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Federal

As Congress Flirts with Another Federal Government Shutdown, ...

The new federal fiscal year begins in 13 days and Congress appears to be no closer to funding federal government operations than it was in July when it adjourned for a six-week recess. Congress now has less than two weeks to enact 12 appropriations bills to fund the federal government through September 30, 2024, pass a stopgap spending bill known as a “continuing resolution” (CR) to provide temporary funding for the federal government, or allow the gridlock caused by partisan and intra-party squabbles to shut down the federal government. The Senate appears on track to pass legislation that combines three of the spending bills this week, but the House has devolved into internal disputes within the Republican majority over how much to spend, how many unrelated culture-war policy riders to tack onto appropriations bills, and how long any short-term bill should run. A [plan announced on Sunday](#) by competing factions among House Republicans appears designed only to try to get all

in the party on the same page but unable to secure passage in the Senate or approval by the White House.

Without action by Congress, large parts of the federal government will shut down beginning on October 1. Normally, government shutdowns are threatened to secure leverage in negotiations; currently it appears that the tactic is now both a strategy and goal of some in the House, all to the harm of individuals, communities, and the charitable nonprofits that serve them.

... The Impact on People, Communities, and Charitable Nonprofits Could Be Catastrophic.

While most of official Washington talks of the political and theoretical consequences of another government shutdown, the reality is that real people will get hurt, causing lasting damage to communities and imposing extraordinary burdens on charitable organizations. When federal offices close, for instance, Supplemental Nutrition Assistance Program (food stamp) [benefits stop flowing](#), meaning individuals will no longer be able to apply for or receive food benefits. Nonprofit experience shows that individuals in crises will turn in even greater numbers to charitable organizations during shutdowns. This year, the challenges are exacerbated because several natural disasters have already depleted federal relief funds, meaning Congress' failure to appropriate more dollars for disasters leaves residents with few options other than nonprofits. Operationally, nonprofits recognize that a shuttered federal government will result in additional delays in reimbursements and renewals for government grants and contracts. Charitable organizations serve the same people as those represented by Members of Congress; it is time for elected officials to serve, rather than disserve, their constituents.

Worth Quoting

- “A shutdown would put the nation's economy at risk, delay or interrupt services to millions, and disrupt the jobs of over a million workers, making it harder for people to put food on the table, a roof over their heads, and stay safe and healthy. A shutdown would make vulnerable communities including people of color more at risk and result in their disproportionate harm.”

~ [Letter to Congress](#), signed by 680 nonprofit, faith-based organizations, and unions urging lawmakers to “pass a clean bipartisan, bicameral continuing resolution (CR) including emergency funding that supports current services and addresses urgent needs and is free of poison pill policy riders that are harmful and irrelevant to the functions of government.”

Worth Reading

- [What is a government shutdown? And why are we likely to have another one?](#), David Wessel, Brookings Institution, Sept. 12, 2023.
 - [Government Shutdowns Q&A: Everything You Should Know](#), Committee for a Responsible Federal Budget, Sept. 5, 2023.
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Federal FastView

- **New ERTC Claims on Hold:** The Internal Revenue Service has [announced a moratorium on processing](#) new Employee Retention Tax Credit (ERTC) applications until at least 2024 because of the recent flood of fraudulent applications for the refundable payroll tax credit. This means that nonprofits that were eligible for the ERTC for 2020 or 2021 and have not yet filed for the tax credit will need to wait until at least early 2024 for the IRS to process their applications. While payment delays will likely continue for claims nonprofits have already filed, the IRS appears to be prioritizing closing this backlog while also calling on Congress to speed up the deadline for taking the pandemic-era relief. Also, last week, the IRS issued a new [Eligibility Checklist](#) to help nonprofits and businesses avoid scams by better assessing whether they meet the qualifying standards for the ERTC. Learn more about the ERTC and nonprofits from [IRS answers to FAQs](#) and the [National Council of Nonprofits](#).
- **Strong Sentiment for Expanding Giving Incentives:** New [public opinion polling](#) supports the call on Congress to expand charitable giving incentives, like the Charitable Act ([H.R. 3435/S. 566](#)). The poll found that 87% of voters support restoring the universal charitable deduction permanently for all taxpayers, including more than half (51%) who strongly support this giving incentive. That giving incentive, which expired at the end of 2021, allowed individual taxpayers to deduct up to \$300 in charitable donations and couples

to deduct up to \$600. The survey also found that 82% of respondents support expanding the universal charitable deduction to up to \$4,500 for all Americans, including at least 80% of Republicans, Democrats, and Independents. Notably, over half of the people interviewed (53%) said they would give more if they were able to claim the charitable deduction.

- **Proposed DOL Overtime Rule and Nonprofits:** The U.S. Department of Labor (DOL) published [proposed regulations](#) under the Fair Labor Standards Act (FLSA) that would, among other things, increase the salary threshold for overtime pay by nearly 55% over the current level to \$55,068 per year. Learn more about [how the rule would affect charitable nonprofits](#) and issues to consider before submitting public comments by November 7, 2023. The Advocacy Office of the Small Business Administration is facilitating two listening sessions on **Sept. 26 and 27** for nonprofits and small businesses to learn more about the proposed rule from DOL officials, ask questions, and provide input. See [announcement for more details](#).
- **AmeriCorps and Disaster Preparation and Response:** State and territorial commissions play key leading roles in deploying AmeriCorps members and local volunteers for relief and response in natural and person-made disasters, according to a [new report by the America's Service Commissions](#). The more than 1,000 commissions nationwide are often included in state emergency preparedness plans as the lead for volunteer and donation management or are responsible for education programming and training, and immediate response. The report highlights case studies leveraging ASC partnerships with state and local governments, nonprofit organizations, and others for preparedness, response, recovery, and mitigation for a wide-ranging list of disasters across 13 states.
- **2030 Census Advisory Committee:** The U.S. Census Bureau, in preparing operational, technical, and communication strategies for the 2030 Census, is [forming a new federal advisory committee](#) of approximately 30 stakeholders to review and provide feedback on plans and execution. The Census Bureau is [seeking nominations for members with expertise](#) in communications, implications of enumeration strategies, external factors affecting the count, ensuring maximum self-response, data products, employee recruitment, and outreach and partnership efforts. The public is invited to [nominate members](#) to serve an initial three-year term. Nominations can be for either an organization or a coalition by submitting a single nomination as a group by **September 30, 2023**.

Worth Quoting

- “Trillions in federal program funds go to states and communities, and the correct distribution of those funds hinges on the reliability of census data.”

~ [Dollars and Demographics: How Census Data Shapes Federal Funding Distribution](#), Project on Government Oversight, Sept. 11, 2023.

Worth Reading

- [The Fair Labor Standards Act \(FLSA\) Exemption for Executive, Administrative, and Professional Employees](#), Congressional Research Service, Aug. 24, 2023.
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In Focus

Child Care in Crisis

Nonprofit employers and employees, along with child care advocates, have been raising concerns about the abrupt end of billions of dollars of federal pandemic relief for child care on September 30 and its impact on access to child care. In a [2021 survey](#), the inability to find child care was cited as a significant barrier to nonprofit recruitment and retention, and [2023 survey results](#) showed that many nonprofits are still experiencing challenges providing and accessing child care. This past week, Senate and House Democrats introduced the [Childcare Stabilization Act](#) to extend the pandemic relief that expires at the end of the month and provide \$16 billion in each of the next five years to continue the Child Care Stabilization Grant Program. The legislation would also ensure that child-care providers continue operating so families do not lose access to child care.

Earlier this year, Representatives Nancy Mace (R-SC) and Ro Khanna (D-CA) launched a [Congressional Bipartisan Affordable Childcare Caucus](#) to seek solutions to the increasing costs of child care such as subsidies and adjusting regulations for providers and employees, yet no legislation has moved forward. In contrast, many states have made progress in adopting policies that increase child care slots, support the workforce, and make it more affordable for working families. For

instance, a new bill in [Wisconsin](#) would establish a child care reimbursement account program to permit parents or legal guardians to contribute to an account for qualifying child care expenses for children under the age of 13.

Worth Reading

- [Supporting Student Success Through Afterschool Programs](#), National Conference of State Legislatures, Sept. 11, 2023
- [Child Care Is at Risk and Threatens the Female Workforce](#), Reade Pickert and Kelsey Butler, *Bloomberg News* (reprinted in *Governing*), Sept. 7, 2023.

State and Local

American Rescue Plan Act Investments in Nonprofits

More than two years after \$350 billion in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) were distributed to governments with express authorization for them to spend their allocations on charitable nonprofits, these funds continue to be awarded to nonprofits to carry out their missions.

- In August, Johnson County, **Iowa**, launched a \$2.1 million [Building Nonprofit Capacity Grant Program](#) that is prioritizing “increased staffing capacity and staff training,” “capital improvements,” and “internal infrastructure.” The County will announce recipients in 2024.
- The City of Vicksburg, **Mississippi**, released highlights of its ARPA investments, including [\\$1.37 million awarded to nonprofits](#) for initiatives in education, mental health, community violence intervention, and medical services.
- The Donal Heiter Community Center in Lewisburg, **Pennsylvania**, received \$300,000 that will [help fill funding gaps](#) over the next few years. The Center, one of 25 recipients of the local government’s ARPA allocation, shared that to retain staff and remain competitive with other employers, it has had to increase salary and wages by 30%. It credits the ARPA award with allowing them to stay open.

With the December 2024 deadline to allocate ARPA funds approaching, nonprofits are encouraged to search whether their local governments have ARPA funds remaining and, if so, reach out to secure those funds. These examples above and those reported in past editions of *Nonprofit Champion* can serve as examples and inspiration for nonprofits in other communities to advocate for similar investments in their missions. Learn more at [Strengthening State and Local Economies in Partnership with Nonprofits](#).

Worth Quoting

- “ARPA funds can be used for revenue replacement for government services, assistance to small businesses, households, hard-hit industries and economic recovery, premium pay for essential workers and investments in water, sewer and broadband infrastructure. If you have an idea that falls into one of those categories, reach out to your supervisor or alderman. Chances are, they’ll be open to hearing your idea.”

~ [Where we stand on ARPA funds](#), Editorial Board, *Vicksburg (MS) Post*, Sep. 8, 2023, encouraging citizens to promote effective spending of American Rescue Plan Act Funds. **NOTE:** Additionally, Congress and the Treasury Department have declared that ARPA funds may also be invested in charitable nonprofits as recipients of aid and as providers of assistance to others. [Learn more](#).

Taxes, Fees, PILOTs Update

- **Taxes:** A pair of **Pennsylvania** bills ([HB 1639](#) and [HB 1640](#)) would amend state law to clarify that there is no tax exemption for any portion of real property owned by a charitable institution that is used for a commercial purpose or that is not actually and regularly used for the principal purpose of the organization. The legislation would affect any hospital, university, college, seminary, academy, association, and institution of learning, benevolence or charitable nonprofit.
- **PILOTs:** Four higher education institutions have [agreed to increase payments in lieu of taxes \(PILOTs\)](#) to \$223.4 million over twenty years under a new memorandum of understanding with the City of Providence, **Rhode Island**.

This would be a 135% increase from the \$94 million paid over the previous ten years by Brown University, Johnson & Wales University, Providence College, and Rhode Island School of Design. Additionally, Brown University agreed to make some of its tax-exempt property taxable and provide direct investments in workforce housing, childcare, and public parks.

Workforce Shortages and Solutions in the States

Identifying the Impact of Job Vacancies

Findings from the [2023 nonprofit workforce shortages survey](#) provide nonprofits with a clearer picture of the job categories with the most vacancies, the impact of vacancies on services and waiting lists, barriers to recruitment and retention, and solutions proposed by nonprofits. The results confirm conclusions in other reports showing the impact of vacancies on their operations. Nonprofit hospitals, [a recent report shows](#), have incurred “high labor and supply costs,” causing 2022 to be the “worst operational year on record for many nonprofit systems.” While health systems have been able to provide more increases in hourly wages and salaries, findings indicate that “healthcare and social assistance” jobs continue to have vacancies, and quit rates are also higher than pre-pandemic levels.

State Policy Solutions

While 41.1% of respondents to the National Council of Nonprofits 2023 nonprofit workforce survey reported vacant entry-level positions, many nonprofits are also concerned about vacancies for CEO positions and are proactive in seeking compensation data. In **Michigan**, for instance, there are more efforts to [provide benefits for nonprofit leaders](#) like “executive coaching/mentoring, and in some cases, multi-year performance bonuses,” to be competitive with the private sector. In the public sector, signing and retention bonuses are a popular recruitment tool. For instance, the **Oklahoma** State Department of Education will award [bonus payments](#) to 533 teachers who pledged to work five years in a school in the state, with additional funds allocated towards teachers who are based in rural or high-poverty schools.

Communities Suffer as Nonprofit Workforce Shortage Crisis Continues



2023

Nonprofit Workforce Survey Results

Communities Suffer as the Nonprofit Workforce Shortage Crisis Continues

Charitable nonprofits are still enduring a shortage of employees, which is imposing considerable hardships on the public, according to a new report, [2023 Nonprofit Workforce Survey Results: Communities Suffer as the Nonprofit Workforce Shortage Crisis Continues](#). The report, released by the networks of the National Council of Nonprofits, finds that workforce shortages are reducing nonprofit capacity and leading to longer waiting lists for services, reduced services, and sometimes the complete elimination of services needed by the public. It reveals that the hardest jobs to fill are those that interact with the public: program and service delivery positions and entry-level jobs.

[READ THE REPORT](#)

Worth Reading

- [The Nonprofit Hiring Crisis Is Still a Thing](#) (subscription), Dawn Wolfe, *Inside Philanthropy*, Sept. 13, 2023.
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Worth Quoting

On the National Nonprofit Legislative Caucus

- “Nonprofit organizations play an essential role in maintaining the ‘social fabric,’ the connective tissue and relationships that hold communities together. They bring compassion, patience and determination to thorny problems that can tear communities apart, and to spiritual and artistic work that can uplift them.”

~ Journalist Carl Smith, writing in [Legislators Eye the Vital Role of Nonprofits in Addressing Difficult Issues](#), *Governing*, Sept. 5, 2023.

- “The intent isn’t for this to become a lobbying organization but a collaboration and relationship-building opportunity between state legislators and nonprofits. We have also been very intentional in making this a bipartisan effort. We want buy-in from both sides of the aisle and want to work with nonprofit champions regardless of where they fall politically.”

~ Tiffany Gourley Carter, Policy Counsel for the National Council of Nonprofits, quoted in [Leaders Pushing for A National Legislative Caucus](#), *The NonProfit Times*, Sept. 14, 2023. Learn [more about the nonprofit caucus](#).

On the state of the nonprofit sector

- “Our open aim from these reports is to make sure people understand that with the growth we’re having as a state, which is now somewhere around 1,200 people per day who choose to move here, the sector has to keep up and it currently is not.”

~ Sabeen Perwaiz, President and CEO of the **Florida Nonprofit Alliance**, quoted in [Florida Nonprofits Show Their Worth – And Need](#), *The NonProfit Times*, Sept. 7, 2023. The article focuses on the FNA report, [Strength in Numbers: The 2023 Economic Impact of Florida’s Nonprofits](#).

Numbers in the News

\$230 Billion

The amount the IRS says it has paid out under the Employee Retention Tax Credit, the Covid-era federal relief program that encouraged employers, including charitable nonprofits, to keep employees on staff during pandemic shutdowns. The Congressional Budget Office had projected that the ERTC would cost the treasury \$85 billion.

Source: [I.R.S. Freezes Pandemic-Era Tax Credit Amid Fraud Fears](#), Alan Rappeport, *New York Times*, Sept. 14, 2023.

\$2.1 Trillion

The amount of federal funds allocated geographically to states, local governments, nonprofit organizations, education institutions, for-profit companies, and households through 338 programs in FY 2020.

Source: [Dollars and Demographics: How Census Data Shapes Federal Funding Distribution](#), Project on Government Oversight, Sept. 11, 2023.

Nonprofit Events

- Sept. 19, [Nonprofit Leadership Summit](#), West Virginia Nonprofit Association
- Sept. 19-21, [MNA Annual Conference](#), Montana Nonprofit Association
- Sept. 19-20, [2023 Collaborative Conference](#), Pennsylvania Association of Nonprofit Organizations
- Sept. 20, [Policy Advocacy for Nonprofit Leaders](#), Center for Nonprofit Excellence (Virginia)
- Sept. 20-21, [2023 MCN Annual Conference](#), Minnesota Council of Nonprofits
- Sept. 22, [Nonprofit Leadership Summit](#), New Hampshire Center for Nonprofits
- Sept. 24, [Conference for Louisiana's Nonprofits](#), Louisiana Alliance for Nonprofits
- Sept. 27, [2023 Collaborative Conference](#), Pennsylvania Association of Nonprofit Organizations
- Sept. 28, [Advocacy Summit](#), Oklahoma Center for Nonprofits

- Sept. 29, [Nonprofits Count Conference](#), Florida Nonprofit Alliance
- Oct. 2, [Annual Convention & Expo](#), Providers' Council
- Oct. 5, [Annual Summit](#), Forefront (Illinois)
- Oct. 6, [Maryland Nonprofits Annual Conference](#), Maryland Nonprofits

Advocacy in Action

Using the Powers You Have Series

The Power of Association

When a single voice speaking truth to power isn't enough to carry the day, it's time to tap the power that exists in community. Call it what you will – collective action, solidarity, grassroots mobilization - there is strength in numbers. Most types of advocacy rely on it, getting as many voices as possible promoting the same point of view to achieve a desired result.

[Read the full article](#)

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