

Donors Forum 2015 Policy Priorities

Nonprofits provide critical services to people across Illinois every single day. We contribute to the development of healthy and safe neighborhoods, support workforce and economic development, and reflect the values and priorities of our communities. We are also significant employers and economic engines in our own right, employing more than half a million people across the state.

Nonprofits across the state struggle to get paid, get paid fairly, and get paid on time. The state's ongoing fiscal crisis and strained budgets have created tremendous challenges across the nonprofit sector and put strains on the philanthropic sector. Unfortunately, this strained operating environment is the 'new normal.' Donors Forum will work with our members to strengthen the policy relationship between nonprofits, philanthropy, and government, so policymakers understand the value of the sector and the challenges it faces, and we can contribute new approaches and solutions that benefit the people of Illinois.

For the social sector to effectively do its work and give voice to the myriad of issues it grapples with every day, it is critical that we realize our democratic ideals. Donors Forum will work on efforts that promote civic engagement and advance reforms to ensure the social sector can contribute to a fair and thriving democracy.

Donors Forum will also serve as a passionate and pragmatic advocate for the sector in Springfield and Washington DC. We will monitor and assess legislation and work with our members to protect and promote the sector's interests so nonprofits can effectively and efficiently fulfill their missions to serve the people of Illinois.

Donors Forum will protect nonprofit and philanthropic missions & operations

- We will lead with our strengths in these issues:
 - Protecting and advocating for incentives like the charitable giving deduction, reforming the private foundation excise tax, and creating an Illinois tax credit for community foundations;
 - Protecting philanthropic tax policy;
 - Protecting nonprofit tax exempt status and fighting additional fees and taxes;
 - Defending nonprofit independence, and advocating for mutual transparency.
- We will also lead where we have built deep technical and subject matter expertise:
 - Providing thought leadership and research on Budgeting for Results, to reflect the needs and expertise of the nonprofit and philanthropic community;
 - Addressing contracts and grants systems which reflect our Partnership Principles of Fairness, Efficiency, Accountability, Responsiveness, and Transparency.

Donors Forum will be a strong partner in reform

- We will be strong strategic partners in areas where our voice will be valued:
 - The state government maintaining current revenue through the extension of the 5% income tax rate or other reasonable, adequate revenue sources to protect the critical work of the social impact sector.
 - Civic engagement and the promotion of democratic reforms to engage the nonprofit community in creating a government that is more transparent, accountable, and responsive to the needs of Illinois' citizens.

Donors Forum will be a trusted source of information and resources

- We will share resources, information and connections with other organizations to strengthen the capacity of nonprofits, including in their capacity as employers.
- We will share information on how the state's fiscal condition impacts nonprofits, including the impact of future pension reform.
- We will share information on legislation that impacts the operations of nonprofits and philanthropy.
- We will share information on state and local Pay for Success initiatives and other new models that attract private investment to the nonprofit sector through government partnerships
- We will share information about the challenges associated with our system of state and local taxation, and efforts to introduce a broader-based, fair, stable and productive system.
- Share information about the economic and social impact of nonprofit sector in Illinois' communities

Donors Forum 2015 Legislative & Administrative Agenda – DRAFT

Legislative

Extend the current 5% income tax rate to maintain state revenues

Position – Support

Action – Work in coalition to maintain current revenue through the extension of the 5% income tax rate, at least until other revenue sources can be evaluated and implemented, if appropriate. As a part of this effort, we must emphasize the critical importance of maintaining these revenues to pay off the State's backlog of unpaid bills and adequately fund critical services.

Rationale – At present, there appears to be no other short-term revenue measures that are both politically feasible and sufficient to address the state's backlog of bills and maintain appropriate funding of critical services. Therefore, Donors Forum believes that the current 5% income tax rate should not be allowed to sunset in FY15. If other fair and equitable sources can be found to help replace the lost income and address these issues, we stand ready to support such alternatives. We also urge the state to continue to find ways to reduce costs and increase efficiencies to lessen the need for additional revenue. Since the partnership between the public and private sector is predicated on trust and respect, it is vital that the state budget clearly delineate the allocation of funds to maintain, protect and strengthen Illinois communities.

We believe that the State of Illinois should adopt a budget that adheres to the best practices of transparency, accountability and sustainability as healthy communities are dependent upon healthy nonprofits. The state plays a crucial role in this interconnectedness seeing that the general revenue fund accounts for a large portion of funding. The philanthropic sector also contributes but cannot match anywhere near the level of state government. Donors Forum supports proposals that promote financial stability while making sure the critical work of nonprofits is sustained.

Establishment of Endow Illinois

The bill establishes Endow Illinois, an income tax credit to taxpayers who provide an endowment gift to a permanent endowment fund. It sets limits on the amount of credit allowed each year, rising from \$5 million in tax year 2014 to \$25 million in tax year 2016.

Position – Support

Action – Support the Alliance of Community Foundations leadership on Endow Illinois through communicating support to legislators and other actions as needed.

Rationale – Endow Illinois would provide a strong incentive to Illinoisans to support the work of community foundations. It fits squarely with our platform and priorities. While we recognize legislation that creates a tax credit, effectively reducing tax revenue for the state, is difficult to advance in this fiscal environment, aligning with the priorities of community foundation and raising the importance of their

role in community health is important for the sector. This bill was introduced last year, and Donors Forum supported it then as well.

Administrative

Budgeting for Results

Work with the Budgeting for Results Commission to advocate for the practices that uphold Donors Forum's partnership principles as well as convene with private philanthropy and nonprofits with decision makers to share practices and align outcome expectations.

Grants Accountability and Transparency Act

Work with the Governor's Office of Management & Budget in the rule development and implementation of the Grants Accountability and Transparency Act towards ensuring the Illinois grants management system upholds Donors Forum's Partnership Principles of Fairness, Efficiency, Accountability, Responsiveness, and Transparency. We will also ensure that representatives from all parts of the nonprofit sector as well as the philanthropic community have the opportunity to contribute to this process.

Streamlining Volunteer Background Checks

Work with state and City of Chicago leaders, as well as key representatives of the nonprofit and philanthropic communities to develop and act on recommendations for systems change that will make background checks for potential volunteers cheaper, easier, and more efficient.