



NATIONAL COUNCIL OF NONPROFITS

National voice. State focus. Local impact.

2013 Public Policy Agenda

I. Tax Policy: Empowering Community Solutions through Nonprofits

Charitable nonprofit organizations throughout the United States are dedicated to the public good; their work improves lives, strengthens communities and the economy, and lightens the burdens of government, taxpayers, and society as a whole. Consistent tax policies at the federal, state, and local levels are critical to the success of nonprofits in pioneering and implementing solutions to community problems and aspirations. The National Council of Nonprofits is committed to preserving the tax-exempt status of organizations contributing to the well-being of their communities and strengthening and expanding incentives for individuals to give their time and money to the organizations whose missions they support. In practice, this commitment means:

- A. Supporting existing, enhanced, and new tax and other incentives at the federal, state, and local levels that encourage individuals to volunteer their time and contribute money to the missions of nonprofits and opposing caps or limits on charitable giving incentives.
- B. Opposing the imposition of fees, payments in lieu of taxes (PILOTs), and taxes on tax-exempt nonprofit organizations.
- C. Maintaining and – where appropriate – expanding nonprofit exemptions from state and local property, sales, and use taxes.

II. Budget & Spending: Addressing Community Needs

Budget and spending decisions by governments affect all Americans, and in this time of economic hardship these decisions have immediate and serious consequences for the people nonprofits serve and the communities in which they operate. Nonprofits work in every community, whether caring for returning soldiers, educating children, rebuilding cities, training the workforce, nursing the sick, supporting our elders, elevating the arts, mentoring our youth, protecting natural resources, nurturing our souls, and much more. As front-line providers of services and as organizations grounded in their communities, nonprofits have a stake in the strength and well-being of the economy and of governments at all levels.

The National Council of Nonprofits opposes arbitrary and across-the-board budget cuts at any level of government and will work to inform policymakers of the impact of budget proposals on communities. The National Council of Nonprofits supports programs that promote volunteering activities that mutually benefit individuals and the people served through nonprofits, but opposes proposals to condition receipt of government-provided benefits on requirements that individuals volunteer at nonprofit organizations, a policy known as “mandatory volunteerism,” that impose increased costs, burdens, and liabilities on nonprofits by an influx of coerced individuals.

The National Council of Nonprofits encourages all nonprofits to be meaningful participants in the state budget process. It will, as a network, engage actively in debates regarding comprehensive budget and tax reforms, encouraging solutions that improve transparency in the budget process, and supporting proposals that promote fiscal stability and growth, while ensuring that the work of nonprofits on behalf of the people they serve is sustained.

III. The Economy: Strengthening Communities through Job Creation and Economic Development

Nonprofit organizations are integrally involved in the economies of their communities, their states, and the country. Nonprofits employ more than 13 million individuals nationally, pay over \$500 billion in wages annually, and contribute more than five percent to the Gross Domestic Product of the United States. Nonprofits collectively employ more Americans than the construction, finance, and insurance industries *combined*. In many states, nonprofit employment exceeds ten percent of the workforce and represents one of the top two or three industries. As proven job creators, nonprofits can and should participate in the development of job growth policies at the state and local levels. The National Council of Nonprofits strongly endorses policies that promote job creation in all sectors of the economy, and insists that incentives apply equally to nonprofit employers. As they do for for-profit employers, governments have a responsibility to collect and disseminate nonprofit employment and economic data that identify the impact of nonprofit organizations in their jurisdictions.

IV. Public-Private Partnership: Improving Collaboration for the Public Good

Nonprofit organizations share a commitment with governments to improving lives and communities throughout the country. The National Council of Nonprofits is dedicated to improving government-nonprofit contracting systems, and to strengthening the public-private partnership at all levels through collaboration and direct engagement. Specifically, the National Council of Nonprofits supports:

Federal

- A. Reforms to government-nonprofit contracting processes that streamline policies and procedures to avoid duplication and waste, develop standardized definitions for contracting and grant language, and ensure that payments to nonprofit organizations for actual and indirect costs from the federal government through state and local governments are applied consistently, fairly, and in a timely manner.
- B. Adoption of reforms that help make the federal government a more productive partner with nonprofit organizations by establishing (1) better communication with the federal government, (2) better coordination of policies and practices within government, and (3) enhanced research and data sharing by government.
- C. Full funding for the **Nonprofit Capacity Building Program** and the **Strengthening Communities Fund** and reforms that expand the availability and range of trainings to address the needs of rural as well as urban communities.

State

- A. Creation of a senior Executive Branch Liaison to the Nonprofit Sector, such as a full cabinet-level official, special advisory council, or as a senior advisor in the Governor's Office, and/or in the office of the State's primary nonprofit regulator and other cabinet-level departments with the goal of ensuring collaboration between government and charitable nonprofits.
- B. The commitment of governments and nonprofit providers to collaborate in streamlining and reforming the existing dysfunctional contracting systems that deprive individuals of the services they need, deny taxpayers the full value of the programs they fund, and prevent nonprofit organizations from achieving their full impact.
- C. Creation of bi-partisan Nonprofit Caucuses in State Legislatures to serve as resources for information on the nonprofit sector through which lawmakers can work together on legislative and regulatory issues impacting charitable nonprofits and the people they serve in their states and tap ideas and solutions tested in the real world by organizations dedicated to serving their communities.

V. Advocacy Rights: Promoting Civic Engagement

The nonprofit sector is vital for democracy to be successful; the rights of the people to gather through nonprofits to speak freely about public policies must be preserved. From before the time our nation was formed through today, individuals have assembled in groups to advocate for the advancement of the issues and concerns of their times. As safe havens for people to gather to amplify their collective voices, nonprofits have a duty to stand up and speak out for the public good and promote a more just and equitable society. Nonprofits often provide a voice for those individuals and groups who are unable to speak for themselves. Likewise, nonprofits share the responsibility to promote greater engagement of the citizenry, open elections, and open government. The National Council of Nonprofits works to create a culture in support of nonprofit advocacy and to maintain the advocacy rights of nonprofit organizations in the following ways that promote, support, and protect nonprofit advocacy:

- A. Opposing restrictions on the advocacy rights of nonprofits.
- B. Promoting advocacy as a core component of the mission of nonprofits to address problems and have impacts in their communities.
- C. Correcting misperceptions and clarifying lobbying laws and regulations to empower nonprofits to advocate fully and freely within the law.
- D. Leveling the playing field by supporting changes to the financial thresholds for nonprofit advocacy and lobbying activities.
- E. Ensuring the integrity of charitable nonprofits by supporting the tax-law ban on electioneering and partisan political activities.

VI. Public Accountability: Ensuring Public Trust

The nonprofit community recognizes that mission-driven nonprofits can be successful only by earning and maintaining public trust through appropriate transparency, which can be guided by reasonable regulation that recognizes the unique role of these organizations in communities. For these reasons, the National Council of Nonprofits supports reasonable and non-burdensome regulations and policies that already make the nonprofit community the most transparent sector of the U.S. economy. An appropriate balance must be struck that recognizes and respects the independent activities of nonprofits as public-spirited yet still private organizations. The National Council of Nonprofits also supports:

Federal

- A. Maintaining the proper balance between protecting and informing the public and preventing excessive and disruptive regulatory burdens that hinder the missions of nonprofits.
- B. Adequate funding for quality education, transparent oversight, and fair enforcement of nonprofit organizations by the IRS.
- C. Maintaining state primacy in the regulation and enforcement of consumer protections related to nonprofit organizations.

State

- A. Adequate funding for quality education, transparent oversight, and fair enforcement activities of state regulators charged with promoting nonprofit compliance and protecting the public.
- B. Setting reasonable thresholds for mandatory audits of nonprofit finances.
- C. Developing uniform and cost-free or inexpensive registration requirements for nonprofits that engage in fundraising in more than one state.
- D. Retaining tax law provisions as the sole regulation of nonprofit employee compensation.
- E. Recognizing that, as in the case of for-profit businesses, receipt of public funding through arms-length transactions involving contracts or grants does not convert private independent nonprofit organizations into governmental instrumentalities. The National Council of Nonprofits rejects any presumption or suggestion that most nonprofit organizations are “quasi-governmental,” or “government-sponsored,” entities that require additional levels of scrutiny not applied equally to for-profit organizations, and opposes proposals that fail to acknowledge nonprofit accountability, independence, and effectiveness. From a public policy standpoint, this means:
 - 1. Opposing the imposition of ineffective and unnecessary board governance mandates or restrictions.
 - 2. Clarifying that the applications of state and local open meeting laws are limited to governmental entities and do not apply to private nonprofits or for-profit organizations.
 - 3. Ensuring that any consideration of the application of public records laws to individual organizations, whether nonprofit or for-profit businesses, balances the legitimate need of the public to know about the expenditure of public funds with the burden of compliance and the need to maintain confidentiality of certain kinds of records.
 - 4. Demanding that any attempt to set compensation, training, disclosures, governance requirements, or other conditions on nonprofit organizations must be applied equally to for-profit entities.