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Government Grants Reform and Your Nonprofit

Most nonprofits already know that the government grant system is broken and needs fixing. What's news is that reforms are working their way through Congress and the Administration. Charitable organizations need to take action now to help turn the proposals into reality.

Join a nationwide webinar, [The Urgency of Government Grants Reform for Your Nonprofit](#), on **Monday, November 20**, from 3:00 pm - 4:15pm Eastern, to hear from experts on the consequences of bad grantmaking policies, such as nonprofit workforce shortages and organizations getting shut out of grants, and learn about legislative and regulatory solutions that you can help influence to ensure reduced burdens, greater access to funding, and better outcomes.

[Register today](#)

[Learn more about reform opportunities](#)

Federal

Another Government Shutdown Looms

The replacement of House Speakers appears to have only delayed a federal government shutdown from October 1 to the end of this week, without addressing any of the apparently irreconcilable differences between and within the political parties. The current continuing resolution (CR) funding federal operations expires at midnight after November 17, and no clear path to an agreement is evident. Speaker Johnson is proposing a novel approach of passing a bifurcated, or “laddered,” CR that would maintain current spending levels into January for some federal departments and agencies and into February for the remainder. His stated goal is to reduce the likelihood that Congress passes a mammoth, multi-trillion dollar spending bill. His proposal, released on Saturday, has been met with derision from Democrats and open opposition from some conservatives for not cutting spending now. The approach also fails to address supplemental spending requested by the Administration to deal with the wars in Ukraine and the Middle East, natural disasters, and the southern border crisis. The expected outcome is that the government may shut down on Saturday, November 18; whether the duration is only a few days or past Thanksgiving and into the holiday season is anyone’s guess.

Nonprofit Experiences From the Front Lines: 211 Services



During the most recent federal government shutdown, [211 services](#) across the nation fielded thousands of calls of people struggling to pay bills without a paycheck and those needing to buy food for their families.

Worth Reading

- [Congress barrels toward shutdown with House GOP divided](#), *The Hill*, Nov. 13, 2023.
 - [Government Shutdowns Q&A: Everything You Should Know](#), Committee for a Responsible Federal Budget, Nov. 9, 2023.
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Getting Serious About Federal Grants Reforms

Current policy proposals at the federal level could make 2023 and 2024 the years in which reforms to the statutes and rules governing federal grants that support the work of charitable nonprofits shift from wishes to results. The pandemic brought to the forefront many persistent problems imposed by governmental processes that nonprofits have faced for years: failure to pay full costs, application and reporting burdens, inflexibility, and more. Those and other challenges have led to [nonprofit workforce shortages](#), higher levels of stress and burnout, longer waits for services, and the loss of services to people in need. Help is on the way if charitable nonprofits demand it:

- **Federal Legislation:** The *Streamlining Federal Grants Act* ([S. 2286/H.R. 5934](#)), a bipartisan bill in the Senate and House, would help address many of the challenges that nonprofits experience with federal grants. Among other things, the bill would establish a Grants Council to provide guidance to federal agencies on streamlining and simplifying grant applications and reporting requirements; improve nonprofits' user experiences with federal grants; and mandate that government agencies solicit input from nonprofits and other partners on ways to improve the delivery of services to communities through

federal grants. Learn more about [how the legislation would positively affect charitable organizations](#). To encourage Congress to pass the *Streamlining Federal Grants Act*, a broad coalition of nonprofits is sending a [letter to leaders in Congress](#) asking them to take action on it. Nonprofits can [sign onto the letter](#) to show widespread support.

- **Federal Regulations:** The Office of Management and Budget (OMB) is proposing significant [changes to the rules governing federal grantmaking](#) that would correct longstanding challenges that have limited nonprofit effectiveness, discouraged qualified organizations from seeking federally funded grants, and wasted billions of dollars and countless hours in jumping through needlessly complex reporting requirements. The proposed changes include numerous nonprofit-friendly reforms including raising the *de minimis* indirect cost rate from 10% to 15% (while still allowing higher rates), prohibiting federal agencies from pressuring organizations to accept lower reimbursements for indirect costs, and creating what amounts to an appeals process when federal agencies fail to follow OMB guidance. Learn more about the impact of the proposed regulations on charitable nonprofits. All nonprofits with government grants and/or that have been shut out of funding opportunities due to complex federal rules should take advantage of the opportunity to submit [public comments on Federal Grants Reforms](#) by **December 4**.
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Federal FastView

- **Seeking a Census Citizenship Question:** A coalition of groups led by the conservative Heritage Foundation is calling for the 2030 Census to include a question about citizenship, the controversial ploy that was [blocked by the U.S. Supreme Court](#) in 2019. In a [developing policy paper](#) for a potential Republican administration in 2025, the coalition asserts that the Court's ruling was narrow and that the Secretary of Commerce "does have broad authority to add a citizenship question to the decennial census." [Research by the Census Bureau](#) has found that including a question about citizenship on forms is likely to discourage many households with Latino or Asian American residents from getting counted in official population totals. [Learn more about the nonprofit perspective](#). The Heritage-led groups are also calling on a conservative

administration to review recently proposed race and ethnicity questions they assert raise “concerns among conservatives that the data under Biden Administration proposals could be skewed to bolster progressive political agendas.”

- **Supporting Charitable Giving Legislation:** The annual [Giving USA report](#) found that individual giving declined by 13.4% last year after adjusting for inflation, and [responses to the workforce shortage survey](#) show nonprofits anticipate that 2023 will be as bad or worse. The **Charitable Act** ([S. 566/H.R. 3435](#)) would create a [universal charitable deduction](#) or above-the-line tax deduction (*i.e.*, a tax deduction that taxpayers can claim on their Forms 1040 regardless of whether they use the standard deduction or itemized deductions) for non-itemizers who make charitable contributions. The deduction would be capped at one-third of the standard deduction (about \$4,600 for individuals and \$9,200 for couples). The Charitable Giving Coalition has prepared a [letter to leaders in Congress](#) urging passage of the **Charitable Act**. Nonprofits are invited to [add your organization’s name to it](#). The deadline to sign on to this letter is **November 17**.
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A Year-End Tax Bill? Maybe.

The year-long parlor game in DC of pondering what could go into a year-end tax bill is now the subject of aggressive lobbying with only seven weeks left in 2023. There is no clear indication that the House and Senate, or Democrats and Republicans, can agree on a tax package, or anything else, but potential details of a hoped-for bill are gaining attention. From the charitable nonprofit perspective, the strongly bipartisan [Charitable Act](#), the legislation to [increase the charitable mileage rate](#), and other items are high on the list of must-include provisions. Unfortunately, tax-legislation is normally negotiated as a “zero-sum game,” meaning one side will only agree to include a provision if it gets something in return. The result is that bipartisan and exceedingly popular provisions can get lost in the heated negotiations over partisan and controversial tax policies.

For the past several years, tax bills haven’t moved because of a standoff between Republican-sought business tax breaks vs. child tax credits sought by Democrats. The business community is seeking [restoration of a trio of tax breaks](#) that would allow companies immediate deductions for research, a more generous interest

deduction, and full expensing of investments. Similarly, Democrats and organizations working to move people out of poverty insist on restoring the [expanded child tax credit](#) that raised the maximum credit amount available to families and resulted in direct monthly payments. Negotiations appear to be underway to bridge the deep divisions between the opposing sides. Whether Representatives and Senators are willing to include noncontroversial provisions, like the *Charitable Act* and charitable mileage legislation, depends on many factors including how actively charitable nonprofits demand it.

Worth Quoting

On challenges to nonprofit nonpartisanship

- “It doesn’t take a rocket scientist to figure out what would happen if we were to allow charities to get involved in political activities. Most donations to candidates and political parties would cease, and the money would flow instead to specially created tax-exempt orgs so that donors could deduct their political contributions.”

— [Mike Johnson Wants to Unleash Ministers on Politics](#), Adam Chodorow, *Slate*, Nov. 9, 2023.

On restoring child care supports

- “Tens, if not hundreds, of thousands of kids and parents in each of your states could lose out on coverage unless Congress commits to additional funds.... The emergency funding request would shore up the child care sector and mitigate the likelihood that providers would close their doors or raise child care fees for families in the face of a child care workforce shortage.”

— Xavier Becerra, Secretary of the Department of Health and Human Services, [testifying before the Senate Committee on Appropriations](#), Nov. 8, 2023, explaining the Administration’s \$16 billion supplemental request for the child care stabilization program that expired at the end of September.

- “Now, as programs still stressed by the pandemic lose a major source of public funds, many programs around the country are considering closure. When these

businesses do shut down, they can send shock waves throughout their local economies. The shuttered child-care business sheds jobs; parents who relied on that business lose care arrangements for their kids, which in turn disrupts parents' ability to work; and the employers of those parents must then scramble to adjust for lost workforce hours."

— Catherine Rampell, writing in [What happened to this Wisconsin day care should concern us all](#), *Washington Post*, Nov. 6, 2023.

State and Local

2023 Elections Recap

Election Day 2023 produced a few surprises, sighs of relief for some, and a clearer view into the trends affecting nonprofit policy priorities. Here's a look from the charitable nonprofit perspective.

Elected Officials, Party Control

On Election Day, voters in [four states determined party power dynamics](#) in state legislative chambers and governors' mansions. All legislative seats were up in three states. **Mississippi** retained a Republican-leadership trifecta in the state House, Senate, and Governorship. Control in the **New Jersey** statehouse will remain Democratic, but the extent of their advantage may change as votes in six undecided seats continue to be counted. **Virginia** saw the biggest change with the House flipping to Democrats, who already controlled the Senate. Nationwide, the partisan power balance will shift slightly, with Republicans controlling 57 chambers and Democrats controlling 41 next year. Additionally, all statewide offices in **Kentucky** were also on the ballot, with incumbent Democratic Governor Beshear being re-elected despite all other races going to Republican candidates.

Ballot Measures

In addition to picking governors and legislators in several states, voters turned out last week to decide several ballot measures affecting the priorities of many charitable nonprofits.

- **Affordable Housing:** Local ballot measures approved by voters in cities in **Colorado, New Mexico, and Washington State** will [fund affordable housing and homelessness prevention](#) programs through a sales-tax extension in Boulder, a hike in Seattle’s real estate tax on high-priced homes, and a so-called mansion tax in Santa Fe. Voters in Cincinnati, **Ohio** [rejected increasing its income tax](#) by .3% to generate up to \$50 million for affordable housing. Residents of Salem, **Oregon** also [rejected an increase in payroll taxes](#) passed by a [City Council ordinance](#) that would have dedicated an estimated \$28 million in annual revenues for public safety and homelessness programs.
- **Childcare:** Voters in [Texas](#) passed Proposition 2 to empower local governments to exempt child care facilities from property tax. The measure allows a municipality or locality to adopt the exemption as a percentage of at least 50% of the property’s appraised value and authorizes the state legislature to establish and impose eligibility requirements.
- **Education:** Statewide [Proposition II](#) in **Colorado** passed with two-thirds of the vote to allow the state to retain and spend surplus revenues from cigarette, tobacco, and nicotine taxes for preschool programs. **Texas** voters approved a measure to [increase state education funding](#) as well as passed a constitutional amendment to permanently [provide additional funds to certain state universities](#).
- **Property Tax:** Voters in **Colorado** rejected a [complicated ballot measure](#) that would have changed taxpayer tax refunds, capped increasing property taxes, raised local and state revenues, and expanded educational funding. Proposition HH would have affected each individual household differently depending on income and property values. In response, Governor Polis has called a [special session of the Legislature to address property tax](#) relief. Voter-approved **Texas** Proposition 4 [limits property tax increases on the elderly](#) or people with disabilities, hikes the state’s homestead exemption, creates a pilot program to cap non-residential property, and establishes three new elected positions for certain appraisal review boards.

Worth Reading

- [Massachusetts child care centers struggling with a shortage of workers. Why it's happening](#), Ashley Soebroto, *MetroWest Daily News*, Nov. 7, 2023.
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Securing American Rescue Plan Act Funding for Nonprofits

With a December 2024 deadline for allocating funds in mind, governments are ramping up their decisions on how to invest their share of \$350 billion in Coronavirus State and Local Fiscal Recovery Funds. State and local governments have recently recognized the benefits and wisdom of directing significant spending on the work of charitable nonprofits in their regions.

- **Michigan:** On November 2, the **Michigan Nonprofit Association** and Michigan Department of Labor and Economic Opportunity held a [press conference](#) to announce the recipients of the \$35 million Nonprofit Relief Fund designed to support small nonprofits recovering from the pandemic.
- **Pennsylvania:** Recently, a coalition of local nonprofits advocated before the [Allentown City Council](#) for the \$10 million of ARPA funding previously set aside for unspecified purposes to be invested in charitable nonprofits as part of the city budgeting process. The council agreed to allocate funds to two nonprofits focused on anti-poverty and anti-homelessness, and place \$1.2 million “in a community recovery fund for area nonprofits.”
- **Utah:** Last month, Cache County officials selected eleven nonprofits to receive ARPA funds based on [factors attributed to the pandemic](#) such as decreased revenue, increased costs, and challenges covering operating costs.
- **Wisconsin:** Brown County announced nearly \$150,000 in grants for three [local nonprofits](#) to support victims of domestic abuse, provide programming for children and families, and create additional mental health resources for clients.

Learn more about how nonprofits are [accessing American Rescue Plan Act funds](#).

Identifying and Implementing Solutions for Workforce Shortages

The worker shortage is on the minds of policymakers at the state and local levels, and several jurisdictions are considering pragmatic solutions to address targeted needs.

- In **Alabama**, the first meeting of the new [House Labor Shortage Commission](#) focused on identifying the scope of the labor shortage in the state. Most attendees pointed to transportation, child care, health care, and housing as barriers to employment, and the Commission will continue to meet and potentially develop legislation for consideration in the next session.
- On November 8, the **District of Columbia** Council approved a program to provide a [free master's in social work program](#) at a local university. In exchange for committing to work in the District for a period of time at government, school, and nonprofits employers, students pay no tuition and will receive funds to cover the cost of books, licensing exams, living expenses, and transportation. A separate pending measure would [remove exam requirements](#) that have “historically disadvantaged Black students” and set up a task force to “create a new assessment method for independent social work licensure” as part of the District’s efforts to remove barriers for Black and Latino/Latina students.
- A mental health crisis in **Florida** has worsened in part because of a [shortage of mental health professionals](#) in the state. Legislation introduced in October seeks to create a student loan forgiveness program for “mental health professions” in areas with shortages and a scholarship for graduate students working towards an eligible degree.

Learn more about the [Nonprofit Workforce Shortage Crisis](#).

Worth Reading

On election integrity

- [Threats to American Democracy Ahead of an Unprecedented Presidential Election](#), PRRI (Public Religion Research Institute), Oct. 25, 2023, reporting on results of the 2023 American Values Survey.
- [Taking the Temperature of American Democracy](#), Carl Smith, *Governing*, Nov. 2, 2023.

On political leadership

- [For America’s Political Adults, Look Outside Washington](#), Ray Nothstine and Dustin Siggins, *Governing*, Oct. 30, 2023, identifying three state-level officials the authors assert demonstrate the characteristics of good governance, without

the chaos playing out in the nation's capital.

Numbers in the News

\$13.71

The median hourly wage for child-care workers in the U.S. in 2022, nearly fifty cents less per hour than animal caretakers and a dollar less than parking attendants.

Source: [May 2022 National Occupational Employment and Wage Estimates](#), U.S. Bureau of Labor Statistics, April 25, 2023.

November is

- [Native American Heritage Month](#)

Other Key Dates

- Nov. 13 - 19, [Transgender Awareness Week](#)
 - Nov. 15, [National Philanthropy Day](#)
 - Nov. 20, [Transgender Day of Remembrance](#)
 - Nov. 28, [Giving Tuesday](#)
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Nonprofit Events

- Nov. 14, [SC Nonprofit Issues Forum](#), Together SC
- Nov. 15, [Annual Policy Convention](#), CalNonprofits
- Nov. 15, [Policy Advocacy for Nonprofit Leaders](#), Center for Nonprofit Excellence (Virginia)
- Nov. 16, [Advocacy 101 for Nonprofits](#), Forefront
- Nov. 28, [Democracy Summit](#), AZ Impact for Good
- Dec. 6, [Annual Nonprofit Conference](#), CT Community Nonprofit Alliance
- Dec. 6, [NJ Nonprofits Conference](#), New Jersey Center for Nonprofits
- Dec. 13, [CalNonProfits' Annual Policy Symposium](#), CalNonprofits

When Saying “No” Isn’t Enough

In September, New York City Mayor Eric Adams directed every city agency to submit plans to cut spending by up to 15% during the current fiscal year, citing slowing revenue growth and the financial strain caused by housing and caring for migrants. He held out hope that the cuts won’t be needed if the federal and state governments provided resources, but otherwise did not share much information about the depth of the crisis or the rationale for across-the-board reductions.

Since the City government depends heavily on local nonprofits to provide social services and other programs to residents on behalf of the government, the Mayor’s plan makes clear that dollars for programs performed by nonprofits may soon become scarce. Charitable nonprofits now must choose between (1) accepting the City’s deep cuts and trying to make do as best they can, (2) saying “no” in the face of dire predictions about human suffering, or (3) mobilizing to demand that the voices of nonprofits and the people they serve are part of the decision-making process. **Nonprofit New York** and others are launching this third approach.

[Read More](#)

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