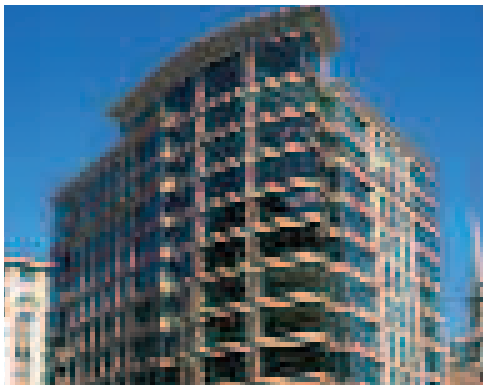


2007 *BUSINESSPREMIER* RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

PROGRAM AGENDA: THURSDAY, NOVEMBER 1, 2007 8:30AM



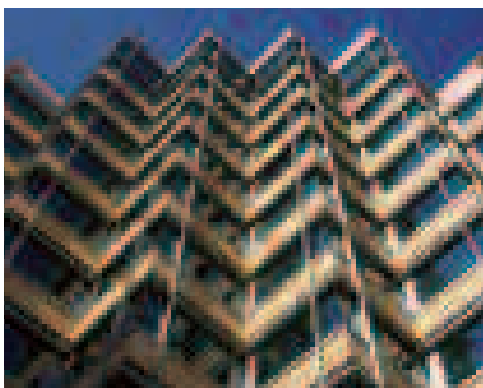
STATE OF ASSOCIATION & NONPROFIT ORGANIZATIONS

Welcome

Steve J. Moore, *President & CEO*
Washington, DC Economic Partnership

Opening Remarks

Neil O. Albert, *Deputy Mayor for Planning & Economic Development*
Government of the District of Columbia



Overview of *BusinessPremier* Program & Review of 2007 State of Associations & Nonprofit Survey Highlights

Natalie M. Cofield, *Director, Industry & Business Development*
Washington, DC Economic Partnership

Nonprofit Impact Study

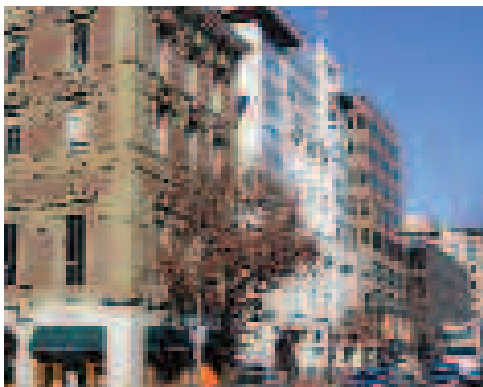
Eric Giles, *Program Manager*
Nonprofit Roundtable

PANEL: Best Practices For Growing Your Association & Nonprofit

Susan Sarfati, *President, EVP*
Center for Association Leadership, American Society of Association Executives

Lori Derkay, *Vice President*
Center for Association Leadership & American Society of Association Executives

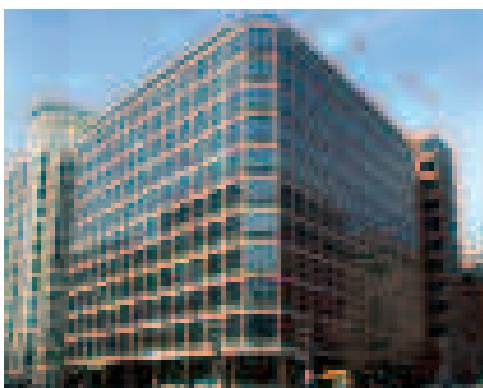
Betsy Johnson, *President*
Center for Nonprofit Advancement



PANEL: Real Estate Trends & Resources for Growth

Emanuel G. Fitzgerald, *Senior Vice President*
CB Richard Ellis

Olivia Shay-Byrne, *Partner*
Reed Smith



Questions & Answers

Natalie M. Cofield, *Director, Industry & Business Development*
Washington, DC Economic Partnership

Introduction of Nonprofit Task Force

Olivia Shay-Byrne, *Partner*
Reed Smith

Closing Remarks

Natalie M. Cofield, *Director, Industry & Business Development*
Washington, DC Economic Partnership



is an initiative of the Washington, DC Economic Partnership

For more information about *BusinessPremier*, please contact:

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ncofield@wdcep.com
202.661.8679

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

TABLE OF CONTENTS

PROGRAM AGENDA	1
MESSAGE FROM THE DEPUTY MAYOR	5
MESSAGE FROM THE HONORABLE KWAME R. BROWN	7
SPEAKER BIOGRAPHIES	9
BUSINESSPREMIER RETENTION REPORT	13
<i>2007 State of Associations & Nonprofits</i>	
NONPROFIT RESEARCH SNAPSHOT	19
<i>Provided by The Nonprofit Roundtable of Greater Washington</i>	
NONPROFIT TASK FORCE	20
BUSINESS RESOURCES SECTION	21
NOTES	23

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

MESSAGE FROM THE DEPUTY MAYOR



Association and Nonprofit Community Stakeholders:

The District of Columbia Government is committed to helping encourage business growth and development of associations and non-profit organizations. We recognize that achieving success in business is a combination of sound planning and management and a conducive business climate. As the District continues to expand economically, it is important to us that we make strides to understand and address the needs of this core industry. The Washington, DC Economic Partnership's BusinessPremier Program, the District's business retention & expansion initiative, was designed to obtain feedback and gauge the sentiment of organizations such as yours.

Today, through this symposium, we hope to encourage further collaborative conversations between policy makers and business leaders within the association & nonprofit community. This symposium was designed to make you aware of business and support resources available from the Government of the District of Columbia, and business resource providers among others.

Let's work together to ensure a prosperous future for the District of Columbia. Your voice and participation is essential to helping sustain economic growth!

Sincerely,

A handwritten signature in black ink, appearing to read "Neil O. Albert". The signature is fluid and cursive.

Neil O. Albert
Deputy Mayor for Planning and Economic Development
District of Columbia

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

MESSAGE FROM THE HONORABLE KWAME R. BROWN

Diversity makes the District of Columbia a unique place to live, work and raise a family. Diversity signals that a community has the strength and power to achieve great heights. Therefore, we must build on the District's already diverse business culture to attain our goal of citywide revitalization.

We must always remember that as the Nation's capital, our city is built on democratic values. For that reason, associations and nonprofit organizations have become essential elements in our diverse local economy. It is critical that we clearly understand the concerns and needs of this dynamic group. The 2007 BusinessPremier Association & Nonprofit Retention Study is an important tool in understanding those needs.

I look forward to helping associations and nonprofits play a vital role in our efforts to revitalize our city neighborhood-by-neighborhood. I anticipate that this initiative will serve to fortify the network of associations, nonprofits, and businesses that work closely with our community leaders to make our city a greater place to live.

Sincerely,



Kwame R. Brown
D.C. Councilmember, At-Large
Chair, Committee on Economic Development



2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

SPEAKER BIOGRAPHIES

Neil O. Albert

Deputy Mayor for Planning and Economic Development
Government of the District of Columbia

Neil Albert serves as the District of Columbia's Deputy Mayor for Planning and Economic Development. In that capacity, Mr. Albert assists the Mayor in the coordination, planning, supervision, and execution of all programs, policies, proposals, and functions related to economic development in the District of Columbia. The Deputy Mayor also advises the Mayor on the most effective allocation of public resources devoted to economic development.

Prior to being appointed Deputy Mayor, Mr. Albert co-founded and was president and CEO of EdBuild, an educational services firm working to increase the number of high-performing schools in Washington, DC. Before serving as EdBuild's CEO, Mr. Albert served the residents of the District of Columbia as Deputy Mayor for Children, Youth, Families and Elders and director of the District's Department of Parks and Recreation. Mr. Albert has held public sector executive management positions for more than 15 years.

Mr. Albert holds a Master of Business Administration in finance from the New York Institute of Technology and is involved in many social issues through membership on the boards of non-profit organizations and through his volunteer work.

Stephen J. Moore

President & CEO
Washington, DC Economic Partnership

Steve Moore serves as the President and CEO for the Washington, DC Economic Partnership, a non-profit organization that works to promote business and retail opportunities in the District.

Prior to his current position, Steve Moore was the Deputy Executive Director for the Downtown DC Business Improvement District. He was responsible for all aspects of the marketing, event planning and retail merchandising of the 140-block area of Downtown DC extending roughly from the White House to the Capitol.

His knowledge of economic development was fostered while working for the Rouse Company of Columbia, Maryland for 15 years. There, Steve directed the strategic planning, marketing

and communications for many of that company's urban projects including, the renowned Faneuil Hall Marketplace in Boston, the Tabor Center in Denver, South Street Seaport in New York City, Pioneer Place in Portland, the Westlake Center in Seattle and the Arizona Center in Phoenix.

Prior to joining the Downtown BID, Steve was the Senior Vice President of Marketing and Communications for Horizon Group the largest outlet center developer in the United States (40 projects in 22 states).

Steve is the Chairman of the National Cherry Blossom Festival, and is a Board Member of the DC Fringe Festival.

Natalie M. Cofield

Director, Industry & Business Development
Washington, DC Economic Partnership

Natalie Cofield serves as the Director of Industry & Business Development for the Washington, DC Economic Partnership. She is responsible for managing business retention and expansion, assisting with the organization's development and attraction efforts, and conducting industry research and economic strategy development.

Prior to joining the Economic Partnership, Ms. Cofield held a number of management positions with leading financial services and economic development corporations including the City of Los Angeles Community Development Department, where she served as the Assistant Project Manager for the Department's Economic Development Strategy, JPMorgan Chase and Merrill Lynch in both New York and London.

Ms. Cofield received her Master of Public Administration as a National Urban Fellow from the Baruch School of Public Affairs. She received a Bachelor of Business Administration from Howard University (Magna Cum Laude). Natalie Cofield has received numerous awards, including a Certificate of Recognition from Mayor Antonio Villaraigosa for her work on Economic Policy in Los Angeles. In 2006, she was named one of Ebony Magazine's "Top 30 Young Leaders Under 30."

Eric Giles

Program Manager

Nonprofit Roundtable of Greater Washington

Eric Giles currently works at the Nonprofit Roundtable where he helps manage the Roundtable's ongoing projects, including our emergency preparedness and recovery initiatives. He is also a member of DCVOAD's executive committee, and volunteers widely as a freelance writer. Prior to the Roundtable, he worked at the National Headquarters of the American Red Cross where he helped initiate their new Disaster Reserves Project. Eric currently holds two Master's degrees, the most recent from the Monterey Institute of International Studies where he specialized in Policy Studies. He earned his Bachelor's degree in History from the University of Delaware.

Susan Sarfati

President & CEO

The Center for Association Leadership

Susan Sarfati, CAE, is the founding and current President & CEO of The Center for Association Leadership. She also serves as Executive Vice President of The American Society of Association Executives (ASAE) since July 2004 following a merger with ASAE in which she played a significant leadership role.

Susan Sarfati has more than 30 years of experience in association management, including 14 years serving at ASAE prior to joining the Greater Washington Society of Association Executives as president & CEO. She is the recipient of numerous awards, including the Nonprofit Times' 2001 Executive of the Year for her "forward-thinking and creative leadership" and the prestigious 2003 Spirit of Hospitality award from the Destination Marketing Association International. In 2005, The U.S. Department of Health and Human Services recognized her for her involvement in the Workplace Partnership for Life Program. Additionally, for the second time, Meeting News named Sarfati one of the top 25 most influential people in the meetings industry. In 2006, she was selected to be included in the New York Society of Association Executives (NYSAE) Education & Research Foundation Parade of Stars for being a visionary industry leader.

Lori B. Derkay, CAE

Senior Vice President

ASAE & The Center for Association Leadership

Lori Derkay is Senior Vice President at ASAE & The Center for Association Leadership. She is responsible for the Greater Washington Network which serves the 8,400 members of ASAE & The Center in the Greater Washington area. The major purpose is to connect the association professionals and industry partners with a strong, vibrant and supportive community.

Lori also oversees the ASAE & The Center Fellows program which recognizes individual accomplishments and contributions to the association community and is a call to continued service for the profession.

She works closely with the President & CEO of The Center for Association Leadership in the areas relating to the board, governance and the staff.

Since 1978, she has held a variety of positions at The Greater Washington Society of Association Executives and was the second full time staff person hired by the Society.

Betsy Johnson

Executive Director

Center for Nonprofit Advancement

For the past 21 years Betsy has been the Executive Director of the Center for Nonprofit Advancement, the oldest association of nonprofits in the country.

Betsy started her career as a high school government and history teacher in Smyrna, Georgia. She has worked for the Close-up Foundation, the Massachusetts State Energy Office, Beacon College and the National Women's Law Center.

Betsy is one of the founders of the National Council of Nonprofit Associations and served as Chair of the Board of NCNA for five years. She also was a founder and Board member of the National Nonprofit Unemployment Trust. Locally, she served on the D.C. Commission for National and Community Service, the Boards of the Emeritus Foundation, the D.C. Rape Crisis Center and Innonet. She also currently serves on the Advisory Board of 40 Plus, and has served on numerous com-

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

SPEAKER BIOGRAPHIES

mittees at Independent Sector. She is also a 1994 Leadership Washington graduate and a 1998 Leadership Montgomery graduate and is active in both organizations.

Betsy holds a Bachelors degree in Political Science from the Women's College of Georgia and a Masters degree in Curriculum Development and History from Georgia State University.

Emanuel G. Fitzgerald

Senior Vice President

CB Richard Ellis

A Senior Vice President with CB Richard Ellis, Mr. Fitzgerald has more than 24 years of experience in the commercial real estate industry. He joined the firm as a result of the July 2003 merger with Insignia/ESG, where he began working in 1999. Mr. Fitzgerald is experienced in both landlord and tenant representation and prides himself on providing a high level of creative and professional service to his clients. Almost half of his career was spent working with DRI, the most prominent nonprofit headquarters developer in the Washington, DC area. He is considered the foremost expert in nonprofit organization real estate matters. Mr. Fitzgerald is head of the firm's National Nonprofit Practice Group. This group specializes in providing superior real estate services to the nonprofit sector, which is comprised of associations, charitable organizations, professional societies and other nonprofit organizations.

Mr. Fitzgerald has participated in many high profile transactions in his career. He has been involved in the sale/acquisition of more than 50 nonprofit national headquarters buildings. Mr. Fitzgerald represented The John Akridge Companies in both the sale of 1307 New York Avenue, NW, a 106,000-square-foot, Class A office building, to a consortium of nonprofit organizations and the acquisition of a 300,000-square-foot development site at 900 H Street, NW, which was eventually developed and sold to The Smithsonian Institution. Additionally, he was involved in the sale of the Old Masonic Temple building at 901 F Street, NW as well as a subsequent owner representation assignment that secured The Gallup Organization as an anchor tenant. This transaction won the Washington Business Journal's Deal of the Year award. He also secured and services the national exclusive real estate contract with the American Diabetes Association. The only one of its kind in the real estate services industry.

Olivia Shay-Byrne

Partner

Reed Smith

Olivia, a partner in the Washington office of Reed Smith, is a member of the Finance/Real Estate group. She focuses her practice on real estate transactions, public-private partnerships and public finance. Olivia is actively involved with the Pro-Bono Committee of Reed Smith.

She has extensive experience working with the District's Revenue Bond Program, Office of Deputy Mayor for Planning and Economic Development. She has a strong commitment to the District and its youth, which is demonstrated by the projects she has completed. She is actively involved in the District's revitalization.

Olivia represents many for-profit and not-for-profit organizations and assists them in acquiring real estate with tax-exempt bonds, EZ Bonds, construction loans, bridge loans, SWAPS, and New Market Tax Credits. She also works on many mixed-use projects and frequently helps structure complex financing transactions for organizations. In this capacity, she has more than 18 years of experience representing for profit and nonprofit organizations, including museums, hospitals, nursing homes, schools and institutions for higher learning. She recently completed the financing for the D.C. headquarters of the largest trade association in the world. Among Olivia's clients are The National Association for the Education of Young Children, Mt. Vernon Arts and Technology Academy PCS, The Jesuits, American Education Research Association, Fordham Foundation, American Sociological Association, IDEA Public Charter School, Center for Change, The National Association of Realtors, Calvary Bilingual Multicultural Learning Center, and Ebenezer African American Methodist Church. She has assisted one of the leading children's theater groups in the nation, Bethesda Academy of Performing Arts' Imagination Stage. In 2004, her financing structure for the National Association of Realtors' \$40 million real estate transaction was selected as the "Best Financing Deal of the Year" by the Washington Business Journal.

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

BUSINESSPREMIER'S STATE OF ASSOCIATIONS & NON-PROFITS

BusinessPremier Program Overview

The Washington, DC Economic Partnership's *BusinessPremier* program is a corporate outreach and business retention initiative. *BusinessPremier* is designed to gauge the sentiment of and assist with facilitating communication between businesses, the Office of the Deputy Mayor for Planning & Economic Development and various government agencies. The four point objectives of the program are to:

- ❖ Connect Businesses with Resources
- ❖ Analyze Trends and Factors that Impede Business Growth and Retention in the District of Columbia
- ❖ Provide City Officials with Valuable Information to Refine Policies and Programs
- ❖ Listen and Respond to Business Needs & Concerns

Through one-on-one meetings with corporate executives, phone interviews, and on-line surveys, *BusinessPremier* helps to identify concerns and make referrals to partners who can provide a variety of services and resources to solve business specific needs. The BusinessPremier network includes the Government of the District of Columbia, economic development and business service organizations, and think tanks and universities.

Why Associations and Nonprofits?

Regionally and nationally, the District of Columbia is a hub of associations and nonprofit organizations. Currently the District serves as home to more than 3,000 active organizations. In fact, roughly one-quarter of the District's private employment is attributed to this sector, totaling more than more than 100,000 jobs in 2003. Additionally, the sector contributed 53.8% of the District's total job growth between 1995 and 2003¹ and accounted for the consumption of more than 14 million sq. ft. of real estate in 2003².

For years, retaining associations has not been a priority because of the misnomer regarding nonprofits and taxes. Though property taxes are an important economic contribution, they are not the only gauge of an industry's benefit to a region. Employment, personal income taxes, and office space consumption also provide market benefit. Furthermore, nonprofit organizations do pay taxes (where applicable) including: sales & use, franchise, park-

ing sales (on owned parking lots), and taxes on leased real estate.

The lack of understanding and appreciation for the sector throughout the nineties and today has resulted in the relocation of some of the nation's largest organizations. Notables such as:

- ❖ Smithsonian—55,000 sq. ft. alone
- ❖ American Management Association
- ❖ Public Broadcasting System
- ❖ Bureau of National Affairs
- ❖ Consumer Electronic Association

Others have relocated entire or back office operations to neighboring areas while retaining space for lobbyists/advocacy positions to remain close to Capitol Hill. However, fleeing for the district's suburban markets is not the only movement that organizations are making. Many are also relocating to comparable cities such as New York, Chicago, and San Francisco where concentration of industry also exists.

Therefore, it is important that more be done to understand the needs of this core industry. Through retention studies, issue identification and the facilitation of informed and effective conversations, businesses and politicians can help to create a more friendly business climate to encourage and further stimulate growth.

2007 State of Associations and Nonprofit Retention Survey Methodology:

The 2007 Association and Nonprofit Retention survey was conducted with assistance from the American Society of Association Executives and the Center for Nonprofit Advancement. Outreach was made to senior executives and management at more than 1,000 organizations that met the following criteria:

- ❖ DC-based
- ❖ Associations (*trade/professional, membership*)
- ❖ Nonprofit organizations (*philanthropic, foundation, or charitable organization*)
- ❖ Nonprofit asset management companies

1. "THE BUSINESS OF DOING GOOD IN GREATER WASHINGTON: HOW THE NONPROFIT SECTOR CONTRIBUTES TO THE REGION'S ECONOMY", THE NONPROFIT ROUNDTABLE OF GREATER WASHINGTON, 2006.

2. "ASSOCIATIONS IN THE WASHINGTON METROPOLITAN AREA : AN OVERVIEW OF THEIR IMPACT ON THE REAL ESTATE MARKET AND AN UNDERSTANDING OF THEIR REAL ESTATE NEEDS". DELTA ASSOCIATIONS, 2003

3. ALL OTHER INCLUDES: COMBINED PROFESSIONAL AND TRADE, FEDERATION OF ASSOCIATIONS, AND ASSET MANAGEMENT COMPANIES. 4. US DEPARTMENT OF LABOR, 2004

In total, 116 organizations were surveyed both online and through extensive executive interviews between April and June of 2007. Survey questions were designed to understand industry sentiment as it relates to:

- ❖ Site location rationale/preferences
- ❖ Business impediments,
- ❖ DC business climate,
- ❖ Government procurement,
- ❖ Business assistance needs,
- ❖ Workforce quality and availability

Survey/Interview Respondent Demographics

Type of Organization: **Primarily Trade Associations**

The majority of respondents worked for trade associations (31%), followed by professional association (19.8%) and philanthropic, foundation or other charitable organization, (13.8%). All other organizational types accounted for roughly one-third of responses³. This pool is reflective of national figures as 51.2% of total organizations in the industry fall within the fields of business, professional, labor, political and similar organizations vs. 10.1% for grant making and giving services and civic and social organizations combined⁴.

Position within organization: **Seasoned Executives**

Of the 116 respondents, roughly 45% represented their organization as a Chief Staff Executive including roles such as, CEO, COO, CIO, or CFO, among others. CEO Direct Reports accounted for 22.4% and Deputy Directors, 20.7%. Mid-level managers and other management and administrative staff account for 12% combined. These individuals were selected because of their holistic knowledge of business operations and their decision-making authority.

Size: **Small to Mid-Sized Employment with 36.3% having \$10M–\$100+ in gross annual revenue/budget**

More than four-fifths of all advocacy, grant making and civic organizations employ less than ten (10) workers⁵. Benchmarking ten as average size, the majority of organizations were small to mid-sized. Fifty-four percent (54%) of firms surveyed had an employee base between 2 to 30 workers, 30% had ten or fewer. The mean employment of the surveyed population was 54⁶.

Using revenues/annual budget as an indicator for business size paints a different picture. The majority of respondents represented firms that had annual gross revenues/budget of between \$1M to \$5M (34.5%). However, the largest proportion, 36.3% represented annual budgets of between \$10M–\$100M+. Comparing this against the US SBA's definition of small business for the retail sector (revenues of less than or equal to \$6M), demonstrates the financial magnitude of many of the organizations represented.

Survey Findings

OVERVIEW

- ❖ **Proximity to Federal Government** (69.6%), **Prestigious Address** (46.1%) and **Concentration of Industry** (39.1%) were among the top reasons for locating business operations within the District of Columbia;
- ❖ **Availability of Affordable Housing** a huge concern as 82.5% rate current conditions below satisfactory;
- ❖ **Transportation/Commuting Programs and Business Improvement Districts** are highest area of interest for association & nonprofit executives; and
- ❖ 63.9% of organizations who expressed issue, identified **Cost of Living** as the biggest employee retention issue.

TOP 3 REASONS FOR LOCATING WITHIN THE DISTRICT OF COLUMBIA

"It's the Big League of Association Work"

—2007 Survey Respondent

A 2006 study conducted by the Nonprofit Roundtable of Greater Washington found that roughly 62% of District-based nonprofits had national and/or international focus⁷. The important national lobbying, advocacy and public policy activities of such organizations has resulted in **proximity to federal government** (69.9%), and **prestigious address** (46.1%) being listed as the top two reasons for location within the District of Columbia. **Concentration of industry** (large number of associations headquartered here) was identified as the third most common reason (39.1%), demonstrating the District's role as an industry hub.

5. US DEPARTMENT OF LABOR, 2004.

6. NOTE: MEAN IS NON-INCLUSIVE OF ONE RESPONSE, 42,585, WHICH IS A DEVIANT NUMBER THAT WOULD SIGNIFICANTLY EXAGGERATE THE AVERAGE

7. THE NONPROFIT ROUNDTABLE OF GREATER WASHINGTON, 2006.

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

BUSINESSPREMIER'S STATE OF ASSOCIATIONS & NON-PROFITS

BUSINESS CLIMATE

Promising, but slightly apprehensive about District's economic progress: lack of affordable housing, local government and public schools identified as areas of dissatisfaction

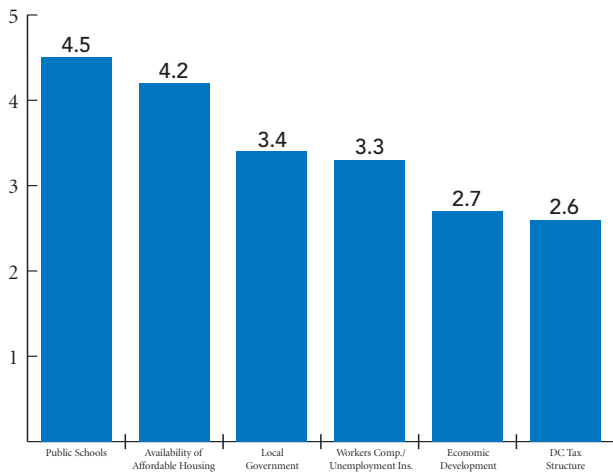
BUSINESS CLIMATE RATINGS

Compared to five years ago, how would you describe the business climate in the District?	Response Percent	Response Total
Better Today	58.4%	66
No Change	22.1%	25
Worse Today	7.1%	8
No Opinion	12.4%	14

Total # of respondents: 116. Statistics based on 113 respondents; 0 filtered; 3 skipped

Between 2001 and 2006, the District of Columbia's employment base has grown by more than 10,000 jobs⁸. Furthermore, the private sector average weekly wage has grown from \$1,039 to \$1,307 within the last four years⁹. Therefore, when comparing the District's business climate today versus five years ago, more than half, of respondents expressed a favorable impression of the changes. However, roughly one-third communicated static impressions mentioning either no change or no opinion. This is largely due to dissatisfaction regarding public schools and availability of affordable housing among others (see below).

ASSESSMENT OF DC BUSINESS CLIMATE



ISSUES THAT IMPACT BUSINESSES

"Zoning regulations have been a nightmare for my organization. We are losing thousands of dollars every day we can not use our building."

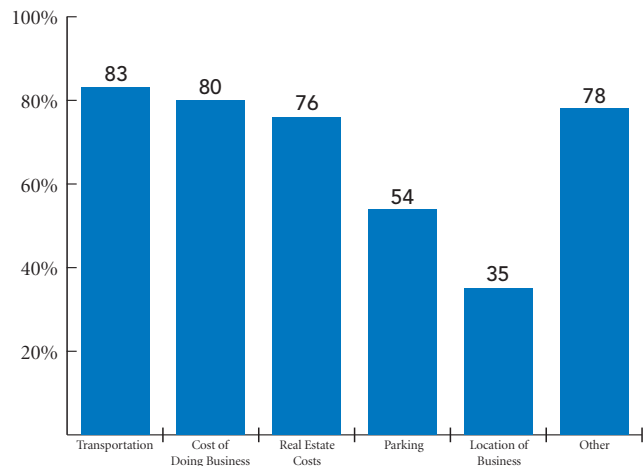
—2007 Survey Respondent

Cost of Doing Business, Transportation, Real Estate Costs, and Location of Business Sited as Business Impediments

Within the past 4 years the District has experienced more than \$15.2 Billion dollars in development activity¹⁰ and has surfaced as one of the fastest growing markets both in population and real estate. Between 2000 and 2006, the District of Columbia absorbed roughly 10,000 additional residents, 7.5% of the regions total¹¹. As the District and region expand, the increase in population, the existence of building height restrictions, and the decrease in developable land will inevitably strain existing municipal services. Many organizations expressed concerns that already reflect the impacts of such rapid growth. The top five impediments to business operations identified by associations and non-profit organizations included (in ranking order):

- ❖ Transportation
- ❖ Cost of Doing Business
- ❖ Real Estate Costs
- ❖ Parking
- ❖ Location of Business

BUSINESS IMPEDIMENTS



8. DEPARTMENT OF EMPLOYMENT SERVICES, GOVERNMENT OF THE DISTRICT OF COLUMBIA, 1995–2006 ANNUAL AVERAGES

9. DEPARTMENT OF EMPLOYMENT SERVICES, GOVERNMENT OF THE DISTRICT OF COLUMBIA. BASED ON 2002 (ANNUAL) & 2006 (Q1) EARNINGS

10. WASHINGTON, DC ECONOMIC PARTNERSHIP, 2006/2007

11. U.S. CENSUS BUREAU, 2006 POPULATION ESTIMATES

EMPLOYMENT & WORKFORCE

Qualified Workforce but Limited in Supply, Cost of Living, Competitive Labor Market and Highly Specialized Skill Set Identified as Issues with Retention

Though workforce quality was rated highly, availability seems to be an issue. Roughly 56% of organizations cited **Competitive Tight Labor Market** as a major business growth impediment. These sentiments are consistent with the District's human capital market. The Washington Metro Area, where many of these human resources are being solicited, has an unemployment rate of roughly 3.2%¹², 1.7% below the national average of 4.7%¹³. For the District, this figure is only slightly higher, 5.7%¹². An under-saturated labor market may impact employers in many ways including seeking employees outside of the District/Washington Metropolitan Area and/or employing under-qualified individuals to fill critical positions. The study showed evidence of both as 27.8% of respondents noted **Highly Specialized Skills Set Required** and **Poor Work Ethic/Motivation** (25%) as retention issues of concern. Major dissatisfaction was expressed regarding ease of employee removal as 88% of respondents rated **Workers Compensation Rates/ Unemployment Insurance** at or below satisfactory.

EMPLOYEE RETENTION ISSUE OF CONCERN

Which of the following best describe the reasons for your employee retention issues (Check all that apply)?	Response Percent	Response Total
Highly specialized skill sets required	27.8%	10
Competitive tight labor market	55.6%	20
Poor work ethic/motivation	25%	9
Prevailing wages	44.4%	16
Cost of Living	63.9%	23
Other, please describe	27.8%	10

In all, thirty-one percent (31%) of organizations identified concerns regarding employee retention. Aside from the aforementioned employment issues, **Cost of Living**, was noted as the biggest reason for this issue (63.9%). Though methodologies vary, the cost of living index is calculated using salary ranges for a particular jurisdiction, state/local taxes, and regional Consumer Price Index(CPI).

The chart below compares salary ranges required to maintain the same lifestyle in other major US markets as is obtained on a \$70,000 a year salary in the District of Columbia:

COST OF LIVING SALARY COMPARISON

District of Columbia	\$70,000.00
Boston	\$67,567.59
Chicago	\$56,302.19
Atlanta	\$48,355.98

Source: CNN Money

DC has the highest cost of living of any of the cities surveyed as they all require, in some cases \$10,000 or more, less than \$70,000/year to maintain similar lifestyles. As the District grows, cost of living and the affordable-moderate housing inventory issue will continue to remain of large concern. The housing wage¹⁴ (a national indicator of affordability) for the District is currently \$22.83/hour which is noticeably higher than the national average of \$15.37/hour and the third highest in the region¹⁵. The District's rising average monthly rental rates, currently \$1,894/month¹⁶, and declining moderate and affordable housing inventory may inevitably exacerbate this concern.

GOVERNMENT PROCUREMENT

Few, Yet Poor Procurement Experiences

Though less than two percent of respondents mentioned receiving revenues from the District of Columbia's procurement process, of these two, both mentioned poor quality in both timeliness of payment and customer service.

MOST SOUGHT AFTER BUSINESS RESOURCES

Businesses are increasingly aware of and benefiting from the plethora resources that exist within the District of Columbia. The most important business assistance programs identified were:

Transportation and Commuting Programs

Annually, Metrorail and Metrobus serve forty-two percent of employees working in DC and Arlington County (select areas), a population of 3.5 million¹⁷. Not surprisingly, **Transportation and Community Programs** were listed as the number one business assistance resource needed with 85.3% of responses.

The District's Department of Transportation (DDOT) has been working to address this growing concern by encouraging and facilitating more transit oriented housing to encour-

12. DEPARTMENT OF EMPLOYMENT SERVICES, GOVERNMENT OF THE DISTRICT OF COLUMBIA 2006 MONTHLY AVERAGES 13. US DEPARTMENT OF LABOR 2007 SEASONALLY ADJUSTED REPORTS. 2007
 14. BASED ON MONTHLY RENT FOR TWO BEDROOM APARTMENT 15. ECONOMIC DEVELOPMENT BACKGROUND REPORT. OFFICE OF PLANNING, GOVERNMENT OF THE DISTRICT OF COLUMBIA, 2006 * HOUSING WAGE DETERMINED BY THE COST OF A TWO BEDROOM APARTMENT 16. DELTA ASSOCIATES, 2007 17. WASHINGTON AREA METROPOLITAN TRANSIT AUTHORITY, 2006

2007 BUSINESSPREMIER RETENTION REPORT: STATE OF ASSOCIATIONS & NON-PROFITS

BUSINESSPREMIER'S STATE OF ASSOCIATIONS & NON-PROFITS

age more District residency and decrease commuting time. Additionally, through the programs such as car sharing and enhancing services with DC Circulator, Metro Extra and Metro, commuters from outside of the District can travel to and from with greater ease.

One notable independent program, Commuter Connections was developed to address this concern. Commuter Connections is a regional network of transportation organizations coordinated by the Metropolitan Washington Council of Governments (COG), a nonprofit. The program offers free services to those who work in the Metropolitan Washington area including:

- ❖ Ride matching for carpools and vanpools
- ❖ Guaranteed Ride Home program
- ❖ Commuter benefit programs for their employees, including telework/telecommuting.

Crime Reduction/Prevention Programs

Crime negatively impacts client visits, business insurance, condition of neighborhood and perception of address among others. Roughly 70% of respondents identified a need for more crime reduction/ prevention programs. The Washington, DC Metropolitan Police Department has developed a number of new initiatives and programs in response to the growing security and crime concerns of communities and businesses.

Business Improvement Districts

Business Improvement Districts (BIDs) are commercial neighborhoods where property owners tax themselves to make their community cleaner, safer and more vibrant. The tax is used by the BIDs for services and capital improvement that supplement those provided by the city. The BIDs work to enhance public safety, parking and transportation management, streetscape and marketing efforts.

For a complete list of Business Improvement District please see the [Business Resource Section \(pg 21\)](#).

Workforce Development/Training Programs

The Department of Employment Services (DOES) has a One-Stop Business Resource Center for employers and small business owners to encourage job creation and economic growth in the District. Their services include, but are not limited to:

- ❖ Incubator space providing basic office services & equipment
- ❖ Technology support services
- ❖ Meeting Space
- ❖ Assistance with financing & marketing
- ❖ Computers & audiovisual equipment

Tax Incentives & Financing Opportunities

One of the great advantages of operating a business in the nation's capitol is the number of programs designed to provide tax and other financial benefits. Making business owners and executives aware of these services has been identified as an issue. Below are highlighted tax and financial benefits programs provided to the nonprofit sector:

Income Tax Incentives

Most Nonprofits qualify for exemption under the DC Income and Franchise Tax Act. In order to establish tax exemption, an organization must file a form FR 164 in DC.

Sales Tax Incentives

In order to qualify for sales tax exemptions, organizations must have an office in DC. Purchases made by organizations are exempt from District sales taxes if they meet certain conditions. Sales within the District by exempt organizations which have an office or sales activities in DC are subject to District sales taxes.

Property Tax Incentives

Organizations qualify for Personal Property Tax exemptions. In order to establish Real Property tax exemption, organizations must file a Form FP 300. Property owned by Nonprofits may be exempt from Real Property Taxes.

Financing Opportunities/Grants

The Office of Partnerships and Grants Development (OPGD) is DC's central clearinghouse for information on local and federal government grants. OPGD can help identify funding opportunities. Grants.gov website helps find federal government grants. The site has information on grants from all 26 federal grant-making agencies. The Office of the Deputy Mayor for Planning and Economic Development offers a variety of information and resources useful for new and existing businesses, such as incentives and tax-exempt bonds.

Summary

The District of Columbia has a number of assets that help to attract the business of associations and non-profits nationally, proximity to federal government and prestigious address are among the most popular. However, as competition from neighboring jurisdictions increases, these two factors alone will not be strong enough to combat outward migration. Migration may take the form of moving whole or portions of operations to other areas leaving only advocacy and lobbying positions with small office spaces within the District. Additionally, as transportation systems improve, proximity to Federal government may also be streamlined by public transportation which is assessable to Maryland and Virginia organizations. These departures impact the District both in employment and tax base.

A few ways to combat this exodus include:

Marketing: Highlighting and promoting attributes of the District that are unique to the market. Organizations also look for ambiance when making real estate decisions.

Engaging: Actively engaging the sector and promoting dialog between government officials and industry leaders; word of mouth is one of the District's biggest assets.

Assisting: Providing business assistance and resource programs typically designed for the for-profit business community to the nonprofit sector.

In order to help encourage association and nonprofit growth and expansion the District will need to be:

More Transparent and Service Minded: improving overall government customer service experiences can assist businesses and improve perceptions of the District's overall friendless and professionalism.

More Cost Effective: As competition increases remaining cost competitive is imperative for the District. Where possible initiatives should be created to alleviate the growing financial burdens experienced by organizations.

More Streamlined and Easier to Navigate: Better communicating zoning and regulatory issues and changes, streamlining requirements and locations and making information more readily available can assist organizations in growth and expansion within the District of Columbia.

The Washington, DC Economic Partnership's annual publication, *Doing Business in Washington, DC*, is a step-by-step how to on business requirements and consideration designed to streamline and inform. To obtain a copy of this or other WDCEP publications, please visit us at www.wdcep.com.

For more information about the *BusinessPremier 2007 State of Associations & Nonprofits* study, please contact:

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THE NONPROFIT ROUNDTABLE OF GREATER WASHINGTON: THE BUSINESS OF DOING GOOD IN GREATER WASHINGTON

HOW THE NONPROFIT SECTOR CONTRIBUTES TO THE REGION'S ECONOMY

Research Snapshot: District of Columbia

The Center for Civil Society Studies at Johns Hopkins University found that:

In 2003, the District of Columbia had 102,129 nonprofit employees

This accounted for 47 percent of nonprofit employment in Greater Washington

Nonprofits are an especially significant component of the employment base in the District, accounting for nearly a quarter (24.4 percent) of private employment in the District in 2003, compared to 11.2 percent for the region as a whole

Between 1995 and 2003, the number of nonprofit employees in the District increased 28 percent (from 79,761 to 102,129), compared to a regional growth rate of 33.2 percent

Nonprofit job growth accounted for 53.8 percent of all job growth in the District from 1995 to 2003, compared to 16 percent for the region as a whole

The Center on Nonprofits and Philanthropy at The Urban Institute found that:

Although the District is home to only roughly 14 percent of the region's population and covers just 69 square miles, it accounts for 44 percent of Greater Washington's nonprofit sector, with 3,356 active nonprofits located in the District in 2000

62 percent (2,080) of nonprofits in the District had a national/international focus, while 38 percent (1,276) were locally focused

The number of nonprofits in the District increased by 646 (23.8 percent) from 1995 to 2000, compared to an overall regional growth rate of 28.4 percent

In 2000, nonprofits in the District spent nearly \$17.3 billion, accounting for 59.9 percent of total nonprofit spending in the region

The District is a financial hub for the nonprofit sector, with more than half of revenue and nearly three out of five dollars spent in 2000 attributable to nonprofits based in the District

DEMOGRAPHICS*

Land Area (square miles)	69
Population in 1990	606,900
Population in 2000	572,059
Projected Population in 2010	627,000
Projected Population in 2020	688,100

*SOURCE: GREATER WASHINGTON INITIATIVE (2010 AND 2020 PROJECTIONS FROM METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS COOPERATIVE FORECASTS)

The Nonprofit Task Force (“The Task Force”) was created by the Office of the Deputy Mayor for Planning and Economic Development for the purpose of studying economic issues relating to the Nonprofit Industry in the District of Columbia. The Task Force’s charge is to create initiatives based on studies that will not only support the development and retention of existing nonprofits but also attract new nonprofits to the District of Columbia.

The Administration understands how important this sector of the local economy is to the workforce and residents of the District through both their economic impact and the many services they provide. Additionally this group is also very important to our hospitality industry for the many conferences it holds in the District and tourist dollars these conferences attract. The Task Force will be hosting several conferences and seminars during the year to further its mission.

If you have any ideas or questions, please contact any member of The Task Force as it needs your input to understand how the District can support this important industry.

TASK FORCE COMMITTEE

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National Association for the Education of Young Children

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BUSINESS RESOURCES

QUICK REFERENCES

DISTRICT OF COLUMBIA

GOVERNMENT AGENCIES *SELECTED*

District Government Hotline

www.dc.gov
202.727.1000

Office of the Deputy Mayor for Planning & Economic Development

1350 Pennsylvania Avenue, NW,
Suite 317
Washington, DC 20004
www.dcbiz.dc.gov
202.727.6365

Department of Consumer & Regulatory Affairs (DCRA)

941 North Capitol Street, NE
Washington, DC 20002
www.dkra.dc.gov
(202) 442-4400

Business Center202.442.4311

Permit Center.....202.442.4470

Building Inspection

Division.....202.442.4500

Building and Land Regulation

Administration.....202.442.4460

Business and Professional Licensing

Administration.....202.442.4450

Corporations Division202.442.4432

Historic Preservation

Division.....202.442.4570

Department of Employment Services (DOES)

609 H Street, NE
Washington, DC 20002
www.does.dc.gov
202.724.7000

Department of Housing and Community Development (DHCD)

801 North Capitol St., NE, Suite 8000
Washington, DC 20002
www.dhcd.dc.gov
202.442.7200

Department of Insurance, Securities, and Banking (DISB)

801 First Street, NE, Suite 701
Washington, DC 20002
www.disb.dc.gov
202.727.8000

DISB Insurance Bureau202.442.7766

DISB Risk Finance Bureau202.727.5074

Department of Small & Local Business Development

441 4th Street, NW, Suite 970 North
Washington, DC 20001
www.dslbd.dc.gov
202.727.3900

Metropolitan Police Department (MPD) Business Service Center

300 Indiana Avenue, NW
Washington, DC 20001
www.mpdc.dc.gov
202.727.5084

Office of Contracting and Procurement (OCP)

441 4th Street, NW, Suite 700 South
Washington, DC 20001
www.ocp.dc.gov
202.727.0252

Office of Enterprise Zone and Revenue Bond Program

1350 Penn. Avenue, NW, Suite 317
Washington, DC 20004
www.dcbiz.dc.gov
202.727.6365

Office of Planning

801 N. Capitol Street, NE, Suite 4000
Washington, DC 20002
www.planning.dc.gov
202.442.7600

Office of Tax and Revenue (OTR)

Customer Service Center
941 North Capitol Street, NE, 1st Floor
Washington, DC 20002
www.cfo.dc.gov/otr
202.727.4TAX

Office of Unemployment

Compensation Tax Division

Department of Employment Services
609 H Street, NE, Room 367
Washington, DC 20002
www.does.dc.gov
202.698.7550

GENERAL BUSINESS

SUPPORT RESOURCES

Washington, DC

Economic Partnership

1495 F Street, NW
Washington, DC 20004
www.wdcep.com
202.661.8670

DC Building Industry

Association (DCBIA)

5100 Wisconsin Avenue, NW, Suite 301
Washington, DC 20016
www.dcbia.org
202.966.8665

DC Chamber of Commerce

Business Resource Center

7408 Georgia Avenue, NW
Washington, DC 20012
www.brc.dc.gov/gabr
202.545.0220

DC Chamber of Commerce

1213 K Street, NW

Washington, DC 20005
www.dccchamber.org
202.347.7201

Greater Washington Board of Trade

Small Business Network

1725 I Street NW, Suite 200
Washington, DC 20006
www.bot.org
202.857.5900

Greater Washington Hispanic

Chamber of Commerce

910 17th Street NW, Suite 1170
Washington, DC 20006
www.iberochamber.org
202.728.0352

Greater Washington Initiative (GWI)

1725 I Street, NW, Suite 200
Washington, DC 20006
www.greaterwashington.org
202.857.5999

Society of Industrial and Office Realtors (SIOR)

1201 New York Ave., NW, Suite 350
Washington, DC 20005
www.sior.com
202.449.8200

NON-PROFIT ASSISTANCE**American Society of Association Executives**

1575 I Street, NW
Washington, DC 20005
www.asaecenter.org
202.326.9502

Center for Non-Profit Advancement

1666 K Street NW, Suite 440
Washington, DC 20006
www.nonprofitadvancement.org
202.457.0540

Foundation Center

1627 K Street, NW, 3rd Floor
Washington, DC 20006
www.foundationcenter.org/washington
202.331.1400

Office of Partnerships and Grants Development

Executive Office of the Mayor
1350 Pennsylvania Ave., NW, Suite 324
Washington, DC 20004
www.opgd.dc.gov
202.727.8900

NEIGHBORHOOD RESOURCES**Business Improvement Districts (BIDs)****Adams Morgan Partnership**

P.O. Box 21507
Washington, DC 20009
www.adamsmorganonline.org
202.997.0783

Capitol Hill BID

30 Massachusetts Avenue, NE
Washington, DC 20002
www.capitolhillbid.org
202.842.3333

Capitol Riverfront

1100 New Jersey Avenue, SE
Suite 1000
Washington, DC 20003
www.capitolriverfront.org
202.465.7079

Downtown DC BID

1250 H Street, NW, Suite 1000
Washington, DC 20005
www.downtowndc.org
202.638.3232

Georgetown BID

1055 Thomas Jefferson Street, NW
Suite L-11
Washington, DC 20007
www.georgetowndc.com
202.298.9222

Golden Triangle BID

1120 Connecticut Ave., NW Suite 260
Washington, DC 20036
www.gtbid.com
202.463.3400

Mount Vernon Triangle CID

1250 H Street, NW, Suite 1000
Washington, DC 20005
www.mountvernontriangle.org
202.626.1139

NoMa-Capitol Hill North BID

131 M Street, NE Suite 105
Washington, DC 20002
www.nomabid.org
202.595.8982

Community Development Corporations (CDCs)

The following is a partial listing of CDCs, for a complete listing, please visit: www.brc.dc.gov, under "Community Development."

Anacostia Economic

Development Corporation
2021 Martin Luther King Jr. Avenue, SE
Washington, DC 20020
www.anacostiadc.com
202.889.5100

Development Corporation of Columbia Heights

3419 14th Street, NW
Washington, DC 20010
www.dcch.org
202.483.4986

East of the River CDC

3029 MLK, Jr. Ave., SE, 3rd Floor
Washington, DC 20032
www.ercdc.org
202.561.4974

Far Southwest/Southeast CDC

3939 South Capitol Street
Washington, DC 20032
202.373.1054

H Street CDC

501 H Street, NE
Washington, DC 20002
www.hstreetcdc.org
202.544.8353

Latino Economic**Development Corporation**

2316 18th Street, NW
Washington, DC 20009
www.ledcdc.org
202.588.5102

MANNA CDC

828 Everts Street, NE
Washington, DC 20018
www.mannadc.org
202.832.1845

Marshall Heights CDO

3939 Benning Road, NE
Washington, DC 20019
www.mhcdco.org
202.396.1200

Washington Area Community Investment

3624 12th Street, NE
Washington, DC 20017

