

Letter from Our CEO



Jan Masaoka
CalNonprofits CEO

Dear Members and Friends:

What a summer we've had. Every nonprofit has found its work, its staff, its volunteers, and its community profoundly changed. On the one hand, many nonprofits are working far beyond their former capacity: health clinics, food banks, Meals on Wheels, homeless shelters, and mental health services. On the other end of the spectrum, many nonprofits are wholly closed down: theatres, music venues, youth sports, community centers. And nonprofits are on every point in between.

And as the virus makes inequalities even more extreme, community and nonprofit voices have been raised louder than ever before.

What surprised us in the community poll we just did

More than 1,000 California nonprofits responded to our recent "We Ask the Community" survey. We expected to hear stories of travail, of financial fears, of difficulties with government contracts, of deep suffering in communities. And we did hear those.

But we also heard pride and victory:

"I'm proud of how my team has responded. In many cases, staff did not have the knowledge or resources needed to provide remote services, but for the most part, they have been willing to learn – despite their fears – because it's in the best interest of the clients with disabilities that we serve."

"Moved 465 staff to remote work within two weeks. Continuing with all of our programming in a virtual environment," Gayle Whittemore, Children's Bureau of Southern California

"We have found a solid partner which will allow us to stream our fall dance film festival, since we have had to cancel all live festival events."

Additional intriguing findings:

Activity level changes: About a third of nonprofits are serving many more people than before the COVID-19 crisis, while another third has seen their activity reduced by 50% or more.

Staffing: Although 24% of nonprofits have laid off or furloughed staff, only 12% have reduced staff compensation. More than a quarter of nonprofits (26%) are unable to mobilize as many volunteers as previously.

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An Unusual Legislative Year

Still Yields Some Good Results for Nonprofits



Lucy Salcido
Carter, MA, JD
CalNonprofits
Policy Director

This year's legislative session has been like none other in California history, with extended spring and summer recesses during peak pandemic

surges and with remote testimony in committee hearings and sometimes by-proxy remote voting. Those extended recesses meant less time to hear bills; as a result, many bills that would otherwise have been heard in legislative committees were not.

The legislature's emphasis, once the pandemic started, was on moving bills forward that addressed the crisis. The final day of floor sessions went until midnight, with tensions high because so many bills were dropped.

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NEWSLETTER DESIGN

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Letter from CalNonprofits' CEO *continued from page 1*

Paycheck Protection Program: More than half of nonprofits (59%) report obtaining such a loan, and of these, 82% expect their loan to be all or nearly all forgiven.

Need for policy

While nonprofits have never been more visible, our need to be heard in the halls of power have never been more urgent.

We desperately need flexibility in service contracts with state and county governments. We must be included explicitly in COVID-19 relief for small businesses. (Some counties have even decided that they will not give a cent to nonprofits from the federal relief they have received.)

So many nonprofits have always thought of themselves as “unpolitical” but now are realizing that issues such as childcare, clean air, wildfire relief, healthcare, and COVID-19 testing require urgent political responses. We like how one homeless services executive director put it:

“A few years ago, we acknowledged that our role in California was more than just providing services and housing for people struggling with homelessness. Partly out of not wanting to weigh into this country's polarizing political environment, we tried to stay out of the debate of why a broken society would allow its people to live on the streets.”

“But then heartbreaking data came out that showed a disproportionate number of people of color were homeless, and decades of systemic laws—not just a dearth of affordable housing – caused this. Across the state, 6.5% of Californians identify as black or African American, but they account for nearly 40% of the state's homeless population.”

“We realized that our silence was wrong.”

—Joel John Roberts, People Assisting the Homeless (PATH), and a
CalNonprofits board member (www.eopath.org/we-will-no-longer-be-silent)

Speaking out on political matters does not mean stepping out of the lines set by our 501(c)(3) status as nonprofits. As nonprofits, we can't endorse or oppose candidates running for office. But we can take positions on ballot propositions, register people to vote, educate people about issues, and help them get their votes in.

Right now, we at CalNonprofits are lending our voices and our efforts to supporting Proposition 15: Schools and Communities First.

Prop 15 may be the proposition on the ballot with the highest impact on nonprofits and on communities. It would close a tax loophole for the biggest businesses - while 100% protecting homeowners and small businesses. And all the funds would be under local control. While the wildfires have destroyed many lives and communities, COVID-19 is an invisible wildfire that has damaged many more. Proposition 15 can help restore funding to nonprofits and support the work we do.

And are we worried about nonprofits? Yes! Of course we are. But are we worried about whether the nonprofit community will survive? No. Dance companies may close in the coming months, but nonprofit dance will always live. Clinics may close, but we will never stop doing our best to help people who are sick.

Remember: regardless of who you might support for office, by voting on November 3 you can take a stand for the future. Do it.

Jan Masaoka
CEO, CalNonprofits

Meeting Your Legislator Up Close and Virtually

When the pandemic triggered the state-wide shelter-in-place orders, Senator Holly Mitchell, Assemblymember Monique Limón, and Assemblymember Luz Rivas decided they wanted to hold a Town



ASSEMBLYMEMBER MARIE WALDRON

Hall with nonprofits - in two weeks. They asked CalNonprofits to host the event, and when more than 1,500 nonprofits tuned in (we had to increase our Zoom capacity!) we realized that nonprofits needed updates directly from decision-makers and our representatives needed to hear from nonprofits, in real time.



ASSEMBLYMEMBER MIKE GIPSON

We quickly reached out to the 30 state legislators who had signed a March 31st letter to California state



CONGRESSWOMAN ZOE LOFGREN

leadership asking for specific relief for nonprofits, authored by Assemblymember Rivas. We offered to host Town Halls for them with their nonprofit constituents. In spite of their busy schedules, most of them responded with a resounding yes! And so, in four



ASSEMBLYMEMBER TODD GLORIA

months, we hosted 18 different COVID-19 Town Halls, with 35 elected officials, 33 nonprofit speakers, and nearly 3,000 nonprofit participants. We even had six local elected officials join us!

The series of Town Halls directly connected nonprofits with their legislators, and from all of them we heard that nonprofits need to call and email their legislators' staff to talk about the issues impacting your community, but also weighing



ASSEMBLYMEMBER DAVID CHIU

in on specific legislation or proposals. We also heard loud and clear that we need a bigger nonprofit presence in Sacramento.

So, don't just stay in touch with your elected officials (at the state and local levels), join a coalition that fights for your community in Sacramento, for example the California Association of



ASSEMBLYMEMBER COTTIE PETRIE-NORRIS

Orchestras or the California Association of Food Banks. And, of course, become a member of CalNonprofits too!

Your membership matters during these uncertain times.

Stay connected to the nonprofit community

Together we are building an inclusive alliance of nonprofits across subsectors and geography where we work together to raise nonprofit voices in the halls of power.



Engage in advocacy on the issues that matter to your organization.

Nonprofits are confronting an onslaught of challenges and need to be represented by a strong collective voice. We provide timely updates on critical legislation and regulatory actions, allowing you to act when it's most needed.

- Take advantage of member benefits to help you through COVID-19
- Insurance for your staff or your organization
- Support for human resources compliance
- Discounts on office furniture and supplies
- And banking, health savings accounts, background checks, virtual meetings, free webinars, and more!

Contact Program Manager Karina Paredes-Arzola at karinap@calnonprofits.org or 415-710-4332

An Unusual Legislative Year *from page 1*

Despite these unusual circumstances, several bills supported by CalNonprofits made it to the Governor's desk. One is Assembly Bill 376, a two-year bill authored by Assemblymember Mark Stone that will provide **strong protections for student loan borrowers and hold loan servicers more accountable**. We know that student loan debt has a profound effect on California's nonprofits, hampering our ability to recruit and retain a strong workforce, which accounts for 1 in 14 jobs statewide. This Student Loan Borrower Bill of Rights is much needed, and we commend Assemblymember Stone for his persistent multi-year commitment to this effort. As of September 16, this bill awaits the Governor's signature.

We are pleased to report that the Governor signed Senate bill 934, authored by Patricia Bates, removing the Franchise Tax Board (FTB) filing fees for nonprofits. **This change will collectively save California nonprofits about \$600,000 this year, and more than \$900,000 next year!**

Assembly Bill 2054, authored by Assemblymember Sydney Kamlager, also awaits the Governor's signature (as of September 16). This bill will establish a pilot program to expand nonprofit participation in emergency responses for vulnerable populations. CalNonprofits was pleased to support this timely bill because it **recognizes the vital role that nonprofits play in emergency response efforts and provides new resources to help nonprofits respond to their community's needs**.

Two of the bills CalNonprofits sponsored this year did not make the legislative cuts. One was Assembly Bill 2936, authored by Assemblymember Buffy Wicks, which would have **increased donor-advised funds (DAFs) transparency in California**. When donors give to DAFs, they can take a tax deduction for their donation. But the donations can sit in DAFs indefinitely, without going to nonprofits to serve our communities.

This modest bill defined DAFs and DAF-sponsoring organizations and would have given the Attorney General the authority to require annual reports from DAF-sponsoring organizations. The bill passed in the assembly.

Unfortunately, after the extended summer recess, AB 2936 did not make the senate judiciary committee cut. But we are honored to be able to continue to partner with Assemblymember Wicks on our efforts to improve DAF policies, building on the great work of these past two years and the strong support from so many CalNonprofits members.

CalNonprofits worked closely with the office of the Attorney General (AG) on Assembly Bill 2208, authored by Assemblymember Jacqui Irwin and sponsored by the AG, which **would have provided necessary regulation of online charitable fundraising platforms like PayPal, Amazon Smile, and GoFundMe**. As nonprofits, we count on these platforms as a valuable way to raise money for our organizations. Still, we have also experienced delayed payments, undisclosed fees, and the use of our organizations' names to raise money we never see. This bill would have addressed these problems; it passed in the assembly but did not make it out of the senate appropriations committee. We hope that the good work done this year by the AG, bill author, and bill supporters will result in new legislation next year.

All of our legislative efforts and other state advocacy are in response to what we hear from you that our nonprofit community needs. **We will continue to partner with state leaders and advocate for the policies, resources, and supports nonprofits need to do the amazing work we do**. We look forward to the 2021-2022 legislative session!

Thank you to our funders who provide unrestricted grants

Gerbode Foundation
Santa Barbara Foundation
Stewart R. Mott Foundation
The California Wellness Foundation
The David and Lucile Packard Foundation
The Durfee Foundation



Advocacy in an Election Year: Avoiding Election Intervention



Annie Marquit
Senior Staff Attorney,
Public Counsel

As the November election approaches, 501(c)(3) nonprofits need to be careful that our advocacy work is not campaign intervention. While we cannot support or oppose candidates for public office, we can take positions on issues, including issues that divide electoral candidates – as long as our statements don't

cross the campaign intervention line.

To determine whether statements are campaign intervention, the IRS looks at, among other factors, whether the statement identifies a candidate, expresses approval or disapproval of a candidate's position, or references a specific election.

For example, a nonprofit could publish an Op Ed about a state bill the organization is sponsoring, asking readers to call State Senator X – who is a key swing vote for the bill but also happens to be running for reelection – to ask her to support the bill. The Op Ed is about the bill and not about the election, even though it mentions a candidate, so is probably fine.

But if the Op Ed covers a hot-button election issue, one for which State Senator X and her opponent hold opposing positions, and tells readers to let State Senator X know before the election where they stand on the hot-button issue, it likely crosses the line to being campaign intervention. Especially if there is no pending state bill or legislative vote on the issue.

The line can be fuzzy sometimes, so if you aren't sure, talk to a nonprofit attorney about what you are planning so you don't cross the line!

Additional Resources

Future of California Elections (FOCE): futureofcaelections.org, an organization that has resources and toolkits for voter engagement

Nonprofit Vote: www.nonprofitvote.org, a national organization with resources, toolkits, and webinars to help 501(c)(3) organizations engage in elections and with voters

CalNonprofits Vote with Your Mission Campaign: www.votewithyourmission.org

Watch the recording of the August webinar with California Secretary of State Alex Padilla talking about voting resources and election tips for nonprofits: bit.ly/SOS-voting



LEGAL DO'S AND DON'TS FOR NONPROFITS

A JOINT PROJECT OF



Bolder Advocacy: bolderadvocacy.org, resource library, webinars, and new podcast

California Fair Political Practices Commission: www.fppc.ca.gov, California's commission for fair, impartial interpretation and enforcement of political campaign, lobbying, and conflict of interest laws

IRS Guidance on Political Activity for 501(c)(3) organizations: www.irs.gov/charities-non-profits/charitable-organizations/published-guidance-on-political-campaign-activity-of-501c3-organizations

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CalNonprofits Board Calls on You: Yes on Propositions 15, 16, and 17

YES on Proposition 15, also known as Schools and Communities First, will close a corporate property tax loophole and bring an estimated \$12 billion a year to California's schools and communities.

Why? This measure will bring much-needed funds to our schools and communities at a time when we are facing significant state budget cuts and when Californians need strong services and support more than ever. It only impacts about 3% of the oldest and largest businesses in California, while protecting residents and small businesses - including home-based businesses - from increased taxes.

YES on Proposition 16 will repeal a 1996 constitutional amendment (Prop 209) that essentially banned affirmative action programs in public institutions in California. If Prop 16 passes, government and public institutions can again consider race, ethnicity, and gender in decisions about employment, contracts, and admissions, for example.

Why? We recognize that affirmative action programs help address deep disparities that harm our communities. For example, more than half of our public school students are Latino, but only 25 percent of University of California undergraduate students are

Latino. Proposition 16 will increase equity and support equal opportunity for all Californians, which is consistent with the values we as nonprofits bring to our work.

YES on Proposition 17, will amend the state constitution to allow people on parole for felony convictions to vote. Right now more than 50,000 Californians who are back in their communities working, paying taxes, raising families, and contributing to society, but are still on parole, cannot vote.

Why? We support a strong, inclusive democracy. Prop 17, if passed, will allow a large group of Californians, who are currently excluded, to participate fully in our democracy.

We hope you will take a close look at these three propositions that align so closely with nonprofit values and will consider supporting them! Learn more about our Vote with Your Mission project at www.votewithyourmission.org.

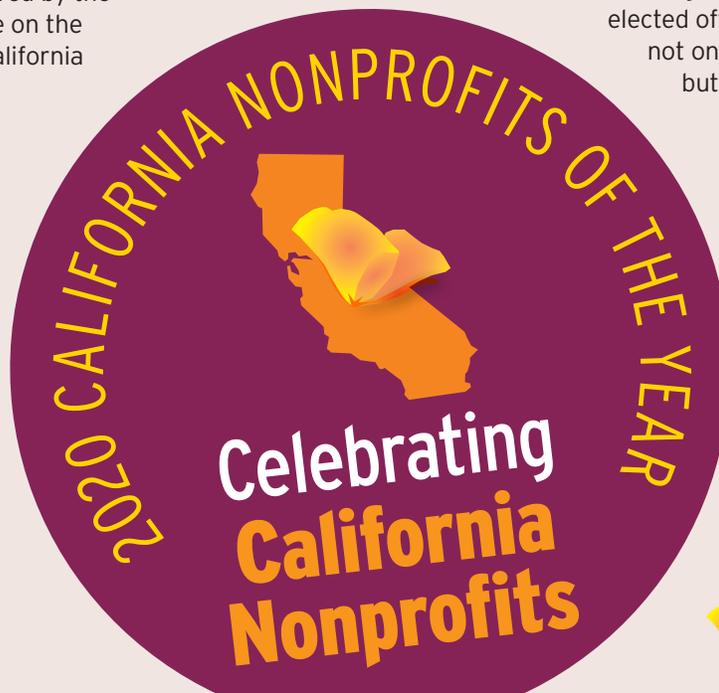


Congratulations to the Nonprofits of the Year!

Each year, California Assemblymembers and State Senators are invited to honor a Nonprofit of the Year for their district. Co-sponsored by the Assembly Select Committee on the Nonprofit Sector and the California Association of Nonprofits (CalNonprofits), these awards bring attention and recognition to outstanding nonprofits, and collectively illustrate the remarkable diversity and vibrancy of California's nonprofit community.

The award also gives legislators a chance to celebrate nonprofits in their community, and builds stronger relationships between elected officials and nonprofits who not only serve our communities, but also speak for them.

Follow us on Twitter
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the celebration of
honorees!



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CalNonprofits Virtual Policy Convention What's Next?

At this crucial moment in time you don't want to miss out on conversations with elected officials, big thinkers, grassroots activists, and your peers on what's next for nonprofits in 2021.



SAVE THE DATE!
 NOVEMBER 17-19, 2020



Details and registration will be available on **October 1st**

The 2020 Election will be behind us, but the impact will be ahead of us.