

## **EXECUTIVE SUMMARY**

### **Statement and Recommendations to the**

## **Red Tape Review Commission**

The Honorable Kim Guadagno, Chairperson

The Honorable Brian P. Stack  
The Honorable Steven V. Oroho  
The Honorable John J. Burzichelli  
The Honorable Scott T. Rumana

The Honorable Brian D. Levine  
Edward B. Deutsch  
John Galandak  
Tony Monteiro

**Presented July 19, 2011**

#### **Endorsed by:**

Center for Non-Profits  
Hyacinth AIDS Foundation  
New Jersey After 3  
New Jersey Alliance for Children, Youth and Families  
New Jersey Association of Community Providers, Inc.  
New Jersey Association of Mental Health and Addiction Agencies, Inc.  
New Jersey Prevention Network  
New Jersey State Association of Jewish Federations  
Pro Bono Partnership

Respectfully submitted by:

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## EXECUTIVE SUMMARY

The recommendations in this paper have been formally endorsed by the organizations whose names appear on the cover, and are the result of extensive discussions among a working group of non-profit organizations in the state, as well as outreach and feedback from the broader community of non-profits and service providers. We thank the Governor, the Lieutenant Governor, and the members and staff of the Red Tape Review Commission for the opportunity to present our comments and recommendations, and for focusing on non-profit and social concerns as part of the Commission's work.

Non-profit organizations and service providers are a vital part of New Jersey's economic and social fabric.

- New Jersey is home to **over 31,000 charitable organizations**, which collectively **employ over 288,000 workers** – about 7% of the state's work force – and **spend more than \$33 billion each year** combined, making them a powerful contributor to our state's economy.
- New Jersey non-profits employ more people than many major industries – **more than the construction, transportation and public utilities, and more than finance and insurance combined** – providing jobs to individual taxpayers and pumping payroll taxes back into government coffers.
- Non-profits and service providers **save taxpayers untold dollars** by providing vital activities that make our state a better place to live and work.

Non-profits, service providers and government share the common goal of improving the quality of life in our communities, state and nation. The non-profit and provider 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.

We believe that both short- and long-term changes could be made that would improve our partnership with government, help to ensure the efficient provision of high quality programs and foster a climate of creativity, independence and innovation to enable non-profits and service providers to continue to serve the public good.

### Summary of Major Recommendations

#### PART I – CREATE A CLIMATE FOR IMPROVED COMMUNICATION AND POLICYMAKING

- Create an **advisory panel**, comprised of non-profit leaders and other experts to regularly review and make recommendations regarding the development, revision, streamlining and coordination of policies for non-profits and providers.
- Establish a mandatory system of **information-sharing and coordination** within government **across departments and divisions**, in partnership with and reflecting strong input from regulated and contract entities, grantees and other outside experts, in order to reduce conflict and duplication in the development and implementation of policies and procedures.

## PART 2 – BOOST EFFICIENCIES AND QUALITY THROUGH IMPROVED CONTRACTING

- **Create a centralized contracting unit** to cut down on redundancies and duplicative monitoring and reporting. Within this unit, also create a centralized vendor database (“document vault”) for non-profit and provider contracting purposes that would allow one-time filing – or reductions in duplicative filing – of basic information.
- **Establish a contracting boilerplate** for certain information that would be applicable across departments and divisions to save time and duplication in submitting repetitive organizational information.
- Establish a grant and contracting culture and practices that ***focus primarily on outcomes, quality of service and community impact, and sufficiently fund the services to be provided***, while allowing organizations to retain flexibility and autonomy regarding their internal operations.
- **Conduct an outside efficiency review of the purchasing process**, including review and establishment or revision of timelines for contract execution, modifications, documentation review and approval.
- **Establish a mandatory prompt contracting process** to cut down on delays in executing paperwork needed to process payment. **Review and revise the current prompt payment requirements** to prevent cash flow problems and ensure continuity of service.
- **Apply the “common sense” provisions of Governor Christie’s Executive Order # 2 (2010) to state department contracting policies/manuals and similar non-regulatory procedures**, to provide opportunities for entities and other experts to provide advanced input into contract policies on regulatory proposals during the development stage
- **Consolidate licensing, inspections, monitoring and auditing requirements** to minimize duplication and provide for more reciprocity.
- **Implement “deemed status”** to recognize the national or international accreditations of non-profits and providers in order to streamline repetitious state monitoring, licensing and auditing practices. Provide greater options for multi-year contracting to accredited organizations.
- **Reform the registry and background checking/fingerprinting systems**, to remove needlessly duplicative checks and fees while ensuring ready access to a single, consolidated up-to-date database so that potential problems can be uncovered quickly. Provide a complete listing, in layperson’s terms, of the organizations/circumstances in which background checks are required or available.
- **Reward efficiencies** by allowing organizations to reinvest in contracted programs or to retain modest reserves for unanticipated program-related needs.

## PART 3 – REMOVE OBSTACLES TO RESPONSIBLE FUND RAISING

- Recognizing the need for a strong regulatory system that provides for transparency and safeguards donors, charities and the public, ***regulations should be avoided that would excessively and unnecessarily limit non-profits’ ability to raise unrestricted funds.***

- **Establish an electronic filing system** for charities registration and financial reports.
- **Update and reform Legalized Games of Chance** (bingo and raffles) regulations to eliminate antiquated and duplicative licensing and reporting requirements. These include greater acceptance of scans and copies; streamlined licensing for organizations that conduct multiple events or events in different localities; electronic filing for registration and reporting; and clearer guidance regarding rules and procedures for regulated entities.

#### PART 4 - FACILITATE COMPLIANCE WITH CORPORATE FILING AND OTHER REQUIREMENTS

- **Ease compliance with online non-profit** incorporation and **corporate filing requirements** under the Division of Revenue by providing easier access to non-profit-specific reporting areas, and clearer assistance for organizations seeking federal tax exemption from the IRS.
- Require each department to provide **readily locatable online access to current laws, current and pending regulations, and similar online compliance information**, and require departments to provide **plain language versions** to facilitate understanding and compliance. Provide links to this information through the Department of State's to-be-established Web portal for non-profits.

#### PART 5 – ENCOURAGE INNOVATION AND INVESTMENT IN TECHNOLOGY AND BEST PRACTICES

- Actively embrace and pursue the utilization of **up-to-date technologies** to facilitate compliance, filing of reports, contract requirements and boost overall efficiency and effectiveness.
- **Abandon requirements for handwritten or faxed documents** in favor of secure electronic versions.
- Explore ways to **improve opportunities to access affordable health and other forms of insurance** for organizations and their employees through small employer purchasing alliances and other means. Explore ways to foster **increased access to cooperative purchasing of energy** and other items.
- **Invest in the capacity and health of New Jersey's non-profit and provider community by establishing a "Management Assistance Fund"** to enable organizations to access funds for technical assistance and other infrastructure support.

Our full report and recommendations have been submitted to the Commission separately. We stand ready to work with you in the pursuit of these initiatives, in order to foster a strong climate for New Jersey's non-profit and provider organizations in service to the people of our state.

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Red Tape Review Commission**

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