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Federal

Key PSLF Deadline is Oct. 31 - Check Your Status Today

Time is running out for nonprofit employees with federal student loan debt to take advantage of the time-limited [expanded relief under the Public Service Loan Forgiveness \(PSLF\) program](#). If you work for a nonprofit and have federal student loans, **you only have until October 31 to apply** for this temporary expansion of the program. PSLF is a federal program that allows nonprofit workers to earn forgiveness of federal student loans after working fulltime and making 120 payments. The forgiveness process zeroes out the remaining balance of the loans and relieves workers of a substantial financial burden. Nonprofit workers can benefit from the [Temporary PSLF Waiver](#) available through the end of October to have payments that previously didn't count toward forgiveness included.

[Learn how you could be much closer to loan forgiveness than you think!](#) Join a free, national webinar tomorrow, **Tuesday, Oct. 18 at 3:00 Eastern**. [Register now](#).

Worth Watching

Check out these videos to get answers to your PSLF questions, in [English](#) and [Spanish](#).

- [Public Service Loan Forgiveness Q&A](#) (6:02), National Council of Nonprofits, Oct. 12, 2022.
- [Condonación de Préstamos por Servicio Público](#) (6:24), National Council of Nonprofits, Oct. 12, 2022.

Worth Listening

[Deadline for the Public Service Loan Forgiveness Program](#) (3:58), *KRVN Rural Radio*, Oct. 14, 2022.

Federal FastView

Proposed Regs: Employee or Independent Contractor?: Last week the U.S. Department of Labor (DOL) announced a [new proposed rule](#) for determining whether workers should be treated as employees or independent contractors under the Fair Labor Standards Act (FLSA). The distinction matters because under FLSA, employees, but not independent contractors, must be paid the minimum wage and overtime. The DOL is seeking to replace Trump-era regulations that made it easier for employers to classify workers as independent contractors. The proposed new rule would return to a more traditional six-factor “economic realities” test that would consider (1) the individual’s opportunity for profit or loss depending on managerial skill, (2) investments by the parties, (3) the degree of permanence of the work relationship, (4) the nature and degree of control by the employer, (5) the extent to which the work performed is an integral part of the employer’s business, and (6) the worker’s skill and initiative. The proposed rule is [open for public comments](#) **through November 28**. See [tips for filing comments on proposed rules](#).

Short-Form Tax Exemption Application Deeply Flawed: The simplified form for securing tax-exempt status for smaller charitable nonprofits (IRS Form 1023-EZ) does not require enough material for the IRS to determine which organizations are and are not legally eligible, according to a new [report from the Treasury Inspector](#)

[General for Tax Administration](#). The Inspector General's office conducted an undercover testing operation and secured §501(c)(3) status for four of five nonexistent organizations. The office also found that the IRS conducts follow-up reviews of fewer than one-percent of the Form 1023-EZ applicants that receive tax-exempt status. The [National Council of Nonprofits](#), [state charities officers](#), and the IRS Taxpayer Advocate have long criticized the short-form application as being inadequate, open to abuse, and harmful to the wellbeing of the charitable nonprofit sector. A recent [New York Times](#) investigation confirmed and further exposed the short form's serious shortcomings

Number of Donors Continues to Decline: The number of individuals giving to charitable nonprofits declined 7% in the first half of 2022 compared to the same period last year, according to the [latest data from the Fundraising Effectiveness Project](#). According to the report, the decrease in donors came from a collapse donations of less than \$500 and one-time donors.

Update on Higher Education Endowment Tax: The 2017 Tax Cuts and Jobs Act included a provision designed to make the wealthiest colleges and universities pay taxes on their endowment income, a tax [estimated at the time](#) to bring in \$200 million per year. According to an analysis of IRS data by the [Wall Street Journal](#), however, the endowment tax generated \$68 million from 33 schools. Institutions of higher education are subject to the 1.4% levy on their net investment income if they have at least 500 tuition-paying students, more than half of whom are in the U.S., and their endowment equals at least \$500,000 per student.

Democracy

Celebrate Vote Early Day 2022 on October 28

[Vote Early Day](#) is a civic celebration to encourage people to get out and vote early by knowing how, where, and when you can vote early. Join nonprofits, businesses, and election administrators by encouraging your employees, partners, board members, and communities to get out and vote before Election Day. Vote Early Day provides resources to know [where you can register and how to vote early](#) in your area. Nonprofits are encouraged to [join as a community partner](#) and use the [Vote Early Day Toolkit](#) with social media graphics and the [Voter Tool](#) for how to get

started, build activation, and help get the word out.

But don't stop there – know how to be [#VoteReady](#), join the movement to [provide paid time off for your employees](#) to serve as nonpartisan poll workers, give nonpartisan [state-by-state voter assistance](#), and recognize how voting affects everything from [veterans](#) to [mental health](#).

More Resources

[Vote with Your Mission](#), CalNonprofits, October 2022.

[2022 Ballot Measures](#), National Council of Nonprofits, Oct. 3, 2022.

[Voting and Election Laws](#), U.S. Election Assistance Commission, updated Oct. 11, 2022.

Worth Quoting

- "Our democracy depends on ordinary people who make sure every election runs smoothly and everyone's vote is counted."

— [Power the Polls](#), a campaign uniting nonprofits and businesses to help recruit and support poll workers through education, promotion, and activation of employers to give workers Election Day off so they can serve their community as poll workers.

Worth Reading

[Most in US say misinformation spurs extremism, hate](#), David Klepper, Associated Press, Oct. 13, 2022, reporting on survey results finding that greater than three out of four respondents (77%) think misinformation increases hate crimes, 73% say it increases extreme political views, and 91% believe the spread of misinformation is a problem.

[States Take New Steps to Stop Election Mistruths From Going Viral](#), Daniela Altimari, *Route Fifty*, Sept. 28, 2022.

Now, While They Are Paying Attention

Tell Federal Candidates to Restore Expired Tax Relief

Join the efforts of a national coalition of nonprofits [in urging the President and congressional leaders](#) to restore expired charitable giving incentives and the Employee Retention Tax Credit so nonprofits have much-needed resources to support relief and recovery efforts in their communities. Learn more at the [Natural Disaster Tax Relief](#) webpage.

Take Action: Tell your Senators and Representatives they must enact disaster relief legislation that restores and expands expired charitable giving and employment tax incentives before the next natural disaster hits.

- Email ([Representatives](#), [Senators](#)) and tweet to your [Representative and Senators](#) the new nonprofit disaster-relief letter: <https://bit.ly/3TD9l0G>.
- Retweet messages from [@NatlCouncilNPs](#) and [#Relief4Charities](#) to your [Representative and Senators](#).

Natural Disaster Resources:

[After a Disaster: Essentials of Nonprofit Communication](#)

[Disaster Recovery: What Donors and Nonprofits](#)

State and Local

Nonprofit Workforce Shortages

Child Care Shortages and Nonprofits

Market failures and lack of public investment in child care have led to crisis-level understaffing at child care facilities across the country, causing multiple stresses on all charitable organizations. The [well-documented nonprofit workforce shortage](#) persists in a time of low unemployment and rising wages due to pandemic-related and pre-existing problems. Research by the National Council of Nonprofits found that salary competition with the for-profit and government sectors is leading workers to

leave nonprofits jobs and a lack of child care options causes many potential employees to decline job offers from nonprofit employers.

The latest Federal Reserve data show that while total employment in the United States now exceeds pre-pandemic levels, some segments of the nation's workforce continue to struggle, most notably child care. Employment in facilities providing [child day care services](#) is still down by more than 100,000 jobs, representing 10% of pre-pandemic capacity. A critical factor is economics. One [writer observed recently](#) that the typical cost of sending a young child to day care exceeds the cost of in-state college tuition, yet child care workers [rank among the worst-paid employees](#), earning less on average than animal caretakers and housekeepers.

Worth Reading

- [How to fix America's broken child-care industry](#), *The Washington Post*, Oct. 11, 2022.

Worth Quoting

- "Caregiving — whether for elderly patients, or young children — is extremely labor-intensive. The labor itself is emotionally and physically demanding. And care recipients often cannot absorb the full cost of these services on their own. ... No wonder, then, that amid widespread labor shortages, and workers' demands for higher wages, nursing homes and child-care facilities are having difficulty holding onto staff."

— Catherine Rampell, [Care work is in crisis. That's a disaster for the rest of the economy.](#), *The Washington Post*, Oct. 13, 2022.

Worth Listening

- **Delaware:** [Explaining the nonprofit workforce shortage and how it's being addressed](#) (13:42) *The Green* on Delaware Public Radio, Oct. 14, 2022.
 - **Ohio:** [Nonprofit Workforce Shortage](#) (49:50) *All Sides with Ann Fisher*, WOSU-FM (Columbus, OH), Oct. 11, 2022.
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Communities Overcoming Poll Worker Shortages

Workforce shortages are also impacting the [ability of localities to carry out elections](#), leading some communities to seek creative solutions to ensuring the polls can open this election season. “Rather than saying, ‘We want you,’ like they did for the military, we’re saying, ‘We need you,’” stressed a Cook County, **Illinois** clerk at a press conference recently. Allegheny County, **Pennsylvania**, had a sign-up table at the Pittsburgh Steelers’ home opener to recruit veterans as part of its partnership with [Vet the Vote](#), a coalition reporting recruitment of more than 36,000 poll workers this year, so far. The county also set up a [Student Poll Worker Program](#), noting that three-out-of-five poll workers are at least 61 years old, and there is a need to engage and involve students who want to participate in democracy even if they cannot vote yet. Similarly, Montgomery County, **Maryland**, has a [Future Vote](#) program that allows the County’s Board of Elections to recruit student volunteers between the sixth and twelfth grade as election aides; so far, 709 students have signed up for this year’s elections. Finally, the [Poll Worker, Esq.](#) program led by the American Bar Association asks lawyers to volunteer or serve as poll workers. In nine states, lawyers who train and work at the polls can obtain Continuing Legal Education credits.

Worth Quoting

- “Our democracy depends on ordinary people who make sure every election runs smoothly and everyone's vote is counted.”
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States Consider Taxing Student Loan Forgiveness

Student loan forgiveness and debt cancellation are not considered taxable income under federal law; however, [many states treat the debt relief differently](#). State lawmakers and regulators are now moving to clarify tax policies on whether

borrowers must pay state income tax on any potential forgiveness or debt cancellation received. After the announcement of debt cancellation by the Biden Administration, governors and administrators in the [District of Columbia](#), [Hawai`i](#), [Massachusetts](#), and [Pennsylvania](#) announced that their states will not impose state income taxes. A [New York](#) bill moving through the Legislature would exclude any student loan forgiveness from state income tax. Going the other way, four states ([Indiana](#), [Mississippi](#), [Minnesota](#), and [North Carolina](#)) plan to maintain separation from the federal tax and treat student loan relief as taxable income. However, after the NC Department of Revenue clarified that student loan forgiveness is taxable for state income tax purposes, [Governor Cooper called on legislators to waive the tax](#). Borrowers in [Arkansas](#), [California](#), and Wisconsin must wait for further clarifications by legislators or regulators.

New Tool for Measuring State Nonprofit Regulatory Frameworks

Nonprofit researchers have introduced a new measure of state-level charity regulation, the [regulatory breadth index \(RBI\)](#), to provide baseline data to “accurately and appropriately measure state-based regulatory breadth” within a state and compared across states. The RBI contains five specific sub-indices: registration law and exemptions from registering; fundraising regulations; requirements for notice, filing, or review of transactions; requirements for audits; and requirements for notice or action for dissolutions. The tool is designed to be used as predictive, mediating, or a control variable for the differences in regulatory regimes. It can also enable nonprofit advocates and policymakers to “benchmark” regulatory frameworks across states.

Numbers in the News

\$16.20

The hourly minimum wage for workers performing work on or in connection with federal *contracts*, starting Jan. 1, 2023. **NOTE:** The wage mandate does not apply to federal *grants* – which is the primary type of written agreements between

governments and nonprofits for services provided by charitable nonprofits.

Source: [Minimum Wage for Federal Contracts Covered by Executive Order 14026, Notice of Rate Change in Effect as of January 1, 2023](#), Wage and Hour Division, U.S. Department of Labor, 87 FR 59464, Sept. 30, 2022.

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The average number of days between billion-dollar weather disasters, including droughts, fires, floods, hailstorms, hurricanes, and tornadoes in the U.S. over the past five years, up from 82 days in the 1980s.

Source: [Billion-Dollar Disasters in 2022](#), Climate Central, Oct. 11, 2022, using data from the [National Oceanic and Atmospheric Administration](#), Oct. 11, 2022.

Upcoming Events

- Oct. 18, [Nonprofit & Grassroots Advocacy](#), Nonprofit Connect (Kansas City, MO)
- Oct. 18-20, [30th Anniversary Conference](#), Maryland Nonprofits
- Oct. 18-20, [PANO Conferences](#), Pennsylvania Association of Nonprofit Organizations
- Oct. 19, [MNN Conference](#), Massachusetts Nonprofit Network
- Oct. 20, [Nonprofit Advocacy: Why Nonprofits and Why Now?](#), Nonprofit Association of Oregon
- Oct. 25, [Public Policy Action Network](#), Momentum Nonprofit Partners
- Oct. 25-27, [PANO Conferences](#), Pennsylvania Association of Nonprofit Organizations
- Oct. 26, [Employee Retention Tax Credit](#), NJ Center for Nonprofits
- Oct. 27, [Advocacy & Lobbying](#), Montana Nonprofit Association
- Nov. 8, [2022 Conference for Louisiana's Nonprofits](#), Louisiana Alliance for Nonprofits
- Nov. 10, [Nonprofit Summit of the Midlands](#), Nonprofit Association of the Midlands (Nebraska)

Advocacy in Action

The Value of Nonprofits: What Candidates Are Saying

Elections give charitable nonprofits the opportunity to raise candidates' awareness about both the impact of their organizations and the needs in communities. An excellent tool for generating profound insights is the nonpartisan candidate questionnaire.

In recent months, several state associations of nonprofits, including the **North Carolina Center for Nonprofits**, **Maine Association of Nonprofits**, and the **CT Community Nonprofit Alliance**, invited candidates running for local, state, and federal offices to share their insights on issues of interest to nonprofits and communities at large. To remain nonpartisan, charitable nonprofits cannot rank the candidates or comment on their responses. Still, reading the candidates' responses often reveals how experience working for or with charitable organizations can give a candidate insight into the policies and legislation that improve their communities.

[Continue reading "The Value of Nonprofits: What the Candidates Are Saying"](#)