

Connections

Coalition to help nonprofits

Independent Sector, a Washington-based coalition of nonprofits, has launched a new initiative designed to help nonprofits communicate better with the public, policy-makers and the media.

Peter Shiras, a vice president of InterAction - another nonprofit coalition - has been named director of Independent Sector's new public policy initiative.

In that role, Shiras will direct a large-scale grassroots education project that will encourage nonprofits to speak out on important policy issues and promote tax policy supports for charitable giving.

Prior to working for InterAction, Shiras was director for public policy for Catholic Relief Services in Baltimore and has published articles in *The New York Times*, *The Washington Post* and *The Christian Science Monitor*.

"We are pleased to have someone with Peter's extensive public policy and media experience heading up this new effort," said Sara Melendez, Independent Sector's president, in a statement announcing the program. "He has a strong background in government relations, a good knowledge of IS members and demonstrated experience in the planning and development of national issues."

In his new role, Shiras will develop communications strategies and materials to promote understanding of the nonprofit sector and develop support among policymakers, the media and local charities.

The new public policy initiative is part of Independent Sector's plan to step up advocacy and communications efforts on behalf of nonprofits.

Founded in 1980, Independent Sector is a national leadership forum that works to encourage philanthropy, volunteering and citizen action. The coalition consists of 800 nonprofits, foundations and corporate giving programs.

For details, contact the coalition at (202) 223-8100 or visit the organization's Internet Web site, <http://www.indepsec.org>.

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Increasing efficiency

Smart Start leaders OK incentives

Leaders of the state's Smart Start program for early childhood development have approved a plan designed to encourage more multi-county partnerships for children's services.

By BARBARA SOLOW

As part of an effort to become more efficient and effective, leaders of North Carolina's Smart Start early childhood development initiative want the program to go regional.

A plan adopted in January by the board of the North Carolina Partnership for Children will offer incentives to existing or new Smart Start programs that establish multi-county partnerships or other means to "improve administrative efficiency."

CHILDREN

Incentives will include giving higher priority to multi-county applications and added financial resources and technical help from the state partnership - which oversees the Smart Start program.

Gov. Jim Hunt has said he wants to see Smart Start extended from 55 to all 100 North Carolina counties by 2000. Three of the existing local programs already are multi-county models: The Region A Partnership for Children (Haywood, Jackson, Macon, Swain, Graham, Clay and Cherokee); the Down East Partnership (Nash and Edgecombe); and the Lenoir/Greene Partnership.

New regional partnerships would be developed to address "many areas of responsibility, including fiscal and



Regionalizing the state's Smart Start program would help it expand, supporters say.

contracts management, transportation planning, health services, program planning and evaluation, as well as resource development," the board's plan says.

Guiding principles for organizing regional Smart Start partnerships include increasing efficiency of service delivery to children and families, and maintaining local autonomy, decision-making and control over those services.

In addition, Smart Start leaders say the new plan will allow inclusion of as-yet unfunded counties that may not be able to launch Smart Start

organizations on their own.

The state partnership launched a request-for-proposal process in February for applications for multi-county programs. Recommendations for approval of those applications will be made in May.

Decisions on the governance, staffing and structure of multi-county partnerships will be left to local boards of directors - as long as they stay within broad guidelines established by the General Assembly. Standards for fiscal integrity and accountability will be set and monitored by the state partnership.

The regionalization plan was developed by a special committee appointed by the state partnership board. The committee, chaired by state Rep. Carolyn Russell, R-Wayne, consisted of 10 state partnership board members, four local partnership directors and David Walker, executive director of the state Smart Start organization.

For information on Smart Start, call the state partnership at (919) 821-7999 or visit the program's Internet Web site: <http://www.smartstart-nc.org>.

Checking the books

IRS audit of UNC-CH eyes benefits, taxes

An Internal Revenue Service audit of the University of North Carolina at Chapel Hill, UNC-Hospitals and UNC-Charlotte which is expected to last two years or more - is part of a nationwide effort the IRS has launched to examine the books of nonprofit colleges and hospitals.

By BARBARA SOLOW

An audit of the University of North Carolina at Chapel Hill, UNC-Hospitals and UNC-Charlotte which is expected to last two years or more - is part of a nationwide effort the IRS has launched to examine the books of nonprofit colleges and hospitals.

EDUCATION

The agency does not comment on specific audits or acknowledge which ones are underway. But it has acknowledged that teams of auditors began in the early 1990s to look at large institutions at which the lines between nonprofit and for-profit activities sometimes can be blurred - specifically, universities and hospitals.

The agency has collected approximately \$5.2 million from 11 such audits it has completed. In one case, at the University of Nebraska, the IRS found the university had made mistakes in failing to withhold taxes from foundation stipends that went to highly-paid employees such as coaches and administrators, and from medical practices of university professors.

The University of Wisconsin at Madison reportedly still is fighting an IRS bill for \$81 million in back taxes, and the University of Michigan recently negotiated its \$7.7 million bill down to \$124,366.

When asked if the North Carolina audit will have any effect on grant programs or foundations operated by UNC-Chapel Hill, Roger Patterson, the



The IRS is looking at the books of UNC-Chapel Hill as part of a larger focus on U.S. nonprofits.

university's vice chancellor for finance, says probably not.

"I'm not saying the IRS hasn't been looking at that," he says. "But it's generally not an area where they spend a lot of time. They look at some research-type grants, but not extensively. They know the areas they want to hone in on."

Those areas likely are fringe benefits paid to university employees, retirement programs and activities that might generate "unrelated business income taxes" such as university-owned golf courses, Patterson says.

Even if no penalties are levied, IRS audits can cause headaches for large nonprofits.

In a previous review of Duke University, the IRS said officials should treat instructors for the university's continuing education program as employees. Past practice had been to treat the instructors as independent contractors.

University officials have said that making the change would generate significant red tape and could affect the willingness of individuals to work as instructors for continuing education programs, such as the statewide nonprofit management certificate course.