

MNA's Public Policy Issue Selection Policy and Process

Overall Objective

This document is intended as a tool for reviewing and considering the issues MNA initiates or that others propose. The policy outlines (1) the criteria for deciding whether MNA will get involved in a particular public policy issue; and (2) the process for deciding which position to take.

In all public policy decisions, Michigan Nonprofit Association will be informed by the current public policy agenda and government relations plan approved by the Public Policy Committee of the Board.

Criteria for Engagement

MNA takes positions on state and federal public policy issues that affect most or all 501(c)(3) nonprofits in Michigan.

Most of these issues relate to tax exemption, incentives for charitable giving, government grants and contracts with nonprofits, and laws and regulations affecting nonprofit operations.

- MNA generally does not take positions on issues that affect only one subsector – unless the issue sets a precedent that could affect all nonprofits.
- MNA generally does not take positions on local public policy issues unless these would set a precedent that could affect all nonprofits.

Consistency with general advocacy principles for involvement.

Generally, MNA's public policy work will fall under one of the following four broad areas:

1. Tax Policy. Because tax exemption is an essential part of the social compact under which nonprofits operate, MNA recognizes that many tax policy issues are critical to maintaining and growing a vibrant nonprofit sector.

- MNA advocates for maintaining and expanding exemptions from paying income, sales and use, and property taxes.
- MNA opposes limits to tax exemption for charitable nonprofits based on their missions, activities, size, or other criteria.
- MNA generally advocates for maintaining and expanding – where appropriate – nonprofit exemptions from collecting and remitting sales and use taxes on goods or services sold by nonprofits.
- MNA supports preserving and expanding tax incentives that encourage individuals and businesses to contribute time and money to the missions of nonprofits. This includes protecting the federal and state charitable deduction and other existing tax laws that provide incentives for philanthropy. It also includes advocating for new or enhanced tax policies that will encourage all Michiganders to give generously to nonprofits.
- MNA opposes any efforts to repeal or limit the Johnson Amendment – the provision in Section 501(c)(3) of the Internal Revenue Code that prohibits nonprofits from engaging in partisan political activities. Nonpartisanship is essential to preserving the public's trust in the work of nonprofits.
- MNA generally opposes the imposition of fees, payments in lieu of taxes (PILOTs), and taxes on charitable nonprofits.

2. Government Grants and Contracts with Nonprofits. Nonprofits frequently collaborate with federal, state, and local governments to provide a wide range of essential services in

communities throughout Michigan. About one-third of the overall revenue for the nonprofit sector comes from grants and contracts from governmental sources.

- MNA does not advocate for or against state funding for individual nonprofit organizations and generally will not take a position in favor of, or in opposition to, major appropriations bills.
- MNA may engage on selected issues related to improving transparency in the budget process and ensuring adequate public funds for nonprofits that deliver programs and services that the government wants them to provide on the government's behalf. Specifically, MNA supports policies that allow state lawmakers the flexibility to address changing and vital community needs by providing adequate revenue for public programs and services, including those delivered by nonprofits through government grants and contracts. Conversely, MNA opposes policies that would institutionalize restrictions on lawmakers' fiscal options, such as state constitutional amendments that would restrict state spending growth based on a formula or that would limit legislators' tax policy options. MNA also opposes the offloading of government services onto nonprofits without paying nonprofits the cost of providing these services.
- MNA supports reforms to the government-nonprofit contracting process that streamline policies and procedures to avoid duplication and waste, develop standardized definitions for contracting and grant language, where appropriate, and ensure that payments to nonprofits for direct and indirect costs from governments are applied in consistently, fairly, and in a timely manner.
- MNA supports collaboration between state and local government to ensure full and fair implementation at the state and local levels of the cost principles and other federal grants reforms contained in the Office of Management and Budget (OMB) Uniform Guidance of 2014, and promotion of greater efficiency by replacing existing state and local laws, regulations, and procedures for *all* government contracts and grants with nonprofits with one unified system consistent with the positive reforms that were included in the OMB Uniform Guidance of 2014.
- MNA opposes proposals that fail to acknowledge that charitable nonprofits are generally independent, nongovernmental corporations that should retain control over their own organizational policies and practices. Examples include efforts to impose unreasonable salary caps for employees of private nonprofits or efficiency ratios that do not best serve the missions of nonprofits, or to subject charitable nonprofits to governmental open meeting or public records laws simply by the nature of their having government grants or contracts.

3. Improving Operating Environment for Nonprofits. MNA supports proposals that would improve the organizational efficiency and effectiveness of nonprofits and avoid or reduce the irresponsible use of nonprofits' time and money by imposing unnecessarily burdensome regulations or processes.

- MNA generally supports policies that would improve nonprofit corporation laws, charitable solicitation laws, employment laws, and financial rules or to enable nonprofits that would streamline reporting and internal operations and recordkeeping for nonprofit organizations. MNA generally opposes the imposition of new fees or regulations on nonprofit organizations unless they are necessary for the public well-being and done in a way that minimizes the burden on nonprofits.
- MNA takes the position that, as a sector that constitutes about 10% of Michigan's economy, nonprofits can and should participate in the development of job growth policies at the state and local levels. MNA generally supports policies that promote job creation in all sectors of the economy, including with nonprofit employers. MNA also generally supports – and sometimes initiates – proposals to apply to nonprofit employers

the same (or equivalent) incentives and benefits that are offered to for-profit employers for opportunities such as hiring or retaining staff, adding benefits, or buying equipment.

- MNA recognizes that federal, state, and local government changes to employment laws and rules (e.g., minimum wage, overtime, family/medical leave) affect the work of and people served by charitable nonprofits differently depending on each organization's mission, operations, and focus area, but acknowledgement that governments should hold harmless nonprofit contractors if any such policies are adopted by making appropriate changes in their contracts.
- Many charitable nonprofits rely on volunteers to help carry out their programs and services. MNA supports policies that encourage Michigan to voluntarily engage with nonprofits by freely dedicating their time and talent to nonprofit organizations. MNA opposes laws or policies that create mandatory volunteerism requirements (e.g., as part of work requirements for recipients of Medicaid or other government services), which create financial and administrative burdens for nonprofits and create a pool of volunteers who may not be fully committed to nonprofits' missions.
- Advocacy and civic participation should be a part of the work of every charitable nonprofit. MNA supports policies that encourage nonprofits to advocate for their missions and those they serve and to promote civic engagement in their communities. MNA supports lobbying laws and regulations that empower nonprofits to advocate fully and freely within the law. MNA supports policies that enable nonprofits to engage in nonpartisan efforts to increase civic participation in their communities and with the people they serve. MNA opposes restrictions on the advocacy rights of nonprofits.

4. Major Policy Issues. MNA may take positions on certain major federal or state policy issues if these issues would have a particularly strong impact on the operations, demand for services, or voices of a significant number of Michigan's nonprofit organizations. Examples of such issues may include policy solutions related to access to healthcare, independent redistricting, and relief and recovery from disasters, pandemics, and other emergencies.

Consistency with nonprofit best practices and MNA's capacity for engagement.

- MNA has a history and reputation of following nonprofit best practices and of working collaboratively with elected officials of all political parties in a nonpartisan, civil, and ethical manner. MNA also has limited staff capacity for public policy work. Because of these realities, MNA may choose **not** to engage in certain policy issues even if they meet the criteria described above.
- MNA generally does not take positions on issues where there is a strong difference of opinion within the charitable nonprofit sector.
- MNA generally avoids taking positions on polarizing issues that are divided along party lines. Exceptions may be made for policy issues that are critical for the nonprofit sector.
- To comply with the prohibition on partisan political activity in Section 501(c)(3) of the Internal Revenue Code and as a best practice for charitable nonprofits, MNA does not make campaign contributions or support or oppose candidates for office or political parties.
- Because of the realities of having a finite amount of political capital and having limited staff capacity for public policy engagement, MNA may decline to engage on certain issues that otherwise meet these criteria for public policy engagement but that are not deemed significant enough of a threat or opportunity to the nonprofit sector to justify MNA's engagement.
- MNA is committed to considering policy issues from the perspective of advancing equity, diversity, inclusion, and justice, removing implicit bias, and dismantling systemic racism. Policies and processes should consider the Equity Sequence – 5 Questions:

1. Was this designed with equity in mind?
 2. Who was this designed by, for, with, and without?
 3. Who benefits from this and who is disadvantaged?
 4. How can this be efficiently and effectively transformed to reduce bias, discrimination, and inequity?
 5. What opportunities does this offer to create greater equity and equality?
- MNA is also committed to identifying policy solutions consistent with these principles that are appropriate for the broader nonprofit sector.

Process for Making Public Policy Decisions

The following is MNA's process for deciding its position on public policy issues that we initiate or that others propose.

Staff analysis and judgment on most issues. MNA frequently receives information and inquiries about new public policy issues that could affect nonprofits. For the vast majority of these issues, the best position and approach are clear after careful staff analysis, using the framework of the criteria described above. Staff will use its judgment in responding to these issues and communicating about these issues to members and the broader charitable nonprofit sector.

Public Policy Committee of the Board. MNA has a Public Policy Committee to work with the staff in developing and updating the criteria for engaging on public policy issues and for advising on issues on which the staff is unsure whether to take a position or what position to take. These might be issues, for example, that do not fit clearly in the three principles described above, that may be opposed by some nonprofits, or that may be opposed by MNA members, donors or partners.

All members of MNA's Public Policy Committee are expected to read MNA's public policy updates and to share immediately any concerns about the direction of MNA's public policy work with the President & CEO and/or External Affairs Officer.

Committee members shall agree to keep Committee discussions completely confidential so that they can speak freely and explore a variety of differing positions that MNA might take. Discussion guidelines should align with the core values of MNA: Respect, Integrity, Strategic Impact, Relationships, Accountability, and Sustainability.

The Public Policy Committee serves primarily as a resource to assist the staff as needed in making decisions about whether and how to get involved in particular public policy issues. This is especially valuable when an issue is complicated or controversial. There will be times that the staff needs the committee's help on a controversial issue for which *immediate action is required* and for which determining MNA's position has strong pros and cons. In these cases, the committee is empowered to make a recommendation on the position MNA will take on that issue for full Board approval, in accordance with the Bylaws.

The committee also shall annually review MNA's Public Policy and Government Relations Plan and recommend it to the full Board, with the understanding that staff may revise the plan throughout the year as new nonprofit sector issues arise. The committee also shall review MNA's Public Policy Issue Selection Policy and Process document every year and recommend any necessary revisions to the Board.

Full Board Approval. Upon submission of the committee's recommendation, the full Board will decide in accordance with the Bylaws.

In addition, the Board shall annually approve MNA's public policy and government relations plan with the understanding that staff may revise the agenda throughout the year as new nonprofit sector issues arise. Upon recommendation of the Public Policy Committee, the Board also shall make any necessary changes to this document - MNA's Public Policy Issue Selection Policy and Process.

Examples of the types of actions MNA might take on a given issue include:

Monitor the issue. This involves tracking it ourselves (often our only option for state-level issues) or, whenever possible, working with others who are tracking it. The latter is an option on most federal issues. MNA monitors many issues on which it does not take a position.

Inform MNA members – and often the broader nonprofit sector – about the issue.

Examples include inclusion in our regular public policy updates to Public Policy Advisory Council and to all members, preparing a white paper or detailed summary of an issue, and posting information on social media. In some instances, MNA may provide nonprofits with information about issues without taking a formal position.

Inform various collaborators. These may include (a) our Michigan statewide advocacy partners; (b) our counterparts in other states; (c) national partners such as the National Council of Nonprofits; or (d) state associations of local government officials.

Take a position. See the criteria above for deciding whether to take a position. MNA often lobbies on issues on which it takes a position.

Take the lead on an issue. MNA may be the lead advocate for or against a particular issue if it is of significant importance to the nonprofit sector, if MNA has particular expertise in the issue, and/or if no other organization is well situated to take the lead on the issue.

Join a coalition on an issue. MNA may join, lead, or co-lead coalitions on particular policy issues.

Ask members and others to take action. Such a "call to action" usually includes generating nonprofit calls, emails, asking select nonprofit leaders and others to write op-eds or letters to the editor, and using social media to stimulate action. MNA only asks nonprofits to act when it is truly needed, recognizing that too many calls to action can be a burden on nonprofits and can have diminishing returns for advocacy actions.

Questions to Consider

1. Alignment / Knowledge

- Does the issue align with MNA's public policy plan and current policy priorities?
- Do we have knowledge or experience in this area?

2. Scope of issue

- Does it cross geography (e.g., Michigan wide)?
- Is it cross-sectoral (affecting multiple sub-sectors) and/or does it have the potential of becoming a cross-sectoral issue?

- How does it impact small, medium, and large nonprofits? Does it resonate with/reflect the interests of one type of nonprofit over another?

3. Advancing DEIJ

- Does it contribute to advancing anti-racism, settler-Indigenous reconciliation, and/or gender equity?
- Is there a differential impact on communities that are often overlooked and underrepresented in policymaking, particularly Black, Indigenous, and other racialized communities, women and people who identify as 2SLGBTQIA+, people with disabilities, newcomers, and low-income individuals and families?
- Is it an important issue for organizations and groups serving Black, Indigenous, and other racialized communities, women and people who identify as 2SLGBTQIA+, people with disabilities, newcomers, and low-income individuals and families and/or the organizations serving them?

4. Scope of MNA's role

- Lead
- Support
- Monitor
- Is there someone else positioned to take it on effectively who is willing to do so?

Note: If MNA leads or supports, this requires a separate discussion about tactics (e.g., Action alert/e-blast, appearance before a committee, written submissions, e-bulletin article).