Dear Members and Friends:

We've all seen so many economic impact reports analyzing the financial benefits or pitfalls that something new will bring to a community: a new stadium, a shopping mall, an amusement park, a new freeway. Five years ago we published the very first economic impact analysis of California’s nonprofit sector, and we learned that nonprofits are a significant part of California’s economy - generating 15% of our state’s GDP.

Now we have an update! Causes Count: The Economic Power of California’s Nonprofit Sector - New Findings.

We found a number of surprising trends but the biggest story is perhaps the disparities from region to region. Looking at how much money the nonprofit community in a given county has to serve its residents, the disparities are startling. The examples below show the wide range of nonprofit revenue per resident:

- San Francisco: $14,071 (most nonprofit revenue per resident)
- Santa Clara: $5,232
- Los Angeles: $2,839
- Riverside: $591
- Amador: $273
- Colusa: $97 (least nonprofit revenue per resident)

This should be a call to action for government and foundations: these levels of disparities hurt our communities. And we nonprofits need to think more deeply about how we support healthy ecosystems within our sector: in domestic violence, in freshwater conservation, in immigration rights, and more.

— continued on page 2

Letter from Our CEO

Jan Masaoka
CalNonprofits CEO

Where Are They Now?

Policy Updates from 2019 and Looking Ahead

We are pleased to announce that Lucy Salcido Carter has joined CalNonprofits as our Policy Director, taking over from Nancy Berlin who has gone on to new adventures. Lucy’s deep appreciation for the nonprofit community and commitment to addressing disparities throughout the state make her a great addition to our team. She will add her energy to the stellar work our Sacramento Advocate Jennifer Fearing does in Sacramento, making sure that nonprofits continue to get a seat at the policy decision-making tables.

Looking Back

2019 was a really busy legislative session! Our new Governor brought in his own bold agenda. New and returning legislators were eager to put their own ideas into action.

— continued on page 4
Letter from CalNonprofits CEO continued from page 1

Here are a few other surprising findings:

- One in every 14 California jobs is at a nonprofit. We employ more people than the construction industry.
- In addition, we mobilize the equivalent of 331,000 full time jobs in volunteer labor - and most of it is in direct service (not “envelope stuffing”).
- Although it’s easy to think of nonprofits as using California money, in fact California nonprofits bring more than $40 billion into California every year from out of state.
- And although we are exempt from paying corporate income taxes, we California nonprofits pay more than $37 billion in federal, state and local taxes each year.

You can download the full report at www.calnonprofits.org/causes-count where you can also buy print copies, request a CalNonprofits speaker to come to your area, and more.

... in this issue of the Buzz you’ll learn more about how we are standing up for nonprofits in Sacramento, what insurances nonprofits need, and more. As always, contact me directly with your thoughts. . .

Jan Masaoka
CEO, CalNonprofits
One in every 14 California jobs is at a nonprofit, and nonprofits generate 15% of California’s Gross State Product.

California’s state, county, and city governments rely heavily on nonprofits to deliver services.

California’s nonprofit sector continues to mirror substantial disparities – between northern and southern California, between rural and metro areas, and between predominantly white communities and communities that are predominantly people of color. These disparities are growing wider.

California is increasingly a net exporter of foundation dollars: $1.5 billion now comes in from out of state compared to $1 billion at the time of the first study, while foundation dollars exported have grown from $1.3 billion to $2.2 billion.

We could not be more excited to publish this new report on California’s large and economically powerful nonprofit sector, which continues to be an important driver for both jobs and community well-being. Like the ground-breaking Causes Count report in 2014, this New Findings report summarizes the noteworthy size, variety, diversity, and overall magnitude of California’s nonprofit sector. But it goes further to provide insight on the government-nonprofit partnership, explores the impact of Donor Advised Funds on the nonprofit landscape, and discusses the widening disparities within the nonprofit sector.

Download the report or order printed copies at www.calnonprofits.org/causes-count

Request a speaker to bring a presentation and discussion of Causes Count to your community! Contact Christina Dragonetti at christinad@calnonprofits.org for details.
Where Are They Now? from page 1

Issues that CalNonprofits takes up are typically lower-profile, yet high-impact for nonprofits, and with over 3,000 bills competing for attention in this crowded session, we had our work cut out for us.

Here’s how we were able to use our clout and maneuver through this challenging session.

Nonprofits won!
In a win for nonprofits doing habitat restoration and improving public access to coastal resources, AB 1011 by Assemblymember Cottie Petrie-Norris provides extra consideration to nonprofits who apply for fee waivers, making it much easier and less costly for nonprofits to undertake this important work. CalNonprofits was pleased to support this bill which was signed into law by the Governor.

At the federal level, the spending bill passed and signed on December 20, 2019 included some great news for nonprofits: the tax on nonprofit employee transportation benefits, written into federal law in 2017, was repealed retroactively. This is a major victory for the nonprofit sector and a testament to what we can accomplish when the nonprofit community works together and reaches out to allies.

This illogical and harmful tax forced nonprofits to pay a 21% tax on employee benefits: yes, a tax on expenses. The IRS has now set up a specific process for nonprofits who paid the tax to get a refund for each year they paid — though the costs of having to figure out the tax and now the refund won’t be included.

Not Done Yet!
Last year CalNonprofits decided to take on a transparency initiative regarding Donor-Advised Funds (DAFs). We surveyed our members about their experiences with DAFs and 65 percent of respondents told us that they think DAFs are “good but need to be regulated.” We also spoke with national experts and local stakeholders, all of which led us to co-sponsor AB 1712 to improve transparency and accountability of donor-advised funds.

As close watchers know, AB 1712 was passed out of the Assembly Judiciary Committee in early January 2020 and was sent to the Appropriations Committee for further consideration. This positive development occurred in large part because legislators saw the support from nonprofits in their districts: more than 100 nonprofits signed the support letter for AB 1712, including the United Ways of California, the Women’s Foundation of California, and dozens of community-based nonprofits.

What is very clear: state leaders recognize that policies governing DAFs must change. However, AB 1712 partners – author Assemblymember Buffy Wicks, CalNonprofits, NextGen California, and Kat Taylor – discussed some new approaches to addressing these policy concerns in meetings with other legislators and stakeholders. As a result, Assemblymember Wicks will be introducing a new bill in February that will replace AB 1712. The contents of that new bill are still being developed.

Student debt continues to plague our communities, with an estimated 160,000 nonprofit employees in California alone carrying student debt. As part of our Nonprofit Student Debt Project, CalNonprofits supported Assemblymember Mark Stone’s AB 376 – the Student Borrower’s Bill of Rights – to ensure that student loan borrowers are given reliable information, quality customer service, and meaningful access to repayment and forgiveness programs. Ultimately, the bill did not make it to the Governor’s desk, but we are hopeful it will pass in 2020.

First we win, then we make it happen
In 2018 CalNonprofits sponsored the Grant Information Act (AB 2252) by Assemblymember Monique Limón, chair of the Assembly Select Committee for the Nonprofit Sector, to create one centralized and searchable database of state grants. With more than 30 percent of nonprofit revenue coming from government sources, this new tool will help nonprofits find and apply for state grants, which is notoriously difficult right now.

The California State Library is managing the effort and will house and maintain this website, scheduled to be up and running by July 1, 2020. Right now, we are working with the State Library team to help with design and implementation issues. Thanks to all of you who helped make this legislation happen, and the task force of our members who are helping make sure the website includes features and usability that nonprofits need.

If your organization has considered applying for government grants, but you’re not sure how to start, check out our newest resource: A Nonprofit’s Guide to Getting Your First Government Grant, now available on our website.

Looking ahead
In November 2020, California voters will decide on Schools & Communities First, a ballot measure that addresses growing inequality in California by closing a long-standing corporate tax loophole. If passed, this measure would raise up to $12 billion every year for our K-12 public schools, community colleges, and local services. CalNonprofits is supporting Schools & Communities First as a part of our work to bring nonprofits to decision-making tables across the state.

The 2020 legislative session is likely to be just as busy as the 2019 session was. And nonprofits will also be involved in the Census, redistricting, voter registration, get-out-the-vote efforts, and advocacy on ballot measures and other issues. As always, CalNonprofits will be there making sure that nonprofits have “a seat at the table,” and we encourage you to continue to be advocates for, and with, your community.

We can’t do our legislative advocacy work without the support of our 10,000 members. If your organization is not yet a member, please consider joining today.
Each year, California receives about $76 billion in federal funding based in part on census data. That’s an estimated $2,300 in federal funding per person — money that goes to health clinics, HeadStart, road maintenance, food stamps, and local schools. However, much of California is “hard to count” — meaning that for a variety of reasons, people may not be counted in certain communities.

What is the Census and why is it important to my community?

Once each decade, the U.S. Census Bureau attempts to count every person in the United States. The Census counts every resident — whether or not they have a place to live, whether or not they are a citizen, whether or not they are in the U.S. legally, whatever age they are, and so forth. An accurate count is one in which every person is counted once, only once, and in the right place. The next enumeration (count) will begin April 1, 2020, and this first round will rely heavily on online responses.

In addition to federal funding, the number of people counted determines the number of seats each state has in the U.S. House of Representatives and is used in formulas that distribute billions of dollars in federal funds to our state. An undercount means significantly fewer dollars and could mean the loss of a seat in Congress, disempowering California communities.

Why should our nonprofit get involved with the Census?

California has millions of people who can be considered “hard to count.” In fact, one in every four Californians lives in a “hard to count” area. Such individuals are often:

- Non-English speaking
- Low income immigrants with various kinds of immigration status
- Without permanent housing
- Distrustful of government forms
- Lacking in internet access or familiarity (the internet will be the primary way for the Census to count people)
- Children

Many people in such communities already know and trust community nonprofits when they bring their children to a nonprofit childcare center, see a doctor at a local clinic, receive job skills training, or open the door to a Meals-on-Wheels volunteer. That existing level of trust means people will listen when nonprofits speak to them about the Census. And, nonprofits are already good at stepping outside our lanes when it comes to emergencies or responding to unexpected needs in the community.

5 Things You Can Do

1. Educate your staff, board, and volunteers: add a discussion about the importance of the Census to the agenda of your next board meeting, staff meeting, and volunteer gathering.

2. Train staff to talk about the Census with clients: encourage staff to bring up the Census as part of regular conversations with your community. Connect with your local Complete Count Committee to get more resources and coordinate with other organizations and coalitions.

3. Add Census awareness to your ongoing activities - for example:
   - Post flyers around your office, in bathrooms, or on community bulletin boards.
   - Send flyers home with children or include them on meal trays.
   - Hand out flyers at community events and meetings.
   - Keep a stack of flyers in the reception area and encourage staff to talk about it.
   - Include a paragraph explaining why the Census is important to your community in your newsletter and in your email blasts.
   - Use social media to raise awareness with small “bites” of information.
   - Send reminders to employees by email or include Census reminders in pay stubs.
   - Let donors know about your Census efforts – and why it’s so important that your community participate.

4. Add reminders to fill out the Census to your regular forms. Offer to help if they have not completed it yet, and make computers or tablets available for participants to fill out the Census questionnaire online.

5. Call clients or organize a volunteer phone-a-thon reminding people to complete the Census online.

Get Ready to Renew Your Telecommunications Discount Under New Rules

Thousands of nonprofits in California get a 50% discount on telecommunications services through the California Teleconnect Fund (CTF) – but many don’t even know it or don’t know it’s related to the CTF. Recent changes to the program will mean many organizations will see their internet bills double overnight.

The California Public Utilities Commission, the agency that oversees the implementation of the Fund, made drastic changes to the program eligibility requirements over the last few years. They also now require all current participants to renew their applications every 3 years; those that do not fit the new rules will lose the discount. CalNonprofits, along with allies TURN and Coalition for Accessible Technology, worked hard over four years to keep as many nonprofits eligible as possible. We filed statements, talked to Commissioners, and educated the CTF Staff about nonprofit realities, but despite our best efforts the new rules can only be described as draconian.

How do I know if my organization is getting the CTF discount?

Check your monthly phone and internet bill. Look for a line that has a 50% discount for broadband services. It might say “CTF” or “Teleconnect Fund” or something else entirely, as each telecommunications company has their own way of displaying the discount. If you’re not sure, call your provider.

What changes are coming?

One change already happened last Summer: the CTF no longer supports voice services under any circumstances, only broadband and internet. Did your telephone costs increase in recent months? That might be why.

Going forward, everyone participating in the program will need to “renew” by re-applying for the program and meeting the new eligibility criteria. The first renewal notices have already gone out, but renewing all current program participants will happen over 3 years, so you may not have seen one yet. Renewal notices are mailed and emailed to the contact who originally filed the CTF application, so we recommend contacting the CTF staff (see below) to make sure they have current information for you.

New Eligibility Rules

The new criteria were specifically designed to severely limit the number of nonprofits, whom they call Community Based Organizations (CBOs), participating in the program. Currently more than 9,000 organizations are participating, and under the new criteria we estimate that only a few hundred will continue to be eligible.

Broadly speaking, eligible nonprofits must be 501c3 organizations with the majority of board members living in California and annual budget under $5 million for the entire organization (the previous revenue cap was $50 million.) The rest of the criteria are more complex.

You can find the details of the new eligibility criteria in the CTF Applicant and Participant Guidebook downloadable here: https://www.cpuc.ca.gov/ctf. If you have questions you can contact the CTF staff directly: CTFHelp@cpuc.ca.gov
Through our social enterprise CalNonprofits Insurance Services (CNIS), we serve more than 1,300 nonprofits with their insurance needs, and provide health insurance benefits to more than 22,000 nonprofit staff. We’re pleased to publish this article by CNIS’ CEO, Colleen Lazanich.

Nonprofits don’t tend to think of themselves as “risky” businesses, but all businesses - including nonprofits - have risk. Risk is the chance of loss, and insurance is one way to transfer risk. You protect your nonprofit’s mission by reducing the cost of risk. You pay money (premiums) to an insurance company to take on the potential payments of much bigger expenses.

There are three policies that all nonprofits need, plus one you might:

- Directors & Officers Liability Insurance
- General Liability
- Hired/Non-owned Automobile Liability
- If you have paid employees, then you are required to purchase a fourth coverage - Workers’ Compensation Insurance.

These coverages form a stable base that your organization can depend on to protect you from many claims. There are many other risks that should be considered depending on your operations including Professional, Sexual Abuse/Molestation, Cyber, Workplace Violence/Active Assailant, Accident, Earthquake, Flood, etc. so it helps to have your insurance broker conduct a risk assessment for you.

**Directors & Officers Liability Insurance**

In some instances, board members and officers can be held personally liable for wrongful acts or decisions made in the management and operations of a nonprofit organization. Nonprofits are twice as likely to have a D&O claim made against them as private corporations. 63% of nonprofits have reported a D&O claim in the past 10 years. Mismanagement of funds is one of the most common claims made against the board by grantors or other funders.

We highly recommend that you include Employment Practices Liability (EPL) with your D&O coverage. EPL covers claims of discrimination, wrongful termination, failure to accommodate a staff person with a disability, and harassment. 85% of all claims filed were employment related. Wrongful termination is the most common lawsuit brought against nonprofits, and EPL insurance can help pay for the legal costs. You need EPL coverage even if you do not have any paid staff as volunteers can make similar claims. You can learn more about D&O Liability Insurance in an article by CalNonprofits Insurance Services, “Do You Need Directors & Officers Liability Insurance?” at www.calnonprofitsinsurance.org.

**General Liability Insurance**

General Liability insurance protects your organization from claims of bodily injury or property damage caused by your operations and/or your premises. General Liability is usually required by funders, landlords, and other contracts. Common claims under General Liability include slip & fall, participant or client injury, and negligence. For example, if a volunteer gets burned by equipment in your kitchen while serving meals, or a child is injured during a soccer game. General Liability policies can also include endorsements, or additional coverages, for general professional liability and sexual abuse/molestation coverages. If you tend to purchase individual event policies to cover a specific special event you might want to consider an annual blanket policy, which can be less expensive and is always more comprehensive.

**Hired/Non-Owned Auto**

Auto accidents are one of the leading causes of claims against nonprofits. Your organization doesn’t have to own vehicles or have staff to need this insurance! If volunteers or employees are in an accident driving their own vehicle or a rented vehicle while driving on your behalf, you could be held liable for damages. If they are driving their own vehicles then you need Non-owned Auto and if they are renting cars they need Hired Auto insurance. Both of these are an “excess coverage” that pays claims after the main auto policy coverage of the employee, volunteer, or auto rental agency. An employer may even be liable for an accident that occurs during an employee’s commute in certain cases. Therefore, it is recommended this coverage be in place even if your employees don’t use their personal vehicles for work purposes on a regular basis. We recommended that the following endorsements be included: Employees as Insured, Employee Hired Auto, and Volunteers as Employees.

**Do you have paid staff? You must have Worker’s Compensation Insurance**

All employers, including nonprofit organizations that have employees, are required — continued on page 8
by law to carry worker’s compensation insurance. Workers’ Compensation is a no-fault coverage that provides benefits for injured or sick employees if caused by their work environment. Employees may not sue the employer for these injuries or illnesses if there is Workers’ Compensation coverage provided. Premiums have been decreasing for several years, and carriers are providing more services to employers and employees.

In some places, the executive team or the board members (if paid) are excluded from this requirement, but not in California. How your employees are classified (full time, part time, independent contractor, etc.) makes a difference though. California has recently released new laws regarding independent contractors, so we encourage you to carefully review the new law and ensure that all people are correctly classified.

Our members get a free subscription to ThinkHR which helps with navigating the complexities of workers’ compensation requirements, and other sticky HR situations. ThinkHR resources include white papers, articles, training courses, sample risk assessments, OSHA reporting guidelines, and hotline to call when you need an answer from a real person.

While there are many kinds of insurance, there are at least three types of “property and casualty” insurance that every nonprofit needs, regardless of size, and a fourth if you have paid staff. Your nonprofit organization will be off to a good start with a stable base of protection for most unplanned costs arising from lawsuits, injury, or illness. This is by no means to be considered a complete package of coverage, and we recommend you meet with your broker to conduct a complete risk assessment and review additional coverages your organization may need.

Please feel free to contact me or any of the CNIS staff at: info@cal-insurance.org or 888.427.5222.
Our new guide for nonprofits who are looking for their first government grant discusses various common ways nonprofits currently find and apply for government funding, and other considerations for nonprofits thinking about applying for government funding. Below is a short excerpt from the Guide, which is free and available at www.calnonprofits.org.

Our new report – Causes Count: the Economic Power of California’s Nonprofit Sector - New Findings - shows that nonprofits rarely grow above $5 million without government funding as part of their business models. And despite the uneven distribution of government funds, for many small health, human service, and arts organizations located in communities of color, rural communities, and poor communities, government funding is often the most common path to significant growth.

To illustrate the variety of government funding opportunities, here are some examples of typical first-time grants:

• $10,000 from the county health department to hold a neighborhood health fair
• $50,000 from the county’s Community Development Block Grants program to renovate the kitchen at a senior center
• $25,000 from the U.S. Forest Service to improve a forest area largely with volunteer labor removing invasive plants

While government provides more than ten times the funding to nonprofits as foundations, think for a moment how many workshops are offered on how to write a foundation grant proposal, compared with how many resources there are on getting government money. There’s a clear need for nonprofits to know where to find government grant opportunities and how to apply for them.

Different from foundation proposal

If you’re familiar with writing proposals to foundations, keep in mind that government agencies are often looking at written proposals with different criteria than foundations use. Foundations often value readability, creativity in defining outcomes, and inspiring visions that go beyond the request of the specific proposal. If they like your organization and your proposal but you’ve forgotten to attach your audit, they will probably call to remind you to send it in.

In contrast, government readers are often first concerned with making sure that the requirements can be checked off.

If an audit is required with the proposal and it’s not there, the proposal is frequently simply marked “Incomplete” and not reviewed any further. If an RFP specifies that staff members have Masters degrees in Marriage and Family Therapy, be sure you document it. If a proposal is due at 5 pm, it will be rejected if it arrives at 5:01 pm. (These kinds of requirements sound bureaucratic, but they are aimed at ensuring fairness.)

Focus your proposal to government on answering their questions clearly, with documentation and track record where you can. It’s okay if it’s repetitive or lacks sparkle.

Unlike most foundation proposals, government grant opportunities typically have point systems. For example, 5 points maximum for marketing expertise and 20 points maximum for quality control. Make sure you are strong in the areas with high numbers of points.

A Nonprofit’s Guide to Getting Your First Government Grant includes real-world advice, a little humor, and a roadmap for nonprofit leaders on the hunt for government funding. Download it for free at www.calnonprofits.org.

Advice from ‘A Nonprofit’s Guide to Getting Your First Government Grant’
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