



## California Association of Nonprofits

*Protecting, Strengthening & Promoting Nonprofits*

### **Public Policy News for California Nonprofits - January 26, 2009**

*By Ken Larsen, Director of Public Policy, California Association of Nonprofits, klarsen@CANonprofits.org*

#### **Serve America Act reintroduced**

Senator Ted Kennedy (D-MA) reintroduced on January 16 the Serve America Act to create new service opportunities for people at all stages of life. S.277 would establish programs to increase volunteerism, support innovation and effectiveness in the nonprofit sector, and would support short-term international service opportunities. Info:

[http://www.independentsector.org/programs/gr/National\\_Community\\_Service.htm](http://www.independentsector.org/programs/gr/National_Community_Service.htm)

#### **Charitable mileage bill reintroduced**

Representative Todd Platts (D-PA) reintroduced legislation, H.R.345, on January 8 to reduce the burden of high gas prices and current economic conditions placed on volunteers who use their vehicles for charitable purposes. If enacted, the bill would increase the standard mileage rate for charitable purposes to the standard mileage rate established by the Secretary of the Treasury for business purposes. Info:

[http://www.independentsector.org/programs/gr/Vehicle\\_Mileage.htm](http://www.independentsector.org/programs/gr/Vehicle_Mileage.htm)

#### **Obama receives nonprofit agenda**

Faced with a projection by noted public service expert Dr. Paul Light that the menacing economy could wipe out as many as 100,000 nonprofits within the next six months, the National Council of Nonprofits (<http://www.ncna.org>) has presented a series of recommendations for action by the new president. NCNA's recommendations include:

- Creating within the first 100 days the Social Entrepreneurship Agency for Nonprofits promoted by the president during his campaign and now part of the White House Service Agenda (<http://www.whitehouse.gov/agenda/service/>).

- Focusing economic recovery first on maximizing operating budget relief for state and local governments because further cuts to those governments will greatly exacerbate our nation's current economic crisis.

- Establishing a new Community Services Protection Fund to invest in nonprofits that perform work that traditionally has been performed and/or funded by government - because past government policies that shifted government human service programs to nonprofits often did so without full payment to provide those services.

- Eliminating the distinction between the Standard Business Mileage Rate (now 58.5 cents) and the Charitable Mileage Rate (14 cents) so volunteer workers helping others are for tax purposes treated the same as paid workers.

- Strengthening democracy by restoring the American people's ability to amplify their voices through nonprofits so the people may participate meaningfully in their government.

#### **\$15 billion nonprofit loan program proposed**

Independent Sector - a national coalition of foundations, corporate giving programs and nonprofits - has drafted a proposal for a \$15 billion bridge loan fund to help nonprofits to deal

with severe delays in government reimbursements that are threatening their ability to serve the growing number of Americans in need. Of special interest is that this provision is revenue neutral since the loans will be repaid to the federal government when state and local governments are able to resume their normal reimbursement procedures and schedules. Info: [http://www.independentsector.org/programs/gr/Nonprofit\\_Bridge\\_Loan.htm](http://www.independentsector.org/programs/gr/Nonprofit_Bridge_Loan.htm).

### **Governor Schwarzenegger's budget scrutinized**

The state's two leading budget watchers - the nonprofit California Budget Project, and the Office of the Legislative Analyst, a state agency - have each recently released their reviews of the governor's proposed budget for the upcoming 2009-10 fiscal year. Reports from both organizations outline ways in which state government can deal with the budget crisis and struggling economy and still preserve much-needed services. Info: California Budget Project (<http://www.cbp.org>). Legislative Analyst: (<http://www.lao.ca.gov>).

### **Payments stop to nonprofit environmental projects**

Facing a cash crunch, state officials have notified 1,100 mostly nonprofit groups that they were losing \$647 million in environmental grants that were tied to bond funds issued under voter-approved propositions. According to the San Francisco Chronicle, "Now most of the groups can't meet deadlines to apply for matching funds, pay contractors or fulfill obligations under purchase agreements. Many of them are laying off staff and shutting down work. Projects are expected to be halted at least until the state passes a budget and improves its financial standing enough that investors will consider California bonds a solid investment." Other public works projects, including school and community center construction, have also been impacted. For a complete list: <http://www.dof.ca.gov/documents/PMIB%20Project%20Shut%20down%20-%20suspend%20list.pdf>

### **Funding for nonprofit services and clients suspended**

State Controller John Chiang recently announced a 30-day delay in payments for a wide range of state programs, many of which fund nonprofits or serve the needs of users of nonprofit services. "If the Governor and Legislature fail to provide real and adequate solutions by late February," the Controller said he "will be forced to postpone those payments for another 30 days."

Some legally protected payments will continue to be paid, primarily for education, debt service and other payments that are deemed by the State Constitution, federal law or court rulings as having first claim to available General Fund cash. According to the Controller, "those payments that will be delayed include thousands of payments to businesses for services and products they provide to the State; to assistance for more than a million aged, blind and disabled Californians that goes to pay their rent, utilities, or put food on their tables; to State agencies that use the payments to fund critical public services, ranging from public safety to health and welfare." Info: <http://www.sco.ca.gov/eo/fiscalissues/payments01-2009a.shtml>