

EXECUTIVE SUMMARY

**IMPROVING THE CLIMATE FOR PROGRAM AND
SERVICE DELIVERY FOR THE PEOPLE OF
NEW JERSEY**

**2014 Statement and Recommendations to the
Red Tape Review Commission**

The Honorable Kim Guadagno, Chairperson

The Honorable Steven V. Oroho
The Honorable Jeff Van Drew
The Honorable John J. Burzichelli
The Honorable Scott T. Rumana

The Honorable Brian D. Levine
Kimberley Gillespie
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Presented June 11, 2014

Endorsed by:

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

Respectfully submitted by:

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The recommendations in this paper are the result of extensive discussions among the working group of New Jersey non-profit organizations whose names appear on the cover, 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 **nearly 30,000 charitable organizations**, which collectively **employ over 304,000 workers** – nearly 10% of the state's private work force – and hold combined assets of over \$75 billion.
- New Jersey public charities **spend more than \$38 billion each year** combined, making them a powerful contributor to our state's economy.
- Non-profits also leverage the time and talents of **more than 1.6 million volunteers** who contribute **services worth an estimated \$4.3 billion annually**.
- New Jersey non-profits **employ more people than the construction, transportation or public utilities industries, and more than finance and insurance combined** – providing jobs to individual taxpayers and pumping payroll taxes into government coffers.
- Non-profits **save taxpayers untold dollars** by providing vital programs and services that make our communities better places to live, work and visit. Government relies heavily on non-profits and other service providers to do things that it can't or won't do on its own.

However, the economic downturn, rising demand and reduced or flat funding have taken a severe toll on the ability of these organizations to provide the vital services that people need. The current contracting system, which has been developed piecemeal over many years and is plagued by fragmentation, needless duplication and complexities, has only exacerbated the situation for many organizations.

Despite significant progress through the leadership of the Red Tape Review Commission and under other auspices to streamline the way business is conducted and services are provided, there is clearly more that could be done. There remain numerous ways in which regulations, policies, and, in some cases, statutes could be changed in order to reduce needless duplication and improve efficiency and effectiveness, toward the ultimate goal of ensuring that services are available and provided in the best manner possible.

We thank the Lieutenant Governor and the Red Tape Commission members and staff for the chance to work with you to improve the way we deliver vital programs and services to the people of our state. We look forward to continuing our constructive partnership.

The full report, *Improving the Climate for Program and Service Delivery for the People of New Jersey*, is available online at http://www.njnonprofits.org/RedTape_06112014_FINAL.pdf.

Summary of Major Recommendations

CREATE A CLIMATE FOR IMPROVED COMMUNICATION AND POLICYMAKING

- 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. Consolidate contract reform task forces across divisions/departments in order to better utilize the recommendations and reports of these work groups, foster consistency and leverage expertise and creativity. This system of information sharing and coordination should include a mechanism to report back to the Lieutenant Governor's office on the impact of the reduction of conflict and duplication.

BOOST EFFICIENCIES AND QUALITY THROUGH IMPROVED CONTRACTING

- **Create a centralized contracting unit to cut down on redundancies and duplicative monitoring and reporting.** Ensure that the Department of Treasury's new e-procurement system, NJSTART.gov, and centralized vendor database includes a secure "document vault" for non-profit and provider contracting purposes that would allow one-time filing – or reductions in duplicative filing – of basic information, and features an interface that allows for easy navigation for non-profit organizations and the types of programs/services that are common to non-profits. It is also essential that this centralized contracting unit be staffed by programmatic experts to define and recognize appropriate program costs across disciplines.
- **Establish a contracting boilerplate** for certain components, applicable across departments and divisions, to save time and duplication in submitting repetitive organizational information.
- **Work jointly with non-profit organizations to establish and adopt clear and consistent definitions** of administrative costs, indirect costs, and overhead for use in the contracting and reporting process.
- **Repeal arbitrary limits on indirect costs** in contracts, and instead encourage payment of reasonable and legitimate indirect costs as a standard contracting procedure.
- **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.
- **Review county and local purchasing processes and procedures** in order to reduce duplication and needless bureaucracy in funding, contracting and purchasing practices, and ensure prompt processing of grant and contract paperwork and payments.
- **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 for opportunities for regulated entities and other experts to provide advanced input on regulatory proposals during the development stage. Require state agencies to demonstrate compliance with Executive Order # 2 with respect to contract RFPs, policies and amendments.
- **Establish an inter-departmental task force, comprised in equal proportions of government and non-profit/provider representatives**, to develop *comprehensive* contract reforms across departments and divisions to foster consistency and efficiency.
- **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 and of the criminal offenses that disqualify individuals from employment.
- **Reward efficiencies** by allowing organizations to reinvest in contracted programs or to retain modest reserves for unanticipated program-related needs.

REMOVE OBSTACLES TO RESPONSIBLE FUND RAISING

- Establish a **voluntary electronic filing system** for charities registration and financial reports.
- **Update and reform Legalized Games of Chance (bingo and raffles) laws and regulations** (last updated in 1954) 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.

FACILITATE COMPLIANCE WITH CORPORATE FILING AND OTHER REQUIREMENTS

- **Utilizing the Department of State's Web portal for non-profits, 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 (including providing a template certificate of incorporation that includes the language required by the IRS).
- Require each department to provide **readily locatable online access to departmental policies (internal and external), 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 Web portal for non-profits.
- **Modernize the Title 15A, the New Jersey Nonprofit Corporation Act**, to reflect evolutions in thinking and technological advances in order to enhance non-profit operations and governance.

ENCOURAGE INNOVATION AND INVESTMENT IN TECHNOLOGY AND BEST PRACTICES

- **Actively embrace and pursue the utilization of up-to-date technologies** to facilitate coordination, compliance, filing of reports, contract processes and boost overall efficiency and effectiveness.
- **Abandon requirement of faxed or handwritten reporting** 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.
- **Invest in the capacity and health of New Jersey's non-profit and provider community by establishing a "Management Assistance Fund"** to enable New Jersey organizations to access funds to secure technical assistance and other infrastructure support.

Our full report, including detailed recommendations with rationales, has been submitted to the Commission separately, and is available online at www.njnonprofits.org/RedTape_06112014_FINAL.pdf. We thank the Commission and look forward to continuing to work together to foster strong delivery of vital programs and services to the people of our state.

**Media Contacts for
Non-Profit/Social Service Provider Recommendations to the
Red Tape Review Commission**

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