2019 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 2019

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

**Short term:**

**Promote a State Level Tax Incentive for Charitable Giving.**

New Jersey’s charities stand to suffer a significant drop in giving as a result of the December 2017 federal tax law, although it may be at least another 1-2 years before the ramifications of that law are fully known. A charitable giving tax deduction would encourage increased giving in the Garden State, and would help to mitigate the harmful impact of the federal tax law on non-profits and New Jerseyans. 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.
The 2018 report from the State Fiscal Policy work group convened by Senate President Sweeney included a recommendation that New Jersey establish a state-level charitable giving tax incentive. Given the state’s tight budget situation and competing budget priorities in Trenton, prospects for passage this year remain unclear, but it’s important to lay the groundwork now so that we can grow momentum and rally allies behind this initiative.

**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.
- A constitutional amendment to allow charities to sell raffle tickets to New Jerseyans online.

**Support efforts to advocate for full funding of the 2020 U.S. Census and to ensure a fair, complete and accurate count of all persons.**

As noted by the National Council of Nonprofits: 

*In 2020, the U.S. Census Bureau will conduct the decennial census pursuant to the enumeration clause of the U.S. Constitution. A fair, accurate, and complete count of all persons is important for our democratic institutions as the census determines how representatives are apportioned among the several states, as well as how hundreds of bills of federal dollars are allocated to states and localities for key programs, many of which are administered through charitable organizations. Undercounts of individuals and demographic groups that charitable nonprofits serve can lead to inadequate representation and funding, which in turn put more pressure on nonprofits and foundations, state and local governments, and businesses in undercounted areas to do even more to address unmet needs.*

The Center for Non-Profits will actively support state and federal policies to adequately fund the 2020 Census, and will oppose policy proposals that would undermine a complete and accurate Census count.

**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. In order to expedite the work on this comprehensive initiative, the Center will also explore the feasibility of supporting another entity (e.g., the NJ Law Revision Commission or other body) in completing this project.

**2) Highlight the New Jersey non-profit community, its importance and its issues, to the Murphy Administration, State Legislature, and our state’s Congressional Delegation**

The public policy environment across the country is in a state of extreme volatility, with profound implications for the ability of non-profits to provide the programs and services that make New Jersey strong. By virtue of the programs they provide, the number of people they employ, and the economic vitality that they foster, non-profits are integral to advancing a stronger, fairer economy. We have important opportunities to continue to advance with the Murphy Administration and the Legislature a
fuller understanding and appreciation for the social and economic connections between a healthy, vibrant non-profit community and a healthy, vibrant New Jersey, and to promote key priorities in our policy agenda. We will continue to build strong partnerships with our public officials in order to strengthen communities and society across the state. At the same time, it remains vital to be active on federal issues with our national partners, and to encourage non-profit involvement in advocacy and civic engagement at all levels of government.

**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 gatherings 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 government officials, as well as media (consider press event if appropriate), funders, non-profits, business leaders, and other key stakeholders.
- Encourage non-profits to increase their nonpartisan civic engagement activities during the 2019 election cycle; provide education about permissible activities for 501(c)(3) public charities.
- Conduct nonpartisan candidate questionnaire of all 2019 General Assembly candidates, similar to the one conducted of gubernatorial and legislative candidates in 2017.
- Consider inviting the Governor or Lieutenant Governor to present remarks to the Center’s 2019 annual conference on December 4, 2019.
- Continue to be a resource to the Murphy Administration and Legislature about non-profit issues.

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

There is interest on the part of legislative leadership in advancing red tape and contracting reforms, and the Center will place a high priority on these issues for 2019.

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.

**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:**

Ramp up advocacy 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, are commonplace in New Jersey. Although progress has been made via administrative and/or regulatory channels on certain issues identified by our red tape working group, more work remains to be done, and we have a promising opportunity in the upcoming state budget cycle to gain significant traction.

Among the areas to prioritize for legislative or administrative solutions:

- Prioritizing legislation to reduce duplication of government audits of non-profits.
- 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, including applying these indirect cost principles to state-funded grants and contracts.
- 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.

Ensure that non-profit perspectives and concerns are represented in the tax policy recommendations and subsequent activities of the Senate president’s Economic and Fiscal Policy Review Committee.

4) 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 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 additional suits by other municipalities against at least 40 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 framework for property tax exemptions, and steps that can be taken to make organizations less vulnerable in case of a challenge.

5) 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* – The ability of charities, foundations and faith organizations to operate in a climate free from partisan pressures and interference is under dire threat in Washington. Proposals to weaken or repeal the Johnson Amendment, 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 Congress. Over the past two years, relentless non-profit advocacy helped to defeat repeated efforts to insert anti-Johnson Amendment riders into major legislation (e.g., the federal tax overhaul and “must-pass” appropriations bills), but certain factions in Congress will undoubtedly keep trying to push through similar proposals. The Trump Administration has explicitly stated that it does not wish to enforce the Johnson Amendment, so vigilance is key. 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. While recognizing the damaging effects of “dark money” on electoral politics and civil society, we are also mindful that policies to counter these effects must be carefully crafted so as not to quell free discourse and debate. 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. The Center has made a priority of advocating for improvements in the Division's new mandatory online registration portal that make the system fair, reasonable, and easy for charities to use.

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 strengthen these incentives on the federal level, and as noted above, will to promote such policies on the state level where possible.

Employment law changes – Several significant changes in the laws were enacted in 2018 affecting New Jersey employees and employers of all types, not just non-profit, and more are on the horizon. Updated laws governing pay equity, earned sick leave, and a phased-in minimum wage increase have already been enacted, expanded family/disability leave measures are being fast-tracked, and other measures are receiving active attention in Trenton as well. Additionally, the U.S. Department of Labor has announced that it will propose new regulations governing minimum salary thresholds for overtime exemptions. The Center will continue to keep non-profits informed about these changes as they occur. In addition, keeping in mind that these measures will have far-reaching (and sometimes inconsistent) implications for non-profit employers, non-profit employees, and people served by certain segments of the non-profit community, the Center will strive to balance these interests and pursue policies to mitigate negative impacts on non-profits’ abilities to pursue their missions.