

2017 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 2017

Highlight the NJ Non-Profit Community, its importance and its issues, to candidates for 2017 election to Governor and 120 NJ legislative seats

The public policy environment across the country is in a state of extreme flux, with profound implications for the ability of non-profits to provide the programs and services that make New Jersey strong. It is vital that our candidates, and the public policies they propose, reflect a full understanding and appreciation for the social and economic connections between a healthy, vibrant non-profit community and a healthy, vibrant New Jersey. We will continue to build strong partnerships with our public officials in order to strengthen communities and society across the state.

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Center for Non-Profits is a New Jersey non-profit corporation and a federally recognized 501(c)(3) publicly supported charity.

Possible Action Steps:

- Develop a yearlong, nonpartisan communications strategy to highlight the importance of the non-profit community and set forth positions on important issues that can affect the ability of non-profits to pursue their public-benefit missions.
- Convene regional “town hall meetings” of non-profits and stakeholders across the state to help to inform the development and execution of this strategy and gain buy-in from the community.
- Develop various documents/media/distribution mechanisms (whitepapers, exec summaries, infographics, short videos, taglines, etc.) for key audiences as appropriate. Distribute to all candidates for Governor and State Legislature, as well as media, funders, non-profits, business leaders, and other key stakeholders.
- Consider a broad-based candidate questionnaire, in partnership with others, to determine candidates’ public positions on key issues.
- Consider partnering with others on a candidate forum or similar event for all of the major gubernatorial candidates as soon as practicable following the primary elections.
- Encourage non-profits to increase their nonpartisan civic engagement activities during the 2017 election cycle; provide education about permissible activities for 501(c)(3) public charities.
- Invite the winner of the gubernatorial election to present remarks to the Center’s 2017 annual conference on December 6, 2017.
- Offer to provide assistance to the 2017 Governor-elect’s transition team regarding non-profit issues.

Defend Non-Profits Against Challenges to their Corporate or Property Tax-Exempt Status, and Aggressively Educate Stakeholders Regarding the Basis for Such Exemptions.

As government budget crises continue, the pressure to find new sources of revenue have continued to intensify. In recent years, a growing number of municipalities such as Camden, Red Bank, Newton, and Lawrenceville, to name a few, have attempted to challenge non-profit property tax exemptions or otherwise extract payments from non-profits. The June 2015 ruling by a Tax Court judge invalidating much the property tax exemption of Morristown Medical Center has spawned at least 35 additional suits by other municipalities against other hospitals in New Jersey. Meanwhile, because of the procedural ruling by the Tax Court judge in the Princeton University case, holding that the University has the burden of re-proving its property tax exemption, thousands of non-profits statewide are still vulnerable to third-party challenges. The settlement between Princeton University and a group of residents who had challenged the university’s property tax exemption has already given rise to the threat of a similar challenge by a Lawrence Township resident against the Lawrenceville School.

While acknowledging the reality of government fiscal crises, the Center is committed to protecting 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, and to close the loophole that puts non-profit property owners of all sizes at risk for costly suits challenging their property tax exemptions. An equally high priority is long-term public education of policy makers, the media and the public regarding how much non-profits contribute economically and socially to their communities and regions, and the significant implications of revising longstanding tax exemption policy.

Possible Action Steps:

- Work for passage of legislation to protect non-profits from arbitrary property tax exemption challenges by third parties.
- Continue to promote an aggressive public education agenda for policy makers, the media and other stakeholders in support of non-profit property tax exemptions (e.g., media work, opinion pieces, blogs, position statements and other strategies to raise public awareness and appreciation of the value non-profits provide to communities and the importance of property tax exemption to non-profits’ ability to provide essential programs and services).

- Continue to investigate ramifications of hospital property tax legislation now pending before the New Jersey legislature, or similar proposals not yet issued; explore possible positions on these specific bills as warranted based on findings.
- Serve as a resource for colleagues in other states regarding new Jersey's experiences and actions taken.
- As needed, continue to provide support in pending court cases, e.g., amicus briefs, public education and similar actions.
- Continue to provide practical education for non-profits (workshops, articles, webinars) regarding the legal frame work for property tax exemptions, and steps that can be taken to make organizations less vulnerable in case of a challenge.

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*
- *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.*

Possible Action Steps:

Continue to advocate for administrative and legislative solutions 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:

- Promoting procedural, regulatory and legislative changes as needed to reduce excessively duplicative application, reporting, compliance and monitoring requirements.
- Working to ensure government compliance with the federal OMB Uniform Guidance contracting requirements, including but not limited to indirect cost reimbursement provisions.
- 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 under consideration 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.
- A constitutional amendment to allow charities the same flexibility as veterans and senior organizations to use the proceeds for any aspect of their work, not just program.

Long term:

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 undertake a thorough review of the Act and recommend statutory changes. As this work progresses, additional stakeholders will be invited to participate and provide input.

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, and a version that would have provided an incentive for a subset of New Jersey charities was considered but ultimately eliminated from the Transportation Trust Fund package enacted in 2016. Given the state's tight budget situation, it's unclear whether 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:

Preserve the nonpartisanship of 501(c)(3) organizations – Proposals to weaken or repeal the 60-year-old law that prohibits 501(c)(3) organizations from directly or indirectly participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for elective public office have been gathering renewed momentum in Washington. The Center strongly believes that weakening the existing ban would cause significant damage to the integrity and independence of non-profits and foundations to

the detriment of the public causes we serve. We will work vigorously with our allies in New Jersey and nationally to protect the nonpartisanship of charities and foundations.

Protect 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 committed to supporting policies that will encourage and strengthen tax incentives to donate to charity. We will work with our allies to protect and expand these incentives on the federal level, and as noted above, will to promote such policies on the state level where possible.