

MINUTES

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

Northwest Power Planning Council Conference Room

April 8, 2004

Present:

Sue Talbot, chair

Sid Armstrong

Dale Burgeson

Linda Coulston

John Eastman

John Delano

Fran Galvin

Mike Halligan

Spence Hegstad

Amy Kelley

Mark Kelley

Brian Magee

Tim McCauley

Clark Pyfer

John Scibek

Jay Vogelsang

Judy Wing

Ralph Yeager

APPROVAL OF MARCH MINUTES

Sue asked if anyone would like to see changes made to the March minutes. She noted that two names needed to be corrected: Pat Davison (not Davidson) and John Ellingson (not Ellingston). Amy will make those corrections before forwarding them to Galen to post on the web site. John Delano moved that the minutes be approved as changed. John Scibek seconded the motion. The group voiced unanimous approval.

FINANCIAL REPORT

Ralph passed out the most recent Statement of Activities covering the period February 1 through March 31, 2004. It showed no new revenues and \$1,996.75 in total expenses, leaving a balance of -\$53.94. Ralph was not overly concerned about the deficit for the immediate future, as several members present gave verbal commitments to contribute at the meeting, which would eliminate the immediate deficit. However, it does point to the need for additional fundraising. Ralph thought we would need to go through the list of past contributors, identifying those who have not given in awhile. Ralph will send that list to Sue, who will send out a letter requesting contributions.

Sid asked whether we should be looking to expand that list. Ralph thought that it would be best to wait until the Task Force has fleshed out its Development Plan so that we have a compelling "ask." Sue asked whether the group thought it advisable to meet less frequently, perhaps using the web site bulletin board as a means of communication in between meetings? It was decided that the monthly meetings have been valuable, especially given the election year, and that the savings wouldn't be that great in skipping meetings. Sue asked everyone to think about it, and noted that historically the group has not met during the high summer months or in December.

Ralph also handed out a slightly revised version of the Development Plan, with revised dates for seeking grants from foundations. He discussed several funding possibilities from foundations that either have ties to Montana or personal contacts with Task Force members including:

- Hearst Foundations - Teri Yeager, contact
- Wells Fargo Foundation - Steve Polhemus, contact
- 3M Foundation - Joe Chenoweth, contact

Sid pointed out that the Hearst Foundation has been giving out multi-year general support grants, which would be extremely helpful. Sue reiterated the fact that the Task Force receives no government funding, which could be a selling point for foundations.

Dale added the possibility of the Drew M. Bledsoe Foundation (in Whitefish) and the Schwab Foundation. John Scibek had performed a search of the university's foundation lists, and came up with the following possibilities:

- David M. Leuschen Foundation
- Chutney Foundation
- Jerry Metcalf Foundation (it was noted by other members that this foundation is not granting right now)
- AT&T Foundation
- Carnegie Corporation of NY
- George E. Coleman, Jr. Foundation
- Wallace Alexander Gerbode Foundation
- Evelyn and Walter Haas, Jr. Fund
- Hopeman Memorial Fund
- J.P. Humphreys Foundation
- James Irvine Foundation
- Lilly Endowment
- Ludy Family Foundation
- Aaron and Martha Schecter Private Foundation

Judy Wing also mentioned the Stockyard as a possibility.

John asked what message we'd be giving to these foundations. Sue thought that we could select from the message we've been working on for candidates. Sid added that this activity is itself important: reaching out to candidates for public office, asking them to make philanthropy part of their platform and part of the public policy agenda once in office. Judy agreed, and added that a well-rounded message of supporting philanthropy in various ways is much stronger than strictly asking for support of our legislative agenda. Ralph noted that it is in the Development Plan to draft a "boiler plate" message for foundations.

UPDATE ON CARE ACT

Sue read a letter from Jim Soft, regarding the status of the CARE Act (SB 476):

"With regards to the CARE Act, it appears that between politics and the "tyranny of the urgent" CARE has, once again, experienced a low ranking on the priority list. The success of the strategy of amending the Jobs Act with the CARE Bill (i. e. our most recent hope by Santorum/Lieberman) now sounds improbable since the amendment would be just one of over 100 amendments, most of which would likely be buried.

Conrad Teitell and I chatted by phone several weeks ago and he wondered if, once again, we could nudge Senator Baucus on CARE's behalf. My response was one of suggesting that we resurrect the stand alone S1375 that Senator Dorgan was carrying...with the thought that perhaps we could "shame" Congress for "teasing" us with CARE/HR 7 (building up the hopes of the nation's charities by a vote of 95-5 and 413-8 respectively only to "dash them against the stones of politics and red ink) by entreating them for the stand alone IRA rollover bill which is very favorable from a revenue loss perspective (e.g. 2.7 billion revenue loss for the IRA rollover bill which is very favorable compared to 14+ billion revenue loss for the entire CARE package). He agreed but believed the championing of such an approach would have to come from Grassley, Baucus or Dorgan land. The question now becomes one of timing. Steve Browning thinks that "the intense national political maneuvering during this election year" dampens the likelihood of anything positive happening on our bill but suggests we keep in touch with Pat Heck or Jonathan Selib.

If the consensus of the Task Force would be to send Sen. Baucus a carefully drafted letter to attempt to put the sole IRA rollover back on the front burner. I would be happy to carefully craft such a letter (keep in mind Senator Baucus' personal interest in the Care bill had more to do with other components of CARE than the IRA rollover). But I think it would need to out under Task Force letterhead with several signatures and dwell on the notion of "cost and concession" on charity's part. I would, of course, run the letter by Browning and Teitell first."

Jim's letter also introduced John Eastman, who has attended the past several Task Force meetings, and proposed that he serve as a more regular representative to the Task Force, since Jim's travel schedule has been demanding.

John Scibek thought the Task Force should push the IRA rollover legislation through the initial stages regardless, since it is a great piece of legislation and the CARE Act may likely not pass. Judy asked for a brief explanation of the bill. Dale explained that it would allow people of a certain age to roll over their IRA into a planned gift with no tax penalty. There would be no charitable deduction available, since the money was tax-free to begin with, and any income generated from the planned gift would be taxed as income, which is where many of the bill's supporters think it would be revenue neutral in the end. John Scibek pointed out that the government would end up with more money than if the funds were sitting in the IRAs.

Mike suggested that the letter touch on the history of the bill — acknowledging our first choice as passing the entire CARE package, but failing that, advocating this piece of it. He stressed the importance of asking for a response.

Jim noted that he would run the draft of the letter by Conrad Teitel, Pat Hecht, and Jonathan Selib before sending it to Sen. Baucus. Sue suggested that Jonathan Selib be invited to the next Task Force meeting, as he'd expressed interest previously. Amy will invite him.

Mark asked if there was any downside to pushing SB 1375, whether anyone would be offended if our focus were narrower. John reiterated that this option is only if the CARE Act is likely to fail, and that it's better to get "half a loaf" rather than nothing at all. Mike pointed out that the biggest issue Congress is facing is the deficit, so if they are able to campaign on gaining something that is revenue neutral, it is a win-win situation.

THE MONTANA NONPROFIT SECTOR CRITICAL CAPACITIES PROJECT

For those not in attendance the last meeting, Sue explained that Mike Schectman had presented to the group the concept paper for the Montana Nonprofit Sector Critical Capacities Project, asking Task Force members to review it and the group to consider endorsing the project. Brian explained that its primary is building consensus among nonprofit leaders on what critical capacities are needed in order to support a strong nonprofit sector in Montana, which would then be used as a blueprint for development. Mark, who is a member of that board of directors, said that several groups have endorsed the project, and many more are in the process of considering it.

Sue reiterated that what Mike is asking is for the Task Force to say, "this is a good thing." Her only concern in reading the concept paper was that every item listed was worth doing, and that it would be easy to get overextended unless things are prioritized. Judy's concern was that the word "nonprofit" tends to have a negative connotation right now, at least within certain communities, even in Missoula. She thought that many people think nonprofits are strictly charities, and that they therefore detract from the economy rather than add value to the community. She thought that much of this project could be about repositioning nonprofits so they are seen as positive for economic development.

Sue sensed that many members had not yet given the project enough thought to vote on endorsement. John Scibek asked if anyone saw anything negative in it. Judy said it would be acceptable to her to endorse, with the potential downside of the perception she described. Fran asked whether any economic development

people had been brought in. Mark said that the Montana Economic Development Association had been approached and is considering endorsement. Sid said that she had no problem with endorsing the project, but was concerned about taking it on as another project given the limited time and resources of the group.

John Delano voiced his opinion that the word "nonprofit" to some people in the business community is a negative word, because of some nonprofits that fight almost all economic development proposals. He added that he doesn't have a problem with ALL nonprofits, and that he contributes to many on a regular basis, including the Salvation Army and Red Cross. Ralph thought that this project could help clarify that negative perception. Brian agreed, and said this is precisely why the project is important: bringing together leaders in order to agree on what the needs are and how to create a positive public policy climate. Sid thought that the Task Force needs to continue to support the broad philanthropic community even if there are disagreements.

Spence moved that the Task Force endorsed the Critical Capacities Project with the caveat that the Task Force neither has the time nor the resources to contribute any more than that at this time. Sue asked for discussion on the motion. Tim said that he'd like to go back and read the concept paper again, but thought that it needs to be simpler in structure and format. Sue asked for a vote on Spence's motion. There were no "nays" voiced. John Delano abstained. The motion passed on voice vote.

DEVELOPING THE MESSAGE

Amy handed out the most recent version of the draft "message" to be used in meeting with candidates about supporting philanthropy and the continuation of the Task Force and its projects (the draft had been initiated by Steve Browning, worked on by several members, and then reformulated by Steve):

MONTANA'S 2004 CHARITABLE AGENDA

The Governor's Task Force on Endowments and Philanthropy

Building A Better Montana Through Increased Philanthropy

Montanans today are concerned about economic security and quality of life. Year after year, Montana's governmental agencies and numerous nonprofit organizations attempt to accomplish more and more with less and less. We can take charge of our own destiny by enhancing opportunities for philanthropic giving in Montana. With more philanthropic resources, Montana communities can:

- o Strengthen Montana's non-profit organizations, charities, and churches.
- o Expand educational opportunities through scholarships.
- o Build more sustainable communities in rural Montana.
- o Enhance services for the elderly, disabled, at-risk youth, homeless, hungry, etc.
- o Relieve pressures on local and state governmental agencies.

How Can We Increase Philanthropic Giving In Montana?

First, we must recognize the critical links between philanthropy and economic development in Montana. Then we must make a commitment to increasing the size of Montana's "philanthropic pie" by:

- o Increasing grants from national charities and foundations.
- o Educating Montanans about their potential roles in philanthropy, the importance of Montana's charities and the significant tax benefits to charitable giving.
- o Involving more Montana businesses, individuals, communities and financial advisors in charitable activities and giving.

How The Governor's Task Force Has And Can Continue To Help

The Governor's Task Force on Endowments and Philanthropy was established in 1994 with the mission of helping a better Montana through increased philanthropy. We have helped renew a spirit of giving and sense of community by offering tangible, practical, and achievable ways to enhance philanthropy, including:

- o Proposing the nation's broadest state tax credit for gifts to charitable endowments.
- o Working with Montana governors and legislatures to retain this historic tax credit.
- o Expanding charitable endowment funds in Montana from \$100 to \$200 million, and increasing planned gifts by at least tenfold in ten years.
- o Sponsoring dozens of educational sessions for Montana financial advisors.
- o Working with the Montana congressional delegation on federal legislation encouraging philanthropy.
- o Maintaining one of Montana's premier charitable websites.
- o Working with the State Auditor to regulate charitable annuities.
- o Building financial and social capital by bringing people together to address important issues.

Mike was concerned that the bullets in the first section didn't include anything about the link between philanthropy and economic development. Although it is included in the second section, he thought it should be repeated. Sid suggested adding the bullet "build a stronger, healthier economy." John Eastman asked: If I were to sit in front of a candidate and present this information, what data/numbers do I have to prove that strengthening nonprofits helps the economy? Sid said that the Big Sky Institute (BSI) has that data. Brian noted that the BSI data was from 1998. Sid suspected that legislators themselves could come up with their own examples of how nonprofits have added value to the economy in their community. But she did think it would be good to have number in hand. She wondered whether the Montana Arts Council has number on how the Arts help bring/keep business in Montana..

Mike suggested as a first bullet to the first section: "enhance economic development and infrastructure." Ralph noted that the 3rd section, first sentence, is missing the word "build." He also thought the third headline should read: "How The Governor's Task Force Has Helped And Can Continue To Help."

Sid thought that we should say somewhere that we're asking for support of the Task Force itself — perhaps in the overall headline, add "seeking support for..." John Scibek said he'd rather educate people first, and ask for support later. Spence noted that it's easier to obtain commitments from candidates than officeholders. Mike commented that you need to tell your audience as often as possible who you are and what you do. The Task Force is trying to be the central voice for philanthropy in the state. Clark commented that he thought this piece should be a fact sheet, and that asking for support should come in the one-on-one conversations.

Ralph suggested adding a blurb that the Task Force receives no state funding. All agreed. John suggested that it go at the bottom: "The Governor's Task Force is affiliated with the Montana Community Foundation, a 501 (c)(3) charitable organization. The Task Force receives no financial assistance from the state of Montana or the office of the Governor." Judy agreed that the fact sheet needed a context — an explanation of who the Task Force is. Sue said that the Task Force's 2002 Annual Report serves as a good additional handout that provides that description.

John Scibek suggested adding a new bullet to the top of the list in the first section: "philanthropy helps build a stronger economy and stronger communities." He also suggested removing the word "nonprofit" from the first paragraph, instead saying "strengthen Montana's philanthropy, charities, and churches." Judy agreed that the word "nonprofit" has some negative associations right now among certain audiences, but she disagreed with the idea of removing the word. Part of the job here is to rework that image, because nonprofits are in fact a very positive piece of our economy.

DELIVERING THE MESSAGE

Sue reported that she'd met with gubernatorial candidates Brian Schweitzer and John Bohlinger, and that she gave them a copy of the message as well as the annual report. She didn't think it would hurt if there were overlap, if several different Task Force members met with the various gubernatorial candidates.

John Scibek thought it likely that questions would come up when candidates read the fact sheet. We're making some bold statements — how do we actually do the things we say here? Sid gave as one example that we have enabled the building of permanent endowments that for the long term will sustain these various organizations and local community foundations, whose endowments will support the communities. John Delano suggested that having a list of who has received endowment money would really help — the community foundations and organizations across the state that have endowments. Sue said some of that information can be taken off of the Montana map on the web site (<http://www.EndowMontana.org/map.html>).

It was agreed that the bottom line is that it's good to know your audience to the extent you can. John Delano handed out a one-pager about making initial contacts with legislators/candidates. He noted that when candidates announce their candidacy, they usually issue a press release explaining their background and their interests. This is good information to know before meeting with them, so that you can pull together examples that might fit their interests.

Sue asked if any additional candidate assignments could be made at this meeting. She already contacted Schweitzer and Bohlinger, and agreed to contact Jon Ellingson and Linda McCulloch. Fran said she'd like to join in on a meeting with Linda McCulloch. Spence offered to contact John Vincent instead of Sid.

It was agreed that members would use the web site bulletin board to report on candidate contacts. Each Task Force member should go to the Secretary of State's website: http://sos.state.mt.us/css/ELB/Candidate_Information.asp and choose several candidates to contact. These assignments should be posted on the bulletin board. (Members having trouble using the bulletin board should contact Amy or Galen.) The result of these meetings should also be posted on the web site bulletin board.

It was agreed that candidate contacts should be made by MAY 20th.

(For those who haven't used the bulletin board yet, instructions were repeated:

1. Go to www.EndowMontana.org
2. Click on "Governor's Task Force" at the bottom of the home page
3. Scroll down to find the Gothic "T" in the left margin of the page
4. Register with the bulletin board group
5. Click on the "Candidate Contacts" discussion group

MEMBERSHIP UPDATE

Sue suggested that no new members be added at this time, given the elections and the transition the Task Force is in right now. All agreed that the subject of adding new members would be revisited in late summer or fall.

NEXT MEETING

It was agreed that the next meeting would be at the regular time: **Thursday, May 13, at the Northwest Power Planning Council from 10 a.m. until 2 p.m.** (**NOTE:** Depending on the number of people who plan to attend, the meeting may be held across the street in the Livestock Building. Amy will notify everyone in advance of the next meeting.) Meeting adjourned at 1:30 p.m.