

The Outlook for Community Foundations & Philanthropy in the 115th Congress

M. Jeff Hamond
Van Scoyoc Associates
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Community Foundation Public Awareness Initiative

- Formed in 2012 to provide community foundations with their own voice in Washington, DC.
- Started with 18 foundations, now has 97 foundations in 46 states.
- Not just the big foundations: We have big and small, blue and red, urban and rural. Nearly half have under \$200 million in assets.
- NOT competition for CoF – an additional voice doing different things.



Status of Tax Reform in the 115th Congress

- Big tax reform is uncertain. Possibility of significant reforms but 1986-type, bottom-up reform is unlikely.
- If the Democrats take over, Senator Ron Wyden (D-OR) will reclaim the gavel as Senate Finance Committee Chair. He has brought in an academic reformer to be his chief tax counsel.
- Ways and Means Chairman Kevin Brady favors broad tax reform, but he has not yet introduced a blueprint like former Chairman Dave Camp did in 2014. His position on charitable issues is uncertain.
- For long-term tax reform, what needs to give? Big sacred cows on each side.
- Even if “big” reform is not imminent, this doesn’t mean the sector should rest easy. The time to be active is **BEFORE** the crisis moment!

Issues for the Broad Charitable Sector

- ▶ Obviously, the charitable tax deduction is the elephant in the room – much of the conversation revolves around protecting the deduction from harmful changes. **Floor versus ceiling?**
- ▶ There are some in Congress that are concerned about UBIT, endowments, executive compensation, DAFs, and IRS pursuit of politically-affiliated groups. Effect of Clinton/Trump foundations?
- ▶ While most of the major players have been primarily focused on big issues like the deduction, **it creates an opportunity for community foundations** to build their brand with a constituent focus. **Staff are eager to hear other voices.**
- ▶ **Take opportunities to educate!** You don't want the first time someone hears about an issue to be during a markup. **Community foundations are in possibly the best position to educate because you're active in every district!**

Some Topics Covered by CFPAI

- ▶ How are community foundations and private foundations different? What do you care about? What success stories have you had in the state or district?
- ▶ What are the different ways that a CF engages with donors and with a local community?
- ▶ What are donor-advised funds, and how is a DAF at a CF different from a DAF at a commercial fund?
- ▶ What are some of the tax issues affecting CFs (e.g., DAF prohibition in IRA Rollover, gifts of property, excess business holdings, inactive funds, payout rate, PFs using DAFs, etc.)?
- ▶ **We look for opportunities to be responsive to the staff so they will remember us at the right time.**

Big Issues Facing Community Foundations

- Donor-Advised Funds generally – and how the field responds when Fidelity becomes the biggest charity this year. **Blurring versus sharpening?**
- **IRA Rollover Fix – closer and closer...**
- Shift in attention from Payout to Inactivity – this is good, but still smart to be wary. Paying attention to gifts of property and potential Treasury regs.
- Community Foundations tax definition? Big pros and cons.
- University Endowments – does this bleed to affect all endowments? Big unknown – philanthropy should team up.

Engagement Tips from a Former Staffer

- ▶ Staffers *like* the meetings without specific asks – they like to know what’s happening in their states or districts, or in their policy areas.
- ▶ Unlike many private foundations, which are national or global in their reach, your work is community focused – you are constituents! Use that to your advantage. **You are the subset of philanthropy they should care about MOST.**
- ▶ While staff hear from lobbyists all the time, the call from the district is the call that will be remembered – particularly if you tell them something they don’t already know.



ONE KEY TAKEAWAY: These people can be your best friends!

Although a president or a board chair might have a Member-level relationship, that isn't a substitute for knowing the staffer.

They make more decisions than you know. Engage.

Points of Optimism?

- ▶ Before we started on this work, most Members and staff had never met specifically with community foundations. Now, you're probably the most well-liked part of philanthropy. **Big change; we should use it to our advantage.**
- ▶ Almost universally, staff reaction is a variant of "I didn't know that" or "I hadn't heard that before," so we know the outreach is valuable. It creates a foundation for future asks.
- ▶ Our effort also reinforces the notion that "more voices are better than less." Foundations (private, corporate, and community) need to speak up individually.
- ▶ **We are a key part of the TEAM protecting and promoting philanthropy.** Let's talk about "Team Philanthropy."

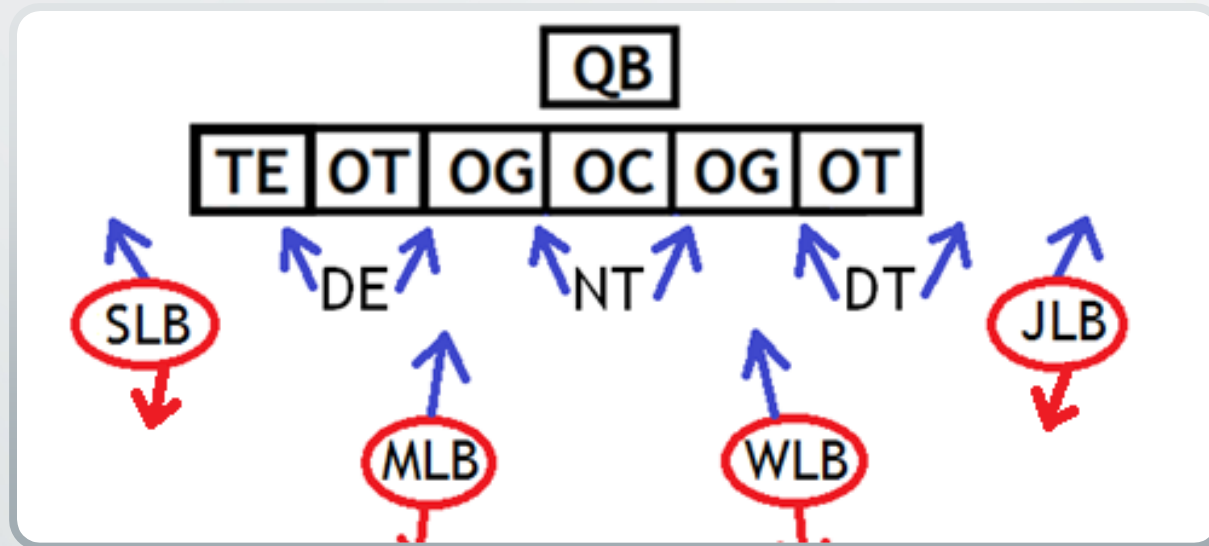


Think about government relations as a football defense.

Historically trade associations like CoF have provided the most important voice for the sector. But they aren't the whole defense.

They represent the defensive line: Big. Important. Necessary.

But it also brings liabilities.



A good football defense can't rely just on the defensive line.

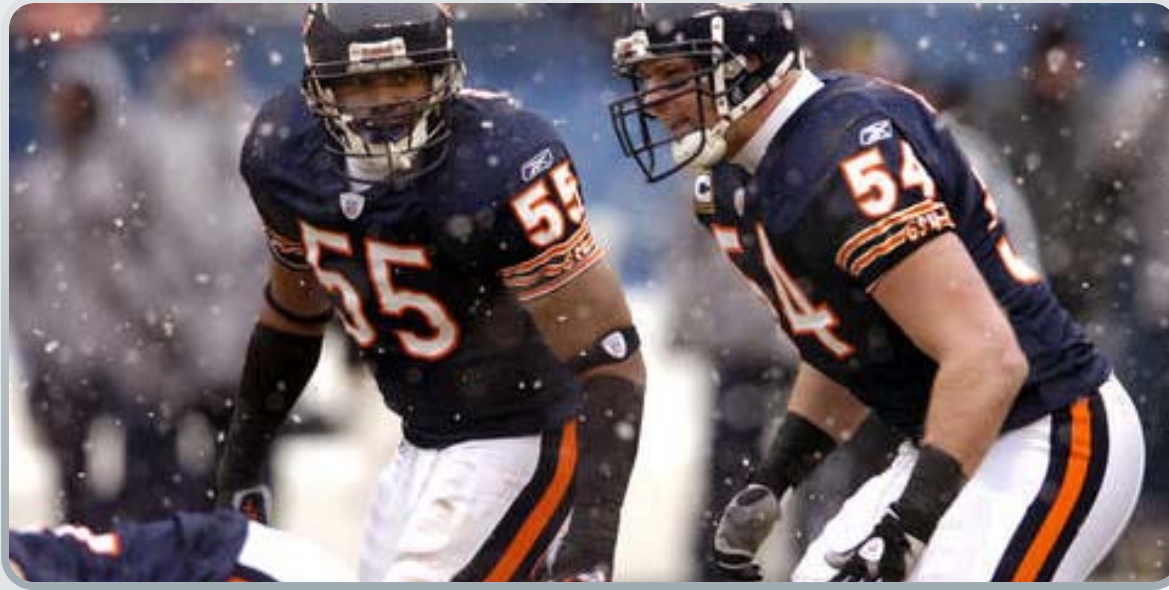
It also needs excellent linebackers.

What do linebackers bring? **Quickness and versatility.**

They can be aggressive and blitz the quarterback.

They can stay put and defend the run.

They can drop back into pass defense.

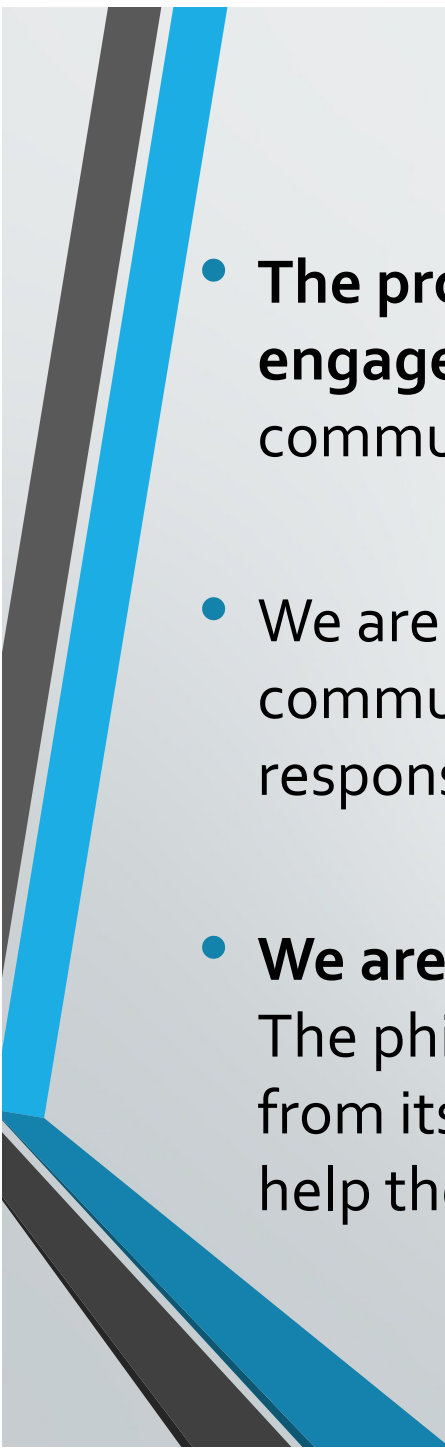


What could be the Philanthropy Team's linebackers?

A regional association of grantmakers, like PSW

An affinity group of foundations that all invest in a certain policy area (e.g., Grantmakers for Education)

Smaller membership groups like Exponent Philanthropy

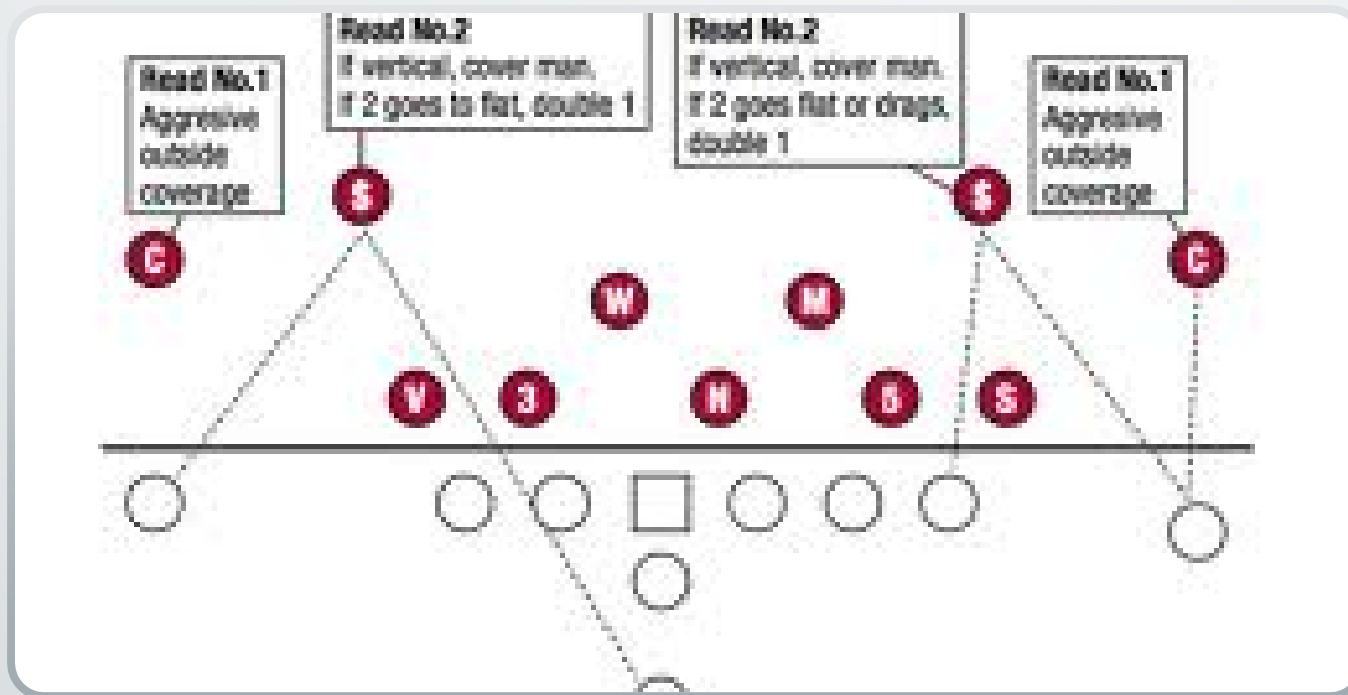
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- **The problem is that few of these “linebackers” actually engage in direct advocacy.** That’s where the our community foundations group comes in.
 - We are the Philanthropy linebacker that represents community foundations. We can be flexible, innovative, and responsive in a way that the defensive line can’t.
 - **We are not a substitute for the defensive line (CoF, IS).** The philanthropy sector needs both. Just as strong play from its linebackers bolsters a defense, so too do our efforts help the sector as a whole.



SO IS THIS ALL THAT
COMMUNITY FOUNDATIONS NEED
TO BE SUCCESSFUL?

NO!

A good football defense has a solid line, dependable
linebackers, and also something else...



Any successful defense must also have a quality secondary.

Defensive backs are fast and nimble.
They can react in real time to issues as they develop.
They are the last line of defense.



The secondary in this case is all of you.

**YOUR calls and e-mails to Members and staff.
YOUR engagement with local and state officials.
YOUR efforts to change policy.**

This is an issue for the whole nonprofit sector. For too long, the sector has relied just on the defensive line. It has been reluctant (or afraid) to build the rest of the defense.

This is starting to change.

**REMEMBER: You are PUBLIC foundations.
You CAN lobby. You CAN advocate.
Don't be afraid to speak up!**



When the defensive line, the linebackers, and the secondary all work together, the result is a championship defense.