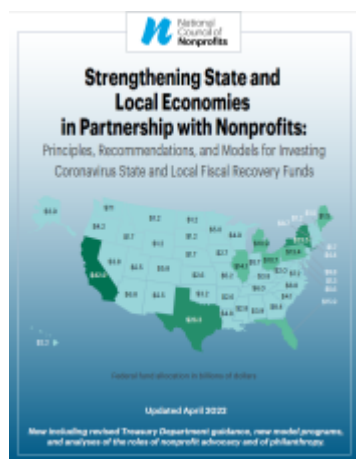




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Tools Available for Accessing ARPA Funds

The American Rescue Plan Act expressly authorizes state, local, Tribal, and territorial governments to invest their allocations of the \$350 billion in funds in charitable nonprofits. Yet, while nonprofits are **eligible** for that funding, they are not **entitled** to receive these funds – nonprofits must make a case for funding. The recently updated Special Report: [Strengthening State and Local Economies in Partnership with Nonprofits](#), provides the latest federal guidance and fresh examples from across the country, plus insights gleaned from effective nonprofit advocacy campaigns and examples of how foundations can support the equitable distribution of ARPA funds. Read the [Executive Summary](#), the [full report](#). And check back regularly for [updated resources and other information](#).

Cutting Through Partisan Gridlock to Advance Nonprofit Priorities

The start of primary elections season around the country this month typically also marks the beginning of even nastier partisanship resulting in legislative strategies at the federal and state levels hinging more on helping/hurting candidates for public office than on serving the public good. Without herculean advocacy efforts by charitable nonprofits, our mostly bipartisan policy priorities will be trampled or ignored in the rancor. Nonprofits cannot succumb to the conventional wisdom that progress must wait until after the elections. Our needs right now are great; action is essential now. Here are updates and action items on three policy priorities identified in the [nonprofit community letter](#) signed so far by more than 1,650 organizations from all 50 states.

Employee Retention Tax Credit

Bipartisan support continues to grow for legislation ([H.R. 6161/S.3625](#)) to reinstate the Employee Retention Tax Credit (ERTC) for the fourth quarter of 2021. If enacted, it would generate tens of millions of dollars for charitable nonprofits across the country. Although Congress canceled the Employee Retention Tax Credit effective the end of September 2021, there is still time for eligible nonprofits to claim this **refundable** tax credit that can offset employment taxes and generate refund **payments**. A new [National Council of Nonprofits blog article](#) asks this provocative question, “Did you forget to claim refundable tax credits from the IRS?,” and lays out the basics for claiming the Employee Retention Tax Credits for 2020 and 2021. It answers questions from nonprofits while sticking to plain-English discussion of a complex tax topic.

Charitable Giving Incentives

The data are in and the need for extended and expanded tax giving incentives is clearer than ever. A new [report from the American Enterprise Institute](#) thoroughly disproves the argument heard during the 2017 tax reform debate that rich people

will have more money to donate to charities once their tax rates were cut. After analyzing the data, the new report finds that “such hopes were misplaced and that high-income taxpayers in high-tax states actually reduced their charitable giving following the [2017 tax law].” The author expresses strong support for “an above-the-line charitable deduction.”

The latest report of the [Fundraising Effectiveness Project](#) (FEP) demonstrates the value and impact of that above-the-line approach, commonly called the universal charitable deduction. FEP data show that the temporary universal charitable deduction, valued at \$300 for individuals and \$600 for couples, showed impressive increases in giving while it was in effect. People were sensitive to the tax policy and responded to it: donations of \$300 made on the last day of the year increased by 33 percent in 2020 when compared to 2019 and by 7 percent in 2021 when compared to 2019. Yet Congress allowed this successful program to end last year.

Child Care Relief and Support

Nonprofits identified [lack of child care](#) as the second major barrier for retaining and recruiting employees. Efforts to enact child care spending of \$400 billion have failed so far because of opposition by Senator Manchin (D-WV) and all Senate Republicans to the President’s proposed Build Back Better Act. Now, Senator Murray (D-WA) is working to convince all [Democrats to accept a scaled-down version](#) in hopes of including it in a Democrats-only budget reconciliation bill. Murray and other Senators reportedly are promoting a package that would provide \$72 billion to the existing Child Care and Development Block Grant program for more robust child care subsidies; \$18 billion to a new grant program to help states expand access to pre-K; and \$12 billion to the Head Start program to raise wages for teachers. In addition to providing direct relief to nonprofit child care providers and their staff, the proposal could lower the cost of child care and enable more employees to work for charitable organizations.

Read the Letter, Sign the Letter

The [nonprofit community letter](#) is proving to be a powerful advocacy tool for communicating to Congress and the Administration the immediate needs of frontline organizations. The letter was updated on April 25th to show the support of more

than 1,650 organizations from all 50 states. The letter remains open for all charitable organizations to sign and circulate to show Congress and the White House that nonprofits in local communities throughout the country support these priorities

Worth Studying

On charitable giving

- [Fundraising Effectiveness Project Data Shows Increase in Universal Charitable Deduction Gifts in 2020 and 2021](#), Charitable Giving Coalition blog, May 10, 2022.

On election-related activities

- [Present Law and Background Relating to the Federal Tax Treatment of Political Campaign and Lobbying Activities of Tax-Exempt Organizations](#) (JCX-7-22), Joint Committee on Taxation, Apr. 29, 2022.
- [How Politics Poisoned the Evangelical Church](#), Tim Alberta, *The Atlantic*, May 10, 2022.

On nonpartisan voter engagement

- [In Praise of Nonpartisan Electioneering](#), Advocacy in Action, National Council of Nonprofits, May 2, 2022.
 - [Make a Plan to Vote](#), Lisa Hazirjian, North Carolina Center *for* Nonprofits blog, May 2022, providing nonpartisan tips for encouraging all North Carolina voters to vote. The article is suitable for sharing with nonprofit staff, board, volunteers, and clients.
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Recognition and Honor

Asian/Pacific American Heritage Month

May is [Asian American and Pacific Islander Heritage Month](#), a time when all can join in paying tribute to the generations of Asian and Pacific Islanders who have enriched America's history and are instrumental to its future success. The federal government has posted numerous celebratory resources at asianpacificheritage.gov. Also check

out [AsianBossGirl](#), a weekly podcast hosted by three Asian American women with business expertise in finance, technology, and media. Episode 166, [Raising a Daughter as an Immigrant Mother](#), is inspired by Mother's Day occurring during Asian American and Pacific Islander Heritage Month. For research, see the recent report, [STAATUS Index Report 2022](#), from the [Leading Asian Americans to Unite for Change](#) (LAAUNCH), as well as, [A resource guide to supporting the AAPI Community](#), which provides a list of nonprofits that operate nationally in states with the largest Asian American and Pacific Islander communities.

Mental Health Awareness Month

Nonprofits are actively seeking solutions – external public policies and internal operational practices – to address the [nonprofit workforce shortages](#) that are fueled in part by “stress,” and “burnout,” causing many workers to leave the nonprofit sector. In recognition of Mental Health Awareness Month, Jessica Mendieta and Amy Silver O’Leary of the National Council of Nonprofits wrote, [How \(and Why\) Nonprofits Are Supporting the Mental Health of Their Employees](#). They highlight campaigns by nonprofits around the county to support employee wellness, work-life balance, and overall well-being. And conclude, “Having conversations within our organizations that are frank about our need to protect each other’s mental health, and our own, and welcome each other’s identities, can guide a nonprofit to make a commitment to providing the support their staff needs to continue serving their communities.”

Find additional resources from [Mental Health America](#), the [National Alliance on Mental Illness](#), and the [Substance Abuse and Mental Health Services Administration](#) (SAMHSA).

State and Local

Tracking ARPA Fund Investments

Creating Relief Funds

Governments at all levels are looking to use American Rescue Plan Act funds to create nonprofit relief funds to help charitable organizations recover from the pandemic. The **Colorado** Legislature passed a bill, now awaiting the Governor’s

signature, establishing the [Small Community-based Nonprofit Grant](#) with \$35 million of the state's ARPA funds to be distributed by 10 intermediaries and prioritizing small nonprofits serving rural and under-resourced communities. Nonprofits could receive up to \$10,000 in grants for infrastructure and expanding. One of the bill's sponsors, Sen. Julie Gonzales, spoke in support of the [nonprofits that would benefit](#), pointing out, "we want for these organizational recipients to be able to use the money in the way that they see fit best so they can do that work that they know how to do best." Legislation in **Missouri** ([H.B. 3020](#)) would appropriate \$7.5 million in ARPA funds for a nonprofit grant program, \$2 million for capital improvements and programs of a nonprofit performing arts center, and \$2 million for nonprofit youth programs. At the local level, the El Dorado County, **California** Board of Supervisors unanimously approved providing nearly \$2 million in ARPA grants to 24 nonprofit organizations to help them [recoup some of the losses incurred](#) as a result of the COVID-19 pandemic.

Covering Unemployment Costs

During the pandemic, states drew down resources from their unemployment trust funds to pay out claims and took out federal loans to cover expenses. This year, lawmakers in [Alabama](#), [Illinois](#), [Kentucky](#), and [Minnesota](#) passed legislation to appropriate ARPA funds and general fund dollars to refill their states' unemployment trust funds and repay debts. The Minnesota law also [sets the unemployment base tax rate](#) at .1% and waives penalties for 2022, effectively avoiding higher payroll taxes for contributing employers. Bills enacted in [Delaware](#) and [Idaho](#) also froze unemployment insurance tax rates for one or two years during recovery.

ARPA Resources

ARPA: Federal Rules and Regulations

- [Final Rule for the State and Local Fiscal Recovery Funds](#), U.S. Treasury Department, effective Apr. 1, 2022.
- [Overview of the Final Rule](#), U.S. Treasury Department, Jan. 6, 2022.
- [Final Rule: Frequently Asked Questions](#), U.S. Treasury Department, as of Apr. 27, 2022.

Keeping Track of ARPA Spending

- **Local:** [Local Government ARPA Investment Tracker](#), Brookings Institute, Apr. 13, 2022
 - **State:** [ARPA State Fiscal Recovery Fund Allocations](#), National Conference of State Legislatures, updated May 11, 2022.
 - **Nationwide:** [ARPA Spending Website](#), National Council of Nonprofits, updated regularly.
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Worth Quoting

- "Locally based nonprofit organizations provide direct services across Boston while harnessing deep knowledge of community needs with a high-impact reach and an established presence as trusted messengers. The social sector has really stepped up to meet the needs of our residents throughout the past two years of the pandemic, and we must especially prioritize the sustainability of smaller nonprofits as essential toward charting our City's recovery."

— Boston City Councilor Liz Breadon, speaking at a [hearing on Nonprofit Human Services Sector Relief](#), before the Boston City Council Committee on Boston's COVID-19 Recovery, May 3, 2022

- "History will judge us harshly — not if we are too bold and ambitious, but rather, if we remain complacent or think too small... We have a unique window – and an opportunity – to act. We urge you to invest deeply and sustainably in nonprofits that power the City's workforce and economy."

— Testimony of Bob Giannino, CEO, United Way Massachusetts Bay and Merrimack Valley, before the Boston City Council, quoted in "[History Will Judge Us Harshly If We Remain Complacent](#)", May 10, 2022.

Worth Reading

- [Fiscal Road to Recovery Brief Series](#), National Conference of State Legislatures, May 2022, providing a series of analyses on how governments are investing Coronavirus State and Local Fiscal Recovery Funds in such areas as [economic relief and recovery](#) and [housing](#).

- [Written Statement of the National Council of Nonprofits before the Boston City Council](#), May 3, 2022. Read [witness testimony and presentations](#) from all nonprofit panelists at the hearing:
 - Massachusetts Nonprofit Network, Jim Klocke
 - National Council of Nonprofits, David L. Thompson
 - Providers Council, Michael Weekes
 - The Boston Foundation, Amanda Hartigan
 - TSNE MissionWorks, Elaine Ng
 - United Way Massachusetts Bay and Merrimack Valley, Bob Giannino
 - [Billions Available for Nonprofits](#), Linda J. Rosenthal, For Purpose Law Group, May 11, 2022, reporting on the updated report, [Strengthening State and Local Economies in Partnership with Nonprofits](#), and recent testimony before the Boston City Council, and concluding, “It’s critically important for nonprofits around the nation to continue to creatively engage with their government counterparts to apply [for ARPA] funds.”
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Worth Studying

- [In Los Angeles, Deputy Secretary of the Treasury Wally Adeyemo Calls on State and Local Governments to Use American Rescue Plan Funds to Boost Affordable Housing Supply](#), Treasury News Release, May 2, 2022.
 - [Deputy Secretary of the Treasury Wally Adeyemo Highlights Orlando Job Training Programs Funded By The American Rescue Plan](#), Treasury News Release, Apr. 26, 2022.
 - [Investing Surprise Surpluses ... for the Public Good](#), Tiffany Gourley Carter, National Council of Nonprofits blog, Apr. 4, 2022.
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Addressing Workforce Shortages in Child Care

With rising household costs putting additional economic pressures on families, there is growing interest in public policies that support people returning to the workforce, especially for women, given that access to quality and affordable child care remains a significant barrier. Beginning this month and running through June 2023, **New Mexico** is waiving copays for families participating in its [Child Care Assistance Program](#), and the state is expanding eligibility to include families earning up to

400% of the federal poverty level. The state has also opened applications for a grant that provides a [stipend of up to \\$2,000 per semester](#) to early childhood professionals enrolled in a qualifying program at a higher education institution in the state. In **Hawai`i**, [pending legislation](#) would create a child care worker subsidy pilot program, with priority given to employees working in rural areas and child care deserts. In **Utah**, the [Return Utah](#) program targets individuals who are looking to re-enter the workforce and have at least a two-year work gap due to reasons that include starting or raising a family and managing mental and physical health. It also encourages employers to offer a return to work program.

Worth Reading

- [‘This is tragic’: Mass exodus of human services workers leaves industry in shambles](#), Cameron Morsberger, *Lowell (MA) Sun*, May 14, 2022.
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States Making Fundraising More Accessible

Some lawmakers are seeking to make it easier for nonprofits to fundraise and host events in their states. In **Hawai`i**, a bill to [remove the state tax on fundraisers](#) has passed the Legislature and is awaiting approval by the Governor. [Arizona](#) nonprofits that have only been in existence for one year, as opposed to five years, may now conduct raffles thanks to a new law. All nonprofits are still limited to three raffles annually and can only receive up to \$10,000 total per year. Event applications in [Tennessee](#) no longer need to be signed by a nonprofit organizations’ chair, president, or chief administrative officer, a limitation that has been an administrative headache that has hindered smaller organizations in the state. Finally, starting July 1, liquor producers may donate their products in [Idaho](#) for a benevolent, charitable, or public purpose.

Did You Know?

Nonprofit employers can still claim and possibly receive payments for the *refundable* Employee Retention Tax Credit for parts of 2020 and 2021.

Source: [Attention Nonprofit Employers: Did You Forget to Claim Refundable Tax Credits from the IRS?](#), Steven M. Woolf, National Council of Nonprofits, May 11, 2022.

Upcoming Events

- May 18-20, [Washington State Nonprofit Conference](#), Washington Nonprofits
- May 23, 25, 31, and Jun. 1, [Nonprofit Advocacy 4-Part Series](#), Nonprofit Associations of Oregon
- May 25, [Get Out the Vote - Nonprofit Edition](#), CalNonprofits
- May 25, [Nonprofit Advocacy Dos and Don'ts](#), Delaware Alliance for Nonprofit Advancement
- May 25, [Advocacy 101](#), Maine Association of Nonprofits
- May 25, [Nonprofit Advocacy: Why and Why Now?](#), Nonprofit Association of Oregon

Advocacy in Action

From Surveys to Advocacy to Solutions

The few minutes it takes you to fill out a survey can drive months, even years, of advocacy work that shapes legislation and improves nonprofits' ability to advance their missions. By providing input and sharing experiences, you help document challenges, expose trends, and identify solutions. A case in point is the nonprofit workforce shortages crisis. Until the results of surveys “blew the whistle” on the problem, hardly anyone recognized that everyone suffers the consequences when their local charitable organizations don’t have the staff they need to address community needs. Now, thanks to multiple survey reports, the problem and policy solutions are front and center at the [federal](#), state, and [local](#) levels.

[Read more](#)