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Be on the Lookout

Updated Report on Investing ARPA Funds Coming Soon

This week, the networks of the National Council of Nonprofits will publish an up-to-date guide to the law, promise, and opportunities presented to governments, charitable organizations, and philanthropy by the American Rescue Plan Act and its \$350 billion in Coronavirus State and Local Fiscal Recovery Funds. The third edition of [Strengthening State and Local Economies in Partnership with Nonprofits](#) will provide the latest tools for nonprofits to demonstrate their eligibility for the funds and offer numerous new examples of how governments and nonprofits are partnering to use these resources in their communities. It also will include new sections on effective nonprofit advocacy campaigns and examples of how foundations can strengthen and support the equitable distribution of ARPA funds.

Federal

State of Play

Congress and COVID Relief

More than two years into the pandemic, the concept of COVID relief appears to be in the eyes of the beholder and the chamber of Congress. Charitable organizations have identified clear [policy priorities targeted to existing and growing needs](#) (see article below). The Administration has been calling for billions of dollars more for COVID therapeutics, research and development, and response efforts. The Senate may take up the “[Bipartisan COVID Supplemental Appropriations Act, 2022](#)” when Congress returns from its two-week recess. If enacted, that bill would give the Administration \$10 billion more to spend, but would offset the costs by clawing back leftover money (\$1.93 billion) in the SBA Shuttered Venues Operators Grants program – which helps some arts and cultural nonprofits – and nearly \$1 billion in unused funds dedicated to the SBA Economic Injury Disaster Loan program.

In the House, the need for further

COVID relief most recently meant voting to provide billions to politically powerful constituencies like restaurants. Shortly before recessing, the House passed on party lines a \$55 billion measure, [Relief for Restaurants and Other Hard Hit Small Businesses Act](#) (H.R. 3807), that reportedly will not be taken up in the Senate. There, a bipartisan bill is in the works “to replenish the Restaurant Revitalization Fund (RRF) and provide relief to small businesses in other industries that have experienced significant declines in revenue, including gyms, minor league sports, buses and ferries, among others,” according to [a news release](#) issued by Senators Cardin (D-MD) and Wicker (R-MS). On top of these actions, negotiations continue over a slimmed-down version of the President’s Build Back Better agenda, with top priorities including deficit reduction, prescription drug costs, and climate programs.

Worth Reading

- [Climate Change Is Harming Your Nonprofit](#), Tim Delaney and Amy Silver O’Leary, National Council of Nonprofits blog, Apr. 13, 2022.
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Advancing Nonprofit Policy Priorities

Status Update

Nonprofit policy priorities, articulated in the [nonprofit community letter](#), focus on nonprofit-specific policy solutions that would provide disaster relief, address nonprofit workforce shortages, and promote volunteerism to aid our communities. The specific relief nonprofits seek includes restoration and improvement of the universal charitable deduction, renewal and enhancements to the Employee Retention Tax Credit, and better tax treatment of volunteers who drive on behalf of charitable organizations. So, where do things stand? Here's a quick recap:

- **Restored Giving Incentives:** Support has slowly, but steadily been growing for the principal bill to restore and improve the universal charitable deduction that was first enacted under the CARES Act in 2022 but that expired at the end of 2021. Both the Senate and House versions of the **Universal Giving Pandemic Response and Recovery Act**, [S. 618/H.R. 1704](#) enjoy sponsors from both sides of the political aisle.
- **Employee Retention Tax Credit:** Responding to concerns from nonprofits and for-profit businesses, 80 Representatives from both parties [sent a letter to IRS Commissioner Rettig](#) urging him to expedite processing of claims by employers for the Employee Retention Tax Credit. The letter, led by Reps. Levin (D-MI) and Miller (R-WV), states, "The IRS must do all it can to ensure that ERTC claims are processed as quickly as possible, and those payments are sent out immediately." On the legislative front, sponsorship of the bill to restore the ERTC for the fourth quarter of 2021, [H.R. 6161](#) and [S. 3625](#), continues to gain bipartisan supporters.
- **Child Care:** This month, more than 100 Senators and Representatives sent a [letter to President Biden](#) urging his administration to address the on-going child care crisis and "realize his vision for a better America by investing in the child care sector." The signers, all Democrats, are calling for urgent passage of the President's plan to reduce child care costs for families down to 7 percent of their annual income, provide universal pre-K to all 3- and 4-year-olds, and invest in the early childhood workforce and its infrastructure. The call for action by the Members of Congress is in alignment with the [nonprofit coalition's letter to the Hill](#), which states: "As employers and, in many cases, child care providers, charitable nonprofits are deeply concerned that the lack of child care and equitable wages are impediments to all; as one expert said on a recent Federal Reserve webinar, 'There is no recovery of the economy without child

care.’”

- **Student Loan Relief** is seen as a vital policy solution to curbing the nonprofit workforce shortage. In response to intensive lobbying from the nonprofit and government sectors, the Department of Education announced that it is overhauling the Public Service Loan Forgiveness (PSLF) program to [provide a path to relief for more borrowers](#) working at nonprofits and other public service positions. The Department also [recently announced extending “the pause on student loan repayment](#), interest, and collections through August 31, 2022” by placing federal loan borrowers in forbearance with 0% interest rates. Learn more by watching the recent [Accessing Public Service Loan Forgiveness webinar](#).
 - **Volunteer Drivers:** Nonprofits point to high gas prices and poor tax incentives as two reasons volunteerism has not returned to pre-pandemic levels at many organizations. As a partial solution, Rep. Stauber (R-MN) introduced the [Volunteer Driver Tax Appreciation Act of 2022](#) (H.R. 7432), a bill that would raise the volunteer mileage rate (fixed in statute 25 years ago at 14 cents/mile) to the standard business rate (currently 58.5 cents/mile) for volunteers who drive their vehicles on behalf of charitable nonprofits to transport property or individuals. In his [news release](#), Rep. Stauber explained, “By increasing the mileage rate for volunteer drivers and lessening the burden for them, more people will be donating their time to help their fellow community members.
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Read the Letter, Sign the Letter

The [nonprofit community letter](#) is proving to be a powerful advocacy tool for communicating to Congress and the Administration the immediate needs of frontline organizations. So far, it has been signed by more than 1,600 organizations from all 50 states. The letter remains 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.

Worth Reading

- [A food pantry’s closure means more than lost meals for hundreds of families](#), Kyle Swenson, *Washington Post*, Apr. 18, 2022, quoting Tim Delaney, President

and CEO of the National Council of Nonprofits: “nonprofits are facing a confluence of crises. We’re out here fighting, trying to find some balance with increasing demand, rising costs, and declining donations.... All these things threaten the ability of nonprofits to serve people in their local communities. Policymakers at all levels of government are just assuming nonprofits make it work, but we can’t. ... at a certain point, the laws of economics take over.”

- [Will the volunteers come back?](#), Lois M. Collins, *Deseret (Utah) News*, Apr. 18, 2022, quoting Rick Cohen, Chief Communications Officer of the National Council of Nonprofits: “‘The strain on nonprofits the last couple of years is unimaginable.’ Some have told his organization, the largest such network in North America, that they’ve eliminated waiting lists — not because they caught up, but rather because lists create false hope that help is coming. ‘We have seen many fewer volunteers over the past couple of years.’”
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Federal *FastView*

Overtime Rule Review

The U.S. Department of Labor’s Wage and Hour Division convened a call on April 12 to hear from charitable nonprofits about what should and shouldn’t be included in [forthcoming revisions to federal overtime regulations](#). The review aims to update the salary level threshold (currently set at \$35,568 annually), a key factor for determining eligibility for the exemption of *bona fide* executive, administrative, and professional employees from the Fair Labor Standards Act’s minimum wage and overtime requirements. During the call, nonprofit professionals stressed the need for nonprofit-specific guidance from the Labor Department, reiterated the sector’s aversion to nonprofit carveouts, and made clear the need for plenty of advance notice, both for planning purposes and grant negotiations. DOL has announced additional virtual Overtime listening sessions for May and June 2022, for both worker and employer stakeholders. Go to [this link to sign up for the listening session in your area](#).

Addressing 2020 Census Undercounts

An [analysis by the U.S. Census Bureau](#) of the 2020 Census results found undercounts among “the Black or African American population, the American Indian

or Alaska Native population living on a reservation, the Hispanic or Latino population, and people who reported being of Some Other Race,” plus children from birth to 4 years old.” As a result, cities and states may lose out on federal and state funding for public services. Also, the 2020 Census “overcounted the Non-Hispanic White population and the Asian population,” which – when combined with the undercounts – could skew voting districts for the next decade. Through the [Census Count Question Resolution](#) (QQR) program, tribal, state and local governments may ask the Census Bureau to review counts and the Census Bureau can, in certain circumstances, redistribute a revised and certified count to affected governmental units.

In Focus

Prioritizing Equity at the Federal Level

The Administration has released [plans by all federal agencies to eliminate systemic racism](#) from the ways they operate. The plans follow [an executive order](#) Biden signed his first day in office instructing agencies to “recognize and work to redress inequities in their policies and programs that serve as barriers to equal opportunity.” The action plans all Cabinet-level departments and more than 50 independent agencies include delivering equity through grantmaking, reducing administrative burdens and simplifying access to government services, narrowing wealth gaps through federal contracting and procurement, and building accountability for equity through data collection and reporting. In practice, this is expected to mean the government will do more to take input from disadvantaged communities into consideration, award more government contracts to small and historically underserved communities, and track how federal policies affect inequalities. Each department and agency prepared its own Equity Action Plan.

The [Action Plan for the Treasury Department](#) covers a wide range of focus areas, including how it will administer the Coronavirus State and Local Fiscal Recovery Funds allocated under the American Rescue Plan Act (ARPA). Treasury had previously published a fact sheet identifying actions it has taken to promote equity through the ARPA process. Among several bullet points showing progress, Treasury wrote, “Treasury has also put in place reporting requirements so that large recipients must describe how projects prioritize economic and racial equity and how

their planning incorporates feedback from constituents and community-based organizations.”

Worth Reading

- [Making Federal Infrastructure Funding Equitable—What Philanthropy Can Do](#), Lois DeBacker and Joe Evans, *Nonprofit Quarterly*, Apr. 4, 2022.
 - [Turning Equity Into Action and Getting Results](#), Jen Tolentino and Sophie Bergan, *Route Fifty*, Apr. 12, 2022.
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National Volunteer Week is April 17-23

National Volunteer Week presents the opportunity for us all to recognize the impact of volunteer service in addressing society’s greatest challenges and building stronger communities. This year in particular, when reports confirm that the rate of volunteering has not yet returned to pre-pandemic levels, we need to celebrate the people who give of their time, talent, and voice to make a difference in their communities. Learn more about ways to celebrate by viewing the resources of [AmeriCorps](#) and [Points of Light](#).

State and Local

Tracking ARPA Fund Investments

The results of nonprofit advocacy are beginning to show as state legislatures complete actions on budgets and appropriations of American Rescue Plan Act (ARPA) funds. The [biennial budget for Kentucky](#) includes \$75 million in grants for eligible nonprofits funded from the Commonwealth’s ARPA allocation. The budget also allocates \$312 million in ARPA funds to replenish the Unemployment Trust Fund. **Nebraska**’s Governor signed legislation ([L.B. 1014](#)) that sets aside \$250 million for economic recovery, \$20 million each for food assistance and low-income tax credits, \$10 million for worker training programs, \$4 million to increase child care capacity in the state, and more. Many of these spending priorities were advanced by the [Nonprofit Association of the Midlands](#), based on input from nonprofits throughout

Nebraska during listening sessions hosted by the association. The **Illinois** Legislature passed and sent to the Governor the FY 2023 state budget ([H.B. 900](#)) that contains a long list of specific line-item appropriations from ARPA funds, including \$50 million in relief and recovery grants dedicated to the creative sector, according to the [Arts Alliance Illinois](#).

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 Apr. 13, 2022.

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

Policy Solutions to Nonprofit Workforce Shortages

As documented in the report, [The Scope and Impact of Nonprofit Workforce Shortages](#), charitable organizations are reporting that salary competition and the costs of child care are two major impediments to attracting and retaining qualified staff. Some policy solutions are on the way in parts of the country. Nonprofit human services providers in **New York** secured a [cost-of-living increase](#) of \$500 million with the [enactment of the state budget](#) this month. This is the first increase in years, but it “doesn’t cover everyone,” according to [Nonprofit New York](#); nonprofit domestic violence programs, supportive housing, and others were left out of COLAs. The New York budget also includes \$7 billion over four years for [child care subsidies](#), which helps employers and employees in all three sectors, -- business, government, and nonprofit. **Maine** lawmakers appear close to approving a [tax credit to help cover child care expenses](#) in the state. The program, based on the School Readiness Tax Credit program in Louisiana, would apply to child care expenses incurred by families, thus increasing access and ability to pay.

Worth Quoting

- "What we initially considered a challenge has now become a crisis. The impact of these shortages can be seen in virtually every local community across the state as nonprofits are forced to restrict needed services, institute waiting lists, or close operations entirely."

— Jennifer Hutchins, Executive Director of the **Maine Association of Nonprofits**, quoted in [Maine nonprofits hit hard by labor shortage, face staggering job vacancies](#), *Mainebiz*, Apr. 18, 2022.

- "I hear about the acute need for workforce supports from a wide range of nonprofits, and from the families that depend on them. Most specifically, we have severe shortages of workers who provide direct support to people with disability or behavioral health needs. I believe that low rates of pay are a primary cause of these shortages, and there is no way to solve that challenge without government support. If we do increase pay, we are helping the nonprofits, their clients, and the workers – a policy solution that is a win for everyone."

— Response of a candidate for the North Carolina House to the [2022 Candidate Survey](#) from the **North Carolina Center for Nonprofits**.

- "Job recovery in the nonprofit sector is vital, and it is clear from the data that more needs to be done to support nonprofit employment in Washington State. As nonprofits lead pandemic recovery efforts, they are doing so in the face of increased demand for services and a severe labor shortage. At a time when nonprofits need to dramatically increase capacity, slow job growth hinders their ability to do so. Communities in Washington State cannot wait until 2024 to see a return to pre-pandemic job numbers – they need access nonprofit services such as food, childcare services, and behavioral healthcare now."

— [Nonprofit Economic Impact Report Mid-Year Update](#), **Washington Nonprofits**, April 2022. The report goes on to state: "Supporting nonprofit job recovery can also help lawmakers pursue a more equitable pandemic recovery, as many nonprofits serve marginalized communities and low-income families."

Worth Reading

- [An Urgent Response Is Needed to the Dire Staff Shortages Facing Nonprofit Government Contractors](#), Jody Levinson-Johnson and Ilana Levinson, *The Chronicle of Philanthropy*, Mar. 30, 2022.
 - [Fewer employees, rising needs challenge nonprofits](#), Marnie Taylor, President and CEO of the **Oklahoma Center for Nonprofits**, writing in *The Journal Record* (Oklahoma City), Apr. 6, 2022. Taylor observes, “The pandemic merely ignited this already smoldering fire while concurrently creating increased service demand. The combination means organizations do not have the staff to serve the Oklahomans who need their services the most.”
 - [COVID drastically reduced a Louisville child care center's enrollment, but not its spirit](#), Sarah Ladd and Ben Tobin, *Louisville (KY) Courier Journal*, Apr. 7, 2022.
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Trend Spotting

Challenging Property Tax Exemptions

Lawmakers in the Northeast once again are targeting colleges and universities as well as healthcare centers in search of revenues, even in a time of historic budget surpluses. Legislation in [Pennsylvania](#) and [Rhode Island](#) would amend definitions of what is charitable to explicitly exclude institutions of higher education from property tax exemptions. Companion bills ([H.B. 3080](#) / [S.B. 1874](#)) in **Massachusetts** would permit localities to require any property with a property tax exemption valued at \$15 million or more to make payments in lieu of taxes (PILOTs) equal to 25% of the property tax value, subject to voter approval. At the local level, the Pittsburgh City Council is considering a measure to [authorize voluntary payments in lieu of taxes \(PILOTs\) on nonprofits](#) based on the assessed value of the property tax, reportedly targeting large education and healthcare nonprofits. The revenue targets would be set at 50% of real estate taxes, 75% of payroll preparation taxes, or a combination of the two. The same City Councilor previously introduced [two bills to tax medical and higher education institutions](#) at 1% to go into a trust fund for infrastructure.

Hospital Charity Care Questioned

Hospitals are receiving greater benefits from tax exemptions than the community benefits they provide, [according to a new report by the Lown Institute](#), formerly

known as the Lown Cardiovascular Research Foundation. While virtually all 501(c)(3) nonprofit organizations receive property tax exemptions for the property they own and operate, some in the academic and policymaking arenas seek to restrict the exemption for hospitals based on a calculation of the dollar value of the charity care they provide and investments they make in their communities. The Lown report studied 1,800 hospitals across 275 nonprofit hospital systems and created what it calls a “fair share spending” ratio of charity care and community investment expenditures to the value of its tax exemption. The report claimed that 227 of those systems spent less on charity care than the value of their exemptions, what they determined to be a “fair share deficit.”

The [American Hospital Association has responded](#) by saying the Lown report, which used 2019 data, “cherry-picks categories” and “overlooks many of the essential contributions hospitals make to their communities that are critically important, especially during the pandemic.” The AHA statement continued, “It is imperative to stress that financial assistance is only one part of a hospital’s total community benefit,” citing education, research innovation, life-saving treatment and cures, training, and relief of government burden as additional ways hospitals earn their tax exemption.

Numbers in the News

73.9%

The rate of equity for Black people in America, as compared to white people, according to The National Urban League’s annual report on the **State of Black America**. The report also found that the median household income for Black people is 37 percent less than that of white households, Black people live an average of four years less than white people and are three times more likely to be jailed if arrested.

Source: [State of Black America](#), Under Siege: The Plot to Destroy Democracy, National Urban League, April 2022.

Nonprofit VOTE Webinar

[Voter ID - What you need to know & how you can help](#)

Thursday, Apr. 27, 2022 | 1:00 pm Eastern

Learn about voter ID laws, how voters can obtain the ID needed to vote, and how nonprofits can be part of making elections accessible to all. [Register now](#).

Upcoming Events

- Apr. 21, [Central Nebraska Nonprofit Conference](#), Nonprofit Association of the Midlands
- Apr. 27, [Annual IMPACT Delaware Conference](#), Delaware Alliance for Nonprofit Advancement
- May 9, [ARPA Advocacy Webinar](#), Florida Nonprofit Alliance
- May 12, [Public Policy Call](#), Florida Nonprofit Alliance
- May 18-20, [Washington State Nonprofit Conference](#), Washington Nonprofits

Advocacy in Action

Investing ARPA Funds

The Role of Nonprofit Advocacy

"Where do we apply for ARPA funds?" That's often the first question nonprofits ask when they learn of the availability of ARPA's Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). But due to the unique nature of this one-time funding stream, the response typically must be, "Nowhere, unless we as nonprofits advocate with our state and local governments for effective programs that include charitable nonprofits."

The American Rescue Plan Act makes clear that charitable nonprofits are eligible for, but not automatically entitled to, CSLFRF resources. They must make the case for why investing in charitable organizations is the best use of a government's allocation. That's where nonprofit advocacy and innovation come in.