



CONNECTIONS

COMMUNITY OUTREACH THINK TANK NEWSLETTER OCTOBER 2015

NECESSARY CONVERSATIONS

Many municipalities in New Jersey, as well as the lawmakers in Trenton, seem trapped in a perpetual search for new sources of revenue. Given that increasing most individual and business taxes in the current environment is a non-starter, ever more inventive (or desperate) measures are almost constantly being raised to maintain basic services. So it's not surprising that the idea of challenging the tax exempt status of some kinds of nonprofits seems to be gaining traction. A recent Op Ed piece in the Newark Star Ledger describes the state's renewed focus on the status of non-profit tax exemption as a result of "excesses, abuses" and the "inequitable impact" on municipalities obliged to provide services without charge to tax exempt organizations.

The editorial cites such examples as ostensibly non-profit

hospitals engaging in for-profit activities and universities with massive endowments paying far more in compensation to equity

When strangers start acting like neighbors...communities are reinvigorated."

Ralph Nader

fund managers to handle those endowments than they distribute in tuition assistance and fellowships. While admitting that the nonprofit sector "plays a vital role in the nation's life," affirming that the missions and actions of charities "must be protected," and noting that some nonprofits do make voluntary payments to host municipalities, the piece goes on to argue that state legislation should be created to require some tax-exempt institutions such as hospital corporations to make "reasonable, fair, annual payments" to their communities rather than wait for large nonprofit

organizations to offer occasional unsolicited payments. The commentary concludes by urging that a mechanism must be created so that nonprofits with sufficient income "to do so—a standard that will have to be negotiated—assist their host municipalities."

This seems, given the nonprofit examples cited, fair and reasonable. The state's universities and hospital systems have sufficient clout and expertise to successfully negotiate these matters with legislators. Small nonprofits don't. And while one might hope that no municipality would spend time questioning the tax status of small nonprofits operating in their precincts, it would nonetheless be prudent to prepare a response should such queries be raised.

With that in mind, a response by Linda M. Czipo, the executive director of the Center for Non-Profits, to the Star Ledger piece, is worth consulting. Ms. Czipo begins

by noting that charities in New Jersey, far from absorbing municipal services and giving nothing in return, are responsible for adding significant value to local economies. Nearly ten percent of the state's workforce is employed by nonprofits (which is on par with the figure of 10.3% of the national workforce employed by nonprofits). They pay taxes on their payrolls, they buy services from a wide variety of local vendors, and their employees add additional money to local economies.

Beyond that, of course, are the significant savings nonprofits provide to municipalities and the state, by offering, as Ms. Czipo notes, "job training, health services, food, shelter, counseling and preventive care." Without nonprofits, the state would face crippling demands on its services. And nonprofits do more than pick up the slack: by addressing pressing needs and providing solutions they help foster successful individuals and healthier communities, thus adding additional new value to the neighborhoods, towns, and regions in which they work. Were nonprofits to vanish, Ms. Czipo notes, a "gaping void" in vital services would be created. The

immediate impact on local economies would be large and devastating.

Ms. Czipo goes on to note that the exempt property of churches and charities in New Jersey "accounts for only 12% of all exempt property," far less than is controlled by government itself, meaning that the amount of tax revenue in question, aside from such institutions as hospital systems, is relatively modest.

The relationship in New Jersey between some nonprofits and various governmental bodies is further complicated by the current state of the contracting system that exists between government bodies and nonprofits. According to the "National Study of Nonprofit-Government Contracts and Grants, 2013: State Profiles," issued by the Urban Institute, 76% of the New Jersey nonprofits who responded to the survey (a greater percentage than respondents for any other state) stated that their government contracts did not cover the full costs of the services they provided. This shortfall can be the result of several elements, including match requirements, the high costs of compliance, limits on reimbursable program overhead or indirect program costs, and limits on the organization's overall

percentage of overhead costs. Complex application procedures and requirements, time consuming reporting requirements and late payments were also cited as frequent problems.

Given the challenges facing both local and state government and nonprofits as they labor to fulfill their missions, it's not surprising that misunderstandings and misperceptions would develop.

It's understandable that nonprofits, facing every greater demand for their services, have not had the time or energy to address the issue of their nonprofit status, which can after all seem to be a debate restricted to other, larger nonprofits status. But the necessity of reaffirming the importance of that status and of the work being done even by neighborhood nonprofits cannot be long delayed. A first step might be for nonprofits to reach out to municipalities, providing a summary of their services and figures on how many they assist on a regular basis. Such an effort might also help to position nonprofits more accurately in the public mind as a critical element in the health and growth of a municipality and as a vital resource for officials looking for a detailed map of local needs.

It's also understandable that harried public figures, constantly facing the need to do more with less, might cast envious looks at what might seem to be the considerable assets of some nonprofits. But viewing some nonprofits as a source of occasional revenue is of far less use than entering into a longstanding cooperative relationship with them. Nonprofits are not only a vital resource for the communities in which they work. They are also a unique knowledge resource for local, regional and state officials, a source of hard-won expertise and a vital partner in efforts to improve the lives of the state's residents and the viability of its communities. For a long time it was possible for nonprofits to assume that their value was obvious and did not require additional promotion. But in this hectic and contentious age it is necessary for nonprofits to make the case for their relevance and importance directly to the public and its elected officials. Conversations about the vital nature of nonprofit work in New Jersey and about a new and even more productive partnership between local and state government and nonprofits (who, after all, share a basic commitment

to make life in the state better) should not be delayed.

Richard Nicholls
*People for People Foundation of
GC*

COTT NOTES

All of us at People for People and the Heart of Gloucester County are very pleased with the results and feedback we have received about our Community Outreach Think Tank (COTT) program to date. We truly believe that we have been able to at least begin the process of developing a strong collaboration among the small non-profits and faith based organizations in the South Jersey area. By meeting on a regular basis, communicating among ourselves, sharing valuable and useable information to help strengthen our organizations, monthly newsletters and other media outlets, and learning about new tools and ideas for the small non-profit, we can as a team make a bigger impact on those in need in our communities.

Our first group meeting was a success with the Regional President of Atlantic City Electric as the keynote speaker. Based on the results of our survey the topic of volunteers and building your staff came to the forefront. So, we had Patricia Green from Experience Works speak about her program as well as the directors from the South Jersey Volunteer Center and the Gloucester County Senior Corp. We also had Jeanne LaBuz from the Center for People in Transition discuss the life skills classes that are available for free through her

organization and the Heart of Gloucester County. We also had Rich Nicolls from People for People discuss grants and links to a wide array of foundations and funders that could be essential to the sustainability of any organization.

Our prior newsletters we feel provided a great deal of useful information not only about the world of non-profits, but also additional information about funding sources and grants opportunities. Rich Nicholls has a great deal of experience in this field and could prove to be a good resource for the COTT members. If you have not read Rich's words of wisdom in our prior newsletters, we recommend that you do so. Go to www.heartofgloucestercounty.org and click the COTT icon to access prior newsletters. It will only take a few minutes of your time, but it could prove to be time well spent.

Our next group meeting will be held at the Gloucester County Main Library at 389 Wolfert Station Road Mullica Hill, NJ 08062 on October 22, 2015. There will be a Continental Breakfast starting at 9:00 am with the program beginning at 10:00 am with the goal of ending at 11:30 am. On the agenda will be Steve Graham of Graham Communications to discuss promoting your non-profit on social media. There will also be a

presentation about the upgrade and new information available on the Heart of Gloucester County Resource Directory and the new "Resource Central" program. Rich Nicholls will also provide additional information about grants and funding sources.

Please take the time to attend on October 22nd. You should have already received your invitation. Also, go to www.pfpfoundation.org and click the "COTT – Thank you" link on the side panel and complete our survey.

Thank you.

Paul Blackstock
Chairman of the Board
People for People Foundation
of GC

DID YOU KNOW ➤

I'm sure you are aware that The NJ Board of Public Utilities maintains a written policy, known as the *Winter Termination Program (WTP)* whereby regulated electric and gas utility companies cannot discontinue service to certain households during the period of November 15 through March 15.

Individuals and households who receive benefits from any of the government programs listed below are protected:

- Lifeline Utility Assistance
- Low Income Home Energy Assistance Program (LIHEAP)
- Work First New Jersey/Temporary Assistance to Needy Families (TANF)
- Supplemental Security Income (SSI)
- Pharmaceutical Assistance to the Aged and Disabled (PAAD)
- Work First New Jersey/General Assistance (GA)
- Universal Service Fund (USF)

Also, persons who are unable to pay their utility due of circumstances beyond their control including unemployment, illness, medically related expenses, recent death of a spouse and any other circumstances which might cause financial hardship may also be placed under *WTP* protection.

BUT...

Did you know a customer is also protected against electric shutoffs **during periods of excessive heat**? The rules are the result of legislation passed by the state legislature, referred to as *P.L. 2002, c.62* and issued as BPU regulations in 2002 and 2003.

The regulations read in part, as follows: "If a customer is eligible for the *Winter Termination Program* under 14:3-7.12A, and the high temperature is forecast to be **95 degrees Fahrenheit or more at any time during the following 48 hours**, an electric utility shall not discontinue residential service to

a customer for reasons of nonpayment of a delinquent account, failure to pay a cash security deposit or guarantee, or failure to comply with a deferred payment agreement. The utilities shall rely on forecasts obtained from national weather stations covering their utility facilities, including the Newark Weather Station and the Atlantic City Airport Weather Station." The regulation also notes the customer is not relieved of any financial obligation to the electrical utility providing the service.

If you are a customer protected by the *Winter Termination Program* you should contact the Board's Division of Customer Assistance at **800-624-0241** for additional details on your rights and responsibilities.

Cheryl Lopez
People for People Foundation of GC

RESOURCES AND NEWS

The Op Ed piece cited above, titled “Tax Law and Policy: A shifting landscape for not-for-profits” was written by Linda Stamato and originally appeared as an Op Ed in the Newark Star-Ledger on September 15th, 2015, and can be accessed at the website http://www.nj.com/opinion/index.ssf/2015/09/tax_law_and_policy.

The response by Linda M. Czipo, “Non-Profits and Tax

Policy: Not a One-Sided Equation” was posted on “Front and Center,” a blog of the Center for Non-Profits, and can be accessed at <http://www.njnonprofits.org/blog/2015/10/12/non-profits-and-tax-policy>. The blog entry includes a response by Ms. Stamato and a reply by Ms. Czipo.

The Urban Institute (<http://www.urban.org>) maintains a Center for Nonprofits and Philanthropy,

which is a source of useful research and news.

The Center for Non-Profits (<http://www.nonprofits.org>) is a membership organization for New Jersey-based nonprofits, and includes a variety of news and relevant information for non-members at its website.

Richard Nicholls
*People for People
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For more information about membership in **COTT**, please contact **Paul Blackstock** by e-mailing paul@pfpfoundation.org or by phoning the People for People Foundation at [856-579-7561](tel:856-579-7561). For questions regarding the content of the newsletter, please email **Richard Nicholls** at ricknichollspfpf@gmail.com.

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