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Federal

Investigations Agenda Begins in Congress

With little expectation of passage of substantive legislation in the split Congress, lawmakers are turning to investigations to advance policy or partisan objectives. The Senate committees have been slower to organize this year, but House investigations are already in full swing. Last week, the [House Oversight Committee](#) focused on fraud allegations arising from the processing of Paycheck Protection Program forgivable loans and other pandemic-related programs. Prior to the hearing, the Pandemic Response Accountability Committee of inspectors general issued a [Fraud Alert](#) identifying \$5.4 billion in potentially fraudulent loans obtained using nearly 70,000 questionable social security numbers. Other pandemic relief has been questioned as well. The hearing devolved into finger pointing by the House committee members, each asserting that the blame lay with the other party's

President for lax oversight. The committee will hold separate hearings this week on immigration policy and on the Hunter Biden laptop conspiracy theory.

Also last week, the House Judiciary Committee hosted a four-hour hearing, titled, “[The Biden Border Crisis – Part One](#),” that promises to be only the first in a series of politically charged events likely to reinforce partisan positions without changing any minds. The Judiciary Committee’s Select Subcommittee on the Weaponization of the Federal Government – a panel of 12 conservative Republicans – [will hold its first hearing](#) on Thursday.

Charitable nonprofits, which are nonpartisan in law and fact, will likely be drawn into future hearings – whether as recipients of pandemic relief that lawmakers now question or as humanitarian relief organizations aiding individuals and families at the southern border and elsewhere.

FastView

End of the Pandemic Public Health Emergency: The Biden Administration announced that the President will [end the declared COVID-19 public health and national emergencies](#) on May 11. The announcement of an event months from now is designed to allow the public and people in all levels of governments time to prepare. Expiration of the public health emergency first declared in March 2020 will result in, among other things, Medicaid coverage ending for many individuals, and people may have to start paying for Covid-19 testing and treatment after the declaration ceases. Impacts may also be seen in employer-sponsored health insurance, COBRA, and flexible spending accounts.

IRS Audit Algorithms Bias: Black taxpayers are audited by the Internal Revenue Service at 2.9 to 4.7 times the rate of non-Black taxpayers, [according to a new report](#) from a team of economists from academia and the U.S. Treasury Department. The findings do not suggest intentional bias – the audit process does not consider race and IRS auditors typically do not know the race of the taxpayers they are reviewing. Rather, the report documents discrimination in the computer algorithms the agency uses to determine who is selected for an audit. The researchers suggest that the IRS, in response to budget cuts over the past decade, focused on audits that are easier to conduct rather than more complex audits of high net-worth taxpayers. See this [New York Times article](#) for more analysis.

More Inclusive Data Collection: The Biden Administration has announced two efforts for more accurate and inclusive data collection concerning race, ethnicity, and sexual orientation.

- **Revising Race and Ethnicity Reporting:** An initial proposal by the [Interagency Technical Working Group on Race and Ethnicity Standards](#) recommends [additional categories in a new format](#) for questions regarding race and ethnicity. The working group proposed two changes: (1) create a category for people of Middle Eastern and North African heritage to mark instead of having to choose white, and (2) allow Hispanic/Latino individuals to select just that category without having to add a distinct race. If approved, the changes would apply to the 2030 Census and other federal forms requiring demographic information. The [public is invited to submit comments](#) by **April 12, 2023**.
- **LGBTQI+ Equity:** Last month, the Administration also provided a roadmap for the federal government to build the evidence and leverage [data to advance equity for LGBTQI+ people](#). The report from the National Science and Technology Council states that Sexual Orientation, Gender Identity, and Variations in Sex Characteristics (SOGI) data collection is intended to help agencies approach evidence building more effectively and strategically with a clear focus on improving the health and well-being of LGBTQI+ people across the country. The report builds on an [executive order signed by President Biden](#) last June.

Immigration Fee Increase Proposed: Nonprofits in the performing arts community are raising concerns about [pending regulations](#) that could sharply increase the cost of applying for temporary artist work visas. The Department of Homeland Security proposes, for instance, to increase filing fees for regularly processed O and P artist visa petitions from \$460 to \$1,655 per petition (which would include a \$600 surcharge to fund the Asylum Program Fee). See an analysis by the [League of American Orchestras](#) on how the proposed changes could hinder international cultural activity and put U.S.-based jobs at risk. Public comments can be filed online through the [Federal Register portal](#) by the **deadline of March 6, 2023**.

State and Local

Property Tax Legislation in the States

State lawmakers this year are focusing renewed attention on property tax exemptions, with some bills threatening to impose new costs and burdens on charitable nonprofits. New legislation in [Montana](#) would mandate that counties, cities, and towns impose a “user fee” on property owned by charitable nonprofits that is otherwise exempt from taxation. The measure would expressly apply to “land and improvements owned by a church and used for actual religious worship,” property used exclusively for education or nonprofit health care facilities, public museums, art galleries, zoos, and observatories, or for care of persons with developmental disabilities, and more. A **Maryland** bill would [remove tax exemptions](#) for property owned by a religious group or organization that is leased to a third party. Similarly, **New Jersey** legislation seeks to [eliminate the property tax exemption](#) for faculty housing or housing for other employees provided by educational institutions. Finally, **Arizona** legislation would require nonprofits selling property exempt from taxes to [notify country officials](#) of the change. A bill in **New York** would limit the nonprofit [property tax exemption to seven years](#) for unimproved property, while another would impose a [burden on nonprofit property owners](#) to prove annually they meet the statutory requirements for real property exemptions.

Going the other direction, legislation in **Missouri** proposes a [constitutional amendment](#) authorizing property tax exemption for property dedicated to child care. **Wyoming** is also considering [exempting child care facilities](#) from property taxes under a bill introduced in their House of Representatives. In **North Dakota**, legislation would [expand property tax exemption](#) to undeveloped land owned by public charity institutions.

ARPA Updates

Local Governments Investing in Nonprofits

Local governments continue to invest American Rescue Fund Act (ARPA) resources in charitable organizations through direct grants and contracts for services. Track nonprofit progress at [ARPA Spending](#), National Council of Nonprofits, which is updated regularly.

- Los Angeles County, **California**, Department of Arts and Culture recently opened applications for its \$26 million [Creative Recovery LA](#) program. Organizations can apply for funding in five grant categories with one application. The Department is hosting workshops for prospective applicants.
- Toledo, **Ohio**, approved \$6 million in ARPA funds for a [multi-year grant program](#) for nonprofit arts and cultural organizations and artists in the city and Lucas County.
- Tulsa, **Oklahoma**, is allocating \$7 million in ARPA funds to [79 nonprofits](#), with more than a quarter working in health care, and 21 percent providing children and youth services.
- San Antonio, **Texas**, City Council approved a total of \$36.4 million in [contracts for programs](#) that provide services for mental health, seniors, youth, and other social services.

Trend Spotting

Government-Nonprofit Grants and Contracting Reform

A critical solution to the nonprofit workforce shortages crisis is reforming government policies and practices that deny nonprofits the flexibility they need under grants and contracts to hire and retain staff, cover costs of services, and maintain operations. Lawmakers in several states are taking up the cause of fixing longstanding challenges. Significant bills in **Maryland** would impose [prompt payment requirements](#) on government agencies working with nonprofits and [improve a bridge loan program](#) that helps nonprofits. In **Massachusetts**, companion bills in the House and Senate seek to [eliminate the pay disparity](#) that exists between the salaries of human services workers employed by community-based human service providers and state employees holding similar job titles performing similar work. Nonprofits and their supporters in the **Oregon** Legislature are [advancing comprehensive reform](#) legislation that would promote nonprofit workforce retention, ensure payment of indirect costs, and form a task force to identify and solve recurring challenges.

At the local level, **New York City** has bills under active consideration; one would establish [prevailing wage requirements](#) for city-contracted human service workers and another would require the city's Procurement Policy Board to [set time limits](#) for contracting and oversight agencies to complete each step of the procurement process.

Worth Quoting

On Government-Nonprofit Grants and Contracts

"Imagine if we said to our schools, police precincts, and fire-houses please start providing services on July 1st, and we'll start paying you sometime around next May. They could not and would not do it. Yet that is what we do to thousands of nonprofit groups."

~NYC Comptroller Brad Lander in [Testimony Before the New York City Committees and the Joint Task Force to Get Nonprofits Paid on Time](#), Office of the Comptroller, Jan. 30, 2023.

Numbers in the News

4.1 billion

The estimated number of hours that 60.7 million people formally volunteered with organizations between September 2020 and 2021, a 7% decrease from the previous survey results. Formal volunteering included supporting COVID-19 testing and other public health efforts, supporting food banks, and providing virtual tutoring.

Source: [Volunteering and Civic Life in America](#), AmeriCorps, Jan. 2023.

6 Weeks

The duration of the **Virginia** 2023 legislative session, the shortest in the nation this year, running from Jan. 11 to Feb. 25. Other states' sessions run from seven weeks to year round.

Source: [Stateline 2023 Calendar](#), The Pew Charitable Trust.

February is

- [Black History Month](#)

Nonprofit Advocacy Events

- Feb. 9, [Nonprofit Day on the Hill](#), Utah Nonprofits Association
- Feb. 23, [2023 Day of Advocacy](#), Alliance of Arizona Nonprofits + Arizona Grantmakers Forum
- Mar. 2, [Advocacy Summit](#), Oklahoma Center for Nonprofits
- Mar. 7, [Nonprofit Day on the Hill](#), Kansas Nonprofit Chamber
- Mar. 7, [Nonprofit Day at the Capitol](#), Michigan Nonprofit Association
- Mar. 8, [Education & Youth Subsector Advocacy Day](#), Delaware Alliance for Nonprofit Advancement
- Mar. 8, [Nonprofit Day at the Capitol](#), Kentucky Nonprofit Network

Advocacy in Action

Nonprofit Advocacy at the Capitols - In Person and Impactful

With more buildings opening up, including State Capitols, state associations of nonprofits are hosting in-person Nonprofit Days at the Capitol. These visits allow nonprofit champions to reconnect with fellow advocates, meet with newly elected as well as returning legislators, celebrate previous wins, and lift up the policy priorities of charitable nonprofits. Bringing the message directly to elected officials and their staff members can advance legislative solutions or establish relationships that last well beyond the session.

[Read the full article.](#)