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Federal

Promoting Progress in Times of Extreme Partisan Posturing

As hard as it is to believe, partisanship has gotten even worse in light of last week's controversial Supreme Court decisions [overruling *Roe v. Wade* abortion rights](#) and [striking down a longstanding New York gun law](#), coming at the same time as the [public hearings](#) of the House Select Committee to Investigate the January 6 Attack on the Capitol. [Gun safety legislation](#) enacted last week will likely be the last bipartisan effort in Congress until after the November elections as public officials dig even deeper into partisan mode to shore up their political bases while denouncing the opposing side as extremist.

Yet, whether reasonableness and bipartisanship are dead or just dormant, [nonprofit policy priorities](#) remain viable, even though the path forward is obscure. Among Democrats, hope remains that Senator Manchin (D-WV) and Majority Leader Schumer (D-NY) can complete negotiations on a budget reconciliation bill in the coming days or weeks that could include some of the bipartisan measures sought by nonprofits. Senator Manchin has signaled support for a \$1 trillion package that includes energy provisions, tax hikes, lower prescription drug prices, climate change

measures, and deficit reduction. Many nonprofit advocates are actively promoting inclusion of child care and tax provisions to help alleviate nonprofit workforce shortages. Natural disaster tragedies like the historic floods in Yellowstone National Park, the raging wildfire season in the West, and a predicted above-normal hurricane season serve as points when Congress could come together on emergency disaster-relief legislation that normally includes charitable giving and employee retention incentives. Given the significant challenges that charitable organizations continue to face – including a lack of resources, staff, and volunteers – no one has the luxury of “waiting out the elections,” hoping reason will prevail at the end of the year. Even in this time of extreme partisanship, charitable nonprofits must continue to advocate for the policy priorities that improve lives and communities through the work of charitable organizations.

Worth Reading

- [Nonprofits and Dobbs v. Jackson Women's Health Organization](#), Nonprofit Law Prof Blog, June 24, 2022, recounting the engagement of charitable and social welfare nonprofits in supporting and opposing abortion rights.
 - [With Child Care Scarce, States Try to Fix ‘a Broken Market’](#), Dana Goldstein, *The New York Times*, June 19, 2022.
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Federal FastView

Charitable Giving Data: Charitable giving declined by 0.7% to \$484.9 billion in 2021, according to [new data from Giving USA](#), when factoring in inflation. Two-thirds (67.5%) of charitable giving came from individuals, down from 83% forty years ago. The new report uses the [2020 IRS tax data](#) to show that giving in the first year of the pandemic actually rose 8.1% over 2019. The [Charitable Giving Coalition](#) said in a news release, “When adjusted for inflation, the 2021 numbers for individuals are just now approaching the pre-tax reform level of giving in 2017.” The statement continued, “Coupled with the steady decline in the percentage of Americans giving to charity over the past two decades, sound public policy encouraging charitable giving is now more important than ever.” The [full Giving USA report](#) will be released in mid-July.

IRA Distribution, Rollover Proposals Advance in Senate: The Senate Finance Committee unanimously approved a comprehensive retirement security bill, the [Enhancing American Retirement Now \(EARN\) Act](#), that includes modifications to the rules for Individual Retirement Account (IRA) distributions and rollovers, and greater flexibility for retirement plans sponsored by charitable nonprofits. The legislation would index for inflation the annual IRA charitable distribution limitation of \$100,000, effective after 2023. It also includes a modified version of the Legacy IRA Act ([S. 243](#)), which is meant to encourage charitable gifts and provide flexibility to seniors when giving from their individual retirement accounts. Specifically, the provision would allow older taxpayers to make one-time, \$50,000 distributions to charitable nonprofits through charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. Finally, the legislation would also allow nonprofits to participate in “multiple employer” 403(b) plans, allowing networks to provide a consolidated plan for smaller organizations. If approved in the Senate, the two chambers will need to resolve differences in a conference committee. See the [Senate section-by-section analysis](#).

Overtime Regs Coming in October: The U.S. Labor Department is expected to release a draft proposed overtime rule in October, according to its [spring regulatory agenda](#) issued last week. The proposed rule is expected to update the salary level threshold (currently set at \$35,568 annually), one of three factors for determining eligibility for the exemption of bona fide executive, administrative, and professional employees from the Fair Labor Standards Act’s minimum wage and overtime requirements. In addition to adjusting the salary level minimum, the proposal could include a mechanism for automatic or periodic increases and adjust the duties tests for determining white-collar status. [Learn more from the Society for Human Resource Management](#).

IRS Paper Backlog Growing: Contrary to claims of the Commissioner of the Internal Revenue Service, the IRS’ backlog of paper returns was actually larger at the end of May than a year ago, according to a new [report to Congress from the National Taxpayer Advocate](#). The report found that at the end of May the IRS had a backlog of 21.3 million unprocessed paper tax returns, an increase of 1.3 million over the same time last year. The Taxpayer Advocate, Erin M. Collins, wrote, “The IRS has said it is aiming to crush the backlogged inventory this year, and I hope it succeeds. Unfortunately, at this point the backlog is still crushing the IRS, its employees, and most importantly, taxpayers. As such, the agency is continuing to

explore additional processing strategies.” [See news release](#). At the urging of nonprofits and other employers awaiting payments under the Employee Retention Tax Credit, more than 60 [Members of Congress wrote IRS Chairman Retting](#) calling the delays “unacceptable” and urging immediate action to alleviate the backlog.

Important Resources

Reinstating ERTC Relief

- [Reinstating the Employee Retention Tax Credit](#), National Council of Nonprofits, June 15, 2022.
- [Letter to Congressional Leaders](#), ERTC Small Business & Nonprofit Coalition, June 2, 2022.
- [Attention Nonprofit Employers: Did You Forget to Claim Refundable Tax Credits from the IRS?](#), Steven M. Woolf, National Council of Nonprofits, May 11, 2022. This is an operations “how to claim your refund” article showing nonprofits how to claim the refundable payroll tax credit. Please share it widely so nonprofits “don’t leave money on the table.”

Advancing Charitable Giving

- [Donor Pessimism Grows as Economy Wobbles, Poll Finds](#), Dan Parks, *The Chronicle of Philanthropy*, June 27, 2022.
- [New Giving Data and Reports: Giving Stays Flat, and Worrisome Trend of Fewer Donors Continues](#), Amy Silver O’Leary, National Council of Nonprofits, June 23, 2022.
- [Giving USA Data Shows \\$18.6B Lift Flattened By Inflation](#), Paul Clolery and Peggy Wright, *The NonProfit Times*, June 21, 2022.
- [Restoring and Improving Charitable Giving Incentives](#), National Council of Nonprofits, June 15, 2022.

Promoting Nonprofit-Government Partnerships

- [Nonprofits need a seat at the governing table](#), Stacey D. Stewart and Phoebe Boyer, *The Hill*, June 24, 2022.

State and Local

How-To Tips

Nonprofits and Accessing ARPA Funds

In [an article published in *The NonProfit Times*](#), Tim Delaney, President and CEO of the National Council of Nonprofits (NCN), takes readers on a treasure hunt to determine whether there are Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) available to help their nonprofits recover from the pandemic's impact or provide services to others. Each state, city, county, and Tribal government will determine how to spend its allocation from the \$350 billion fund – deciding how much to spend on itself, and how much to distribute as “assistance to households, small businesses, **and nonprofits** [emphasis added], or to aid impacted industries.” With a bit of levity and relying on NCN's report, [Strengthening State and Local Economies in Partnership with Nonprofits](#), Delaney guides readers through both a process to discover what funds might be available and how to work with officials and organizations to determine the best use of funds, to prioritize which actions will be the most fruitful, and more. [Read the article](#).

Worth Reading

- [How Are Governments Using ARPA Funds? So Far, Very Slowly](#), Carl Smith, *Governing*, June 21, 2022.
 - [What the First Batch of Treasury Department Reports Tells Us About How Governments are Using Their ARPA Money](#), Philip Rocco and Amanda Kass. University of Illinois Government Finance Research Center, June 15, 2022.
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Tracking ARPA Fund Investments

While questions abound about how much and how fast governments are [spending their allocation of ARPA funds](#), nonprofits have recently scored significant victories in securing dedicated resources for nonprofit recovery and mission advancement.

- **Oklahoma** recently allocated [\\$25 million in ARPA funding](#) for nonprofit relief through legislation creating a grant program for organizations that provide direct services and can demonstrate a negative financial impact between January 2020 to March 31, 2022. Grants of up to \$50,000 will be awarded to nonprofits with revenues no greater than \$750,000, and up to \$75,000 for nonprofits with revenues greater than \$750,000.
- In **Vermont**, the Governor signed into law a [\\$10 million Community Recovery and Revitalization Grant](#) Program to make investments to retain and expand existing businesses and nonprofits, attract new nonprofit organizations, and create new jobs.
- A **Michigan** [\\$100 million nonprofit relief program](#) that would award grants to nonprofits and be administered by the **Michigan Nonprofit Association** has passed in both Houses. A conference committee to resolve differences was announced on June 23.

Likewise, local governments are targeting relief dollars to charitable organizations in their communities.

- Largo County, **Florida** is on the verge of allocating \$1 million in ARPA funds for a [nonprofit grant program](#) that would allow organizations to spend the funds on administrative and operational costs. Specifically, the county would dispense funds via one-time grants of between \$10,000 and \$25,000 to nonprofits that provide Largo residents with a safety-net service. The approach reportedly will complement a Pinellas County grant program and mirror one implemented by Hillsborough County.
- Luzerne County, **Pennsylvania** (Wilkes-Barre) has \$96.3 million left to earmark from its \$113 million federal ARPA allocation and is looking to use the funds on a wide [variety of proposals from nonprofits](#) focusing on animals, arts, health, historic preservation, and housing.

Advancing Equity Through ARPA

Equity and Outcomes

This month, the U.S. Treasury Department published an [Equity and Outcomes Resource Guide](#) highlighting how governments are incorporating equity, community engagement, evidence, and performance management into their use of Coronavirus

State and Local Fiscal Recovery Funds (CSLFRF) allocated to them under the American Rescue Plan Act. The Resource Guide provides three-dozen examples of strategies state and local governments are applying throughout the lifecycle of their CSLFRF-supported programs, from policy and project selection through implementation. These strategies include goal setting; using equity frameworks to consider equity throughout all stages of development and implementation; identifying high-need populations; engaging underserved communities; convening leaders from diverse backgrounds to analyze data through engagement processes; using evidence; and tracking outcomes. See also, [Advancing Equity through the American Rescue Plan](#), U.S. Treasury Department, May 2022.

Overcoming Workforce Shortages

Strategies for Recruitment and Retention

Salary competition and access to child care are two key [barriers impacting nonprofits' ability to hire and retain staff](#), but there are other factors at play. Governments around the country have been exploring ways to address workforce shortages. In **Maryland**, for instance, the state recently [eliminated the four-year college degree requirement](#) for thousands of state jobs. The state's Departments of Labor and Budget and Management will work to recruit and market those positions to applicants who are identified as “Skilled Through Alternative Routes” (STARs), such as apprenticeships and on-the-job training. Nationwide, an estimated [70 million](#) workers would qualify as STARs. For-profit employers are also reconsidering degree requirements, and research by the [Burning Glass Institute](#) found that “an additional 1.4 million jobs could be open to workers without college degrees over the next five years.” While sectors such as health and human services have licensing requirements, other fields may be able to see an increase in the applicant pool by reconsidering whether jobs truly need to be filled by someone with a four-year college degree.

Worth Quoting

On government-nonprofit grants reforms

- “When we look at nonprofit government contract and grant revenues in the aggregate at the national level, 32.5% of the sector’s overall revenue derives from government grants and contracts. There is no way private philanthropy can supplant this income. This is an important partnership, so if this relationship is so important to community health and well-being, then why aren’t we fixing some of the frailties of that relationship?”

— Lisa Maruyama, President and CEO of the Hawai`i Alliance of Nonprofit Organizations, quoted in [Nonprofits Feel the Pinch](#) (subscription), Kelsey Kukaua, *Pacific Business News*, June 24, 2022.

On respect for nonprofits

- “Resolved by the Assembly of the State of California, the Senate thereof concurring, That the Legislature, in recognition of the importance of nonprofit organizations to the economy and well-being of this state, declares June 8, 2022, as California Nonprofits Day.”

— [Assembly Concurrent Resolution No. 186](#), California, approved unanimously, June 2022.

Numbers in the News

71.3%

Amount of **Washington State** revenues derived from general sales taxes and property taxes, the highest share in the country. **Delaware** collects neither tax at the state level.

Source: [How States Raise Their Tax Dollars](#), Melissa Maynard, Pew Data Visualization, June 10, 2022.

Did You Know?

You can visit [VOTE.gov](#), a site for users to register to vote, check your voter registration with your local election office, and explore voting and election resources, including Voter ID requirements and voting on Election Day.

Upcoming Events

- June 28, [Advocacy and Lobbying](#), Hawai'i Alliance of Nonprofit Organizations
 - June 28, [Public Policy Action Network](#), Momentum Nonprofit Partners (Memphis)
 - July 12, [Policymaker Roundtable](#), Massachusetts Nonprofit Network
 - July 12, [Public Policy Action Network Information Session](#), Momentum Nonprofit Partners (Memphis)
 - July 14, [ARPA Funding and Nonprofit Opportunities](#), Minnesota Council of Nonprofits
 - July 19, [Advocacy 101](#), Florida Nonprofit Alliance
 - July 19, [Building Political Power](#), New Jersey Center for Nonprofits
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Take Action

Become a National Voter Registration Day Partner

National Voter Registration Day (September 20) is a great opportunity for nonprofits to ensure that their staff, volunteers, and community members are registered to vote. [Sign up to join the nationwide effort to register hundreds of thousands of voters](#) on September 20. As an official partner, your nonprofit will receive a free voter registration kit and access to other opportunities to support your nonpartisan voter registration work.

Advocacy in Action

In Praise of Actual (As Opposed to Virtual) Advocacy

After settling for virtual forms of advocacy (via Zoom, social media, etc.) over the course of the pandemic, nonprofit and other advocates are finally able to enter the halls of Congress and directly lobby Senators, Representatives, and their staff on the critical issues affecting their communities. For all the advances in virtual communications, actual advocacy – up close and personal – is still more effective. We should know because the state association members of the National Council of Nonprofits participated in Lobby Day on June 15, 2020, and the impact, intel, and experiences were profound.

[Read more](#)