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# Nonprofit Champion | July 25, 2022

Federal

## *State of Play:*

### **Make-or-Break Time for Policy Priorities**

The next two weeks before the Senate starts its August recess will test the adage that “politics is the art of the possible, the attainable — the art of the next best.” Ambitious plans for a large, bipartisan trade bill to confront China appear now to be reduced to the shell of a deal to be voted on in the Senate this week to provide [tax credits to semiconductor manufacturers](#) in the name of national security. Also in the coming days, the Senate could take up President Biden’s Build Back Better bill. Initially proposed at \$3.5 trillion in spending and later passed by the House with a \$1.9 trillion price tag, the version of the Democrats-only budget reconciliation bill being prepared for Senate action is expected to only address prescription drug price negotiations (saving \$280+ billion) and a two-year extension of Affordable Care Act premium subsidies. Gone, for now at least, are environmental programs, child-care subsidies and tax credits, and hundreds of other policy priorities originally attached or intended for these two bills.

Another marquee issue seeing imminent Senate action is the **Respect for Marriage Act** ([H.R. 8404](#)), a bill to repeal portions of the Defense of Marriage Act and codify marriage equality. The House passed the legislation last week, with 47

Republicans joining all Democrats in voting for the bill, but it faces an uncertain path in the Senate, which requires at least 10 Republican votes to overcome the filibuster. The National Council of Nonprofits [issued a statement](#) calling for prompt passage of the legislation, declaring, “From clergy officiating at marriage ceremonies in nonprofit houses of worship to nonprofit employers being fair in extending benefits to all employees, charitable nonprofits are committed to building caring and inclusive communities.” The statement continues, “We see enactment of the Respect for Marriage Act as a needed action to help restore respect and unity in our country.” The legislation is considered necessary and timely in the aftermath of the recent reversal of other constitutional rights by the Supreme Court when it overruled *Roe v. Wade*, a nearly 50-year precedent.

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### ***Worth Quoting***

- “Whatever subset of Build Back Better that he’ll agree to, we will accept. It will be a win. It won’t be exactly perfect, but nothing is in this world.”

— Representative Don Beyer (D-VA), quoted in [Punchbowl News AM](#), July 18, 2022, summing up the thinking of most Democrats about passing reconciliation legislation, no matter how small.

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## **Public Service Loan Forgiveness Relief Under Review**

As expected, the Department of Education this month published a formal [notice of proposed rulemaking](#) to address student loan forgiveness and affordability issues. The rules propose making permanent some, but not all, of the relaxed eligibility terms in the [temporary Limited PSLF Waiver](#) set to expire Oct. 31. Key provisions would allow more kinds of payments (certain types of deferment and forbearance, and payments made in advance, late, or in lump sum) to count as qualifying payments; clarifying and expanding the definitions of full-time employment and qualifying employer; and codifying the reconsideration process. The proposed regulations, if adopted, would also provide a hold-harmless option for deferment or forbearance, automate progress toward forgiveness, and eliminate prospective interest capitalization not required by statute. [Public comments to the proposed rule](#)

are **due on or before August 12**. See this [updated Comparison of Key Provisions](#) chart from the National Council of Nonprofits to get started.

Separately, a coalition of 134 organizations sent a [letter to President Biden](#) urging him to extend, expand, and coordinate more closely the current relief provided by the Administration to student loan borrowers. Specifically, the letter seeks greater relief through improvements to the temporary Public Service Loan Forgiveness waiver and other ways to fulfill the promise of affordable and manageable loan repayment for borrowers. The PSLF waiver, set to expire after October 31, 2022, gives credit toward PSLF loan forgiveness to public service workers, including nonprofit employees, whose prior time was previously considered partially or completely ineligible. See the [news release](#) and [social media toolkit](#).

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## ***Worth Reading***

- [The PSLF Waiver Has Been a Huge Success, and It May Be Just Hitting Its Stride. Why End It?](#), Ben Kaufman, Student Borrower Protection Center, July 21, 2022, explaining that more than 146,000 borrowers have had more than \$9.5 billion in federal loans erased, a sign of the waiver's success. The publication also notes that there are now more than 20,000 more borrowers in the PSLF pipeline than there were before the temporary waiver.
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## ***Federal FastView***

**Investigating the Form 1023-EZ:** A key leader on the House tax committee is demanding answers from the Internal Revenue Service about reports that fraudsters can easily secure charitable nonprofit status using a long-denounced application form. [The New York Times](#) identified 76 fake charities that secured tax-exempt status from the IRS using its Form 1023-EZ, an abbreviated application that critics point out fails to weed out bad actors. Last week, Representative Bill Pascrell (D-NJ), chair of the House Ways and Means Subcommittee on Oversight, sent a [letter to the Commissioner of the IRS](#) seeking information dating back to the first use of the Form 1023-EZ, including approval and rejection rates, processing data, and how the IRS responds to concerns expressed by individuals, the media, and other organizations. See the [National Council of Nonprofits website](#) for more about the issue and why it matters to the charitable nonprofit community.

**Child Care Data:** Early childhood educators are 97% women and more racially diverse than the general population, according to [Still Underpaid and Unequal](#), a new report from the Center for American Progress that relied on 2019 data. Further, the report found that full-time teachers are paid \$14 per hour on average, and real wages have actually dropped by 6.5 percent during the seven years since the organization first surveyed the child care workforce. Disturbingly, the wage gap between white and Black early childhood educators has widened since 2012, from 84% to 76%.

**Seeking Repeal of Endowment Tax:** Wealthier institutions of higher education are urging Congress to modify or repeal a targeted tax on their endowments enacted as part of the 2017 tax law. The 1.4 percent tax on net investment income applies to all colleges with endowments larger than \$500,000 in assets per student. Nearly 100 colleges are currently subject to the tax, according to [Inside Higher Ed](#). Harvard reportedly pays \$50 million annually on its \$39 billion endowment; Stanford in 2019 paid \$42.9 billion on a \$27.7 billion endowment. Advocates are seeking inclusion of endowment tax relief on the Democratic budget reconciliation bill or other legislation.

**Voting and Health:** The American Medical Association (AMA) House of Delegates [adopted a resolution](#) recognizing that voting is a [social determinant of health](#), a term used to describe non-medical factors that influence health outcomes. Other social determinants of health that can influence a person's health – factors that can be more important than even health care or lifestyle choices – include education, income, housing, and food insecurity, according to the World Health Organization. The AMA resolution, co-sponsored by the [National Medical Association](#), also recognizes that gerrymandering limits access to care and leads to worse health outcomes. For more, see [Voting is significant determinant of health, US medical association declares](#), *The Guardian*, July 14, 2022.

## State and Local

# Combatting Nonprofit Workforce Shortages

More and more nonprofits and governments are reporting that workforce shortages remain high and the adverse impact on needed services continues to grow. Child care providers in **Connecticut** are still operating well below capacity due to

workforce shortages, resulting in 24,000 fewer children enrolled at public and private child care centers, according to a new report from the [Connecticut Association for Human Services](#). **New York** City government has a [staffing vacancy of 7.7%](#), four times the normal rate, due to limited child care options and turnover resulting from salary competition and greater flexibility in the for-profit sector. Similarly, [Philadelphia](#) is cutting back services as one-in-seven municipal jobs sit vacant.

In some cases, lawmakers are making more money available, such as the recent vote of the **Massachusetts** House to add \$100 million to its [Economic Development bill](#) to fund supplemental workforce payments for human services workers. **Maine's** Governor recently announced the availability of \$1.6 million in funds for [training health care professionals](#), particularly at hard-to-staff rural clinics. **Utah** will be offering [\\$2,000 bonuses to eligible child care employees](#) across the state, benefitting an expected 12,000 workers. In other areas, policymakers are resorting to draconian or creative staffing solutions. The lack of drivers has forced seven out of 10 transit agencies to [cut or delay service](#), according to one report. Some rural **Texas** districts struggling to attract teachers are switching to [four-day school weeks](#).

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## **Nonprofit Workforce Shortages: A Crisis That Affects Everyone**

### ***An Update***

The chronic shortage of nonprofit workers throughout the country means people suffer because nonprofits don't have the staff to deliver the volumes of services the public needs. This month, the National Council of Nonprofits published an updated Special Report, [Nonprofit Workforce Shortages: A Crisis That Affects Everyone](#), to identify progress and continuing challenges in the effort to alleviate workforce shortages. The report calls on public officials to commit to advancing policy solutions at the local, state, and federal levels to eliminate this crisis that affects everyone.

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## **Tracking ARPA Fund Investments**

State and local governments continue to dedicate portions of their American Rescue Plan Act allocations on the work and needs of charitable organizations in their communities:

**Child Care:** Boise, **Idaho**, approved more than [\\$34 million](#) for community projects such as child care, food security, affordable housing, and climate action, among others. On August 1 child care providers in the City can apply for funding to address shortages, and nonprofits can currently apply for [mental health funding](#) to increase access. **New York** State also has the [Invest in NY Child Care Desert Grant](#), which provides \$100 million in ARPA funds to address the issues that impact the economy including “chronic absence, productivity reductions and turnover due to inadequate options for quality child care.”

**Lost Revenue:** The Monmouth County Board of County Commissioners in **New Jersey** announced that nearly 100 local nonprofits will receive a total of [\\$24.3 million](#) in ARPA funds through its Community Recovery Grant Program to cover expenses and lost revenue.

**Social Services:** Columbus, **Ohio**, announced \$5 million in funding to 48 nonprofits to address housing stability for immigrants and refugees, homelessness, and infant vitality. The [Elevate! Grant Program](#) will increase the organizational capacity of recipients. During the [announcement](#), Council President Shannon Hardin noted that “as we build back from the COVID pandemic, capacity-building at local nonprofits is a critical step to help partners provide the goods and services our residents deserve.”

For more examples and information on how governments can partner with nonprofits, see [Strengthening State and Local Economies in Partnership with Nonprofits](#).

## Tracking ARPA Spending

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

**State & Local:** [State and Local Fiscal Recovery Fund](#) interactive dashboard, Pandemic Response Accountability Committee, updated regularly.

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

**Local:** [Local Government ARPA Investment Tracker](#), Brookings Institute, updated regularly.

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### **Worth Quoting**

- “The City of Boise has a once in a generation opportunity to invest in our community and meet our residents’ most pressing needs with American Rescue Plan dollars. This investment will help us rebuild a stronger, more equitable economy as we continue to respond to the COVID-19 pandemic.”

— [American Rescue Plan Funds webpage](#), City of Boise, ID, updated regularly.

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### **Worth Reading**

- [Who Will Win the Debate Over Whether ARPA is Working?](#), Bill Lucia, *Route Fifty*, July 24, 2022.
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### **Essential Reading**

- [Locating Your Nonprofit’s Piece Of \\$350B From Uncle Sam](#), Tim Delaney, *The NonProfit Times*, June 23, 2022, guiding readers through both a process to discover what funds might be available and how to work with officials and organizations to determine the best use of funds, and more.
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## **Nonprofits Addressing Food Insecurity**

Due to rising inflation for all household expenses over the last few months, food banks have experienced an increase in demand for services. For instance, the [Phoenix food bank’s](#) main distribution center “handed out more than 4,200 food packages in the third week in June, a 78% jump from the same week in 2021.” Some of these increases coincide with the end of COVID-19 disaster declarations that resulted in millions seeing a [decrease in Supplemental Nutrition Assistance Program \(SNAP\) benefits](#) the U.S. Department of Agriculture offered beginning in April 2020. Almost a third of the states have [opted out](#) of providing additional assistance for their residents under SNAP, leaving food banks around the country to fill in the gaps

when families are unable to afford groceries. However, food banks' revenues are not increasing to match demand, and some fear that the resulting burnout and waiting times could lead to closures. That is happening in [New York City](#), and other food banks nearby are now strained to continue offering meals.

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## **Worth Quoting**

### **On government grants and contracts**

- “Many Vermont nonprofits that contract with the state to provide services vital to Vermonters have not seen increases for over a decade. According to the Bureau of Labor Statistics, in those 10 years, the average inflation rate was 2.44% per year, producing a cumulative price increase of 27.31%. Today's prices are 1.27 times higher than average prices in 2012. Wages have increased accordingly; costs of benefits have skyrocketed.”

— Floyd Nease, retired Majority Leader in the Vermont House of Representatives, writing in [Vermont's nonprofits get short shrift from the state](#), *VT Digger*, July 19, 2022. Nease continued, “For nonprofits, it means they continue to provide these vital services, but at a loss, and are forced to make up the difference through fundraising via philanthropy, which is unsustainable and unfair to both nonprofits and philanthropists.”

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## **Worth Studying**

- [State AGs Continue Aggressive Oversight of Nonprofits](#), Linda J. Rosenthal, For Purpose Law Group blog, July 21, 2022, surveying recent state-level oversight of nonprofits.
  - [States Pursue Tax Relief in 2022](#), Jackson Brainerd, National Conference of State Legislatures, July 1, 2022, reviewing new tax laws dealing with income tax rates and other relief, including earned income and child tax credits, property tax reductions, and business tax incentives. See also [NCSL State Tax Actions Database](#) that tracks state tax legislation from 2015 through 2021.
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# Numbers in the News

## \$399 million

The amount state and local governments have committed (obligated) of their federal Coronavirus State and Local Fiscal Recovery Fund allocations as “Assistance to Impacted Nonprofit Organizations,” in more than 40,000 projects, as of March 31, 2022. **\$268 million** of those funds have already been sent out. The states with the largest amounts obligated to nonprofits are **Maryland** (\$101.8 million), **Arizona** (\$65.5 million), and **Alaska** (\$53.0 million).

**Source:** [April 2022 Quarterly and Annual Reporting: Data through March 31, 2022](#), U.S. Treasury Department, posted on [Recipient Compliance and Reporting Responsibilities](#).

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## Did You Know?

The Temporary Public Service Loan Forgiveness (PSLF) waiver is set to expire on October 31, 2022. Borrowers can access the [PSLF Help Tool](#) to determine whether you qualify.

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## Upcoming Events

- Aug. 2, [Rules of Advocacy and Lobbying for Grantmakers](#), Council on Foundations
- Aug. 11, [Advocacy in Action](#), The Foraker Group (Alaska)
- Aug. 12, [Midsouth Nonprofit Conference](#), Momentum Nonprofit Partners (Memphis, TN)
- Aug. 18, [Advocacy Prep](#), NetworkPeninsula (Virginia)
- Aug. 25, [Engage Nonprofit Conference](#), Alliance of Arizona Nonprofits
- Aug. 30 – Sep. 1, [Nonprofit Statewide Conference](#), Idaho Nonprofit Center
- Sep. 21-23, [Annual Conference - Virtual](#), Montana Nonprofit Association
- Sep. 20-22, [WV Nonprofit Leadership Summit](#), West Virginia Nonprofit Association
- Sep. 27, [Nonprofit Leadership Summit](#), New Hampshire Center for Nonprofits

- Sep. 27-29, [UNA Annual Conference](#), Utah Nonprofits Association
  - Sep. 28, [2022 Conference for Louisiana's Nonprofits](#), Louisiana Alliance for Nonprofits
  - Sep. 28-29, [Annual Conference - In Person](#), Montana Nonprofit Association
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## **Take Action:**



## **Become a National Voter Registration Day Partner**

National Voter Registration Day (September 20) is a great opportunity for nonprofits to ensure that their staff, volunteers, and community members are registered to vote. [Sign up to join the nationwide effort to register hundreds of thousands of voters](#) on September 20. As an official partner, your nonprofit will receive a free voter registration kit and access to other opportunities to support your nonpartisan voter registration work.

Advocacy in Action

## **Keeping Our Republic: The Roles of Charitable Nonprofits**

Benjamin Franklin famously quipped, “A republic, if you can keep it,” in response to a question of what kind of government the constitutional convention had created. As we see it, keeping our republic is a fundamental function of what nonprofits do – working in the center of public service, promoting civic engagement, and solving community problems. Indeed, every day hundreds of thousands of charitable nonprofits work in nonpartisan ways to keep our republic and protect our democracy

so everyone has a voice in their own future.

[Continue reading Keeping Our Republic: The Roles of Charitable Nonprofits](#)