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Nonprofit Champion | February 22, 2022

Federal

Need Relief?

The pains and costs of the pandemic are not over. That's why charitable nonprofits from all 50 states are telling Congress and the Administration that community nonprofits need immediate relief. Last week national organizations sent a [letter to President Biden and congressional leaders](#) calling for "urgently needed pandemic and workforce shortage relief that will enable charitable organizations to fulfill their roles in our nation's relief, recovery, and rebuilding." The letter identifies nonprofit-specific policy solutions that would provide disaster relief, address nonprofit workforce shortages, and promote volunteerism to aid our communities. The letter is now 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.

The Agenda Ahead

Spending Decisions Front and Center

Congress is away this week for its Presidents Day recess, while vital spending questions remain unresolved. These looming decisions will shape much of the action in the coming weeks. Before leaving town last week, the Senate followed the House in passing a three-week continuing resolution that will fund the federal government through March 11. At that point, or after another short-term extension, Congress hopes to pass a massive, omnibus spending bill that will provide resources to every federal department and agency through the remainder of the fiscal year that ends in September. Due to Russian troops invading Ukraine yesterday, it is uncertain the extent to which the spending priorities of the Administration and Congress will change, and all estimates of timing can only be guesses.

The must-pass appropriations bill is already attracting numerous additional proposed spending and policy priorities. The Administration has sent up a request for an additional \$35 billion to support COVID-related activities like vaccinations, testing, and other outreach. Senators on the Small Business Committee have been working on a \$40 billion package of additional relief for restaurants, gyms, and performance venues. A new group called the Economic Bridge Coalition sent a letter to President Biden last week calling for financial assistance to “left-behind businesses” through either expansion of other programs for small businesses or a new program. And, as noted above and explained below, charitable organizations have identified necessary priorities in [the new nonprofit community letter](#). The fact that so many diverse segments of the economy are actively advocating for further pandemic-related relief could pave the way for Congress to pass one more significant relief package intended to alleviate the adverse impacts of the pandemic and promote rapid and full recovery. Or, it could just tack a smaller number of those requests onto the omnibus spending bill – which is why nonprofit advocacy is needed now.

Nonprofit Pandemic Relief Priorities

To convince Congress that charitable nonprofits need further relief from pandemic-caused economic harm in order to continue serving others, nonprofits everywhere need to join in the collective advocacy efforts happening now to secure relief to restore the financial health of individual organizations and support ongoing recovery efforts that only charitable nonprofits can provide. The package of relief sought by

the nonprofit community addresses three areas of challenges:

1. **Generating Resources to Meet the Needs of Relief and Recovery**

To deliver relief and recovery in their communities, nonprofits need resources; yet charitable giving is down and giving incentives enacted by Congress have expired. Nonprofits are calling on Congress and the Administration to restore and expand the **universal charitable (non-itemizer) deduction**, and extend the **100% AGI cap** on individual donations and the **25% income tax cap** on corporate donations through the end of the year.

2. **Addressing Critical Staffing Shortages**

Charitable organizations are also calling for action to help remedy the devastating and well-documented [nonprofit workforce shortage](#). Solutions include extending and improving the **Employee Retention Tax Credit**, investing significantly in high-quality, affordable, and available **child care options**, enacting the **WORK NOW Act** nonprofit grants and jobs program, and making essential reforms to the **Public Service Loan Forgiveness** program to make it more accessible for nonprofit employees.

3. **Promoting the Return of Volunteers to Nonprofits**

Finally, lawmakers must help address the precipitous decline in volunteerism, both to ensure organizations can continue to provide pandemic relief and recovery to communities and to promote civic engagement and healing. Specifically, nonprofits are seeking **capacity building grants** to assist in volunteer generation and management and **relief for volunteer drivers**.

The [nonprofit community letter](#) urges Congress and the Administration to advance these policy priorities to help overcome the unique challenges charitable organizations are facing as they struggle to serve their local communities through and out of the worst public-health and economic crises of our lifetimes. [Sign the letter](#).

Worth Quoting

(selected comments from signers of the nonprofit community letter)

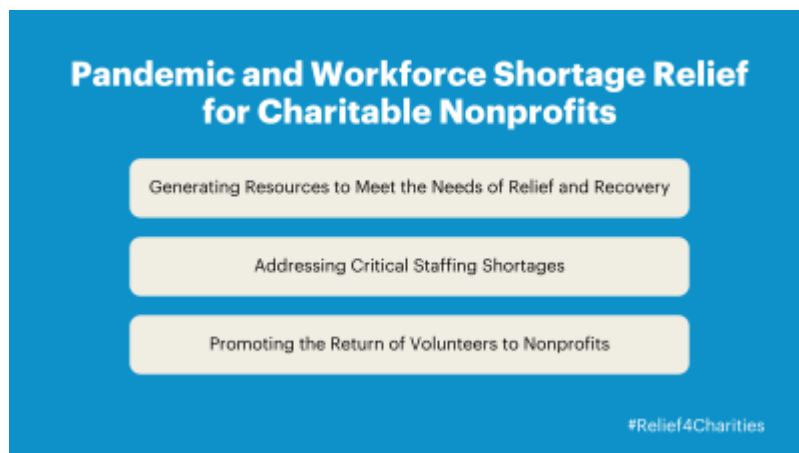
- “As a nonprofit mental health counseling center in Hawaii, we are struggling to keep up with the demand for mental health services. We don't turn anyone away for financial reasons, and keeping our promise to our clients sometimes keeps me up at night. We are striving to do more to retain our professional mental health care providers, so that they don't seek employment elsewhere; and attract volunteers who can help us with fundraising events, so that we can continue to see all clients, regardless of their financial situation.”

— Comment of **Hawai`i** mental health services provider, Feb. 17, 2022.

- “We're asking for your help. Volunteers have been afraid to help during COVID. Some non-profits are threatened with closing. We are having to hire or temp hire staff to fill some of the critical vacancies. But we don't have funds to do so. A little bit of money on this end would help prevent our \$5 million dollar agency from not being able to fulfill our obligations to keep the organization open”

— Comment of a **Tennessee** human service provider, Feb. 17, 2022.

Postcards Suitable for Tweeting



Why Nonprofits, Why Now?

Financial Hardships

Charitable organizations have utilized many forms of relief over the past two years, but most of those supports have expired. Yet the needs remain great as charitable organizations struggle to provide pandemic relief in the face of continuing health risks, lost revenues, and the lack of available staff.

Nonprofit Staffing Shortages

Charitable organizations report significant difficulties retaining staff and filling vacancies. The impact of these shortages can be seen in virtually every local community as nonprofits are forced to restrict needed services, institute waiting lists, or close operations entirely.

#Relief4Charities

Once you sign the new nonprofit community letter and circulate it to colleagues to sign it too, consider forwarding it to your Representatives and Senators ([names and handles here](#)) using one of these postcards.

[Senator/Representative #handle] the pandemic continues to hurt the ability of charitable nonprofits to meet community needs. Enact #Relief4Charities to address financial, workforce, and volunteer shortages. <https://bit.ly/3gUi5gF>;

#Relief4Charities

Follow the hashtag [#Relief4Charities](#) on Twitter to get breaking news, action items, and targeted tweets to help you make a difference in support of the nonprofit policy priorities and your own organization's wellbeing.

Bipartisan ERTC Relief

Last week, Senators introduced the bipartisan [Employee Retention Tax Credit Reinstatement Act](#) (S. 3625), a bill that seeks to retroactively restore the refundable tax credit for the fourth quarter of 2021. The bill's principal sponsors are Senators Hassan (D-NH) and Scott (R-SC). The [business and nonprofit coalition issued a joint news release](#) in support of the legislation. Tim Delaney, President & CEO of the National Council of Nonprofits, said, "The Employee Retention Tax Credit is, and has always been, a disaster relief provision designed to help employers keep workers on the payroll during trying times." He warned that without swift passage of the bill and the restoration of the ERTC for the fourth quarter of 2021, "layoffs at community-based nonprofits will be necessary, harming the economic recovery and causing a reduction in the vital services our fellow residents need." The Senate bill is a

companion to the bipartisan legislation ([H.R. 6161](#)) introduced in December by Representatives Miller (R-WV) and Murphy (D-FL).

See [Employee Retention Tax Credit For Nonprofits Has A Chance](#), *The NonProfit Times*, Feb. 22, 2022.

"Public Charge" Rules Revisions Proposed

The Department of Homeland Security's (DHS) announced plans last week to [revise the "public charge" rules](#) that determine treatment for noncitizens requesting admission to the United States or applying for lawful permanent residence status. At issue is the longstanding disqualifying question of whether a noncitizen is "likely at any time to become a public charge." In 2020, a federal court struck down a rule change adopted by the Trump Administration that allowed immigration officials to reject the applications of noncitizens who received noncash assistance like the Supplemental Nutrition Assistance Program (SNAP) or Medicaid; the new rule proposes striking a "fair and humane treatment for noncitizens," according to the [DHS news release announcing the proposed rules](#). Many nonprofits had opposed the previous administration's change to the public charge rule, warning that it would discourage lawful immigrants from using public benefits such as SNAP and Medicaid, impose a chilling effect on many U.S. citizens, and cause disparate treatment of immigrant families who are at or near the federal poverty level. The new rule will be open for public comment for 60 days after it is published in the Federal Register.

Trend Spotting

Nonprofit Dissolutions & Mergers

Multiple sources signal that an increasing number of charitable nonprofits, especially smaller ones, are looking to close their operations and public policy is clearly a factor. There are multiple reasons, of course, but notably Congress shut down the Paycheck Protection Program in May 2021, ended unemployment relief to workers and employers before Labor Day, prematurely stopped the ERTC program at the end of September, and let all of the enhanced charitable giving incentives expire on December 31. [Study](#) after [study](#) shows how instrumental the forgivable PPP loans were to nonprofit sustainability; the removal of those funds and the other programs

has hit nonprofits especially hard. The good news is that the government programs worked. The bad news is that the removal of those programs – while the pandemic-related health and economic struggles continue – is forcing many small and midsized nonprofits that serve local communities to scramble for solutions. Continue reading the analysis by Tim Delaney and Amy Silver O’Leary: [Rising Interest in Nonprofit Dissolutions & Mergers](#).

Relief for Borrowers

Taking Advantage of Student Loan Forgiveness

Nonprofit employees and other eligible borrowers have until October 31 to take advantage of the Limited Waiver for [Public Service Loan Forgiveness](#), which provides for forgiveness of eligible federal loans after 120 eligible payments while working for 501(c)(3) charitable nonprofits and government employers. The [PSLF Coalition has a new FAQs webpage](#) that answers basic questions like what the Limited Waiver is, which loans are eligible, what months count towards forgiveness, and how to apply. The FAQs provide guidance for eligible borrowers to take advantage now to have employers certified and eligible payments counted to earn forgiveness faster. For even more information, [watch the webinar recording](#) from the National Council of Nonprofits and Student Borrower Protection Center.

Data for Advocacy

Take NFF's 2022 State of the Nonprofit Sector Survey

We get it, you’re tired of filling out surveys! We are, too. Nonprofit survey fatigue has reached new heights during the pandemic, as researchers and advocacy organizations try to stay on top of fast-moving developments. But we’re asking you please: stretch your form-filling-out muscles one more time and raise your organization’s voice through the Nonprofit Finance Fund [State of the Nonprofit Sector Survey](#). Why? This is one of the few ongoing surveys for our sector, meaning it can help identify trends in ways that a lot of the one-off surveys of the past couple years can’t. This is a vital national survey on the financial health of nonprofits. It

collects data on the experiences of nonprofit leaders and informs our sector's efforts to improve the lives of people in communities across the country. In the past, its findings have been widely used and cited by nonprofit leaders and boards, funders, advocates, policymakers, media, researchers, and many others.

[Take the survey](#)

State and Local

Workforce Shortages: Nonprofits and Salary Competition

Salary competition is the biggest factor affecting a nonprofit's ability to recruit and retain staff, according to an [analysis of survey results](#). The lower wages are caused in part by the inability of nonprofits to match actions by governmental and for-profit employers to hike wages. Thanks to historic [revenue surpluses](#), state governments are in the process of allocating resources to increase pay for government employees. **Kentucky** Governor Beshear has announced his support for a [raise for all state workers](#). **Michigan** Governor Whitmer is proposing a four-year plan to spend [\\$2.3 billion](#) to recruit and retain teachers that includes annual bonuses that would from \$2,000 to \$4,000 by 2025. Last week, **Arkansas** Governor Hutchinson announced that 22,500 state employees will receive a [2% cost of living adjustment](#), the first in ten years, beginning in their February 25 paychecks. Similarly, for-profit businesses are adapting to inflation and shifts in the labor shortages by increasing prices and offering higher salaries for entry-level positions or raises to employees. In a survey of 240 U.S. businesses conducted by the [Conference Board](#), they found that companies, on average, were setting aside 3.9% of their payroll budget to raises in 2022.

Nonprofits, on the other hand, are not experiencing the same financial flexibility. The **Florida Nonprofit Alliance's** [2021 COVID-19 Effects survey](#) results released in December found that 53% of nonprofits had a decrease in unrestricted revenue, and nearly half had spent some or all of their reserve funds – they are now more “financially fragile than before the pandemic.” With the existing budgetary and operating restrictions on increasing salaries for employees, charitable nonprofits

also have to be prepared for minimum wage increases: [21 states saw minimum wage increases](#) take effect on January 1. These increases are crucial to low-wage workers, especially in the middle of rising living costs, yet many charitable nonprofits will struggle to meet that wage floor due to restricted government grants and contracts or budget shortfalls. For more on the challenges nonprofits are facing and solutions for consideration, read [The Scope and Impact of Nonprofit Workforce Shortages](#).

Worth Studying

- [Prices are up. So is the need for services. How nonprofits are coping.](#), Simone Montlake, *Christian Science Monitor*, Feb. 17, 2022, providing an in-depth analysis of inflation and the nonprofit workforce crisis. The article explains why this matters: “What happens when you provide services that millions of people turn to, and raising your prices isn’t an option to cover the bite of inflation? That’s the challenge America’s nonprofit sector is scrambling to face up to.”
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Worth Quoting

- “We know workforce shortages are really significant, and not only because of burnout and exhaustion and trauma, but also very real issues around pay inequities with for-profits, as well as challenges with accessing child care.”

— Jennifer Cathy, Chief Impact Officer of the United Way of Greater Rochester and the Finger Lakes, quoted in [A tough time for small nonprofits](#), Mike Costanza, *Rochester (NY) Beacon*, Feb. 17, 2022.
 - “A lot of social service organizations operate under fixed contracts with governments to provide certain services. The government contracts are not being adjusted to allow nonprofits to pay better wages.”

— Rick Cohen, Chief Operating Officer of the National Council of Nonprofits, quoted in the same article.
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Reforming Government Grants and Contracting

The pandemic exacerbated the many documented challenges nonprofits face regarding the substance and process of government grants and contracts. There is now growing interest in securing lasting solutions.

Late Payments

New York City's Joint Task Force to Get Nonprofits Paid on Time released an action memo, "[A Better Contract for New York](#)," which stressed that nonprofits "were there for us and we need to be there for them." The Task Force identified five key issues: accountability and transparency; efficiency and streamlining; fairness and equity; leadership and management practices; and capacity building. The Appendix presents 19 recommendations and timeframes to address those issues, with the long-term recommendations being implemented as early as FY24. [New York City Comptroller Lander posted a video](#) acknowledging the challenges caused by late payments and pledged action and relief.

Scope of the Problems

Washington Nonprofits recently released [preliminary findings from their survey regarding government grantmaking and contracting](#) in the state. More than seven in 10 (72%) respondents reported difficult application procedures or timelines, and 30 percent said governments paid late. The top priorities for change were contract rates that do not rise with cost increases over time, contracts that do not cover administrative costs, and burdensome reporting and invoicing requirements. The full report of the state association of nonprofits will be released in March with disaggregated data on the experience of Black, Indigenous, and/or People of Color-led and rural organizations.

Tracking ARPA Fund Investments

[Local Government ARPA Investment Tracker](#), an online resource that shows how cities and counties with populations of at least 250,000 are allocating their ARPA State and Local Fiscal Recovery Funds. The resource is provided through a partnership between Brookings Metro, the National Association of Counties, and the

National League of Cities. The tool lets you search among 40 spending subgroups like affordable housing, arts and culture, **nonprofit support** (71 examples), nutrition/food assistance, workforce development, and youth and family support.

Keeping Track of ARPA Funding

Local: [Local Government ARPA Investment Tracker](#), Brookings Institute, Feb. 3, 2022

State: [ARPA State Fiscal Recovery Fund Allocations](#), National Conference of State Legislatures, updated Feb. 17, 2022.

Nationwide: [ARPA Spending Website](#), National Council of Nonprofits, updated regularly.

Nonprofit Nonpartisan Voter Engagement Analyzed

A quarter of nonprofits report that they are involved in nonpartisan voter engagement activities such as voter registration, voter education, and get-out-the-vote activities, according to a new Nonprofit VOTE analysis. The report, [America's Nonprofits Get Out the Vote](#), also found that about one-third of nonprofits serving historically underrepresented communities and nearly half of nonprofits led by People of Color engaged in these nonpartisan election-related activities. Further, nonprofits that engage in nearly any form of advocacy were more likely to also do voter engagement, including nonprofits that educate the public about policy issues, testify at hearings, lobby public officials, or encourage members to contact decision-makers.

Nonprofit VOTE Webinar

[Midterms 2022 - How New Laws and Maps Affect Nonprofit Voter Engagement](#)

TODAY, Tues. Feb. 22 @ 2:00 pm Eastern

Voters in 2022 are facing a raft of confusing voting-related laws at the state level, new maps for congressional and state offices, and ongoing public health concerns. Whether your state has made the voting process more restrictive or expanded access, voters will need information about changes and their options. Join this panel-style webinar during which nonprofit leaders will share how they are approaching the changing landscape and ensuring the people they serve turn out to vote.

[Register Now!](#)

Numbers in the News

\$155 billion

The amount of ARPA State and Local Fiscal Recovery Funds that went out to states in 2021. The federal government separately allocates ARPA funds to cities, counties, Tribal governments, and territories. Most states and other governments should receive additional ARPA allotments beginning in May 2022.

Source: [ARPA State Fiscal Recovery Fund Allocations](#), National Conference of State Legislatures, updated regularly.

Upcoming Events

- Mar. 7, [Nonprofit Advocacy Town Hall](#), Momentum Nonprofit Partners
- Mar. 8, [California Legislative Session](#), CalNonprofits
- Mar. 9-11, [South Carolina's Nonprofit Summit](#), Together SC
- Mar. 10, [Nonprofit Day of Advocacy](#), Alliance of Arizona Nonprofits
- Mar. 18, [Nonprofit Advocacy and What's at Stake in 2022](#), Minnesota Council of Nonprofits

Advocacy in Action

Pulling Out the Stops for ARPA Funding

The once-in-a-generation opportunity presented by the ARPA State and Local Fiscal Recovery Funds is causing nonprofits to do what they do best: innovate. Advocates around the country aren't just using every trick in the book, they are writing new chapters.

As background, the [American Rescue Plan Act](#) created a \$350 billion pool of resources to be spent by state, local, Tribal, and territorial governments to address COVID-related needs help communities recovery from the pandemic. The statute and the [Treasury Department regulations](#) make abundantly clear that governments can provide individual charitable nonprofits with aid as recipients of financial assistance for their organizations as well as hire nonprofits as providers of assistance to others. But governments can also allocate these resources to thousands of other uses, including covering government's lost revenue during the pandemic and providing pay raises to certain categories of public employees.

In short, nonprofits are eligible for but not automatically entitled to the funds; they have to make the case for why investing in charitable nonprofits is the best use of a government's allocation.

[Read more](#)