



2023 PUBLIC POLICY AGENDA

About the Alliance of Arizona Nonprofits + Arizona Grantmakers Forum

The Alliance of Arizona Nonprofits is a trusted statewide resource and advocate for the state's nonprofit and philanthropy communities following the merger with Arizona Grantmakers Forum in August 2022. The merged organization (the Alliance) leverages the combined strengths of two important, credible and respected statewide associations to maximize value for members and advance the sector through more effective collaborations. The Alliance's mission is to unite, strengthen and advance Arizona's nonprofit and philanthropic sectors, and it is comprised of more than 1,100 members – both nonprofits and those in the community who support them – across the state. Learn more at arizonanonprofits.org and azgrantmakers.org.

Our Role in Public Policy

The Alliance advocates for public policy that contributes to a sound economy, promotes economic well-being for all residents, protects vulnerable populations, preserves our unique natural environment, and advances our common efforts to solve public problems. The Alliance recognizes that each nonprofit and grantmaker (philanthropic organization) plays a role as not only a social advocate, but also as an employer and business. Those overarching public goals drive the work of Arizona's nonprofits and grantmakers, and the Alliance urges policymakers to engage nonprofits and grantmakers as partners in addressing public policy issues.

The Alliance makes the voice of Arizona nonprofits and grantmakers heard and ensures that we are at the table with our for-profit and government colleagues for critical conversations impacting our communities. We encourage the nonprofit and philanthropic community to engage in public policy advocacy for issues that affect individual segments of the community they serve. While it may not be appropriate for the Alliance to play a leadership role in those matters, the Alliance will make every effort to share information and provide opportunities for nonprofits to network and collaborate on subsector advocacy efforts. The Alliance will also provide and support training opportunities that encourage its members to engage in public policy advocacy efforts.

The Alliance recognizes that the rich and diverse experiences, perspectives and values of our entire community should be reflected in all aspects of our work, including the Alliance and social sector's public policy engagement. The Alliance will advocate for inclusive public policies and work to

advance internal and external processes that promote diverse voices in public policy development and implementation. These voices should include those groups and individuals who face historical underrepresentation or marginalization.

To that end, we and our members are guided by the following principles and stand behind the agenda items outlined on the following pages.

Guiding Principle: Nonprofits & Grantmakers Working with Government

Our Partnership with Government

The Alliance recognizes that the partnership among government, nonprofits and philanthropy can be strengthened to promote innovation, collective models of impact, and streamlined processes, all of which serve the long-term interests of taxpayers and communities. The Alliance advocates to transform the way in which state agencies, philanthropy and nonprofits interact, with a long-term goal of maximizing collective impact for the people of Arizona. The Alliance serves as a representative of the nonprofit and philanthropic sector to government and a connection between the two sectors. In particular, the Alliance advocates for implementation of policies, rules, regulations and laws that ensure federal, state and local governments pay the full cost of providing services contracted to nonprofits.

The Alliance aims to create inclusive and open dialogue among government regulators and the nonprofit sector when new, or changes to existing, regulations are being considered and will serve as a representative of the nonprofit community. The Alliance will also advocate for adequate time for nonprofits to adapt to regulatory and fiscal changes. The Alliance advocates for the existence of appointed boards and commissions as a means of including the public's voice in public policy matters and supports the inclusion of nonprofit and philanthropic leaders on these boards and commissions. The Alliance opposes efforts to limit such civic engagement.

The Alliance actively educates the government sector on nonprofit and philanthropic operations and issues to strengthen the collaboration and understanding between both sectors.

State and Federal Fiscal Policy

The Alliance advocates for a balanced approach to fiscal policy that:

- Provides adequate support for public programs
- Supports levels of resources for quality of life and public infrastructure necessary for the long-term economic growth and health of the nation and the state of Arizona
- Avoids undue hardships on the most vulnerable residents of our communities to achieve balanced government budgets
- Addresses the community's needs comprehensively and avoids pitting one policy or program against another in a competitive framework
- Permits the flexibility of policymakers to address changing and vital community needs, especially those that support nonprofits in their efforts to assist communities and contribute to Arizona's long-term economic development

- Standardizes the application and reporting procedures associated with funding processes to minimize the burden on nonprofits and encourage cooperation among agencies

The Alliance works with federal, state and local entities to identify instances when nonprofits are included or excluded from funding opportunities. When applicable, the Alliance works to ensure nonprofits are included in all funding opportunities.

Regulation of Nonprofits

The Alliance opposes legislation that imposes unreasonable regulatory burdens on nonprofit and philanthropic organizations and stifles their ability to pursue and fulfill their missions. The Alliance advocates for regulatory reform that advances and protects the common interests of taxpayers, nonprofits and grantmakers.

The Alliance advocates for a transparent means to determine whether someone asking for a donation represents a nonprofit or cause that the donor can contact and vet, and that protects both contributors and legitimate nonprofits from disreputable and fraudulent fundraising.

Philanthropic Investments

The Alliance recognizes that while Arizona grantmakers invest significant resources to improve their communities, their role is to supplement and not supplant federal, state and local funding for education and human services. In that spirit, the Alliance encourages policymakers to engage philanthropic leaders and grantmakers as partners in addressing public policy issues. The Alliance supports public policies that:

- Promote philanthropy and encourage charitable giving
- Enhance the ability of philanthropies to carry out their charitable activities
- Provide reasonable and effective public accountability of the philanthropic sector

Guiding Principle: Protecting the Underlying Purpose of a Nonprofit

The Alliance recognizes that the underlying purpose of nonprofit organizations is to build strong and resilient communities and that philanthropic investments are essential to many nonprofits' success.

Responsibility

The Alliance understands that nonprofits succeed by earning and maintaining public trust. To that end, the Alliance advocates for laws, regulations and policies that maintain nonpartisanship, promote public transparency, and strike a proper balance between the independent activities of nonprofits and the need to protect and inform the public.

Tax Exemption

The Alliance opposes changes to the underlying exemption of nonprofit organizations from corporate income and property taxes at federal, state and local levels of government. Furthermore, the Alliance opposes the imposition of taxes, fees or other costs on nonprofit organizations that

place undue burden on nonprofits, inhibit their ability to perform their work in the community, or have the effect of removing existing exemptions for nonprofit organizations.

Sustainability

The Alliance recognizes nonprofits' need to generate a profit (revenue over expenses) to accumulate reserves for capacity building, economic downturns, drops in funding, major repair and maintenance projects and emergency demands for increased services, such as in pandemics and natural disasters.

The Alliance also recognizes that for a nonprofit organization to have strong financial controls and protect its assets, it must receive unrestricted funding to cover all necessary costs.

Guiding Principle: Promoting Community Support for Nonprofits

Charitable Giving and Tax Incentives

The Alliance advocates for state and federal tax incentives, deductions and credits that encourage charitable giving by individuals, businesses and organizations. We will evaluate the impacts of proposed changes to these incentives, or creation of new incentives, in the context of other fiscal and social policies that address the critical needs of vulnerable populations nonprofits serve. We oppose efforts to change or eliminate such tax incentives in a way that could reduce the level of contributed income for nonprofit organizations.

Service and Volunteerism

The Alliance advocates for funding and incentives for national, state, local and other community service programs and opposes measures that significantly reduce or eliminate funding and other incentives for such programs. The Alliance promotes protecting the safety of nonprofit volunteers.

Charitable Gaming

The Alliance advocates for clear rules and policies that allow nonprofit organizations to utilize a variety of gaming options as fundraising tools consistent with applicable restrictions and regulations. The Alliance connects nonprofits to the appropriate government agencies to promote better understanding of and compliance with regulations.

Guiding Principle: Advancing Nonprofits & Grantmakers' Role in Advocacy

Advocacy and Lobbying Rights

The Alliance encourages all nonprofits and grantmakers to engage in advocacy and public policy to support their missions while remaining nonpartisan. The Alliance advocates for protection of and education about the advocacy and lobbying rights of eligible nonprofit organizations and efforts to strengthen Arizona nonprofits and grantmakers' ability to engage in the public policy arena. The Alliance will serve as a connector to encourage collaborative advocacy and coalition building among nonprofits and grantmakers. The Alliance also advocates for laws and initiatives that promote and expand nonprofits and grantmakers' role in Arizonans' civic engagement. Specifically, the Alliance

supports policies that promote and expand the registration, education and participation of voters in the democratic process.

Social Welfare Organization (501c4) Reform

The Alliance advocates for measures that clarify and foster public understanding of the proper role of 501(c)4 organizations in electoral politics; promote transparency and civic engagement; and create clear lines of differentiation between nonprofits permitted to engage in electoral activities and those that cannot.

Guiding Principle: Maximizing Nonprofit & Philanthropic Effectiveness

Nonprofit Capacity Building

Governments at all levels rely on nonprofit organizations to provide critical services and programs to individuals and communities. Nonprofit capacity-building programs promote effectiveness and innovation in the delivery of services, improve a nonprofit organization's ability to achieve its mission, and help nonprofits sustain themselves over time. The Alliance advocates for federal and state laws that provide resources to support nonprofit capacity building. The Alliance advocates for the development of government contract and grant models that cover the full cost of delivering government services and to invest in evaluation, measurement, capacity building and innovation.

Employment & Unemployment Policies

The Alliance believes that a nonprofit's ability to attract and retain top talent to solve complex community issues depends on its capacity to pay competitive salaries and benefits while maintaining proper accountability and transparency.

The Alliance advocates for a balanced approach to employment and unemployment policy revisions that allows nonprofits to cover any related increased costs.

Equity, Diversity, Inclusion, Access & Social Justice

The Alliance acknowledges that systemic racism exists in public policies, institutions and individuals. Therefore, the Alliance will advocate for policies that identify and dismantle systemic racism and all forms of discrimination. The Alliance recognizes that the rich and diverse experiences, perspectives and values of our entire community should be reflected in all aspects of our work, including the Alliance and nonprofit sector's public policy engagement. The Alliance will advocate for inclusive public policies and work to advance internal and external processes that elevate equity and promote diverse voices in public policy development and implementation. These voices include those groups and individuals who face historical underrepresentation or marginalization.

Strengthening Communities

The Alliance recognizes that as service providers and employers, nonprofit organizations not only help build strong communities, but they are also deeply impacted by the socio-economic pressures that demand public policy solutions. For that reason, the Alliance may support public policies and investments that promote:

- Affordable housing

- Safety-net programs that support low-income residents
- Quality housing and support services for people experiencing homelessness
- Workforce development
- Quality early childhood, K-12 and post-secondary education
- Improved community health

Special Section: COVID-19

The COVID-19 pandemic has created specific barriers to carrying out nonprofit missions. Social distancing protocol and virtual service delivery make it difficult to provide traditional programs, connect with the community, and fundraise effectively. Uncertainty in funding streams forces nonprofits either to support increased service demand or maintain current staff due to decreased service demand. Staff, volunteers and board members are also often distracted by personal stressors of the pandemic and financial strain.

The Alliance will continue to advocate for:

- Flexible financial relief and support for nonprofits of all types and sizes that allows nonprofits to effectively respond to community and organization needs
- Reasonable liability protections for nonprofits working diligently to protect their employees, volunteers and clients, allowing them to continue to safely provide services that are vital to Arizona's communities
- Inclusion of nonprofit leadership and voices on issues related to COVID communication, response and recovery
- Protection of nonprofits that self-insure for unemployment insurance, as well as mitigation of any future hardships related to unemployment costs for the nonprofit sector in general

Approved by the board of directors on December 14, 2022

Appendix: Examples of Previous Alliance Actions

Guiding Principle: Nonprofits and Grantmakers Working with Government

Examples of previous actions include:

- *Advocated for implementation of federal Office of Management and Budget guidelines that call for full costs of services to be paid by state and federal agencies to nonprofit contractors. Alliance action has focused on training for nonprofits eligible to include full costs in their contract negotiations.*
- *Advocated for exploration of a nonprofit registration system that would allow consumers and donors to vet the legitimacy of nonprofits operating in the state*
- *Opposed sector- or organization-specific exclusions from the State Employees Charitable Campaign that could be precedent setting in allowing the state to select “winners and losers” in employees’ personal workplace giving choices*
- *Advocated for dedicated funding for education through both a temporary and permanent sales tax*
- *Coordinated and elevated the nonprofit voice on COVID-19 related issues with the Governor’s Office and related agencies*
- *Advocated for inclusion of nonprofits in federal, state, county and city COVID-19 relief packages*
- *Supported reasonable liability protections for nonprofits working diligently to protect their employees, volunteers and clients, allowing them to continue to safely provide services*
- *Collected Alliance member feedback regarding concerns and issues with Department of Revenue implementation of qualifying charitable organization audits for certification. Worked with DOR to implement changes to help nonprofits going through the process. Continuing to work with DOR to implement systemic changes to the process.*

Guiding Principle: Protecting the Underlying Purpose of a Nonprofit

Examples of previous action include:

- *Defended the Johnson Amendment, which protects nonprofit nonpartisanship and builds trust and respect for the nonprofit community*

Guiding Principle: Promoting Community Support for Nonprofits

Examples of previous action include:

- *Successfully advocated for continuation of Arizona Charitable Tax Credit (formerly Working Poor Tax Credit) program*
- *Shared information regarding efforts to increase the donation levels and extend the donation window for the Arizona Charitable Tax Credit. However, the Alliance did not take a position in support of or opposition to the expansion of the credit.*

- *Successfully lobbied for amendment of legislation for nonprofits involved with wine pulls and other liquor-related fundraising activities and provided training to nonprofits on related regulations*
- *Advocated for federal tax reform initiatives that make it easier for all Americans to utilize federal tax incentives for charitable giving*
- *Advocated for development of permanent, dedicated public funding sources for 2-1-1*
- *Successfully advocated for Arizona tax reform changes that allow Arizonans to continue to receive a tax benefit for their charitable giving whether they itemize or take the standard deduction on their state taxes. Successfully advocated for an inflationary increase to the cap.*
- *Successfully advocated for a universal charitable tax deduction at the federal level*
- *Advocated for support for AmeriCorps and other community service programs that benefit nonprofit organizations and develop nonprofit leadership*
- *Provided education and training on raffle regulations*
- *Successfully advocated for a change to the amount of time needed for a nonprofit to exist before the nonprofit can conduct a raffle.*

Guiding Principle: Advancing Nonprofits & Grantmakers' Role in Advocacy

Examples of previous action include:

- *Advocated for open primary elections*
- *Provided advocacy training to encourage nonprofit member engagement in public policy*
- *Hosted an annual "Day at the Capitol" to provide an opportunity for the nonprofit community to highlight their work and collective impact and to advocate for policies that support that work*
- *Monitored and reported on federal and state legislative activities that impact nonprofits*
- *Issued action alerts to encourage nonprofit engagement on specific issues of significance to the sector*
- *Defended the Johnson Amendment, which protects nonprofit nonpartisanship and builds trust and respect for the nonprofit community*
- *Convened nonprofit leaders around COVID-related issues and connected them to the media and their elected officials to tell their stories*
- *Performed and communicated results of nonprofit sector polls regarding impacts of COVID-19 on the nonprofit sector. Disseminated information to media and elected officials and their staff.*
- *Created online platform for Policy Council members to connect on advocacy issues*

Guiding Principle: Maximizing Nonprofit & Philanthropic Effectiveness

Examples of previous action include:

- *Monitored, reported and trained on proposed overtime regulation changes and the related impacts on nonprofits as community organizations and as employers*
- *Monitored, reported and trained on proposed minimum wage increases and the related impacts on nonprofits as community organizations and as employers*

- *Following passage of a minimum wage increase, advocated for changes to state contracts to ensure the wage increases were included in nonprofit contracts*
- *Successfully advocated for the protection of tribal gaming grants awarded to nonprofits, as well as education of the nonprofit sector regarding these gaming grants*
- *Provided training and outreach to nonprofits and government partners regarding Office of Management and Budget guidance that the full cost of contracted services (including “overhead”) should be funded by federal contracts, including contracts passed through states to nonprofit contractors*
- *Worked to ensure that the 2020 Census process was inclusive and did not create barriers to participation for residents*
- *Released a statement and support of Black Lives Matter*
- *Performed and communicated results of a nonprofit sector poll around Diversity, Equity and Inclusion practices and needed support*
- *Communicated, advocated and rallied support for overturning the 2020 Presidential Executive Order on restrictions related to diversity, equity and inclusion training*