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HOUSE . . . . . No. 205

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act establishing the commonwealth community fund..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 68 of the General Laws ("Donations and Conveyances For Pious and Charitable Uses") is amended to insert after Section 35:

SECTION 36

COMMONWEALTH COMMUNITY FUND

(a) Legislative Findings

The General Court finds that:

Community-based non-profit organizations provide valuable services to neighborhoods throughout the Commonwealth.

Building a strong, vibrant non-profit sector is a vital priority for the citizens of the Commonwealth.

Smaller, community-based non-profit organizations are in great need of funds that will support technical assistance, staff and board training, enhanced technological capabilities, and other means of improving performance.

The state of the economy has a significant impact on non-profit organizations, especially smaller organizations whose funding is heavily dependent on individual contributions.

Economic downturns have a disproportionately negative effect on smaller, community-based non-profit organizations.

Private foundation funding has proven insufficient to address the funding needs and exigencies of community-based non-profit organizations within the Commonwealth.

The Commonwealth has a direct interest in promoting a robust non-profit sector at the community level, especially for the purpose of serving otherwise unmet community needs.

(b) Commonwealth Community Fund

(1) Establishing the Commonwealth Community Fund

There shall be a Commonwealth Community Fund ("CCF"), which will assist community-based non-profit organizations by:

Awarding Organizational Development Grants and Emergency Operating Grants as defined in Section 3(c) below; and,

Providing technical assistance as specified in Section 3(d) below.

The CCF shall be established as a quasi-governmental agency within the Office of the Secretary of State.

The CCF shall be subject to audit and inspection by the Office of the Treasurer.

(2) Board of Trustees and Staffing

There shall be a 16-person Board of Trustees that, consistent with the specifications of this Act, will be responsible for major policy decisions of the CCF, including but not limited to:

Promulgating by-laws;

Adopting annual budgets;

Filing an Annual Report with the Secretary of State;

Establishing eligibility guidelines, reporting requirements, and evaluation standards for grant recipients;

Evaluating grant applications and making grant awards; and,

Hiring and evaluating staff to administer the CCF.

Selection of Trustees

The first Board of Trustees to be seated will be appointed by the Governor, Secretary of State, President of the Senate, and Speaker of the House. Each of these elected officials will appoint 2 people to 1-year terms and 2 people to 2-year terms.

In each subsequent year, the Board will replace half (8) of its trustees. To do so, each year the remaining and departing trustees will elect 4 new members to serve 2-year terms, and the Governor, Secretary of State, President of the Senate, and Speaker of the House each will select 1 new trustee to serve a 2-year term.

Primary criteria for selection of trustees shall include: Leadership, managerial, and programmatic experience, both paid and volunteer, in community-based non-profit organizations; leadership, managerial, and programmatic experience, both paid and volunteer, in foundations that support community-based non-profit organizations; experience in receiving services from community-based non-profit organizations; and geographic diversity.

No person may serve more than 2 consecutive terms as a trustee.

Each year the Board shall elect a chairperson, vice-chairperson, and secretary.

Trustees will serve on an uncompensated basis but will be reimbursed for travel and incidental expenses incurred in performing their duties as board members.

The Board shall be responsible for hiring staff responsible for the day-to-day operations of the CCF, who will serve at the pleasure of the Board.

The Secretary of State shall promulgate policies regarding conflicts of interest and disclosure for CCF trustees and staff.

(3) Grantmaking Activities

There shall be two categories of grants:

(i) Organizational Development Grants

Organizational Development Grants are intended to provide funding for technical assistance, staff and board training, and improving infrastructural and technological capacities.

The Board shall give primary weight to the following factors in evaluating applications for Organizational Development Grants: Demonstrated ability to serve the needs of local

communities; soundness of the request for funding and the probability that a grant will materially advance the work of the organization; and geographic diversity.

Emergency Operating Grants

Emergency Operating Grants are intended to provide funding to meet immediate payroll and operational expenses for organizations that are facing severe financial exigencies.

The Board shall give primary weight to the following factors in evaluating applications for Emergency Operating Grants: Demonstrated financial exigency; demonstrated ability to serve the needs of local communities through delivery of human services and/or neighborhood advocacy and empowerment; organizations that provide a unique contribution to serving community needs; soundness of plans for obtaining future funding after the provision of an Emergency Operating Grant; and geographic diversity.

(iii) An eligible organization may submit a single grant application requesting funding from both categories of grants, subject to the restrictions in Section 2(4) below.

(iv) Eligibility. In order to be considered for a grant from the CCF, an organization must:

be approved as a tax-exempt entity by the United States Internal Revenue Service or be sponsored by an organization that has been so approved;

be registered as a non-profit corporation with the Secretary of State's office, or be sponsored by a non-profit corporation that is so registered;

have been operational for at least two years prior to the date of application for a grant; and,

have had annual operating budgets of less than $500,000 during the two-year period preceding the date of application for a grant.

Restrictions. No organization shall:

Receive a grant in excess of 5 percent of the CCF's total annual budget allocations for grants;

Receive grants for more than 2 consecutive fiscal years.

(4) Technical Assistance

When appropriate, the staff of the CCF may provide technical assistance to funded organizations.

(c) Funding and Budgeting for the Commonwealth Community Fund

The CCF shall be funded by proceeds from a lottery game operated by the Massachusetts Lottery Commission that will provide the CCF with an initial $30 million endowment.

No tax revenues shall be used to fund the CCF.

The CCF will accept private contributions to its endowment but will not actively solicit them.

The Office of the Treasurer shall manage the endowment of the CCF.

The Annual Budget of the CCF shall be a sum equal to, or less than, the amount of interest earned by the CCF's endowment during the prior fiscal year. The Annual Budget shall be approved by the Board of Trustees.

The Annual Budget shall be allocated in the following manner:

10 percent of the Annual Budget shall be allocated to staffing and operational expenses for the CCF;

60 percent of the Annual Budget shall be allocated to Organizational Development Grants; and,

30 percent of the Annual Budget shall be allocated to Emergency Operating Grants.

(7) Unused funds at the conclusion of a fiscal year shall be carried over to the following fiscal year or reinvested in the endowment, at the discretion of the Board of Trustees.