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According to the Chronicle of Philanthropy nonprofits “will need to be both vocal and strategic” in the coming year to push their issues forward. It will require a concerted effort at external communications and in their grant writing.

With the second stimulus, funds will again flow from state and local governments, although at a reduced rate. “Most public funding is federal money coming through state and local government” says Brian Gallagher, president of United Way Worldwide. Many states are holding back previous commitments to charities that received PPP money, until they receive more money.

If President-elect Biden’s policy is approved, there may be higher taxes for the top 1% of earners as well as reduced tax deductions for giving, amounting to fewer charitable donations. However, that may be offset by increased funding from the federal government. There will also be more incentives to persuade low and middle-income Americans to give. Foundations may be forced to increase payout rates which will help survive this crisis but leave less for the next one. The system will possibly get a complete overhaul.

Dan Cardinali, president of Independent Sector is hoping the Biden administration will create a “formal agency-like configuration, not unlike the Small Business Administration”. That could greatly elevate the attention paid to nonprofits and their needs in a more permanent and public way. Nonprofits “employ 12 million people and have a $1 trillion economic impact”, he says. Without that type of attention, the PPP initially disadvantaged nonprofits, and would again.

In 2020 philanthropists donated 10 times more to equity issues than the year before. Although there are very well-known names on the list, many are lesser-known people of color who want to keep the sense of urgency alive on race and related issues. Several have even created new nonprofits to address these concerns.

Racial justice is emerging as the most emphasized topic across the industry in addition to immigration and the environment. Whether nonprofits are directly involved with this issue or not, funding will be more widely available for nonprofits that add this as a focus.

Criminal Justice, or more accurately Justice, can be a bipartisan issue that gains traction in the charitable world. Nonprofits will have to find a way to navigate having opponents on one issue be their ally on another.

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One big newer area for funding is in police reform. Donors want to combat issues like racial profiling at traffic stops, improving de-escalation strategy training for police and identify best practices to adopt to avoid lethal and biased confrontations. Other donors are giving to Black entrepreneurs since so many of them did not receive PPP funds and they want to level the playing field.

All of this amounts to an increased need for clear and concise messaging for nonprofits whether it’s in grant writing or pledge appeals.

Please see our website for more specific news about the following topics:

Healthcare

Racial Justice

Immigration

Social Services

Climate Change

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