2015 Advocacy Plan

Introduction:

The Center for Non-Profits’ mission is to build the power of New Jersey’s non-profit community to improve the quality of life for the people of our state.

To pursue its mission, the Center:

- **Champions and protects** the non-profit community as an indispensable part of the social and economic well-being of New Jersey and its residents.
- **Advances knowledge and promotes best practices** to foster effective, ethical organizations in furtherance of the public good.
- **Convenes and fosters connections** between and among non-profit organizations and their champions, as well as partners in government and for-profit business, in order to enhance collective strength.

Through its advocacy and public education work, the Center seeks to champion and protect the non-profit community by:

- Demonstrating leadership on non-profit issues;
- Convening the sector to solve critical problems;
- Fostering a unified voice of the non-profit community;
- Raising the profile of the non-profit community and non-profit issues; and
- Heightening responsiveness to sector issues/needs among policy makers, funders, the media, business and others.

Strategic Priorities for 2015

**Strengthen Government/Non-Profit Partnerships.**

The non-profit community has a long tradition of working in partnership with government to identify and address public needs, and government is relying increasingly on non-profits to deliver vital programs and services. This relationship depends upon the ability of both partners to exchange information, ideas and recommendations freely. When policies are enacted on a piecemeal basis or without sufficient input from non-profits and/or from experts in non-profit issues, or when service contracts cross inappropriately into micromanagement, the result is inefficiency, ineffective policies, and wasted resources for non-profits and the state alike.

*The Center will continue to work to strengthen non-profit/government partnerships by:*

- fostering government policies and practices that reflect an awareness and appreciation of the vital economic and social importance of the non-profit community

www.njnonprofits.org
Tel 732.227.0800  |  Fax 732.227.0087  |  3575 Quakerbridge Road, Suite 102, Mercerville, NJ 08619
Facebook.com/njnonprofits  |  twitter.com/nj_nonprofits  |  linkedin.com/company/center-for-non-profits
Center for Non-Profits is a New Jersey non-profit corporation and a federally recognized 501(c)(3) publicly supported charity.
• encouraging government to more systematically seek and incorporate non-profit concerns into government policies;
• promoting specific improvements to streamline regulations and contracting requirements; and
• encouraging more cross-communication between and among government agencies and non-profits.

Action Steps:

Provide education, technical assistance and advocacy to non-profits and government to facilitate implementation of the OMB Uniform Guidance.

The U.S. Office of Management and Budget’s recently finalized Uniform Guidance overhauling federal grants policies and procedures have been called “game-changing” in terms of its recognition of indirect costs as valid and essential to organizations' work, and its requirement that all grants and contracts that use federal funds include a reasonable indirect cost rate. However, the adoption of the guidelines is only part of the job: non-profits need to be aware of the guidance and understand how to take advantage of the opportunities it provides, and we need to ensure that the State implements these guidelines in accordance with federal intent. Additionally, we should also explore the possibility of enacting similar indirect cost requirements for government grants and contracts that do not channel federal funds. Finally, in a complementary initiative, we will continue to work in partnership with the Council of New Jersey Grantmakers to encourage private funders, as well as public, to recognize and fund the full costs of the non-profit work they support, and to assist non-profits in quantifying their true costs.

• Host 2 training sessions, one online and one in-person, to assist organizations in adapting to the new federal OMB guidance.
• Explore the feasibility of developing a more comprehensive technical assistance program to assist organizations with OMB guidance, including negotiating reasonable indirect cost rates for contracts. Includes outreach and exploratory conversations with the National Council of Nonprofits, state association counterparts in neighboring states, and accounting firms and other experts with experience in non-profit/government contract negotiation.
• Explore 1-2 briefing sessions featuring New Jersey cabinet officials, their designees or other officials/policy makers to focus on the major contracting issues and findings and encourage them to incorporate key components of the OMB uniform guidance into state contracts and grants whose money does not originate at the federal level, as well as advocate for other contracting improvements (e.g., streamlined procedures, increased focus on impact).
• Update survey data of New Jersey non-profits regarding contracting experiences and technical assistance needs, either as a standalone initiative or as part of the Center’s annual “New Jersey Non-Profit Issues and Trends Survey.”

Continue to coordinate Red Tape working group and cultivate strong working relationship with the Red Tape Review Commission staff in order to streamline needlessly burdensome regulations and procedures affecting non-profits.

As national studies, numerous non-profit advocates and the Center’s own “rapid response” surveys have shown, the government/non-profit contracting system is broken, siphoning scarce resources away from providing programs to needlessly burdensome administrative costs. Problems such as payments that don't cover the cost of services late payments, delayed contract execution, overly complex and duplicative monitoring and auditing procedures, and impracticable third party contract restrictions are commonplace in New Jersey.

Although progress has been made via administrative and/or regulatory channels on a number of the issues identified by our Red Tape working group, more work remains to be done, and some issues will require legislation to advance or resolve.

Among the areas to continue to explore for legislative or administrative solutions:
• Simplifying and strengthening the myriad background checking requirements into a more comprehensive, cohesive system that is less confusing, less costly and yields more reliable results. This is a significant problem for many non-profits, especially those that serve vulnerable populations.

• Document vault: ensuring that State of New Jersey’s e-procurement portal, NJSTART.gov, including the rollout of an online “document vault” for storage and ready retrieval of key items (e.g., IRS determination letter, bylaws, certificates of incorporation, standing certificates, etc.), is user-friendly for non-profits, lives up to its potential and does not create unintended problems.

• Continued improvement of the “Web portal” created by enabling legislation in 2011, to make important funding, compliance and other information for non-profits easier to locate online and available in plain-language terms.

Improve the Fundraising and Operational Climate for New Jersey’s Non-Profits

Short term:

Reform and modernize the outdated laws related to raffles and games of chance.

New Jersey’s games of chance statutes date back largely to the 1950’s, and the system for raffle license application, reporting and use of funds is confusing, inefficient, unevenly enforced, and unfair to charities. Especially given the prolonged economic downturn, legalized games of chance represent an important revenue source for many organizations. Among the reforms to be pursued include:

• Removing redundancies in application and background checking requirements;
• Allowing for electronic applications.
• Raising the threshold for dollar values for door prizes and the like before a license is required.
• Allowing charities to use the proceeds for any aspect of their work, not just program.*

* There has been a lack of clarity regarding the permissibility of using proceeds from games of chance for overhead or indirect costs. The 2013 constitutional amendment which allows veterans’ organizations to use the proceeds to support “their organizations” seems to solidify the interpretation that prohibits such flexibility for any group other than veterans’ or senior citizens clubs. This ballot measure had widespread support among the electorate, suggesting that an effort to extend its provisions to all charities might receive a similarly favorable reception. Pursuant to prior board and advocacy committee discussion, we are exploring such an option with potential legislative sponsors.

Modernize the New Jersey Nonprofit Corporation Act. The last significant update to the NJ Nonprofit Corporation Act took place in 1983. The Act is now significantly out of date, and does not recognize advancements in technology or evolutions in thinking regarding governance and management. As agreed in earlier advocacy plans, a small legal working group has been convened to recommend statutory changes to update the Act. As this work progresses, additional stakeholders will be invited to participate and provide input.

Long term:

Explore the Feasibility of a State Level Tax Incentive for Charitable Giving.

New Jersey remains among the minority of states that does not offer any form of state-level tax incentive for charitable giving. Legislation that would allow a charitable contributions deduction under the NJ gross income tax, has been re-introduced in several successive sessions, but has not moved in the Legislature, presumably due to its high cost, and we have chosen not to push the matter for similar reasons. However, if proposals to pursue a state-level income tax cut gain traction this year, we may want to consider proposing this as an alternative that would be of more widespread benefit to New Jerseyans.
Serve as a Watchdog and Advocate on Key Non-Profit Sector Issues.
The Center is committed to its role as a watchdog and lead advocate on a variety of sector-wide non-profit issues. Not all of these are currently active, but those that are not may re-emerge at any times. Sample issues include:

Taxation of non-profits/Other fiscal proposals – As government budget crises continue, the pressure to find new sources of revenue will continue to intensify. For example, two current property tax cases, involving Morristown Medical Center and Princeton University, are pending before the state Tax Court and could have significant ramifications for the broader non-profit community. Various federal proposals have floated a restructuring or narrowing of non-profit tax exemptions; in New Jersey, non-profit property tax exemptions have been challenged in Camden, Red Bank, Lawrenceville and elsewhere, and remain potentially vulnerable every time property taxes are scrutinized. Recognizing that hard choices must be made to resolve government fiscal crises, we nonetheless must be prepared to defend non-profits against inappropriate attempts to levy taxes and fees that would siphon already-scarce resources away from their ability to serve the public good.

Protecting Non-Profit Advocacy rights – The Center is committed to protecting non-profit advocacy rights and removing legislative and regulatory obstacles to non-profit advocacy. In previous sessions there have been bills aimed at other types of non-profits which would have needlessly stifled 501(c)(3)s. We must also be vigilant for attempts to roll back some of the “pay to play” exemptions that we fought hard to achieve in 2008.

Accountability – Several bills have been proposed which would require non-profits that accept government funds to comply with open public records and/or public meeting requirements. (No such requirements have been proposed for for-profit contractors.) While these bills may sound appealing in concept, we believe that many would create significant administrative burdens without yielding significant public benefit in return. The Center is committed to promoting non-profit accountability policy that is reasonable, equitable and does not needlessly impose excessive bureaucratic requirements and administrative costs.

Charitable fund raising – The Center will continue to work to ensure that New Jersey's fund raising laws provide adequate protection for charities and the giving public without unduly hampering legitimate charities and fund raising. In response to our requests, the mandatory audit threshold for charitable registration and reporting has been increased in prior years by the state Division of Consumer Affairs, and we will stay on top of the issue.

Charitable giving incentives – The Center is supporting national efforts to make key charitable giving incentives permanent. At the same time, as deficit reduction efforts in Washington take on an increased intensity, proposals to reduce charitable giving incentives are attracting increasing attention. The Center is committed to supporting policies that will encourage and strengthen tax incentives to donate to charity.