

# NONPROFIT NEWS

Information and connections for Minnesota's nonprofit sector

MINNESOTA  
COUNCIL OF  
NONPROFITS

Winter 2020

## Budget context for the 2020 legislative session: short-term positives but need for longer-term investments

When the 2020 legislative session starts on February 11, Minnesota's nonprofit advocates will be pursuing important policy changes at the Capitol by sharing their missions and the stories that illustrate their work. Policymakers will be listening to these and other community priorities, while also considering the state's budget and economic outlook.

This is not a "budget year"—last year, policymakers passed the two-year budget that runs through June 30, 2021. Any legislation with a fiscal impact they pass this year will be "supplemental" budget changes. It is a "bonding year" in which infrastructure projects from across the state are bundled into a large omnibus bonding bill, which could include nonprofit priorities such as affordable hous-

ing development, environmental protection, or local cultural and arts projects.

Both supplemental budget and bonding decisions are informed by the state's budget forecast; the latest November forecast showed a projected \$1.3 billion positive balance for the remainder of the Fiscal Year (FY) 2020-21 budget cycle.

The budget forecast also looks ahead to the next biennium, and sees the surplus shrinking considerably. The forecast predicts only a \$220 million structural balance in FY 2022-23. However, that number doesn't take into account what it would take for most current public services to keep up with inflation. When the impact of inflation is accounted for, the balance in FY 2022-23 turns into a deficit

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## Advancing equity and justice in the nonprofit sector

In 2019, MCN updated its strategic priority to "Advance equity and justice" and posted the full description on our website under "About MCN." Important aspects of the updated priority are a commitment to focus on those furthest from justice and to center racial equity, with the understanding that the greatest disparities are linked to race, and race and ethnicity lie at intersections with many other identities.

Why center racial equity in our work? Racism exists and it confronts every aspect of American society. From the problematic origins of the United States—colonizing governments appropriating land from indigenous people to slavery; to the pervasive inequities that result

from unconscious bias—pay inequities for people of color and women, and higher incarceration rates for people of color.

We know that nonprofits alone can't create a more equitable world; that work will take the entire community. AND, we believe nonprofits are uniquely positioned to move these issues up in the public agenda. In Minnesota, the community's trust of nonprofits ranks high, and the sector is a critical space in an era of shrinking nonpartisanship.

How can the nonprofit sector lead? In many ways, the very DNA of the nonprofit sector is oriented toward justice. From arts organizations to human services coalitions, nonprofits already often

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

## NONPROFIT BITS

Every two years since 1998, MCN has produced the *Minnesota Nonprofit Salary and Benefits Survey*, helping nonprofits answer tough compensation questions. To ensure that this year's report is the most robust and reliable ever produced, we are asking Minnesota nonprofits to participate in this year's survey. The more nonprofits that participate, the more accurate and reliable the compensation data becomes! As a reminder, MCN members taking part in this year's survey will receive 75 percent off the price of the final book. To participate in this year's survey, sign your nonprofit up by May 29 at: [www.minnesotanonprofits.org/SS](http://www.minnesotanonprofits.org/SS).

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# Where We Stand

## Health Plan launched, DAF mystery deepens

*by Jon Pratt, MCN executive director*

BenefitsMN, the association health plan sponsored by MCN, officially launched on January 1, 2020 with 34 nonprofit employers representing a broad spectrum of nonprofit activity and regions of Minnesota. This inaugural group of BenefitsMN employers range from 2-44 employees and family members (366 total), with two thirds from the Twin Cities and one third from Greater Minnesota (including Red Wing, Owatonna, Mankato, Grand Rapids, Brainerd, and Hinckley). Participating organizations include arts and culture, human services, foundations, youth development, education, and the environment. A third of the enrolled organizations did not previously provide coverage, addressing a key MCN goal of increasing nonprofit employees' access to health insurance.

Getting 34 organizations signed up for BenefitsMN in year one was a big success given the tight timeline (HR managers only had a few weeks to get their information in after the plan received final Commerce Department approval at the end of October). Since the most common health insurance renewal date for nonprofit employers is January 1, Minnesota nonprofits now have plenty of planning time to check out [www.benefitsmn.org](http://www.benefitsmn.org) for this cost effective option for 2021.



### **\$128 billion in DAF funds inspires California reform proposal**

The rapid growth in contributions to Donor Advised Funds (DAFs) represents one of the most dramatic developments in charitable giving — and a further demonstration of American generosity. Reported each year on IRS Form 990, Schedule D, these funds are held by public charities for future allocation to charitable activities, reaching \$128 billion at the end of 2018, as totaled by the National Philanthropic Trust's annual DAF update. DAFs in 2018 received 12.7 percent of all charitable contributions, up from 7.1 percent five years before, as reported by Giving USA — amazing growth.

It is no secret that DAFs are proving to be a popular vehicle for high net worth donors as a fast, user-friendly and relatively inexpensive mechanism to manage charitable contributions (and are less regulated and less public than private foundations).

While total funds contributed into, granted out of, and held by DAFs is reported on Schedule D, the specific grants or amount of activity from individual funds are not. Public interest in how much of the funds are being put to work once they move into DAFs has led to proposals for greater transparency, including California Assembly Bill 1712. This legislation (supported by CalNonprofits) passed its first hearing in the Assembly Judiciary Committee, and would require DAF sponsors with more than \$300 million in DAFs to report (without attribution) activity within these funds.

Part of the growing DAF mystery comes from a curious traffic moving funds from private foundations to DAFs — a transfer from one fund required to be spent for charitable purposes to another, with no tax benefits. Then why move the funds? The reason is that these transfers avoid (or satisfy?) two requirements from the 1969 Tax Reform Act for US private foundations: reporting grant recipients and a 5 percent payout requirement. Private foundations do not have to disclose who receives grants once paid from the DAF, and private foundations can claim that DAF funds are just like grants to working charities for purposes of their payout.

A scan of private foundation grants shows \$4 billion transferred from private foundations to five of the largest DAF sponsors from 2010 to 2018: Fidelity, Vanguard, Goldman Sachs, Charles Schwab, and National Philanthropic Trust. For fundraisers researching prospective contributors, the California legislation is a move in the right direction, particularly with the emerging whodunit of some private foundations running all of their grants through DAFs (including in Minnesota).

## Short-term budget positives don't outweigh need for long-term investments

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of \$991 million.

That means that tax and budget changes policymakers make this session should largely be one-time. There is an opportunity to make a down-payment on a stronger future. But after years of under-investment in our communities, the state needs to raise additional revenues to sustainably invest in great schools, thriving communities, and other building blocks of lasting and shared prosperity for all Minnesotans, no matter who they are or where they live.

One of the highlights of the latest budget forecast is the news that the state's strengthened budget reserve has now reached \$2.4 billion. The forecast predicts a slowing economy, which reminds us how important the reserve is to Minnesotans' well-being.

Having a strong budget reserve when a recession hits means

the state can avoid drastic cuts to critical services and continue to serve Minnesotans striving to get through tough times. During the Great Recession, many states, including Minnesota, tapped into their savings to get by, much like a family would.

So-called "rainy day" funds helped states avoid \$20 billion in service cuts and tax increases during the last recession. Unfortunately, the budget policymakers passed in the 2019 Legislative Session takes nearly \$500 million out of the reserve in July 2021. Policymakers should undo this harmful policy in the coming session.

As you join other nonprofit advocates in creating policy changes that strengthen Minnesota's communities, be sure to keep up with legislative updates through the Minnesota Budget Project's blog: [www.mnbudgetproject.org/minnesota-budget-bites-blog](http://www.mnbudgetproject.org/minnesota-budget-bites-blog).

## MCN centering racial equity as key part of updated strategic priorities

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lead in creating a better world, and yet the sector isn't immune from racial inequity, and in some ways perpetuates it.

In a recent article published by Independent Sector, Jeremie Greer, co-founder and co-executive director of Liberation in a Generation, defined racialized gaps in the U.S. three ways:

- **Racial Wage Gap:** National studies by Pew Research reveal prevalent pay inequities by race. Within the nonprofit sector, regional studies have shown similar racial pay disparities exist (such as TSNE MissionWorks' study in New England). MCN will be conducting its 2020 Salary and Benefit Survey in the coming months and will look at compensation of executive directors through the lenses of race and gender identity.
- **Racial Wealth Gap:** National studies also reveal wealth disparities by race as a product of centuries of racialized economic policies. For example, a Brookings Institution study found Black graduates have been disproportionately harmed by student loan debt. The nonprofit sector relies on employees with college degrees, which come at a greater cost to persons of color. Nonprofits have an opportunity to evaluate job position requirements, benefit packages that contribute to wealth (such as 401k), etc.
- **Racial Leadership Gap:** National studies show that less than 20 percent of nonprofits are led by people of color. A 2017 report by Race to Lead attributed this to an uneven playing field, the stress of representing one's race,

and systemic bias baked into nonprofits. Racial disparities also persist in representation on nonprofit governing boards (BoardSource's 2017 report found 84 percent of nonprofit board members are white).

What is MCN's role? In 2019, we conducted a community survey that included respondents both in and out of our networks. We heard many nonprofits are hungry for MCN to spotlight this work. We're learning and evolving, and here's what you can expect from us going forward:

- Supporting nonprofits as they build a more equitable and just world: Providing trainings and conferences that address opportunities facing nonprofits as they examine and evolve policies, practices, procedures, and orientation to communities to advance equity.
- Shining a light on where the productive work is being done with regard to equity and nonprofits; one/two of our most useful resources we offer our member organizations is/are progress stories and connections to one another.
- Sharing how we're doing this in our work, from creating a new strategic vision that centers racial equity to reexamining our own policies, practices, and procedures.

We encourage nonprofits to join us in furthering equity in our sector, and look forward to collaborations, conversations, and partnerships to come.

## MCN Community Survey: What we learned and what's next

Thank you to the 420 community members who took MCN's 2019 Community Survey. Our goal in conducting the survey was to increase MCN's knowledge of the major opportunities and challenges facing communities to which nonprofits are responding. We wanted to know: how is the broader community currently experiencing MCN; what, specifically, is valued or missing in our work; and what opportunities do we have for evolution, growth, and change?

The survey asked questions that allow MCN to disaggregate the responses and better understand the experiences and feedback of four priority groups defined in MCN's equity work: Black, indigenous and people of color (BIPOC) folks; nonprofits in Greater MN; nonprofits with budgets under \$2 million; and disability and accessibility. As we work to evolve our programming and resources in the coming years, it's important to understand how our work might best respond to those furthest from justice and ultimately benefit all. In the words of the late Senator Paul Wellstone: We all do better when we all do better.

MCN's staff and board have reviewed preliminary findings, which have revealed that nonprofits continue to respond to society's most complicated challenges ranging from the achievement gap to the affordability and access to healthcare. Nonprofits reported looking to MCN for organizational capacity building and professional development across the perennial topics of nonprofit governance and management: fundraising, finance, human resources, communications, leadership, and board engagement.

While further analysis and planning is to come, MCN is already working to implement changes based on the community's feedback. Respondents requested more convening opportunities, how to practically create equitable spaces in a changing time, greater representation of BIPOC communities as speakers and attendees at MCN events, support for collaborations and sharing of resources (such as MCN's association health plan, BenefitsMN), conducting more workshops in Greater Minnesota, and mobilization around policies that impact the sector.

## Nonprofits engage communities to ensure they are Counted!

With a grant from the Minnesota Council on Foundations and support from the State Legislature, MCN provided 35 nonprofit organizations across Minnesota with a Nonprofits Count! grant of up to \$5,000 to increase participation in the 2020 Census. We recently connected with one of our Nonprofits Count! grantees to hear about their work and how they are incorporating Census into their programming.

"As a community organization we have earned our community's trust," explained Yoli Chambers, adult and aging programs administrator of Centro Tyrone Guzman. "People change their perspective when they have more information from trusted messengers."

Founded in 1974, Centro Tyrone Guzman's mission is to build a vibrant, diverse, and inclusive Latinx community that belongs and contributes to the social and economic vitality of Minnesota by using education, health and wellness as the key strategies to build their community's strength, participation and vitality. To meet their mission, they offer a variety of programs, including youth groups on healthy relationships, a micro enterprise program for seniors, and a Montessori school for children three-to-six years of age.

Chambers noted that they are proud of their work in building bridges for youth and elders to connect with each other. Their main goal for census outreach is to teach their youth and elders about the census and have youth do census outreach in community spaces such as churches. They also hope



*Nonprofit leaders share at the Nonprofits Count! event on January 30*

to publish a video featuring elders and youth in dialogue about the importance of the census, and answer frequently asked questions.

"At the end of the day, it's their decision," Chambers said. "When seniors and youth share from their personal experiences about the census, it makes people feel more comfortable because they are familiar with the storytellers. We know there is a lot of fear in our community around sharing information with the government, but if not everyone completes the form Minnesota will receive less funds and it will impact the community directly. The census supports many programs that Minnesota needs. We have to have the commitment to do it because it's for everyone's benefit and we have to hear it from our own family members."

# Agendas and Action

They signed you Bill, now you're a law!

by Marie Ellis, MCN public policy director

We hear a lot about rancor and disagreement in Congress, but convincing members of Congress that they should repeal a specific 2017 law was not difficult. Creating a path for the change, however – that was another story.

In 2017, Congress imposed an unrelated business income tax (UBIT) of 21 percent on the expenses nonprofits incur for employee benefits like transit passes and parking. It became widely apparent, to both Congress and the nonprofit community, that this provision was premised on flawed reasoning and not worthy of being law. Making the change to the law, though, took the collective effort of MCN's national partners, fellow state nonprofit associations, and MCN members just like you.

Have you seen Schoolhouse Rock's "I'm Just a Bill?" There's a little cartoon rolled up parchment that says they (I'm using Merriam-Webster's word of the year, the singular "they," because it seems unnecessary to assign a gender to a cartoon bill) started as a constituent's idea, which got to a member of Congress, who wrote up a bill, and now they're waiting in committee as members debate its merits. In the end, Congress votes "yes," and the President signs the bill. Seems fairly easy to follow.

Some legislation does follow that path. But it is very rare for small pieces of legislation, like repealing this UBIT, to move solo at the federal level. In this instance, the best route was to include the repeal in a large bill. Such a bill would have to deal with tax issues and be likely to pass; so we waited.

While we waited for the right vehicle, MCN worked with our national partners for two years to educate lawmakers on why the provision was a problem. We worked with other state nonprofit associations and our members to meet with members of Congress in DC, send letters, make calls, and raise awareness over social media to explain the harmful consequences of the tax. (It also helped that Minnesota was one of only a handful of states that did not conform to this tax at the state level, showing dissent about its merit).

Recently, Congress passed a huge tax bill (clocked in at just under 500 pages — an average bill is about 20 pages and some are as short as half a page), and it was there, as a proposed amendment, that our repeal language found a home. The Schoolhouse Rock version of this bill as a roll of parchment would be as thick as a sequoia tree's trunk with a hefty branch of amendments. If you're thinking that all sounds overwhelming to follow on a daily basis, you're right! But, the great thing is, you don't have to be in on those inner workings of the legislative process to make a huge difference.

If you work at one of the many nonprofits who don't have a staff person dedicated to advocacy work, the best thing you can do is to find a coalition of organizations working on issues important to your mission. That coalition will include people tracking the inner workings, and they'll share the best time to call your elected officials, help you write an op-ed for your local newspaper, meet with your legislator with you, and help you feel like the expert you are.

Being a part of these victories doesn't require a lot of legislative or congressional knowledge. Our members told Congress how the transit UBIT tax was taking away from their ability to fulfill their missions. Thanks to their passion, knowledge of their community, and probably a few folks stepping outside of their comfort zone, the UBIT repeal found the same beautiful fate as our cartoon friend Schoolhouse Rock, when their name changed from Bill to Law.



## Nonprofit News and Advancements

Vern Fish, Jan Gerstenberger, Stephanie Stein, and Katie Tedson joined the board for Conservation Corps Minnesota & Iowa.



Scholarship America, a leading national scholarship provider, named Tina Lee as the new chair of its board of trustees.

EVOLVE Family Services named Susannah Barnes as the organization's new executive director.

Veronica Williams was named director of development at the Minnesota Council of Churches.



Women's Foundation of Minnesota named Gloria Perez president and chief executive officer.

Mary McRoy, senior program manager at Brittany's Place, was inducted into the Youth Intervention Program Associations' Hall of Fame.

Zeny McCoy was named director of partner engagements at USTA Northern.



Western Communities Action Network welcomed Christopher Anderson as executive director.

Jeff Mundinger was named chief financial officer at YWCA St. Paul.

Renay Dossman joined Neighborhood Development Center as executive director of Twin Cities.



Sophia Lenarz-Coy was named executive director of The Food Group.

Feline Rescue, Inc. named Phil Manz as the organization's new executive director.



Great Plains Institute named Morgan Zehner as its director of development.

Lifeworks Services promoted Kim Mueller to chief operating officer.

## MCN Staff Updates



Courtney Gerber joined MCN as the organization's new program director. Prior to joining MCN, Courtney served as the curator of learning and engagement at the Minnesota Museum of American Art.



Andrea Sanow was named as communications manager. Andrea previously served as MCN's development coordinator and GrantAdvisor coordinator.



Grace Fogland was named development and communications assistant. Grace most recently served as the organization's *Minnesota Grants Directory* intern.

### Submit Your Announcements

MCN member organizations are invited to submit your organization's awards, staffing announcements, and other news to [asanow@minnesotanonprofits.org](mailto:asanow@minnesotanonprofits.org). MCN cannot guarantee that all announcements will make it into *Nonprofit News*.



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## 2019 Nonprofit Mission Award Recipient for Advocacy: Casa de Esperanza

From their humble beginning as an emergency shelter created by five courageous Latina activists in 1982, Casa de Esperanza has grown into the largest and Latina-led domestic violence organization in the country.

Headquartered in St. Paul, Casa de Esperanza is guided by listening to and learning from Latinx and a commitment to building Latinx leadership and community-driven solutions to change the attitudes, behaviors, and systems that lead to unhealthy and abusive relationships. The expertise that they have developed through their work with Latinx communities in Minnesota has reached the national stage and now informs public policy as well as the work of many domestic violence agencies across the country.

Casa de Esperanza's Family Advocacy approach is unique and offers an unduplicated spectrum of direct services and support each year for approximately 370 Latinx and their families who are living in domestic violence in the Twin Cities metro area and are at risk of experiencing homelessness.

The organization offers Latinx services in their own language and provides a variety of options to best meet our families' needs, including an El Refugio emergency shelter, a bilingual crisis line, transitional housing support, mobile advocacy, and referrals to other agencies and resources.

The barriers to safety for the women Casa de Esperanza serves are compounded even more because the majority are monolingual immigrants. The organization's Family Advocates (the majority of whom are Latina) often work intensively with a survivor for one to two years on an individualized

plan that supports her in the choices she believes are best for herself and her children.

Because mainstream domestic violence service providers often traumatize Latinas by insisting they must leave their partners and families to receive services, Casa de Esperanza lifts up the resiliency of the women they serve, the vital role community plays in their lives, and help them identify Latinx friends and neighbors who can offer additional support while they work through a transition plan.



*Casa de Esperanza accepting their 2019 Mission Award for Advocacy at the MCN Annual Conference in Rochester.*

In addition to their Family Advocacy work, Casa de Esperanza is also committed to lifting up campaigns that are innovative and grounded in community realities, such as:

- Te Invito, a campaign to engage Latino men and boys in ending domestic violence, and
- DECIMOS NO MÁS campaign, NO MORE's sister campaign that was culturally adapted to be relevant to Latinx.



As a result of the organization's advocacy efforts on behalf of Latinx in the Twin Cities, MCN was pleased to present the nonprofit with the 2019 Mission Award for Advocacy.

Learn more about Casa de Esperanza at [casadeesperanza.org](http://casadeesperanza.org).

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by emailing MCN at [info@minnesotanonprofits.org](mailto:info@minnesotanonprofits.org).

## Inaugural ACTcon to highlight the vital connections between nonprofit fundraising, communications, and technology on May 5

Advancement. Communications. Technology. These three components of nonprofit management and sustainability work together to help us best serve our communities. Advancement and communications are interdependent in how we secure funding and share information about our programs. Technology informs how — and how effectively — we communicate our stories.

All three areas involve making connections. With this in mind, MCN is thrilled to announce ACTcon: The Advancement, Communications, and Technology Conference. We're combining our annual Fundraising and Communications & Technology conferences into one unique, full-day event that brings together leaders, innovators, and experts from all areas of the nonprofit sector.



Hosted on May 5 at the Saint Paul RiverCentre, ACTcon will bring together over 750 fundraisers, communicators, techies, and others whose work touches on these integral areas of nonprofit management. The conference will feature 30 trend-focused breakout sessions, an enlightening keynote presentation, and over 50 resource exhibitors with tools designed specifically for nonprofits. You'll also have networking opportunities with your peers throughout the day.

Breakout sessions will have tracks for each focus area. Plus, there's a combined track that features sessions on topics like aligning your development and communications strategies, donor personas, and customer relationship management software. The keynote will speak to how all three components of our work are stronger when considered together.

At this conference, nonprofit professionals will have the chance to hone their skills and expertise in their own scope of work, build knowledge in related overlapping areas, and identify opportunities for growth and change in their organization and beyond. This will be a convening of connectors, so bring your business cards and get ready to tweet about #ACTcon20. To learn more about this exciting new conference, visit [minnesotanonprofits.org/ACTCON](http://minnesotanonprofits.org/ACTCON).