Nonprofit Policy Briefing
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Important Disclaimers

If you can read this fine print, you are sitting too close to your screen!
Time out
Trends in the nonprofit sector
Survey of NC nonprofits
Survey of NC nonprofits

• 94% of nonprofits’ operations have been impacted
• 75% have had disruption in programs and services
• 71% can’t achieve their missions without in-person contact
Survey of NC nonprofits

• 40% had increase in demand for services (March-June)

• 60% anticipated increase in demand for services in the second half of 2020
Survey of NC nonprofits

• **75%** of nonprofits had revenue losses during the first three months of the pandemic
• **80%** expected revenue losses during the second half of 2020
Trends in nonprofit employment

Johns Hopkins University Center for Civil Society Studies

7.4%

Drop in nonprofit jobs since February 2020
Trends in nonprofit employment

Johns Hopkins University Center for Civil Society Studies

23.4 months

Estimate for how long it will take to get nonprofit employment back to pre-COVID levels
Trends in charitable giving

Fundraising Effectiveness Project

7.6%

Biggest increase in donors giving $250 or less
Trends in charitable giving

• Changes in giving **varied more by nonprofit** in 2020 than in a typical year

• **Non-itemizer charitable deduction** may have helped encourage more small donations in 2020

• **Lifting the AGI cap** may have led to a few more very large donations in 2020
Time out
Nonprofit public policy issues in 2021
Working backwards
American Rescue Plan and Nonprofits
Financial relief for nonprofits

PPP changes
• Larger nonprofits finally eligible
• Performing arts organizations can now get SVOG and PPP
• Deadline is still March 31, 2021
• 25% drop in gross receipts requirement
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Note on financial relief for nonprofits

Employee Retention Tax Credit
• Extended through December 31, 2021
• More nonprofits may find it useful
• 70% tax credit in 2021
• Up to $10,000 in wages per employee per quarter ($14,000 maximum per employee)
Alphabet soup

- SBA
  - SVOG
  - PPP
- IRS
  - ERTC
Extension of unemployment benefits

Extended through September 6, 2021
• 75% federal coverage for reimbursing nonprofits (starting April 1)
• Pandemic Unemployment Assistance
• $300/week in supplemental UI benefits
More alphabet soup

UI → DES → FPUC

UI → DES → PUA

UI → DES → PEUC

DOL → DES → IBA
Aid for State and Local Governments

- $350 billion in total aid
  - $5.2 billion for State of North Carolina
  - $2 billion for North Carolina counties
  - $672 million for NC major cities
  - $682 million for other NC municipalities
Extension of paid leave credits

• Tax credits for providing paid sick leave and paid FMLA for COVID-related reasons are extended through September 30, 2021
• Nonprofits are eligible for these tax credits
Relief for individuals

• Economic stimulus payments of $1,400 per taxpayer
• Increase in child tax credit from $2,000 to $3,000 per child (and $3,600 for children under 6)
• Significant increases in the child care tax credit and EITC
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Health care

• $125 billion for COVID vaccines, testing, and treatment
• Significant increases in health coverage subsidies over the next two years
• Incentives for holdout state (e.g. North Carolina) to opt for Medicaid expansion
Funding for federal programs

• Extension of 15% increase in SNAP benefits through September 30, 2021
• $7.6 billion for community health centers
• $39 billion for child care
• $350 million for child abuse prevention
• $135 million each for NEA and NEH
Funding for federal programs

- $1 billion for Corporation for National and Community Service
- Funding for emergency rental assistance, help for people experiencing homelessness, and housing counseling
If that wasn’t enough ...
More possible policy solutions in Washington in 2021
Incentives for charitable giving

• Potential extension and expansion of universal charitable deduction
• Universal Giving Pandemic Response and Recovery Act (S.618 and H.R. 1704)
Extension of the PPP

• PPP Extension Act of 2021 (H.R. 1799)
  • Deadline extension through May 31, 2021
  • SBA could process loan applications through June 30, 2021
• Also advocacy to waive the 25% drop in gross receipts requirement for nonprofits
Funding for nonprofits

• WORK NOW Act (S.740)
  • Senate bill to provide $5 billion in funding for new jobs in nonprofits
Voting and Campaign Finance

• For the People Act (passed House)
  • Improving voting access, including same-day registration
  • Campaign finance reform – limiting use of 501(c)(4)s for “dark money”
  • Requiring independent redistricting
  • Government ethics reform
Federal executive actions

• Problematic Executive Orders for nonprofits
  • Equity, diversity, and inclusion workplace trainings
  • Access to voting
Pending U.S. Supreme Court Case

• **Americans for Prosperity Foundation v. Becerra**
  - California law requires disclosure of donor information to state officials
  - Nonprofits have been getting misleading information about this case
Possible policy solutions and challenges in Raleigh
State budget

• $4 billion revenue surplus
• More than $5 billion in new federal aid
• Budget process
Health care policy

- Health insurance coverage gap
- Allowing use of EPOs
Other state legislative priorities

• Challenges due to gridlock:
  • Health care policy, including Medicaid expansion
  • Major environmental policy
  • Tax policy
  • Major changes to labor and employment laws
  • Criminal justice reforms addressing systemic racism
Redistricting

• Legislators will draw maps for 2022-2030 elections
• Benefits of independent redistricting
• Possible changes in process from previous redistricting plans:
  • Transparency
  • Lottery machines
  • Later than usual
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Additional state COVID-19 relief

• More grant programs for businesses and nonprofits
• Extended UI relief for reimbursing nonprofits (passed Senate)
• Additional investment in nonprofits providing services during COVID-19
• More investment in broadband access
• Bills introduced this morning
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Other nonprofit sector policy issues

• Tax incentives for charitable giving
  • Allowing heightened federal tax incentives for charitable giving on state taxes
  • State tax credit for charitable contributions by non-itemizers
  • Check box to donate tax refunds to nonprofits
Other nonprofit sector policy issues

• Sales tax changes
  • Nonprofit sales tax exemption
  • Exemption of nonprofit fundraising events from sales tax
Other nonprofit sector policy issues

• Improvements to nonprofit statutes
  • Annual reporting
  • Remote meetings
  • Charitable solicitation licensing improvements
• Donor disclosure legislation
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Next steps for nonprofits
1. Get to know new elected officials
2. Focus on local advocacy
3. Advocate!
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Questions
For more information

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