

MINNESOTA
COUNCIL OF
NONPROFITS

Nonprofit News

Information and connections for Minnesota's nonprofit sector

Fall 2014

The mission of the **Minnesota Council of Nonprofits** is to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector.



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Nonprofits Improve Minnesota's Quality of Life

As 2014 comes to a close, the Minnesota Council of Nonprofits has produced its annual study that analyzes Minnesota's nonprofit economy. In reviewing public data on nonprofit employers, employment and wages, one thing is still certain: nonprofit organizations continue to play a vital role in Minnesota's communities by providing essential services, employing local residents and improving quality of life. The following provides a glimpse of Minnesota's nonprofit economy in 2013.

Nonprofit Employment in Minnesota Shows Slow, Steady Growth

Nonprofit employers remain an important source of stable employment. Minnesota ranked ninth among the states for nonprofit employment in 2012 after the New England states, New York and Pennsylvania, based on a recently released Bureau of Labor Statistics national compilation of the Quarterly Census of Employment and Wages.

In 2013, hospitals accounted for one-third of all nonprofit employment and higher education accounted for another five percent. Between 2007 and 2013, nonprofit employment outside of hospitals and higher education grew an average of two percent per year.

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Nonprofits Continue to Wade through Minimum Wage

The new minimum wage was implemented this past August, increasing to \$7.50 or \$9.50 by 2016, depending on the employer's size. MCN has partnered with employment law attorneys at Nilan Johnson Lewis to help clarify this new law for nonprofit employers. As with any law change, there are nuances that nonprofits need to consider as they move forward with implementing the wage increase within their own organizations. This article was written by Veena A. Iyer, associate at Nilan Johnson Lewis. Please note that this article does not constitute as legal advice. For questions about your organization's specific situation, please consult your attorney.

There is no single minimum wage for Minnesota employers. Both the federal government and the state of Minnesota have adopted minimum wage laws. Moreover, there is no single federal minimum wage or Minnesota minimum wage. Rather, both the federal government and the state of Minnesota have enacted different minimum wages which depend on the size of the business and the type of position at issue.

One thing is clear, an employer must pay the highest applicable minimum wage. But how is an employer to determine which minimum wage requirement or requirements are applicable? This article provides a roadmap to assist in this determination.

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Nonprofit Bits

2014 Salary and Benefits Survey

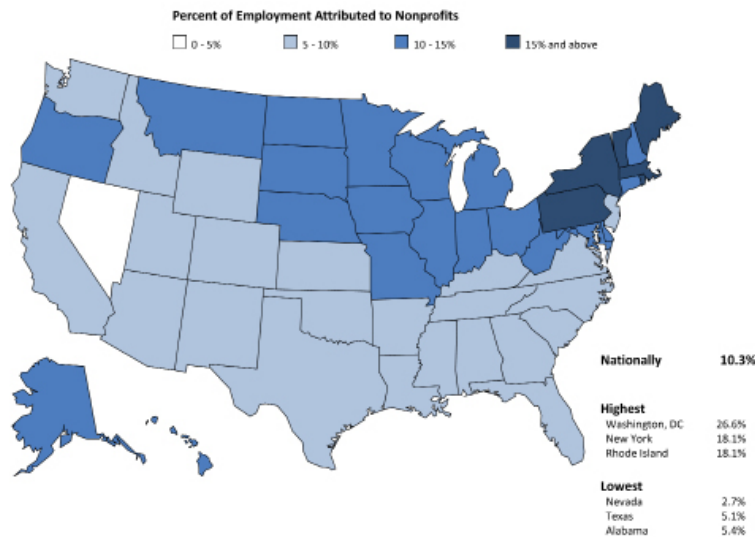
Available in both a print version and as an online tool, MCN's 2014 Minnesota Nonprofit Salary and Benefits Survey gives you reliable research to help you comply with IRS regulations and maintain fair and competitive compensation practices.

The survey report presents the results by 6 budget categories, 7 geographic regions, and 12 activity areas so you can compare your organization's compensation to similar organizations. For more information or to order, visit www.minnesotanonprofits.org/pubs.

Workforce Growth, Public Benefit Corporations and Net Neutrality

By Jon Pratt, MCN executive director

Share of Nonprofit Employment by State in 2012



The world needs more of what nonprofits do and now there are a growing number of nonprofit employees to help deliver these results. The nonprofit share of Minnesota and the nation's workforce grew during the period before and after the 2008-09 recession. For the last 15 years, MCN has produced its annual Minnesota Nonprofit Economy Report (available online), showing the growth in nonprofit wages and employment and changes in the number of employers.

Now, for the first time, the US Bureau of Labor Statistics has produced state-by-state data at the national level, revealing a striking geographic pattern of northern states using nonprofit organizations to much greater extent than the south and the west. Minnesota ranked ninth among the states for shared nonprofit employment in 2012.

What will Public Benefit Corporations Mean for Nonprofits?

Starting in January 2015, Minnesota law will provide for a new type of for-profit entity called public benefit corporations, which will be shareholder-owned businesses that can consider society and the environment in addition to profit in their decisionmaking processes.

These explicitly socially responsible businesses should not be seen as blurring of the line between the for-profit and nonprofit sectors as much as an acknowledgment of the diversity of motivations in the business world. Public Benefit Corporations will not have special eligibility to receive tax-exempt contributions or foundation grants and will not be a close alternative to forming a nonprofit corporation. However, they will be another vehicle for people who want to make the world a better place and will attract an increasing amount of attention (and possibly confusion). For this reason, MCN will be sharing materials with members to clarify the important differences between public benefit corporations and nonprofit corporations and why and when to use them.

Net Neutrality Essential to the Dot.Org Role in Democracy

The Federal Communications Commission is considering a rule change that would permit Internet service providers to offer content providers a faster track to send content, thus reversing their earlier position on net neutrality. Major Internet service providers, including Comcast, see a business opportunity in selling speedy lanes for "Netflix style" streaming, but nonprofits see a serious downside.

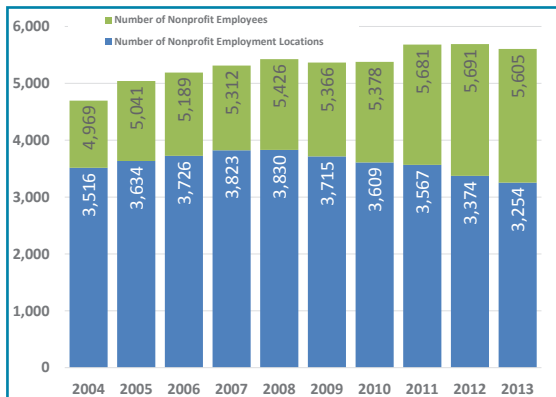
The creation of the Internet saw a major role for the connecting role of nonprofits, demonstrated by establishing one of the first three major domains as .org (alongside .com and .gov). While the nonprofit sector is most frequently seen for its instrumental role in delivering human services, education, health, arts and culture, the representation of ideas in a democracy is rooted in First Amendment rights of assembly, association and the petitioning of government for redress of grievances. Allison Fine, author of the *Networked Nonprofit*, said, "The loss of net neutrality and equal unlevel playing field for everyone will mean the end of everything that has made the Internet the most amazing sandbox in history. There will no longer be the opportunity for serendipity, friend-likely suspects in far-flung networks of people, to easily connect, collaborate and create new solutions to difficult problems."



Nonprofit Annual Wages Have Been Closing the Gap

Continued from page 1

Number of Nonprofit Employers Reduced in Minnesota, but More Nonprofit Employment Locations

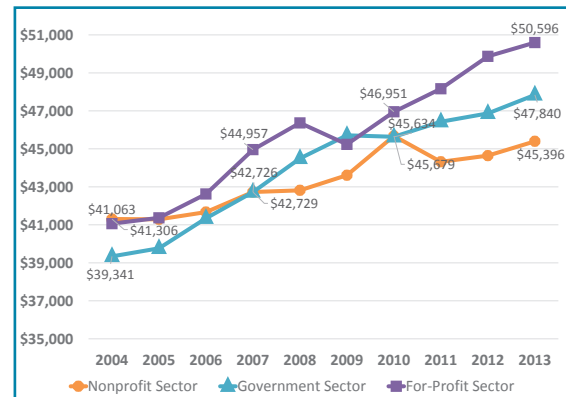


While the number of nonprofit employers in Minnesota has fallen in recent years, with fewer than 3,500 employers in 2013, a single employer may operate more than one location in the state. Minnesota's nonprofit sector has been expanding its reach, with the number of nonprofit locations four percent above when the last recession ended in 2009.

In the past year, 2,186 organizations were incorporated, most as small, all-volunteer initiatives that do not develop to the level where they hire employees or are required to file financial information with the state or IRS.

Hospitals and higher education institutions account for just three percent of all nonprofit employers and nonprofit employment locations in Minnesota. Even after removing them, the number of nonprofit employment locations in the state continues to be five percent above the number when the recession ended in 2009.

Nonprofit Average Annual Wages Continue to Close Gap with For-Profit Wages



Over time, nonprofit average annual wages have been closing the gap with average annual wages for for-profit and government employees. By 2013, nonprofit wages rose to within two percent of for-profit wages. Employees of hospitals report higher average wages and stronger wage growth than is the case for much of the nonprofit sector. Removing them from the analysis has a dramatic impact on annual averages, with nonprofit wages 10 percent below for-profit average annual wages in 2013 and five percent below the government sector.

A different picture emerges when comparing median wages within the same activity area. Nonprofit median wages compare more favorably and are often higher than for-profit wages in areas such as arts and entertainment, health care, individual and family services, child care and community services.

For more information on Minnesota's nonprofit economy and to read the full report, please visit www.minnesotanonprofits.org/research.



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Striving for Positive Change by Embracing Fairness and Justice

Founded in 1957, the Elmer L. & Eleanor J. Andersen Foundation holds a mission to improve the quality of life in the Twin Cities metropolitan area through effective family grantmaking and investing in social change. In 2013, the Foundation received MCN and MAP for Nonprofits' Nonprofit Mission Award in Responsive Philanthropy for its work to support underrepresented and marginalized communities.



Striving for positive change by embracing the democratic ideals of fairness, justice and opportunity for all, the Elmer L. & Eleanor J. Anderson Foundation recognized that Muslims have been targeted by broad, sweeping generalizations and deepening distrust. With the goal to decrease "Islamaphobia" in Minnesota, the Foundation supported the civic rights and advocacy work of the Council on American-Islamic Relations (CAIR-MN), helping to develop "Countering Islamaphobia," a pocket guide on how to challenge the bias, and "Community Safety," a training that offers safety tips and precautions for mosques and other places of worship.

Through its timely and progressive partnership with CAIR-MN, the Elmer L. & Eleanor J. Andersen Foundation supported the increase of religious tolerance and mutual understanding, empowered the American Muslim community to know its rights and responsibilities, and aided in countering negative perceptions and hateful acts against Muslim individuals.

It continues this work with its ever-evolving social justice program, responding to critical community needs through proactive grantmaking, engaging with nonprofit organizations to help determine goals and helping grantees sharpen the focus and methods of the funded project, and striving to hold better informed and effective partnerships with nonprofits. To learn more about the Elmer L. & Eleanor J. Andersen Foundation and its current work, visit www.eandandersenfoundation.org.

MCN Launches its Southeast Minnesota Chapter

As a statewide nonprofit association, the Minnesota Council of Nonprofits is excited to expand its reach in all regions of Minnesota. This fall, MCN announced the opening of its Southeast Minnesota Chapter, hiring Ann Mosey as regional coordinator located in Rochester. (Learn more about Ann on page 6).

"As MCN has increased activities outside the Twin Cities, we learned that proximity counts for a lot," said MCN's executive director, Jon Pratt. "With support from the Blandin Foundation, MCN will now, for the first time, be able to have a permanent presence and point of contact in every part of Minnesota. We are thrilled to have established a regional office in Rochester and look forward to doing the same in northwest Minnesota in 2015."

For more information on MCN's statewide initiatives, please visit www.minnesotanonprofits.org.

If We're Not at the Table, We're on the Menu

By Susie Brown, MCN public policy director

Each year, MCN convenes hundreds of nonprofit staff and board members throughout the state to meet with policy leaders. Whether it is Coffee with Congress, Session Line-Up or meetings with local officials, we know that these leaders benefit from hearing from the nonprofit sector. In turn, nonprofits benefit from building relationships with these leaders. As generators of ideas and agents of change, nonprofit staff and board have knowledge and information that policymakers can use to make the right decisions for the communities we all serve. Nonprofits serve as a resource for these communities, whose voice and presence is just as valuable and critical as any main street business or multinational corporation. As a favorite MCN saying goes, "If we're not at the table, we're on the menu."

At a recent Coffee with Congress with Congressman Tim Walz, leaders from Rochester-based nonprofits asked questions and shared concerns about education, family economic security, housing and more. Raising concerns, offering solutions and building connections has helped these nonprofits' missions become more visible and relevant for members of Congress.

In St. Paul, a recent meeting with key staff in the Mayor's office helped MCN members learn about city priorities, the budget and policy process, and how to best influence change close to home. Organizations were able to make direct city connections that have helped raise their profiles and will serve them well as they seek to present ideas for change.

Whatever your service, geography or constituency, there are policymakers who will benefit from getting to know you and your nonprofit. They count on your role in the community and your ideas to help shape policy and allocate resources. MCN strives to offer nonprofits across the state with a wide-variety of engagement opportunities, including the upcoming 2015 Session Line-Up on January 9, 2015. This annual event, hosted at the Kelly Inn, will bring together hundreds of representatives of the nonprofit sector with Minnesota's policymaking leadership. We hope you can join us to share your thoughts and ask your questions of Minnesota's policymakers.

The 2014 midterm elections are over, and much remains to be seen about how the results will impact nonprofit organizations. In Minnesota, legislators will be challenged to find compromise across the political aisle following two years of significant policy change under Democratic leadership. A major point of debate will be the state budget. With economic forecasts due in December and February, the legislature will need to establish their bi-partisan priorities through their spending decisions. At the Congressional level, gridlock between the House and Senate may subside, and President Obama will be faced with strategic decisions about when to compromise and when to veto. It is possible that the new Republican control of the U.S. Senate means that stalled tax reform efforts will move forward. If so, some predict that the majority will protect and uphold the charitable tax deduction.

Regardless of who won the election, and the policy choices to come, nonprofits must be congratulated for their hard work in non-partisan voter registration and voter education efforts. Our sector holds a special role in encouraging citizens to vote and supporting their ability to do so. Political power comes and goes, but the work of nonprofits continues. Thanks for all that you will do in the legislative and congressional sessions to come.



"Whatever your service, geography or constituency, there are policymakers who will benefit from getting to know you. They count on your role in the community and your ideas to help shape policy and allocate resources."

Nonprofit Awards and Advancements



Minnesota 2020 hired **Deb Balzer** as new director of communications.



G. Bryan Fleming is Bush Foundation's new leadership programs director.

Southwest Initiative Foundation appointed **Diana Anderson** as interim president/CEO.

Little Free Library retained **Mark Alfuth** as its new CFO.



Sean Moran is Northwest Minnesota Foundation's new business development specialist.

Wendy Berghorst is the new director of healthcare services at Fraser.

Hammer Residences, Inc. named **Thomas Gillespie** as director of system Design. Under Thomas' direction, a new role of person-centered technology manager has been filled by **Sean Henderson**.



Wingspan Life Resources hired **Donna Osterbauer** as a development associate.



MOFAS welcomed **Mary Margaret Reagan-Montiel** as senior family engagement manager.

Amy Crawford is H2O for Life's new executive director.



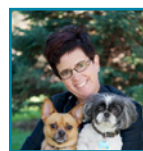
Scholarship America welcomed **Debra Behrens** as vice president of development.



Jenna Berneck was named executive director of Community Health Charities of Minnesota.

The Minneapolis Foundation welcomed **Sarah Lemagie** as public relations and communications officer.

Emergency Foodshelf Network has changed to **The Food Group**, emphasizing its community work based on nutrition.



Lisa Baumgartner Bonds joined Animal Humane Society as chief advancement officer.

The Minnesota Association of Community Mental Health Programs announced **Claire Wilson** as executive director.

Dr. Tracine Asberry is executive director of St. Paul Youth Services (SPYS).

Submit Your Announcements

Member organizations are invited to submit staffing announcements and other news to mcharleston@minnesotanonprofits.org.

MCN News

Laura Mortenson joined MCN's Minnesota Budget Project as communications manager. She comes with a range of experiences including reporting and communications work with organizations including the League of Minnesota Cities, St. Paul Mayor Randy Kelly, and Amy Klobuchar's Senate campaign.

Ben Horowitz joined MCN's Minnesota Budget Project as policy advocate. His background includes work as a strategic researcher at the International Union of Painters in Arizona, policy analyst for the Fair Share Housing Center, and as a research fellow at the Rural Health Research Center at the U of M.



Ann Mosey is MCN's southeast Minnesota regional coordinator. She brings deep nonprofit experience and was most

recently executive director of the Northfield Arts Guild. Additionally, Ann co-founded the Riverwalk Market Fair, serves with Minnesota Citizens for the Arts, and has a background in dance, choreography and various arts.

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Helping Nonprofits Determine Which Minimum Wage Requirements are Applicable

Continued from page 1

Step One: Determine the Applicable Minnesota Minimum Wage requirements.

Minnesota requires all employers—regardless of size—to pay a minimum wage. However, Minnesota sets different minimum wages for large versus small employers.

Large Employer: Annual gross volume of sales or business done (AGV) is \$500,000 or more.

Small Employer: AGV is less than \$500,000

How do you calculate an organization's AGV?

According to guidance from the Minnesota Department of Labor (MnDOL), an employer should calculate its AGV by adding up the gross revenue for its four most recent quarters and excluding any excise taxes. The MnDOL's guidance does not make any distinctions between for-profit and nonprofit employers or between the various types of nonprofit revenue. Until the MnDOL provides additional guidance, it is advisable for nonprofits to calculate their AGV for state minimum wage purposes by adding up their revenues from any and all sources for the most recent four quarters.

Step Two: Determine if Subject to the Federal Minimum Wage Law.

There are two circumstances under which a small nonprofit employer under Minnesota law will be required to pay the minimum wage under federal law. In some cases, the organization as a whole will be required to pay the federal minimum wage. In other cases, the organization will be required to pay the federal minimum wage to certain employees.

How do you determine if an organization as a whole is covered by the federal minimum wage?

At the outset, only organizations with two or more employees are subject to the federal minimum wage. If an organization has only one employee or no employees, the organization as a whole cannot be subject to the federal minimum wage. If your organization has two or more employees, your organization is required to pay the federal minimum wage if it falls into one of two categories.

First, organizations are required to pay the federal minimum wage if they have a business purpose and annual dollar volume of sales or business (ADV) of \$500,000 or more. The U.S. Department Labor (USDOL) has advised that, because the activities of most nonprofits are not in substantial competition with other businesses, they are not conducted for a business purposes. As such, a significant number of nonprofits—regardless of revenues—will be exempt from paying the federal minimum wage.

Of course, some nonprofits are engaged in activities that are also performed by for-profit organizations, so they may be considered to have a business purpose. Even in those situations, it is hard to imagine a scenario in which a Minnesota employer could be a small employer under Minnesota law and be subject to federal minimum wage requirements. Only small employers under Minnesota law must evaluate whether they are subject to the federal minimum wage. These employers have less than \$500,000 of AGV under state law, so it is highly improbable that they could have \$500,000 or more ADV under federal law, especially when the USDOL has advised that nonprofits can exclude much of their revenue from the computation of ADV.

It is possible that a Minnesota employer could be a small employer under Minnesota minimum wage law and fall within one of the categories of businesses that is automatically subject to the federal minimum wage, namely hospitals, schools, preschools, government agencies and providers of residential medical or nursing care.

How do you determine if an organization must pay the federal minimum wage to particular employees?

According to the USDOL, employees are involved in interstate commerce when they are regularly involved in a number of activities, including producing goods that will be sent out of state, making telephone calls to persons located in other states, handling aspects of interstate transactions, or traveling to other states for their jobs. Nonprofit organizations should carefully examine each position to determine whether the employee is regularly engaging in activities involving interactions with out-of-state companies or individuals. If an individual is regularly engaged in such activities, he or she is entitled to the federal minimum wage so long as it remains higher than the applicable state minimum wage.

If you are a small employer under Minnesota law and you are subject to the federal minimum wage, either as an organization or for a particular position, you must pay the federal minimum wage of \$7.25 until August 1, 2015, when Minnesota's minimum wage for small employers will be equal to or higher than the federal minimum wage, assuming the federal minimum wage remains the same.

Please note that under federal and Minnesota law there are different minimum wage requirements for certain trainees and youth. Should an organization have trainees or employ youth, it should determine whether those requirements apply. This article applies to nonprofits with Minnesota employees. Should an organization have employees in other states, it should consult those states' laws.



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The Nonprofit SpecialIST Connects Nonprofits with Reviews and Ratings of Expert Products and Services

No matter the staff or budget size, most nonprofits will need to rely on the expertise of a business, consultant or fellow nonprofit to help them succeed. While many organizations are able to determine their most pressing areas of need, finding outside experts best suited to address those unique needs may be challenging.

MCN just launched The Nonprofit SpecialIST, a searchable directory of businesses, consultants and nonprofits with products and services ideally suited to the specific needs of nonprofit organizations. Providing access to detailed profiles of more than 170 product and service providers across 40 service categories, this interactive directory is the ideal first stop for nonprofits looking for assistance in areas including accounting, payroll, legal services, insurance, grantwriting, communications, strategic planning and more.



“Because nonprofit activity is a sub-specialty of many professions, MCN wanted to help connect organizations to businesses that know nonprofits and know what they’re doing,” said Jon Pratt, MCN’s executive director. “The Nonprofit SpecialIST provides a quick way to find expert services as well as a way to see ratings and comments that reflect the experiences of other nonprofits working with these service providers.”

The Nonprofit SpecialIST offers a user experience that goes beyond simple search-and-contact functionality, providing nonprofit professionals with the ability to provide feedback about service providers they’ve worked with in the past through performance ratings and reviews. The result is a truly sector-vetted resource.

To learn more about The Nonprofit SpecialIST, recommend or review a service provider, or begin searching today, visit www.nonprofitspecialist.org.