Letter from Our CEO

Dear Members and Friends:

What if everyone who works or volunteers in healthcare voted? We would have better health policies!

What if everyone who works or volunteers in the arts voted? We would have better arts funding!

What if we mobilized our clients, museum visitors, members, students, patients and visitors to vote? We would make history every election.

That’s why we should take note that only 15% of nonprofits register their constituents to vote, and only 23% encouraged people to vote. (Source: Causes Count: The Economic Power of California’s Nonprofit Sector, 2014). We can—and must—do better.

Although we need to improve our voter registration and turnout, we nonprofits are deeply involved with civic life in our communities:

► 79% of California nonprofits met with public officials or their staff within the last 12 months
► 53% provided testimony to a government body
► 43% participated in a government commission or committee

As a policy coalition ourselves—with 9,400 nonprofit members—we’re pleased to see that 53% of nonprofit leaders belong to an association or coalition that lobbies on their behalf. (The rest of you: join both your field’s coalition as well as CalNonprofits!)

Advocacy and voter engagement are ways that nonprofits represent the values and aspirations of their constituents—in addition to serving those constituents. As I travel throughout California, I often ask board members, volunteers and donors this question: What is so meaningful about the nonprofit where you volunteer, that you volunteer and donate to it?

Nobody ever answers with metrics, or “outcomes.” They don’t say “Because we serve 16,000 young women each year,” or “Because our clients are 29% more likely to graduate college than others.” They speak with their values and their...
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hearts. They say things like, “Because there needs to be a place where a woman in trouble can call.” “Because our history needs to be preserved and honored.”  
“Because how we care for animals reflects the compassion of a community.”

Too often advocacy seems like one more thing an overworked nonprofit manager has to do. Most of us have thought at some point: “If I don’t have to report it and I can’t put it in a grant proposal, I don’t have time for it.”

This intangible, symbolic role that nonprofits play—to express the spirit of a community and to represent the aspirations and pride of a community—is one we too often overlook. It’s not a deliverable. But think of the Koreatown Youth Community Center, the Tahoe Arts Foundation, the Silicon Valley Toxics Coalition, or the Latina Dance Project. Just seeing their names gives encouragement and heart to all of us—because we’re seeing people organize around their values and calling out to the best in all of us. And when we vote in elections—and mobilize our staff, board, volunteers and clients to do so as well—we advance that spirit and make it stronger.

This Thanksgiving season, let’s let people know all that we do and are for our communities, not just the services we provide. And let’s be thankful for one another. I’m very thankful to be here in this world and this job at this time in history.

And now I’m going to go read that voter’s guide.

Jan Masaoka
CEO, CalNonprofits
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P.S. We are now at 9,341 members!
Thanks to all of you and to our core support, unrestricted funders, we are making more and more of a difference in Sacramento, with philanthropy, and in strengthening and clarifying the voice of the nonprofit community.

Fall 2014 Legislative Update

CalNonprofits has good news to report on two bills we helped navigate through the California legislature this year. Both have been signed by the Governor and now become law. These are only two of many bills we’ve worked on; for more please see our Legislation Tracker at www.calnonprofits.org/advocacy/bill-tracker

AB 1712, the “Unclaimed Property for Nonprofits” bill, was introduced by Assembly Member Jimmy Gomez (D-Los Angeles). It will allow parent nonprofit organizations to claimed unclaimed property of dissolved affiliate organizations. It will allow for parent nonprofit organizations to claim funds that may have been left with the State Controller’s office from an old sister organization from the same nonprofit. This bill will allow organizations such as the Girl Scouts to claim leftover funds from groups that they chartered or approved that no longer exist.

AB 2077, the “Charitable organizations enforcement” bill was introduced by Assembly Member Travis Allen (R-Huntington Beach). Senator Allen originally intended to cap how much nonprofits can spend on overhead. CalNonprofits convinced him to abandon this idea, and instead turn the bill into a mechanism to help the Attorney General use existing funds more flexibly in order to enforce already existing laws to prevent “charity scams.”

Stay tuned for next year’s legislation. We’ll continue to work hard to protect and advance the interests of California nonprofits and advocate for YOU in Sacramento!
CalNonprofits Board Takes Stands on November Propositions

CalNonprofits often chooses to take positions on state propositions that affect California’s nonprofit sector as a whole, or affect significant portions of the sector. Our Board has taken stands on two upcoming propositions on the ballot this November; here’s where we stand and why.

**PROPOSITION 47: THE SAFE NEIGHBORHOODS AND SCHOOLS ACT OF 2014**

The Safe Neighborhoods and Schools Act of 2014 would change sentencing for low-level nonviolent crimes such as simple drug possession and petty theft from felonies to misdemeanors. It would re-direct the hundreds of millions of dollars that the secretary of state’s office estimates would have been spent annually to house prison inmates to education, mental health and drug treatment programs, and victims’ assistance.

Nonprofit organizations have been first-hand witnesses and responders to the impact of mass incarceration in our neighborhoods. We help family members cope when their loved ones are incarcerated, and we help recently released individuals find work, housing and social services as they strive to re-build their lives. This can be especially difficult, as those convicted of felonies face obstacles and discrimination in securing employment, insurance and housing, or even being able to vote.

Reducing sentences from felonies to misdemeanors would reduce some of these barriers brought about by felony convictions, easing the transition into community life. And at least some of the re-directed funds would be available to community-based organizations to help provide an opportunity for thousands of people to obtain jobs and reintegrate into society. You can count on nonprofit advocates to be at the tables around the state to make sure these monies are allocated fairly and wisely.

This is why the Board of Directors of the California Association of Nonprofits – CalNonprofits – strongly supports Proposition 47.

**PROPOSITION 45: INSURANCE RATE PUBLIC JUSTIFICATION AND ACCOUNTABILITY ACT**

In 1988, public anger against insurance companies resulted in the passage of Proposition 103 -- Insurance Rates & Regulation -- which requires the California State Insurance Commissioner (an elected official) to approve property and casualty insurance rates before they go into effect. Proposition 45 seeks to have the same kind of state authority put on health insurance rates.

The CalNonprofits board considered this proposition in part because CalNonprofits has a wholly-owned, for-profit social enterprise which is an insurance broker specializing in health insurance, and providing health insurance to more than 14,000 nonprofit employees. One reason we have this social enterprise at all is because of CalNonprofits’ commitment to keeping insurance rates low for nonprofits.

Unfortunately, Proposition 45 is seriously flawed in some significant ways, despite its worthy goal of giving some oversight to health insurance costs. It exempts large
**“Who Has the Time?” and Other Questions on Nonprofit Advocacy**

Earlier this year, a nationally prominent nonprofit leader said this to an audience of people from public charities and private foundations: “Nonprofits have a duty to advocate on behalf of the people who have no voice, to demand social justice.” Many in the audience nodded in agreement; others waited politely for him to get past his warm-up comments and onto something they hadn’t heard before. One audience member was heard muttering under her breath, “yeah, but who has the time?”

To many of us, the “nonprofits ought to advocate” message is a mantra without meaning. Everyone says it – preaches it– but very few embrace advocacy as core to advancing their missions. The ought-to-advocate message is akin to hearing that you need to learn a new language, something we want to do that would enrich our lives, but hard to justify pushing to the top of the to-do list.

The answer to the question “who has the time” is … each of us. That is partly because bad policies are forcing us to divert time away from our missions. And it is partly because we are already advocating for our missions every day.

Recently released data from the Urban Institute in Washington bring these points home. Responses to a nationwide survey of nonprofits with government contracts and grants indicate that California is the sixth worst state in terms of governments imposing needlessly complex and time-consuming reporting requirements. This means that the time and aggravation that California nonprofit employees spend on monitoring, reporting, and dealing with audits is greater than most other places in the Unites States.

To this problem, the question is less who has the time to advocate, but how much time could we save by working with governments to prevent duplicative audits, overlapping and inconsistent compliance procedures, incompatible data collection, and a lack of standardization that inject vagaries into an already complex process.

Another data point from the Urban Institute survey is worth noting. California ranks second worst in terms of governments placing arbitrary caps on administrative/overhead costs of grants and contracts. More than two out of three (67 percent) nonprofits in California reported this as a problem. Of those, sixty-four percent reported being reimbursed 10 percent or less of these costs.

The normal range of overhead rates for for-profit companies and nonprofit organizations alike is 25 percent to 35 percent. Yet, governments have historically treated nonprofit organizations differently, imposing arbitrary caps on reimbursement rates that undercut the ability of their partners to succeed on behalf of taxpayers and force nonprofits to spend time fundraising to fill the gap. Why? The most obvious answer is because nonprofits haven’t effectively advocated for fairness.

So to the question, who has the time to advocate, a different question is: why are nonprofits and their funders subsidizing governments? And another: How much time must we divert from our missions to fundraise for government?

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“Who Has the Time?”, continued from page 4

Thanks to the ongoing advocacy efforts of CalNonprofits there is the promise of relief for some of the wasteful problems that are plaguing nonprofits in the state. Last December the federal Office of Management and Budget published new Uniform Guidance (sometimes called the “Super Circular”) that will require federal agencies and pass-through entities (typically states and local governments receiving federal grants) to reimburse nonprofits for their indirect costs. If an indirect cost rate has already been federally negotiated, then the state and localities must pay nonprofits that rate. Nonprofits that have never had a negotiated rate will be entitled to an indirect cost rate equal to ten percent of their modified total direct costs.

The new guidance from the federal government means that nonprofits should be able to focus more on their missions and be under less pressure to raise additional funds to essentially subsidize governments. In turn, charities with no government contracts or grants could see less competition for scarce philanthropic dollars.

The OMB Uniform Guidance is a major success story demonstrating the value of nonprofit advocacy. But it would never have happened without nonprofit leaders sharing their stories with colleagues, recognizing shared problems, and doing what nonprofit people do best – coming up with solutions. That is the kind of every-day advocacy that is transforming nonprofits and their communities.

David L. Thompson is Vice President of Public Policy for the National Council of Nonprofits in Washington, DC. The Council of Nonprofits’ recent special report, Toward Common Sense Contracting: What Taxpayers Deserve, highlights ready-made solutions to problems California nonprofits are facing.

November Propositions, continued from page 3

corporations’ health insurance plans. Prop 45 may make it more difficult for Covered California to negotiate its rates. Health insurance rates are much more complicated than car insurance rates, and may create approval backlogs. But perhaps the biggest problem with Proposition 45 is that it is a ballot proposition, rather than a proposed bill. As a bill, there would be opportunities to amend it to take out some of the problem areas, but as a proposition, not a single word can be changed.

As a result, the CalNonprofits board has chosen to stay neutral on Proposition 45. We can’t fully support this bill because of the flaws, but we can’t fully oppose it because of its intentions.

Vote with Your Mission, continued from page 1

- reframe nonprofit staff as a significant segment of the voting public
- provide a vehicle for nonprofit leaders to take the issue of voter encouragement and education to boards, management teams, coalitions, and donors
- inspire others to take up similar activities

We hope California nonprofits will join us in signing on to Vote with Your Mission today. Together, we can ensure that our voices—as citizens as well as participants of nonprofit organizations—are heard on Election Day.

Sign on today at www.votewithyourmission.org
Voting isn’t just good for your organization. In their new “Benefits of Voting” series, Nonprofit Vote shows why it’s good for individuals, your community, and the health of the people you serve.

**BENEFITS FOR NONPROFITS**

**Voter engagement efforts build stronger nonprofits.** Nonprofits whose communities vote have more access to elected officials, increased clout on issues, and are better positioned to advance their mission. Nonprofits reach people missed by traditional campaigns, contributing to more active citizenship and an electorate that more fully represents the communities we serve.

**We create a more representative electorate.** Nonprofits disproportionately reach individuals who are younger, lower-income, and more diverse than the general public—groups that historically participate at lower rates. Because of our trust, personal relationships, and nonpartisan approach, the individuals that we serve are more likely to respond to our appeals to vote.

**Voter engagement boosts our advocacy.** Voter engagement gets us a seat at the table and enhances our ongoing advocacy efforts. Elected officials pay attention to who votes. When our staff and communities participate, we have more access to decision makers, increased clout for our organization, and a greater chance to have our issues addressed.

**Voter engagement makes us relevant during elections.** Voter engagement raises our profile. Candidates and campaigns seek out and respond to communities with higher voter registration and turnout rates and to organizations that care about voting. While campaigning they’re more likely to come to our neighborhoods, attend our events, respond to our questions, and listen to our concerns.

**Voting gives power and voice to the people we serve.** By encouraging voting, nonprofits can help people become more active and engaged citizens. Compared to nonvoters, voters are more likely to talk to elected officials and connect to their neighbors. As community members are mobilized to vote, leaders from within the community often emerge, including those interested in seeking office.

**Candidates and campaigns seek out and respond to communities with higher voter registration and turnout rates and to organizations that care about voting.**

**We are effective.** Nonprofit VOTE’s 2012 evaluation showed that voters contacted in-person by nonprofits during services voted at higher rates than other registered voters in their state across all demographics. Nonprofits had the biggest impact on turnout among least-likely voters—those that campaigns typically disregard based on low “voter propensity scores” assigned before the election to predict the likelihood that they will vote.

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1. **It Strengthens Social Ties**
Voting helps to strengthen our social ties, and feeling part of a close-knit society is in turn linked with greater quality of life and longevity, according to Stanford researchers.

2. **It's Linked With Reports Of Greater Health**
A 2001 study in the *American Journal of Public Health* shows that people are more likely to self-report “fair” or “poor” health in states where there’s below-average voter turnout. “Socioeconomic inequality in political participation (as measured by voter turnout) is associated with poor self-rated health, independently of both income inequality and state median household income,” Harvard researchers wrote in the study.

3. **It's Good For Mental Health**
Among people who are at risk, voting could help to lower stress and even ward off future mental health conditions. Specifically, researcher Lynn Sanders, Ph.D., an associate professor of politics at the University of Virginia, noted that, “I think that people who are on the wrong sides of the disadvantage divide, measured according to anything -- health, income, quality of community, or job status -- those are the people who stand to benefit most.”

4. **It Sets A Good Example for Kids**
Children may not be able to actually cast a ballot, but they can see their parents vote, which could help to open dialogue about issues affecting society today. “Parents don’t realize that even though kids can’t vote they can learn about the voting process and learn about how their parents think about different issues,” said Marc Zimmerman, a psychologist and professor at the University of Michigan. “There is also some evidence that talking about politics may help kids become better critical thinkers and help parents build communication patterns with their kids.”

5. **Political Activism Boosts Well-Being And Life Satisfaction**
Being politically active is linked with greater well-being and life satisfaction, according to research conducted by Tim Kasser, Ph.D. and reported in *Political Psychology*.

“Politicians and activists typically attempt to motivate ordinary citizens to participate in democracy on the basis of moral appeals or attempts to fix a problem. Our results suggest that it might also be worthwhile to highlight the internal rewards citizens can obtain from being politically engaged: A sense of satisfaction and the experience of pleasant emotions and of connection with others.”

*Modified from Huffington Post: Healthy Living, 11/06/2013*

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Voter’s Edge: The voter’s new best friend

A new tool from Map Light and the League of Women Voters’ Smart Voter

The Voter’s Edge website at votersedge.org provides nonpartisan voter information for US elections, making it simple for you to see a customized view of who and what is on your ballot, which is generated based on your address.

Voter’s Edge is a nonpartisan, unbiased voting information guide that offers key facts and unbiased summaries of information about the candidates and ballot measures you will vote on. Voters frequently need more background information about the candidates and measures on their ballot than are provided by the official state guide or campaign websites. Voter’s Edge makes it possible for you to access the information you need to decide how to vote with just a few clicks of the mouse.