

**MINNESOTA
COUNCIL OF
NONPROFITS**

Nonprofit News

Information and connections for Minnesota's nonprofit sector.

Winter 2014

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



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Minnesota Economic Forecast Creates Opportunities

Minnesotans suffering through a cold and snowy winter have at least one forecast they can appreciate: the state's economic predictions for the next few years.

The November 2013 Economic Forecast projects a \$1.1 billion positive balance for the current budget cycle, the FY 2014-15 biennium. Some of the balance has already been used to undo past budget gimmicks, primarily \$246 million that went to completely reverse the school funding shifts. That leaves the state with an \$825 million balance heading into the 2014 Legislative Session in February.

That good news continues into the next budget cycle, where the forecast shows a \$2.2 billion positive balance for FY 2016-17. Taking the impact of inflation into account would decrease that positive balance to \$1.0 billion.

The good economic news is the result of Minnesota's economy growing more strongly than previous projections. The forecast anticipates higher revenues and lower spending than expected when the budget was passed in May.

Minnesota was one of the six fastest growing state economies in the nation in 2012. The state's economic indicators continued to improve in 2013, with employment back

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Embracing Our "Nonprofit-ness" to Capitalize on the Nonprofit Sector's Strengths

Running a nonprofit is uniquely challenging. Yet an increasing number of those inside and outside the nonprofit sector are advocating that nonprofits become more "like business" – adopting frameworks and mindsets more dominant in the corporate world.

At the 2014 Nonprofit Finance Conference, scheduled for February 25 in Brooklyn Center, keynote speaker Phil Buchanan, president of the Center for Effective Philanthropy, will offer a counter to this perspective. He will discuss the unique role of the nonprofit sector and the challenge of sustaining effective organizations. He will offer advice

for leaders on how to lead in a way that maximizes the chances of achieving positive outcomes for the issues, communities, people and fields that nonprofits seek to influence.

During an interview about his work and his upcoming keynote session, Phil explained that nonprofit leaders should "reject the thinking of those who offer magic bullets, simple formulas or the counsel that you should become more 'like a business,' whatever that even means. Instead, do the hard work it takes to be an effective nonprofit."

Phil explained, "At the Center for

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Nonprofit Bits

New Reporting Requirements to IRS

Beginning January 1, 2014, any entity with an employer identification number (including nonprofit organizations) must file Form 8822-B to notify the IRS of a change in business mailing address, business location or identity of the responsible party. The form must be filed within 60 days of the change. For more information and to download Form 8822-B, visit: www.irs.gov/uac/About-Form-8822B.

Bonding Nonprofits, 5% Campaign, and Nonprofit Inclusion & Engagement

By Jon Pratt, MCN executive director

Every two years, the state legislature considers capital investments for public projects with long-term benefits for the state of Minnesota. While most of these underwrite various state and local government projects, state bonding also presents a strategic opportunity for public-private partnerships with nonprofits that have distinct needs with broad impact. In the case of nonprofit projects, state funds leverage substantial private contributions and make possible a scale and quality that organizations could not achieve on their own, such as prior year allocations for the Guthrie Theatre, Washburn Center for Children and Lakeland Public Television in Bemidji.

The initial step for many organizations is to get into the governor's bonding bill, and five nonprofit projects succeeded in reaching this stage:

- NorShor Theatre in Duluth
- St. David's Center for Child and Family Development in Minnetonka
- Harriet Tubman Center East in Maplewood
- Arrowhead Economic Opportunity Agency and Range Mental Health in St. Louis County
- Minnesota Children's Museum in St. Paul



Additional organizations can be added in committee for the final bill, but overall, legislators need to be encouraged to make the most of these partnership opportunities.

5% Campaign to Increase Funding for People with Disabilities and Older Adults

In addition to the proposal to raise Minnesota's minimum wage, one of the legislative proposals receiving the most attention is a campaign for a 5% rate increase for Home and Community Based Services in 2014.

Minnesota's large state institutions for people with disabilities were closed in the 1970's and 1980's when family members and advocates successfully made the case that life in the community is the first and best option for people with disabilities and older Minnesotans. These services now depend on state funding that has repeatedly fallen short. Including repeated cuts, 2013 marked the fifth year in a row that services for people with disabilities and older adults did not receive rate increases to keep up with rising costs.

The 5% campaign is led by ARRM (a nonprofit association of 150 providers, businesses and advocates dedicated to leading the advancement of community-based services that support people living with disabilities), ARC of Minnesota and the Joint Religious Legislative Coalition, with the support of over 100 organizations.

Feedback on Inclusion & Engagement

Thank you to the 450 people who responded to MCN's survey to assess how MCN can be more effective in engaging the full breadth of Minnesota's nonprofit sector. The survey was part of a long-term examination of MCN's member services, public policy, and conferences and training, looking to identify areas of improvement and responsiveness.

When asked to identify key growth areas for MCN to address in our inclusion work, the highest four areas identified were:

- Socioeconomic status, 61.8 percent
- Geography (differences of need based on urban and rural issues), 50.7 percent
- Race/Ethnicity, 47.3 percent
- Age, 38.2 percent

Additionally, 74 percent of respondents agreed that MCN should gather personal demographic data (race, gender, etc.) at the same time as other attendee information when registering for an MCN sponsored event, while 10 percent disagreed. MCN posted a full summary of survey results at www.minnesotanonprofits.org/inclusion_engagement, and throughout 2014, will be undertaking a deeper examination of how MCN's programs and services could be more inclusive.

Positive Economic News, but Policymakers Need to Act Cautiously

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to pre-recession levels, unemployment continuing to fall, and wage and salary growth exceeding expectations.

The positive balance creates an opportunity for Minnesota to continue investing in its future prosperity. Policymakers can maintain the 2013 Legislative Session's progress toward re-balancing the State's tax system and funding critical services.

Policymakers should use caution and resist tax cuts that would significantly reduce state revenues and threaten their ability to invest in quality schools, affordable education and training opportunities, and other components of economic success.

While the 2013 tax bill made significant progress on tax fairness, many low-income Minnesotans still pay a higher share of their incomes in taxes than those with the highest incomes. The Minnesota Budget Project recommends that policymakers update the state's Working Family Tax Credit to adopt recent federal improvements. This would be a good additional



step to ensure that low- and moderate-income Minnesotans aren't paying more than their fair share to support public services.

This is also an opportunity to strengthen Minnesota's budget reserves to better prepare for the next downturn in the business cycle. Adequate reserves give policymakers the ability to soften the shock of future budget shortfalls. Minnesota's reserves currently fall short of what the state's Council of Economic Advisors recommend.

The November forecast brought the state some good news, but policymakers need to act cautiously. They should keep revenues strong, continue efforts for a fair tax system, and strengthen state budget reserves to make sure Minnesota stays on a solid track.

Visit the Minnesota Budget Project's website at www.mnbudgetproject.org for more information about the economic forecast.

Nonprofit Effectiveness Critical for Societies Toughest Challenges

Continued from page 1

Effective Philanthropy (CEP), we work to help foundations be more effective. We have also surveyed some 50,000 nonprofit grantees of foundations. I have come, over 12 years in my role at CEP, to understand the distinctive challenges of philanthropy and nonprofits and the uniquely important roles they play in society. I'll discuss these in my talk."

Thinking about nonprofit effectiveness is important for all nonprofits regardless of size or location. According to Phil, "If you think there are easy answers, you won't be effective. If you think it's as simple to run a human services organization as a corner dry cleaner, you will make a lot of mistakes. And if the general public doesn't understand the sector better, they may not value it as much in the future. While I think nonprofits need to be more effective, of course, I also think we need to be clear about what that takes. It isn't easy."

At the upcoming Finance Conference, Phil will dig deeper into this discussion and he'll highlight ways that he believes that nonprofits are demonstrating leadership by "embracing our nonprofit-ness."

Phil offers the following words of advice, "The nonprofit

sector has a rich history. We need to learn from it. We also know a lot more than we realize about what works in various areas. We need to tap into that. Innovation is great, if we know to what end. But doing what we know works is best of all." He explains that nonprofit effectiveness is hard to realize because, "the things that are necessary for effectiveness of any effort play out in more complicated ways for nonprofits. Goals are harder to define. Effective strategies harder to discern. Performance measures more difficult to identify."

Although it's hard to achieve effectiveness, it's extremely important to do. Phil states, "Nonprofit effectiveness matters because the missions of nonprofits matter. We're taking on the toughest challenges, the ones business and government haven't addressed. Doing it well matters—to the people we seek to help, the communities we seek to strengthen, the issues we seek to affect."

To hear Phil explore these issues in conversation with nonprofit leaders from across Minnesota, register now for the 2014 Nonprofit Finance and Sustainability Conference at www.minnesotanonprofits.org/events.

Nexus Community Partners: Cultivating Leaders and Agents of Change

Minnesota is one of the fastest growing regions in the Midwest, and while it is still not nearly as racially diverse as the nation, it is becoming more diverse. About 17 percent of the state’s residents are now persons of color, compared to only about 1 percent in 1960. Between 2000 and 2010, the state’s population of color grew by 55 percent. And while the Twin Cities region benefits from a number of social and economic assets, the region continues to be at the top of less than desirable lists, especially those that reveal significant racial disparities in education, income, health, poverty levels and joblessness.

Nexus Community Partners believes that a competitive and inclusive region is one in which members of all racial, ethnic and income groups have opportunities to live and work in all parts of the region; have access to living wage jobs; and equitably benefit from local and regional opportunities. But this won’t happen without intentional strategies, thoughtfulness and a fearless commitment to equity.

As a community building intermediary,



Nexus provides resources and technical assistance to communities and community-based organizations to strengthen their community engagement efforts and create opportunities for asset and wealth building. Nexus focuses its work in three geographic areas: east side of St. Paul, north Minneapolis and south Minneapolis as well as the broader Twin Cities.

One way Nexus is facilitating an equity agenda is through its Boards and Commissions Leadership Institute (BCLI). BCLI is a seven-month leadership program that supports, trains and places people of color and other under-represented community members on publicly appointed municipal boards and commissions that influence and

impact equity in economic development, employment, health, housing and transportation in the Twin Cities Metro Area. This exciting initiative moves beyond having a seat at the table to having a vote in decisionmaking processes. Nexus recently kicked off their inaugural class of twelve BCLI fellows, who are poised to represent their communities on decisionmaking bodies while advancing an equity agenda for the Twin Cities. Not only is BCLI creating opportunities for community needs to move to the forefront, but it is also cultivating a new generation of leaders who will serve as agents of change for years to come.

Equity and inclusion are foundational to Nexus’ work and Nexus believes it should be foundational in all nonprofit work. When asked what steps nonprofits can take to more deeply address inclusion and engagement, Theresa Gardella, Nexus’ director of strategic development, offered a variety of options. She said, “It doesn’t happen overnight and it can’t happen in isolation. Organizations need mentorship, successful models and adequate resources to be thoughtful and strategic as they work to integrate equity into their daily work. It is our responsibility to engage in a process of truth telling, to create spaces for healing and to develop new practices of working together. The work of creating an equitable society is all of our work; it’s all of our responsibility.”

For more information on Nexus Community Partners’ initiatives, please visit www.nexuscp.org or contact Theresa Gardella, Director of Strategic Development, at 651-379-0507.



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MCN Supports Increased Minimum Wage

By Susie Brown, MCN public policy director



As the 2014 legislative session approaches, we look forward to bringing the voice of Minnesota's nonprofit sector to the deliberations of state policymakers. As is the case in even-numbered years, it is a "bonding" year, typically shorter than odd-numbered "budget" years, with a focus on state borrowing projects. There is also the anticipation of upcoming elections for all members of the Minnesota House, the Governor and others in November.

Additionally, 2014 has been dubbed by Governor Dayton as the "unsession," an opportunity to use ideas from the public to make government "better, faster, simpler and more efficient for people." While it will be short in duration, the session will be dynamic and interesting, as it always is. We look forward to working with you, our nonprofit colleagues, on advancing the sector's priorities.

MCN's 2014 public policy agenda includes issues related to the nonprofit sector, budget and taxes, economic opportunity and democracy reform. You can view the complete agenda on our website in the "At the Capitol" section. A new issue on our policy agenda is support for an increased state minimum wage—a complex issue for nonprofit organizations who both serve those with low wages struggling to make ends meet and are also employers constantly challenged to manage their financial bottom line. On behalf of MCN's board and staff, I thank you for your participation in our recent survey on this issue and the many conversations that helped us develop a thoughtful position in support of both an increased minimum wage and increased reimbursement rates for some nonprofit services. Here are a few important things we learned from our survey:

1. Most nonprofit organizations have few, if any, positions below the proposed new minimum wage for large employers (\$9.50).
2. Many nonprofit organizations are strong supporters of an increased minimum wage for the well-being of the people they serve. Regardless of their own concerns as employers, they recognize that the families and communities they care about will be stronger with increased wages.
3. Some services delivered by nonprofits have a financial structure that won't sustain an increased minimum wage without a concurrent increase in state reimbursement rates. In particular, services for people with disabilities, subsidized child care, and employment for people with disabilities are services which are paid nearly 100 percent by government; the rates set by the state determine what the organization is able to pay its employees. These organizations will suffer serious and possibly insurmountable financial stress if the minimum wage is increased without an increase in their state reimbursement rates. MCN believes that communities are stronger if these organizations are successful and thus support an increase in their rates as a way to manage a new higher minimum wage.

We look forward to working with you this legislative session and observing the sector's skills and perseverance in advocating for myriad issues of concern to nonprofit organizations and the communities they serve. Please let us know how we can support and spotlight your work as the session begins.

Things to Note:

- Session begins February 25, 2014.
- MCN's annual Session Line-Up will be held February 28, from 9 a.m. to noon
- Please send the date of your "day on the hill" to Rinal Ray at rray@minnesotanonprofits for publication on the MCN website.

DHS Continues Efforts to Enhance Background Studies

The Minnesota Department of Human Services (DHS) continues its efforts to enhance background studies with several new 2014 legislative initiatives. They are included in the design of a new infrastructure that will electronically record fingerprint images for as many as 250,000 care providers annually. The fingerprints will be used to match subjects with state criminal records maintained by the Minnesota Bureau of Criminal Apprehension. The background study enhancement effort stems from a \$3 million federal grant awarded to DHS in 2012 that focuses on employees of long-term care facilities and other programs.

In 2013, the Minnesota Legislature passed legislation to expand access to the Minnesota Court Information System (MNCIS). This allows for an electronic transfer of data between DHS and MNCIS, so that DHS can receive notices when there is new criminal history data on a subject who completed a previous background study. Legislation also passed that gives DHS access to data maintained by the Department of Public Safety on individuals registering under Minnesota's predatory offender registration law as part of all background studies. This expanded scope now identifies whether the background study subject is registered in Minnesota as a predatory offender.

DHS staff have been meeting with stakeholders, including nonprofits, legislators and health care organizations throughout 2013 and will continue to hold meetings in order to explain how the proposed background study changes will significantly alter how studies are completed. Information, including a fact sheet and FAQs on the planned enhancements, are available on the DHS Public website at www.mn.gov/dhs/. Here, visitors will be able to access a presentation on the planned enhancements as well as sign up to be notified of future meetings and webinars.

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f t p i

Nonprofit Awards and Advancements



Opportunity Partners hired **Armando Camacho** as its new president and CEO.

Molly Lindblad, volunteer development manager at Arc's Value Village, received the Minnesota Association for Volunteer Administration Award for Excellence in Volunteer Program Development.



The **Council on American-Islamic Relations (CAIR-MN)** received the 2013 Difference Makers Award from the American Bar Association's Solo, Small Firm and General Practice Division.



InnerCity Tennis (ICT) welcomed **Samantha Smart Merritt** as its new executive director.

Women's Advocates announced **Babette Jamison** as its new executive director.

Nonviolent Peaceforce (NP) appointed **Doris Mariani** as the organization's new executive director.



Tom Streitz will join Twin Cities RISE! as its new president and CEO in early March.



St. Stephen's Human Services announced **Gail Dorfman** as its executive director effective March 3.2



Nasibu Sareva is African Development Center's new executive director, after being the organization's interim director since August 2013.

Jim McCorkell, CEO and founder of College Possible, was invited to join the January White House Summit, where he met with White House officials to chart new paths to college for low-income students.

Submit Your Announcements

For more awards and advancements, visit MCN's Sector News at www.minnesotanonprofits.org/sector-news.

Member organizations are invited to submit your organization's awards, staffing announcements and other news to mcharleston@minnesotanonprofits.org.

MCN Now Offering EAPs to Members through Lutheran Social Service's NuVantage

Employee Assistance Programs (EAPs) are employee benefit programs offered by many employers and are intended to help employees deal with personal problems that might adversely impact their work performance, health and well-being.

MCN is proud to announce a new partnership with Lutheran Social Services' NuVantage to offer its members EAP services on an annual basis. For most MCN members, the annual fee will be \$495.

To learn more about EAPs in general and more specifically about to access MCN's new cost-saving partnership with NuVantage, join us for a webinar on either February 19 or March 12 from 1 - 2 p.m. RSVP at www.minnesotanonprofits.org/eap.

Creating Sustainable Independence with Solar Heat: Rural Renewable Energy Alliance (RREAL)

As the 2013 Nonprofit Mission Award winner in Innovation, Rural Renewable Energy Alliance (RREAL) has transformed the way low-income families obtain heat resources in a way that creates self-reliance and independence.

RREAL's Solar Assistance program is a nationally unique strategy that brings an innovative and sustainable solution to the pervasive societal challenge of fuel poverty. Fuel poverty exists when members of a household cannot afford to heat their home adequately and have to choose between heating and other basic necessities—an annual problem experienced by 585,000 Minnesotan households in 2012 alone.

RREAL addresses this community challenge by providing households struggling to meet their heat needs with a long-term, domestic and carbon-neutral solution by installing a solar-powered furnace on homes of families and individuals grappling with fuel poverty.

With each passing year the impact of RREAL grows. Since 2011, the Solar Assistance program has provided 217 low-income households with solar heat.



When asked what's in store for RREAL, Jason Edens, RREAL's director replied, "While continuing to work towards scaling our Solar Assistance program model nationwide as a lasting solution to fuel poverty, RREAL will install at least 30 more solar powered furnaces on low-income homes across the upper Midwest in 2014. The biggest change that 2014 brings to RREAL is the beginning of a for-profit subsidiary to sustain our Solar Assistance Program. As we launch this endeavor, we maintain our commitment to energy security and environmental stewardship."

To watch a video on RREAL's work, please visit www.minnesotanonprofit.org. To learn more about RREAL's mission and programs, please visit www.rreal.org.

What Insurance Applies When Volunteers Drive Their Own Cars?

It is important to note that volunteer drivers, while using their own cars, will be covered initially by their own personal auto insurance. A volunteer's personal auto insurance for his/her own car will cover anyone named in a lawsuit arising out of the use of the personal auto, therefore, the nonprofit may also initially be covered by the volunteer driver's policy. However, in cases where a catastrophic injury occurs when a volunteer driver is using his/her own car, the damages may exceed the driver's personal auto insurance limits. In that case, the nonprofit is vulnerable if it is named in a lawsuit resulting from the accident. Moreover, while a nonprofit may assume that a volunteer driver has adequate insurance, that may not be the case. Non-owned auto insurance will also cover the nonprofit if the volunteer driver's personal auto insurance policy has lapsed or been cancelled.

Non-owned auto liability insurance covers liability for accidents caused by an employee or volunteer driving their own vehicle on a nonprofit's behalf. The coverage is designed to protect only the nonprofit organization, not the employee or volunteer. Coverage applies above the liability limits of the vehicle owner's personal automobile policy. There is no coverage for damage to the vehicle that is not owned by the nonprofit. Some carriers will provide an endorsement on non-owned auto policies that add the volunteer who drives his or her own car on the nonprofit's business as an additional insured under the nonprofit's non-owned auto policy. This provides coverage in excess of the volunteer's own policy limits.

For more information on non-owned auto insurance or for a quote, please contact Nonprofit Insurance Advisors at 651-757-3096 or info@nonprofitinsuranceadvisors.org.

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Proposed IRS Regulations for 501(c)(4) Nonprofits

In November 2013, following a recent increase in political activity by 501(c)(4) organizations and a high profile internal agency controversy, the IRS proposed new 501(c)(4) regulations which are a concern to many in the nonprofit field, including MCN. The proposed regulations were intended to clarify the definition of political activity, remedying the problems related to the currently vague “facts and circumstances” test, and provide new standards around what is allowed. In particular, the proposed regulations define that all voter registration, get out the vote, voter guides and candidate events are considered “political activity.”

While the regulations are not designed to affect 501(c)(3) organizations, the non-profit sector is concerned about the spillover impact that is likely to occur as the activities newly defined as “political” have long been core 501(c)(3) non-partisan, non-political activities used to increase civic participation and voter engagement among under-represented populations.

The Minnesota Council of Nonprofits is concerned about any impact the proposed 501(c)(4) regulations might have on the legitimate, non-partisan voter engagement activities that are an important part of our sector’s work. While we agree that the current regulations are overly vague, we believe that the proposed solution is overly broad.

We support the approach taken by the Bright Lines Project (www.brightlinesproject.org) which seeks to clarify what is allowable and protect the speech rights of nonprofits while reducing abuses in the system. There is a public comment period through February 25. For more information, see Volume 78, Number 230 of the Federal Register or contact MCN’s public policy director Susie Brown at 651-757-3060 or sbrown@minnesotanonprofits.org.

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