

Washington Update

Tuesday April 9, 2013

The 2013 **ANNUAL
CONFERENCE**

Vision & **ACTION**




COUNCIL *on* FOUNDATIONS

Questions for the Audience

What type of foundation do you represent?

 Corporate Foundation/Giving Program

 Independent or Family Foundation

 Community Foundation

 Other

Which of these topics is most important to you?



Charitable Deduction



Private Foundation Excise Tax



Global Giving



The Executive Branch

How do you currently engage with your members of Congress or their staff?

 In person meetings

 Phone calls

 Email

 I don't

What would you consider your depth of knowledge on public policy issues related to foundations to be?



Expert, that is my job



Well versed, I can have a conversation about the issues



Not much, I try to avoid talking about these issues



I don't know anything, but want to learn more!

Climate in Washington



NO SEQUESTRATION



THE WOLF WHO CRIED WOLF.

www.investors.com/cartoons

Compared to Congress, poll respondents prefer:

- Head lice, 67% to 19%
- Brussel sprouts, 69% to 23%
- NFL replacement refs, 56% to 29%
- Colonoscopies, 58% to 31%
- Root canals, 56% to 32%
- Traffic jams, 56% to 34%
- FRANCE, 46% to 37%
- Carnies, 39% to 31%
- Genghis Khan, 41% to 37%
- Cockroaches, 45% to 43%.

Source: Public Policy Polling, January 8, 2013

President Obama's Budget

“The President’s proposal, as you know, includes the provision that would cap deductions for wealthier Americans at 28 percent”

-Jay Carney, White House Press Secretary
White House Briefing April 5, 2013

The Charitable Deduction

Charitable Giving Coalition



Kevin Murphy



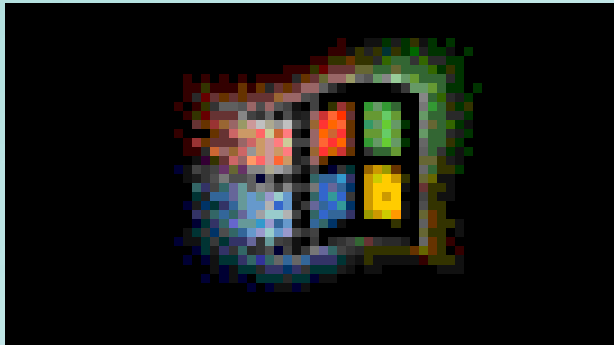
Other Issues Important to You- Tax Reform

Camp and Baucus on Tax Reform

“We've agreed that tax reform should result in a system that is as progressive as the current one. Tax reform will close special-interest loopholes to help lower rates. We will ensure that low-income and middle-income Americans will pay no more taxes than they do under current law”

Wall Street Journal, April 8, 2013

Hierarchy and Domestic vs. Global Giving



Private Foundation Excise Tax



**Congressman
Richard Neal**



Washington Update: PolicyWorks for Philanthropy

Council on Foundations Annual Conference
April 9, 2013

PolicyWorks Mission

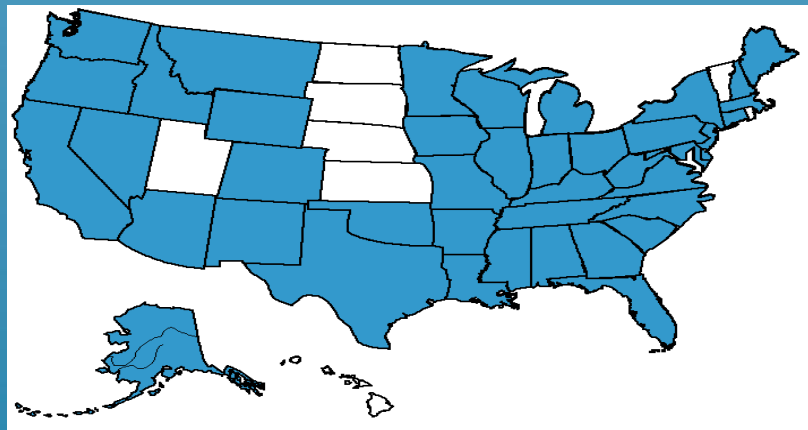
To build the capacity of regional associations' (RA) staff, boards and volunteer leaders to engage policymakers in support of a vibrant and effective philanthropic sector.

How We Work Together



Scope of PolicyWorks

- 42 states
- 4,000 member organizations
 - Foundations and corp givers
 - Nonprofits
 - Individual donors
- Average 60% of philanthropic assets per region



Progress to Date

- 78% of Regionals have engaged with policymakers
- 66% of Regionals have reported increased support from their Boards for policy work
 - 95% of Regionals provide tools for members to engage policymakers
 - 84% of Regionals facilitated a relationship between policymakers and a member

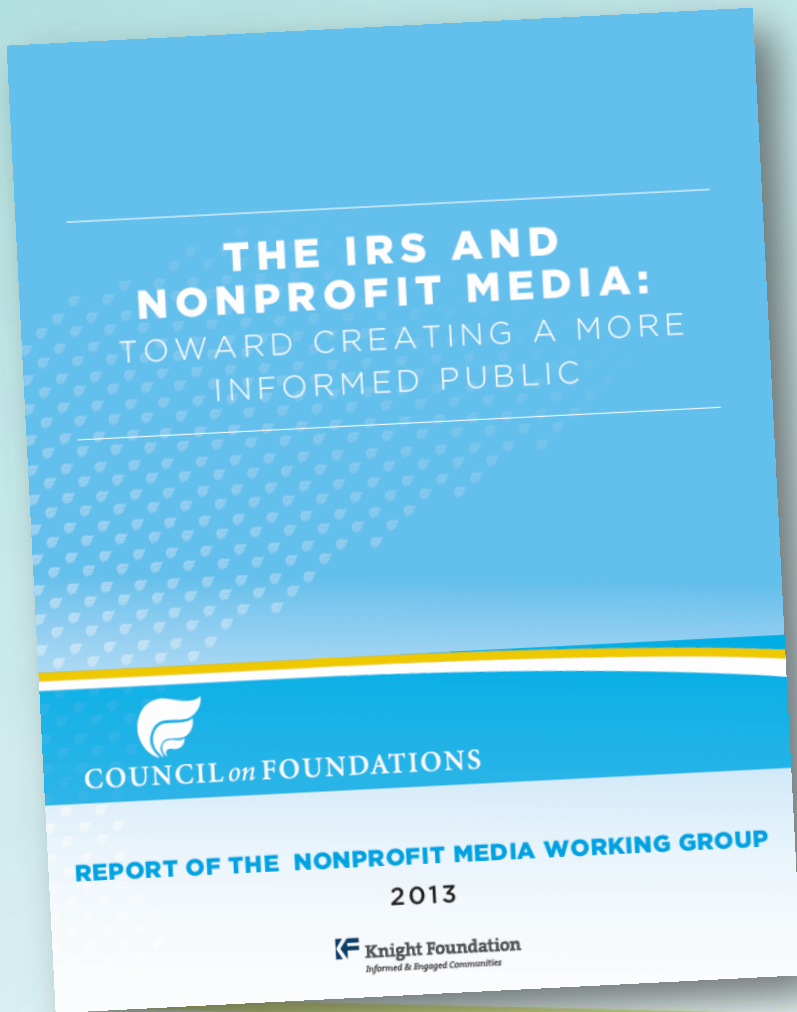
FUNDERS

- William and Flora Hewlett Foundation
 - Bill and Melinda Gates Foundation
 - Charles Stewart Mott Foundation
- David and Lucile Packard Foundation
 - W.K. Kellogg Foundation

Council on Foundations and Knight Foundation report of the Nonprofit Media Working Group

Available for free download at:

www.cof.org/nonprofitmedia



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Proposed Principles for Nonprofit Media Guidance

- Don't focus on manner or medium by which editorial content is gathered, collected, displayed or disseminated
- Don't focus on whether or not fee or other payment required
- Focus on whether the organization is primarily engaged in educational activities providing a community benefit instead of advancing private interest
- Focus on nonprofit structure (e.g., board, lobbying & political activity limitations)

Regulations – International Grantmaking

- Reliance standards for equivalency determination
 - Issued in proposed forms but may be relied upon as of Sept. 24, 2012
 - Allows good faith reliance on advice of qualified tax practitioner
- Paves way for equivalency determination repositories

Regulations – Type III Supporting Organizations

- Final and temporary regulations on type III supporting organizations (effective December 28)
- Defines type III non-functionally integrated (NFI) supporting organizations
- Proposed: distribution requirement is greater of
 - 85% of adjusted net income, or
 - 3.5% of exempt use assets (FMV)
- More regulations coming

Regulations – Donor Advised Funds

- May be getting closer now that SO regulations issued
- Expect would issue as temporary
- Date of release unclear

Community Foundation Audits

- Community foundation audit project completed
- Started in 2007 with 3700 compliance questionnaires
- Audits started in 2009
- Know of 30 audits, potentially 40-50 audits
- Interested in donor control
- Results generally positive

IRS EO Workplan

- Governance – statistical sample of Section 501(c)(3) & 501(c)(4) organizations through check sheet
- International activities – examinations of organizations with high amounts of foreign grant expenditures
- Large private foundation audit project continues
- Use of Form 990 – Complete and accurate reporting is in an organization’s “best interest”

Other Regulatory Issues

- Final PRI regulations on priority guidance plan
- TIGTA Report – Noncash contribution reporting by donors needs improvement
 - Expect IRS to revise Form 8283 to try to increase compliance

Relationships with Federal Agencies and Departments

Public-Philanthropic Partnerships

Relationships with the Executive Branch of
the Federal Government

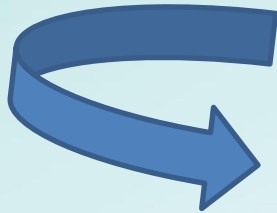


Public-Philanthropic Partnerships

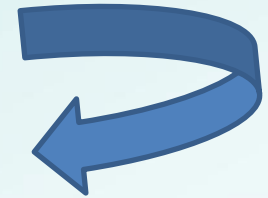
How we got here.....

2009

Response to the Opportunity and Political Environment



.....PPP Initiative



The way we will work **2013**

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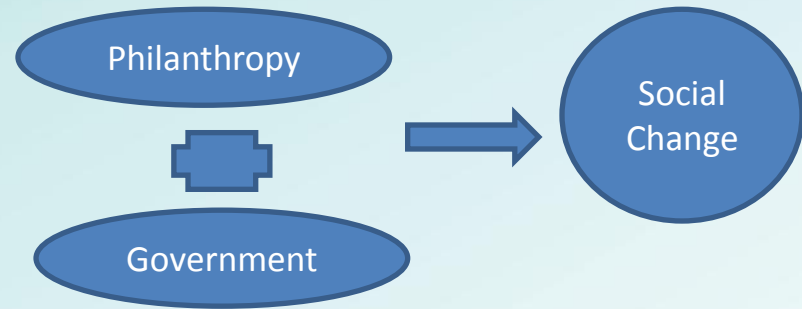


Public-Philanthropic Partnerships

- **Connections**
- **Communications**
- **Capacity-Building**
- **Convening**

Partnerships with Government

Tapping philanthropy's innovation capacity and leadership



+

Value Proposition for Philanthropy

“**Silver lining**” in challenging times: different ways, new stakeholders, new networks for collaboration

Aligning resources yields collective community impact

New opportunities for philanthropic leadership and vision

Examples of Current Relationships

- **USDA MOU:** Secretary Vilsack's priority to engage philanthropy in building rural wealth growth
- **HUD:** Office of International and Philanthropic Innovations
- **VA:** Philanthropic input and research regarding more effective policies to better serve vets and their families, especially returning Iraq and Afghanistan vets; veterans philanthropy
- **DEd:** Office of Strategic Partnerships; funder calls with Sec. Duncan; I3 Registry; Race to the Top matching funds; proposal review; Promise Neighborhoods

Examples of Current Relationships

- **FEMA:** Long-Term Recovery Planning Division
- **White House Office of Social Innovation:** evidence -based practices through philanthropic research, new SIF experiment demonstrating federal–philanthropic funds leveraging to broaden public funds impact, and emerging impact investing initiatives
- **State:** Outreach to global funders on Sec. Clinton’s initiatives
- **EPA:** Agency-wide engagement strategy; E3 collaboration
- **NASA-NOAA-NSF:** climate change public education initiative

Call the Council to Connect!

With Federal government contacts—if we don't have one, we will find the right one for you!

With national organizations that represent State, County, and Local Elected Officials

- *National Governors Association (NGA) – Center for Best Practices*
- *National Association of Counties*
- *US Conference of Mayors and National League of Cities*



With national membership associations such as.....

- *National Association of Development Organizations (NADO)*
- *International Economic Development Council (IEDC)*
- *American Federation of Teachers (AFT)*

With national coalitions such as.....

- *National Skills Coalition (NSC)*
- *Charitable Giving Coalition*

With national Think Tanks, such as...

- *Brookings, Economic Policy Institute, Heritage Foundation, Information Technology International Foundation*

President Obama's Budget

The Obama Administration appears likely to propose a 28% limit on tax breaks for the wealthy in its budget proposal next week.

-Wall Street Journal, April 4, 2013

Tell Washington to Preserve the Charitable Deduction!



www.cof.org/tellwashington

or go to “Event Info” in the app!

A circular inset image showing the Chicago skyline at night, with the Willis Tower prominently featured on the left. The city lights are reflected in the water in the foreground.

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