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Federal

High Stakes, Low Expectations in the Waning Days of this Session of Congress

With only days left in one of the least productive congressional sessions in history, expectations are low that any of the significant “must-pass” measures will be addressed. While Congress put off action until January and February on finalizing spending for the current fiscal year, it has yet to complete important defense and security legislation. From a global perspective, the most serious issues are still at the arguing stage: supplemental funding for Ukraine, Israel, and Taiwan and humanitarian relief for Gaza, and whatever immigration and border policy changes can be negotiated to secure the necessary votes for passage of the supplemental. A long-sought year-end tax bill that includes bipartisan nonprofit priorities had been a slim possibility, but that too now appears to be a “next year” item. Members of Congress reportedly are eyeing an early exit from DC, perhaps as soon as Friday (12/15), regardless of whether they get their work done for the year.

Worth Quoting

- “Overall, the only thing the 118th Congress has achieved is avoiding a debt default or government shutdown. But that’s like paying your rent or taxes. You don’t get credit for doing what you should be doing anyway.”

— [Congress gets good at being bad](#), Jake Sherman, Andrew Desiderio and John Bresnahan, *Punchbowl News*, Dec. 8, 2023.

Worth Looking Ahead

- [Mission Possible: Navigating the 2024 Challenges for Nonprofits](#) (pp. 25-27), Donna Murray-Brown, Vice President of Strategy and Development for the National Council of Nonprofits, *The NonProfit Times*, December 2023.
 - [Can’t Give Up: America Needs a Strong and Vibrant Nonprofit Sector](#) (pp. 20-21), Brian Flahaven, Chair of the Charitable Giving Coalition in DC, *The NonProfit Times*, December 2023.
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Worth Sharing

- [Letter to Congress in Support of the Charitable Act](#) (S. 566/H.R. 3435), Nov. 28, 2023, signed by more than 1,000 nonprofits from all 50 states. [Go here to add your nonprofit to the letter](#), which will be updated regularly to show growing support across America.
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The Promise of Government Grants Reforms

Charitable organizations have responded with enthusiastic support for proposals by the federal Office of Management and Budget (OMB) to [revise its rules governing federal grants](#). The proposed reforms, if adopted, would guarantee nonprofits and others a minimum indirect cost rate of 15 percent, empower organizations to protect their rights, clarify funding notices, and, importantly, remove longstanding barriers to accessing federal grants that have stymied organizations addressing the needs of underserved communities and those operating in rural areas.

Comments submitted by the [National Council of Nonprofits](#) and many other organizations provided background information on the concerns and impact of governmental grants policies on charitable nonprofits. They also expressed strong support for the proposed revisions to improve treatment of indirect costs and expand access to government grants. Numerous organizations proposed additional recommendations for strengthening the OMB Uniform Guidance, including: **1)** make at least partial payments up front; **2)** prohibit or discourage match requirements in federal grants; **3)** make adjustments for government labor standards mandates; and **4)** streamline the grants process for organizations receiving earmarks from Congress.

The Administration's goal is to finalize the revisions in the coming weeks or months and put them into effect early next year. [Go here to learn more](#) and [read selected comments](#) submitted by state associations of nonprofits and national organizations.

Worth Quoting

- “Fairer overhead rates and contracting processes continue to be urgent and crucial matters for nonprofits with government contracts. Such rates and processes make it possible for nonprofits rooted in rural communities, poor communities, and communities of color to provide services that they are uniquely qualified to do well.”

— Comments of [CalNonprofits](#).

- “Our interest in obtaining federal grants has declined significantly due to barriers applying for grants, managing the grants that are awarded, and inadequate indirect overhead costs. In many instances we would be excited to obtain the grants, but the burden of the grants is too great to offset the benefit of the grant funding.”

— Comments of [Girls Scouts of the USA](#)

- “In Policy Resolution 2023-06, Western Governors articulate that many federal programs for rural development and distressed communities include unintended barriers for rural individuals and entities that need assistance most.

Some of those barriers include financial match or cash-on-hand requirements that rural organizations cannot meet, and overly complicated or technical applications that deter rural communities from applying. Western Governors urge federal agencies to work with states and territories to revise onerous requirements in a manner that recognizes the limited resources and capacity of rural applicants.”

— Comments of the [Western Governors Association](#)

Federal *FastView*

- **Updates on Employee Retention Tax Credit Claims:** The Internal Revenue Service (IRS) [announced last week](#) that it is denying more than 20,000 claims for the Employee Retention Tax Credit (ERTC) in its effort to combat potentially fraudulent or incorrect claims for the credit. The IRS denied these claims either because the entities didn’t exist or because they didn’t have any paid employees during their eligibility period. Organizations that receive a disallowance letter can file an appeal with documentation that verifies their eligibility. Earlier this year, Linda Czipo, President and CEO of the **New Jersey Center for Nonprofits**, [testified before Congress](#) on the importance of the ERTC to the survival of charitable nonprofits, while also highlighting the damage being done by nefarious applicants and advisors.
- **Census Data and People With Disabilities:** The U.S. Census Bureau is [proposing survey changes](#) that have caused concerns among disability advocates. The Census Bureau is seeking to revise the American Community Survey to move away from “yes” or “no” answers and instead use “graded response categories” when asking people about their “continuum of functional abilities.” Disability advocates have [expressed concerns](#) that the proposed changes could reduce response rates and do not reflect the experiences of people living with “new, long-term conditions from the COVID-19 pandemic.” If approved, these changes would be implemented in 2025. The [public is invited to submit comments](#) by **December 19, 2023**.
- **Improving Social Determinants of Health:** Last month, the White House released the [U.S. Playbook to Address Social Determinants of Health](#), a set of actions federal agencies are taking to improve health outcomes in communities. Actions are grouped into three categories: 1) expand data

gathering and sharing, 2) support flexible funding to address social needs, and 3) support backbone organizations. The Department of Health and Human Services released a [Call to Action](#) to complement the playbook, which focuses on encouraging more partnerships across sectors. Another resource is the [Medicaid and Children's Health Insurance Program Health-Related Social Needs Framework](#), which provides guidance to states designing programs that address challenges such as housing insecurity.

- **Investigating Politicized Nonprofits:** Continuing its inquiry started this summer, the House Ways and Means Committee Oversight Subcommittee is holding a hearing on Wednesday (12/13) to examine the tax-exempt sector and its impact on American politics. The hearing, "[Growth of the Tax-Exempt Sector and the Impact on the American Political Landscape](#)," is [expected to repeat allegations](#) that progressive, but not conservative, social welfare and even charitable nonprofits violate clear legal restrictions on engaging in partisan, election-related activities. In [response to the allegations of politicized nonprofits](#), the National Council of Nonprofits raised four overarching principles that demonstrate the importance of nonpartisanship and the integrity of the sector. The NCN response then provided answers to questions likely at issue during the upcoming hearing. The response stressed, "we do not believe there is systemic or widespread abuses by 501(c)(3) nonprofit organizations engaging in prohibited activities to influence partisan elections," but acknowledged, "we recognize threats abound that demand vigilance and collaboration between charitable organizations, law enforcement, and policymakers."

Worth Quoting Again

- "501(c)(3) organizations – frontline charities, churches, and foundations – are nonpartisan in law, fact, and culture, and are committed to remaining that way to ensure their integrity and impact. ... The 501(c)(3) nonprofit community stands strongly united in support of the federal law requiring nonpartisanship and in opposition to those attempting to politicize the charitable sector in their quest for partisan, personal, and financial gains."

— **Overarching Principle #1: Nonpartisan, Now and Forever**, [Response of the National Council of Nonprofits](#) to House Ways and Means Request for Information, submitted Sept. 5, 2023.

- “We reject the premise that an organization must be biased and/or partisan for focusing on registering low-income people or other demographic groups. Quite the contrary, it should be a bedrock principle of civic engagement for all that every person eligible to vote in our democracy should be registered and encouraged to get to the polls.”

— **Overarching Principle #4: Charitable nonprofits and civic engagement are synonymous**, [Response of the National Council of Nonprofits](#) to House Ways and Means Request for Information, submitted Sept. 5, 2023.

Worth Studying

- [The Do No Harm Project](#), Urban Institute, a series of guides on approaching research and analysis through a lens of diversity, equity, and inclusion.

State and Local

The Policy Action is in the States:

Recapping Nonprofit State Policy Progress in 2023

The news on federal policy has been frustrating for most of 2023, but the action in the states has been robust, engaging, and in many cases productive for nonprofits. To prove the point, the National Council of Nonprofits has created an interactive [50-State Nonprofit Policy Recap for 2023](#) that features nonprofit policy news and progress throughout the year through a series of eight maps:

Remote video URL

Worth Studying

- [Special Report: A Look at 2024's Trending Legislative Topics](#), National Conference of State Legislatures, December 2023.

Worth Noting

Government Grants Reforms Are Foundational Nonprofit Priorities

PoliticsNY posed this question to individuals named to its [Nonprofit Power Players for 2023](#): “What policy changes could be made to aid in your work within the nonprofit sector?” We find these priorities worthy of highlighting:

- “While nonprofits strengthen local economies and provide critical support, New York State’s investment in the nonprofit sector has lagged for decades. Common challenges with state funding that have persisted for years include: 1) State funding typically doesn’t cover the full cost of services expected; 2) Payments are often delayed; and 3) State funding requires a cumbersome paperwork process. Policy changes to address these issues would help ensure nonprofits’ critical support can continue.”

— Megan Allen, CEO, [New York Council of Nonprofits, Inc.](#)

- “Nonprofits drive NYC’s economy; create and maintain crucial social supports; help communities make meaning, art, and change together; and facilitate civic engagement necessary in a flourishing democracy. Our ability to thrive, innovate, and sustainably show up for communities often depends on decisions made about us without us. Public and private funders should make nonprofits central to the development and implementation of solutions. We deserve the respect and support necessary to build real and impactful partnerships.”

— Meg Barnette, President and CEO, [Nonprofit New York](#).

Shaping the Debate

Reports That Are Making a Difference

Throughout 2023, new reports emerged that captured attention, informed the debates, and helped shape public policy in support of the missions of charitable organizations. Here are a select few, highlighted in *Nonprofit Champion* earlier this

year, that have made a difference (listed in chronological order):

- [Volunteering and Civic Life in America](#), AmeriCorps, January 2023.
An estimated **23.2 percent** of Americans or more than **60.7 million people** formally volunteered with organizations between September 2020 and 2021.
- [In Every County, Across All Budget Sizes: White Overrepresentation in the New York City Area’s Nonprofit Leadership](#), **Nonprofit New York**, April 2023.
Every county in the **New York** City area has a lower percentage of BIPOC CEOs relative to the BIPOC population. Every county has a higher percentage of White CEOs relative to the White population.
- [Essential or Not? The Critical Need for Human Services Workers](#), **Providers’ Council**, May 3, 2023.
Human services employment in **Massachusetts** declined by 10 percent between 2016 and 2020, contributing to a growing workforce crisis in the human services sector and a lack of available services for state residents.
- [2023 Nonprofit Workforce Survey Results: Communities Suffer as Nonprofit Workforce Shortage Crisis Continues](#), National Council of Nonprofits, Aug. 30, 2023.
Nearly three out of four nonprofits (74.6%) completing the survey reported job vacancies and more than half of nonprofits (51.7%) reported having more vacancies now compared to before the COVID-19 pandemic, while nearly three out of ten (28.1%) have longer waiting lists for services.
- [Arts & Economic Prosperity 6](#), Americans for the Arts, Oct. 12, 2023.
In 2022, nonprofit arts and culture organizations and their audiences generated \$151.7 billion in economic activity, supporting 2.6 million jobs, generating \$29.1 billion in tax revenue, and providing \$101 billion in personal income to residents.

Worth Quoting

- “If we’re short finding volunteers, it just means consumers have to wait longer, that our staff is more stressed, and it’s a less fun and nice environment for everyone involved, so they really are integral.”

— Rebecca Gregory of Neighborhood House of Milwaukee, quoted in [Nonprofits need more help than ever. Why aren’t Americans volunteering?](#), Joe Heim, *Washington Post*, Dec. 9, 2023.

Numbers in the News

35,727

The number of bills enacted by state legislatures in 2023, as of Dec. 10. By comparison, Congress has enacted 56 laws so far this year.

Source: Quorum, Congress.gov, accessed on Dec. 11, 2023.

December is

- [National Human Rights Month](#)
 - [Worldwide Food Service Safety Month](#)
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Nonprofit Events

- Dec. 13, [Annual Policy Symposium](#), CalNonprofits

Advocacy in Action

Besting Logic and History to Get the Point Across



Supreme Court Justice Oliver Wendell Holmes, Jr. famously wrote that “a page of history is worth a volume of logic.” That may have been true in 1921 when he wrote it, but, so far, neither logic nor history has convinced nonprofit boards that advocacy on behalf of missions is legal, safe, and an essential tool to advance missions.

Time to try something new. Cue the video from the **Tennessee Nonprofit Network**:

Remote video URL

Enough said.

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