

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:

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

3 SECTION 36

4 COMMONWEALTH COMMUNITY FUND

5 (a) Legislative Findings

6 The General Court finds that:

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

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

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

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

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

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

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

22 (b) Commonwealth Community Fund

23 (1) Establishing the Commonwealth Community Fund

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

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

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

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

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

32 (2) Board of Trustees and Staffing

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

35 Promulgating by-laws;

36 Adopting annual budgets;

37 Filing an Annual Report with the Secretary of State;

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

40 Evaluating grant applications and making grant awards; and,

41 Hiring and evaluating staff to administer the CCF.

42 Selection of Trustees

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

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

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

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

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

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

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

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

63 (3) Grantmaking Activities

64 There shall be two categories of grants:

65 (i) Organizational Development Grants

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

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

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

72 Emergency Operating Grants

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

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

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

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

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

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

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

90 and,

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

93 Restrictions. No organization shall:

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

96 Receive grants for more than 2 consecutive fiscal years.

97 (4) Technical Assistance

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

100 (c) Funding and Budgeting for the Commonwealth Community Fund

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

103 No tax revenues shall be used to fund the CCF.

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

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

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

110 The Annual Budget shall be allocated in the following manner:

111 10 percent of the Annual Budget shall be allocated to staffing and operational expenses
112 for the CCF;

113 60 percent of the Annual Budget shall be allocated to Organizational Development
114 Grants; and,

115 30 percent of the Annual Budget shall be allocated to Emergency Operating Grants.

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