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Nonprofit Champion | January 9, 2023

Publisher's Note: *Welcome to the Nonprofit Champion, the new version of our biweekly public policy newsletter.*

The Look Ahead for the New Congress

The Republicans' protracted internal fight to elect Kevin McCarthy (R-CA) as Speaker of the House fuels the presumptions that the House of Representatives will be both difficult to lead and unlikely to reach agreement with the Democratic-controlled Senate on any significant legislation. The acrimony bodes ill for measures to raise the debt ceiling or enact the 12 appropriations bills and billions of dollars in earmarks targeted to nonprofits and local governments.

Beyond legislation, however, the two chambers can be very active. House Republicans have promised aggressive investigations into the Biden Administration, including investigations into the President's Southern border policies and how extra funds heading to the IRS will be spent. Senate committees are expected to run their own hearings to promote Biden policies and counter Republican challenges, all while the Senate floor will be devoted to confirming hundreds of the President's judicial and other nominees.

Conventional wisdom holds that only the barest minimum of federal must-pass laws can be expected for the next two years, suggesting that charitable nonprofits'

federal policy priorities have little chance of passage. Nonprofit advocates, however, would be wrong to disengage, because opportunities will always arise for those who have laid the groundwork for their legislative goals and developed new relationships with lawmakers who respect the work of charitable organizations in communities. Nonprofits should use the uncertainty and presumed inactivity to full advantage by connecting with their newly elected Members of Congress and drawing attention to policy solutions these elected officials can champion.

Get to Know Your New Members of Congress

Thirty-four states elected new members to the 118th Congress – seven Senators and 73 Representatives. Fully a quarter of these have held no prior elected office and only a handful have experience working at the federal level. See [List of new members of the 118th Congress](#) and send

- a note of welcome and
- information about your organization’s work in their communities.

[List of all Representatives](#); [List of all Senators](#)

Worth Studying

[2023 Public Policy Agenda](#), National Council of Nonprofits, adopted Dec. 14, 2022, addressing public policy priorities at the federal, state, and local levels in the executive, legislative, and judicial branches of government. New text for 2023 addresses racial equity, government grants and contracting, promotion of nonprofit advocacy rights and individual exercise of civic responsibility, and the appropriate level of donor confidentiality in relation to legitimate law enforcement and sector integrity.

Worth Quoting

“There certainly is a movement to expand donor secrecy, even to the point of blocking law enforcement access to needed information.... In the fight between the integrity of the charitable nonprofit sector and the desire of some individual partisans and politicians to evade legitimate scrutiny, we and the vast majority of charitable organizations are on the side of integrity.”

~ David L. Thompson, the National Council of Nonprofits, quoted in [A Look Ahead: EOs Deal With Charitable Giving, Disclosure, Transparency](#), Transparency (premium), Fred Stokeld, *Tax Analysts*, Dec. 31, 2022.

What's in the Omnibus Spending Bill

One of the last acts of the prior Congress was to pass a \$1.7 trillion omnibus spending bill ([H.R. 2617](#)) to fund the federal government for the remainder of the fiscal year (through September 30). The law includes \$772.5 billion for non-defense discretionary programs and \$858 billion in defense funding, plus \$45 billion in emergency assistance to Ukraine and NATO allies and at least \$38 billion in [disaster supplemental spending](#) to assist communities recovering from increased natural disasters, including blizzards, droughts, earthquakes, floods, hurricanes, tornadoes, wildfires, and more.

The measure includes several spending provisions that will benefit the work of many nonprofits, including a 30% increase in funding for the Child Care and Development Block Grant, increased funding for the Community Development Block Grant and Homeless Assistance Grants, and significant expanded investments in the Supplemental Nutrition Assistance Program. The omnibus also includes a modified version of the Legacy IRA Act ([S.243](#)) as part of a broader bipartisan retirement package that allows seniors to make a one-time \$50,000 donation (adjusted for inflation starting next year) to a qualified charitable organization through a split-interest trust. The legislation also dedicates \$15 billion via 7,200 earmarks to local governments and nonprofits around the country.

Despite nonprofit advocacy, Congress did not include several nonprofit sector policy priorities in the law. Specifically, the omnibus spending bill does not restore the universal charitable deduction and two other incentives for charitable giving that expired at the end of 2021, nor does it retroactively restore the Employee Retention Tax Credit, which Congress terminated after the third quarter of 2021. It also does not reinstate the enhanced child tax credit.

Worth Studying

[Consolidated Appropriations Act, 2023; Summary of Appropriations Provisions by Subcommittee](#), House Appropriations Committee, December 2022.

[The Omnibus Spending Bill for FY 2023 | A Charitable Nonprofit Perspective](#), National Council of Nonprofits, Dec. 23, 2022.

Worth Quoting

It would be “an immense understatement to say the nonprofit community is ‘disappointed’ that Congress failed to include the bipartisan bill to restore the universal charitable deduction, or the bipartisan bill to increase volunteer mileage rate for the first time in 25 years, or other bipartisan relief called for all year long by nonprofits across the country.”

~ Tim Delaney, President and CEO of the National Council of Nonprofits, quoted in [NPOs Win Some, Lose Some In New Spending Bill](#), Paul Clolery, *The NonProfit Times*, Dec. 21, 2022

Federal FastView

Inflation Adjustments for 2023: The Internal Revenue Service announced several inflation adjustments that may affect charitable giving and operations. In 2023, married couples can give their heirs almost \$26 million without triggering [federal estate and gift taxes](#), \$1.7 million more than in 2022 and \$2.4 million more than in 2021. The annual gift tax exclusion for 2023 will be increasing to \$17,000 – an increase from \$16,000 in 2022. The IRS has also adjusted mileage rates for 2023. The [standard business mileage rate](#) that employers can reimburse their employees without tax consequences is now 65.5 cents per mile, a three-cent increase. The charitable mileage rate remains unchanged at 14 cents/mile because it is fixed in statute.

Employment Law Changes: The Omnibus spending bill discussed above included two family-friendly provisions affecting pregnant and working mothers.

- The [Pregnant Workers Fairness Act](#) requires employers, including nonprofits, with 15 or more employees to provide pregnant workers with reasonable accommodations like additional bathroom breaks or not having to carry heavy objects unless these accommodations would impose undue burdens on the employers. This law takes effect on June 27.
- The [PUMP for Nursing Mothers Act](#) requires employers, including nonprofits, with 50 or more employees to provide reasonable break time for employees

who are nursing mothers to express milk. It also requires employers with 50 or more employees to provide nursing employees with a place other than a bathroom “that is shielded from view and free from intrusion from coworkers and the public.” The PUMP for Nursing Mothers Act took effect when the omnibus bill was signed into law on December 29.

State and Local

State Legislatures Kicking Off 2023

Every state legislature will convene in 2023, and most will tackle significant tax, spending, and social priorities. As of today, 25 state legislatures are in session, more than 26,000 bills have already been introduced or pre-filed, and the Governors of **Connecticut, Kentucky** and **North Dakota** have delivered their State of the Commonwealth/State addresses signaling their policy priorities for the year. Most states have a positive fiscal outlook after building up their cash reserves, receiving American Rescue Plan Act funds, and seeing higher-than-expected revenue. This creates many opportunities to invest in priorities like incentivizing charitable giving, expanding access to affordable child care, expanding job training programs to address [nonprofit workforce shortages](#), and overcoming government-nonprofit grants and contracting policies and practices.

Thirty-nine states have one party in control of the legislative chambers and governor’s office (17 states led by Democrats and 22 led by Republicans). As a result, some ideological proposals are more likely to be advanced than others, although passage of hot-button issues may depend on their [majority margins](#). In three states, legislators had to cross party lines to elect leadership in their chambers. **Alaska**’s Senate has a [bipartisan coalition](#) with three co-chairs who serve as the majority. In **Ohio**, all [House Democrats](#) joined 22 Republicans to elect a moderate Republican, Rep. Jason Stephens, as Speaker given that the initial choice was expected to move the House further to the right. **Pennsylvania**’s new Speaker of the House, Rep. Mark Rozzi, was elected after Democrats and more than 12 Republicans united to support him, and he will lead as an [independent](#).

Worth Studying

[State of the State - 2023](#), National Governors Association, updated Jan. 3, 2023, providing state-by-state dates of annual addresses and text/videos once speeches have been delivered.

[12 Women Set to Take Office as Governor in 2023](#), William R. Wilkerson and Alana Jeydel, *Route Fifty*, Jan. 3, 2023.

[The Public Finance Outlook for 2023: Prepare to Slog](#), Girard Miller, *Governing*, Jan. 3, 2022.

[7 themes that will dominate state legislatures in 2023](#), Reid Wilson, *Pluribus News*, Jan. 2, 2023, identifying the following issue areas as high priorities this year: abortion, election reform, infrastructure spending, mental health, recession preparation, technology, and workforce development.

Worth Quoting

On the importance of a state nonprofit association

“With nonprofits serving a vital role to the communities in **Tennessee** and majorly contributing to employment and revenue, nonprofits need a statewide leader to both advocate for nonprofits at the state level and also provide consistent, coordinated resources to nonprofits that serve the citizens of Tennessee.”

~ Kevin Dean, CEO at **Momentum Nonprofit Partners** (Memphis), writing in [Why Tennessee Needs a Statewide Nonprofit Association](#), Momentum Nonprofit Partners, Jan. 3, 2023.

Investing American Rescue Plan Act Funds

In 2023, governments will continue to use Coronavirus State and Local Fiscal Recovery Funds authorized in the American Rescue Plan Act (ARPA) to [partner with charitable nonprofits](#) by providing direct aid or hiring them as providers of services on behalf of governments.

- **Arkansas:** The City of [Fayetteville](#) is considering two resolutions on how to spend part of its remaining \$5.1 million in ARPA funds. One measure would allocate \$3 million for arts and culture organizations, and another would

dedicate \$1 million for replacing lost revenue for nonprofits.

- **Florida:** Nonprofits in [Clearwater](#) have until February 15 to apply for \$3.15 million in ARPA-funded grants in three categories – education, cultural affairs, and community. The city is aggressively expanding the pool of usual applicants by offering in-person training on how to apply for these grants and upload documentation.
- **Indiana:** The City of [Anderson](#) will open its application for nonprofits to apply for ARPA grants on February 10. A total of \$2.2 million has been allocated for nonprofits; additional funding categories include \$2.25 million for affordable housing and \$700,000 for homeless programs.

Trendspotting

Reforming Government-Nonprofit Grants and Contracts, Cont'd.

The burdens that outdated government grants and contracting systems impose on nonprofits are well documented (see [National Council of Nonprofits reports](#)). The broken practices of local, state, and federal governments have exacerbated the [nonprofit workforce shortages crisis](#), making the *status quo* untenable for thousands of nonprofits serving tens of millions of people. Late last year this newsletter reported on impressive actions in [California](#), [Oregon](#), and [Vermont](#) to highlight problems and advance solutions to longstanding challenges. 2023 opens with positive news from Minnesota:

- **Minnesota:** In response to a financial scandal at a large government contractor, Governor Walz recently outlined a [fraud-prevention plan](#) that draws heavily from reforms proposed by the **Minnesota Council of Nonprofits** (MCN). Two recent reports from the state association of nonprofits call for improving state grantmaking, reducing barriers and administrative inefficiencies, and expanding access to state dollars for nonprofits. Read more in [State Grants to Minnesota Nonprofits](#) and [Equity in State Grantmaking](#). Regarding the financial scandal, see [Minnesota nonprofits are worthy of trust](#) by MCN Executive Director Nonoko Sato and others.

New Laws Taking Effect

Several new state and local laws went into effect at the beginning of the year with ranging impact on nonprofits.

- **Fundraising Platforms:** A **California** law [regulating charitable fundraising platforms](#) went into effect on January 1. Such platforms must register with the state, get written permission to use nonprofits' names for solicitation, send donations in a timely way, provide donor receipts, among other things.
- **Giving Incentives:** A new **Georgia** law provides tax credits to filers who contribute to [nonprofits that aid foster children](#) on the brink of aging out of the state's foster care system. In **Colorado**, there is now an income tax credit of up to 30% for donations to [nonprofits providing certain services](#) for people experiencing homelessness or preventing homelessness.
- **Minimum Wage:** Twenty-three states and the District of Columbia implemented [minimum wage increases](#) this year, with **Nebraska** seeing the largest jump to \$10.50 an hour after a ballot measure was approved in November. Thirteen states tie increases to cost of living, resulting in higher minimum wage rates taking effect.
- **Pay Transparency:** As of January 1, **California** and **Washington** now require employers to post [salary ranges](#) on job listings, joining **Colorado** and **New York**. While **Rhode Island's** [Pay Equity Act](#) does not require employers to post ranges in their job listings, employers must provide a range upon request by applicants and current employees, and disclose the minimum and maximum range before discussing compensation with candidates.
- **Taxes:** In **Kentucky**, nonprofits must start collecting sales and use taxes on some [services](#) that some charitable nonprofits provide, such as rental space. **Georgia's** [standard deduction](#) will increase for single and joint filers, further eroding share of taxpayers in the state that receive a tax incentive for giving more to the work of charitable organizations.

Numbers in the News

74%

The percentage of Americans who said they want members of Congress to compromise with the other side, the highest rate in a decade. Respondents were asked whether they believe it is more important for government officials in Washington to "compromise to find solutions" or "stand on principle even if it means gridlock."

Source: [NPR/PB NewsHour/Marist poll](#), reported in [Americans are sick of lawmakers bickering. They don't have much hope that will change.](#), NPR, Dec. 15, 2022.

92%

The percentage of communities identifying at least one natural hazard associated with climate change as being most stressful to emergency management capabilities.

Source: [National Preparedness Report](#), Federal Emergency Management Agency, December 2022.

January is

- [National Braille Literacy Month](#)
- [National Slavery and Human Trafficking Prevention Month](#)

Nonprofit Impact Reports

- [Montana Nonprofit Economic Impact Report](#), **Montana Nonprofit Association**, January 2023.
- [Washington Nonprofit Economic Impact Report](#), **Nonprofit Association of Washington**, December 2022.

Nonprofit Advocacy Days

- January 25, [Day at the Legislature](#), South Dakota Nonprofit Network
 - January 31, [Bluff City Day on the Hill](#), Momentum Nonprofit Partners (Tennessee)
 - February 1, [Nonprofit Day at the Capitol](#), North Dakota Association of Nonprofit Organizations
 - February 9, [Nonprofit Day on the Hill](#), Utah Nonprofits Association
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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, with a new newsletter name (*Nonprofit Champion*) and format, we remind ourselves and share with you why we write this publication and reiterate the principles on which it stands.

We believe that to be successful, nonprofits – just like for-profit businesses and governmental entities – need a supportive and reliable policy environment in which to operate. Nonprofits can be neither efficient nor effective in improving the lives of individuals and strengthening communities when governments are undercutting their ability to function, such as by curbing charitable giving incentives, imposing needlessly complex contracting criteria, encroaching on nonprofits' independence and decision-making, and adopting costly or unreasonable regulations.

Also, we believe that nonprofits need timely access to the latest information and analysis about policy threats and opportunities that the *Nonprofit Champion*, formerly *Nonprofit Advocacy Updates*, provides to help nonprofits advocate directly or collectively for their missions. We believe this so much that, as part of our commitment to equity, we make our content-rich newsletters available for free rather than blocked behind paywalls, thus ensuring that cost isn't a barrier to any nonprofit professional getting access to the information they need to advance their mission.

This newsletter serves as a critical part of the flywheel of both gathering real-world information from front-line nonprofits and sharing analyses back out to the nonprofit community about emerging policy challenges and developments. The articles presented in each edition reflect the [scope of the work of the National Council of Nonprofits](#) as we engage with our nonprofit networks and others across the country to identify and evaluate public policy developments at the federal, state, and local

levels and then advocate for (and alongside) nonprofits in legislative bodies, regulatory agencies, and the courts.

In each edition, we share information so nonprofits can learn about and track items enabling them to take action as they see fit. A few times each year, we use this advocacy and policy newsletter to ask for your insights from the real world to inform policymakers and other advocates, thereby turning the newsletter into a conduit for nonprofits of all types to share their information and perspectives to build stronger advocacy muscle for the broad nonprofit community. Other times we use it to announce Action Alerts so nonprofits know it's time to engage on particular legislative and regulatory policy threats or opportunities.

And finally, each edition highlights research, quotes, and other inspirational materials, including the **Advocacy in Action** essays that demonstrate the power, creativity, and impact of representatives from charitable nonprofits as they advance their missions through advocacy.

Thank you for subscribing.