

2023 Public Policy Agenda

Charitable nonprofit organizations throughout the United States improve lives, strengthen communities and the economy, and lighten the burdens of government, taxpayers, and society as a whole. They are a vital part of our social fabric. The National Council of Nonprofits advocates at all levels of government – federal, state, and local – in all three branches of government – legislative, executive, and judicial – to inform policymakers of the impact of nonprofits and to promote policies that enable nonprofits to advance their missions. The National Council of Nonprofits understands that consistent policies that advance diversity, equity, and inclusion enable the work of charitable nonprofits everywhere and are critical for nonprofits to effectively serve their missions, provide for the public good, and address community needs. The Council of Nonprofits is committed to rigorously reviewing its policy priorities from the perspective of advancing diversity, equity, and inclusion, removing implicit bias, and identifying public policy solutions on behalf of the broad nonprofit community.

As the nation recovers from the adverse impacts of the COVID-19 pandemic, charitable nonprofits will continue to make extraordinary contributions for the wellbeing of the people and communities they serve. Yet charitable nonprofits face an unprecedented workforce shortage, increased costs, and skyrocketing demand, so immediate and long-term support from governments is needed. The National Council of Nonprofits is committed to securing relief for nonprofit organizations, increases in the amount and duration of the above-the-line charitable deduction, and proper investment of state and local relief and recovery funding. These bipartisan solutions will save and restore thousands of jobs and will empower nonprofits to continue providing the programs and services that are so urgently needed for COVID-19 relief in our communities and a strong recovery from the crisis.

I. Tax Policy: Empowering Community Solutions through Nonprofits

Sound tax policies that support nonprofits are one of the most important ways to help nonprofits secure the resources necessary to effectively serve the public good and address community needs. The National Council of Nonprofits is committed to preserving the tax-exempt status of organizations contributing to the well-being of their communities and strengthening and expanding incentives for individuals to give their time and money to the organizations whose missions they support. In practice, this commitment means:

1. Supporting tax and other incentives at all levels of government that encourage individuals to volunteer their time and contribute resources to the missions of charitable nonprofits. This includes, but is not limited to, supporting universal or non-itemizer charitable deductions and opposing floors, caps, or limits that weaken existing charitable giving incentives.
2. Promoting nonprofit relief and recovery efforts of nonprofits through temporary, targeted tax incentives for contributions to charitable nonprofits affected by natural disasters or states of emergencies, refundable payroll tax credits and other mechanisms that will help charitable nonprofits retain and pay their employees so that they may continue to serve their communities

in the event of disruption of operations after natural disasters, and automatic extension of tax and other governmental filing deadlines for nonprofits affected by disasters,

3. Opposing the imposition of unreasonable taxes, fees or involuntary fees or payments in lieu of taxes (PILOTS) on tax-exempt organizations.
4. Maintaining and – where appropriate – expanding nonprofit sector exemptions from paying state and local property, sales, and use taxes and from collecting sales and use taxes.
5. Supporting and preserving the longstanding federal policy limiting the ability to receive tax-deductible charitable donations only to tax-exempt organizations that refrain from participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office.

II. Budget & Spending: Addressing Community Needs

As front-line providers of services and as organizations grounded in their communities, charitable nonprofits have a stake in the strength and well-being of the economy, and of governments at all levels, and in ensuring that the needs of all of our residents, especially those that have been historically underserved and underrepresented, are heard and addressed.

Budget and spending decisions by governments affect all inhabitants and these decisions can have immediate and significant consequences for the people nonprofits serve and the communities in which they operate.

The National Council of Nonprofits supports budget and spending decisions at all levels of government that encourage diversity, equity, and inclusion to build stronger, fairer communities and close resource gaps for marginalized people.

The Council of Nonprofits opposes arbitrary and across-the-board budget cuts at any level of government and will work to inform policymakers of the impact of budget proposals on communities. The Council of Nonprofits likewise opposes policies or gimmicks that institutionalize restrictions on lawmakers' fiscal options.

The National Council of Nonprofits opposes the offloading of government services onto nonprofits without paying nonprofits the cost of providing these services. When federal, state, and local revenue is reduced, nonprofits providing public services through grants and contracts with government typically receive disproportionate cuts. The National Council of Nonprofits opposes the inappropriate reallocation of resources and early termination of programs supporting nonprofit operations and relief.

When disasters and emergencies strike, many nonprofits are directly affected, sustaining damage to their facilities or disruption of their operations. In addition, many nonprofits provide relief and recovery services to individuals, businesses, and communities affected by these disasters. As policymakers develop solutions to assist with disaster relief, recovery, and resilience, it is important that they include policies that support the recovery of charitable nonprofits, including adequate government funding for nonprofits' disaster relief and recovery efforts.

III. The Economy: Strengthening Communities through a Strong Nonprofit Workforce

Charitable nonprofit organizations are integrally involved in the economies of their communities, their states, and the country. Prior to the pandemic, charitable organizations employed more than 12.3 million individuals nationally, paid \$826 billion in wages, benefits, and payroll every year, and spent nearly \$2 trillion annually.

The nonprofit sector not only provides invaluable programs and services that impact the economy but is a significant employer, making it a vital part of the economy. Nonprofits collectively employ more Americans than the construction, finance, and insurance industries combined. In many states, nonprofit employment exceeds 10 percent of the workforce and employs more people than all but the top one or two industries.

Data consistently show that charitable organizations could perform even more effectively with sufficient financial and human resources to meet the needs of our nation's communities. As proven job creators, nonprofits can and should participate in the development of job growth policies at the federal, state, and local levels. The National Council of Nonprofits strongly endorses policies that promote job creation in all sectors of the economy, especially policies that promote and incentivize employment at charitable nonprofits and that promote workplace diversity, equity, and inclusion and pathways to growth and advancement. Incentives to encourage job creation by employers in general, or by specific industries, should apply equally to nonprofit employers. As they do for for-profit employers, governments have a responsibility to collect and disseminate nonprofit employment and economic data that identify the impact of nonprofit organizations in their jurisdictions.

Federal, state, and local government changes to employment laws and rules (minimum wage, overtime, family/medical leave) affect the work of and people served by charitable nonprofits differently depending on each organization's mission and focus area. Fundamental fairness dictates that any changes in governmental employment policies must incorporate revisions to existing and future contracts and grants through which charitable nonprofits perform services in communities on behalf of governments.

The COVID-19 pandemic and resulting economic crisis have imposed unprecedented challenges on the ability of charitable nonprofits to retain and attract nonprofit staff. These challenges demand the attention and action from policymakers because of the vital roles these organizations play in promoting wellbeing in communities. For charitable organizations and the communities they serve, workforce shortages are not merely producing inconveniences and brief delays but are causing the loss of critical services on which individuals rely. The National Council of Nonprofits calls on Congress and state policymakers to help alleviate the nonprofit workforce shortage through such policies as employee hiring and retention credits; expansion of the federal Public Service Loan Forgiveness program; improved incentives to promote giving to support the work of charitable organizations; robust funding to expand access to high quality child care that is affordable, dependable, and accessible; and reforms to government grantmaking and contracts to ensure full employment costs are covered.

Nonprofit employers recognize that providing health insurance coverage is critically important to attracting and retaining the high-quality workers needed to advance their missions, and that medical coverage is a vital part of a fairly compensated workforce. But rising health care costs add significantly to nonprofits' operational costs, straining budgets and their capacity to meet escalating community needs. The National Council of Nonprofits strongly encourages federal and state policymakers to adopt policies that provide access to high quality and affordable health coverage and promote cost savings and increased flexibility.

Charitable nonprofit employers and their employees have been on the front lines throughout the pandemic providing relief and recovery services to residents in every community in America. These organizations have been working independently and as close partners with federal, state, and local officials in promoting vaccination outreach, education, and delivery because public wellbeing and public health are essential to their missions. Government policies must not interfere with the ability of charitable organizations to keep safe their workforces and the people they serve, and must not create barriers to vaccination, testing, wearing face coverings, and social distancing requirements when such barriers impose conflicting mandates or threaten funding streams.

IV. Public-Private Collaborations for the Public Good

Charitable nonprofits are private organizations that share a commitment with governments to improving lives and communities throughout the country. The National Council of Nonprofits is dedicated to improving government-nonprofit contracting systems, and to strengthening the public-private partnership at all levels through collaboration and direct engagement. Specifically, the National Council of Nonprofits supports:

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1. Reforms to government-nonprofit grants processes that streamline policies and procedures to avoid duplication and waste, develop standardized definitions for contracting and grant language, ensure that payments to nonprofit organizations for direct and indirect costs from the federal government through state and local governments are applied consistently, fairly, and in a timely manner, and eliminate from federal statutes and regulations arbitrary caps on reimbursement of nonprofit indirect, administrative, or overhead costs.
2. Adoption of reforms that help make the federal government a more productive and collaborative partner with nonprofit organizations.

STATE

1. Creation of a senior Executive Branch Liaison to the Nonprofit Sector, with the goal of ensuring collaboration between government and charitable nonprofits. This includes, but is not limited to, a full cabinet level official, special advisory council, or as a senior advisor in the Governor's Office, and/or in the office of the state's primary nonprofit regulator and other cabinet-level departments.
2. The commitment of governments and nonprofit providers to collaborate in streamlining and reforming the existing flawed grants and contracting systems. Periodic review, timely payments and process improvements can ensure individuals receive services they need and put taxpayer dollars to work so nonprofit organizations can maximize their impact. This commitment extends to supporting adequate funding for government for management staff and technology upgrades that promote improvements to application processes (e.g., document vaults) and promote processing of contracts and payments to nonprofits with government grants and contracts.
3. Collaboration between state and local governments and nonprofit contractors and grantees to ensure full and fair implementation at the state and local levels of the cost principles and other federal grants reforms contained in the Office of Management and Budget Uniform Guidance, adoption of a uniform system based on the federal cost principles and reforms in the Uniform Guidance, and elimination from state statutes and local ordinances arbitrary caps on reimbursement of nonprofit indirect, administrative, or overhead costs, or other unreasonable and burdensome statutory or procedural requirements.

4. Creation of bi-partisan Nonprofit Caucuses in State Legislatures to serve as resources for information on the nonprofit sector through which lawmakers can work together on legislative and regulatory issues impacting charitable nonprofits and the people they serve in their states and tap ideas and solutions tested in the real world by organizations dedicated to serving their communities.

V. Advocacy Rights: Promoting Civic Engagement

The nonprofit sector is vital to the success of democracy in America; the rights of the people to gather through nonprofits to speak freely about public policies is essential to our country's future. Nonprofits serve as safe havens for people to gather to amplify their collective voices and recognize their duty to stand up and speak out for the public good and promote a more diverse, inclusive, and equitable society. Nonprofits often provide a voice for those individuals and groups who are unable to speak for themselves. Likewise, nonprofits share the responsibility to promote greater engagement of the citizenry, civic dialogue, open elections, and open government.

The National Council of Nonprofits works to create a culture in support of nonprofit advocacy and to maintain the advocacy rights of nonprofit organizations in the following ways that promote, support, and protect nonprofit advocacy:

1. Supporting and preserving the longstanding federal policy limiting the ability to receive tax-deductible charitable donations only to tax-exempt organizations that refrain from participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office.
2. Supporting and preserving the longstanding federal policy allowing 501(c)(3) nonprofits to engage in nonpartisan voter registration, voter education, and get-out-the-vote activities so long as organizations are not coordinating their activities with political campaigns, political parties, or political action committees.
3. Opposing new restrictions on the advocacy rights of charitable nonprofits.
4. Correcting misperceptions and clarifying lobbying laws and regulations to empower 501(c)(3) nonprofits to advocate fully and freely within the law.
5. Supporting an increase to the financial thresholds for nonprofit lobbying activities and the elimination of the separate and more restrictive limits on grassroots lobbying for nonprofits that have taken the Section 501(h) election.
6. Oppose policies and practices that prevent individuals from exercising their civic responsibilities.

VI. Public Accountability and Nonprofit Independence: Ensuring Public Trust

The charitable nonprofit community recognizes that mission-driven nonprofits can be successful only by earning and maintaining public trust through appropriate transparency, which can be guided by reasonable regulation that recognizes the unique role of these organizations in communities. For these reasons, the National Council of Nonprofits supports reasonable and non-burdensome regulations and policies that already make the nonprofit community the most transparent sector of the U.S. economy. An appropriate balance must be struck that recognizes and respects the independent activities of nonprofits as public-spirited yet still private organizations. The National Council of Nonprofits also supports:

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1. Maintaining the proper balance between protecting and informing the public and preventing excessive and disruptive regulatory burdens that hinder the ability of charitable organizations to advance their missions.
2. Adequate funding for quality education, transparent oversight, and fair enforcement of nonprofit laws by the IRS.
3. Maintaining state primacy in the regulation and enforcement of consumer protections related to charitable nonprofit organizations.

STATE

1. Adequate funding for quality education, transparent oversight, and fair enforcement activities by state regulators charged with promoting charitable nonprofit compliance and protecting the public.
2. Setting reasonable thresholds for state-mandated audits of nonprofit finances.
3. Developing clear, uniform and cost-free or inexpensive registration requirements, such as streamlining/standardizing multi-state charitable registration requirements, for nonprofits that engage in fundraising in more than one state.
4. Programs that promote volunteering activities that mutually benefit individuals and the people served through nonprofits, but opposes proposals to condition receipt of government-provided benefits on requirements that individuals volunteer at nonprofit organizations, a policy known as “mandatory volunteerism,” that imposes increased costs, burdens, and liabilities on nonprofits by an influx of coerced individuals.
5. Protecting the decision-making autonomy and self-governance authority of charitable nonprofits.
6. Recognizing that, as in the case of for-profit businesses, receipt of public funding through arms-length transactions involving contracts or grants does not convert private independent nonprofit organizations into governmental instrumentalities.
7. Ensuring that personal information about individual donors to 501(c)(3) nonprofits remains protected from public disclosure while also ensuring that government agencies that regulate 501(c)(3) nonprofits and other exempt organizations have access to information they need to protect the public and the integrity of the nonprofit sector by providing oversight of nonprofits.