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The Fiscal Cliff and What it Means for OC Nonprofits

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By Greg Hardesty

The county's nonprofit community is bracing for fiscal cliff in two areas, says Shelley Hoss, executive director of the Orange County Community Foundation, which directs money and other resources to service providers:

First, nonprofits that provide services connected to federal or state funding — such as those that provide housing and shelter, services for older and vulnerable adults, as well as community healthy clinics — could see funding whacked if the most severe spending cuts are enacted.

Second, many fear that a new budget deal — with or without the cliff — could reduce or eliminate current tax deductions for charitable giving.

Both are potential game-changers for the nonprofit world.

Still, for now, with fiscal cliff talks only in the negotiating stages and nothing concrete on the books, nonprofits are describing an "all normal" type of December.

Margie Wakeham, executive director of Families Forward, an Irvine-based nonprofit that helps financially challenged families transition away from government assistance, said the changes talked about in fiscal cliff news stories figure to be toughest on the working poor, the growing segment of the population who need some help even after working full time.

"I do worry for the people we serve," Wakeham said. "Their day-to-day living situation already is very fragile."

Dawn Reese, executive director of The Wooden Floor (formerly Saint Joseph's Ballet) in Santa Ana, noted that nonprofits have become nimble in recent years. Many survived the recession of 2008 and '09 by coming up with strategies to keep donors engaged, regardless of tax benefits.

About 90 percent of The Wooden Door's budget comes from private donations.

"Our donor base has remained steady over the last three years," Reese said. "We make sure they feel connected and that they feel they are part of making a difference."

Uncertainty about changes to the tax code is starting to affect fundraising, though Reese said how that is playing out isn't clear.

"There is some trepidation among donors, and some concern about how this may or may not materialize in terms of year-end giving," Reese said.

Like Wakeham, Reese expressed concern about how possible cuts to social services will make the lives of families who already are struggling even more difficult.

"We've already been seeing a significant increase in the number of cases of parents who are in crisis due to economic issues," Reese said.

"The donor side of the equation continues to remain extremely important."