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Nonprofit Champion | January 8, 2024

Happy New Year! This special edition of Nonprofit Champion is devoted to setting the stage for nonprofit-related public policy action anticipated in 2024. The first regular edition of this advocacy newsletter will be published on Tuesday, Jan. 16, and then return to its normal publication schedule every other Monday beginning on Jan. 29.

Why We Write This Newsletter

As explained in the article [Why We Write](#), we remind ourselves and share with you why we write this publication and reiterate the principles on which it stands. Sharing the bottom line up front, each edition of the newsletter is designed to provide information so nonprofits can learn about and track items enabling them to take action as they see fit. Its purpose is to give you the information and tools to advance your organization's mission through advocacy. Happy reading.

Federal

First Up: Some Big Questions for 2024 - Federal

We open this year asking the big questions on federal policies affecting charitable nonprofits. Answers to these and many more questions will appear in forthcoming editions of *Nonprofit Champion*:

- **Congress:** Will there be a federal government shutdown, or will Congress pass spending bills in time? Will there be a tax bill this year and will charitable tax incentives be included?
 - **Executive Branch:** What regulatory actions will reshape charitable nonprofit operations, resources, and workplaces?
 - **Judiciary:** How will decisions by the courts affect charitable nonprofits?
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The Second Session of the 118th Congress Commences Today

Senators and Representatives return to Washington today and tomorrow to confront an historic array of must-pass bills; they need to hit the ground sprinting to avoid potentially catastrophic federal government shutdowns. In just 11 days, Congress must enact funding for four expiring appropriations bills (Agriculture; Energy-Water; Military Construction-VA; and Transportation-HUD) or the relevant departments and agencies will be forced to close. Two weeks later, on February 2, the rest of the federal government will shut down unless the deeply divided Congress can resolve numerous spending and policy questions. On Sunday, House and Senate leaders reached agreement on how much they are willing to spend, a critical decision needed to avert a shutdown. Many conservative Representatives, however, are objecting to the deal and are also demanding passage of dozens of controversial provisions that are not part of the leaders' agreement. Further complicating matters, negotiations continue over a supplemental spending bill to provide support for Ukraine, Israel, humanitarian relief in Gaza, and Taiwan. Last week, a block of House Republicans declared they would shut the government down by withholding their votes unless they got their way on policies related to the migrant crisis at the southern border. As Congress returns, there are no easy predictions on how any of these matters will be resolved.

Worth Quoting

- “January is not going to be an enjoyable month, let me just say that. So, happy New Year to all of you.”

— Senator Susan Collins (R-ME), quoted in [Punchbowl News](#), Dec. 21, 2023.

Hot Federal Topics for Nonprofits in 2024

- **Charitable Giving Incentives:** The current best hope for restoring the non-itemizer (universal) charitable deduction is to get it attached to a tax bill currently being negotiated by tax writers in the House and Senate. The package would likely expand the child tax credit demanded by Democrats and restore at the insistence of Republicans tax benefits for businesses related to research and development spending, purchases of assets that lose value over time, and interest expenses. Such a bill could be attached to any legislation moving through the House and Senate in the coming months, would be retroactive, and expire at the end of 2025.
 - **Coronavirus Relief Funds:** The Treasury Department [recently clarified](#) the rules on when and how state, local, and Tribal governments must – by the end of 2024 – obligate any remaining Coronavirus State and Local Fiscal Recovery Funds, allocated as part of the American Rescue Plan Act. The good news is that governments can satisfy the law by entering into a written agreement with charitable nonprofits to spend the money by the end of 2026. The challenge for nonprofits is that they need to act now to convince those governments to commit the funds to the work of charitable organizations in communities. [Learn more.](#)
 - **Federal Grants Reforms:** Nonprofit advocacy is on the verge of delivering significant relief from unrealistic reimbursement rates and costly administrative burdens. Bipartisan legislation (**[Streamlining Federal Grants Act \(S. 2286/H.R. 5934\)](#)**) would put charitable nonprofits in the center of reform efforts. Plus, pending regulations from the Office of Management and Budget could guarantee higher payments to nonprofits for indirect costs (overhead), provide nonprofits the ability to appeal adverse actions by governmental agencies, and simplify notices of funding opportunities, among other things. [Learn more.](#)
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ACTION ITEMS

We encourage charitable nonprofits to sign their organizations onto letters supporting two significant pieces of bipartisan, pro-nonprofit legislation.

- **Charitable Act (S. 566/H.R. 3435) Sign-On Letter:** [Go here to add your nonprofit to the letter](#), which will be updated regularly to show growing support across America.
- **Streamlining Federal Grants Act (S. 2286/H.R. 5934) Sign-On Letter:** Read the [nonprofit coalition letter](#) in support of the *Streamlining Federal Grants Act*. The letter has been sent to the Hill and will be updated, meaning there's still time for charitable [nonprofits to sign on](#).



Worth Studying

- [2024 Public Policy Agenda](#), National Council of Nonprofits, adopted Dec. 13, 2023, addressing public policy priorities at the federal, state, and local levels in the executive, legislative, and judicial branches of government. The Agenda explains the philosophies underlying policy positions and identifies specific action items in the areas of taxes, budget and spending, workforce policies, government grants and contracts, nonprofit advocacy rights, and regulatory matters.

State and Local

Hot State and Local Topics for Nonprofits in 2024

By the end of the month, legislatures in [37 states will be in full swing](#) with another six convening in February. The [expiration of many federal programs](#) like emergency rental assistance, childcare stabilization funds, and enhanced food assistance, means that state lawmakers will have to act to fill gaps. Many of these issues directly affect the work of charitable nonprofits in their communities. Here is a brief forecast of the hot topics affecting organizations and the people they serve:

- **Grants Reforms:** Last year, state lawmakers introduced more than 50 bills to reform their state's government grants and contracts processes relating to nonprofits, including measures seeking to streamline and modernize systems, establish methods for more timely reimbursement of direct and indirect costs, require equity in prompt payments, provide [up-front or advance payments](#), and more. Concerted efforts by charitable organizations in states across the country can make 2024 the year that government grantmaking processes emphasize partnerships with nonprofits for the public good.
- **Child care:** State policymakers are expected to continue taking steps to [address child care gaps](#) for families. Several states passed expanded or made permanent tax credits last year, and others may consider additional benefits like providing child and dependent tax credits, earned income tax credits, and employer-provided child care tax credits in 2024.
- **Charitable Giving Incentives:** [Most state tax laws](#) encourage individuals and businesses to donate to the work of charitable organizations by providing an itemized deduction, tax credit, or other giving incentives. In states with budget surpluses, nonprofits will be pushing for expanded incentive, such as broad or targeted tax credits, while elsewhere nonprofits will be fighting to preserve incentives that encourage individuals to give back to their communities.
- **Donor Secrecy:** The concerning trend will likely continue of state legislatures considering bills to prohibit all governmental entities – including law enforcement – from collecting certain information from tax-exempt organizations, including charitable nonprofits. The proposed bans typically include any information identifying donors or the amount they gave, thus preventing law enforcement from catching scam artists and fraudsters. While public disclosure of donor information should be prevented, the legislation goes too far in blocking law enforcement access to basic data they need to protect legitimate charities and the public at large.
- **Taxes, Fees, PILOTs (payments in lieu of taxes):** The cycle of local governments short on cash [targeting tax-exempt organizations](#) continues.

Higher education and health care facilities typically are the first to feel the pressure through legislative action or public shaming. However, cultural and other types of nonprofits could see attacks as well this year.

Looking Back



[50-State Nonprofit Policy Recap for 2023:](#) While Congress only enacted 56 laws this year (27 according to the *New York Times*), the states passed 35,841 in 2023. To showcase how the “action is in the states,” we created this interactive 50-State Nonprofit Policy Recap for 2023 that features nonprofit policy news and progress throughout the year (displayed across eight maps).

[Check it out!](#)

- [States and localities in 2023: A look at the top stories of the year](#), *Route Fifty*, Dec. 29, 2023.
- [Spreading Cheer Through Charitable Giving](#), National Conference of State Legislatures, Emily Maher and Tiffany Gourley Carter, Dec. 20, 2023, recapping charitable giving tax incentives by state, national trends and policy priorities, and recently enacted state laws affecting fundraising and donation regulations.

Looking Ahead

- [In 2024, Expect New Debates on A.I., Gender and Guns](#), Rick Rojas, *New York Times*, Jan. 2, 2023.
 - [In Terms of Federalism, the Action’s in the States](#), Donald F. Kettl, *Governing*, Dec. 21, 2023, making predictions about climate and the culture wars and how states will take the lead in policy in 2024.
 - [On the Agenda 2024](#), *Route Fifty*, Dec. 20, 2023, providing deep dives into 12 issues likely to garner considerable attention next year, including AI, elections laws, mental health, and affordable housing.
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New State Laws in 2024

New laws affecting individuals and nonprofits went into effect across the country on New Years Day. Here is a sampling:

- **Child Care:** New laws in **Colorado, Massachusetts, and Utah** expand or increase the value of state child tax credits for dependents.
- **Minimum Wage:** Effective this month, 22 states and more than three dozen cities and counties [increased the minimum wage rates](#) for workers. Employees in **California, New York, and Washington State** should now be earning at least \$16 per hour.
- **Taxes:** The majority of [states made changes to their state tax laws](#) last year, effective Jan. 1. Among those, nine states (**Arkansas, Connecticut, Georgia, Iowa, Kentucky, Mississippi, North Carolina, Ohio, and South Carolina**) implemented income tax cuts, some of which may result in reduced charitable giving in the respective states.

Ending on a Positive Note



Agreeing to Disagree Agreeably

Spencer Cox, Governor of **Utah** and Chair of the National Governors Association (NGA), is leading a nationwide initiative encouraging politicians and residents alike to "[disagree better](#)." He explains that an "exhausted majority" of the country is sick and tired of hyper-partisanship and polarization, and asserts: "This is good politics, to stop hating our fellow Americans." Explaining further, Cox says, "It's about disagreeing in the right ways, disagreeing without hating others or tearing them down — attacking ideas and not people." According to the NGA website, the [Disagree Better initiative](#) "is an effort to show that as Americans, we can work through our differences to find solutions to the most difficult problems facing our states and our nation. This effort includes a series of public-facing efforts, assisted by NGA and chosen from a toolkit of interventions that are customizable for each

state/governor.

Numbers in the News

48%

The percentage of Hispanic households in the United States that qualified as middle class in 2022, up from 42% in 2012. During the same period, the proportion of Black middle-class households grew more slowly, from 41% to 44%, while white households remained the same at 51%.

Source: [More Hispanic families are reaching the middle class](#), Tim Henderson, *Stateline*, Dec. 18, 2023, using [Pew Research Center](#) data.

\$0.67

The per-mile rate of the standard business deduction for use in calculating the deductible costs of operating an automobile for business. The charitable mileage rate of \$0.14 per mile has not changed since it was fixed in statute in 1997.

Source: [IRS issues standard mileage rates for 2024; mileage rate increases to 67 cents a mile, up 1.5 cents from 2023](#), IR-2023-239, Internal Revenue Service, Dec. 14, 2023.

January is

- [National Blood Donor Month](#)
 - [National Braille Literacy Month](#)
 - [National Poverty in America Awareness Month](#)
 - [National Slavery and Human Trafficking Prevention Month](#)
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Did You Know

Four states do not have regular sessions of their legislatures this year or in any even-numbered year: **Montana, Nevada, North Dakota, and Texas.**

Nonprofit Events

- Jan. 10, [Budget Briefing](#), Nonprofit Association of the Midlands (Nebraska)
- Jan. 11, [Strategic Advocacy](#), The Foraker Group (Alaska)
- Jan. 11, [2024 Public Policy Outlook](#), Louisiana Alliance for Nonprofits
- Jan. 16, [Nonprofit Day on the Hill](#), Utah Nonprofits Association
- Jan. 17, [Advocacy Gathering: Advocacy in Action](#), Nonprofit Association of Washington
- Jan. 23, [Nonprofit Capitol Exchange](#), NH Center for Nonprofits
- Jan. 23, [Legislative Breakfast at the Capitol](#), South Dakota Nonprofit Network
- Jan. 25, [Nonprofit Legislative Day](#), Common Good VT
- Jan. 31, [Advocacy in Action](#), The Foraker Group (Alaska)
- Feb. 7, [Nonprofit Day at the Capitol](#), Kentucky Nonprofit Network

Advocacy in Action

Why We Write

Shortly after the United States entered World War II, Academy Award winning director Frank Capra commenced a film project for the U.S. War Department that became the seven-part series known as [Why We Fight](#). Capra's charge from the Army Chief of Staff was to explain "why we are fighting, and the *principles* for which we are fighting."

That same mission, figuratively, has guided this newsletter since its inception in 2010. Here at the beginning of the New Year, we remind ourselves and share with you why we write this publication and reiterate the principles on which it stands.

[Read More](#)

Stay in the Loop

Want to be the first to know policy developments and operational trends affecting nonprofits? Sign-up to receive our free newsletters, Nonprofit Champion and

Nonprofit Essentials, and browse the archive of past editions.

[Sign-Up](#)