Overview

It was one of the most formidable challenges ever undertaken by a regional association of grantmakers when the Ohio Grantmakers Forum (OGF) set a goal in 2005 to help substantially restructure the state’s educational system through creative, systemic and sustainable reforms.

The effort was aimed at ensuring students not only graduated high school, but had the necessary knowledge and skills sets to attend post-secondary institutions or successfully enter today’s—and tomorrow’s—highly competitive workforce.

To succeed, OGF not only had to bring together sometimes philosophically opposed leaders from the educational, philanthropic and political sectors, but secure unprecedented buy-in and commitment from each on an agreed upon set of reform measures that would challenge and change the very foundation of the education structure in the state.

At the outset, and based solely on Ohio’s historical record of slow-moving sweeping social and educational policy change efforts, few outside the foundation sector held any hope for success.

But in 2009, OGF and its team surprised virtually everyone.

First, member foundations took a leadership role by funding $300,000 over three years to support its Education Initiative. Then came a series of convenings, strategy sessions, communications planning, political outreach, partnership-building and research to inform the work.

Thanks to their untiring efforts, as Ohio’s biennial budget was being developed in 2009, OGF and its partners worked with the governor and his advisers, state legislative leaders, members of the education committees in both chambers, the state Board of Education and others to ensure that its recommendations were included in the state’s 2009 education reform agenda.

“Foundations need to understand they can be an innovative catalyst for change... and the force that brings everyone together in a unified effort.” —Helen Williams, The Cleveland Foundation

Throughout its continuing work, OGF supported members’ efforts to become more effective education grantmakers by offering seminars for funders, facilitating the sharing of best practices and creating opportunities for foundation leaders to stay engaged with Ohio’s education policy officials.
Challenge

OGF President George E. Espy says one of the catalytic events leading to the education initiative was the release of a U.S. Department of Education report that found for the first time American children today are less likely to graduate from high school than their parents were. “For more than a decade Ohio has pursued significant education reform and substantial progress has been made in establishing academic content standards to define what students need to know and be able to do to be successful after high school,” says Espy.

But in spite of this progress, he says, “We know that our work is not done when we realize that the U.S. is in the bottom third educationally when compared to other industrialized countries...and our children’s graduation rates are among the lowest ever. Surely, being at the top of the bottom third is not good enough for Ohio’s students.” That was—and remains—the challenge facing OGF and its foundations, says Espy.

Strategies

Launched in 2005, OGF’s Education Initiative was designed to provide leadership by engaging policymakers and other stakeholders to improve education while enhancing the ability of OGF members to make effective education grants.

“These are not separate, but rather integral purposes and both are driven by a desire to improve the conditions of learning for every student in every Ohio community,” says OGF’s Board Chair Heidi B. Jark, vice president and manager of the Foundation Office at Fifth Third Bank.

Espy says the OGF team recognized immediately there were four key elements to success that had to be incorporated in all its strategic decisions: engaging members, establishing relationships with key legislative leaders, bringing together the many stakeholders—some who had never met—and finding, developing and disseminating the best research possible.

Designing a strategic plan to accomplish its goals, he says, flowed easily from OGF’s mission: to provide leadership for organized philanthropy in Ohio and to enhance the ability of members to fulfill their charitable goals.

“From the initiative’s start, we had no illusions about the magnitude of the challenges confronting us,” says Espy. “We understood that bold action and an accelerated pace of improvement were needed. And we knew that we’d have to remain patient without losing our sense of urgency.”

As part of its strategic efforts, OGF in December 2005 provided Ohio’s education policy leaders a report, Education for Ohio’s Future, an independent, comprehensive review of the then-state of public education in the Buckeye state.

That report found that: only about one-third of Ohio’s K-12 students were meeting the National Assessment of Educational Progress’ international standards; persistent low achievement levels by minorities and low-income students posed a huge societal challenge; two-thirds of new 21st century jobs require some post-secondary education; and only 25 percent of Ohio’s residents had a four-year college degree, ranking it 38th nationally.

Following the report’s release, OGF held a statewide conference and 10 regional conversations that brought together community leaders throughout Ohio to discuss the implications of state education reform for students and schools in their local communities.

OGF convened two workgroups composed of 43 people from 33 stakeholder organizations, including grantmakers, school board members, principals, superintendents, employers, educational service centers and community-based organizations to reach consensus on policy recommendations.

“We timed this work to coincide with the ongoing efforts of Governor Ted Strickland and his staff—and of state legislators on both sides of the aisle—to develop a comprehensive education reform plan for Ohio,” says Espy.
As part of its strategic efforts, in January 2009 OGF and its partners issued a report, Beyond Tinkering: Creating Real Opportunities for Today’s Learners and for Generations of Ohioans to Come.

Dr. Julie Schaid, executive director, Ohio Partnership for Continued Learning, says three key recommendations for state leaders came out of the OGF report: create Ohio Innovation Zones and an incentive fund; focus on transforming the state’s lowest performing schools; and develop a statewide education technology plan.

A major step forward resulted when Gov. Strickland incorporated about 70% of the OGF team’s school reform recommendations in House Bill 1, which was heavily debated, reviewed and revised throughout spring and early summer 2009.

Espy singles out “the incredible involvement and support of The George Gund Foundation in Cleveland and The Cleveland Foundation for helping lead the project to success.”

Results

Today, the results of OGF and its partners’ work that helped inform the governor, the Ohio Department of Education (ODE) and the state legislature are as far-reaching as they are ground-breaking and ambitious, says Ohio Sen. Gary Cates, chair of the Senate Education Committee.

The philanthropic effort culminated in the successful passage of House Bill 1 by the House and Senate and when Gov. Strickland signed it into law July 17, 2009, mandating new, unprecedented educational reforms and funding policies designed to benefit all Ohio students.

According to Gov. Strickland and state ODE officials: Thanks, in part, to the proposals highlighted in OGF’s Education Initiative, the state’s new education reform and budget plan—included in the FY2010-2011 fiscal biennial budget—estimates a funding mechanism that utilizes research to determine what components are critical to determining student success within the Ohio evidenced-based model.

According to Ohio School Superintendent Deborah Delisle, it also serves to modernize Ohio classrooms and curriculum; expands learning opportunities for students; strengthens the teaching profession; revises assessments to better measure Ohio students against the world; increases school district accountability and transparency; and establishes a constitutional funding system for education.

Additionally, House Bill 1 required Superintendent Delisle to provide a 10-year strategic plan to the Ohio General Assembly by Dec. 1, 2009, which she did. That report is now being reviewed by the legislature.

On the philanthropic front, not only did Ohio foundations repeatedly step forward to provide funding and expertise for the many studies, reports and convenings that helped lead to the successful effort in changing the state’s educational system and policies, but according to OGF, the state’s grantmakers invest more than $300 million a year in programs and projects supporting childhood education through adult learning.

“The incredible energy, determination and dedication that (OGF and its foundations) brought to bear on this vitally important initiative is testament to their resolve to make things better for all Ohio citizens, especially our children. We are indebted to them for their important and noble work in strengthening education and providing hope for the future.” —Governor Ted Strickland

Also, the new educational funding system will reduce over-reliance on local property taxes to fund Ohio’s public schools. For example, House Bill 1 appropriations in FY 2010 represent a 5.78 percent increase over the previous year. Over the biennium, support for the state’s schools will increase by 5.54 percent representing both state and federal stimulus funds. House Bill 1 also increases the level of transparency and accountability of school districts to produce results for Ohio’s children.

One major benefit to the OGF’s Education Initiative success was the regional association being selected by the Bill and Melinda Gates Foundation to be their sole grantee in Ohio for its educational policy work.

“We’ll sub-grant out the Gates’ funding to other organizations for the educational work,” says Espy. “About 80 percent of those dollars will be used for their own work, but 20 percent has to be used for joint projects. This will result in foundations having a stronger, unified voice in Ohio.”
The magnitude of the ongoing educational changes and the scope of work still ahead are incredible challenges, but with the help of the OGF and its members “we will continue to move forward to effect positive and sustainable change for the betterment of all Ohioans,” says Jennifer L. Sheets, president of the Ohio Board of Education.

State Rep. Brian G. Williams, chair of the House Education Committee, says the recently passed education reform agenda “would not have been possible without the participation and leadership exhibited by OGF and the many foundations that rallied to the cause of an improved educational system.”

Senator Cates, chair of the Senate Education Committee, points out that OGF’s decision in launching its Education Initiative “has made it a key player at the table as Ohio looks to move forward.”

The work of OGF, its foundation members and its many partners—and the countless hours and dollars expended to change Ohio’s educational system for the better—is bringing praise from the governor, the state superintendent of public instruction, legislators, policymakers, Board of Education and educational think tank and pro-education organization leaders.

“The incredible energy, determination and dedication that (OGF and its foundation members) brought to bear on this vitally important initiative is testament to their resolve to make things better for all Ohio citizens, especially our children,” says Gov. Strickland. “We are indebted to them for their important and noble work in strengthening education and providing hope for the future.”

Espy says that “Success comes from understanding and finding strategic pathways to mutual goals.” For George Gund Foundation program officer Ann Mullin, key lessons learned from the initiative are “identifying an important societal need, formulating a strategic plan and sticking with it.”

**DISCUSSION QUESTIONS**

1) How would our funding community go about identifying a single priority issue, as OGF did?

2) Could OGF’s approach be applied to other fields (e.g., health care, human services)?

3) How would working toward systems change in another field be the same or different as in education?
RAISING AWARENESS

These six case studies demonstrate the value and benefits of regional associations and their members engaging policymakers at the local, state and federal levels. PolicyWorks is designed to build the capacity of regional associations by: (1) raising awareness; (2) building skills and systems; and (3) catalyzing action. In doing so, PolicyWorks envisions that regional associations will become valued voices and expert resources on issues critical to philanthropy and society.

- Beyond Tinkering in Education Reform
- Opening the Charitable Spigot
- Building the Bridge
- Striking a Compromise
- Forging a Partnership
- Supporting Nonprofit Partners

Opening the Charitable Spigot

Overview

The challenge for the Council of Michigan Foundations (CMF) in 2006 was simple yet formidable: help convince a cash-strapped Congress to enact federal IRA Charitable Rollover legislation.

Realizing this long-term legislative goal, one of CMF’s many legislative goals, would contribute to CMF’s overall mission to strengthen, promote and increase philanthropy in Michigan.

Years of planning, collaborations with other national philanthropic organizations, strategic communications and relationship building with key Michigan congressional leaders all played a role in the effort’s success when an IRA Charitable Rollover provision was attached to The Pension Protection Act of 2006 and signed into law by President Bush on August 17, 2006.

The provision was time limited; it applied only to distributions made in taxable years beginning after December 31, 2005 and before January 1, 2008.

As enacted, the legislation permitted IRA owners age 70½ or older to make direct gifts from their IRAs to qualified charities totaling $100,000 per year without suffering any negative tax consequences since it does not have to be declared as income.

On October 3, 2008, Congress passed The Emergency Economic Stabilization Act of 2008, extending the IRA Charitable Rollover through the end of 2009. A one year extension has been approved for 2010. CMF and others are seeking to make it permanent.

Congressional watchdog groups estimate that the legislation so far has generated more than $250 million nationally for philanthropic programs, projects and initiatives.

“If not for CMF, I would not have been aware of it (IRA rollover) and probably would not have gotten behind the effort to see it enacted.”

—U.S. Sen. Carl Levin

The potential benefit to CMF, its member foundations and Michigan’s charitable community was obvious and two-fold: creation of a new federal tax law that would open the spigot to millions of new philanthropic dollars and help CMF achieve its commitment to increase philanthropy in Michigan.
Challenge
Long before Congress took up the issue of including an IRA Charitable Rollover provision in the federal tax code in 2006, CMF leaders decided its creation and passage should be a priority goal based on several factors: primarily a slowing economy, predicted market volatility possibly resulting in fewer future charitable dollars available to fund nonprofit efforts serving those in need and the rapid growth of community foundations.

Strategies
CMF President & CEO Robert S. Collier says there was a synergistic opportunity in 2006 “where our efforts over the years to pass the IRA legislation came together with the realization by Congress that such a provision might pass if attached to the pension reform bill.”

The first step in the long process for Collier was raising the issue for discussion with his trustees and members of the CMF Government Relations Committee, which was created more than 20 years ago to advocate for a legislative and regulatory environment conducive to organized philanthropy.

“To achieve this (IRA) goal and to convince our leadership of its importance, we needed data demonstrating the positive financial, legal and charitable impact this legislation could have on Michigan and throughout the U.S.,” says Collier. “And for that, CMF needed to work in coordination with national organizations with a shared commitment to seeing this legislation passed.”

CMF called on its long-time collaborators on legislative issues, the Council on Foundations (COF), Independent Sector, Forum of Regional Associations of Grantmakers, other regional associations and the National Council on Planned Giving (NCPG), among others. Inestimable hours were spent developing its strategy and messages for use with state and federal policymakers, all of which Collier presented to the Government Relations Committee and CMF Board of Trustees for comment.

Briefs, talking points and other information tools were also developed for use in educating congressional leaders and their staffs about the potential impact the IRA rollover dollars could have on nonprofits serving their respective districts.

Educating, recruiting and orienting allies from CMF’s membership and Michigan’s nonprofit sector was another critical step needed to build an effective and committed coalition to appeal to Michigan’s congressional delegation.

The effort moved forward with clear targets within Michigan’s congressional leadership, including Senators Carl Levin (D-MI) and Debbie Stabenow (D-MI) and Representatives Dave Camp (R-MI) and Sander Levin (D-MI), members of the powerful House Ways & Means Committee.

“Effective advocacy requires knowing which of your members have relationships with congressional leaders targeted for the campaign,” says Collier. “Equally important is being able to help those members understand the potential benefits of the legislation and fully preparing them to reach out to those delegates with compelling arguments for supporting or in other cases not supporting a particular piece of legislation.”

The value of personal relationships between members and our congressional leaders cannot be overstated,” says Collier. “Margaret ‘Ranny’ Riecker, president of the Herbert H. and Grace A. Dow Foundation, for instance, played a pivotal role in communicating to the House Ways and Means Committee’s Ranking Republican Member, Rep. Dave Camp, the importance of the legislation.”

Carol Paine-McGovern, president, Paine Family Foundation and co-chair of the CMF Government Relations Committee, says “strong communication between Collier and the committee and between CMF and other national organizations was—and continues to be—critical to keeping all foundation leaders and their organizations informed and engaged.”
Results

Michigan has secured millions to date in IRA rollover funds for philanthropic projects and organizations that might not have survived in these trying economic times if not for CMF’s and the Michigan Nonprofit Association’s efforts.

Brenda L. Hunt, president & CEO of the Battle Creek Community Foundation and CMF board vice chair, says the IRA rollover effort “should be and is a model for effective leadership and strategic impact for all foundations and other nonprofits interested in achieving systemic and sustainable change in the sector.”

Collier says the strategies CMF developed for the IRA campaign can easily be adopted by other regional associations on a smaller scale and on local or even statewide issues of importance.

“It’s about being strategic with your goals and implementation plans; targeting and aligning with your key proponents and decision-makers; formulating a communications plan to spread your message and using your influence, especially personal relationships with key players,” says Collier.

Response From Policymakers

Michigan’s congressional leaders say without CMF’s efforts to educate them about the IRA legislation and its importance to nonprofits throughout Michigan, it is unlikely they would have supported its inclusion in The Pension Protection Act of 2006.

“Quite honestly, in the beginning of 2006 there were so many issues and agendas before Congress I wasn’t that familiar with the IRA rollover legislation,” says U.S. Sen. Carl Levin. “If not for CMF, I would not have been aware of it and probably would not have gotten behind the effort to see it enacted.”

U.S. Rep. Dave Camp, a Ranking Member of the House Ways & Means Committee that handles all tax legislation, says the most significant part of CMF’s IRA advocacy campaign for him was the “continual contact from foundation representatives from his district.”

“There was a constant barrage of contacts from foundation leaders…and that is a good thing,” says Camp. “CMF kept me educated to the (IRA’s) importance, the need for me to get behind its passage and the overall philanthropic benefits it will bring not only to Michigan, but to people in need across the nation.”

—Congressman Dave Camp

U.S. Senator Debbie Stabenow, also credits the work of CMF and its members “with bringing me up to speed on the need for the IRA rollover legislation and keeping it front and center on my plate. My support came because of CMF’s tireless efforts to ensure we in Congress knew just what a difference it could make in the lives of those who need all our help.”

U.S. Rep. Sander Levin says CMF’s strategies “of continual notification on the (IRA’s) legislative progress, one-on-one meetings with congressional leaders and their staffs, generating constituent letters and telling the stories and needs of their members in a way that we in Congress could easily grasp the significance and depth of the importance of their efforts, should be a textbook example for all such (foundation) associations when they seek any such legislation that will positively impact their work.”
KEY LESSONS FOR SUCCESS

Collier says that, “Getting buy-in from the board and key committee leaders is critical in any legislative initiative. For CMF, this was our Government Relations Committee”. Melonie Colaianne, CMF board chair and president, MASCO Corp. Foundation said “Keeping key stakeholders engaged and informed throughout the campaign is also essential.”

- Clearly define goals, strategy and tactics for the initiative
- Identify members’ relationships with lawmakers in key positions
- Align with local, regional, state and/or national partners who share goals
- Find or develop high-quality data to put a dollar value on the change you seek
- Identify and key decision makers to target for outreach
- Develop a strategic communications plan designed for your target audience
- Use your members’ influence and relationships to leverage systems change
- Continually review and discuss successes and failures

DISCUSSION QUESTIONS

1) What capacities need to be in place before launching such an initiative? Do we have this capacity?

2) What opportunities exist for increasing philanthropy in our state/region?

POLICYWORKS FOR PHILANTHROPY seeks to build the capacity of regional associations of grantmakers’ staff, board and volunteer leaders to engage policy makers in support of a vibrant and effective philanthropic sector. The 20 regional associations participating in PolicyWorks serve more than 3,000 foundations and corporate giving programs in 39 states. Policy work includes: government relations—related to legislation and regulations affecting the work of charitable foundations; and public policy engagement—supporting the achievement of charitable foundations’ grantmaking goals.

Building the Bridge

Overview

It began in 2002 when David Egner, president and CEO of the Hudson-Webber Foundation, proposed creating a philanthropic liaison position between the governor’s office and Michigan foundations. His idea was based on a successful liaison office in former Detroit Mayor Dennis Archer’s office.

When Egner and C. David Campbell, president of the McGregor Fund, approached then-newly elected Governor Jennifer Granholm about creating such an office, she said she immediately saw its potential value for forging new or stronger public-private partnerships.

Egner and Campbell next approached Rob Collier, Council of Michigan Foundations’ (CMF) president & CEO for help. Their discussion led to conversations with the CMF Board of Trustees and Government Relations Committee.

The CMF Board agreed to explore the opportunity understanding that if the office was established, CMF would play a major role as fiscal sponsor.

Today, the Office of Foundation Liaison to the Governor (OFL), headed by Karen Aldridge-Eason and associate Maura Dewan, is heralded as a tremendous success having leveraged stronger, more strategic public-private partnerships, better understanding among state officials about foundations, and more than $79 million in state and foundation dollars supporting an array of initiatives designed to move Michigan forward.

Its success has sparked interest from around the globe and is cited as the model upon which similar offices have been created from New Jersey to New Mexico.

“The Foundation Liaison plays a very important role as a member of my cabinet and provides significant input on state programs and initiatives being created or changed by my top policy advisors as we sit around the table trying to find the best collaborations and solutions for the citizens of Michigan.”

—Governor Jennifer Granholm
Challenge

CMF President & CEO Rob Collier says “From the outset Michigan foundation leaders realized that a liaison in the governor’s office could be a tremendous asset in promoting new and progressive relationships between foundations, policymakers and state officials.”

“At the same time,” adds Collier, “we were acutely aware of a number of challenges that would need to be addressed before an office was established.”

Those challenges included:

- Ensuring that policymakers and other government officials understood the office was not an easy conduit into foundation coffers.
- Designing the liaison’s role in such a way that it would not cross legal or ethical lines—especially IRS rules and regulations governing advocacy.
- Hiring an individual with experience in both state government and foundation work to serve as liaison.
- Clearly communicating and protecting the office’s nonpartisan commitment.

Governor Granholm says she initially had conflicting thoughts about allowing the OFL to be made part of her cabinet since it was to be funded by the foundation sector and not the state. This would effectively prevent the office from being answerable to her administratively, she says.

“It was a leap of faith and a challenge on all our parts,” says Granholm. “Nothing like this had ever been tried before. If it worked, it could prove a tremendous asset to the state. We all believed it was worth a try.”

Strategies

Resolving the best way to overcome the initial challenges was the purview of CMF working with lead funders and legal counsel.

The funders requested that CMF serve as the office’s fiscal agent and decided the OFL’s work should be governed by an Advisory Committee of contributing funders, representatives from CMF as its fiscal agent and members from the governor’s executive staff.

Next came strategic discussions on how to prove to the governor, legislators and policymakers on both sides of the aisle that the OFL was committed to operating in a completely non-partisan and politically impartial manner, says C. David Campbell, president of the McGregor Fund and OFL Advisory Committee member.

“The key to that was open and continual dialogue, designing and implementing an educational component aimed at all lawmakers and administration officials followed by continual assurances and actions that backed up our commitment to being completely non-partisan,” says Campbell.

Once the initial challenges were worked out, lead funders including the Hudson-Webber Foundation, W.K. Kellogg Foundation, The Kresge Foundation, McGregor Fund, Charles Stewart Mott Foundation and The Skillman Foundation sat down to map out the OFL’s objectives, said Collier. After much discussion, the group settled on:

- educating state officials about foundations;
- forging relationships and supporting the development of partnerships between the state and foundations;
- attracting new national grant dollars to Michigan; and
- responding to opportunities for new local and regional public-private partnerships to serve people and the implementation of government programs.

Keeping a foundation-funded office as unique as the OFL—“in but not of” the executive office—required creating various policies designed to protect its autonomy and credibility and shield it from being used by government leaders for political purposes.

“From the outset Michigan foundation leaders realized that a liaison in the governor’s office could be a tremendous asset in promoting new and progressive relationships between foundations, policymakers and state officials.”

—Rob Collier

“We were very intentional about selecting policy priorities that were shared by the governor,” Collier says. “I believe this strategy enables us to quickly and efficiently identify, target and move forward on seeking significant and systemic change for the state of Michigan on many different issues.”

Administrative guidelines for the OFL also were developed.

For example, the Foundation Liaison does not engage in any direct political events with the governor or her staff leading up to a gubernatorial election to prevent any accusations of partisanship.

Additionally, any initiative undertaken needs to be acceptable to any new, future administration without any partisan aspect.

Collier was asked to conduct the search for the foundation liaison. Selecting just the right person was critical, says Collier. One name kept bubbling to the surface: Karen Aldridge-Eason.
Aldridge-Eason’s background in both foundation work and state government made her the logical choice. On March 24, 2003, when Governor Granholm announced her appointment, Aldridge-Eason was program director for the C.S. Mott Foundation where she was responsible for its $10 million to $20 million investment in Flint area initiatives.

Prior to joining Mott in 1994, Aldridge-Eason was director of the Office of Health and Human Services for the Michigan Department of Management and Budget. As part of its contribution to the new OFL initiative, the Mott Foundation agreed to make Aldridge-Eason a loaned executive to the state.

Finally, CMF contracted with the Community Research Institute (CRI) at the Johnson Center for Philanthropy and Nonprofit Leadership at Grand Valley State University to conduct a formative evaluation of the office. The CRI findings continue to inform the office’s work and priorities.

Results

In just over five years, the OFL and the state have worked together to increase Michigan’s economic competitiveness through reforms in K-16 education, economic development—including workforce development, health, early childhood and land use.

A sampling of the OFL’s successes to date include:

- Working with the governor’s office to identify opportunities for philanthropy to assist the state with its response to the federal economic recovery package.

- Collaborating with foundations, the state Departments of Labor and Economic Growth, Corrections and Human Services to create a best practices workforce development training program for people chronically unemployed.

- Collaborating with CMF and the governor to help improve state government’s performance and reform systems, including the establishment of the “Michigan Business One Stop” website which streamlines the processes and makes it easier to do business in Michigan.

“By any measurement, the OFL has established itself as an important link between foundations and state government,” says Laura Trudeau, senior program director for The Kresge Foundation, an original OFL funder and a member of the OFL Advisory Committee.

“It is brokering many important and society-changing programs for Michigan residents... and is responsible for bringing various groups to the table to focus on systemic and sustainable changes in many areas,” she adds.

The important role the OFL is playing in Michigan has not gone unnoticed by other cities and states looking to replicate its success. For example, Newark, New Jersey and the State of New Mexico have patterned their respective philanthropic offices after the OFL.

Nina Stack, president of the Council of New Jersey Grantmakers, says the Michigan OFL model “provided a strategic roadmap that helped us harness grantmakers’ and city leaders’ interest in creating a liaison position to foster greater effectiveness and impact in our joint efforts throughout the city.”

In New Mexico, a similar office has been created to broker collaborative partnerships between the nonprofit sector and state government, according to Ronald M. White, executive director of the New Mexico Association of Grantmakers. That office is housed at the Albuquerque Community Foundation.

Promoting the OFL as a model and helping others here and abroad establish such offices was never on the radar of the OFL Advisory Committee.

However, after a few short years of operations, awareness of the office spread quickly and invitations to speak to foundations from Washington state to Florida poured in and the OFL Advisory Committee needed to make a choice about whether to support or control Karen’s time out of Michigan.

“We decided it was important for the OFL to share its successes and lessons learned with others interested in developing strategic partnerships between the public and private sectors,” says Egner. “Our first priority, though, is Michigan and the opportunities and efforts we can make a difference in here.”
Response From Policymakers

State leaders are unanimous in their praise for the work and dedication of the OFL. Governor Granholm is one of its biggest boosters.

“The Foundation Liaison plays a very important role as a member of my cabinet and provides significant input on state programs and initiatives being created or changed by my top policy advisors as we sit around the table trying to find the best collaborations and solutions for the citizens of Michigan,” says the governor.

State Superintendent of Public Instruction Mike Flanagan calls the OFL “a powerful advocate for positive change with the ability to bring the right people together to help find solutions.”

Michigan Corrections Director Patricia Caruso also credits the work of the OFL “with helping our state deal with prisoner recidivism and its many impacts on our communities by forging strategic alliances between foundations and state government.”

Michigan Board of Education President Kathleen N. Strauss says, “The OFL’s ability to bring together those with diverse ideas and goals for Michigan’s educational system and facilitating important and sometimes contentious dialogue around reform is extraordinary and should be applauded,” says Strauss.

KEY LESSONS FOR SUCCESS

Collier says that “Engaging a broad spectrum of foundation leaders representing different funding areas, political perspectives and constituencies when forming a foundation liaison office is the most valuable lesson.” CMF trustees and OFL Advisory Committee members stressed the importance of getting buy-in from the governor, her staff and legislators early in the process; having legal counsel confirm that office’s role is in compliance with IRS rules and regulations; investing in an evaluation and setting metrics for measuring effectiveness and impact; and understanding and factoring in lessons regional association members have learned from related experiences.

- Convene members early to share ideas, concerns and goals
- Vet all plans with lawyers and accountants to ensure adherence to all local, state and federal laws
- Establish principles and policies that ensure accountability, political independence and non-partisan operation
- Seek buy-in, advice from all foundation constituency groups
- Create metrics for continual evaluation
- Develop strategic communication plans for external/internal audiences
- Learn as you go and make changes as needed

DISCUSSION QUESTIONS

1) What arguments for establishing a Charitable Advisory Council would be most persuasive in our region or state?

2) What steps can be taken to ensure that a Charitable Advisory Council maintains its autonomy and independence from government control or pressure?

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Striking a Compromise

Overview

Many California foundation leaders characterized it as “an unexpected bolt of lightning” that struck the very core of who they are and what they stand for. It wasn’t a fight anyone in the state’s philanthropic sector went looking for.

The heated issue came to the forefront in 2008 when the Berkeley-based Greenlining Institute—an organization whose mission is to empower communities of color and other disadvantaged groups—proposed legislation that would force a handful of foundations in California (those with assets of more than $250 million) to publicly disclose wide-ranging diversity data in areas of staffing, board makeup, grantees, grants and more.

The lightning bolt became known for its legislative bill name—AB 624—and caused concern across the U.S., not only for its potential impact in California if successful, but for what it portended for the philanthropic sector nationwide.

An intense effort to defeat the proposed bill ensued from sector leaders and it wasn’t a fight that stayed within the state’s borders. Greenlining officials asserted that California’s largest foundations paid inadequate attention to the needs of communities of color when it came to awarding grants and hiring or appointing people of color to their boards and staffs. They also said the foundations failed to generate, maintain and publicly disseminate diversity data on their own organizations or their grantees.

Leaders of the targeted foundations responded by speaking about their history of providing grants to diverse communities and awarding funds to nonprofits that predominantly served people of color, especially large foundations such as The California Endowment, The William and Flora Hewlett Foundation and The James Irvine Foundation.

Addressing what many philanthropic leaders called Greenlining’s critical response that touched on their reputations and integrity, foundations, their regional associations and other state and national philanthropic organizations throughout the U.S. joined in the offensive, presenting their arguments against the effort that was beginning to wind its way through the Golden State’s legislature.

Opponents of AB 624 said one of their biggest fears was that, if Greenlining’s legislative efforts were successful, it would not only encumber foundations and other nonprofits with burdensome and unnecessary reporting requirements, but divert philanthropic dollars that would have gone to helping those in need.

As a result, foundations, nonprofits, regional associations, chambers of commerce, universities and colleges and others in California and across the U.S. joined forces to wage a political, public relations and advocacy campaign aimed at thwarting AB 624.

The final result in California accomplished, in part, the goals of both sides and the nationally-publicized fight provided a cautionary tale for the foundation sector that simply doing good isn’t always enough.
Challenge

According to Colin Lacon, president & CEO of Northern California Grantmakers, the initial challenge for his state’s foundations when Greenlining began pushing for the AB 624 legislation “was first to keep cool heads and understand what it was they were really after.”

Lacon says the 2008 effort did not come as a complete surprise to everyone in California philanthropy. Greenlining had issued a 2005 diversity report card on the state’s foundations that highlighted a need for more commitment and grant dollars for communities of color.

The biggest challenge for the foundation sector leaders came in how they would address Greenlining’s successful effort in getting Assembly Member Joe Coto to introduce proposed legislation that would require foundations with assets of more than $250 million and their grantees to collect and make public information about:

- the number of grants and grant dollars awarded to “organizations specifically serving African-American, Asian-American, Pacific Islander, Caucasian, Latino, Native American, and Alaskan Native communities, lesbian, gay, bisexual, and transgender communities and other underrepresented communities”;
- the number of grants and grant dollars awarded to predominantly low-income communities; and
- the number and percentage of business contracts awarded to African-Americans, Asian-Americans, Pacific Islanders, Caucasians, Latinos, Native Americans and Alaskan Natives.

Paul Brest, president of The William and Flora Hewlett Foundation, says, “Simply put, this legislation would do nothing to improve the lives of disadvantaged populations in California or elsewhere in the world. If passed, it would place an unnecessary, costly burden on everyone in the nonprofit sector. It had to be stopped.”

Another challenge, the foundation leaders agreed, was in how best to communicate the role, importance and positive impact of foundations to communities and individuals of color who benefited from their philanthropy.

“We apparently hadn’t done a great job in sharing our individual stories with our constituents,” says Dr. Robert Ross, president & CEO of The California Endowment.

“‘Our challenge was to answer that question and then make sure it never happened again,’” says Gunderson.

Sandra Swirski, executive director for the Washington D.C.-based Alliance for Charitable Reform, agreed, adding, “We needed to put in place the necessary policies, plans and structure to prevent this from occurring again in the future.”

Strategies

The first strategy to address the Greenlining problem was to bring everyone in the philanthropic sector together in a cohesive and coordinated effort to determine the best way to proceed, says Ross.

This played out through an avalanche of meetings, phone calls, e-mails and letters by foundation and regional association leaders across the state, each providing the others with insights, ideas and key contacts they had in the California legislature.

“For any regional association or foundation facing such large-scale and important issues such as this, pulling together with fellow grantmakers in a united front… and sharing your resources, suggestions, experiences, etc., is one of the best strategies of all,” says Lacon. “There is power in numbers.”

Before long, COF, Independent Sector, the Council of Michigan Foundations, Philanthropy Roundtable, the California State Bar Association, the National Council of Nonprofit Associations and many others were approached, studied the issue and offered their help.

The groups reached consensus quickly on next-step strategies: start meeting with state legislators to win their support; have foundations, nonprofits, supporting organizations and others send them letters voicing opposition to the proposed legislation; testify before legislative committees; and reach out to Greenlining to see where compromises could be made.

“...pulling together with fellow grantmakers in a united front... and sharing your resources, suggestions, experiences, etc., is one of the best strategies of all. There is power in numbers.”

—Colin Lacon
There was another strategy the foundation sector agreed on: the necessity of developing a communications plan to start sharing with the politicians, media and the public the many ways their foundations had—and were—providing grants aimed at promoting diversity and supporting projects in communities of color.

During this time, AB 624 continued to gain steam in the state legislature. On Jan. 29, 2008 the Assembly passed it by a vote of 45-29 and the bill moved to the Senate.

The “Foundation Coalition”—the 10 largest California foundations and the three regional associations that would be directly impacted if AB 624 passed—continued to work quietly behind the scenes to hammer out an action plan that its leaders hoped would be accepted by its opponents and stop the bill in its tracks.

The agreement led to a collaborative effort by the three regional associations of grantmakers serving California—Northern California Grantmakers, San Diego Grantmakers and Southern California Grantmakers—commissioning the Foundation Center to conduct their first statewide demographic, diversity survey of the philanthropic sector. California’s demographic survey results—along with those from similar studies done in Michigan and New York—are being used by the Foundation Center to create an initial baseline to inform future diversity efforts.

In exchange for the California foundations’ concessions, Assemblyman Coto and his legislative supporters agreed to pull AB 624 from consideration shortly before the California Senate was set to vote on it.

Nancy Jamison, executive director of San Diego Grantmakers, said the fallout from AB 624 “provided an opportunity for us and our members to be more intentional about the issues of diversity and inclusion and to focus our lens on what we were doing and why based on concrete data.”

Greenlining Board Chair Corralejo says, “We know some California foundations had embraced this effort before AB 624 came along. But now we have a commitment from all of them to do more... and we’ve achieved an awareness of how much more has to be done.”

According to Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy (NCRP), both sides agree that if diversity in grantmaking is important, it should be measured.

“Now we have to determine just what methodologies to use to measure diversity and how to measure it in ways that will result in more responsive grantmaking. The Foundation Center initiative will help achieve that.”

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Results

The culmination of one of the most divisive philanthropic issues in decades came with both sides claiming victory.

In what was termed a surprise announcement, on June 23, 2008, the Foundation Coalition joined with the chairs of the state’s three ethnic legislative caucuses to announce a path-breaking project designed to strengthen nonprofit organizations serving low-income and minority communities.

In the agreement, the California foundations announced they would:

- Fund ongoing research on the state’s nonprofit sector, including the number of minority-led, community-based nonprofits and their capacity needs.
- Support technical assistance services targeted to minority-led, community-based organizations.
- Sponsor leadership development activities to train a diverse group of executives, staff and board members for the sector.

Sushma Raman, president of Southern California Grantmakers, says, “The changing demographics in our state and in our region require us to act with more intentionality around issues of equity and diversity, both in terms of being donors and nonprofits.”
California Governor Arnold Schwarzenegger calls the decision by both sides—the Foundation Coalition and Greenlining—to accept a voluntary action plan from the philanthropic sector rather than having the legislature dictate an outcome, “a positive resolution to this issue.”

“\textit{I view this as a win-win situation. The philanthropic sector will be even stronger for engaging in this diversity work.}”
—Governor Arnold Schwarzenegger

AB 624 sponsor Assemblyman Coto says, “The settlement agreement was mutually beneficial. An agreement by the foundations should not be viewed as a capitulation, rather a positive decision that will benefit all sectors.”

California State Senator Mark Ridley-Thomas, chair of the Senate Committee on Business, Professions and Economic Development, says, “There will now be a concentrated effort to improve and make public data that will increase foundations’ awareness of the need for diversity, both within their own organizations and in their grantmaking.”

**Response From Policymakers**

**DISCUSSION QUESTIONS**

1) What are some of the challenges our regional association might encounter when trying to develop relationships with policymakers outside of the context of a particular policy issue?

2) How can our regional association define its role relative to the role of its members before or during a political crisis?

3) What is the best way for our regional association to begin building relationships with policymakers? What tools do we need to do so well?

**KEY LESSONS FOR SUCCESS**

- Build relationships with regional and national organizations supporting philanthropy; develop a practice of seeking their advice and support.
- Immediately address issues/concerns that arise that may impact the philanthropic sector.
- Build and maintain relationships with government, business and nonprofit leaders.
- Communicate regularly with key stakeholders both inside and outside philanthropy.
- Develop a sector-wide communications network to share information among fellow nonprofits.
- Create a “crisis management” plan for dealing with unexpected controversies.
- Research, disseminate and follow “best practices”—and let stakeholders know about that work.
- Be open minded; criticism can sometimes be accurate.

**POLICYWORKS FOR PHILANTHROPY** seeks to build the capacity of regional associations of grantmakers’ staff, board and volunteer leaders to engage policy makers in support of a vibrant and effective philanthropic sector. The 20 regional associations participating in PolicyWorks serve more than 3,000 foundations and corporate giving programs in 39 states. Policy work includes: government relations—related to legislation and regulations affecting the work of charitable foundations; and public policy engagement—supporting the achievement of charitable foundations’ grantmaking goals.

RAISING AWARENESS

These six case studies demonstrate the value and benefits of regional associations and their members engaging policymakers at the local, state and federal levels. PolicyWorks is designed to build the capacity of regional associations by: (1) raising awareness; (2) building skills and systems; and (3) catalyzing action. In doing so, PolicyWorks envisions that regional associations will become valued voices and expert resources on issues critical to philanthropy and society.

- Beyond Tinkering in Education Reform
- Opening the Charitable Spigot
- Building the Bridge
- Striking a Compromise
- Forging a Partnership
- Supporting Nonprofit Partners

Forging a Partnership

Overview

Pushing to replace a long list of mostly inactive ad hoc charitable advisory groups with one permanent and vibrant Charitable Advisory Council (CAC) to the Illinois Attorney General’s Office was the daunting challenge facing Donors Forum in the mid-1990s.

For more than two decades, Illinois grantmakers expressed a desire for open and ongoing dialogue between a succession of attorney generals and their staffs through a structured advisory council. The purpose of such a council would be to help educate state officials about the roles, missions, needs and successes of Illinois’ philanthropic sector.

Little progress was made however, as one Attorney General after another dragged their feet on creating another advisory group that would require money and even more valuable time from overburdened staff.

In 1997, then-Attorney General Jim Ryan introduced legislation to create a permanent advisory council with unexpected provisions including annual registration fees for nonprofit organizations as well as standards and a rating system to be developed by the state and imposed on nonprofits.

Ryan’s proposal surprised Donors Forum, who welcomed the long-awaited opportunity to negotiate creating the council without any—or at least fewer—provisions.

Donors Forum quickly launched an advocacy campaign aimed at legislators who had long been supportive of their goals.

The first success came in 1999 when Donors Forum—with the help of its members—achieved passage of legislation requiring the creation of the CAC within the Attorney General’s office. Disappointingly, it was passed with a one-year sunset.

Unfazed, Donors Forum continued its advocacy work and in 2001 saw its efforts rewarded when the state legislature voted to make the CAC permanent. This time, it passed without the burdensome, arbitrary addendums the nonprofit sector could and would not accept.

Donors Forum once again stepped up to meet the challenge when it agreed to fund the CAC as a legislative condition for its creation.

A strong proponent of the legislation at that time was then-State Senator Lisa Madigan who subsequently was elected Illinois’ first female Attorney General in 2003 and was a stalwart supporter of Donors Forum, the state’s philanthropic community and the CAC.

Today, the Illinois Attorney General’s Office, which oversees the state’s nonprofit sector through its Charitable Trust Bureau, works closely with Donors Forum and its members through the CAC when seeking advice on new legislation, rules, regulations and enforcement that could impact funders and the nonprofits they serve.
Soon after the General Assembly passed legislation in 1999 creating the CAC with a sunset clause, the Donors Forum moved to “find a way to convince them (the legislature and governor) that the CAC was a benefit to both sides (AG and philanthropic sector),” says Janice Rodgers, partner at the national law firm of Quarles and Brady and another founding/current member of CAC’s Executive Committee.

“We had to build an informative bridge between the state and nonprofits… and the CAC was that connector,” adds Rodgers.

The final challenge to the Donors Forum was offering to secure funding to operate the CAC and to staff it with experts in the field, thus taking that burden from the AG and Bureau staff.

“It was a necessary step to ensure (CAC) would be a success,” notes Lies. “It also allowed us to make sure the right people were brought on board and the important issues to our sector were brought to the forefront and addressed.”

A continuing and future challenge remains being prepared to educate and persuade each succeeding Attorney General to the importance of—and need for—the CAC, adds Lies.

**Strategies**

Led by Donors Forum, philanthropic leaders throughout Illinois banded together and developed strategies to provide a strong, solid base upon which the CAC would operate and to make the advisory committee sustainable and relevant for years to come.

Finding a strong ally within the legislature was essential according to Lies.

Donors Forum found that ally in then-State Senator Madigan, an ardent champion of the nonprofit sector and former teacher and community organizer.

In what Lies calls a fortuitous chain of events, Madigan is today Illinois’ Attorney General and works closely with the Donors Forum and the CAC to keep her Bureau of Charitable Trust informed and aligned with the needs of the state’s nonprofits.

Equally important was finding the best nonprofit, civic and community leaders from across the state to serve on the CAC to ensure that the “… largest pool of ideas, issues and solutions would be raised by the best cross-section of the nonprofit sector possible,” says Lies.

Donors Forum also created a CAC Executive Committee to meet with and advise the Attorney General upon request and to oversee three sub-committees focused on priority issues, according to Rodgers. Those sub-committees are:

- Public Education Committee, which helps inform the Attorney General on how to maximize the information, tools and leadership of her office to educate the nonprofit sector, donors and the broader public about charities and charitable giving.

- Data Committee, which advises the Attorney General on how to utilize effectively the wealth of data and information her office collects and maintains on the state’s nonprofit sector.
Legislative Committee, which reviews existing state legislation and regulations governing the charitable community and develops ideas and suggestions for improvement.

The three working sub-committees typically meet two or three times a year, while the Executive Committee generally meets once or twice per year.

Donors Forum provides the bulk of the staffing support for the committees and usually initiates and coordinates those meetings.

“Another strategy was to appoint people with a deep interest and aligned goals to serve as co-chairs,” says Lies.

Bringing Rosen on board to lend his experience both in the nonprofit sector and as a former assistant Attorney General and his broad personal and professional connections “was a strategic move that has had a far-reaching and positive impact for CAC,” adds Lies.

“David provided us a wealth of institutional knowledge and important contacts that he had developed over the years. That helped our work tremendously.”

The creation of the CAC is “one of the most important developments in both giving an important voice to the nonprofit sector while protecting and keeping the public informed at all times.”

—Michael Madigan, Speaker, Illinois House

Results

All parties involved with the CAC say it has clearly helped strengthen the relationship between the Attorney General’s Office and the nonprofit sector in Illinois.

“Donors Forum’s involvement with the CAC has had the significant value added of elevating our credibility with other branches of state government and positioning us in a stronger way to advance our broader policy work and agenda,” says Laurel O’Sullivan, senior director for public policy for Donors Forum.

One of the CAC’s biggest successes—through its Data Committee—was advising the Attorney General’s Office on an extensive project to make all of her office’s charity filings available to the public through a new online database on the AG’s web site.

“We worked very closely with the (CAC) on this project and they were a tremendous resource for us,” says Therese Harris, chief of the Illinois AG’s Bureau of Charitable Trust.

From both Donors Forum’s and the Attorney General’s perspective, the CAC now provides a number of beneficial outcomes for the state’s nonprofit sector and its citizens. According to both Lies and Harris, the CAC:

• Acts as an independent resource for charities and donors
• Helps the Attorney General be a strong supporter of the nonprofit community
• Provides the Attorney General with a large, direct and ready-made constituency that can speak about the state’s work on behalf of the sector while reaching out to the philanthropic community
• Supports self-regulation of nonprofits
• Decreases the likelihood of harmful legislation that could impede the work of grantmakers and other nonprofits
• Enhances Donors Forum’s value to its members

“We couldn’t be more pleased with the results we’ve realized from having the CAC as a permanent committee attached to the Attorney General’s Office,” says Lies. “CAC is respected throughout state government; it has impact when its leadership makes recommendations on behalf of the nonprofit sector; and it provides a strong voice when dealing with the many issues that arise that could affect our work.”
Response From Policymakers

Illinois AG Madigan calls the CAC “one of the most important components of my office when it comes to working with the nonprofit sector throughout the state.”

“The CAC (executive) leadership is smart, tremendously dedicated to representing the best interests of its sector and has the political savvy to assist us in providing information to get things done in state government,” adds Madigan. “While our job is to oversee the nonprofit sector, working with the CAC provides needed insight and direction that helps protect not only those involved in philanthropy, but the public as well. It’s a win-win for all of us.”

Harris, chief of the AG’s Bureau of Charitable Trust, agrees.

“It took a long time to establish the CAC, but its positive impact has been felt ever since its inception…and we are more focused, educated and directed in our work thanks to the leadership of this committee and the work that they do,” she adds.

Former Illinois Majority Leader James F. Clayborne Jr., also credits the CAC “with providing beneficial insight into the nonprofit sector that wasn’t always available prior to its creation. Its (CAC’s) work is extremely important as it represents a sector of our state that touches many lives and communities.”

Discussion Questions

1) How would our funding community go about identifying a single priority issue, as OGF did?

2) Could OGF’s approach be applied to other fields (e.g., health care, human services)?

3) How would working toward systems change in another field be the same or different as in education?
Supporting Nonprofit Partners

Overview

When the Connecticut Council for Philanthropy’s (Council) auditor received an unexpected August 2008 call from representatives of the Connecticut Society of Certified Public Accountants (CSCPA), the conversation was exciting and enticing: approximately 500 of Connecticut’s nonprofits could potentially save millions of dollars in annual state-mandated auditing fees.

Those savings could be realized, they said, if legislation passed in the Connecticut State Legislature to increase the then-current audit threshold for nonprofits from annual revenues in excess of $200,000 to $500,000 or more.

Would the Council be interested in exploring the potential for getting such legislation introduced by Connecticut nonprofits and the state’s Attorney General? asked the CSCPA.

The auditor immediately called the Council’s President Nancy Roberts, sparking a series of calls with officials from the Council, CSCPA, Connecticut Association of Nonprofits, Pro Bono Partnership, Appleseed (a nonprofit network of 16 public interest justice centers throughout the U.S.) and Connecticut Business & Industry Association.

Roberts then called a Council Public Policy Committee meeting to seek advice and afterwards reached out to the entire Council membership to obtain buy-in.

When that legwork was completed, the Council Board voted 12 to 1 to proceed with the legislative effort.

Following several months of meetings, calls, advocacy work with state legislators and the Governor’s and Attorney General’s staff, success was achieved on June 16, 2009 when Governor M. Jodi Rell signed Public Act 09-102, effective July 1, 2009.

“Our efforts paid off in a significant and important financial change for our nonprofits… and make available more charitable dollars for those who are in the greatest need throughout our state,” says Roberts.

Attorney General Blumenthal says he was pleased his office was able to play a key role in its formation and passage. “The nonprofit community took the right steps, asked the right questions and worked hard to see this through and their work made the difference.”
Challenge

On the surface, the proposition to raise nonprofits’ audit threshold—potentially saving more than 500 nonprofits an average of $6,000 in audit fees and $3 million per year for the sector—had many foundations excited, but cautious, says Roberts.

“But while many thought it was an exciting possibility, there was hesitation on the part of some foundation leaders who raised concerns about the process, including how it would impact the sector overall; what other conditions might be attached in exchange; and what it would take to convince the state legislature to approve the measure,” adds Roberts.

Challenges that could impact and even derail the effort—from nonprofits and foundations—began to emerge as the Council and its partners shared concerns with each other, says Pat McGowan of Kostin, Ruffkess & Company and a Council board member.

McGowan, a CPA, initially made it clear that while she agreed with raising the threshold, she was not in favor of attaching a required financial review to the effort “since there is no internal control work done with a review.”

“I favored the concept of ‘agreed upon procedures’ as an attachment to an annual filing because they can focus more on internal controls and can be documented and tracked,” she says.

Priya S. Morganstern, director of Connecticut’s Pro Bono Partnership, told state regulators her organization would support the effort if some financial/administrative/operational review component was put in place in lieu of a full audit. “There had to be some accountability procedure incorporated.”

Karen Brown of the Fairfield County Community Foundation and a Council member, wondered “how, if the threshold was raised, individual nonprofits below that cap would be able to assure funders or the Attorney General’s Public Charities Unit that they were adhering to all contractual, financial and operational rules and procedures for receiving a grant.”

Connecticut Attorney General Richard Blumenthal’s challenge was convincing legislators that raising the audit threshold for nonprofits would make more charitable dollars available for the public good, not result in lax oversight of smaller nonprofits with less than $500,000 in revenues, and that it would not violate any IRS nonprofit rules and regulations.

“While I saw this as a positive step, there certainly were many legal and political challenges that had to be addressed for it to succeed,” says Blumenthal.

Another challenge was gaining consensus from nonprofit participants.

“There was a lot of tension throughout this effort as some funders raised legitimate concerns and questions all along the way,” notes Roberts. “All had validity; all needed to be addressed and we did that.”

“Our efforts paid off in a significant and important financial change for our nonprofits...” —Nancy Roberts
Another important hurdle to clear was reassuring foundations and the state that if enacted, the new law would still permit them to require full audits from grant applicants, according to David Davison, president of American Savings Foundation and a Council board, Public Policy Committee and council member.

The law also requires nonprofits that use paid solicitors to register and file annual reports with the Connecticut Department of Consumer Protection and allows the Consumer Protection commissioner to reduce or waive late fees and to waive audit requirements for individual nonprofit organizations.

The new law is being hailed by smaller nonprofit organizations as a financial windfall that is much needed at a time when the nation’s economy is floundering and state and federal funding is drying up for social service programs to help the homeless, unemployed, children and many others in need.

As New Haven Mayor John DeStefano Jr., says, “No longer are thousands of dollars being diverted from an individual nonprofit’s core mission. This is one everybody got right.”
Response From Policymakers

Connecticut Governor Rell calls Public Act 09-102 “a common-sense law that will help the nonprofit sector while also helping the citizens of our state who need the vital services they provide.”

Attorney General Blumenthal says he was pleased his office was able to play a key role in its formation and passage. “The nonprofit community took the right steps, asked the right questions and worked hard to see this through and their work made the difference.”

State House Representative and House Majority Leader Denise Merrill noted, “There was very little opposition to this legislation because it was well researched and presented. The bottom line is there are plenty of checks on the nonprofit sector, including by the IRS, and it just made sense to raise the audit threshold and free up their nonprofit funds for better use.”

DISCUSSION QUESTIONS

1) What policies and procedures need to be in place to guide our regional association when it is presented with an opportunity to support new legislation?

2) What role should our regional association play regarding proposed legislation when the members and/or other key stakeholders cannot reach consensus?