



Published on National Council of Nonprofits (<https://www.councilofnonprofits.org>)

Original URL: <https://www.councilofnonprofits.org/nonprofit-champion-july-24-2023>

Nonprofit Champion | July 24, 2023

Federal

The Growing Threat of a Government Shutdown

The debt-limit deal between President Biden and Speaker McCarthy was supposed to declare a truce on budget brinkmanship, but actions in the Senate and House demonstrate that chaos continues and a government shutdown in early October is not just possible, but likely. The [Fiscal Responsibility Act](#), the legislation Congress passed to end the debt-limit crisis and enforce the Biden/McCarthy deal, set strict spending limits and timelines. In recent weeks, Senate appropriators have advanced bills that exceed those caps by \$13.7 billion. House appropriators, on the other hand, appear to have no intention of meeting the spending levels in the agreement, offering bills that cut spending in the coming fiscal year by more than \$119 billion. Those cuts include proposed [elimination of some job training programs](#) provided by charitable nonprofits, to name one example. Many of the House bills are also peppered with policy riders – prohibitions on specific policies or practices – such as blocking the President’s Executive Orders on racial and gender equity and LGBTQ+ rights, and reinstating former President Trump’s ban on diversity, equity, and inclusion trainings in the federal workplace.

By the calendar, Members of Congress now have 68 days to resolve their many differences before the start of the next fiscal year. With a month's-long recess looming at the end of this week, the number of working days when both chambers are in session drops to 15. During the August recess, when Representatives and Senators are back home, charitable nonprofits have the opportunity to meet with them and explain how funding and policy decisions in the appropriations bills affect communities and how a government shutdown harms everyone.

Worth Reading

- [When the next government shutdown could be and how it could be avoided](#), Jeff Stein, *Washington Post*, July 24, 2023.
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Bipartisan Federal Grants Reforms Taking Shape

This month, Senators Gary Peters (D-MI), John Cornyn (R-TX), and James Lankford (R-OK) introduced the [Streamlining Federal Grants Act of 2023 \(S. 2286\)](#), legislation designed to improve the effectiveness and performance of federal grants and cooperative agreements, simplify the application and reporting requirements, and facilitate greater coordination among government agencies responsible for delivering services to the public. The bipartisan bill also seeks to improve the services delivered to communities and organizations that historically have not received federal grants or cooperative agreements. Numerous provisions embedded in the *Streamlining Federal Grants Act* create opportunities for charitable organizations to work with their partners in government to overcome longstanding hurdles to access and performance under federal grants. These include mandated consultation between government officials and grantees, clarification and simplification of government notices of funding opportunities, and elevation of training and assistance for potential applicants of grants. Learn more about [the legislation and the benefits to charitable nonprofits](#).

Worth Quoting

- “The federal government relies heavily on charitable nonprofits to perform services in every community across the United States. Yet the federal grants

process is needlessly complex, exclusionary, and a reason the current nonprofit workforce shortage crisis is so severe. The networks of the National Council of Nonprofits strongly support the Streamlining Federal Grants Act as a needed step in de-complexifying federal grant making and providing clarity and fairness that will benefit all Americans.”

~ Tim Delaney, President & CEO of the National Council of Nonprofits, quoted in [Peters, Cornyn and Lankford Introduce Bipartisan Bill to Help Improve the Federal Grant Application Process](#), joint news release, July 17, 2023.

- “This legislation will greatly improve access to federal grants for underserved communities and streamline the application process. I want to extend my deepest gratitude to Senator Gary Peters, Senator John Cornyn, and Senator Lankford for their leadership and commitment to making federal grants more transparent, efficient, and accessible for organizations in need.”

~ Jody Levison-Johnson, President and CEO of Social Current, quoted in the [Senators’ joint news release](#).

- “While having the most to gain from Federal services and funding, the smallest nonprofits are generally excluded from opportunities by onerous applications and reporting requirements. The Federal government has created programs to assist small, minority, and women-owned businesses develop their capacity and access federal funds, they have not done the same for America’s safety net nonprofits led by similar individuals.”

~ Walter Simmons, **Maryland Nonprofits** Board Chair, quoted in the [statement of Maryland Nonprofits](#) on the Streamlining Federal Grants Act, July 19, 2023.

Federal *FastView*

- **Overtime Rule Revisions Coming:** The Labor Department’s long-promised revisions to the overtime rules under the Fair Labor Standards Act likely will be published in August. The draft regulations reportedly are at the Office of Management and Budget for final review before publication. The overtime

regulations, last updated during the Trump Administration, guide the determination for whether employees are exempt from overtime pay after 40 hours of work because they work in white-collar jobs. The new proposed regulations are expected to raise the salary-level test above the current level of about \$35,600/year (\$684/week). The draft may also propose changes to the “duties test” for determining whether the work performed by the individual equates to the typical responsibilities of exempt executives, administrative staffers, and professionals. Once published next month, the public will have an opportunity to submit comments. For background, see [Breaking down your nonprofit's obligation to pay overtime](#).

- **Tracking ARPA Investments:** Of the \$350 billion allocated to governments under a special program in the American Rescue Plan Act (ARPA), governments of all sizes have spent about \$100 billion to shore up their own finances, according to data released by the Treasury Department. The Coronavirus State and Local Fiscal Recovery Funds program created under ARPA provided funds for state, county, city, Tribal, and territorial governments to help their communities and residents recover from the Covid-19 pandemic. Charitable nonprofits are eligible to receive these ARPA-related funds both to help them recover from the pandemic’s impact and as providers of services to others on behalf of those governments. The Treasury Department estimates that 80% of the funds have been spent or obligated so far, meaning there is still about \$70 billion in funds available to be invested in the work of charitable nonprofits. Read the [Treasury analysis](#) and the [news release](#) and learn [how your nonprofit can advocate to secure some of these dollars](#).
- **Accessing Energy Efficiency Improvements:** The U.S. Department of Energy (DOE) announced an investment to fund energy efficiency improvements in the nonprofit sector. The [Renew America’s Nonprofits](#) program, enacted as part of the Bipartisan Infrastructure Law, is a \$45 million grant program designed to help reduce energy use in buildings owned and operated by charitable nonprofit organizations. Applications are **due on August 3** from 501(c)(3) nonprofits to become Prime Recipients (which will receive the grant funds and subaward to other nonprofits and partners). It’s not too late to join the “Teaming List” [on the main program page](#) to connect with others in your community and potential Prime Recipients. You can also find FAQs there. For application information, recorded webinars, and contact information, [visit the Funding Opportunity Announcement page](#).

- **Improving Child Care Access:** The federal government is proposing improvements to child care provider payment rates and practices to increase parental choice for child care arrangements and help stabilize operations for participating providers. Under [proposed rules](#) published this month by the Department of Health and Human Services, payments for child care by certain low-income families would be capped at no more than 7% of family income under the Child Care & Development Block Grant (CCDBG) program, which supports 1.5 million children each month. An estimated [80,000 families would benefit](#) under the proposed changes. Currently only [14 states have copayment rates at or below](#) the affordability mark of 7%, while others require payments up to 15%. The public can [submit comments](#) **by August 28**. The revised rules are part of a larger comprehensive package of [executive orders to increase access to high-quality care](#) signed by the President in April.
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Worth Reading

On affirmative action

- [Hiring for Diversity? 10 Takeaways From the Supreme Court's Affirmative-Action Ruling](#), Drew Lindsay, *Chronicle of Philanthropy*, July 13, 2023.
- [How Will the Affirmative Action Ruling Impact Health Care?](#), Michelle Andrews, KFF Health News, *Governing*, July 11, 2023.
- [Republican state officials threaten legal action over company diversity policies](#), Daniel Wiessner, *Reuters*, July 14, 2023.

On the state of the nonprofit sector

- [A Note of Gratitude and a Word of Warning from Nonprofits](#), Tim Delaney, President and CEO of the National Council of Nonprofits, Center for Effective Philanthropy blog, July 20, 2023.

State and Local

Taking Action to Preserve and Expand Child Care

The availability, affordability, and financing of quality child care has become a mainstream concern both because the lack of child care is a [cause of nonprofit workforce shortages](#) and because of the [looming child care cliff](#) in September when pandemic-related federal relief ends. Governments have been [taking steps to provide for child care workers](#), expand access to child care, and shore up funding for programs.

- **Early Childhood Educator Pay Equity:** Last year the **District of Columbia** began providing dedicated funding to enhance the wages of early childhood educators to achieve pay parity with licensed child care facilities and DC Public Schools. The [Early Childhood Educator Pay Equity Fund](#), funded through a tax on high earners in the District, provides an additional \$10,00-\$14,000 in compensation for teachers, home providers, Montessori teachers, caregivers, and assistants. The program [intends to address gender discrimination and systemic racism](#), improve staff recruitment and retention, and enhance quality of care.
- **State Child Care Investments:** [Idaho](#) lawmakers appropriated \$28 million to restore child care business grants, and **Montana** created the [Best Beginnings Child Scholarship Program](#) and appropriated \$7 million to help low-income families cover child care costs. [Minnesota](#) policymakers approved a \$750 million investment to attract and retain child care workers, expand programs, and lower tuition. As part of the Care for Women, Children, and Families Act, lawmakers in [North Carolina](#) appropriated \$75 million to expand access to child care and increase subsidies. A bill awaiting the Governor's signature in **Oregon** would establish a [Child Care Infrastructure Fund](#) for grants and loan programs to provide financial assistance to eligible applicants, including nonprofit child care facilities, for early child care infrastructure activities.
- **Generating Revenues for Child Care:** Last year **New Mexico** voters approved a [constitutional amendment to make child care a right](#) and authorized the state to pay for it through oil and gas leases. No-cost care is [provided to anyone making less than 400%](#) of the federal poverty level (\$120,000 per year for a family of four). Lawmakers in **Vermont** overrode the Governor's veto to expand eligibility for child care subsidies and raise the rate for reimbursements. A 0.44% payroll tax will partially fund the \$120 million program. Other states are funding childhood education through sports betting.
- **Employment Incentives:** This year [Mississippi](#) lawmakers established a 50% tax credit for employers that provide a stipend to employees of at least \$6,000

for dependent child care. A bill in **Maine** initially sought to [require large employers, including nonprofits, to provide on-site child care](#) and pay at least 50% of childcare expenses if they receive tax credits or other state money and incentivizes. The bill was eventually revised instead to have the Children's Cabinet Early Childhood Advisory Council [identify and review obstacles to childcare availability](#) and submit recommendations for improvements.

- **Child Tax Credits:** [Twelve states have child tax credits](#) to provide financial relief to parents and their children. Eligibility requirements differ across the states and may depend on family income and age of the child. A bill pending in [North Carolina](#) would restore its tax credit. A new law in [Colorado](#) increases the state child tax credit up to \$1,000. A [separate law in the state](#) requires employers to provide annual notice to employees of the child tax credit. [Colorado](#) also extended for three years its tax credit of 50% for charitable donations to promote child care.
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Worth Reading

- [Amid looming 'child care cliff,' states scramble to bolster programs](#), Molly Bolan, *Route Fifty*, June 24, 2023.
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Re-Evaluating Tax Exemptions

Two states are re-evaluating certain tax exemptions afforded to charitable nonprofits. A new law in **Maine** requires the Office of Tax Policy to review and [study the legislative history of exemptions for nonprofits](#) from sales and use tax and service provider tax in the state. The resulting report, which is due at the beginning of the next legislative session in 2024, must include covered and excluded entities and analyze the impact if the eligibility criteria were broadened or changed. Some local governments in **Pennsylvania** are joining in a trend of [questioning charity care and community benefits](#) of nonprofit hospitals. Recently, a local school district sued and won an appeal after losing tax revenues when a nearby hospital was bought and converted to a tax-exempt nonprofit hospital system. The court cited hospital executive pay compared to charity care and community benefits for its decision.

Voter Access, Restrictions

Some states and politicians are finding common ground on policies to make [elections more convenient, safe, and secure](#), focusing on protections for election workers, expansion of voting access, and strengthening election integrity. Laws passed in **Colorado**, **Nevada**, and **Oklahoma** establish or increase penalties for threats against election officials and poll workers. Lawmakers in **Minnesota** and **New Mexico** passed bills authorizing automatic voter registration. And policymakers in Minnesota and **Utah** have passed policies to build a system that increases trust in the process through public testing of voting machines. [Nevada](#) Governor Lombardo signed into law a package of reforms to expand voting access on tribal lands and in jails, and to protect election workers and invest in resources for smoother elections at the state and county levels.

Going in the opposite direction, about a dozen other states have passed a “near-record number of new restrictive voting laws so far this year,” according to a [Voting Laws Roundup](#) by the Brennan Center for Justice. Restrictions in those states include making it harder for eligible Americans to register, stay on voter rolls, or cast a ballot compared to prior existing state laws. Other laws deal with election interference and ballot measures. [Texas](#) Governor Abbott vetoed a bipartisan bill to expand vote-by-mail and electronic delivery for people with disabilities, including individuals who are blind, paralyzed, or need assistance.



Nonprofit VOTE Webinar

[Planning Your National Voter Registration Day Event](#)

Tuesday, Aug. 1 | 2:00 pm Eastern

National Voter Registration Day, the national day to respect and promote voter registration, is on Tuesday, September 19. Join this webinar to learn what your nonprofit can do to make the event fun, inclusive, and successful for your communities.

[Register now.](#)

Numbers in the News

\$70 Billion

The amount of unspent and unobligated funds still available to charitable nonprofits and others via the Coronavirus State and Local Fiscal Recovery Fund enacted as part of the American Rescue Plan Act. Learn more about [accessing these important resources](#).

Source: [New Treasury Department Data Shows American Rescue Plan Funding Drove Key Investments in Economic Development in Communities Across the Country](#), Treasury Department, July 14, 2023.

\$84 Million

The amount of overlooked deductions, credits, and tax breaks for low-income Americans recovered in the 2023 tax season by a network of nonprofit tax preparers led by AmeriCorps.

Source: [Low-Income Americans Receive Record \\$84 Million in Tax Relief in Nationwide AmeriCorps Effort](#), AmeriCorps news release, July 20, 2023.

Nonprofit Advocacy Events

- July 25, [Policy Call](#), Florida Nonprofit Alliance
- Aug. 3, [Nonprofit Talent Summit](#), Momentum Nonprofit Partners (Memphis)
- Aug. 24, [Nonprofit+Grantmaker Conference](#), Alliance of Arizona Nonprofits & Arizona Grantmakers Forum

- Aug. 29-30, [Idaho Nonprofit Conference](#), Idaho Nonprofit Center

Advocacy in Action

Using the Powers You Have Series

The Power of Perseverance

It's often said that charitable nonprofits are a community of optimists. As in, we didn't cure cancer or end homelessness at work today? Well, we get come back and try again tomorrow! For this reason, the phrase "one and done" has little meaning to an individual committed to a nonprofit's mission.

An advocacy twist to another old saying is more apt: if at first you don't succeed, adjust your strategy and try, try, and keep trying until you achieve your policy goal. A recent example comes to mind that demonstrates the super power of nonprofit perseverance that every charitable nonprofit professional can and should deploy on behalf of their missions.

[Read the full article](#)

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