117TH CONGRESS
2D Session
H. R. _____

To strengthen the partnership between the nonprofit organizations and the Federal Government, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. McCollum introduced the following bill; which was referred to the Committee on ______________________

A BILL

To strengthen the partnership between the nonprofit organizations and the Federal Government, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Nonprofit Sector
5 Strength and Partnership Act of 2022”.

6 SEC. 2. FINDINGS.

7 The Congress finds that:
(1) The nonprofit sector is a trusted partner in working with American communities, strengthening civil society, and ensuring that all people living in the United States have the opportunity to thrive.

(2) The Nation relies on the nonprofit sector on its ability to harness and direct the generosity, service, and volunteerism of the American people.

(3) Nonprofit organizations are a significant and highly diverse sector of the United States economy that includes 1,800,000 organizations as of 2020, according to the Internal Revenue Service. United States nonprofit organizations contributed $1.2 trillion to the economy in 2020 and accounted for 5.9 percent of the Gross Domestic Product of the United States, according to Bureau of Economic Analysis data interpreted by Independent Sector.

(4) Collectively, the nonprofit sector employees 12 million workers, 20 million board members, 63 million volunteers, and 170 million donors. In 2017, United States nonprofits employed 12.5 million paid workers and paid over $670 billion in wages.

(5) 92 percent of the 501(c)(3) public charities in the United States have an annual budget of less than $1,000,000 according to data provided by the Internal Revenue Service.
(6) While no Federal agency regularly collects systematic employment data on the nonprofit sector, at the local level, nonprofits are a time-tested mechanism for delivering critical community services.

(7) In order to maximize the nonprofit sector’s ability to utilize Federal investments to respond to community need, the Federal Government should take steps to encourage, support, and promote volunteerism and charitable giving.

(8) National service programs provide an essential vehicle for Americans of all ages anxious to serve their communities and transform their own lives in the process. Service programs also provide a critical pipeline of emerging leaders into the workforce, including the nonprofit workforce.

(9) Like for-profit entities, the nonprofit sector is challenged during times of economic downturns. As employers and providers of services to countless Americans, the sustainability of this sector is of great national importance, yet the Federal Government provides significant support to for-profit businesses through the Small Business Administration and other agencies and programs that are not accessible to nonprofit organizations.
(10) Despite the importance of the nonprofit sector to the United States economy and to the success of many Federal, State, and local policy initiatives, no Federal agency or office has responsibility for evaluating, building, or maintaining the capacity of the nonprofit sector.

SEC. 3. PURPOSES.

The purposes of this Act are the following:

(1) To enhance the ability of the nonprofit sector to address public challenges and maximize opportunities to improve quality of life in the communities where nonprofit organizations work.

(2) To strengthen communities across the United States by making the Federal Government a more productive partner with nonprofit organizations through the establishment of better Federal coordination with respect to, enhanced transparency with respect to, and greater support for the work of nonprofit organizations.

(3) Collect, assemble, and make available Federal data and research on the nonprofit sector and to generate new data and research where necessary to support the development of effective Federal policy.
(4) Raise awareness of the nonprofit sector and the vital civic, social, and economic contributions nonprofit organizations make to the United States.

SEC. 4. WHITE HOUSE OFFICE ON NONPROFIT SECTOR PARTNERSHIP.

(a) Establishment.—There is established in the Executive Office of the President an Office on Nonprofit Sector Partnership (in this section referred to as the “Office”). The Office will be led by a Nonprofit Advisor.

(b) Functions.—The Office shall—

(1) strengthen and develop policies and actions which enhance the sector’s ability to address national and community priorities;

(2) identify and promote policies that increase and sustain charitable giving, volunteerism, and national service to support the capacity of the nonprofit sector;

(3) publish, based upon regular consultation with the nonprofit sector, policy options and recommendations for leveraging the unique partnership between the Federal Government and the nonprofit sector to accelerate repair and rebuilding across America, particularly with respect to underserved and marginalized communities;
(4) identify barriers and policies that hinder, increase, or sustain opportunities for nonprofits to operate internationally both on their own or in partnership with the Federal Government;

(5) coordinate, across relevant Federal agencies, the task of compiling, producing and making publicly available key Federal data sources of relevance to the nonprofit sector. This will include data on the economic health and impact of the nonprofit sector (including employment and wage data), data on Federal funding of the nonprofit sector (including grants and contracts), Census data, and data on philanthropic contributions, volunteering and civic engagement and be published publicly annually;

(6) direct a Federal agency, to be determined by the Nonprofit Advisor within 180 days, to initiate, in consultation with States, a competitive grant process to build a single online portal, such that charities can fulfill State registration and reporting requirements for States that choose to participate through a single filing. An eligible grant recipient must be a nonprofit organization with representation from State charities regulators on its governing board. In evaluating applications for this
portal, the Federal agency shall consider whether the application will—

(A) enable smaller charities to respond to disasters in their communities by raising funds from multiple States;

(B) empower the public to make responsible donations, especially to help those in need during natural disasters or other crises of national significance;

(C) eliminate costly inefficiencies for charities operating or fundraising in multiple States;

(D) support State oversight of charitable assets, monitoring of fundraising campaigns, information sharing among State regulators, and preventing and addressing fraud;

(E) ensure appropriate cybersecurity standards are being met or exceeded;

(F) preserve the public’s trust in non-profits; and

(G) establish a sustainable funding mechanism that is not reliant on Federal funding for ongoing costs;

(7) work to simplify, expedite, and streamline the Federal Government’s contracting and granting
processes with the nonprofit sector, including non-
profits of all sizes and in disadvantaged commu-
nities; and

(8) promote the streamlining and improvement
of the operational relationship between government
and the nonprofit sector, as well as the sector’s ac-
cess to, participation in and performance in Federal,
State, and local government contracting and funding
including by—

(A) enforcing the OMB Uniform Guidance,
2 CFR 200, and employing additional strategies
to strengthen the integrity of Federal programs
while allowing nonprofit organizations stream-
lined access to Federal funding opportunities;
and

(B) assessing and reporting to the Presi-
dent and Congress, no later than one year after
enactment, on how grant and contract agree-
ments and reimbursements can be modified to
enable and incentivize nonprofits to utilize gov-
ernment grant and contract funds to provide
living wages and relevant professional develop-
ment to employees working on those grants or
contracts, and to ensure that interns and those
in apprenticeships working on government
grants or contracts are paid rather than un-
paid;

(9) receive regular updates from Federal offices
with a role in oversight of the nonprofit sector, in-
cluding but not limited to, inspectors general and
the Government Accountability Office, on matters
related to the nonprofit sector to determine oppor-
tunities to strengthen existing mechanisms of sector
oversight; and

(10) assessing and reporting to Congress, no
later than one year after enactment, on how grant
and contract agreements and reimbursements can be
modified to enable nonprofit recipients to respond to
issues of national significance.

(c) Administration.—The President shall appoint
a Nonprofit Advisor within 90 days of enactment of this
legislation. The Nonprofit Advisor shall, in addition to
being Director of the Office, serve as the head of the Inter-
agency Council, co-chair of the Advisory Council, and re-
sponsible to carry out the provisions of this section and
coordinate with executive departments as appropriate with
respect to the mission of the Office and related govern-
mental entities.
SEC. 5. INTERAGENCY COUNCIL ON NONPROFIT SECTOR PARTNERSHIP.

(a) ESTABLISHMENT.—There is established in the executive branch an independent entity to be known as the Interagency Council on Nonprofit Sector Partnership.

(b) MEMBERSHIP.—The Council shall be composed of the head of each cabinet agency, or their designee in addition to the—

(1) Corporation for National and Community Service;

(2) National Endowment for the Humanities;

(3) National Endowment for the Arts;

(4) National Science Foundation;

(5) Institute of Museum and Library Services;

and

(6) other agencies as determined by the President.

(c) RESPONSIBILITIES.—The Interagency Council, shall issue biennial reports providing specific recommendations on how the nonprofit sector can best leverage and accelerate Federal investments to rebuild American communities and to offer specific recommendations for strengthening, promoting, and improving the overall ability of the nonprofit sector to address issues of national significance. These recommendations shall include consideration of—
(1) improving Federal research and data access and transparency, including by collecting and disseminating disaggregated data and research relevant to the ability of the nonprofit sector to respond to societal need;

(2) consulting and partnering with nonprofits as an engine of employment, preparing Americans for their first jobs or new jobs, deploying national service members to rebuild communities while acquiring valuable professional and civic skills and career guidance, and employing millions of people of all backgrounds in good jobs to do the work of change;

(3) necessary legislation, regulation, and other action toward these goals, including changes to the structure of the Interagency Council;

(4) Federal efforts that could have an impact on charitable giving, volunteerism, and national service;

(5) Federal investments that could bolster the civic infrastructure of the United States, which includes its workforce, volunteer force, capacity of nonprofit institutions, and the norms and practices that help communities solve problems; and
(6) how Federal technology policies and funding might be more effectively aligned with the nonprofit sector and the communities it serves.

(d) Administration.—The Interagency Council shall be chaired by the Nonprofit Advisor and may accept staff detailed from Federal agencies to support coordination and implementation efforts. The Interagency Council shall meet no fewer than four times per year.

SEC. 6. ADVISORY BOARD ON THE NONPROFIT SECTOR.

(a) Establishment.—There is hereby established under the Federal Advisory Committee Act, (Public Law 92–463), an Advisory Board on the Nonprofit Sector, co-chaired by the Nonprofit Advisor and a designee from the nonprofit sector, as appointed by the President and Congress as described below, except for subsection (b)(2)(B) of this section.

(b) Membership.—

(1) Number and Appointment.—The Advisory Board shall be composed of 16 members as follows:

(A) The Nonprofit Advisor and seven additional members shall be appointed by the President.

(B) Two members shall be appointed by the Speaker of the House of Representatives.
(C) Two members shall be appointed by the minority leader of the House of Representatives.

(D) Two members shall be appointed by the majority leader of the Senate.

(E) Two members shall be appointed by the minority leader of the Senate.

(2) With the exception of the Nonprofit Advisor, membership of the Advisory Board shall be drawn from the nonprofit sector to include designees with substantial and diverse experience and points of view in the issues facing the nonprofit sector. This shall include leading national organizations that represent the interests of the broad sector, as well as proportional representation to the extent possible from representatives of large, medium and small nonprofit and philanthropic organizations and include meaningful racial, gender, ethnic and geographic diversity. The terms of members to the Advisory Board shall be staggered between three and four years and renewable for one term.

(A) Vacancies.—A vacancy on the Board shall be filled in the manner in which the original appointment was made.
(B) Basic pay and travel expenses.—

With the exception of the Nonprofit Advisor, all
Voting Board members shall, and nonvoting
members may, be appointed as special Govern-
ment employees and receive a consultant fee
and be reimbursed for travel expenses, includ-
ing per diem in lieu of subsistence, in the same
manner as provided under the Federal Advisory
Committee Act, unless such compensation and
reimbursement are waived.

(C) Co-chairs.—The President shall des-
ignate the Nonprofit Advisor as a co-chair of
the Advisory Board and select and additional
Co-chair from among the members of the
Board, who may not be members of the same
political party.

(c) Functions.—The Advisory Board shall issue bi-
nennial reports to Congress, as well as advise the President
and the Interagency Council on matters involving policy
affecting nonprofit sector, volunteerism, service, and other
related topics. The Advisory Board shall meet regularly,
upon the call of the co-chairs, and shall—

(1) respond to requests from the President or
the President’s designee for information, analysis,
evaluation, or advice;
(2) solicit information and ideas from a broad range of stakeholders;

(3) in its biennial report, provide information on the state of the nonprofit sector, volunteerism, charitable giving and national service, as well as feedback on the effect of Federal policies on each;

(4) in its biennial report, provide recommendations on legislative, regulatory, and executive actions to improve and support the nonprofit sector and its partnerships with the Federal Government;

(5) in its biennial report, provide recommendations on long-term opportunities to strengthen the nonprofit sector, volunteerism, and national service through Federal actions and policy; and

(6) in its biennial report, include a statement analyzing how any recommendations would impact the disparities between members of different racial and ethnic groups.

(d) Administration.—The heads of executive departments and agencies shall provide the Advisory Board with information concerning appropriate matters when requested by the Advisory Board Co-Chairs and as required for the purpose of carrying out the Advisory Board’s functions, unless otherwise prohibited by law.
SEC. 7. VOLUNTEERISM AND CHARITABLE GIVING.

(a) TREASURY DEPARTMENT.—The Secretary of the Department of the Treasury shall—

(1) analyze and publicly release the impact of relevant statutes, regulations, and other actions on charitable giving specifically and the nonprofit sector generally, including analysis disaggregated by demographic factors whenever possible;

(2) examine the reconstitution of the Advisory Committee on Tax Exempt and Government Entities; and

(3) revoke the use of form 1023–EZ for nonprofit filing status and initiate a process to replace it, based upon recommendations from the Advisory Board, the nonprofit sector, State charities officials, and government examinations.

(b) DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.—The Bureau of Labor Statistics shall within two years of enactment, issue a biennial report on trends in the non-stipended volunteer force.

(c) CORPORATION FOR NATIONAL AND COMMUNITY SERVICE.—The Corporation for National and Community Service shall—

(1) issue a comprehensive report assessing how CNCS can best be structured and resourced to support the unique needs and potential of both the non-
stipended volunteer force and the national service community. This assessment shall also consider how underserved and marginalized communities can access service programs. CNCS shall share that report with Congress within six months of enactment and issue updates every two years, thereafter;

(2) review existing programs such as the Volunteer Generation Fund and the Nonprofit Capacity Building Program to determine how these programs might be strengthened and/or expanded to ensure, among other critical functions, they will support a wide diversity of nonprofits to build capacity to engage, sustain, and support the volunteer force, and to share such recommendations with Congress within six months of enactment;

(3) within 90 days of enactment, solicit input from the nonprofit sector and the public about enhancing and revising the Current Population Survey with supplements on—

(A) volunteerism;

(B) charitable giving; and

(C) civic engagement; and

(4) within six months of enactment, present the findings of the input described in paragraph (3) to Congress and the Office on the Nonprofit Sector.
SEC. 8. NATIONAL SERVICE.

The Corporation for National and Community Service shall—

(1) by no later than one year from the date of enactment, make recommendations to Congress on updating Service Year Fellowships to broaden access to national service to underserved and marginalized communities and provide increased capacity for all section 501(c)(3) nonprofits in moments of increased need; and

(2) by no later than two years from the date of enactment, redesign and relaunch the eGrants system, including user testing that engages organizations who are not current grantees and that represent or reach underserved and marginalized communities to test barriers to submitting for a grant.

SEC. 9. GOVERNMENT RESEARCH AND DATA.

(a) TREASURY DEPARTMENT.—The Secretary of the Department of the Treasury shall—

(1) in consultation with the Advisory Committee, shall make recommendations to Congress on how to formulate the way data is recorded concerning government grants, contracts, and reimbursements to nonprofit organizations on Form 990, Return of Organization Exempt from Income Tax, to increase the utility and clarity of Form 990 infor-
1 mation. The IRS will also consider improving public
2 access to 990 e-filed data: and
3  
4 (2) seek input from the nonprofit sector, con-
5 sider, and publicly release policies to increase appro-
6 priate oversight of the nonprofit sector and protect
7 it from abuse.
8  
9 (b) DEPARTMENT OF LABOR, BUREAU OF LABOR
10 STATISTICS.—The Bureau of Labor Statistics shall in-
11 clude nonprofit organizations as a distinct category of em-
12 ployer in quarterly reports from its Quarterly Census of
13 Employment and Wages. Within 90 days of enactment,
14 the Bureau of Labor Statistics shall transmit a plan to
15 Congress that will accomplish this goal.
16  
17 (c) DEPARTMENT OF COMMERCE, BUREAU OF ECO-
18 NOMIC ANALYSIS.—The Bureau of Economic Analysis
19 shall in consultation with the Advisory Committee, create
20 a Satellite Account on Nonprofit and Related Institutions
21 and Volunteer Work within its national accounts program.
22 This account shall be published no less frequently than
23 on a biennial basis.
24  
25 (d) WHITE HOUSE, OFFICE OF MANAGEMENT AND
26 BUDGET.—The Office of Management and Budget shall—
27  
28 (1) solicit information from all relevant Federal
29 agencies that collect data on the charitable and non-
30 profit sectors in all published reports and publicly
available tables and datasets and direct these agencies to include data disaggregated by the following factors without imposing significant administrative burden on impacted nonprofit organizations—

(A) the types of clients served by nonprofit organizations, including data on the race, gender, age, income level, language and geographic location of such clients;

(B) the financial health of nonprofit organizations;

(C) philanthropic contributions to nonprofit organizations made by foundations, corporations, and individuals;

(D) the volunteer hours contributed to nonprofit organizations by individuals in the United States; and

(E) other factors as determined in consultation with the Advisory Board; and

(2) conduct an impact assessment of how government data collection, algorithm use and accuracy may have a discriminatory or disparate impact on nonprofit issues or communities they serve, particularly underserved and marginalized communities.
SEC. 10. NONPARTISAN CIVIC ENGAGEMENT AND ADVOCACY.

The Secretary of the Department of the Treasury shall—

(1) within 18 months of enactment, and in accordance with the Administrative Procedures Act, publish a final rule in the Federal Register providing objective standards defining explicitly prohibited political activity for organizations organized under section 501(c)(3) of title 26, United States Code. These rules should clarify the role of nonpartisan civic participation by such organizations and reflect feedback from the Advisory Board and the broader nonprofit sector; and

(2) within one year of enactment, issue a report to Congress on the role of the current “facts and circumstances” standard for tax-exempt entities classified under provisions of the Internal Revenue Code other than section 501(c)(3) of title 26, United States Code.

SEC. 11. DEFINITIONS.

In this Act:

(1) NONPROFIT.—The term “nonprofit” or “nonprofit organization” shall include the definition included in section 501(c)(3) of title 26, United States Code, and in addition shall mean a group or-
ganized for purposes other than generating profit
and in which no part of the organization’s income is
distributed to its members, directors, or officers.

(2) Nonprofit Advisor.—The term “Non-
profit Advisor” means an individual who is—

(A) designated as an Assistant to the
President;

(B) has experience working in the non-
profit sector and government; and

(C) is deeply committed to strengthening
the partnership between the Federal Govern-
ment and the nonprofit sector.

(3) Current Population Survey.—The term
“Current Population Survey” means the jointly
sponsored survey administered by the Census Bu-
reau and the Bureau of Labor Statistics and ap-
proved by the Office of Management and Budget
(OMB Number 0607–0049).

(4) Underserved and Marginized Com-
munities.—The term “underserved and
marginalized communities” means individuals who
are—

(A) Black, Indigenous, and People of
Color, including Asian American, Latino, Amer-
ican Indian, Alaska Native, and Native Hawaiian;

(B) rural populations;

(C) individuals with disabilities;

(D) low-income or homeless individuals;

(E) individuals with mental health or substance related disorders;

(F) victims of abuse or trauma;

(G) lesbian, gay, bisexual, and transgender individuals; or

(H) refugees.

SEC. 12. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the provisions of this Act $50,000,000 for fiscal year 2023 and such sums as necessary for each of fiscal years 2024 through 2027.