

# NFP

**Technology Solutions for Managing  
Constituent Relationships**

**Nonprofits Finding  
Recruitment Challenging**

## Federal Government Enhances College Financial Aid

New legislation that enhances federal financial aid for college students could make it easier for many not-for-profit organizations to recruit recent graduates. Signed into law by President Bush on September 27, the College Cost Reduction and Access Act of 2007 (H.R. 2669) includes a provision establishing a public service student loan forgiveness program that allows graduates to limit repayments to a reasonable proportion of their income and forgives any outstanding debt after 10 years. The law defines jobs at tax exempt IRS 501(c)(3) organizations as eligible public sector service.

The legislation provides relief to recent graduates working in all sectors whose incomes make it difficult for them to pay off their college loans. Instead of being forced to pay off their Stafford loans over the standard 10 years, graduates can choose a repayment program that caps payments at

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## Technology Solutions for Managing Constituent Relationships

Many nonprofits struggle to effectively manage and use the volumes of information they have collected about the organization's donors, members, volunteers, and other relationships. Especially if your organization is actively seeking to expand its mission or step up its fundraising efforts, the time may be right to consider developing and implementing a Constituent Relationship Management (CRM) strategy.

CRM generally refers to the processes and supporting technologies used to acquire, retain, and enhance relationships with donors and other key "constituents." The term constituent refers to all people who have a relationship with the organization, including not just donors and benefactors, but also volunteers, customers, vendors, press contacts, and any other groups or individuals who support the nonprofit in achieving its mission. Improving the way your organization manages its relationships with constituents can, for example, result in bigger or more frequent donations, better outcomes for clients, or increased attendance at events.

While all nonprofits create and maintain relationships with constituents, technology solutions are available that can streamline and automate administrative tasks and create new opportunities for outreach. Vendors offer a wide range of

tools designed to help nonprofits manage their constituent interactions more effectively. While some of these systems are complex and expensive, many vendors offer reduced rates to not-for-profit customers, and some open source CRM solutions are also available to nonprofits.

Maintaining thorough and up-to-date records of interactions with constituents can prove very useful when it comes time to decide how and when to solicit donations or in compiling lists of potential guests for specific events or potential volunteers for particular campaigns. A contact management system allows you to record and store in a secure database all of your group's interactions with a given constituent, including a history of donations, a record of all correspondence, a record of the events the constituent has attended, and any personal information about the constituent that may be useful when soliciting donations or recruiting volunteers. This system can also make it much easier to create and print out letters, mailing labels, pledge reminders, and gift receipts.

The information collected in your organization's databases can be invaluable in planning for future fundraising campaigns. Statistical modeling tools can be used to produce lists of prospects who should be targeted for a particular member-

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## Nonprofits Finding Recruitment Challenging

The vast majority of nonprofit organizations that sought to fill professional and administrative positions during the past year said they found recruiting the right candidate at least somewhat challenging, according to the results of a new study released by the Johns Hopkins Center for Civil Society Studies.

Conducted by the Center's Nonprofit Listening Post Project, the study was based on the responses of 295 organizations working in five fields: child and family services, elderly housing and services, community and economic development, museums, and theaters.

Of the organizations surveyed that reported having trouble with recruitment, 87% cited their

group's inability to offer competitive salaries as a primary obstacle to attracting well-qualified workers. Meanwhile, 71% of these respondents attributed their recruitment challenges to the limited job advancement opportunities at their organizations, and 65% cited their group's inadequate benefit offerings.

Among those organizations that sought to fill these positions, 84% reported finding it "somewhat" or "extremely" difficult to recruit fundraisers and development staff, 70% said they had problems recruiting for IT positions, and 85% said they had trouble filling program and professional staff positions.

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## FEDERAL GOVERNMENT ENHANCES COLLEGE FINANCIAL AID

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15% of the graduate's annual discretionary income, defined as gross income above 150% of the federal poverty level. If the borrower makes reduced payments on subsidized loans, the federal government will cover the unpaid interest for up to three years, after which the difference is added to the loan balance. After 25 years, participants in this income-based program will have any remaining balances forgiven.

The law provides even greater debt relief for graduates pursuing careers in government or nonprofit sectors. Military service members, first responders, nurses, firefighters, public defenders, pre-school teachers, librarians, and other public servants are generally eligible to have their outstanding educational debt cancelled after 10 years of service in these professions, provided they have made 120 income-based payments on these loans over the period.

This loan forgiveness program applies to loan repayments made on or after October 1, 2007 and covers government guaranteed Stafford (both subsidized and unsubsidized), graduate Plus, and consolidation loans issued under the U.S. Department of Education's Direct Loan (DL) program. Stafford and Plus loans made by banks and other private-sector lenders through the Federal Family Education Loan (FFEL) program are not eligible for the forgiveness program, but graduates with FFEL program loans have the option of consolidating these loans into a direct loan, which would be eligible for forgiveness. Perkins loans are eligible only if they are consolidated into a direct loan. Private student loans and Plus loans taken out by parents are not eligible for the program.

For current and future students, the law lowers the current interest rate of 6.8% on federally sub-

sidized Stafford loans in stages over the next four years to 3.4% by 2012. The bill's sponsors noted that cutting this interest rate in half would, for example, save the typical borrower, with \$13,800 in need-based loan debt, \$4,400 over the life of the loan. Unless further legislative action is taken, however, the interest rate will revert to 6.8% after 2012.

In addition, the legislation increases funding for Pell Grants by \$11.4 billion over the next five years. Under the legislation, the maximum Pell award is set to rise from \$4,310 in 2007 to \$4,800 in 2008 and to \$5,400 by 2012. An estimated 5.5 million students are expected to benefit from this increase.

Starting in July 2008, students who participate in education programs and who commit to public school teaching in high-need subjects or in high-poverty communities for four years following graduation can qualify for tuition assistance of \$4,000 per year, up to \$16,000 in total. Graduates who go on to choose other careers after college will be required to pay back the grants as loans.

To offset the cost of the additional financial aid to needy students, Congress cut subsidies to private lenders by \$20 billion. According to the House Committee on Education and Labor, student lenders have greatly improved their efficiencies through market-driven mechanisms over the past several years, while the government operation and subsidization of the programs have not changed. This imbalance, the committee members observed, has resulted in bigger profits for lenders, but not in lower costs for the taxpayers. ♦

## NONPROFITS FINDING RECRUITMENT CHALLENGING

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Despite those challenges, 86% of organizations surveyed reported that they were "extremely" or "somewhat" satisfied with the qualifications of new hires; 83%, with the commitment that new employees showed for the organization's mission; and 70%, with applicants' salary requirements. However, just 53% of respondents said they were satisfied with the diversity of the candidates who applied.

When asked what recruitment techniques they used, most of the organizations surveyed cited "word of mouth" and referrals from current employees, as well as placing ads in local newspapers. Other methods employed by respondents included posting jobs on the websites of other organizations, recruiting from among recent interns, posting positions on their own websites, and advertising in field-specific periodicals. ♦

## TECHNOLOGY SOLUTIONS FOR MANAGING CONSTITUENT RELATIONSHIPS

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ship drive or direct mail fundraising appeal based on an analysis of the constituents' demographic characteristics, known interests, and records of their interactions with your group and other charities.

CRM solutions can also help your organization manage pledges and recurring gifts. When donors commit to donating a certain amount each month, a pledge management system can track the payments and issue alerts when payments are missed or when a credit card is about to expire. You may also wish to subscribe to an address finder service that automatically updates the contact details of constituents who have moved through an interface with the U.S. Postal Service.

Some CRM packages include an automated task scheduling function that sets up a sequence of routine jobs in order of urgency and importance, making it easier for all managers and staff members to stay on track and enabling more senior staff to delegate tasks to less experienced

employees or volunteers. The system can even send out automated reminders to team members to enter certain data after a meeting or phone call, and alert staff to any important information that could affect their interactions with constituents.

In addition, the data captured in your group's CRM system can be used to analyze and communicate the success of your organization's fundraising campaigns and events. Most systems allow authorized users to quickly retrieve the data needed to produce reports on the progress of past or ongoing campaigns. These reports can be easily posted on your organization's website or emailed to major stakeholders.

When implementing a CRM strategy, it is, of course, essential to put in place a set of procedures for staff to follow. Team members should be instructed to make accurate and timely entries about their interactions with constituents, and to consistently reflect and support the organization's branding and key messages in all of their contacts with donors and other stakeholders. ♦

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