the day, I don't want to be more efficient. I don't want to be a self-sustaining nonprofit. At the end of the day, I want to have a very robust discussion in America about why it is that a program in Washington, DC, has to pull a van up to the back of the Mayflower Hotel and pick up leftover food to feed working poor people in America. I don't like it, and I'm not going to sit still. Fifty-one percent of my time will always be devoted to the question of what next? Why do we do the things we do? Who says we can't do anything different? That's where I'm coming from. That's where this article germinated.

It was also reinforced by about 117 different town hall meetings that were held last year before the Nonprofit Congress (October 16-17, 2006, for more information visit <http://www.nonprofitcongress.org>), meetings with rank-and-file nonprofits that really make up 85 percent of the sector. Mom-and-pop stores out there, most of them under \$750,000 a year, just trying to make payroll. Just trying to do something good in their communities. And they see no end in sight, and they're looking for some new alternative, something that gets them out of this trap we've all fallen in – and not just us, but also the people we serve, the foundation world. We're all trapped in this charity model.

So what I've tried to do, and what I'm pleased to see, is get a discussion going about what next. When I first started the Kitchen, people said, you can't do it. The laws prohibit it. The rules don't allow it. All we did was say, okay, let's change those rules. Let's challenge those assumptions that homeless men and women can't be trained for work, that somehow it's illegal for restaurants and hotels to donate food. And we went out and we got laws changed. We didn't just stop and say, here are the laws as they exist; let's try and work within the confines. No. We pushed and we got new laws. Thanks to the work of the DC Central Kitchen – and God bless America – a

schmo like me went to the back of the Rose Garden and watched Bill Clinton sign a law (the Bill Emerson Good Samaritan Food Donation Act, signed on October 1, 1996) that shielded all nonprofits, all donors of food, from liability, because we pushed to get a new law. That's what I'm saying.

To a certain extent we are held hostage when we assume that the laws that we inherited are the only laws. I look at the nonprofit sector, and I have to be honest – to paraphrase my friend Pablo Eisenberg – I've met the future and it's *us*. We're the future of this country. We're one tenth of the economy in America. And oftentimes terms like "one tenth" kind of roll off, but that represents the gross national product of India. I've said this for the past two years. If we were a country, we'd be the seventh biggest economy on the planet – the nonprofit sector in America. Yet in the smallest town, we don't have a say in the budget process. We pace outside City Hall waiting to see what gets cut, and then rend our clothes and bark at the moon, thinking that's all we can do.

There are laws that allow us to be actively involved and we should utilize every single one of those laws to the maximum potential we have. I'm in the middle of that in New Hampshire with the Primary Project (an effort spearheaded by the Nonprofit Congress and the New Hampshire Center for Nonprofits – more online at <http://www.nhnonprofits.org/PrimaryMain.html>), which I'll be happy to talk about later on. But at the end of the day, it feels to me a little bit like telling women in America that if you just keep playing by the rules, someday you'll make as much as men. That's what we're hearing.

Sure we can play by the rules. *Sure* we can use the laws. But at the end of the day, I question openly whether those laws were designed by people to keep us right where we are. And I question those laws. I don't like where we are. I'm not going to sit still. And I'm going to work every single day with my brothers and sisters in the sector to start to come together and find a unified voice that starts to get us *at the table*, which is where we need to be. (End online video clip.)

Now I've got to be honest with you. I mentioned the DC Central Kitchen. And I want to toss Stacy (Palmer) in here without getting too personal. She is home taking care of her mother, who is old and ill. This is the future for many of us in this room. In fact, if I may ask, how many of you all are dealing with aging, infirm parents – right now. There are eighty million more coming. Eighty million baby boomers are about to get old in this country, and there's no big plan. And if programs like the DC Central Kitchen are struggling every day to feed an estimated twenty million people who are at risk of hunger, what happens in this country when we add ten, twenty, or thirty million more people and we try and fit it into this charity box. I'm not going to wait. And like many people I have met on my journeys over the past three years, they don't want to wait either. They want to start to come together and exercise much more of a voice, much more of a sense of ownership of this country, our shared future. And that's what I'm suggesting. We have a role to play, and it's not passive. It's not sitting on the sidelines with our fingers crossed, hoping that the right person gets elected. It's jumping into the middle of this fray.

Like many of you all, I'm about to turn fifty. And my trajectory across America – I grew up in Southern California watching César Chávez. I was in Los Angeles at ten years old when Bobby

Kennedy got shot. I grew up with Martin Luther King. I grew up with Mitch Snyder in this town. I grew up with people who said, we respect the laws and we'll work within the confines of the laws, but our ultimate goal is to change the laws. That's all I'm suggesting. The laws that limit our role in politics were introduced by Lyndon Johnson in 1954 without hearing and without testimony, designed to silence critics in Texas who were challenging him openly. And with that middle-of-the-night gesture, all of us were silenced. And I think we ought to openly, honestly, and bravely step forward and say, no more.

Thank you very much. (Applause.)

IAN WILHELM: Thanks, Robert. Next up is Pablo Eisenberg. Pablo is a senior fellow at the Georgetown Public Policy Institute and a regular columnist, I must add, for *The Chronicle of Philanthropy*. Before coming to Georgetown, he served for twenty-three years as executive director of the Center for Community Change, an advocacy organization that assists low-income and minority groups across the country. Pablo is also the author of *Challenges for Nonprofits and Philanthropy: The Courage to Change*. Pablo? (Applause.)

PABLO EISENBERG: Good afternoon! Your applause reminds me of a sign in a tough Texas bar, which read, "If you're drinking to forget, please pay in advance." So I thank you in advance for your applause. (Laughter.) You might not want to do it afterwards.

I want to thank Hudson Institute, Bill Schambra, and Krista Shaffer, for sponsoring this colloquium, and also *The Chronicle of Philanthropy* for doing the same. What is really very nice about Hudson Institute is that it is trying to stir debate and discussion in a sector – the nonprofit sector – which is intellectually moribund. There's not much thinking. There's not much argument. There's not much debate. No one wants to challenge. But that's typical of our society. We're somewhat a gutless society in that respect.

The major difference between Robert Egger's and my position on the issue of politics and nonprofits is that he strongly believes that the regulations governing nonprofits are too restrictive and should be changed to allow nonprofits to participate directly in political campaigns and partisan politics... and I heartily disagree.

But there are a few other issues that our respective editorials in *The Chronicle* have raised that, in my view, also deserve discussion. First, what should our vision of the nonprofit sector be? Does it have a unique role as an independent sector, apart from government and business, or should its boundaries become increasingly blurred with those of the business and political sectors? A second issue revolves around the role of government, federal and state, in ensuring the transparency and public accountability of our nonprofit world.

A third issue focuses on the means by which nonprofits can become more activist in influencing public policy and the political process without actually becoming directly involved in partisan politics and campaigns. And the last issue, on which I think Bob (Egger) and I agree, is the need to create new leadership for our sector so that in fact it can be strong and much more vigorous than it is.

I essentially have five reasons – both practical and political – why I oppose loosening the restrictions on nonprofit political activity.

The first is the massive taxpayer opposition that such a proposed change would generate in this country. The federal government has provided generous tax advantages both to charitable donors and nonprofits on the understanding that nonprofits will provide vital services and benefits to our society. That is the compact that the federal government has made with our civil society. Taxpayers would not tolerate – and they shouldn't – their money going to politics and not nonprofit activities. Otherwise, taxpayers would be giving money to nonprofits so that those nonprofits could designate politicians, parties and campaigns to be the recipients. There's no need for that; taxpayers can do that directly now without nonprofit intermediaries.

A second reason is that politically, such changes would not be feasible. The Congress has consistently, and strongly, prohibited direct nonprofit political activity for many decades – even before Lyndon Johnson's role. You'll recall the frantic efforts of conservatives, as well as many Democrats, to undermine the advocacy role of nonprofits by almost passing the Istook Amendment several years ago. And that was an effort only to limit nonprofit lobbying, not political activity – which is a much hotter topic. Congressmen don't want nonprofits meddling in politics, and they would not let it happen. Pushing them to do so could be counterproductive, undermining their current, very positive view of nonprofits today.

Third, direct political activity would inevitably taint the integrity and public trust of nonprofits, thereby diminishing their capacity to deliver services, retain public confidence and raise charitable dollars for their operations. We expect many of our Congressmen to be corrupt and on the take; we don't want that to happen to our nonprofits.

The fourth reason is simply that nonprofits don't need fewer regulations in order to become much more activist, influential in policy and influential in moving politicians, than they currently are. They have not yet begun to tap their enormous legal capacity to lobby, to shape policies and to influence politicians and the political process. When you think that just a little more than 1 percent of all public charities that report to the IRS report *any* money going to lobbying, you'll see the untapped potential. And should they want to exceed their current limits on lobbying as well as become more involved in campaigns, they can create 501(c)(4) organizations, political action committees (PACs) or 527 organizations. In short, the current regulations offer ample opportunities for much more political activism on the part of nonprofits.

(Begin online video clip.) The fifth reason is that I believe that nonprofits must maintain that independence from business, government and politics that has characterized their history in this country if they want to do their jobs well, serving as an intermediary between these factions. It is, I maintain, the unique quality of “nonprofitness” that has been the backbone of our civil society over the years. It is that quality that has enabled nonprofits to challenge governments, monitor and hold accountable corporate America, give a voice to the voiceless, mobilize constituencies, influence public policies and generate crucial scientific and medical research. It has done so because of its independence, not because it has become more like businesses or politicians.

In short, nonprofits don't need new regulations or standards to be effective activists or promoters of democracy. What they need is tough, visionary and courageous leadership. We have to find a way to develop this leadership in the coming decades. The culprit for our nonprofits' lack of activism and political lethargy is not the current "rules of the game" but, rather – as I mentioned in the editorial, citing Pogo – our own reluctance to be activists. "We have met the enemy and he is us." (End online video clip.)

Thank you. (Applause.)

IAN WILHELM: Thank you, Pablo. There are obviously similarities here; both Pablo and Robert believe that nonprofits need to be more politically active, and the question, really, and the disagreement is about *how* they do that. But as Pablo also pointed out, there is the perhaps larger underlying issue of the unique quality of "nonprofitness," the quality that makes nonprofits independent from corporations and government, which I do want to get into. But before I do that, I want to hone in a little bit more on the question of the rules. Robert, I'd like ask you, specifically, what is it you want to change? What do you see that could change, however unlikely that may be? And if the rules were lifted, what role do you see for nonprofits? Would they be able to contribute to political campaigns? Would ministers be allowed to endorse candidates from the pulpit? What exactly do you see and what would be gained by doing that?

ROBERT EGGER: Democracy isn't pretty. It's not easy. It is what it is. But it's everybody speaking up. I have to be honest with you (Ian), I like everything you said. If I'm sitting in the DC Central Kitchen right below Capitol Hill, and I have a choice between two candidates, and one candidate I know is going to create significant poverty – more poverty in America – and is really going to do abject harm, I can't speak up openly. As I citizen, yes, I can. But as my organization, I can't? No. I think the time has come for us to be very, very pumped up. I'm prepared to do that at the DC Central Kitchen. I would love to put up a giant banner. And I almost want to say to Senator Grassley – and we're going to get to him, I know – whatever you don't like I'm going to do. Because I want to push this as far as we can. Not to be crazy. Not just to wave a red flag. But this is big league ball, brothers and sisters! We can't feed the poor people in America as it is right now. And the food I use, leftover food, that's going away. It's lost profit, and business is figuring that out. And there are eighty million old people coming and there's no discussion. And to a certain extent, what I want to do is interject ourselves into this debate.

Right now, what we're seeing is a classic divide-and-conquer dynamic silencing voice of the nonprofit sector in this presidential election cycle. People are trying to push children's issues, housing issues, arts issues – a thousand little issues. We're splintered a million different ways. And we have to start getting beyond this. We have to start getting a collective voice. I think one of the disadvantages we face within the current system – and Pablo brought it up – is that to a certain extent, we're saying that taxpayers won't accept this, yet we're in effect saying, let's try and raise money the traditional way so that we can participate according to the rules as they exist. Right now, with the public's interpretation of nonprofits, they're not going to give us money. If most people have a choice between feeding a poor kid and fighting the reason the kids are poor, they're going to opt, right now, historically, for the organization that feeds the kid. It's like the old line – and I forget which activist said it: When I fed the poor, they called me a saint. When I asked why they were poor, they called me a communist. That's to a certain extent what's

going on here. And I think that we have to challenge this. And I do want to be able to say, vote for Joe, or vote for Jane, openly.

IAN WILHELM: Pablo, I'm going to give you a chance to respond, but I also want to add into this question – you say that the value of the independence of nonprofits is that they're outside the political process. But are they really outside this process? Are not a lot of efforts thinly veiled partisan activities, in some sense? And Pablo, you suggested that taxpayers would actually cry out against such a move if the rules were lifted. I question that; I wonder how many taxpayers really know that these rules exist.

PABLO EISENBERG: Well, a lot of taxpayers don't know that these rules exist. But if they saw repeatedly that nonprofits to which they have given money were involved in politics, and that the organization was spending an inordinate amount in politics, they would object. Certainly Congressmen – the politicians – would. There is plenty of room under the current rules for nonprofits to become active. As I said, if they want to lobby with all of their resources, they can set up a 501(c)(4). If they want to be involved somewhat in campaigns, they can set up PAC's and 527s. They can criticize politicians. They just can't support a candidate politically in an election campaign.

Now, mind you, there are other ways of doing it. Board members and staff as individuals can come out and support candidates and be involved in political campaigns. It's just that they institution as a nonprofit cannot. But there are so many alternatives to get involved and get others involved. It would be, I think, a tragedy that would bring some bad consequences to nonprofits if in fact they defied the rules. I don't think those rules are harmful. I don't think they're stopping anybody, particularly nonprofits, from being engaged. And indeed, there are an enormous number of political organizations that are doing just that, to which taxpayers contribute. There's no need to have nonprofits engage directly.

ROBERT EGGER: I would just point out that the NAACP has taken a very demonstrative role, politically, and they were investigated. Now, the reality is, the IRS backed off. But personally, I don't think the IRS had really any intention of closing them down. What they were doing is sending a very chilling message: We're going to take you to court. We're going to make you use your money to defend your rights publicly. And the IRS took on a big sacred cow; they said, in effect, we're willing to go up against the NAACP and challenge them openly. That sent a real message, loud and clear! Here's the line – do not cross it or we will take you down. We will bankrupt you.

Another thing Pablo brought up in his article is that nonprofits don't have to watch their bottom line. I'm sorry, my brother, but I live my bottom line. In my bottom line I have to cite what I use to feed people who are poor and hungry in this city, in America, in our nation's capital. I need to say this over and over again. The face of hunger is a person who has a job. It's a woman with two kids who is working and playing by all the rules. That's who I feed. I have to decide how much of my money I take to make sure she and her kids get fed versus how much I can squeeze out over here – and I'm talking *squeeze* out. Pennies that I can squeeze out to be involved in the political process, to actually ask overtly, *why*. This is the choice that nonprofits have to make, and I think it's a Faustian deal that we have allowed ourselves to fall into, that we say in effect,

these are the only options we have: either we be quiet or we try and squeeze a few pennies out over here to organize. Or maybe we go out and we play by the rules; we have to start another organization, a (c)(4), now, if we want to fight. No. No! And that's what the Nonprofit Congress was about.

(Begin online video clip.) I'm sympathetic, to a certain extent, with the conundrum all nonprofits face. The reality is, if we stand up and talk to the public openly and say that we can't "charity" our way out of these problems – and I have to admit, I know that when I talk, I talk primarily from my perspective as a direct human service provider, and I know that the nonprofit sector is much bigger than this. But for us to actually confront the public and say, you can give your leftover money at the end of the year. You can give your leftover food and your leftover clothes and, quite frankly, your leftover time and that's cool. That's great. That has been the backbone of American charity. It's what defines us. But that's not going to ever solve the problem. It's a great thing. It's what, frankly, makes us American. It's a great expression of who we are as a people. But it's never going to solve the problem. Individually, it's very difficult for nonprofits to confront the public with that reality. We're afraid that if we're that honest, they will give their money to someone else. And we're stuck in that trap.

The Nonprofit Congress was designed to get a sort of collective voice so that we wouldn't be taking the risk individually. We'd be starting to stand together. And again, recognize, if you put people who work in a nonprofit, people who serve on boards and volunteer, we're talking one hundred million people in America do this. This is a profoundly big thing. We are so far beyond the charities of the 1950s. We represent a major part of the economy in this country. In many small towns, we represent a major economic stimulator. We're not just good deeds, over here. We're a major part of America now. And we shouldn't sit back and hope – again, as I say over and over – *hope* that laws are passed. Hope that policies are forwarded. Hope that people get elected to benefit or do business with us. I don't want to sit idly by and watch government and business continue this arc in America. I think we have to be actively involved at every level. (End online video clip.)

PABLO EISENBERG: I agree with Bob (Egger) that the IRS made a major mistake in attacking the NAACP. Basically, they attacked Julian Bond, who made a speech at the convention. And it's ironic that the IRS should have attacked the NAACP, because if you look at their record in the past ten years, their field organization has been almost non-existent and has not been a force for challenging the administration or challenging the politicians.

(Begin online video clip.) There are so many issues on which nonprofits ought to be speaking out and putting their muscle into that they're not doing. For example, how many nonprofits have had the guts to challenge foundations, corporate donors, and United Ways throughout the country on the pattern of their giving, which has in fact neglected poor people, has refused to find advocacy, and has supported primarily established organizations. You can almost count the number of nonprofits on the fingers of both hands. And I might add that the Nonprofit Congress never raised that as a major issue in its meetings all over the place. If you read their report, there's not one section attacking foundations for their pattern of giving, which discriminates against those small organizations that were part of the Nonprofit Congress. How many nonprofits have attacked the excesses of corporate America? You can put those on the fingers of *one* hand. They

haven't had the guts to do so. On issue after issue after issue, nonprofits have not been willing to speak out. By God, if they can't do it on issues that really are essential to their "bottom line," to their existence, I don't know what it is. They should focus on those issues and not try to get involved in politics, which at the same time would endanger their tax status. Nonprofits do take tax benefits, in exchange for which they have made a bargain not to be involved in politics. They ought to stick by that and focus on those issues they ought to be active on. You have the whole world of philanthropy. You have inequities in income and wealth. All those issues, and most of them are mute. (End online video clip.)

IAN WILHELM: Pablo, let me ask you something. Robert (Egger) talked about the idea that the system is broken, that even if nonprofits were to become more active in all the ways you said, and become, as you said, less gutless, they would not be able to solve the social ills that I know you're concerned about. Is the system broken and cannot be fixed the way it works now?

PABLO EISENBERG: I don't think the system is any more broken than it was years ago. It's still a strong sector. It has increased in numbers and in potential power. One of the problems is that it's totally fragmented. All the special issues that have come about – whether it's women's issues or health issues or educational issues or disabled issues or gay/lesbian issues – have made the nonprofit sector so fragmented that it's very difficult for organizations to get together even on one issue. If you would have the full force of the nonprofit sector involved on national health insurance, on issues of social security, on other issues, we would have won. That's a powerful force. And it doesn't have to be political to be that powerful force. It can stand for something and do it.

I think the nonprofit sector is strong. It does lack leadership. If I think back to twenty years ago – not that I'm a believer in the golden age – and I compare the leadership of many of the nonprofits in those days to what we have today, I find it appalling. There is no guts. There is much more the perpendicular pronoun – I, I, I. There is the egocentric notion, the Hollywood star system. So few nonprofits are encouraging young people to be hired, to develop and train leaders for the future, that it's no wonder we're not being effective. I don't think it's a question of the system. I think it's a question of the people in the system.

IAN WILHELM: Robert (Egger), following up on what Pablo seems to be saying about the strength of the nonprofit sector being its independence, its quality of "nonprofitness," what do you see as the unique quality of nonprofits? What makes them strong and something that can potentially change into the new type of organization you may foresee.

ROBERT EGGER: Our potential. I've said it before: We're not independent. We're subservient, and anybody who says different is a fool. We are slaves to the funding community, to stereotypes, to the public's interpretation that charity makes things go away. That's a hard thing to say. But I love this sector, and I love our potential.

I look out and I see in this room a significant number of young faces. I'm not a big believer that there's a leadership problem coming. What I see is a generation of people who built the nonprofit sector into what it is today, and they should be honored. But I think, quite frankly, the day many retire will be a good thing. And what I'm hoping will happen is that we don't need a younger

generation to lead like us. We need a younger generation completely untethered to do dramatically new things. As I say to young people, making charity even bigger is so the wrong direction. We need to completely redefine this thing.

This is where I'm coming from. You know, charity – somehow we've gotten lost over here, that we think that somehow we're separate. We'll never be independent. We have to be involved. We're inextricably linked with business and government. And we've just sat quietly and allowed them to drive the car. We're almost like the kid in the back seat watching the parents bicker, driving in circles. You know? I want to turn the radio station on to my station. It's our turn.

I'm fifty years old – I'm not that young any more. But still, there's a sense of, let go. Let a younger generation come in. You know, what we're looking at in the next twenty years in America – I've mentioned the aging of America. But I'll tell you, the other thing that scares the bejesus out of me is the reality of the economy in America. China is coming, and they're not messing around. And to a certain extent, we – my generation, people on the 1970s and 1980s – watched blue collar jobs leave America. And we've said, in effect, to those people who are union members, factory workers, people who had high school diplomas and they got married and they went out and got a job, retrain. Get a new job. And in the 1990s, we watched those people end in America, and we watched the service sector expand. And what you have – I just got back from rural Indiana, where my parents live. And what you have is a Walmart and sixteen fast-food restaurants, and that's the major employment hub in this small town in Indiana. Well, China's coming. India's coming. Brazil's coming. And they're just as hungry as we are. It's not right, wrong, good, or bad; it's just going to happen, and blue collar jobs are going to leave America.

So the notion that we can somehow continue with this charity ark – more charities and more money – it's not going to happen. We're going to have to consolidate, and we're going to have to get over the notion that if we keep feeding poor people leftover food, everything will somehow be okay. We have got to interject ourselves into this process. And I don't care if politicians don't like it.

There are one hundred million people out there – voters – who are prime, the potential of a younger generation. Do you realize that 90 percent of college freshmen have community service in America? Our university system is brimming with a generation that oftentimes has ten years of community service under their belt by the time they graduate. They're surging out of this university system with great new ideas about philanthropy and the idea of mixing business and nonprofit together and creating social entrepreneurship jobs. I think that's really exciting.

At the same time, we have eighty million people in America – the deepest well of life skills and experience and basically the freest, richest, most educated generation in the history of the planet – surging into the nonprofit sector looking for, to a certain extent, quite frankly, salvation after a couple of decades of chasing material stuff.

Neither one of these groups is going to be satisfied with charity. No one is going to want to come down and chop carrots at the DC Central Kitchen for the next ten years. But they will, I believe, get behind a new nonprofit sector, a nonprofit sector that looks to them not just as wallets for

donations or muscle, but people who share ideas and are willing to go out politically with us on this limb.

Pablo is right. It is going to take courage. But that's the great joy I've had. When I went around and we built the Nonprofit Congress – I've got to be honest with you, my brother, I'm just as frustrated by the sector, which includes foundations. The hardest thing for me has been to temper myself and realize that they're nonprofits, too, and that I can't continue to just find the fault in the foundation world. It's there, but it's here, too. And we're in the same boat. And we have to liberate each other. As long as I keep fighting with the foundation world or finding fault with them, I want to find this common ground. And that's what the congress was about. And was it some break-through moment? Yeah, actually, it was. It wasn't some giant thing; it's not like we had probably any more people in the room than we have right now. But they represented people from all across the country and a million different walks of life, and they said, courageously – and it wasn't the courage of yelling and shrieking, or writing, but it was the courage to stand up and say – I'm willing to go outside of my comfort zone to try something new. For the majority of the sector that's just trying to make payroll, that is courage.

PABLO EISENBERG: Well, I think it's false to say that our nonprofits are or have been subservient. Take a look at all of the social movements that have taken place since the 1960s, from the civil rights movement to the youth movement to the women's movement to the environmental movement to the disability movement to the gay and lesbian movement. You name 'em. The Community Reinvestment Act movement. All of those movements have been led by nonprofits and they made major change in this country, politically, legislatively, and in terms of attitude. Look at the living wage movement led by ACORN, universities, and others. It made major changes in over 110 cities, getting a living wage. These are not subservient folks. They are fighting, and they're activists, and they're doing a great job. And even, I'm proud to say, our Georgetown students who fought the administration to get a living wage for the low-income workers went on a hunger strike and won the highest agreement for a living wage of any university. That's happening. These are not subservient folks, and I'm happy to say in many cases are led by young people.

(Begin online video clip.) One of the problems with our nonprofit world, and I think Robert (Egger) is right on this, is that we have too many old fogies – I'm glad I'm retired – and we have people who are not willing to make opportunities available to young people. They're not hiring them. They're not promoting them. In many cases they are scared to death of them intellectually and in terms of energy. And if you look at a hundred nonprofits and ask how many of them have a succession plan, maybe one or two will raise their hands and say, we do. That shows they're not planning for the future. So there is a great opportunity and a great hope in young people. They must be given the opportunities to succeed.

One of the interesting things, I might add, in terms of activism: You do not have public service under the Corporation for National and Community Service or the Peace Corps that you used to have. Young people are precluded from being politically active and from advocacy, largely by this administration but also starting in the Clinton days. That is not the type of folks who were in VISTA (Volunteers in Service to America), the Peace Corps, and the CETA (Comprehensive Employment and Training Act) programs back in the 1960s and 1970s, up to the early 1980s.

They were told that they could advocate. They could fight. They could organize. They could support actively. We've got to change that. We've got to have community service that includes activism, that includes more than just providing social services or mental services. So if you want to change things, this coming administration – hopefully Democratic, then that's one issue where young people can be put to work doing politically active stuff, doing organizing, mobilizing a constituency, and doing social change. Our young people today in community service are precluded by and large from doing that. (End online video clip.)

ROBERT EGGER: Pablo, there are many things we agree on. That's the great joy of our friendship. And while there are very, very passionate, powerful leaders, we're fighting with twigs. We're throwing pebbles at a third-story window, trying to get attention. For all of the ACORNs and all of those groups, we're all out there trying to raise money, and we're fighting each other for it. What I look at is a sector that desperately wants to bring young people on, but what we've got is nonprofits that can't afford to give young men and women the salaries they need to pay back student loans and to afford to live in Washington, DC. Any kind of health care. Any kind of retirement. And most of them have parents who say, hey, when are you going to get over this nonprofit kick and get a real job? Because that's the way we view nonprofits in America.

And I'd like to make a point, here, if I may. I want to just go back to where we are as a sector. When I first came into the nonprofit sector, I was fascinated by – I literally went into a room full of fifty- to sixty-five-year-old white women, in the anti-hunger world. And I was very intrigued by that demographic, and I kept looking and I realized that for all intents and purposes, the sector was my mom's generation. The sector was a generation of women who went college, got married, raised their kids, the kids moved out, and they couldn't help but read in the paper as the 1970s unfolded and we went into the 1980s that for all the good things happening in America, they were seeing homelessness on the rise. And many of those women started nonprofits, and the explosion of nonprofits was due to that.

I think that to a certain extent, we took the same values we gave to women at home, this marginalized work force that built America – America was built for all intents and purposes on a subjugated and marginalized workforce. And we took that same attitude and we just applied it to the nonprofit sector. And for all our growth, we're still viewed through that same prism, that power dynamic. What we do with charity, it's good deeds. It's nurturing. And that's where we find ourselves. And that's why, when we talk about what we're fighting against, it's not us, even though we have our issues. It's this power dynamic, and those people on the Hill are not afraid of us. For all the ACORNs and the really powerful people who have done significant things, we're not really a threat, which is why we're not paid attention to.

We're right behind the Hyatt Regency, and every day in the Hyatt Regency there is another group of nonprofits meeting, and every morning they're going up on the Hill for their advocacy day. And every day they dutifully trudge up the hill and they go their rounds. And the politicians have figured out just how to mollify us, just how to say, I'm your champion on the Hill. I'm your tiger. You can count on me. Nice talking with you. And they pat you off. And down the hill these people go, thinking that their cause is going to be championed on the Hill. And the reality is, as much as they probably mean it, we're no overt threat to politicians right now.

This is the double-edged sword. And it is the double-edged sword of what I'm proposing. There are those – understandably – who think that if we go this road, we will be sullied. But I think we *have to* go this road. But the reason I propose this road is because I believe we can save America. We can save the political process in America. I do not want to hope that that gets better, knowing that eighty million people are coming up and they economy is shifting. Every year I watch businesses put millions and millions of dollars into lobbying efforts on the Hill that in our wildest fantasy we could never compete with. In our wildest fantasy, we could never compete with that. That's what's driving the economy. So my point is, I want to see us get elected. I want to see us put ourselves up for office and openly vote for each other. Should we form a PAC? I'm not saying yes right now, but I think it's something we should open up. Should we be forwarding our own candidates? Should we be forwarding economic policies?

I'll just put something out there that I've been fascinated by. Why is it that if twenty-five years ago I had given \$100 to Apple, I'd still be getting dividend checks? Now why is it that if somebody gave me \$100 twenty years ago when I started the Kitchen, they're not getting dividend checks? Why don't they get an annual tax deduction? Why do they get a one-time tax deduction to give to a powerful economic stimulator that has saved this city tens of millions of dollars? They get a one-time tax deduction. Yet corporations, boy, they get that check every year. Why? Why don't we propose new economic – part of what I'm proposing in my editorial was not just the regulations, but the whole concept. Are we missing a huge opportunity in America by continuing to view this growing part of our economy as just charity, as opposed to really stopping and analyzing – given the future of America and the challenges we will face, are we really utilizing our assets, our assets being the nonprofit sector?

A lot of what I'm talking about – I know, it sounds like I'm talking about us. We need to form policy. We need to get involved. And it is about us as a sector, but brothers and sisters, it's about us as a country. That's what I'm up here talking about. It's us as a country. We're going to face as a country – black, white, yellow, brown, gay, straight, man, woman – we're going to face serious challenges. And it's bigger than charity. It's bigger than extras at the end of the year. And I just can't sit idly by and watch business and government do what they've done historically – and they're not right or wrong, good or bad. They just are what they are. We need to jump in and be part of this process by any means necessary.

IAN WILHELM: Well, with that I'd like to open it up to the audience. And I hope that – we've mentioned here today a couple of different things: First, the question of does the nonprofit sector need to be redefined, and I'd like to hear some comment on that. But also the question of young leadership, where is the new generation that's a part of this question? I'm hoping that some people who may be part of that new, younger generation that is coming into the nonprofit world or has just recently joined the nonprofit world will be willing to share their views, briefly, on these issues.

PEGGY SEATS, Washington Interdependence Council: I'm been thinking, amen, amen, amen, as you speak. I've been struggling with my nonprofit now for the past eleven years – I'm the founder and CEO. We're the administrators of the Benjamin Banneker Memorial, and we facilitated through a grant from the federal government the renovation of the L'Enfant Plaza

corridor as the approved site for our memorial. This is a \$138 million, costed out, project, yet we can't even get a meeting with the mayor. We haven't been able to get a meeting with this mayor or the previous mayor in eight years even though the city has over \$50 million in federal appropriations that our hard work is responsible for. My question is, how can we begin to form a PAC? Because I think that's an excellent idea. And how can small nonprofits that are marginally (inaudible) like ours find a way to maneuver these new criteria for applying for federal funding – government funding – and philanthropic funding. As we attempt to fulfill the prerequisites of applying for grants, we're finding out that everybody wants you to be three years in advance, whereas our organization is not even sure if we're going to be three *months* in advance, even though we've been struggling, now, for eleven years. It's very hard to prepare proposals that are three years out!

ROBERT EGGER: I'll jump in, Peggy. Thank you. The hardest thing – and it goes back to courage – the first step is, you have to be part of something bigger than yourself. The hardest thing for most rank-and-file nonprofits to do is to carve out that time to say, I'm going to be part of a larger association. That's one of the reasons I was so ecstatic when Audrey Alvarado and the team of the National Council of Nonprofit Associations came to volunteer at the DC Central Kitchen. I met Audrey Alvarado when she was elbow deep in macaroni salad. And that's where we started this idea of a Nonprofit Congress. The idea of the congress and the backbone of it has got to be fifty strong state associations that work at the city, county, state, and then at the federal level. But that means leadership, and ownership. You have to join these associations and you have to go to these meetings and you have to participate. Often. And it's hard. All of us who do rank-and-file work struggle to make payroll. How do you determine what's more important? Do I go chase the money? That's an endless loop, by the way. Or do I participate in something bigger? There are two great organizations in Washington, and I urge you – and we can talk a little bit afterwards – but I urge you to be part of that.

(Begin online video clip.) But you bring up an accurate point. Do you realize that in Washington, DC, there are 25,000 nonprofits? These are international, national, and local groups. We're the epicenter of nonprofit leadership, and nonprofit numbers. We are probably the second-biggest employer in this town, quite frankly. And while *The Washington Post* has a whole section dedicated to food and restaurants, and they have writers galore dedicated to covering movies, they have *no one* – nor do we even have a page – dedicated to in-depth analysis of what we do. (End online video clip.) And you can't get a meeting with the mayor. These are the things that we have to recognize. This isn't going to come magically. We have got to stand together. And that's a hard thing. Forging these kinds of unions is very difficult work. In fact, I hope we can talk afterwards. Anybody else who really wants to be involved, that's the first step. You have to be part of something bigger than yourself. It can't be – again, anybody who thinks, whether in this room or anywhere you go, that you can survive the future in this country going solo, you're already dead.

PABLO EISENBERG: Well, I think Robert (Egger) is right. You have to get assistance by participating in a number of these coalitions. The Washington Council of Agencies – it's got a fancy new name – is a group that might provide some technical assistance and advice on how to form a PAC. You could call the Common Cause, which is supporting political advocacy as a (c)(4). There are a number of groups that you can talk to.

The other thing is, again, we have a philanthropic system which is totally unfair. Ninety-five percent of philanthropic money – foundation money, that is – goes to established of arts, culture, and higher education. Hospitals. Almost nothing goes to grassroots, to people of color, to advocacy groups. And until there is some pressure put on the foundations in our country as well as corporate donors, not much is going to change. Nothing has changed in their priorities in forty-five years. There is no consumer movement. There is the National Committee for Responsive Philanthropy (NCRP), but I can tell you that when we fight foundations – I’m one of the founders – only a handful of nonprofits have the guts to come out and support a critique of foundations. So one could begin there with a number of fellow nonprofits to try to open up that door.

IAN WILHELM: Before we move on to the next question, there is something I want to ask both of our participants. Pablo and Robert obviously both agree that nonprofits need to become more organized. But given the diversity of the nonprofit sector, which is one of its great strengths, do you think that’s a possibility? Are the issues that face nonprofit groups writ large – from arts groups to social service groups to groups that help with the environment – the same? I think part of the concern is that they have somewhat competing issues when it comes to, say, federal funding.

PABLO EISENBERG: Well, the strength of the nonprofit sector has been its increasing growth and numbers. On the other hand, that’s also a reason for its weakness, namely fragmentation. It is very hard, with so many one-issue groups, to get them to join together. Boards of directors love their issue, and they’re not going to support or give kudos to an executive director who goes beyond that narrow agenda. It’s one of the real problems. It’s also an issue of leadership. I think that some of the leaders of major nonprofits have got to see beyond their organization’s agenda to the bigger picture.

I mentioned national health, one of the major problems of this country. It’s not going to be resolved until there is a powerful coalition that can do that. If there were, I don’t think you’d have any hesitation on the part of the Democratic candidates to figure out how they’re going to set up a national health insurance program. They would already have an answer to that. So there is a need to have leadership that goes beyond a narrow agenda to get together. Will it happen? I don’t know. There are reasons to be skeptical based on history. There are so many forces in our country, with the corporatization of the nonprofit sector with the emphasis on the glorious CEO and all his or her benefits, and the star system in terms of Hollywood, and egos. It’s very hard to go beyond. You’re building egos rather than institutions to get that type of broad-based vision that is needed to make those changes.

ROBERT EGGER: I think it’s possible, and that it has to happen. Now, probably the biggest canard that we had to confront with the Nonprofit Congress is – and it’s totally understandable – that people think, what do Georgetown University, the (inaudible) Mosque, the DC Central Kitchen, and the Smithsonian Institution have in common? We’re all over the map. How can we find common ground? And what I’ve tried to suggest constantly is that we have three major things in common.

Number one is Senator Charles Grassley. (Laughter.) Don't laugh! Every revolution needs its King George. (Laughter.) And we're talking about his taxation without representation, my brothers. But there's a reality: We are all going to be regulated by a system in which, well, we can send up our list of recommendations, but he can do what he wants. And I've said this before, and I might as well get it in here now: Senator Charles Grassley isn't trying to make us stronger, faster, and better to deal with the realities of the future in America. Senator Charles Grassley is not a bad man. What he is doing is his job. And he's looking at a massive federal deficit. He's looking at eighty million people getting old in America. And he's looking at a very aggressive global economy. And he's looking at who has probably the biggest pot of untapped revenue in America. We do. And so we're being set up as a sector out of control and desperately in need of regulation – his regulation. And we have no real say in the process. We need to be part of this.

Secondly, we have zero coverage in the media. I've mentioned this before, and this has got to be the number one "get" for us in every city: a regular page dedicated to in-depth analysis and educated consumers. God bless corporate foundations, but they give diddly-squat compared to regular Joe's and Jane's out there. But Joe and Jane can't keep giving with the abstract notion that if they give to charity, somehow it will get better. Americans are really decent people, and they give \$200 billion a year to charity in America. They need in-depth analysis the same way they would make an investment in the stock market or, frankly, pick a restaurant or a movie to go see. And they don't have that kind of in-depth analysis.

And because they don't, the third thing we all have in common is the insane notion that the best way to determine the effectiveness of an organization is low administrative overhead. That is an albatross around all of our necks.

So no matter where you are, we have those three things in common, and I think we can build on that just as a board of trade or a chamber of commerce would. It's not like businesses in this town all get along and dance the rumba all afternoon. They have real issues that they dislike each other about, but they come together around an association to fight for common issues, and that's where we need to be.

IAN WILHELM: Let me allow Pablo (Eisenberg) to respond to the Senator-Grassley-as-King-George metaphor, here.

PABLO EISENBERG: Bob (Egger), I think you're dead wrong on the issue of Grassley and the Senate Finance Committee. If there is any basis to a strong nonprofit sector, it is that it is transparent and publicly accountable and relatively free of scandal, malfeasance, excessive compensation, etc. And that is what the Senate Finance Committee has done. I'm a Democrat, and I think that Senator Grassley, a Republican, has done us all a great favor by requiring greater public accountability and transparency, and that he was right, not wrong as you say, Bob, on questioning the Smithsonian Institution, a totally misgoverned outfit by a secretary who was getting illegal money, and with a board of regents that was totally irresponsible. The congressional representative and the Chief Justice and the Supreme Court and the Vice President didn't know what was up.

It is terribly important to have government oversight that says, we want a clean sector, because without a clean sector the public and the taxpayer are not going to contribute a dime. And in fact, during the scandals of the foundations that were uncovered by the newspapers five or six years ago, you had a drop in the popularity of nonprofits. So it's terribly important to have the nonprofit world play by the accountability rules of the game, and to have it overseen by the government. It's taxpayer money. It is the responsibility of government to make sure that it runs well. I don't buy this thing that it's sort of King George. Thank God we have a Grassley who has had at least an interest in the nonprofit sector!

ROBERT EGGER: Pablo, to be honest I don't think that is Senator Grassley's motivation. I think he loves the headlines. I'll be quite direct. All he has to do is call up *The Washington Post* and say, I'm going to talk about a nonprofit, and *The Washington Post* knows that nonprofit scandal sells – and that's what's defining us in America. The nonprofit sector is being defined by these rarities that Senator Grassley jumps on like a chicken on a June bug every time one comes out. I just don't buy that his motivation is pure. Even though I have to give him credit – he voted the right way – the ethics bill they finally just passed has no external oversight. They're basically saying, trust us to govern ourselves. I want clean government, too! So I'm saying, in effect, we need to be involved internally, because I think that we need to be much more involved in making sure that the government we get is just as transparent as the nonprofit sector they want us to be.

PABLO EISENBERG: The fact that Grassley gets headlines in the paper is a compliment to the job he's doing, because they make his points clear. There's nothing wrong with Grassley getting headlines just as there's nothing wrong with you getting headlines, Robert. I could say that you just want headlines and you're not concerned about the issues. That's not the issue. The issue is, are we going to have accountable nonprofits – because if we don't, we're not going to have the tax deductions and we're not going to have the charitable contributions.

Now, nonprofits should use the media more effectively. It's very hard sometimes to get the *Post* and the *Times* and the *Boston Globe* and the others not only to cover the news, but to get an op-ed in there. That should be improved. But at the same time that we're complaining about the media, we have the beginnings of the demise of quality journalism and investigative report. Newspapers have cut back on newsroom editors and investigative reporters by almost a quarter in the last six or seven years. Where is our nonprofit sector complaining about that? Why aren't our big donors like Soros and Peter Lewis and the other billionaires buying up these papers and making them nonprofit so that they can continue quality journalism?

Where are we? We're losing the capacity of newspapers and print media to keep our democracy strong by making sure that nonprofits and politicians and corporations are held accountable. We're not saying anything. There's some headlines that we need.

IAN WILHELM: Well, I heartily endorse the idea of George Soros buying newspapers and making more jobs for journalists. (Laughter.) More questions?

GLEN HOWARD, Strategic Philanthropy Advisors: I'm a recovering foundation executive (laughter) and currently a consultant on philanthropy. Putting Senator Grassley aside, Robert (Egger) was right – thank you both for your very articulate defense of your positions – that there

is a hell of a lot that you agree on. As I hear it, the area that you don't agree on has to do with the area of legislative/political activity, of which there are three flavors. The first flavor: nonprofits – you agree – should be much more activist in the policy area, advocating for general policy whether it's ED in '08 or whatever. Too little is being done in foundations and foundations, frankly, are afraid to fund even that because they're uninformed. Flavor two is lobbying – grassroots lobbying, legislative lobbying. Both are currently illegal. Robert wants nonprofits to do that; Pablo, you do not. The third flavor is partisan political activity. Robert, you want to have the freedom as the head of DC Central Kitchen to be able to make statements; Pablo, you do not want him to have that.

Now I think Robert has explained why operating only in category one is insufficient, and why he wants to be in categories two and three. Pablo, you said – and it must be odd for you to be in the position, given your background, to be defending the status quo – but you say that the current law is sufficient. You don't need to be able to lobby for individual bills. You don't need to be partisan, politically. But the question I have is, is this not form over substance?

As you both discussed, the principals of a (c)(3) can form a (c)(4), which can form a political action committee. They can go out to the same group of donors and say, if you like what we're doing about hunger, or the arts, or education, give money to this (c)(4) so that we can do what you do, so that we can be partisan, politically, as well. If that is not a breach of the compact that you (Pablo) talked about because a different form has been used, do you think that in fact the taxpayers will revolt if a nonprofit doesn't spend money for a lawyer to have a separate organization? Are we not talking form over substance?

PABLO EISENBERG: Well, one thing you're wrong about. I believe in category two. When I said that nonprofits have the legal capacity to do lobbying – both grassroots and direct lobbying – up to a certain amount. And that potential has not been met, and I have chided nonprofits for not meeting that potential. There are lots more. They don't need any more limits. If they wanted more limits, they'd go and create a (c)(4).

About 527s, yes, I don't agree that there should be 527s. I think it is an outrageous form of nonprofit organization. It's not accountable. No one knows where the money is coming from or going. And I think it ought to be abolished from the tax regulations. PACs – they're different. There are always going to be PACs. And labor can form PACs, and businesses form PACs. And nonprofits can get to where they can form PACs, but that doesn't happen that much so I'm not worried about those. I'm just saying that direct campaigning and direct partisanship – that is, supporting a Republican or Democratic candidate – should be outside the purview of nonprofits. I believe in the first two categories. Certainly lobbying. I wish there were more lobbying.

IAN WILHELM: Pablo, let me ask you a question I think you kind of answered, but I just want to make sure. Why hasn't the potential been reached? Is it just a matter of leadership, as you mentioned?

PABLO EISENBERG: Well, there are lots of reasons, and no one is quite sure. One, foundations have been drumming to their donees for years, *do not lobby*. It's illegal to lobby. They're wrong, but you know how nonprofits are when they talk to donors. They're scared to death and do what

the donors tell them. So a lot of nonprofits have not done lobbying because they're scared that they would be cut off by their foundations.

Second, there has not been a lot of information out there about the limits of laws, permissible lobbying. There are several organizations that have been doing a yeoman's job, trying to educate nonprofits, particularly at the local level.

Third, for nonprofits leaders of small, service organizations, particularly at the local level, who are barely hanging on and don't have the money to do services, tackling yet another quasi-political activity is something that they just don't even want to think about. They're not comfortable. It's all they can do to do their eighty-hour workweeks. And so they don't think about that, nor do they think about the possibility that their boards could do a lot of lobbying. The cutbacks in public funds, especially at the state level, have now changed that a bit. I think that a lot of social service organizations at the local level now realize that they have to form coalitions; they've got to get to the state legislators; they need coalitions – they can't do it by themselves; there's a beginning of the thought.

But the final issue is the lack of leadership, the lack of nonprofit leaders understanding that they have a role beyond delivering their immediate service, that they have a role to change the political conditions or the legislative conditions in our country. So, it's an issue of leadership.

So there are a whole bunch of reasons why nonprofits don't meet their capacity.

ROBERT EGGER: I would just toss out that – and these are areas that Pablo and I very much agree on – that there is one of these urban myths that is pervasive amongst rank-and-file nonprofits that they can't be political. I think there are definite signals sent – again, from foundations, oftentimes, but also from politics and also from the media. There's generally, I sense, a chill on the bottom, the sense that if I step out of line, I won't get funded. And it is about money. As I said earlier, the Hyatt Regency is filled every day with rank-and-file mom and pops that are going up there and doing advocacy as they've been taught how to do it. They just need Advocacy 2.0. They're ready to do it. In fact, what's really exciting is – and I think we've all watched in amazement, particularly my generation – how the internet and the blogosphere have just exploded with activism. You see a younger generation that is much more involved and much more ready to be involved – and this is to my point: The potential of the sector to harness this enthusiasm of this younger generation that is coming out of business schools and nonprofit management schools, a million things.

To a certain extent, many want to start nonprofits. But also many – and this is what's very exciting – many see their major as their philanthropy. Their time is their philanthropy. They more and more want to make the way they spend their money every day their philanthropy. There are all kinds of bold new ideas toward which the nonprofit sector is shifting.

And I think that's almost what I'm trying to get out in front of, and suggest to the public that this is but one manifestation – the politicization is one manifestation of a shift that is happening in all aspects. Again, we are commerce, and what we're having to look at is, is the system we use now, the way we activate politically, the way we raise money, the way we're covered in the

newspaper, the language we use about ourselves, and the word “nonprofit,” is that smart? Is that really to our advantage as a sector and as a country? Is this the best we can do? Or should we be completely open and say, in effect, you know what? This is the country, as I wrote in my editorial, of the steam engine and the silicon chip. If anything defines America, it’s a willingness constantly to say, let’s try something new. What lines? Let’s erase and start from scratch! That’s what we do – we innovate. We constantly do new things.

So my attitude is, what we’re doing now is applying almost an industrial-age view of charity into this century. And I think it’s just pound foolish. My attitude is, let’s take all the rules out and rebuild this. This could be the cornerstone, the foundation of something really cool in this country. Think about this: 90 percent of college freshmen. Eighty million people who are getting older. Anybody who works in volunteering can tell you that they are surging into the sector, wanting to be involved, to make their community a better place to live. We’ve got the beginnings of something really profoundly different, here. I just don’t want to see us try and continue to call it charity any more, and any of the rules that apply to charity.

PABLO EISENBERG: Well, I think we have to be careful, though, not to denigrate charity, which is the basis of a lot of nonprofits. Charity – or however you want to call it – is still terribly important in this country. Services are important. So let’s not throw out the baby with the bathwater.

Second point: I wouldn’t go overboard with business schools. Here we have perpetrators of some of the worst ethics in American society – thousands of the leading corporations every year are indicted or fined for a whole host of misdemeanors. Ethics hasn’t changed very much. And if business people who transgressed the law were indicted in criminal courts rather than civil courts, we’d have to build six or seven new prisons to accommodate them every year. We have a business climate that is not so ethical, that has to be kept in check, and we ought to be very careful about saying that they’re going to be the future of the nonprofit world.

The third point is, the type of “hybrids” that Robert (Egger) has mentioned in his editorial, the social venture folks, are still a minute and – I argue – relatively unimportant part of the nonprofit sector. We still have in the heart of the sector the traditional nonprofits. That’s not to say that nonprofits can’t create businesses in order to get income to do their mission. But there’s a real danger in some of the efforts at social venture that the mission is lost, that in wanting to make money these organizations are going to forget who their constituents are. We’ve seen a huge number of health organizations that because of money have been forced to abandon their low-income clients, in order to accommodate middle-income clients who can pay fees.

So I wouldn’t rush to say, hey, the future is these new hybrids and social venture groups! In fact, there are a couple of powerful studies, one academic and another from Seedco, a veritable nonprofit organization, that show that many of these social ventures have failed. And we’ve seen a couple of foundations that have sponsored social venture organizations whose projects have gone down the tubes.

ROBERT EGGER: Well, I’ll tell you what. The gentleman who just won the Nobel Peace Prize, the Grameen Bank, Muhammad Yunus, has liberated one hundred million people from poverty

with loans, and I'll take loans over charity any day. Charity, if I may – and this is where I'm going to go off in a place – the same power dynamic – and I'm fascinated by power dynamics, and oftentimes we kvetch about the foundation world, but I think oftentimes it's a learned behavior. Nonprofits have turned and done the same power dynamic down the chain. And we call it charity. And you can dress it up any way you want, but it ain't justice.

Pablo, I know what you're saying. There's a core value system that we have to hold onto. And I would never, ever jeopardize that. But there's a huge difference between what we've done. I'm much more interested in power – we fight over one tenth of the economy and we squabble with each other. I'm interested in the other nine tenths. And that's where social enterprise has great potential.

I recognize that right now, it's struggling. I honestly, in my heart, I think that it's similar to someone saying, in effect, you know those automobiles are only a small part of the transportation system. The horse and buggy will always be with us. The reality is, the leftover money at the end of the year, charity, a check at the end of the year, will never solve the problem. The only long-term shift – and it is a shift away – is, philanthropy is how you spend your money every day. That's where real change – if I make a choice, and I go and pay the dry cleaner an extra fifty cents for a shirt because he pays a living wage and provides health care, ultimately I'm not going to feed somebody down the road, and that's how I'd like to live my life in the future.

IAN WILHELM: I'd like to go back to the audience, and I think we have a question –

AL MILLIKAN, Washington Independent Writers: Do either of you see anything good or bad nonprofit organizations can learn from the religious world and the role they have played politically, particularly in our most recent election campaigns? (Silence.)

ROBERT EGGER: I know how anxious we both are to jump in on that one! (Laughter.)

PABLO EISENBERG: Let me answer that. I think by and large, with a few exceptions, our religious leaders have been fairly good about abiding by the rules of not becoming directly involved in partisan politics. There have been some exceptions, and I think that in several cases the IRS has been correct in going after them. I was delighted that they actually went after a Republican for a change.

It's hard to know, because so much of our thinking about religious organizations and their nonprofits and the way they provide services to the country is colored by what was unfortunately termed the “faith-based initiative” of the White House, which was for the most part political and not seriously concerned about getting faith-based organizations, other than as constituents voting. The truth of the matter is that since back in the anti-poverty days of the 1960s, the churches have played an enormous role in delivering services and doing community development, being advocates, getting federal money – Catholic Charities depends for two-thirds or three-quarters of its money on federal grants. The churches have been active for many, many years. Probably half of the Head Start projects in this country are in church basements or halls or run by churches. So unlike the White House's posturing, the churches and the work they've done have been with us for many, many years. And in terms of immigration, the churches took the

lead to bring in an enormous number of immigrants from South East Asia, our allies in the Vietnam War and others. That was not the normal nonprofit.

So what we can learn is, we can learn the good projects that they are doing, the fact that they can mobilize a lot of constituency power. I don't think they've been asked by nonprofits to really mobilize their influence on behalf of major causes. Because I'm old enough to remember the 1960s, I remember the tremendous alliance there was between the US Conference of Bishops, the US Council of Churches, and the Synagogue Council of America that met almost twice a month to discuss how they could collaborate on anti-poverty issues and to mobilize their troops at the local level to join in forces with other nonprofits and push the politicians.

The churches haven't been that active, politically. They've been more divided than they have for a long time. So reactivating church politics, as it were, in a nonprofit way and working with churches and nonprofits, I think we could create a lot more change than has been the case in last decade.

ROBERT EGGER: I agree with Pablo. (Laughter.)

BILL TREANOR, executive director/publisher, Youth Today: I'm reminded of your fellow Hoosier, Kurt Vonnegut's definition of a grand faloon: people from Indiana who think they have something in common but don't. I fail to see – I know what “nonprofit” is – it's a tax status. And you can certainly put out a newspaper built around that principle. But in the real world, I'm not sure there is such a thing. What does a \$26 million-a-year employee of Harvard University who handles their investments have in common with young Mr. Hernandez who rescued fifty kids off a bridge in Minneapolis and was a minimum wage worker for Pillsbury settlement house. What do they have in common? What does the sector have in common beyond its tax status?

ROBERT EGGER: It's important to know, just personally, I tend to be a romantic. I tend to see the good. One of the things I think is fascinating about the sector – and it goes back, I think, to Pablo's notion of – well, honestly, when he says “charity” I react, but we're talking about the same thing, this ethos. When you get right down to brass tacks, we have a lot of different ways of doing this, but most people whether it's this Harvard person or the person on the bridge are trying to make their community a better place to live. They're trying to do right. They're trying to make this country a better place, a more just place, a more equitable place. That's the beauty of the nonprofit sector. Tocqueville talked about it, about our country when he came through. And I think it's almost the center, the nucleus, of the nonprofit sector that in a sense what we're trying to do from a million different vantage points is to make our communities whole, stand our ground, and say, I'm here on this Earth and I want to make it better. I always say to the men and women on the staff of the Kitchen, 95 or even 99 percent of people, at the end of their life, just want to think that they made some small difference. And that's what we get to do every day. I think we're lucky, quite frankly.

It's kind of a weird experiment, but I've taken to asking a room full of nonprofit people – many of you all are underpaid, undervalued, overworked – how many of you would quit your jobs and go to work in for-profit industry? Nobody raises their hands. Conversely, go into a room full of businesspeople and say, many of you all are adequately compensated, have health care and great

jobs. How many of you all would consider quitting your jobs and even making less money if you thought that you could make a real difference in this world? Hands shoot up. That's what I'm talking about. That's what I'm talking about.

PABLO EISENBERG: Well, in the interest of public information, I have to say that I am on Bill Treanor's board. The answer is, not much in common. But the beauty of the nonprofit sector is that it is varied. It is large. And it encompasses a lot of different functions and organizations. Now should the investment director – he is no longer there, but – get \$26 million for doing Harvard's investments? No! And there are lots of universities that have investment directors who make a lot, lot less – and the issue of excessive compensation is another issue. But there is a strength in the variety of members of the nonprofit sector.

What is interesting is the question, should your grassroots groups or social service organizations be run by the same IRS rules as universities or hospitals? I don't know the answer, but it is at least possible that health institutions and universities and colleges, which form 75 percent of the wealth and income of the nonprofit world, should be a separate category of nonprofit to distinguish it from the remaining 25 percent, which is the overwhelming majority of smaller nonprofits. There are some people who have thought about that. Some people are still talking about that. But it's so complex, I doubt whether either our friends or foes on the Senate Finance Committee will ever want to tackle it.

MICAH JENSEN, graduate student, Georgetown University: I've learned a lot from both of you, and continue to; thank you both for being here. My question is for Robert (Egger). I'm wondering specifically about your idea that nonprofits should essentially endorse candidates, or get in that game. Is there not a risk that that's not what Americans want from their nonprofits, that citizens in fact would be turned off? You pointed out that there are millions of Americans who turn out to volunteer and to contribute to nonprofits – far more than turn out to vote. Maybe one of the reasons why is, they don't care about the politics and they don't care about the issues. They care about making their communities better, as you said. So isn't there a risk that when nonprofits start to be seen as just proxies, where the DC Central Kitchen is having their press conference to announce whom they're endorsing, and the American Red Cross and the Fairfax Symphony Orchestra turn out to have their – or Angelina Jolie had her press conference yesterday to announce whom she *wasn't* endorsing. When nonprofits start doing that, aren't they just going to be viewed as proxies for political parties, and won't it perhaps turn off Americans who don't want us to be doing that?

ROBERT EGGER: Yes. But I always say, man, no risk, no reward. You play it safe – Lauryn Hill says, consequence ain't coincidence. You get what you pay for. And if you just sit on the sidelines and think, well, the public won't like it – the public might not like to talk about race. They might not like to talk about wages. They might not like to talk about prison, or mental illness. We have to! It's not going to magically disappear if we don't talk about it. I go back to language; we've used this word "homeless." "Homeless" is a word that allows the public to avoid the conversation. Look at where it has got us! If you go out the front door (of this hotel), take a left and walk down to that park, and that's where not taking a risk has gotten us. No more, brother.

JIM SCHMUTZ: I'm actually one of those guys who went from the nonprofit world to the capitalistic side. I spent nineteen years working for Special Olympics. I've just joined Merrill Lynch as a financial advisor, specifically dedicated to providing financial services to nonprofit organizations. What resonated with me today was the administrative costs and the compensation as it relates to leadership. If you had your way, what are the first three steps you would take to rectify the public perception, to move us past the paradigm shift to where we need to be so people can enter and sustain a career in a way that they can take care of their families and that type of thing?

ROBERT EGGER: I've said it over and over and over again – the number one thing, our number one “get,” is a dedicated page in the business section of every American newspaper. We need in-depth analysis. Real analysis. An informed public is our best friend. And as long as the public is given choices between charity – help me feed the children versus help me get their parents a job – these are choices that I think are artificial. And I think that the public and the drivers for foundations, the drivers for politics, would be a much more engaged public that started to recognize that they had choices. That's very, very big for me. Because we do have to have a discussion about compensation. My concern right now is what we will see in American very soon, the consolidation of the nonprofit sector. It's going to come. And I'm worried that what we're going to see is survival of the cleverest, or who has the cause. And that can't happen. There are a hundred million people in America who are not getting information about a lifestyle or a business or an investment or an employment thing that is part of their life. There's a huge audience. If you go to any newspaper, they're losing readers and revenue. Corporations put \$1.2 billion into cause-related marketing. Now, I might have a problem with cause-related marketing, but it's cash out there waiting. So there are a lot of incentives for newspapers or the blogosphere or a million other avenues in which the media could be used differently.

But again, that's my number one “get” because with that comes the kind of discussions – about wages – that allow the public to see, what's the role of a capital campaign? What's the role of a board of directors? That giant vacuum is what's missing in the debate. And I think that would really solve a lot of the problems Pablo and I both are agitated about.

But secondly, and I want to go back to Peggy (Seats) in the back, is the ability for individual – and Pablo said it's difficult to get op-eds, but the point is that we should be writing, talking, and speaking every chance we get. Every nonprofit leader, every leader should be out there talking – in a church basement spaghetti dinner, I don't care. If they offer you a chance to speak, get out there and talk about what you do and why you have to do it, and what we can do if we work together. And what we maybe can do if we actually take off the blinders about what charity is in America. The kind of willingness to step out of the immediacy of running your organization and think about the larger sector.

The third think, and again, I go back to my colleagues in the sector and say, if they media turns on you, you can use that moment in the spotlight to talk about your organization and say, in effect, gimme, gimme, gimme, or you can stop for a second and think, how can I use the opportunity to breathe life into the larger discussion? How can I use this opportunity to talk about us as opposed to me? And that's a courageous thing, because most people immediately go for that, give me a check, *please*. We have this great cause, and we do good work. But take that

opportunity to speak about *us*. Because the more the sector starts to see the “us” versus the “me,” that’s when we’re going to find some real movement.

PABLO EISENBERG: I think Bob is right. You need to press the media when you can’t get access. And one way is through the internet. There are all sorts of blogs and other venues that receive a hearing – sometimes an amazingly large one – that people can use. One of the problems that I think the nonprofit sector has is, as Bob pointed out, no one writes. No one tries to write. And in fact, one of the problems with our university education including graduate school is that Americans aren’t taught to write and don’t love to write. That’s something I think we all have to work on at all our universities, including universities and public policy institutes that don’t stress how to write – and they’re supposed to be teaching public policy! It’s extraordinary. In any case, I think that’s important.

Compensation, by the way, is an issue that is generating an increasing amount of debate and heat within the sector. There have been an enormous number of claims for excessive compensation – foundation heads getting \$700,000 or \$800,000 or \$900,000 for doing not much of anything except sitting on their tushies. Some of the big diseases groups are getting \$500,000 and \$600,000 and even \$800,000 in compensation when the president of the United States, the most powerful man in the world, gets \$400,000. What’s the standard of compensation?

One this is clear. We need to increase compensation at the lower and middle levels. Young kids who want to go into good nonprofits cannot get sufficient salaries and benefits to pay off their tuition loans. And nonprofits are not making it easy for them because they would rather go with trusted and true old fogies than bring in one or two young people at a reasonable level. Part of the problem is foundations, which put no money into the development of leadership. The Gates Foundation, for example, with \$3 billion now being given each year, has no serious leadership development program. Many of us have tried to ask them to do fellowships and sponsor young people to get into the nonprofit sector. Couldn’t care less! That’s true of most of the big foundations. So we need something whereby younger people and lower-level employees can get higher compensation, and we probably, in my view, ought to cap the top salaries, which are now getting excessive including those of university and college presidents. One little fact that should disturb all of us is that in 2005, the president of Delaware State University, which no one has ever heard of, got \$2.6 million – for what!

ROBERT EGGGER: Jim (Schmutz), you said something in your introduction, and I know it was kind of a self-effacing thing, but I would urge you – I left the nonprofit world to go over here, you said. To a certain extent, I’m really intrigued – and I mentioned earlier the people surging in from one side, but I’m equally interested in the flow you’re talking about. I think that ultimately, the future is not more nonprofits, and the future isn’t nonprofits run like businesses – although you can make a case that we need to be effective and efficient. The future is business run like nonprofits. The notion that you can take your ethos, this thing we’ve talked about, this invisible currency, and apply it to your business – this is what’s exciting about a younger generation. They are surging out of universities and business schools, but what they’re surging out with is this keen desire to have their spirituality, their lifestyle, and their income meshed. And that’s a rare thing. I’ve never seen that. I think that’s a beautiful thing. They erroneously think they’ll find that in the nonprofit sector, which is why they come running. And a lot of them leave because

they don't find it, and they go back to business school and think, well, I'll make a bunch of money and do charity later – which is the trap.

But again, this notion of creating this kind of hybrid, this notion that we can do it all – you can make money, and you can make the way you make your money your philanthropy because you're doing it in a way that makes your community a better place to live. It's a very cool future, and it's very possible, and I hope you'll take that kind of thing with you as you go to Merrill Lynch.

MARISSA BROWN, Alliance for Justice: Pablo (Eisenberg), earlier you mentioned the issue of the transparency of the nonprofit sector. We all know that Senator Grassley is looking at that in terms of regulating the nonprofit sector. But in addition, the IRS has sort of put forward new 990s that purport to sort of put out more things that nonprofits should be reporting to the IRS. I'd be interesting to hear not only what you think of that, but also what activities nonprofits should be undertaking to be more transparent.

PABLO EISENBERG: What's interesting is that the IRS has put out its 990 for nonprofits; it has not put out its 990 for foundations, which are probably more desperately in need of accountability and more information than operating nonprofits. Some of the recommendations are quite good. They're trying to get at conflicts of interest, self-dealing. I'm not sure that it's going to provide enough information to get at that.

Clearly, the nonprofit sector through its big intermediaries – Independent Sector, the Council on Foundations, the National Council of Nonprofit Associations – has really been reluctant to embrace any new regulations or anything. Their issue is self-reform; they say, we're going to really improve the standards in our field by self-reform. You know, I've been around forty-five years dealing with nonprofits, and I haven't seen more than one or two cases of self-reform in all that time. Self-reform doesn't work by itself. You need tough regulations – and more than that, you need enforcement. IRS has never had the bodies, the staff, to enforce much of anything. States' attorneys general, who are the major state enforcers, don't have the money period – other than New York State and Pennsylvania and California, they hardly have enough staff to come to work every day. So there needs to be some enforcement, sure.

One way to create self-reform, interestingly enough, is to abolish self-dealing in the nonprofit world. For example, board members sitting on boards and at the same time providing paid services to that nonprofit organization. I think that's abhorrent! I think that's a serious conflict of interest and self-dealing. The trend has been that more of that is happening, and folks like Independent Sector are supporting it, saying, gee, if we can make an extra buck by having a lawyer on our board who will only charge us 90 percent of what an outside lawyer would, go for it. Well, if that's your idea of institutional integrity and nonprofit self-reform, you can have it.

ROBERT EGGER: The 990 – all of the things that Pablo said – we have to talk about. But we're still measuring nonprofits the wrong way. I work in a sector that measures effectiveness in pounds and meals and people we serve, not how many less people need food the next year. That's an experiment that I think is really important. I mentioned earlier this notion that if you give \$50 to me, why can't you get an annual deduction based on a new measurement. That's

what's missing. We keep trying to fit people into these 990 boxes, and what you're going to end up with is this fudge factor by which we create the fiction that I have the lower administrative overhead. That's the problem – we don't have new measurement tools. So I would urge particularly young people in the audience to start to think about that and not be burdened by these old metrics of nonprofit efficiency and effectiveness. We need to reinvent the sector with a new set.

CASSIE SHEETS, Gettysburg College: Robert, earlier you said that you'd take the risk that the public wouldn't like nonprofits going financially into the political realm, but you keep talking about how important the new generation is of nonprofit entrepreneurs like us right here (at her table) and that man right there (uncertain who). And we don't want to go into the political realm because of the integrity that has been maintained by the nonprofit world. How can you guarantee us, the people who will be investing our lives in this idea, that it won't become tainted by a world that we've seen over and over again fail us.

ROBERT EGGER: My sister, I tell you, I know where you're coming from. That is the risk. To a certain extent, one of the things that concerned me most about the Nonprofit Congress and the Primary Project we're leading up in New Hampshire, which by the way is a community education forum in which we're asking all the candidates to reflect on this question: given your vision for America, how would you partner with the sector, and how would you strengthen us to be a good partner to achieve your vision? Very simple questions. But what concerned me was, how do we avoid becoming just another special interest group in Washington, DC? There was a Calvin and Hobbes in which Calvin said that he wanted six-year-olds to vote, and Hobbes replied, why – because you care so passionately? No, said Calvin; I want a bigger cut of the pie. That can't be us.

The future is businesses acting like nonprofits. Do you think that's going to happen by magic? To me, that's what social entrepreneurship harkens, that notion of us saying, we're not going to wait for businesses to find salvation and have their fall off the horse on the road to Damascus. I'm going to go into the business world and show them that you can make profit and hire felons and put money back into the community. I'm going to demonstrate that it works, to show them that it can.

And I think the same thing is true of politics. I have no interest in getting into politics to play their game. I'm interested in nonprofits going in there to change the system. And I know that has been the lament of a million different advocacy groups and revolutionaries since the dawn of time, and here we are still. But I believe! What's the alternative? And I ask that – what is the alternative? And I look at it. If this were an academic discussion, sure, what the heck, let's wait another fifty years and see what happens. But I work in a program that feeds poor people, and I know what's going to happen. I know what's happening right now, and I don't like it right now. And while I'm sympathetic with the people who say, risk is for you, not for me – that's cool, and that's your choice – I urge everyone to really look hard at the future of their organization, of the people they care about – their kids, their family – and really think, can I afford to sit on the sidelines and hope somebody else does it?

One of my favorite buttons that I have ever seen is, “We are the ones we’ve been waiting for.” And that’s where I’m coming at this. We are the ones – the nonprofits. We can’t fix anything. I believe, personally, in my heart of hearts, that we are the guides. It is our job to guide America back to place – we kind of got off on this track. We figured if we could write checks, then somehow poverty would go away. And we’ve allowed people, quite frankly, in this sector we’ve allowed that myth – we’ve allowed the public to believe it, so that the checks keep coming. But the reality is, there’s no future there. That’s dishonest. And that shift, even though the public doesn’t think that they want it, we need to have that discussion. I mentioned earlier that no one wants to have a discussion about race and domestic violence and prison. But we have to. We have to. That’s my point. We have to risk.

And what I hope would happen is that a younger generation would retain – and maybe that’s a certain dynamic of the leadership we’re talking about within the state associations and within all the meetings we have – how do we stay true? I think that’s the perennial question for the nonprofit sector. I mentioned earlier – and I know I’m going off on a jag, here, but when I took over the United Way here in Washington, DC, as the interim, Norm Taylor, the guy who ran the thing, I used to imagine – again, I’m a romantic, but I used to wonder – this guy had to have been a fiery young man who believed he was going to change the world. How did he go from here to there? No one wakes up in the morning when they’re twenty and says, when I grow up I’m going to tank an organization! How does that happen? That’s a legitimate question that we all in this sector – and this is to Pablo’s point – at what point do you start to believe, I deserve a million bucks? These are the questions that I think are very important. And when it comes to courage, that’s an equal part of the equation – that inward look at you. What kind of organization do you want to be? How do you want to measure your success? Are you your paycheck? Are you your clothes? It’s the Tyler Durden school of philosophy.

I really do urge you to not allow the understandable fear of us being shifted to almost defeat you in advance from your willingness to believe that we can change the system.

IAN WILHELM: Let me give Pablo a chance to respond, and it will also serve as his final comment.

PABLO EISENBERG: Your concern is very well placed. Any direct political activity by nonprofits will lead – invariably – to the tainting and undermining of the integrity of the sector. While I respect most nonprofit leaders, who says they won’t be as bought off as our politicians and our businessmen in other sectors if, in fact, they get involved in supporting candidates, contributing to candidates. They’re as liable to be tainted as anybody else. And it’s not a question, for the sector, of risk. It’s a question of political suicide for the sector. So that’s why I think that the tainting issue you raised is a very serious one.

IAN WILHELM: Unfortunately, we’ve run out of time. I want to say thank you to everybody for coming, and thank you to the Bradley Center, and especially to the participants, Pablo Eisenberg and Robert Egger.

(Applause.)