

How We See It:

Propositions 30 and 38: Good for Nonprofits?



by Ken Larsen
CalNonprofits,
Public Policy
Director

First, a reminder: it is completely legal for nonprofit 501(c)(3) organizations to take stands on policy issues, including ballot propositions. (What's not legal is for us to endorse or oppose candidates.)

Second: We know that our communities need funding. One in six Californians has an income below \$23,050/year for a family of four (the astoundingly low poverty level). Supporting the vulnerable — a key part of nonprofit work — takes money, not just caring. Ensuring that our water is clean takes money. Protecting civil rights takes money. And while we will never argue that there isn't government inefficiency, we will argue that government budget solutions must include additional revenue along with reduced spending, in both discretionary and mandated programs.

The arguments for reduced spending have been loud and clear. The arguments in favor of revenue are not as loud.

Third: These reasons are why the California Association of Nonprofits has endorsed both Propositions 30 (the Brown proposal) and 38 (the Munger proposal).

More on the two measures:

“Schools and Safety Protection Act 2012”

— the Brown measure, Proposition 30

WHAT IT DOES

- Increases personal income tax on top tier taxpayers (those with taxable incomes of \$250,000/year and higher) for seven years

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Summer 2012

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CEO Message Vote with Your Mission

What if everyone who works or volunteers in the environment... voted? Answer: we'd have better environmental policies. What if everyone who works or volunteers in the arts... voted? A: we'd have better arts funding. What if everyone who works or volunteers in social justice... voted? You get the idea.



by Jan Masaoka
CalNonprofits, CEO

More than 750,000 people are employed by California nonprofits... enough to fill Dodger Stadium 50 times. And 7 million people volunteer in California. That's why 150 nonprofits have signed onto the Vote with Your Mission campaign: an effort to get 100% of nonprofit staff and volunteers to vote. When we vote with the values that brought us into the nonprofit sector, we are a voting block for communities.

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**We connect you
to our community**

Sign up for our email newsletter.
www.calnonprofits.org/newsletter

Message from CEO — continued from page 1

We at CalNonprofits are advocates for nonprofits and we support nonprofit advocacy. And a crucial part of advocacy is voting. If you are advocating for toxic cleanup, for music in the schools, for immigrant rights, against foreclosures, against discrimination of disabled veterans: remember that it's 1000% times more effective to advocate with elected officials who are pre-disposed to support your cause than with those who are dead set against you.

So for your cause, and your values, vote with your mission. And join the campaign by agreeing to do two or more of the following:

- Download the beautiful Vote with Your Mission posters (English, Spanish, Chinese) and put them up!
- Get voter registration forms and make them available to all staff and volunteers: pick them up at your library or post office. To obtain more than a handful of forms, contact your county elections office (www.sos.ca.gov/elections/elections_d.htm for a list of offices) or the California Secretary of State's Office (www.sos.ca.gov/elections/elections_vr.htm).
- Challenge your board: if you have a document called something like "Board Member Responsibilities," ask the board to add this one: "All board members will vote in every election while on the board."
- Let staff know that they can have two hours paid time from work on election day if they need it to vote. This is actually California law!

To see the California nonprofits that have already signed on and for more information (and free poster downloads, legal FAQs, and more) go to www.votewithyourmission.org and/or contact campaign coordinator Leslie Hatamiya at leslieh@calnonprofits.org.

* * *

As I hit my six-month anniversary at CalNonprofits, I have a longer To Do list than ever. But I'm completely energized by the meet-ups I've been having with nonprofits around the state (let me know if you'd like me to come to your network) and by the leadership of our new board of directors. We've got the September 13 convention coming up (our first convention in four years!); we're partnering on the creation of a federal credit union for nonprofits, and finalizing some new membership benefits to launch in the fall.

Most importantly, we're stepping out with the shared values that we share in the nonprofit sector. We know that nonprofits – especially community-based nonprofits – not only strengthen communities, we represent communities. Nonprofits are economic engines: we create jobs, we bring money into our communities, we make it possible for businesses to thrive by keeping communities safe and attractive, and we provide the platforms by which people care for one another. Oh, and we change the world by doing so.

See you at the convention! And if you can't make it, be on the lookout for live streaming of the plenary sessions, such as interviews with foundation CEOs, debate/discussion on the new "hybrid" corporations, and more.

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Government Tries to Pick Nonprofit Pockets



by Ken Larsen
CalNonprofits,
Public Policy
Director

It's not news that state and local governments in California are hurting for money, although it was news that San Bernardino filed for bankruptcy this month, following Stockton and Mammoth Lakes to the bankruptcy counter, and probably just ahead of Compton.

And like anyone who's broke, government is looking around for places to get money. And one place that looks tempting is California's nonprofit sector. Here are a few cases in point, each interesting not only as an individual story, but because of the precedents being set.

Case 1: California nonprofits helping people outside of California

California 501(c)(3) nonprofits are eligible for waivers of local property taxes (known as the Welfare Exemption), which are administered by county assessor's offices. Last year, California assessors denied so many exemptions that the number attracted coverage by the New York Times. Their justification: that California should not waive property taxes for California-based nonprofits that primarily serve people outside of California. In particular, international relief organizations such as World Vision and the International Community Foundation found themselves under scrutiny.

We sympathize with counties looking at big nonprofits for money. According to the Santa Clara County assessor, \$90 million per year in property taxes are waived each year for just two nonprofits in the county: Kaiser Hospitals and Stanford University. And we even agree that large nonprofit institutions should be contributing towards police and fire protection, city parks, sewer lines, and other services typically funded by property taxes.

But we don't think that California government should penalize the nonprofits that are doing important work that benefits people in other countries and other states. And thanks to the efforts of nonprofit advocates including CalNonprofits, the Board of Equalization—the state agency that sets the standards for assessments—loosened its guidelines somewhat to reduce the number of nonprofits penalized. This issue is still percolating, though, and still on our watch list.

Case 2: Organizations that support nonprofits

County assessors are also casting skeptical eyes on nonprofits that do not provide charitable services on their own, but support nonprofits that do. The Executive Service Corps of Los Angeles—which matches volunteer retired business executives as management consultants to nonprofits—had to go through a lengthy appeals process to get its welfare exemption restored this year (we were glad to lend a hand to getting to this done). The worry is that other organizations such as volunteer centers, nonprofit technology support

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organizations, technical assistance organizations and others will also find their exemptions revoked.

Case 3: Nonprofit-owned conservation lands

Some county assessors have questioned whether conservation lands owned and managed by nonprofits can be exempt from property taxes if some of that land is used by for-profits. AB 2207—authored by former youth nonprofit director and Assembly member Rich Gordon—would preserve the exemption if the for-profit usage furthers the conservation purposes of the nonprofit.

The specific target of the legislation is conservation lands owned, for example, by a nonprofit land trust, and a for-profit company is allowed to use some of the land for cattle grazing...which in turn the nonprofit believes is beneficial to environmentally sound land management goals.

With backing from Save the Redwoods, the Trust for Public Land and the California Council of Land Trusts, this bill sailed through the legislature and will likely reach the governor's desk soon. But our question is whether we will see other efforts to deny property tax exemptions based on similar use of nonprofit property by for-profits.

Other states

Efforts to limit or eliminate property tax exemptions have made more headway in other states such as Maine, Pennsylvania, and Montana. And some cities—such as Richmond, Virginia—have suspended all nonprofit property tax exemptions on a temporary basis.

Just like that advice about watching for pickpockets when you go to the county fair or a rave: we need to stay alert to keep nonprofit pockets from getting picked. Nonprofits are the natural partners to local governments, not competitors. Local governments depend on nonprofits to provide services in efficient, culturally accessible, community-based ways. Communities depend on nonprofits, and nonprofits depend on both government and community. Let's work together to find revenue solutions other than the property tax exemptions of community-based organizations.

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Op Ed

What We Need the California Association of Nonprofits to Do



by Paul Vandeventer
President & CEO,
Community Partners

I am glad to see the re-activation of the California Association of Nonprofits. Thank you for your invitation to share some thoughts about what California nonprofits most need your organization to do:

The towering challenges facing American civil society — and those in particular who see the nonprofit sector and philanthropy through the eyes of grantseekers — require a re-wired optimism tied to real power in the conduct of practical politics.

Practical politics — the art of the deal that determines the fate of a bill, for example — lies outside the skill set of ideologues, enraged activists, and others for whom the nonprofit sector does and SHOULD provide organizing ground and a platform and a place to find fellowship in common cause.

Therefore, a place like the re-imagined CalNonprofits, must mediate between and among

- Those who find their way to the sector as a place to be heard and who want to hammer for change
- Those who feel a burning need to hyper-professionalize and micro-measure every aspect of it
- Those who see it as a place from which genuine community can be formed, framed and fostered; and
- Those who should, could and can be their allies in government and commerce.

This is a critical role that, played well, will link our sector's players to public and private institutions — forces likely to continue and which must be dealt with for better or worse because they have profound economic power and legal/constitutional mandate.

But we cannot forget that the cry and hope for genuine community lies at the heart of legitimacy for civil society and its many adherents. We mean the most when our work is about relationships, civic integrity, authentic negotiation, reciprocity, caring, communal striving, opportunity for all, truth to power, and — I'll use the word — love of humankind.

How you work that into the re-imagined CalNonprofits I am not sure. But voicing these values constantly in every expression of, to, and through the membership, I believe, will lead to better outcomes than arguing for the nonprofit sector as some sort of “interest” group or unified voice.

Paul Vandeventer is President & CEO of Community Partners and the author of Networks that Work.

We welcome OpEds and advice from the California Nonprofit community, and we appreciate Paul Vandeventer's advice to us.

The towering challenges facing American civil society require a re-wired optimism tied to real power in the conduct of practical politics.



Propositions 30 and 38

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- Increase sales tax by 1/4 cent for four years
- Makes new funds available to meet Proposition 98 school funding requirements, thereby freeing up revenues to spend for other purposes
- Constitutionally guarantees funding for public safety services that were realigned in 2011 from the state to local governments

WHO'S FOR IT

- Sponsored by Governor Jerry Brown
- California Federation of Teachers, the “Millionaire’s Tax” nonprofit and labor coalition, the California Pan-Ethnic Health Network, the League of Women Voters of California, SCOPE (Strategic Concepts in Organizing and Policy Education), the California Budget Project (partial list)

WHAT IT MEANS FOR NONPROFITS

- Depending on how freed-up revenues (perhaps \$4.5 billion annually) are allocated, nonprofits affected by government funding declines may obtain some modest fiscal relief.
- If the measure fails, \$6 billion in automatic trigger cuts to education will occur, leaving nonprofits to pick up more of the slack than we already do to support education programs such as sports and arts.

“Our Children, Our Future: Local School and Early Education Investment and Bond Debt Reduction Act”

— *the Munger initiative, Proposition 38*

WHAT IT DOES

- Increases state personal income tax rates for most Californians for 12 years
- Earmarks most of resulting revenue for K-12 schools, with 10% for early childhood development
- Dedicates 30% to retire school debt, thus relieving pressure on the deficit-plagued general fund

WHO'S FOR IT

- Molly Munger, Los Angeles attorney and co-founder of the nonprofit Advancement Project
- Americans for Tax Reform, California State PTA, California Head Start Association (partial list)

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Both — depending on how the new revenues are spent — will directly (through funding) or indirectly (by addressing similar goals) advance nonprofit missions that are concerned with social equity and mobility, community development, and educational opportunities.



Propositions 30 and 38

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WHAT IT MEANS FOR NONPROFITS

- Depending on how freed-up revenues are allocated, nonprofits affected by government funding declines may obtain some modest fiscal relief.
- Depending on how school districts allocate funds, additional funding will be provided to early childhood programs.

How we see it:

Both of these initiatives are flawed. Neither provides long-term solutions to California’s fiscal problems. Both restrict dollars in ways that tie the hands of legislators in overall budget management, although the Munger initiative to a greater degree. Neither recognizes the crucial role that nonprofits play in creating solutions for California.

But both are still efforts in the right direction. Both — depending on how the new revenues are spent — will directly (through funding) or indirectly (by addressing similar goals) advance nonprofit missions that are concerned with social equity and mobility, community development, and educational opportunities.

If they both pass, the law mandates that they be reconciled. If there are portions of one that contradict the other, then the one that received the greatest number of votes prevails. And if they both pass, California voters have sent a strong and unambiguous message to the legislature that we will pay more in taxes in order to support critical community services.

We simply cannot address community need without increased revenues. As a result, the California Association of Nonprofits board of directors voted unanimously at its July meeting to endorse both measures, and to encourage nonprofit staff, volunteers and constituents to vote for them.



For more information on the measures:

Who’s funding the various California budget measures: <http://votersedge.org/california>

Official voter information from the Secretary of State: <http://www.sos.ca.gov/elections/ballot-measures/qualified-ballot-measures.htm>



Letter to the Editor

Letters to the editor are encouraged. Please send letters to josec@calnonprofits.org

I love the new name, and am impressed with the new look!

Thanks for all you do,

Nisha

– Nisha M. Gnanamuthu

Administrative Manager,
California League of
Conservation Voters
Oakland, CA



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