Letter from Our CEO

Dear Members and Friends:

Raring to go! That’s how we on the staff and board of CalNonprofits feel this month: a lot to do and it feels good to get started. Projects to watch for in 2015:

▶ Causes Count: We’ve done 25 in-person presentations of this groundbreaking economic impact study of California’s nonprofit sector, and we’d love to send our staff and board members to your nonprofit conference or coalition. We have a fun (yes, really!) Powerpoint that shows, for example, that California nonprofits employ more people than construction, just for one case. Contact Dishauna Castro dishaunac@calnonprofits.org, or (415) 444-6955 to schedule a speaker for your area.

▶ Task Forces: In addition to the CalNonprofits Task Force on the California Teleconnect Fund, we’ll be convening task forces on nonprofit overhead, new nonprofit regulations, and — depending on when legislation comes forward — on raffles and on fireworks. We’ll be seeking CalNonprofits members to serve on these, so stay tuned.

▶ Launch of our Nonprofit Overhead Project, including:
  — Walking the halls of state agencies in Sacramento to ensure that nonprofits get a minimum of 10% overhead in all government contracts with federal money, as mandated in a new regulation that just went into effect (the OMB Uniform Guidance) — we’ll need CalNonprofits members to come with us!
  — Convenings to inform philanthropy about the importance of funding the real costs of programs: a joint project with the three grantmakers associations (Northern, Southern, and San Diego Grantmakers Associations).
  — Technical tools for nonprofits on calculating overhead and messaging about overhead.

▶ Minimum wage: following up on our statewide survey of nonprofits, we’ll be bringing nonprofits together to discuss getting nonprofits at the table in the development of minimum wage proposals so that neither nonprofits nor low income communities are inadvertently hurt by poorly thought through proposals. — continued on page 2

View From Sacramento

from our new Sacramento Advocate Jennifer Fearing

As CalNonprofits looks ahead to the 2015 legislative session in Sacramento, you can count on us to take significant steps to amplify our sector’s voice, power and influence.

We are busily making sure legislative offices know we are here to consult on bill ideas, reviewing new bills, and making plans to engage in key legislative efforts. We know our role is to identify the opportunities and threats for the nonprofit sector — and then to speak up. You’ll be hearing much more about the Capitol ideas we expect to weigh in on, several of which CalNonprofits CEO Jan Masaoka outlines in this issue’s letter.

The Governor recently announced his proposed 2015-16 budget. Voices from across the nonprofit sector have spoken, and here is a brief summary by issue area: — continued on page 3
Letter from CEO, continued from page 1

▶ Economic and political forecast for California’s nonprofit sector: Mark November 4 on your calendar for our annual policy event, this year in Oakland.

As you can see, CalNonprofits members will be front and center in many of our advocacy efforts. Let us know what additional issues you think we should be taking up together!

Jan Masaoka
CEO, CalNonprofits
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415.926.0034 direct

Are you getting the most out of your membership with CalNonprofits?

Use this handy checklist to make sure you’re using all the benefits!

Insurance and Risk Management

☐ Make sure we have the right insurance coverage – call CalNonprofits Insurance Services to find out: 888-427-5222

☐ Ask about discounted background checks –
  including Live Scan fingerprinting!

☐ Login to CalNonprofits.org account for accounting, board governance,
  and HR samples and templates

Administrative Expenses

☐ Sign up to save up to 30% on office supplies – printer toner, paper,
  sticky notes, pens, etc. at Office Depot

☐ Request FREE cost comparison on credit card processing fees from Dharma
  Merchant Services

☐ Get promo codes and links for saving on copies and print production
  (FedEx Office) and on shipping (UPS)

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☐ Visit HR360.com for thousands of helpful human resources articles, checklists
  and templates (FREE access for full CalNonprofits’ members)

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Login online at calnonprofits.org for contact details or promo codes for these vendors or contact Christina Dragonetti (christinad@calnonprofits.org) or Dishauna Castro (dishanac@calnonprofits.org) or call us at 800-776-4226.
Health and human services: The Governor’s budget expands Medi-Cal as part of ACA implementation, but many are concerned that the proposal does not increase reimbursement rates nor expand Medi-Cal to include immigrants covered by the President’s recent Executive Order. Poverty advocates remain very concerned about child welfare and growing income inequality.

K-14 education: Most of the anticipated tax revenue increases will go to K-14 education, thanks to Proposition 98 requirements. Nearly $8 billion more is allocated to primary and secondary schools and community colleges.

Higher education: The Governor’s budget makes a $120 million increase in UC funding contingent on rolling back planned tuition increases. His budget includes a 4 percent increase in funding for the CSU system, which is reportedly $97 million less than the board of trustees claims to need to operate at capacity.

Debt reduction/saving: The Governor’s budget proposes paying down two-thirds of the remaining “wall of debt” owed to cities and counties and also allocates significant dollars to the Rainy Day Fund that voters approved at the ballot last November.

Arts: After last year’s victory of adding $5 million for the California Arts Council — which supports arts in education and community arts — arts organizations were disappointed to see only $1.1 million in the Governor’s budget.

We will continue to monitor the budget and look for opportunities to advocate consistently with our Policy Framework (www.calnonprofits.org/advocacy/policy-framework).

We also have some exciting profile-raising plans for 2015, including:

• Identifying key sector allies and champions in the legislature to join us for a Causes Count re-launch media event and reception at the Capitol in early March.

• Activating the lobbyists who already advocate for nonprofits to support the CalNonprofits legislative agenda.

• Increasing our calls to action and opportunities for CalNonprofits members to activate on behalf of legislation.

• Creating a new experts’ advocacy committee focused on technical (yet significant) regulatory and administrative policy changes that affect us all.

Make sure to sign up for our e-News for the most up-to-date information on CalNonprofits advocacy and how you can be involved in 2015. Please feel free to contact me anytime with questions, concerns or suggestions about our advocacy or to get more involved. I can be reached at jenniferf@calnonprofits.org.

New OMB Guidelines Mandating 10% Overhead Minimum

New OMB Guidelines that took effect December 26, 2014 say that contracts with nonprofits involving federal money must include a minimum of 10% overhead. This isn't enough, but it's an important victory for nonprofit policy advocates. California currently ranks 4th worst in the nation in nonprofits that suffer under government contracts that do not pay the full costs of the work, and 60% of these nonprofits are in human services – working with the vulnerable in our society.

Specifically, the OMB Uniform Guidance requires state and local governments that use federal funding in nonprofit contracts to apply either the nonprofit’s federally negotiated indirect cost rate, or, if the nonprofit does not have such a rate, a default rate of 10% of their modified total direct costs. States and local governments must put this new ruling into place by December 26, 2014.

A nationwide study published December 2013 by the Urban Institute found that governments arbitrarily limit indirect costs for necessary program and organizational expenses; among nonprofits reporting caps on indirect costs, one in four (24%) said that governments refuse to pay any indirect costs of the organization, and half (49%) responded that they were limited to 7% or less. This will no longer be tolerated when federal funds are involved.

CalNonprofits is currently finalizing a multi-component initiative on nonprofit overhead; one key component is working with administrators and legislators at state and county levels for full implementation of this new guidance. Stay tuned for upcoming webinars, forums, and a brand new website dedicated to the initiative.

For more information see A Board Member’s Guide to Nonprofit Overhead (www.blueavocado.org/node/906) and the National Council’s useful page on this subject at: www.councilofnonprofits.org/omb-uniform-guidance.
WELCOME NEW CALNONPROFITS MEMBERS

18 Arts - 18th Street Arts Center
Access Counseling, Inc.
Advocates for Indigenous California Language Survival
Affiliated Resources for Campus Ministries
Be the Star You Are, Inc.
Blessed Straight
Blooming
Blue Line Arts
Brian K. Wilson
Bring Me A Book Foundation
Butler Valley Incorporated
Caledonian Club of Sacramento
Cantabella Children's Chorus
Capacitar International, Inc.
Capacity Builders, Inc.
Cape Fox Publishing
Caring House, Incorporated
Center for Powerful Public Schools
Center for Resource Solutions
Charity Compliance Solutions, Inc.
Congregation Bet Haverim
Court Appointed Special Advocates of Sacramento County
Eastern Sierra Interpretive Association
EngAGE, Inc.
Food for People
Foundation for the Preservation of the American Family
Foundation for the Preservation of the Mahayana Tradition
Friends of the San Juan Capistrano Library
Girls in Power
Greater Fresno Area Intergroup
GuideStar USA
Hamilton Family Center
Heartwood Institute
Hewitt Consulting Enterprises
Hi Daddy Youth Foundation Inc
Homes Organizing the Mission To Empower Youth
Inpovery
International Rivers Network
Jakarta Movement
JobTrain
Knowledge Education for Your Success, Inc.
Legal Aid Society of San Bernardino
Life Empowerment, Inc.
Lindsay Wildlife Museum
Long Beach Immigrant Rights Coalition
Los Angeles County Barber & Cosmetological Apprentice Training Program
Merrill Vargo
Morro Bay Community Quota Fund
National Assistance League
National Council on Alcoholism & Other Drug Addictions
National Employment Lawyers Association
NexMap
Nigro & Nigro, PC
North County Literacy Foundation
Oak Park Sol Community Gardens
Oakland Asian Cultural Center
Palo Alto Players-Peninsula Center Stage
Parent Teacher Home Visit Project, Inc
ParentsCAN
Perinatal Advisory Council, Leadership, Advisory and Consult (PAC/LAC)
Pesticide Action Network North America
Pillar Policy Services
Pituitary Network Association
Pleasant Hill/Walnut Creek Mother's Club
Prolinks
Sacramento Regional Coalition to End Homelessness
San Francisco Study Center
SF Bay Area Family Counseling Services
Silicon Valley Community Foundation
Smith Diversified Resource
Social Action Partners
South Lake Tahoe Family Resource Center
Spirit Of Sharing
Street Mutts
Tahoe Regional Arts Foundation
The Hub for Direct Community Action
The Third Sector Company, Inc.
Universities Allied for Essential Medicines, Corp.
Urban Compass
Valley Rock
Whole Systems Learning
work2future Foundation

A New Year means new HR Law posters!
Members – you can get them at www.HR360.com using your free subscription. Don't know your login info? Contact Christina Dragonetti at christinad@calnonprofits.org.

Northern California Indian Development Council

A CalNonprofits member since 1989 (that’s 26 years!), the Northern California Indian Development Council (NCIDC) was established in 1976 to support Indian and Native American communities in Del Norte, Humboldt, Siskiyou and Trinity counties. Over the years, their programs have grown tremendously and since 1984 the Corporation has developed a statewide service network with programs and partners in 57 counties and 102 reservations and Rancherias across California.

“A true success story, the NCIDC offers a wide variety of programs ranging from archeological preservation of Native peoples’ history, to community health programs to employment training, youth scholarships, an American Indian Art and Gift Shop (in Eureka and online), plus a statewide Low-Income Housing Energy Assistance Program (LIHEAP) and a disaster assistance program and more!

A great example of their philosophy in action is the Tobacco Use Prevention Education program that acknowledges and teaches the differences between the sacred use of tobacco by Native peoples and the deadly consequences of commercial tobacco addiction. Currently they are raising funds to preserve and restore the 100+ years old Carson Block Building and Ingomar Theater - once among the most ornate theaters on the West Coast. Visit them online at www.ncidc.org.

“Our Native people and most importantly our youth are sacred and deserve to be proud of their culture, heritage, traditions, languages and ancestors. We want our people to succeed in all aspects of an integrated life, work, family, spirituality, social relations, physical well being and cultural pride.”
CalNonprofits announces support for increases to the minimum wage

When it comes to the minimum wage, voices are often heard from business, from labor, and from government. But what about nonprofits? The nonprofit sector employs nearly one million Californians, and has more jobs than construction, finance, or agriculture. California’s nonprofits benefit every resident of the state, and are trusted by the public for job creation and for efficient, ethical behavior.

CalNonprofits believes that all workers deserve an adequate wage and that raising wage floors is an important and effective tool for reducing poverty in our communities. This is especially key for people who are often left behind in our economy, including women and people of color. That’s why CalNonprofits is announcing its support for increases to the minimum wage.

At the same time, as the “Chamber of Commerce” representing the nonprofit sector in California, it’s our job to ensure that policy makers and the public at large know the perspective of nonprofits on issues that impact them and the communities they serve. CalNonprofits has identified as a crucial aspect of implementation the need to provide a longer phase-in schedule for nonprofits in order to provide time to re-negotiate government contracts that reimburse at minimum wage levels, allowing nonprofits to maintain delivery of critical human services.

As minimum wage proposals are developed, CalNonprofits urges policymakers to work with the nonprofit sector to ensure that minimum wage increases do not fall short of adequately compensating families who may become disqualified for public benefits (such as SSI or Section 8 Housing). We also urge that local governments work collaboratively with California’s nonprofits to obtain additional state and federal funding to cover the costs of mandated wage increases.

“Minimum wage increases help the working poor,” said Ashley McCumber, CalNonprofits board chair and CEO of Meals on Wheels of San Francisco. “Nonprofit leaders are committed to helping the working poor through minimum wage increases as well as through services.”

“Opponents of minimum wage increases often try to use nonprofits as a ‘front man,’” added CalNonprofits CEO Jan Masaoka. “In fact, our members not only support increased minimum wages, but are eager to work with city and state officials on both legislation and implementation.”

CalNonprofits surveyed its members to help guide us in forming our recommendations for implementation of minimum wage increases. You can learn more about our survey results on our website here: www.calnonprofits.org/publications/article-archive/378-nonprofits-support-minimum-wage-increases-despite-concern-for-costs-clients

“Our members not only support increased minimum wages but are eager to work with city and state officials on both legislation and implementation.”
New Law as of January 1, 2015:
Non-voting Ex Officio Board Members Prohibited

A little-noticed change in the California Nonprofit Corporations Code has an important change for nonprofits: there can no longer be non-voting members of the board of directors. This revision of the Nonprofit Corporations Code took effect on January 1, 2015 and clarifies the term ex officio and the principles of voting nonprofit board members. A little background:

Non-voting board members: It's not uncommon for nonprofits to provide in their bylaws for non-voting board members, but under California law, such positions do not exist. Board members, or directors, as they are termed in the law, each have one vote on any matter presented to the board for action. So, any person entitled to attend board meetings without a vote is not a board member at all, even if your bylaws specify so.

Ex officio: The term ex officio is often misused to mean non-voting, but it actually means “by virtue of one's office.” An ex officio director holds office as a director not by election, but by holding another office that gives her the right to be a director for so long as she holds that other office. For example, an executive director who is also an ex officio director is a board member for as long as she remains the executive director. In some cases a public official – such as the mayor or the city librarian – may be an ex officio member of a nonprofit board. Some nonprofits give ex officio, non-voting status to founders or former board members.

The new law explicitly states that “[a] person who does not have authority to vote as a member of the governing body of the corporation, is not a director … regardless of title.” The revision also effectively provides that a person with the designation of ex officio director or nonvoting status to founders or former board members.

In other words, if you have ex officio directors, they now have the right to vote on all matters unless you make clear that they have no right to vote as a director.

California nonprofit corporations that do not intend to empower their ex officio directors with all the rights of a director must make sure their articles and bylaws contain the appropriate limiting language or, better still, eliminate the use of the terms ex officio director and nonvoting director. Getting this wrong may result in a costly dispute or unintentionally empower an individual as a director.

For those nonprofits that want to provide for the right of their executive directors to attend board meetings without the voting power of a director, instead of using the misnomer non-voting ex officio director to describe such arrangement, they might use the following description: “The executive director has the right to attend and participate at all meetings of the board, except when the board enters executive session, but shall have no voting powers.” Nonprofits that have created ex officio, non-voting board members for founders, public officials or others, may consider changing their status to honorary board member, with no voting powers.

New business mileage deductions for 2015...but volunteers still left behind

If Jane Doe – let’s say an attorney – drives her car to a business meeting with a client, she can now (as of January 1, 2015) deduct 57.5¢ per mile on her tax return. If she drives, for instance, 50 miles, she can deduct $28.75. If, the next day she drives her car 50 miles to volunteer as an attorney at an immigration rights clinic, she can only deduct 14¢ per mile... $7 total.

The IRS raised its rates for business mileage from 56¢ in 2014 to 57.5¢ for 2015. We’re glad the IRS has recognized that mileage costs have gone up, but they’ve gone up for volunteers, too! CalNonprofits has consistently supported efforts to make the volunteer mileage deduction equal to the business mileage deduction, but once again the IRS has not listened.

But don’t forget to let volunteers know they can deduct unreimbursed mileage and other costs of doing volunteer work:

*Mileage:* 14¢ per mile

*Transportation:* bus, train, streetcar fares to get to and from volunteer activities

*Home fundraisers:* catering expenses if a volunteer hosts a board meeting, fundraiser or other event at his or her home

**Reminder:** such deductions are usually only for volunteers who itemize deductions on their tax returns. Nonetheless, let all volunteers know about these possible deductions. It’s one way that nonprofits can express their support for volunteerism. We’ve provided a Sample Form for Volunteer Mileage Deductions on our website that you can give to volunteers, in an easy-to-customize Word format.
**New sick leave law**

Beginning in July 2015, all California employees, including those working for nonprofits, will accrue one hour of paid sick leave for every 30 hours worked. Employers may choose to cap the usage at 3 sick days (24 hours) leave per year.

**The Details:**

- The law requires workers to be employed 90 days before using accrued sick leave.
- To qualify for sick leave accrual, employees will have to work 30 or more days in a year.
- Sick leave may be used for themselves or to care for family members.
- Employers must provide a written statement of accrual and balance of sick leave to each employee with each paycheck.
- This accrued/unused sick leave does NOT have to be paid out at termination of employment.
- In-home care workers are excluded from the law, as well as certain union employees (depending on their contract).
- Additional posters and notices regarding the law will be required in 2015.
- Employers that already have a policy (sick or PTO) in place that meets all the standards of the law, are not required to make additional time available.

**Usage and Capping the Accrual:**

The amount of sick time used can be capped at 3 days per year (24 hours) and any unused sick time at the end of the rolling 12-month period must be rolled to the next 12-month period. The employer can cap the maximum accrual at six days (48 hours). So if any employee has 6 sick days accrued at the end of any given 12-month period, the 6 days will be rolled into the next 12-month period - but no new sick time will accrue until some sick time is used.

**Example:** All existing employees as of 7/1/15 will have their 12-month period start on that day (new employees will have their 12-month period start on the day of hire). Existing employee A begins accruing sick leave on 7/1/15 (working 30 hours/week), and needs to take 2 sick days in mid-October. Sick time accrued:

- July = 4 hours
- August = 4 hours
- September = 5 hours
- Mid-October = 2 hours

Employee A has 15 hours accrued to be used mid-October.

**San Francisco Law:** San Francisco workers accrue sick leave at the same rate, but the minimum cap is five to nine days depending on the size of the employer. San Francisco nonprofits probably don’t need to make any changes to their sick leave policy to comply with the new state law.

For more information on the new law, visit AB 1522 ([www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1501-1550/ab_1522_bill_20140910_chaptered.htm](http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1501-1550/ab_1522_bill_20140910_chaptered.htm))

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Save the date to look into a crystal ball. The focus of our 2015 convention will be an economic and political forecast for California's nonprofit sector. We'll be bringing together elected officials, economists, analysts and nonprofit and foundation leaders on November 4 – the day after the election – to chart a forecast we can use.

**Annual Policy Convention 2015**

Economic and Political Forecast for the Nonprofit Sector

**SAVE THE DATE**

November 4, 2015

Oakland, CA

Convention Center