

Nonprofit News

Information and connections for Minnesota's nonprofit sector

Spring 2017

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



All About B-Corps 4



Friends of The Boundary Waters Wilderness - 2016 Mission Award Winner . . . 7



Nominations Open for Nonprofit Awards 8

Impact of Federal Policy Changes on Minnesotans Could be Broad, Deep and Regrettable

With biennial budget decisions underway at the Minnesota Legislature, we're keeping close tabs on potential large and harmful changes at the federal level that could have substantial repercussions here in Minnesota.

While the positive state budget surplus measured in the February Economic Forecast would allow for some targeted investments in critical public services to build a broader and more durable prosperity in Minnesota, we're also urging state policymakers to be cautious.

Federal funding is a significant part of the state's budget, and many areas of

the federal budget that touch the state are under consideration for sweeping changes or funding cuts. For example, President Donald Trump has proposed deep cuts to non-defense discretionary spending, concentrated on low-income Americans and services provided at the state and local level. The president's budget includes \$15 billion in unspecified cuts for the current fiscal year, which ends on September 30, and \$54 billion in cuts for FY 2018. For example, he proposes about \$18 billion in cuts to grants to states and local governments that support critical services, such as housing and poverty-reduction efforts, as well as cuts to services that build

Continued on page 3

Optimism and Innovation: Rural Pulse Spotlights Changing Minnesota

How are the economic and social challenges facing rural communities in Minnesota evolving?

This question will be addressed at the Greater Minnesota Nonprofit Summit on May 31 in Fargo, sharing new data from the Blandin foundation, which has conducted Rural Pulse surveys since 1998.

Rural Pulse is a research study prepared by Russell Herder for the Blandin Foundation since 1998 to create real-time snapshots of the concerns, perceptions and priorities of rural Minnesota

residents. Bernadine Joselyn, director of public policy & engagement and Sonja Merrild, director of grants, Blandin Foundation, will present a session on "Implications for Effective Nonprofit Engagement in Small Towns" at the Summit in Fargo, from one of the nation's longest running surveys of the perceptions and priorities of rural people.

There is a growing interest in understanding rural perspectives given the stark geographic differences in the 2016 election and in dissimilar patterns of income distribution and population growth.

Continued on page 3

Nonprofit Bits

First Outline of President Trump's Tax Plan Released

The White House released a brief outline of President Trump's proposed tax plan on Wednesday, April 26—a plan that eliminates most tax deductions, with the exception of the mortgage interest and charitable contribution deductions. Trump's plan calls for elimination of the estate tax, a shift shown to significantly decrease new contributions to private foundations. MCN is tracking the effects on Minnesota, and will keep you posted on nonprofit and community impacts and calls to action. More soon!

Nonprofit Retirement Savings, Trump Budget Advocacy and Impact Investing Initiative

By Jon Pratt, MCN executive director

Nonprofit Retirement Savings

Nonprofits employ 11.5 percent of Minnesotans, over 310,000 people, and certainly each hopes to have a reasonable retirement income when their time comes.

As with business employers, larger nonprofit organizations are the most likely to provide a retirement savings plan for their employees. However, many organizations are too small to have an HR director to manage the technical aspects of retirement plans, including the 82 percent of nonprofits with budgets under \$200,000 that provide no vehicle for their employee's retirement savings (from MCN's 2016 Salary and Benefits Survey).

MCN has been working with AARP and other employer groups to provide a mechanism for Minnesota employees not covered by a retirement plan to have access to payroll deduction retirement savings. Eight states now provide this option, and in Minnesota the Secure Choice Retirement Act is authored by Senator Sandy Pappas to minimize the barriers and increase access to retirement plans at work.



Federal Policy Campaign: If You Don't Have a Seat at the Table, You're Probably On The Menu...

The new Congress and the Trump Administration's proposals warn of significant changes that will affect every part of Minnesota's nonprofit sector, including eliminating federal funding for key nonprofit sources of support (NEA, NEH, CDBG, CNCS, Low Income Heating and Energy Assistance, Legal Services Corporation, Community Development Financial Institutions Fund, Violence Against Women Act grants, Job Corps, Corporation for Public Broadcasting, etc.).

As MCN Public Policy Director Rebecca Lucero notes in her column (page 5), nonprofit organizations have an increased need for tracking information on the federal public policy process and decision points. The next eighteen months represent a crucial time for the public voice of nonprofits, including public education about the role and benefits of governmental activity, how it actually works, and its valuable partnerships with the nonprofit sector.

At its March board meeting, MCN board members approved the launch of a Federal Policy Campaign to mobilize the voices of the nonprofit sector and deliver tools and connections to inform Minnesotans and our congressional delegation.

Minnesota Foundations Launch Impact Investing Collaborative

For fifty years, advocates have urged foundations to think more holistically about applying their assets, putting some of the 95 percent to good works, not just the required five percent payout. Much of this advocacy has been coming from "inside the house"—that is, from inside foundations and from other foundations which have themselves have taken steps to leverage their assets for public benefit.

In April, the Minnesota Council on Foundations (MCF) and several Minnesota foundations launched the first impact investing collaborative, with a goal of \$20 million. The McKnight Foundation, Bush Foundation and the Otto Bremer Trust serve as the anchor institutions developing the impact investing collaborative, with participation from the Initiative Foundation, PFund Foundation, The Minneapolis Foundation, Mortenson Family Foundation, Schnieders Family Foundation and Sundance Family Foundation.

U.S. tax law requires that foundations pay out at least 5 percent of the annual value of their investment assets for charitable purposes. Impact investments allow foundations to align some of that other 95 percent to generate both financial and mission-aligned social returns, and the Ford Foundation recently committed \$1 billion of its \$12 billion endowment into mission related investments.

"In the not-too-distant future, I believe foundations activating 100 percent of assets for mission will become the rule rather than the exception," said Trista Harris, MCF president and philanthropic futurist.

Federal Budget Shifts Precede State Consequences

Continued from page 1

vibrant communities and environmental protection activities.

Major restructuring and cuts to federal safety net programs, like SNAP (previously known as Food Stamps), could mean the responsibility for meeting the needs of Minnesotans could increasingly fall to state policymakers. At the same time, federal tax changes could erode the state's ability to raise revenues.

In the health care realm, the proposals have been even more dramatic. As we go to print, the House floor vote on the American Health Care Act had just been cancelled. If it had passed, though, it would have meant that more than one

million Minnesotans would see significant cuts in their health care coverage or lose it completely, while increasing health care costs for many others. The loss of billions of dollars of federal funding would have created immense pressure on all parts of the state budget.

With these formidable and still-evolving federal policy changes on the horizon, we've urged Minnesota policymakers to make their tax and budget decisions this session with an eye to maximizing the state's ability to respond. They should particularly avoid making large tax cuts that grow over time, which would greatly limit the state's ability to meet our needs in the face of slashed federal

funding. The state should also maintain a robust budget reserve to be sure we're equipped to respond to future economic downturns, given that federal government support during the next recession may be less likely.

Please stay up-to-date on these issues through the Minnesota Budget Project's blog, MinnesotaBudgetBites.org, and stay tuned for information from the Minnesota Council of Nonprofits about how to engage on the critical federal issues ahead.

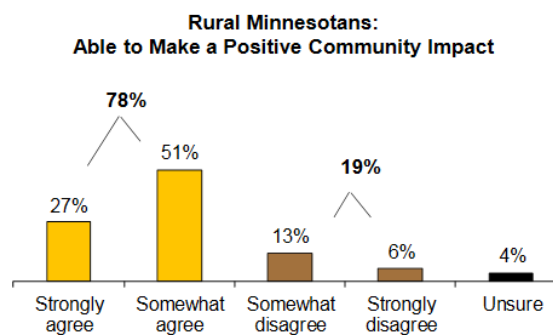
Fargo Session on Nonprofit Engagement in Small Towns

Continued from page 1

In the 2016 Pulse report, rural residents reported varying experiences from their urban counterparts:

- Nearly half (48%) of rural Minnesotans – and 27 percent of urban residents – feel that living-wage job opportunities in their community are inadequate, though that is an improvement from 2013 rural study findings (58% rural, 41% urban).
- When asked if the needs and well-being of rural Minnesota communities are as important to legislators and policymakers as those from metropolitan cities, only 57 percent are comfortable that their voice is being heard.
- More than half (53%) of rural residents – and two-thirds of those in urban areas – feel their community's ethnic or racial makeup has become more diverse over the past five years.
- Despite this changing landscape, only 71 percent of rural residents – and 84 percent of urban residents

– say that they feel their community is welcoming to people of all backgrounds, an 11-point decrease from 2013 rural findings.



- Nearly two-thirds (64%) felt their community does an agreeable job at improving access to the internet. Twenty-eight percent which disagreed. Urban area residents were slightly more likely to have felt internet access has improved.

While rural Minnesotans expressed some concerns about their local community, they were optimistic about being able to personally make an impact

and improve local quality of life. Nearly four in five (78%) felt they can impact change, while 19 percent did not agree.

The Blandin Foundation has taken on the mission to strengthen rural Minnesota communities (especially the Grand Rapids area), and to share and discuss lessons learned and ideas for improvement. This session in Fargo with Joselyn and Merrild will further explore the Pulse data and draw on the experiences (and the optimism and innovation!) of rural nonprofit leaders.



B-Corps: For-Profit Enterprises with a Social Overlay

In an ever-evolving marketplace with the line between investors and philanthropy often blurred, it's not surprising that over the last few years for-profit businesses and nonprofit organizations have started to overlap in mission and impact. With an increasing number of for-profit companies aiming to increase their bottom lines while also being socially and environmentally accountable, it was inevitable that new models of doing business would emerge.

One such model that began to blur the lines in 2008 is the low-profit limited liability company, or L3C, which would enable a for-profit business entity the ability to seek private foundation program related investments (PRI). A PRI is one way that foundations can meet their legal obligations to distribute 5% of their assets annually. This way, a L3C business can tap into both traditional investment opportunities and foundation dollars to meet its goal of performing a socially beneficial purpose while not necessarily maximizing income. Only 10 states and two American Indian tribal governments recognize this type of entity and as a result their popularity is waning.

Following the promotion of the L3C, legislation was passed in 2010 to recognize the first Benefit Corporations, or B-Corps, in Maryland. This model is now in 30 states and is gaining popularity - owed in part to the Green Economy and Localism movements. B-Corps are for-profit companies that voluntarily adopt standards of social and environmental performance and accountability via the nonprofit B Lab, based in Pennsylvania. After a comprehensive assessment wherein a business has to score at least 80 points out of 200, B Lab certifies that a company meets its standards and is awarded official B Corp status. This is akin to other certifications such as Fair Trade, LEED or USDA Organic. Some famous B Corps include: Ben and

Jerry's, for refusing to use GMO's in their products and other environmental policies; Patagonia, for their commitment to the healthcare of their workers and sourcing environmentally-friendly suppliers for their products; Etsy, for their commitment to supporting local, handmade crafters as businesses and their socially-conscious employee policies.

Locally, Minnesota passed legislation recognizing public benefit corporations in April of 2014. At the end of 2016, there were 67 public benefit corps operating in Minnesota, including Sunrise Banks, Peace Coffee and Finnegans. B Corps are starting to gain momentum internationally, with over 1,200 businesses in 38 countries looking to increase their social and environmental impact.

As this model continues to expand, it will certainly experience growing pains as new challenges push against the original intent. One such tension currently involves B Corps who choose to become publicly traded on the stock market and the value stockholders place on the social and environmental good of the company they invest in. With Etsy's initial public offering in April of 2015, stock prices grew 44 percent in the first quarter and then quickly declined to below the initial IPO price within months. It's currently trading at \$7.00 per share. This rise and precipitous fall could be due in part to stockholders' intrinsic values being challenged by the expectation of real world returns on their investment. Other publicly traded B Corps have experienced volatility in the market yet have bounced back and are now considered competitive stocks. In a constantly evolving society, political environment and economy, B Corps are one ripple in a wave of innovation that continues to grow in 2017.

State and Federal Policy - Where Are We?

By Rebecca Lucero, MCN public policy director

The Minnesota Council of Nonprofit's Federal Policy Campaign

On March 16, the skinny budget that was released and the tax proposals released at the end of April warn of significant changes that would affect every part of the nonprofit sector. They also provide an opportunity for us, as the nonprofit sector, to work together and speak with one voice about what we are collaboratively building, grounded in a shared vision of love and community.

As a result, Minnesota Council of Nonprofits began working on a Federal Policy Campaign to provide the resources, information and whimsy needed to navigate the changing landscape and influence decisions, including:

- Developing a visual foundation that tells a story of urgency, involvement, and action;
- Providing federal public policy trainings and briefings that deepen nonprofit capacity;
- Supporting coalitions and associations to strategically address specific areas, and
- Advancing knowledge and preparation for nonprofits and community members to manage changed circumstances including budget reductions.



We are excited to unveil and officially launch the federal campaign at the end of May!

MCN at the Minnesota State Capitol

At the state level, Minnesota legislators are currently moving bills through the conference committee process. We expect a lot of debate and negotiations over the next several weeks as we head to the official end of session. There are several areas of MCN is working on for our members to highlight:

Watching the Tax Bill

MCN supports the expansion of the sales tax exemption to all 501(c)(3)s. While current law provides 501(c)(3)s a sales tax exemption for most purchases, some organizations are excluded. Minnesota should provide the same sales tax exemption benefit equally to all 501(c)(3) organizations and we are working to have this included as part of the full tax bill.

A tax credit being discussed as part of the full tax bill creates a 70% tax credit only for donations to foundations for educational scholarships. MCN does not wade into the education policy aspect of this tax discussion, but opposes the inclusion of this tax credit because it provides special treatment for only very narrow giving. Many nonprofits across Minnesota partner on a variety of programs necessary to build strong, thriving communities. All are worthy of equal tax treatment.

HMO Conversion

MCN supports the inclusion of the provision on nonprofit HMO conversions in the final HHS bill, found in the Senate HHS bill. The premium relief bill adopted early in the legislative session created a gap in law and oversight for nonprofit HMO conversion. Without this provision, billions of dollars in public assets moving around without transparency or accountability and could end up undervalued and not benefiting Minnesotans as intended.

Democracy

MCN opposes the provisional voting policies laid out in S.F. 514. These policies invalidate the votes of eligible Minnesotans and are unnecessarily burdensome. Instead, we strongly support election reform policies that improve access to voting, such as automatic voting registration. Automatic voter registration reduces the cost of elections for taxpayers and encourages voting. MCN encourages legislators to consider policies that expand access to voting for all eligible Minnesotans and reduce barriers to participation in voting.

Make sure you're signed up for MCN's Nonprofit Advocate for timely updates at www.minnesotanonprofits.org/subscribe and keep up with the Minnesota Budget Project at www.minnesotabudgetbites.org.

Nonprofit Awards and Advancements



Tom Steinmetz was named executive director of Washburn Center for Children.



Jason Mack was promoted to executive director of The Committee Against Domestic Violence.

Karen Kingsley was named Intermedia Arts' director of strategy and operations.



Reve Academy named Amanda Janssen executive director.

Red Wing Arts Association named Mary E. Lee executive director.



Diane Heldt was named vice president of employment and economic opportunity at Lifetrack.



Beth Quist was named vice president, child and family success at Lifetrack.



Hope Community named Shannon Jones new executive director.

Mike Krance named executive director of Northfield Shares.



Planned Parenthood Minnesota, North Dakota, South Dakota named Tonya Hampton to vice president for human resources.



Scholarship America named Bonnie Melville vice president of operations.

Anna Wasescha joined West Central Initiative as president and CEO.

Angela Shlesinger joined the Minnesota Chapter of the National Parkinson Foundation as executive director.



Dalal "D" Ahmed joined HousingLing as outreach specialist.

Opportunity Partners appointed Bryan Chambers and Mary Fenske to the board of directors.



Nicole E. Billings, Esq., named director of Legal Representation Organization.

AccessAbility, Inc. named Miata Getaweh human resources manager.



Michael Maney appointed to Scholarship America board of trustees.

Grace Tangjerd Schmitt, president of Guild Incorporated, announces retirement after 27 years at the organization.

Submit Your Announcements

Visit MCN's Sector News at www.minnesotanonprofits.org/sector-news. MCN member organizations are invited to submit your organization's awards, staffing announcements and other news to scrumrine@minnesotanonprofits.org.



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Advocating on Behalf of Minnesota's Natural Treasure: Friends of the Boundary Waters Wilderness, 2016 Mission Award Winner

The Friends of the Boundary Waters Wilderness works to protect and preserve the wilderness character of the 1.1-million acre Boundary Waters Canoe Area Wilderness (BWCAW) and the surrounding international Quetico-Superior Ecosystem. The BWCAW is the most heavily visited wilderness in the entire National Wilderness Preservation System, with 200,000 people from all over the country and the world to visiting the area each year.

Formed in 1976, the Friends are tasked with protecting the BWCAW from a variety of factors that threaten the wilderness character of the area, including haze, noise, logging, mining, development, fire suppression and loss of native species. Today, the Minneapolis-based organization of 3,000 members is a sentry against further harm in the BWCAW and the Quetico-Superior Ecosystem.

One of the most recent threats to the BWCAW is a series of proposed copper-nickel mines at the doorstep of the BWCAW, most of which are so close that pollution from these mines would flow into the Wilderness. Copper-nickel mining has never before been done in Minnesota, and everywhere in the nation that it has occurred, it has created significant pollution problems, most of it stemming from acid mine drainage that flows into the waterways.

In response to these potential threats, the Friends of the Boundary Waters Wilderness initiated Mining Truth, in conjunction with Minnesota Center for Environmental Advocacy, Conservation Minnesota, to bring together a cross-section of Minnesotans to ensure people across the state know about sulfide mining and its risks to Lake Superior,

the Boundary Waters and our way of life. The coalition has actively provided factual information and stories from Minnesotans who would be impacted by



the proposed mines to elected leaders, as well as empowered the population, supported by polling, that have enabled representatives to make tough decisions.

The Friends' work is far from over, but has had significant impacts already, including changing the perception of this mining in the minds of the public (based of public opinion polling results), and this had made possible the leadership by Governor Dayton, who

last spring wrote and publicized a letter to Twin Metals (one of the companies pushing for a new copper-nickel mine next to the BWCAW) flatly opposing their mine proposal. Such a change would have been unthinkable only a year or two ago, and it has been made possible by the exemplary work done by the Friends of the Boundary Waters Wilderness.

As a result of the tireless advocacy efforts by the Friends, the BWCAW remains one of our nation's most pristine natural wonders. Because of this, the Minnesota Council of Nonprofits and MAP for Nonprofits

were pleased to present the organization with the 2016 Mission Award for Advocacy.

To learn more about the mission and inspiring work of the Friends, visit www.friends-bwca.org.

Nominations are currently open for the 2017 Nonprofit Mission & Excellence Awards. See page 8 for more information.

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Nominations Open: Minnesota Nonprofit Awards and Unsung Hero Awards

Every year, the Minnesota Council of Nonprofits (MCN), in collaboration with our allies, recognizes inspiring individuals and nonprofits going above and beyond to make Minnesota a better place for all to live, work and play. Whether through building stronger communities, touching the lives of individuals in crisis, or creating innovative solutions to age-old problems, each honoree represents the best of what our state has to offer.

MCN is currently accepting nominations for two award programs that recognize these individuals.



2017 Virginia McKnight Binger Unsung Hero Awards

Since 2015, the Minnesota Council of Nonprofits (MCN), in partnership with The McKnight Foundation, has presented the Virginia McKnight Binger Unsung Hero Awards to four Minnesotans—two from the Twin Cities metro and two from Greater Minnesota—who have demonstrated an exceptional personal commitment to helping others in their communities but who have received little or no

public recognition.

Previously known as The Virginia McKnight Binger Awards in Human Service, the awards had been presented by the McKnight Foundation since 1985 in honor of Virginia McKnight Binger, the Foundation's first board chair and the daughter of the founders.

Each award honoree receives a \$10,000 cash award, as well as recognition at the 2017 MCN Annual Conference on October 12 in St. Paul. Nominations are currently being accepted and are due Friday, May 19.



2017 Nonprofit Mission and Excellence Awards

In an effort to highlight the outstanding contributions nonprofits make to Minnesota's high quality of life, MCN, MAP for Nonprofits and Nonprofits Assistance Fund welcome nominations for the 2017 Nonprofit Mission and Excellence Awards.

Since 1987, MCN and MAP for Nonprofits have been showcasing the work of Minnesota's outstanding nonprofits through the Nonprofit Mission Awards in the categories of Innovation, Advocacy, Anti-Racism Initiative and Responsive Philanthropy.

Joining the Mission Awards in 2003, the Nonprofit Excellence Awards have been presented every year to two organizations—one large budget, one small budget—whose management and operation closely align with MCN's Principles and Practices for Nonprofit Excellence.

Recipients of these annual honors receive recognition during an awards luncheon at the 2017 MCN Annual Conference, a professional video production profiling the organization by Open Window Productions; a one-of-a-kind art glass award; a feature profile MCN's *Nonprofit News*; and a cash award (for all recipients except for Responsive Philanthropy recipient).

Nominations are current open for both the Mission and Excellence Awards, with deadlines occurring on May 15 and May 26, respectively.

To learn more about either the Minnesota Mission and Excellence Awards or the Virginia McKnight Binger Unsung Hero Awards, or to nominate an individual or organization today, please visit www.minnesotanonprofits.org/awards.