

What You Need to Know

Recent developments in the relationship between government and nonprofits **October 2009 (updated 12/16/09)**

For more information and to get involved in advocacy around these issues, contact:

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Governor and legislature finalize legislation

Governor Arnold Schwarzenegger completed action on October 11 on the 872 bills passed by the Legislature this year, the fewest in more than 40 years. Schwarzenegger set a record for signing the fewest bills in a single year, approving only 632 of the measures that reached his desk in the 2009 regular session (three special sessions are scheduled for this fall). More than two dozen bills had a direct impact on the nonprofit sector, including issues like emergency and disaster liability, disclosure of nonprofit donor information, nonprofit fundraising practices, electronic communications with members, and prompt payment to nonprofits by state government. Details: <http://www.canonprofits.org/advocacy/>.

Are you breaking fundraising laws?

In the past, it wasn't necessary for many groups to file registration papers outside of their home states. But with the advent of online fund raising, many organizations are probably violating laws in some states because they are collecting donations without letting state authorities know.

Details: <<http://philanthropy.com/news/government/index.php?id=9876>>

Nonprofits may be excluded from health care reform

The Senate Health Care bill would provide a tax credit beginning in 2011 through 2013 for businesses and 501(c) organizations with less than 25 employees and average wages below \$40,000. During those three years, the bill permits a credit for all eligible small employers that provide insurance for their employees, and beginning in 2014, credits are available to employers purchasing employee coverage through health insurance exchanges. The House-passed bill provides a small business tax credit that does not apply to tax-exempt organizations. To help ensure that Congress passes health reform legislation designed to provide direct incentives for nonprofits to have access to affordable health insurance for their employees, go to

<http://www.independentsector.org/programs/gr/HealthCareReform.htm>

Fixing how we measure poverty

A national movement is underway to update poverty measurements, which have been unchanged for decades and don't match current economic reality. The result is laws and programs that may not be reaching the right people in the most effective way possible.

"We Need to Fix How We Measure Poverty":

<http://www.newamerica.net/publications/articles/2009>

"Improving the Measuring of Poverty":

http://www.brookings.edu/events/2008/1209_poverty.aspx

"Counting What Counts": <http://www.washingtontimes.com/news/2007/aug/29/counting-what-counts/>

Elected officials raise millions for nonprofits

Attorney General Jerry Brown has raised \$9.8 million for two nonprofits that he helped launch while he was mayor of Oakland: the Oakland School for the Arts and the Oakland Military Institute. Contributions behested by Brown and other elected officials are subject to public disclosure. Details: <http://www.fppc.ca.gov/index.html?id=499>

Rising costs and state cuts threaten Medi-Cal's future

Medi-Cal provides health insurance for 6.8 million people — one in six Californians — and is a major source of funding for safety-net providers. A newly updated report from the California HealthCare Foundation reveals how the continuing rise of health care costs and increased demand for services — at a time of declining state revenues — are putting the squeeze on the program, health care providers, and beneficiaries.

Details: <http://www.chcf.org/topics/almanac/>.

State government reform proposals take shape

Two reform groups have submitted ballot measure language to the Attorney General for review as a first step to putting initiatives on the November 2010 statewide general election ballot. The California Forward Action Fund (<http://www.cafwd-action.org/>) has submitted a pair of initiatives that they say would bring comprehensive reform to California's broken budget process. Repair California (<http://www.repaircalifornia.org/>), turned in measures that would select 465 people to conduct "limited" redrafting of the state's basic laws through a constitutional convention. Once they receive the attorney general's approval, supporters will have until mid-April to gather 694,435 registered voters' signatures for each of their initiatives.

Nonprofit giving incentive fights for extension

The IRA Charitable Rollover — which allows older Americans to make tax-free distributions to nonprofits from IRA accounts - expires December 31, 2009 unless reauthorized by Congress. California congress members are key players in this decision. To find out more and take action: <http://www.independentsector.org/programs/gr/IRARollover.html>.

Legislators pass funding bills for nonprofits and local government

The California State Senate has passed measures to restore funding to domestic violence shelters and help cities and counties borrow money to balance their budgets. Senators voted unanimously to approve a measure restoring \$16 million cut from the budget for 94 nonprofit domestic violence shelters, forcing half a dozen shelters to close and others to reduce their services. The Senate vote also was unanimous on a measure to make it easier for cities and counties to borrow against future funding from the state to plug budget holes created when the state took \$1.9 billion from local coffers this summer.

Details: <http://www.csac.counties.org/>.

Census funding crucial to nonprofits and their communities

The Senate is expected to return to the 2010 Census Bureau funding soon as a part of the FY2010 Commerce-Justice-Sciences Appropriations bill. Nonprofit advocates around the nation are urging the Senate to fully fund the Census at the level requested by President Obama and to oppose any effort to redirect funding from the Census Bureau to other programs. An accurate census is essential for determining where best to direct dollars and services. Details: http://www.independentsector.org/programs/gr/Census_Bureau_Funding_2010.htm.

Workers' Compensation decisions likely to increase benefits and employer costs

The Legislative Analyst's Office (LAO) has released a report that describes the potential effects of two recent decisions made by the Workers' Compensation Appeals Board (WCAB) that determined that workers' compensation permanent disability ratings may be "rebutted," or challenged, based on the evidence in particular cases. The report (1) reviews these decisions, (2) discusses their potential effects on workers' compensation costs and benefits, and (3) provides options to address issues raised in the report.

Details: <http://www.lao.ca.gov/laoapp/PubDetails.aspx?id=2125>.

Nonprofits face pension crisis

Independent Sector, a national coalition of public charities, private foundations, and corporate giving programs, has renewed its call for Congress to ease rules that require charities and other employers to make certain payments to "defined-benefit" pension funds. Many employers, including nonprofit organizations, that sponsor defined benefit pension plans will soon be required to make large catch-up contributions into their pension funds due to the decline in the financial markets and new pension funding rules that require the losses to be repaid within seven years. Details: http://www.independentsector.org/programs/gr/Pension_Plan_Funding_Relief.htm.

New clarity in IRS rules for advocacy grantmaking

A new ruling from the Internal Revenue Service may get more community foundations involved in supporting advocacy efforts. Details: <http://www.afj.org/for-nonprofits-foundations/>.

Tax overhaul plan sparks wide range of views

"I would sign it immediately," Governor Arnold Schwarzenegger declared at a Capitol news conference. "This report coddles CEOs and millionaires while kicking California families to the curb," said Assemblywoman Noreen Evans (D-Santa Rosa), chairwoman of the Assembly budget committee. To find out more about The Commission on the 21st Century Economy's plan to overhaul the state's tax system now under consideration by the Legislature:

http://www.cotce.ca.gov/documents/reports/documents/Final_Report-Press_Release.pdf

http://www.cbp.org/pdfs/2009/090921_COTCE_Press_Release.pdf

State reopens applications for fundraising opportunity

California nonprofits now have the ability to link together electronically to play Remote Caller Bingo, recently authorized by state law and offering the opportunity for players in number of different locations to play in a single game, increasing the size of the prizes for the players and the fundraising potential for nonprofits conducting the game. The California Gambling Control Commission recently reopened applications to conduct remote caller bingo. Details:

<http://www.cgcc.ca.gov/bingo>.

Tax law proposals threaten nonprofit funding

The Congressional Budget Office estimates that repealing the estate tax would decrease donations to charity by 6% to 12% a year and reduce bequests by 16% to 28% a year. Estate-tax reforms passed at the start of the decade call for no tax at all in 2010, followed by reinstatement the subsequent year. Many state and national nonprofit associations, including CAN, are urging lawmakers to maintain the tax at 2009 levels, including a 45% rate and a \$3.5 million exemption.. Info:

<http://www.independentsector.org>.

Taxes, government and nonprofits

Congressional Research Service (CRS) has released a report with recent data on the size and scope of the nonprofit sector, how charities are funded, the charitable sector's relationship with the government, and related policy issues such as the tax treatment of charitable donations, health care reform, responses to the economic downturn, and the federal government's new social innovation initiative.

Details: <http://cts.vresp.com/c/?IndependentSector/e0344f76f2/cf0f76a79b/db09543d8b>.

Major giving incentive threatened

The House of Representatives has passed legislation to extend the estate tax permanently at 2009 levels. If the Senate does not pass identical legislation, any legislation it approves would have to move to a conference committee with the House to negotiate a compromise acceptable to both bodies. It is unlikely that such a conference and subsequent votes by both chambers could be completed before the end of this year.. Without it, legal authorization for the estate tax will expire and this important incentive will be lost for people of great wealth to give back to communities through charitable contributions and tax revenues. Take action:

http://www.independentsector.org/media/20091204_estatetax.html.

Congress Agrees to \$50-Million for Social Innovation Fund, Cuts Volunteer and Capacity-Building Fund

Congressional negotiators have agreed to allocate \$50-million in the 2010 fiscal year for the new Social Innovation Fund, which will provide grants to help promising nonprofit groups expand effective programs — the full amount requested by President Obama. However, in a deal

http://appropriations.house.gov/pdf/FY10_LHHS_Conference_Summary.pdf yesterday on the Corporation for National and Community Service budget, a House-Senate conference committee decided to trim spending on two other programs designed to help nonprofit groups — the Volunteer Generation Fund and the Nonprofit Capacity Building Program. The Capacity Building program will begin its first year with \$1 million in funding, well below what was hoped for by nonprofit advocates, including CAN, who have lobbied for several years to create the program, but nevertheless a new step in the right direction for government support of nonprofits.

Jobs bill provides boost to nonprofits

The House of Representatives has passed a \$154-billion jobs bill that includes \$200-million in fresh money for AmeriCorps, the national-service program, whose members conduct services for nonprofits and communities including financial counseling, disaster response, housing support, and after-school programs. The money, provided in the Jobs for Main Street Act, H.R. 2847 <http://www.rules.house.gov/111/LegText/111_hr2847hamndsamnd.pdf> , would allow AmeriCorps to add 25,000 members.

The Senate is not expected to consider the jobs bill until early next year.

How to stay informed and involved

Check in often for latest developments on CAN's home page: <http://www.canonprofits.org>

Join CAN to receive announcements of monthly public policy phone briefings for nonprofit advocates: <http://www.canonprofits.org/membership/join/nonprofits.html>