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-

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 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 engages through and is supported by more than 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 existing 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 aggregated types of revenue, 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 gov-
erning board members possessing experience working
to align charitable registration requirements across
States. In evaluating applications for this portal, the
Federal agency shall consider whether the applica-
tion will—

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

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

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

(D) help nonprofits meet existing registra-
tion and filing requirements;

(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 mecha-
nism that is not reliant on Federal funding for
ongoing costs; and
(7) convene a commission on Federal grant reform composed of individuals representing Federal grantmaking agencies, pass-through entities, and nonprofit grantees and subgrantees to offer recommendations to streamline and improve the operational relationship between all levels of government and the nonprofit sector. In addition, the sector’s access to, participation in and performance in Federal, State, and local government contracting and funding shall be assessed—

(A) the commission members shall be appointed by the President and be drawn from the nonprofit sector to include designees with substantial and diverse experience in Federal, State, and local governmental grantmaking processes, and shall include proportional representation from small, medium, and large nonprofit organizations as determined by annual expenses, and include meaningful racial, gender, ethnic and geographic diversity;

(B) the report of the commission shall include recommendations on—

(i) improving provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for
Federal Awards (OMB Uniform Guidance), (2 C.F.R. 200), related to racial, gender, ethnic inclusion in grantmaking processes, and to negotiation of indirect costs, including a de minimis indirect cost rate;

(ii) promoting Federal agency compliance with the OMB Uniform Guidance to preserve the integrity of Federal programs while allowing nonprofit organizations streamlined access to Federal funding opportunities, expressly in the areas of payment by pass-through entities and others of indirect cost rates and establishment of a clearinghouse of agency decisions or other means for maintaining consistent interpretation of the OMB Uniform Guidance;

(iii) reviewing Federal statutes and regulations to identify inconsistent requirements and restrictions on payment of “administrative costs” and other terms and definitions, and consider the impact of inconsistent or conflicting rules on organizations seeking Federal and State pass-
through grants on their operations and sustainability;

(iv) assessing how grant agreements and reimbursements can be modified to enable and incentivize nonprofits to utilize government grant funds to provide relevant professional development to employees working on those grants, and to ensure that interns and those in apprenticeships working on government grants or contracts are paid rather than unpaid; and

(v) reporting its recommendations on the foregoing to the President and Congress, no later than 18 months after enactment, and addressing how grant and contract agreements and reimbursements should be modified to enable nonprofit grant recipients to respond to issues of national significance; and

(C) at the direction of the President, but no later than 5 years after the release of the report described in subparagraph (B) of this paragraph, the commission shall reconvene to further review the operational relationship be-
between all levels of government and the nonprofit sector and evaluate it for improvement.

(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 Interagency Council, co-chair of the Advisory Council, and responsible 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 governmental 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;
(3) 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 Con-
gress 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 as determined by annual expenses 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 Government employees and receive a consultant fee and be reimbursed for travel expenses, including 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 designate 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 biennial 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; and

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

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, 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 information. The IRS will also take steps to improve public access to 990 e-filed data, providing the schema and metadata necessary to facilitate public use;

(2) 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, representatives of the National Association of State Charities Officials and government examinations; and

(3) in consultation with stakeholders in the nonprofit sector, including the Advisory Board, consider and publicly release recommendations, funding needs, and activities to improve the nonprofit sector and to preserve integrity within the sector and on behalf of the general public.

(b) Department of Labor, Bureau of Labor Statistics.—The Bureau of Labor Statistics shall include nonprofit organizations as a distinct category of em-
ployer in quarterly reports from its Quarterly Census of Employment and Wages. Within 90 days of enactment, the Bureau of Labor Statistics shall transmit a plan to Congress that will accomplish this goal.

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

(d) WHITE HOUSE, OFFICE OF MANAGEMENT AND BUDGET.—The Office of Management and Budget shall—

(1) solicit information from all relevant Federal agencies that collect existing data on the nonprofit sector in all published reports and publicly available tables and datasets and direct these agencies to include existing data disaggregated by the following factors—

(A) the number of clients served by nonprofit organizations, including existing data on the race, gender, age, income level, languages spoken and geographic location of such clients;
(B) existing data on types of revenues, expenses, and operating reserves by nonprofit organizations of various sizes and missions;

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

(D) other factors in existing data 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 Government Accountability Office shall, within 1 year of enactment and after gathering input from the Advisory Board and the broader nonprofit sector, issue a report to Congress on—

(1) opportunities to clarify the difference between nonpartisan civic engagement and the current prohibition on political campaign intervention for organizations organized under section 501(c)(3) of title 26, United States Code; and
(2) the role of the current “facts and circumstances” standard for tax-exempt entities organized 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 organized 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) PASS-THROUGH ENTITY.—The term “pass-through entity” shall include the definition included in section 200.1 of title 2, Code of Federal Regulations, a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

(3) NONPROFIT ADVISOR.—The term “Nonprofit 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) has demonstrated a commitment to strengthening the partnership between the Federal Government and the nonprofit sector.

(4) CURRENT POPULATION SURVEY.—The term “Current Population Survey” means the jointly sponsored survey administered by the Census Bureau and the Bureau of Labor Statistics and approved by the Office of Management and Budget (OMB Number 0607–0049).

(5) UNDERSERVED AND MARGINALIZED COMMUNITIES.—The term “underserved and marginalized communities” means individuals who are—

(A) American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, or Native Hawaiian or Other Pacific Islander, according to Office of Management and Budget Statistical Policy Directive No. 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting;

(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 or migrants.

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.