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(Original Signature of Member)

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

5 (2) The Nation relies on the nonprofit sector on
6 its ability to harness and direct the generosity, serv-
7 ice, and volunteerism of the American people.

8 (3) Nonprofit organizations are a significant
9 and highly diverse sector of the United States econ-
10 omy that includes 1,800,000 organizations as of
11 2020, according to the Internal Revenue Service.
12 United States nonprofit organizations contributed
13 \$1.2 trillion to the economy in 2020 and accounted
14 for 5.9 percent of the Gross Domestic Product of the
15 United States, according to Bureau of Economic
16 Analysis data interpreted by Independent Sector.

17 (4) Collectively, the nonprofit sector employees
18 12 million workers, 20 million board members, 63
19 million volunteers, and 170 million donors. In 2017,
20 United States nonprofits employed 12.5 million paid
21 workers and paid over \$670 billion in wages.

22 (5) 92 percent of the 501(c)(3) public charities
23 in the United States have an annual budget of less
24 than \$1,000,000 according to data provided by the
25 Internal Revenue Service.

1 (6) While no Federal agency regularly collects
2 systematic employment data on the nonprofit sector,
3 at the local level, nonprofits are a time-tested mech-
4 anism for delivering critical community services.

5 (7) In order to maximize the nonprofit sector's
6 ability to utilize Federal investments to respond to
7 community need, the Federal Government should
8 take steps to encourage, support, and promote vol-
9 unteerism and charitable giving.

10 (8) National service programs provide an essen-
11 tial vehicle for Americans of all ages anxious to
12 serve their communities and transform their own
13 lives in the process. Service programs also provide a
14 critical pipeline of emerging leaders into the work-
15 force, including the nonprofit workforce.

16 (9) Like for-profit entities, the nonprofit sector
17 is challenged during times of economic downturns.
18 As employers and providers of services to countless
19 Americans, the sustainability of this sector is of
20 great national importance, yet the Federal Govern-
21 ment provides significant support to for-profit busi-
22 nesses through the Small Business Administration
23 and other agencies and programs that are not acces-
24 sible to nonprofit organizations.

1 (10) Despite the importance of the nonprofit
2 sector to the United States economy and to the suc-
3 cess of many Federal, State, and local policy initia-
4 tives, no Federal agency or office has responsibility
5 for evaluating, building, or maintaining the capacity
6 of the nonprofit sector.

7 **SEC. 3. PURPOSES.**

8 The purposes of this Act are the following:

9 (1) To enhance the ability of the nonprofit sec-
10 tor to address public challenges and maximize oppor-
11 tunities to improve quality of life in the communities
12 where nonprofit organizations work.

13 (2) To strengthen communities across the
14 United States by making the Federal Government a
15 more productive partner with nonprofit organiza-
16 tions through the establishment of better Federal co-
17 ordination with respect to, enhanced transparency
18 with respect to, and greater support for the work of
19 nonprofit organizations.

20 (3) Collect, assemble, and make available Fed-
21 eral data and research on the nonprofit sector and
22 to generate new data and research where necessary
23 to support the development of effective Federal pol-
24 icy.

1 (4) identify barriers and policies that hinder,
2 increase, or sustain opportunities for nonprofits to
3 operate internationally both on their own or in part-
4 nership with the Federal Government;

5 (5) coordinate, across relevant Federal agen-
6 cies, the task of compiling, producing and making
7 publicly available key Federal data sources of rel-
8 evance to the nonprofit sector. This will include data
9 on the economic health and impact of the nonprofit
10 sector (including employment and wage data), data
11 on Federal funding of the nonprofit sector (including
12 grants and contracts), Census data, and data on
13 philanthropic contributions, volunteering and civic
14 engagement and be published publicly annually;

15 (6) direct a Federal agency, to be determined
16 by the Nonprofit Advisor within 180 days, to ini-
17 tiate, in consultation with States, a competitive
18 grant process to build a single online portal, such
19 that charities can fulfill State registration and re-
20 porting requirements for States that choose to par-
21 ticipate through a single filing. An eligible grant re-
22 cipient must be a nonprofit organization with rep-
23 resentation from State charities regulators on its
24 governing board. In evaluating applications for this

1 portal, the Federal agency shall consider whether the
2 application will—

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

6 (B) empower the public to make respon-
7 sible donations, especially to help those in need
8 during natural disasters or other crises of na-
9 tional significance;

10 (C) eliminate costly inefficiencies for char-
11 ities operating or fundraising in multiple
12 States;

13 (D) support State oversight of charitable
14 assets, monitoring of fundraising campaigns, in-
15 formation sharing among State regulators, and
16 preventing and addressing fraud;

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

19 (F) preserve the public's trust in non-
20 profits; and

21 (G) establish a sustainable funding mecha-
22 nism that is not reliant on Federal funding for
23 ongoing costs;

24 (7) work to simplify, expedite, and streamline
25 the Federal Government's contracting and granting

1 processes with the nonprofit sector, including non-
2 profits of all sizes and in disadvantaged commu-
3 nities; and

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

10 (A) enforcing the OMB Uniform Guidance,
11 2 CFR 200, and employing additional strategies
12 to strengthen the integrity of Federal programs
13 while allowing nonprofit organizations stream-
14 lined access to Federal funding opportunities;
15 and

16 (B) assessing and reporting to the Presi-
17 dent and Congress, no later than one year after
18 enactment, on how grant and contract agree-
19 ments and reimbursements can be modified to
20 enable and incentivize nonprofits to utilize gov-
21 ernment grant and contract funds to provide
22 living wages and relevant professional develop-
23 ment to employees working on those grants or
24 contracts, and to ensure that interns and those
25 in apprenticeships working on government

1 grants or contracts are paid rather than un-
2 paid;

3 (9) receive regular updates from Federal offices
4 with a role in oversight of the nonprofit sector, in-
5 cluding but not limited to, inspectors general and
6 the Government Accountability Office, on matters
7 related to the nonprofit sector to determine opportu-
8 nities to strengthen existing mechanisms of sector
9 oversight; and

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

15 (c) ADMINISTRATION.—The President shall appoint
16 a Nonprofit Advisor within 90 days of enactment of this
17 legislation. The Nonprofit Advisor shall, in addition to
18 being Director of the Office, serve as the head of the Inter-
19 agency Council, co-chair of the Advisory Council, and re-
20 sponsible to carry out the provisions of this section and
21 coordinate with executive departments as appropriate with
22 respect to the mission of the Office and related govern-
23 mental entities.

1 **SEC. 5. INTERAGENCY COUNCIL ON NONPROFIT SECTOR**
2 **PARTNERSHIP.**

3 (a) **ESTABLISHMENT.**—There is established in the ex-
4 ecutive branch an independent entity to be known as the
5 Interagency Council on Nonprofit Sector Partnership.

6 (b) **MEMBERSHIP.**—The Council shall be composed of
7 the head of each cabinet agency, or their designee in addi-
8 tion to the—

9 (1) Corporation for National and Community
10 Service;

11 (2) National Endowment for the Humanities;

12 (3) National Endowment for the Arts;

13 (4) National Science Foundation;

14 (5) Institute of Museum and Library Services;

15 and

16 (6) other agencies as determined by the Presi-
17 dent.

18 (c) **RESPONSIBILITIES.**—The Interagency Council,
19 shall issue biennial reports providing specific recommenda-
20 tions on how the nonprofit sector can best leverage and
21 accelerate Federal investments to rebuild American com-
22 munities and to offer specific recommendations for
23 strengthening, promoting, and improving the overall abil-
24 ity of the nonprofit sector to address issues of national
25 significance. These recommendations shall include consid-
26 eration of—

1 (1) improving Federal research and data access
2 and transparency, including by collecting and dis-
3 seminating disaggregated data and research relevant
4 to the ability of the nonprofit sector to respond to
5 societal need;

6 (2) consulting and partnering with nonprofits
7 as an engine of employment, preparing Americans
8 for their first jobs or new jobs, deploying national
9 service members to rebuild communities while ac-
10 quiring valuable professional and civic skills and ca-
11 reer guidance, and employing millions of people of
12 all backgrounds in good jobs to do the work of
13 change;

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

17 (4) Federal efforts that could have an impact
18 on charitable giving, volunteerism, and national serv-
19 ice;

20 (5) Federal investments that could bolster the
21 civic infrastructure of the United States, which in
22 includes its workforce, volunteer force, capacity of
23 nonprofit institutions, and the norms and practices
24 that help communities solve problems; and

1 (6) how Federal technology policies and funding
2 might be more effectively aligned with the nonprofit
3 sector and the communities it serves.

4 (d) ADMINISTRATION.—The Interagency Council
5 shall be chaired by the Nonprofit Advisor and may accept
6 staff detailed from Federal agencies to support coordina-
7 tion and implementation efforts. The Interagency Council
8 shall meet no fewer than four times per year.

9 **SEC. 6. ADVISORY BOARD ON THE NONPROFIT SECTOR.**

10 (a) ESTABLISHMENT.—There is hereby established
11 under the Federal Advisory Committee Act, (Public Law
12 92–463), an Advisory Board on the Nonprofit Sector, co-
13 chaired by the Nonprofit Advisor and a designee from the
14 nonprofit sector, as appointed by the President and Con-
15 gress as described below, except for subsection (b)(2)(B)
16 of this section.

17 (b) MEMBERSHIP.—

18 (1) NUMBER AND APPOINTMENT.—The Advi-
19 sory Board shall be composed of 16 members as fol-
20 lows:

21 (A) The Nonprofit Advisor and seven addi-
22 tional members shall be appointed by the Presi-
23 dent.

24 (B) Two members shall be appointed by
25 the Speaker of the House of Representatives.

1 (C) Two members shall be appointed by
2 the minority leader of the House of Representa-
3 tives.

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

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

8 (2) With the exception of the Nonprofit Advi-
9 sor, membership of the Advisory Board shall be
10 drawn from the nonprofit sector to include designees
11 with substantial and diverse experience and points of
12 view in the issues facing the nonprofit sector. This
13 shall include leading national organizations that rep-
14 resent the interests of the broad sector, as well as
15 proportional representation to the extent possible
16 from representatives of large, medium and small
17 nonprofit and philanthropic organizations and in-
18 clude meaningful racial, gender, ethnic and geo-
19 graphic diversity. The terms of members to the Ad-
20 visory Board shall be staggered between three and
21 four years and renewable for one term.

22 (A) VACANCIES.—A vacancy on the Board
23 shall be filled in the manner in which the origi-
24 nal appointment was made.

1 (B) BASIC PAY AND TRAVEL EXPENSES.—

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

11 (C) CO-CHAIRS.—The President shall des-
12 ignate the Nonprofit Advisor as a co-chair of
13 the Advisory Board and select an additional
14 Co-chair from among the members of the
15 Board, who may not be members of the same
16 political party.

17 (e) FUNCTIONS.—The Advisory Board shall issue bi-
18 ennial reports to Congress, as well as advise the President
19 and the Interagency Council on matters involving policy
20 affecting nonprofit sector, volunteerism, service, and other
21 related topics. The Advisory Board shall meet regularly,
22 upon the call of the co-chairs, and shall—

23 (1) respond to requests from the President or
24 the President's designee for information, analysis,
25 evaluation, or advice;

1 (2) solicit information and ideas from a broad
2 range of stakeholders;

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

7 (4) in its biennial report, provide recommenda-
8 tions on legislative, regulatory, and executive actions
9 to improve and support the nonprofit sector and its
10 partnerships with the Federal Government;

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

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

19 (d) ADMINISTRATION.—The heads of executive de-
20 partments and agencies shall provide the Advisory Board
21 with information concerning appropriate matters when re-
22 quested by the Advisory Board Co-Chairs and as required
23 for the purpose of carrying out the Advisory Board’s func-
24 tions, unless otherwise prohibited by law.

1 **SEC. 7. VOLUNTEERISM AND CHARITABLE GIVING.**

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

4 (1) analyze and publicly release the impact of
5 relevant statutes, regulations, and other actions on
6 charitable giving specifically and the nonprofit sector
7 generally, including analysis disaggregated by demo-
8 graphic factors whenever possible;

9 (2) examine the reconstitution of the Advisory
10 Committee on Tax Exempt and Government Enti-
11 ties; and

12 (3) revoke the use of form 1023-EZ for non-
13 profit filing status and initiate a process to replace
14 it, based upon recommendations from the Advisory
15 Board, the nonprofit sector, State charities officials,
16 and government examinations.

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

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

24 (1) issue a comprehensive report assessing how
25 CNCS can best be structured and resourced to sup-
26 port the unique needs and potential of both the non-

1 stipended volunteer force and the national service
2 community. This assessment shall also consider how
3 underserved and marginalized communities can ac-
4 cess service programs. CNCS shall share that report
5 with Congress within six months of enactment and
6 issue updates every two years, thereafter;

7 (2) review existing programs such as the Volun-
8 teer Generation Fund and the Nonprofit Capacity
9 Building Program to determine how these programs
10 might be strengthened and/or expanded to ensure,
11 among other critical functions, they will support a
12 wide diversity of nonprofits to build capacity to en-
13 gage, sustain, and support the volunteer force, and
14 to share such recommendations with Congress within
15 six months of enactment;

16 (3) within 90 days of enactment, solicit input
17 from the nonprofit sector and the public about en-
18 hancing and revising the Current Population Survey
19 with supplements on—

20 (A) volunteerism;

21 (B) charitable giving; and

22 (C) civic engagement; and

23 (4) within six months of enactment, present the
24 findings of the input described in paragraph (3) to
25 Congress and the Office on the Nonprofit Sector.

1 **SEC. 8. NATIONAL SERVICE.**

2 The Corporation for National and Community Serv-
3 ice shall—

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

11 (2) by no later than two years from the date of
12 enactment, redesign and relaunch the eGrants sys-
13 tem, including user testing that engages organiza-
14 tions who are not current grantees and that rep-
15 resent or reach underserved and marginalized com-
16 munities to test barriers to submitting for a grant.

17 **SEC. 9. GOVERNMENT RESEARCH AND DATA.**

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

20 (1) in consultation with the Advisory Com-
21 mittee, shall make recommendations to Congress on
22 how to formulate the way data is recorded con-
23 cerning government grants, contracts, and reim-
24 bursements to nonprofit organizations on Form 990,
25 Return of Organization Exempt from Income Tax,
26 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 (2) seek input from the nonprofit sector, con-
4 sider, and publicly release policies to increase appro-
5 priate oversight of the nonprofit sector and protect
6 it from abuse.

7 (b) DEPARTMENT OF LABOR, BUREAU OF LABOR
8 STATISTICS.—The Bureau of Labor Statistics shall in-
9 clude nonprofit organizations as a distinct category of em-
10 ployer in quarterly reports from its Quarterly Census of
11 Employment and Wages. Within 90 days of enactment,
12 the Bureau of Labor Statistics shall transmit a plan to
13 Congress that will accomplish this goal.

14 (c) DEPARTMENT OF COMMERCE, BUREAU OF ECO-
15 NOMIC ANALYSIS.—The Bureau of Economic Analysis
16 shall in consultation with the Advisory Committee, create
17 a Satellite Account on Nonprofit and Related Institutions
18 and Volunteer Work within its national accounts program.
19 This account shall be published no less frequently than
20 on a biennial basis.

21 (d) WHITE HOUSE, OFFICE OF MANAGEMENT AND
22 BUDGET.—The Office of Management and Budget shall—
23 (1) solicit information from all relevant Federal
24 agencies that collect data on the charitable and non-
25 profit sectors in all published reports and publicly

1 available tables and datasets and direct these agen-
2 cies to include data disaggregated by the following
3 factors without imposing significant administrative
4 burden on impacted nonprofit organizations—

5 (A) the types of clients served by nonprofit
6 organizations, including data on the race, gen-
7 der, age, income level, language and geographic
8 location of such clients;

9 (B) the financial health of nonprofit orga-
10 nizations;

11 (C) philanthropic contributions to non-
12 profit organizations made by foundations, cor-
13 porations, and individuals;

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

17 (E) other factors as determined in con-
18 sultation with the Advisory Board; and

19 (2) conduct an impact assessment of how gov-
20 ernment data collection, algorithm use and accuracy
21 may have a discriminatory or disparate impact on
22 nonprofit issues or communities they serve, particu-
23 larly underserved and marginalized communities.

1 **SEC. 10. NONPARTISAN CIVIC ENGAGEMENT AND ADVOCACY.**
2

3 The Secretary of the Department of the Treasury
4 shall—

5 (1) within 18 months of enactment, and in accordance with the Administrative Procedures Act,
6 publish a final rule in the Federal Register providing
7 objective standards defining explicitly prohibited political activity for organizations organized under section
8 501(c)(3) of title 26, United States Code. These
9 rules should clarify the role of nonpartisan civic participation by such organizations and reflect feedback
10 from the Advisory Board and the broader nonprofit sector; and
11

12 (2) within one year of enactment, issue a report
13 to Congress on the role of the current “facts and
14 circumstances” standard for tax-exempt entities
15 classified under provisions of the Internal Revenue
16 Code other than section 501(c)(3) of title 26, United
17 States Code.
18

19 **SEC. 11. DEFINITIONS.**

20 In this Act:

21 (1) **NONPROFIT.**—The term “nonprofit” or
22 “nonprofit organization” shall include the definition
23 included in section 501(c)(3) of title 26, United
24 States Code, and in addition shall mean a group or
25
26

1 organized for purposes other than generating profit
2 and in which no part of the organization’s income is
3 distributed to its members, directors, or officers.

4 (2) NONPROFIT ADVISOR.—The term “Non-
5 profit Advisor” means an individual who is—

6 (A) designated as an Assistant to the
7 President;

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

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

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

19 (4) UNDERSERVED AND MARGINALIZED COM-
20 MUNITIES.—The term “underserved and
21 marginalized communities” means individuals who
22 are—

23 (A) Black, Indigenous, and People of
24 Color, including Asian American, Latino, Amer-

- 1 ican Indian, Alaska Native, and Native Hawai-
2 ian;
3 (B) rural populations;
4 (C) individuals with disabilities;
5 (D) low-income or homeless individuals;
6 (E) individuals with mental health or sub-
7 stance related disorders;
8 (F) victims of abuse or trauma;
9 (G) lesbian, gay, bisexual, and transgender
10 individuals; or
11 (H) refugees.

12 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

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