Philanthropy – Nonprofit SBA

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Nonprofits Capacity Building Program (NCBP) name?
December 13, 1999 – DRAFT

In order to create a stronger and more effective nonprofit sector the Nonprofit Capacity Building Program (NCBP) would provide capacity and technical assistance to train and manage assistance for nonprofit and community-based organizations through development centers nationwide.

The NCBPs would provide counseling, training and technical assistance in all aspects of nonprofit management. These services may include: assisting nonprofits with start-up, budgeting and financial management, marketing, fundraising, board development, technology assistance, volunteer management, human resources, strategic planning, personnel management and program evaluation. They could also assist in creating and maintaining a centralized access point of information and databases about nonprofit organizations.

The structure of the program could be through grants made by a federal agency (i.e., HUD) to statewide nonprofit associations or technical assistance providers 501(c)(3) organizations that would then provide services to other nonprofit and community-based organizations.

Funding

Funding for the NCBP is proposed to be at $50 million per year. A federal grant-making partner will provide up to 50 percent of the operating funds for each state NCBP. Matching funds, either in the form of direct contributions or in-kind support must be provided by one or more sponsors. In addition, membership dues and earned income may be included among the matching fund totals.

Eligibility

In each state, there will be a lead organization (LO) that will sponsor the NCBP and manage the program. The lead organization will eventually be responsible for coordinating program services offered to nonprofit organizations through a network of subcenters and satellite locations in each state. Each LO must provide for inclusive planning, evaluation, the involvement of a broad range of nonprofits and fair decision-making. At least 80 percent of the federal funds must be used to provide actual services to nonprofit organizations.

Eligible to apply are statewide nonprofit associations whose membership are open to all 501(c)(3) organizations, or other 501(c)(3) nonprofit technical assistance providers which provide management assistance to nonprofit institutions on a state level.

To qualify for funds, a provider must be a 501(c)(3) tax-exempt organization, have its own board, open to serve all 501(c)(3) nonprofit organizations in the state in which it is located, and demonstrate a level of experience and achievement in providing management assistance to nonprofit organizations.

Use of Funds

The four main objectives of the NCBP program are to:

1. strengthen the capacity and effectiveness of the nonprofit community;
2. increase community development;
3. assist a wide range of nonprofit organizations regardless of their size and institutional development; and
4. broaden the technical and management assistance delivery system to more nonprofit organizations.

Selection Criteria

In reviewing NCBP proposals, the federal grant-making entity will consider:

1. the applicant's ability to contribute matching funds;
2. the quality of prior performance;
3. evaluation of accomplishments in relation to clearly defined objectives;
4. evidence of efforts to leverage resources and effectiveness through public and/or private partnerships;
5. consideration of opportunities to use new technology to better serve nonprofit organizations; and
6. strategic partnerships with technical providers, consultants and academic institutions.

Outcomes

This initiative will better equip nonprofits executives, board members and community leaders with the knowledge and skills in management and governance to improve their organization's performance and service delivery. The NCBP will emphasize the importance of planning, strategic communications, alliances and restructuring, the use of evolving technologies, and evaluation and accountability with the nonprofits it works with. Among the key objectives of this initiative:

1. provide nonprofit boards with the highest quality management and technical assistance services specifically designed to meet their needs, resources and goals;
2. bring about cost effective, sustainable changes that strengthen nonprofits, their boards, and the services they can offer their clients.
3. customized and convenient access to accurate and timely data and information for nonprofit organizations;
4. the development, promotion and institutionalization of best practices and standards; and
5. improved technology acquisition and application.

Treas try: The admin's burden

Social Venture Capital Formation as a Model for "The Neighborhood Improvement Tax Credit" December 13, 1999 - DRAFT

The venture capital model is a comprehensive investment approach that sets clear performance objectives, manages risk through close monitoring and frequent assistance, and plans the next stage of funding well in advance. Many forms of charitable giving through individuals, corporations and foundations have experienced difficulty in finding ways to support their grantees in longer term, more sustainable ways. Because organizational underpinnings were not in place, many innovative programs have not lived up to their initial promise. The venture capital model can act as a starting point for grantees that want to help nonprofits develop the organizational capacity to sustain and expand successful programs.

already in states, CD Boards approve & would allow credit on fed inc. Taxes

One idea to promote the type of giving that mimics "venture capital" giving is to allow a tax credit (greater than the current deduction for charitable gifts) to corporations and individuals who make certain types of contributions to "neighborhood organizations" engaged in educational, social and economic services to aid impoverished people. Tax-exempt entities such as private foundations could be encouraged to engage in these activities by offsetting certain taxes they are required to pay, such as tax on investment income. To be eligible for the credit, obligors would have to: 1) give to a local organization; 2) make a contribution over a certain length of time; and 3) apply with an IRS tax exempt non-profit in submitting a joint proposal. The initiative encourages businesses to form more committed partnerships with grantees in order to achieve the long-term goals of the nonprofit organization.

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<u>Eligible Services</u>

In order to be considered for the "Neighborhood Improvement Tax Credit (NITC), all proposals must identify services according to the categories listed below. No services other than those described below are eligible for the tax credit. Eligible services must benefit low-income persons.

1. *Community Services* – Any type of counseling and advice, emergency assistance or medical care furnished to individuals or groups in an impoverished area.
2. *Crime Prevention* – Any activity which aids in the reduction of crime in an impoverished area.
3. *Education* – Scholastic instruction or scholarship assistance to individuals who reside in an impoverished area that enables then to meet educational requirements or otherwise prepare for better life opportunities.
4. *Job Training* – Instruction for low-income individuals which enables them to acquire vocational skills so that they may be employable or be able to seek a higher grade of employment.
5. *Neighborhood Assistance* –Furnishing financial assistance, labor, material or technical advice to aid in the physical improvement of a part or all of an impoverished area. Such

projects may include the rehabilitation of buildings to provide affordable housing to low income persons

Community Partnerships

The corporation eligible for the NITC by partnering with a local nonprofit is expected to agree to provide the following:

1. A statement of purpose for each participating corporation which identifies its role and responsibility in the NITC and the benefit to the community.
2. A long-term funding commitment to the community partnership which will provide operating support for the nonprofit organization.
3. Technical resources and in-kind support as necessary, such as accounting services, and management assistance.