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Federal

Federal Spending Resolved for Fiscal Year...

Last week, President Biden signed the [Consolidated Appropriations Act, 2022](#), H.R. 2471, that provides about \$1.5 trillion in funding for the federal government through the end of the current federal fiscal year on September 30. The omnibus spending bill appropriates \$730 billion in domestic funding, a 7% increase over last year, and defense spending of \$782 billion, a 6% increase. The law includes more than 4,000 “congressionally directed spending” instructions (earmarks) for special projects in the districts of Members of Congress and about \$14 billion in new funding for aid to Ukraine, but no additional COVID-19 relief. Originally, the legislation included \$15.6 billion requested by the Administration for additional COVID-19 vaccines, testing, and medicine, but the House removed the provision after numerous Representatives objected to language rescinding (clawing back) about \$7 billion in unspent State and Local Fiscal Recovery Funds allocated under last year’s American Rescue Plan Act.

... But Action Still Needed on Nonprofit Policy Priorities

The massive spending package did not include much-needed [nonprofit pandemic and workforce shortage relief](#). Therefore, advocacy efforts must continue. Nonprofit advocates are eying at least three legislative vehicles for inclusion of nonprofit policy solutions to address challenges to charitable giving, critical nonprofit workforce shortages, and the decline in volunteerism, all of which are discussed in the [nonprofit community letter](#) (see below). One measure, a supplementary COVID-relief funding bill, has already [attracted attention as a potential vehicle](#) for certain for-profit businesses to attach their desired COVID-relief measures. Separately, there appear to be early negotiations over reviving some parts of the President's Build Back Better agenda and passing them on a Democrats-only budget reconciliation bill. Finally, and least optimal because of the delay of any relief, is the usual discussion of a year-end tax bill that could retroactively restore expired tax provisions. With substantial advocacy, nonprofit priorities could be attached to any one of these bills.

Senate Hearing Shows Need for Nonprofit Relief

Last week, the Senate Finance Committee held a [hearing on trends in the nonprofit sector and charitable giving](#). Senators from both parties spoke to the many ways that nonprofits benefit communities and expressed their general support for tax policy solutions that would provide pandemic and workforce shortage relief to nonprofits. Opening the hearing, [Chair Wyden](#) (D-OR) repeated his mantra, "the charitable deduction is a lifeline, not a loophole," and called for restoring and increasing the universal charitable deduction above the previous level of \$300/individuals and \$600/couples. He also expressed support for the Employee Retention Tax Credit and the WORK NOW Act. [Sen. Lankford](#) (R-OK), serving as the acting Ranking Member, devoted his opening statement to promoting the Universal Giving Pandemic Response and Recovery Act (S. 618).

The panel of four witnesses focused mostly on charitable giving, plus shared some of the challenges nonprofits have faced during the pandemic. All agreed that more giving is required to address current and future needs. The witnesses also gave

testimony in support of restoration of the Employee Retention Tax Credit (ERTC), the need to reinstate the 100% AGI Cap for charitable giving, and an increase in the volunteer mileage rate, among other things.

National Council of Nonprofits Statement

The National Council of Nonprofits submitted a [Statement to the Senate Finance Committee](#) highlighting a range of pandemic-related operational challenges charitable nonprofits continue to experience to explain why Congress urgently needs to enact pandemic and workforce shortage relief for charitable nonprofits. The Statement identifies seven specific tax-policy solutions to those challenges, including restoring and improving expired charitable giving incentives, reinstating the Employee Retention Tax Credit and expanding it to cover as eligible payroll expenses child care and education subsidies nonprofits provide their employees, and increasing the Volunteer Mileage Rate (currently 14 cents per mile) to match the current business mileage rate (now 58.5 cents per mile).

Additional Nonprofit Letters

More than a dozen state associations of nonprofits submitted letters to their Senators who serve on the Senate Finance Committee providing background on the nonprofit community in their states, the impact of the pandemic on the organizations and residents they serve, and identifying policy solutions to addressing significant challenges. Here's a representative sampling:

- [Colorado Nonprofit Association](#)
- [Idaho Nonprofit Center](#)
- [Montana Nonprofit Association](#)
- [Center for Non-Profits](#) (New Jersey)
- [North Carolina Center for Nonprofits](#)
- [Nonprofit Association of Oregon](#)

Support for Universal Charitable Deduction

Restoration of the universal charitable or non-itemizer deduction was one of the key policy priorities promoted by nonprofits in letters to Senators prior to the hearing. The National Council of Nonprofits and numerous state associations of [nonprofits sent a separate letter](#) endorsing the [Universal Giving Pandemic Response and](#)

[Recovery Act](#) (S. 618) to Sen. Lankford (R-OK), the bill sponsor.

What Nonprofits Want

The Nonprofit Policy Priorities Detailed

The broad nonprofit community's policy priorities are detailed in the [Pandemic and Workforce Shortage Relief for Charitable Nonprofits Letter](#), updated March 14 to add recent signers of the letter that now totals more than 1,500 organizations from all 50 states. The letter calls on Congress and the Administration to provide "urgently needed pandemic and workforce shortage relief that will enable charitable organizations to fulfill their roles in our nation's relief, recovery, and rebuilding." It identifies nonprofit-specific policy solutions that would provide disaster relief, address nonprofit workforce shortages, and promote volunteerism to aid our communities. The letter is open for all charitable organizations to sign and circulate to show Congress and the White House that nonprofits in local communities throughout the country support these priorities.

Federal *FastView*

2020 Census Undercounted People of Color

Despite efforts by the nonprofit sector to secure a fair, accurate, and complete count, [certain populations have once again been undercounted](#) in the decennial Census. Specifically, [according to an analysis by the U.S. Census Bureau](#), Black or African American, American Indian or Alaska Native, Hispanic or Latino populations were undercounted in the 2020 Census, while Non-Hispanic white people and Asians were overcounted. Census data is used to [allocate more than \\$1.5 trillion of federal funds](#), redraw voting districts for political representation, and guide nonprofit and business decisions. Census Bureau Director Robert Santos [recommended changes to engage more minority communities](#) and address distrust with the government to avoid more miscounts in future censuses, including updating databases and rewording questions about race, ethnicity, employment, and income.

Overtime Regulations Up For Review

The Labor Department's [Wage and Hour Division recently announced](#) that it is reviewing the regulations that implement the exemption of *bona fide* executive, administrative, and professional employees from the Fair Labor Standards Act's minimum wage and overtime requirements. The review aims to update the salary level threshold for the so-called "white-collar exemptions" (currently set at \$35,568 annually). Recognizing smaller employers may have concerns about proposed changes, the Small Business Administration Office of Advocacy is holding a virtual roundtable to hear directly from small businesses and nonprofits. This **Small Business Virtual Roundtable on Upcoming Overtime Regulations** will take place on **Friday, March 25, 2022, 2:00 pm - 3:30 pm Eastern**. Nonprofits are invited to register for the roundtable by sending an email to Janis.Reyes@sba.gov.

Relief for Borrowers: Public Service Loan Forgiveness

Nonprofit employees and other eligible borrowers have until October 31 to take advantage of the Limited Waiver for [Public Service Loan Forgiveness](#), which provides for forgiveness of eligible federal loans after 120 eligible payments while working for 501(c)(3) charitable nonprofits and government employers. To spread the word, our next Accessing Public Service Loan Forgiveness webinar will be held on **Tuesday, April 5 at 1 pm Eastern** in partnership with the [Student Borrower Protection Center](#). [Register for the Webinar!](#)

State and Local

The Pandemic, Nonprofit Work Shortages, and the Need for Volunteers

Two years into the pandemic, [charitable nonprofits from across the country report](#) experiencing significant difficulties in retaining staff and filling vacancies, resulting in challenges delivering services. The **CT Community Nonprofit Alliance** recently posted survey results finding that nine out of 10 nonprofits say it's difficult to recruit new employees. The theme of a recent Connecticut Public Radio broadcast

recognizes the challenge: [As burnout surges, nonprofits struggle to recruit and retain employees](#). Go here to [learn more about the nonprofit workforce shortages crisis](#).

Adding to the difficulties for nonprofits in advancing their missions, the decline in volunteerism remains a major concern. Nonprofits that rely on volunteers to provide services in their communities, such as tutoring and food delivery, are not seeing a return to pre-pandemic levels, citing multiple factors in addition to COVID-19. In **Maine**, for instance, volunteers expressed concerns such as transportation, limited internet access, and physical health/safety, according to [survey results of Maine nonprofits](#). When schools were closed, students were not volunteering as part of their graduation requirements, either because the school district waived the requirement or students found alternatives. As a result, [thousands of volunteer hours disappeared](#) during a critical period. Another challenge is gas prices, which topped an average of \$4.25/gallon nationwide last week, according to the [American Automobile Association](#). These increases put additional budgetary strains on nonprofits that depend on volunteer drivers, like [Meals on Wheels](#) and the [Independent Transportation Network](#), which have reported a decline in volunteers. Notably, the [volunteer mileage rate](#) remains at 14 cents per mile because it is set as a fixed rate that has not been updated since it was set 25 years ago, and volunteers reimbursed for their mileage may have to pay income taxes on any amount that exceeds that rate.

Tracking ARPA Fund Investments

Since passage of the American Rescue Plan Act in March 2021, the networks of the National Council of Nonprofits have been advocating for state and local governments to look to charitable organizations as community partners when investing their federal allocations under the Coronavirus State and Local Fiscal Recovery Funds. Below are examples of recent local spending decisions involving government and nonprofit partnerships. See also, [Strengthening State and Local Economies in Partnership with Nonprofits](#) for an analysis of the law, guiding principles, program design recommendations, and examples of successful state and local models.

Spotlighting Local ARPA Investments

This month, Newark, **New Jersey**, announced its new [Neighborhood Investment Program](#) that will hire community-based nonprofit organizations to “strengthen Newark’s commercial corridors and help small businesses recover and thrive.” [Coweta County, Georgia](#) is inviting local nonprofits to apply for grants of \$25,000 or more for projects that support equitable economic recovery from the pandemic or that address systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color. After receiving input from two public meetings and several group sessions, the Mayor of [Reading, Pennsylvania](#) is asking the City Council to reserve \$5 million of its ARPA allocation for a competitive grants programs for nonprofits to support community needs. Finally, **Common Good Vermont** isn’t waiting for local governments to seek out good ways to invest ARPA funds. The state association of nonprofits issued a new [Nonprofit Guide for Local ARPA Funds](#) that offers strategies for nonprofits on how to advocate for local government-nonprofit partnerships and shares how some municipalities are making decisions and spending their allocations.

Keeping Track of ARPA Funding

Local: [Local Government ARPA Investment Tracker](#), Brookings Institute, Feb. 3, 2022

State: [ARPA State Fiscal Recovery Fund Allocations](#), National Conference of State Legislatures, updated Mar. 10, 2022.

Nationwide: [ARPA Spending Website](#), National Council of Nonprofits, updated regularly.

Worth Quoting

- “The pandemic pushed us to new levels of thinking differently. Nonprofit leaders stretched their imaginations and their resources to adjust to the whirlwind of uncertainty. Decisions and choices were never perfect, and yet, they had to make the call, leap into the unknown, and plan to mitigate any risk that may occur. Their organization’s survival required constant adaptation.”

— Sheila Bravo, President and CEO of the **Delaware Alliance for Nonprofit**

Advancement, writing in [Failure Isn't Fatal: Nonprofits are changemakers.](#), *Delaware Business Times*, Mar. 8, 2022.

Worth Reading

- [Collaboration Provides Effective Approach to State's Human Services](#), Katherine Barrett and Richard Greene, *Route Fifty*, Mar. 15, 2022. Highlighting the joint efforts by a government official and nonprofit leaders, including Marnie Taylor, President & CEO of the **Oklahoma Center for Nonprofits**, to address community needs.
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Worth Studying

- [Where States Get Their Money](#), Pew Charitable Trusts, Feb. 24, 2022, providing breakdowns of the share of revenues in each state coming from taxes, federal funds, and other sources.
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Trend Spotting

Funding the Arts

State lawmakers have been showing their own creativity in recent weeks by introducing and funding new programs that support arts and humanities activities in their states. A **Maryland** Senate bill would require the Governor to appropriate \$500,000 annually for a grant to the Maryland Humanities Council for a new [Strengthening Humanities Investment in Nonprofits for Equity](#) (SHINE) grantmaking initiative. A measure in **Idaho** ([S. 1391](#)) would dedicate \$766,000 in American Rescue Plan Act funds for the Commission on the Arts for pandemic grants to arts organizations. A **West Virginia** bill ([H.B. 4479](#)) on the Governor's desk would establish the [Coalfield Grant Facilitation Commission](#) to review and approve awards of matching funds for federal, state, or private grants for projects in the public interest and for a public purpose. These could include projects promoting or developing an artistic or philanthropic purpose, creating or expanding recreation, preserving historic buildings, improving quality of life through childcare access and public transportation, and creating drug and substance abuse rehabilitation

programs and facilities.

Numbers in the News

11.9 million

The number of jobs lost by women from February to April 2020, compared to 10.1 million jobs lost by men in that same period. Women of color experienced the pandemic's "most significant employment impacts across nearly all groups."

Source: [Bearing the Cost: How Overrepresentation in Undervalued Jobs Disadvantaged Women During the Pandemic](#), U.S. Department of Labor, Mar. 15, 2022.

Nonprofit VOTE Webinar

[Making a Voter Engagement Plan in 2022](#)

Mar. 31, 2022 at 2:00 pm Eastern

Now's the time to be developing a plan to engage voters in your state and community! This webinar will walk you through the Nonprofit VOTE templates and resources to create a plan that leverages existing activities by adding voter. [Register now!](#)

Upcoming Events

- Mar. 22, [MNA Legislative Day](#), Michigan Nonprofit Association
- Mar. 22, [Quarterly Policy Update](#), Washington Nonprofits
- Mar. 24, [Nonprofit Policy Briefing](#), North Carolina Center for Nonprofits
- Mar. 29 & 31, [Nonprofit Finance & Sustainability Conference](#), Minnesota Council of Nonprofits
- Apr. 5, [Building Your Public Policy Agenda](#), Momentum Nonprofit Partners

Listen, Speak, Advocate: Listening Sessions Provide Opportunities to be Heard

Policymakers and officials listen to nonprofits because nonprofit professionals often are the closest to their communities. Nonprofits are on the frontlines of where the needs are, see what those needs are, and know the solutions to meet those needs. Policy briefings and listening sessions, round tables, and advocacy meetings held by both nonprofits and government officials provide opportunities for in-depth conversations to hear about those needs. Importantly, these sessions can generate policy ideas and consensus that lead to lasting solutions.

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