

Summer 2019

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Letter from Our CEO



Jan Masaoka
CalNonprofits CEO

Dear Members and Friends:

What can we take away from the news that individual giving is falling?

We all expected that the new tax law would mean reduced individual giving in 2018, and we were right: the number of donors *dropped* by 6%, and dollars from individual giving dropped 3.4%, in sharp contrast to the economy's growth of 2.7%. What's more: many people believe that giving will drop even further in 2019.

Two questions emerge: Why is individual giving decreasing? And what are the implications for nonprofits?

Answering a "why" question always means making an educated guess, but it's likely that the new tax law drove much of the changes. It's long been true that about 30% of taxpayers "itemize" on their tax returns – meaning they list the items (such as mortgages, interest on loans, and charitable contributions) that reduce the taxes they pay. When they donate more, they get a bigger tax deduction. The other 70% "take the standard deduction," which means that giving more to nonprofits does not benefit them financially.

With the new tax law, households that itemize dropped from 30% to 12%. In other words, the number of people who benefit tax-wise from donations dropped by more than half! It's likely that without the tax incentive, households in this group donated less.

Many nonprofits report that although the number of donations dropped, their overall giving increased or was stable because bigger donors gave more. This is also reported in the Fundraising Effectiveness report from AFP: about 4% fewer "small" donors (who make gifts under \$1,000) and 2.6% more "large" donors. But as one participant in a recent AFP Silicon Valley luncheon worried, "I know it makes sense to turn our attention to mega-donors. But I don't like that it means neglecting our mid-level and smaller donors. And I worry about how much we let mega-donors influence what we do."

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Why Should Nonprofits be Advocates?

New Trainings Around the State



Nancy Berlin
*CalNonprofits
Policy Director*

As you know, nonprofits are not only service providers, we are also vital advocates for our communities. But sometimes we hesitate to engage because we're confused about the rules around nonprofit lobbying, or perhaps more frequently because we simply have too many things to do. This year CalNonprofits co-sponsored trainings around the state with NextGen Policy and a variety of local partners to help nonprofits understand what we can – and should – be doing to advocate for our communities.

In Los Angeles we were joined by **California Senator Holly Mitchell** who spent most of her career in the nonprofit sector before getting angry enough in yet another meeting about budget cuts

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Letter from CalNonprofits CEO *continued from page 1*

And what about foundations? It's good news for nonprofits that grantmaking increased by 4.7%, and that corporate giving rose by almost 3%. As individual giving fell, foundations accounted for an unprecedented 18% of total giving.

One factor that makes giving hard to measure is the increasing importance of donor-advised funds (DAFs). A donation to a DAF at, for example, Schwab or a community foundation, has the same tax deductibility as one made to an operating nonprofit. The Institute for Policy Studies reports that donations to DAFs have grown 66% over the past five years, and the percentage of individual giving that goes to DAFs has doubled in the last seven years. In other words, a donation to DAF is counted by the giving studies, but we don't know when or how those donations get to community nonprofits.

The broader picture

We don't think that the drop in individual giving – especially in smaller gifts – is due to nonprofits being less skillful or less dogged in fundraising. The tax law and the rise in DAFs are clearly important pieces of the picture, but we may be looking at something even larger: the worsening fortunes of America's middle class. As the Pew Research Center reports, the wealth gap between upper-income families and middle- and lower-income families were in 2016 at the highest levels ever recorded, and the middle class continues to fall further behind. Middle-class households are typically the mainstay of individual giving to nonprofits – the people who make mid-level donations. As these households fall behind, they have less to give.

So the take-aways in a nutshell?

- Individual giving is down, especially mid-level gifts from middle class families.
- Foundation giving is up somewhat, but barely makes a dent in the decline in individual giving.
- The huge rise in donations to donor-advised funds makes it harder to understand individual giving, because a donation to a DAF “counts” as giving but it's hard to say when that money gets to nonprofits.
- Nonprofits that have access to wealthy individuals are likely to turn more of their attention to large gifts compared to seeking smaller and mid-size gifts.
- Large policy and population trends are affecting individual giving – the changes in one organization's fundraising is likely due to large societal issues as well to their own fundraising activities.

One reason CalNonprofits exists is to work on issues such as tax law – which affects individual giving, foundation pay-out, and donor-advised funds. At the same time nonprofits are working on strengthening fundraising skills, we also need to strengthen our collective advocacy skills. CalNonprofits members are a large part of why we are able to do the advocacy work we do. When you raise money and advocate, please also consider joining our coalition to strengthen our collective advocacy clout.

Jan Masaoka
CEO, CalNonprofits

P.S. Our new economic impact report on California's nonprofit sector – *Causes Count* – is coming this fall!

Time to Participate in Census 2020 Planning



With all the recent headlines about the Census and knowing what's at stake for communities many nonprofits have asked us how they can get involved.

And while there is now a final decision that a question about citizenship **won't** be included, the months of discussion about it have left many people confused and fearful. Nonprofits, as trusted messengers in our communities, will be key players in making sure that

the 2020 Census count is as fair, accurate, and complete as possible.

If you don't believe that we're so important, take a look at what three governors (including our own!) have to say about nonprofits and the Census:

"A miscount would have huge consequences. It would significantly erode the political power of communities of color and reduce funding to vulnerable communities for things like health care services, education programs and bridges and roads...[California] has developed a regional approach to engage local partners, trusted messengers and philanthropy in its goal to communicate with people."

– www.nytimes.com/2019/07/11/opinion/census-question-trump.html

California is the largest and hardest-to-count state in the country, and undercounting California's residents will have a direct impact on nonprofits and communities. The stakes are high – \$76 billion in federal funding that California receives each year is based in part on census data. And government is the largest source of nonprofit funding. Census data is also used to determine Congressional representation, and some experts suggest California could be at risk of losing a Congressional seat. Nonprofits are crucial to making sure everyone knows their rights, understands the protections in place for respondents, and ensuring the success of the Census.

Fortunately, thanks to nonprofit advocacy led by Census Policy Advocacy Network (of which CalNonprofits is a member), California has invested more funds than any other state in the census, including \$42 million specially earmarked for outreach by community-based organizations.

What can you do now?

Right now the California Census office is hosting a series of workshops around the state and it is crucial for nonprofits to participate. You can learn about the funding opportunities for outreach and influence Census implementation plans at the local level.

And, while you're there, you can also speak up for the importance of nonprofits as trusted and accessible messengers to hard-to-count communities.

Future meetings are scheduled for August and September – you can find all the details, including presentations and information from past workshops, here: <https://census.ca.gov/events>.

For more information about why nonprofits should be involved in Census outreach, and why it's so important for our communities that all Californians be counted, check out CalNonprofits' Census Toolkit for Nonprofits at www.calnonprofits.org/programs/census2020.

Welcome New CalNonprofits Members!

Abuelas Thrift Store	Marin City Health and Wellness Center
Alliance for Safety and Justice	Mattole Restoration Council
American Legion Post No. 108 Ambulance Service	MedShare
American Volunteer Reserve, Inc.	Mendocino Art Center
ArtSpan	Mountain Bikers of Santa Cruz
Beekeepers Guild of Santa Barbara	New Events and Opportunities
Berkeley Society for the Preservation of Traditional Music	New Skin Tattoo Removal
Berkeley Youth Alternatives	North County Climate Change Alliance
California Fire Safe Council	North Valley Animal Disaster Group
California Humanities	Northern California Nigerians Organization
Carry On Foundation Inc.	Northern California Regional Land Trust
Center for Excellence in Nonprofits	Open Longevity
Central Valley Immigrant Integration Collaborative	Operation Save the Streets
Changing the Streets	Organization for Social Media Safety
Cheryl McCormick	Palo Alto Players
Chico Air Museum	Parkview Legacy Foundation
China Workshop Series	Star Theatre Company
Christ Like Services	Promise 4 Paws
Chronicle Season of Sharing Fund	Quantum Safe Security, Inc.
Community Bridges	Redding Fashion Alliance, Inc.
Community Governance Partnership	Redwood Women's Foundation
Correctional Institutions	Reimagine, Inc.
Chaplaincy of Santa Clara County Inc	Robotics Inspiring Science and Engineering, Inc.
Deep Life Solutions	S.L.A.A. Los Angeles, Inc.
Unity Fellowship Social Justice Ministries	Santa Barbara Bicycle Coalition
East Bay Innovations	SAY San Diego (Social Advocates for Youth)
Elevation	Self-Help Federal Credit Union
End of Life Options California	Senior Coastsiders
Endometriosis Partnership	Simpson Literary Project
Essie Justice Group	Somos Amigos Medical Missions
Faith in Action Bay Area	Southeast Community Development Corporation
FoodCycleLA	Summer
Forrest & Becker Law Group, APC	Susan G. Komen Orange County
Foundation for Open Residential Treasures	The Andrew Levitt Center for Social Emergency Medicine
fStop Foundation	The Gamble House Conservancy
Geftid International Foundation	The Health Communication Research Institute, Inc. (and Joshua's House Hospice)
Global Healing	The Komend Project
Helping Establish Assistance Resource Team (HEART)	The MJO Hope Foundation
Hemophilia Council of California	The National Association of School Crossing Guards
Hood Dreams	The Place Within-Southern California
Housing Alternatives	The Respite Inn
Housing Equality & Advocacy Resource Team	Tree House Hollow Preschool
Housing for All	Tri-Valley Haven
Independent Transportation Network	United Latinos, Promoviendo Accion Civica
Monterey County	Valley Business Consulting & Training
Inland Empire Future Leaders Program	Vanguard Culture
Interfaith Council of Amador	whole systems learning
International Institute of the Bay Area	Women in Media
Jeanne Bray	The Pain Community
Latinas Contra Cancer	
Let's Talk LD	
Letterform Archive	
Live Like Geno Foundation, Inc.	
Livermore Lab Foundation	
Living Desert Zoo and Gardens	
Love is the Answer	



Why should nonprofits be advocates? *from page 1*

to run for office. She encouraged nonprofit leaders to engage more with elected officials: “non-profits are doing the on-the-ground work that informs the support and solutions we must make on the policy side.” She went on to say “it’s your job to call and meet with legislators – we need your expertise and your community needs you to push for real solutions.”



Stockton Mayor Michael Tubbs and **San Joaquin County Supervisor Katherine Miller** joined more than 40 nonprofits at the Advocacy Training in Stockton. “Our community’s best leaders are in the nonprofit sector. We need some of you to think about crossing over to help us govern,” said Mayor Tubbs, noting that “charity isn’t justice. Programs aren’t progress.”

Supervisor Miller emphasized the vital partnership between nonprofits and government: “without nonprofits’ expertise, on-the-ground knowledge and ability to respond quickly, counties could not deliver services.”

We were thrilled to partner with Center for Human Services, Community Foundation of San Joaquin, Community Partnerships for Families of San Joaquin, Stanislaus Community Foundation, and the United Way of San Joaquin County on the workshop in Stockton.

The next Advocacy Training will be in San Bernardino in early August, in partnership with the Inland Empire Community Collaborative. You can see photos and videos from the trainings on our website: www.calnonprofits.org/programs/nonprofit-advocacy-workshops.

CalNonprofits Sponsors Bill Seeking More Transparency from Donor-Advised Funds (AB 1712)

Donor-advised funds (DAFs) are a topic of keen interest to nonprofits. When CalNonprofits conducted a survey recently, 424 nonprofits were quick to respond – discussing their own experiences with DAFs as well as their views on possible DAF regulations. And Assemblymember Buffy Wicks (D-Oakland) introduced Assembly Bill 1712, co-



sponsored by CalNonprofits, NextGen California, and philanthropist Kat Taylor.

According to Assemblymember Wicks: “I introduced AB 1712 because we must ensure that tax incentives meant to encourage charitable contributions are being used as they were intended: to directly benefit the people and causes of service providers. They should not be used as a vehicle to benefit a few wealthy individuals, while depriving the general public of the benefits that result from direct gifts to charitable service providers. I want to bring stakeholders together so we can explore options to increase transparency. Let’s move to bring more sunlight to DAFs and unlock these much-needed funds by passing AB 1712.”

Enormous changes in the field of donor-advised funds are reshaping the landscape far differently than nonprofits have long understood it.

For many nonprofits, DAFs are most closely associated with community foundations. But the commercially affiliated funds such as Fidelity, Schwab, and Vanguard have far surpassed community foundations in DAF holdings in recent years. Fidelity Charitable now has more assets than any other nonprofit in the U.S. Here in California, just one such fund – Schwab Charitable Fund – holds more than \$8 billion in assets.

The purpose of AB 1712 is to add more transparency to help the state explore public policy aspects of donor-advised funds.

Kat Taylor, impact investor and DAF holder, strongly endorses AB 1712, saying, “As owners of donor-advised funds ourselves, we adhere to best practices to ensure the funds get out into the community. We are also committed to working with Assemblymember Wicks, our nonprofit allies, and other stakeholders to explore better reporting and transparency options.”

DAFs have an important role to play for donors and for nonprofits. AB 1712 takes the first step by proposing that the Attorney General develop new annual filing requirements for DAF sponsoring organizations operating in California including reporting any organizational policies that implement practices meant to ensure timeliness of disbursements from DAFs to nonprofits and the value of assets held in mutual funds, exchange trade funds or other investment vehicles.

Currently AB 1712 is a two-year bill, which means it will be taken up again in the Assembly in January 2020. We continue to discuss aspects of the bill and potential amendments with Assemblymember Wicks, other state legislators, community foundation leaders, commercial DAF holders, nonprofits, donors and other stakeholders. To stay updated on this issue, and others, make sure you are subscribed to our email list!

If you have 5 or more employees, everyone has to go through sexual harassment training, even non-supervisors!

Luckily there are free and discounted trainings available for CalNonprofits members

Largely in response to the #MeToo movement, last year the California legislature passed SB 1343 expanding the requirement for who has to receive training on sexual (and other) harassment. Nonprofits are not exempt from complying with employment law and, as we saw with the scandals that forced leadership changes at both the Silicon Valley Community Foundation and the Humane Society of the U.S., nonprofits are not immune to harassment problems in the workplace.

Previously, only supervisors were legally required to take the training, and it was only required for organizations with 50 or more staff. The new requirements:

- All employees in organizations with 5 or more paid staff (including part-time staff).
- Required training must be completed by the end of the calendar year.
- Training must be repeated every two years.
- New employees must be trained within six months of hire or promotion to a supervisory position.

Organizations with five or more employees will also need to update their employee manuals with the training requirements, anti-harassment, and retaliation policies; as well as hang updated posters and hand out the California sexual harassment brochure.

The Department of Fair Employment and Housing will be developing sexual harassment trainings by the end of the year, but those are not yet available. If you want to get started



(and finished!) sooner, we encourage you to find the vendor or option that works best for your organization.

CalNonprofits Members Get **FREE** and Discounted Harassment Training and language for employee manuals

If your organization is a CalNonprofits Member your supervisors can take the required harassment training for FREE through ThinkHR.

For non-supervisors, we have discounts on the required harassment training from Compliance Training Group, a California-based company. Trainings are available in English and Spanish. Both options are accessed electronically and are available for mobile devices as well. Contact Tanya Grant at membership@calnonprofits.org for details.

Whatever service or company you use, by the end of 2019 every organization with 5 or more paid staff must have completion certificates proving that all employees have gone through the training.



Scenes from California Nonprofits Day 2019



Hey Foundations!

Nonprofits can't register for this conference, but that's not the real problem here...

By Kari Aanestad, adapted from May 6th, 2019 blog post on [GrantAdvisor.org](https://www.grantadvisor.org)

CalNonprofits is a founding partner of GrantAdvisor, a crowd-sourced website where nonprofits share their experiences with funders *anonymously*, and funders have the opportunity to respond.



For more than a decade the Center for Effective Philanthropy (CEP) has pioneered evaluating philanthropy through initiatives and customer feedback products including Grantee and Applicant Perception Reports, research, publications, and convenings. On May 7-9, 2019 nearly 500 people from around the country gathered for CEP's biennial conference hosted in Minneapolis, MN to address pressing issues facing the field such as: how to best evaluate social impact, what true capacity-building looks like in nonprofits, and how to incorporate feedback to improve the work of the conference's singular intended audience: staff and board members of foundations.

Nonprofit organizations aren't invited to attend the conference (though a handful are presenting at various breakout sessions). Like any industry-specific conference, it's common for members of a field to get together only with themselves to discuss topics of mutual concern (sometimes promoted as "safe spaces"). The thin representation of nonprofit organizations at CEP isn't necessarily a problem in and of itself, but becomes one when it symbolizes a larger dynamic that deserves attention.

That dynamic is exclusion and elite agenda-setting, offering limited opportunities for the full community that is impacted by philanthropy to participate in key conversations where priorities get set, decisions get made, and ideas get funded.

What's at stake when "effective philanthropy" is defined from the top

Without incorporating all of the voices of those impacted by the work, there's a risk of unintentionally perpetuating trends and practices that are unquestioned, not inclusive, inefficient, and even harmful: one of the most poignant critiques by CEP conference keynote speaker Anand Giridharadas in his timely exposé *Winners Take All* is the threat to democracy posed by "market world's" ruling hyper-wealthy elite who determine what initiatives, speakers, and topics warrant special attention (and what ideas get put into practice through funding). Attention and money can function like oxygen in a room - there's a finite amount, and it's suffocating when a small group sucks up most of it.

Philanthropy has a great deal of influence and can be one of the most powerful perpetrators of this phenomenon, especially when the attention is accompanied by resources with conditions. Foundation leaders attending conferences, affinity groups, meetings, and seminars with one another risk hearing only from a chosen few, then generate big ideas and return to their communities with strategies that are free from constituent vetting or nonprofit input.

Foundation-funded initiatives can be powerful drivers of special attention. Social impact bonds, impact investing, collective impact, resiliency, grants management software, and complex impact evaluation are trends that have captivated the attention of the broader funding and consultant community in recent years but have been insufficiently vetted.

While each new thing might be considered a helpful resource, framework, or tool for nonprofit organizations, they are not a universal fit.

Beyond audience-limited conversations at a conference or an atomizing review of an individual organization's perceptions of their interactions with a singular foundation, a crucial part of the dialogue must also include the full community and be publicly accessible. The full measure of "effective philanthropy" is the foundation's impact on communities, and that impact is best captured when voices of all affected by the philanthropy are heard.

Here's what a leading non-profit executive says about Capitol Seminars training:



"No one else covers... the entire spectrum of governmental advocacy with the breadth, depth and inside insights of Ray LeBov and Capitol Seminars. I cannot recommend them highly enough."

— Salena Copeland, Executive Director
Legal Aid Association of California

Critical information you can apply immediately.

Learn the processes, touch points and best practices of successful advocacy from 45-year Capitol veteran Ray LeBov (above) and guest subject matter experts.

Train in Sacramento, or we'll come to you. Visit www.capitolseminars.net for our Sacramento dates, course information and registration. Click "Training" in the menu bar to learn more about your options for customized, cost-effective training at your site.

30% discount to CalNonprofits members on our Sacramento seminars. Enter coupon code CANFP at checkout. To learn more: info@raylebov.com or call (916) 442 5009. We look forward to serving you!

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We are proud to report that our social enterprise subsidiary, CalNonprofits Insurance, continued growing in 2019, helping more than 1,100 nonprofits obtain health insurance for more than 26,000 staff and to cost-effectively obtain workers comp, D&O, general liability, and other insurance.

"As a member, I can only say thank you for all the services the organization provides. Top of the list – insurance services... CalNonprofits Insurance did a great job with our health insurance changes and also saves us over \$20,000 on our disability insurance."

– Abdi Soltani, Executive Director of the ACLU of Northern California

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5. Discounts for staff and volunteers save 60% - 80% on rental cars for vacations or organization business
6. Board governance templates and samples
7. Save 20% on grant research subscriptions to Foundation Directory Online
8. Pay half price for job postings on CalNonprofits job board
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10. Save on marketing in public spaces like buses and train stations with Great Kolor



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