..... (Original Signature of Member)

117th CONGRESS 2d Session



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 Sector5 Strength and Partnership Act of 2022".

#### 6 SEC. 2. FINDINGS.

7 The Congress finds that:

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(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.

5 (2) The Nation relies on the nonprofit sector on
6 its ability to harness and direct the generosity, serv7 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 \$1.2 trillion to the economy in 2020 and accounted 13 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.

(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.

3 (6) While no Federal agency regularly collects
4 systematic employment data on the nonprofit sector,
5 at the local level, nonprofits are a time-tested mech6 anism for delivering critical community services.

7 (7) In order to maximize the nonprofit sector's
8 ability to utilize Federal investments to respond to
9 community need, the Federal Government should
10 take steps to encourage, support, and promote vol11 unteerism 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 acces sible to nonprofit organizations.
- 3 (10) Despite the importance of the nonprofit
  4 sector to the United States economy and to the suc5 cess of many Federal, State, and local policy initia6 tives, no Federal agency or office has responsibility
  7 for evaluating, building, or maintaining the capacity
  8 of the nonprofit sector.

#### 9 SEC. 3. PURPOSES.

10 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.

15 (2) To strengthen communities across the 16 United States by making the Federal Government a 17 more productive partner with nonprofit organiza-18 tions through the establishment of better Federal co-19 ordination with respect to, enhanced transparency 20 with respect to, and greater support for the work of 21 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

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to support the development of effective Federal pol icy.

3 (4) Raise awareness of the nonprofit sector and
4 the vital civic, social, and economic contributions
5 nonprofit organizations make to the United States.
6 SEC. 4. WHITE HOUSE OFFICE ON NONPROFIT SECTOR
7 PARTNERSHIP.

8 (a) ESTABLISHMENT.—There is established in the
9 Executive Office of the President an Office on Nonprofit
10 Sector Partnership (in this section referred to as the "Of11 fice"). The Office will be led by a Nonprofit Advisor.

12 (b) FUNCTIONS.—The Office shall—

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

16 (2) identify and promote policies that increase
17 and sustain charitable giving, volunteerism, and na18 tional service to support the capacity of the non19 profit 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;

3 (4) identify barriers and policies that hinder,
4 increase, or sustain opportunities for nonprofits to
5 operate internationally both on their own or in part6 nership with the Federal Government;

7 (5) coordinate, across relevant Federal agen-8 cies, the task of compiling, producing and making 9 publicly available key existing Federal data sources 10 of relevance to the nonprofit sector. This will include 11 data on the economic health and impact of the non-12 profit sector (including employment and wage data), data on Federal funding of the nonprofit sector (in-13 14 cluding grants and contracts), Census data, and 15 data on aggregated types of revenue, volunteering 16 and civic engagement and be published publicly an-17 nually;

18 (6) direct a Federal agency, to be determined 19 by the Nonprofit Advisor within 180 days, to ini-20 tiate, in consultation with States, a competitive 21 grant process to build a single online portal, such 22 that charities can fulfill State registration and re-23 porting requirements for States that choose to par-24 ticipate through a single filing. An eligible grant re-25 cipient must be a nonprofit organization with gov-

1	erning board members possessing experience working
2	to align charitable registration requirements across
3	States. In evaluating applications for this portal, the
4	Federal agency shall consider whether the applica-
5	tion will—
6	(A) enable smaller charities to respond to
7	disasters in their communities by raising funds
8	from multiple States;
9	(B) empower the public to make respon-
10	sible donations, especially to help those in need
11	during natural disasters or other crises of na-
12	tional significance;
13	(C) eliminate costly inefficiencies for char-
14	ities operating or fundraising in multiple
15	States;
16	(D) help nonprofits meet existing registra-
17	tion and filing requirements;
18	(E) ensure appropriate cybersecurity
19	standards are being met or exceeded;
20	(F) preserve the public's trust in non-
21	profits; and
22	(G) establish a sustainable funding mecha-
23	nism that is not reliant on Federal funding for
24	ongoing costs; and

1 (7) convene a commission on Federal grant re-2 form composed of individuals representing Federal 3 grantmaking agencies, pass-through entities, and 4 nonprofit grantees and subgrantees to offer rec-5 ommendations to streamline and improve the oper-6 ational relationship between all levels of government 7 and the nonprofit sector. In addition, the sector's ac-8 cess to, participation in and performance in Federal, 9 State, and local government contracting and funding 10 shall be assessed— 11 (A) the commission members shall be ap-

12 pointed by the President and be drawn from the 13 nonprofit sector to include designees with sub-14 stantial and diverse experience in Federal, 15 State, and local governmental grantmaking 16 processes, and shall include proportional rep-17 resentation from small, medium, and large non-18 profit organizations as determined by annual 19 expenses, and include meaningful racial, gender, 20 ethnic and geographic diversity;

21 (B) the report of the commission shall in-22 clude recommendations on—

23 (i) improving provisions of the Uni24 form Administrative Requirements, Cost
25 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;

7 (ii) promoting Federal agency compli-8 ance with the OMB Uniform Guidance to 9 preserve the integrity of Federal programs allowing nonprofit 10 while organizations 11 streamlined access to Federal funding op-12 portunities, expressly in the areas of pay-13 ment by pass-through entities and others 14 of indirect cost rates and establishment of 15 a clearinghouse of agency decisions or 16 other means for maintaining consistent in-17 terpretation of the OMB Uniform Guid-18 ance;

(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-

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through grants on their operations and 2 sustainability;

(iv) assessing how grant agreements 3 4 and reimbursements can be modified to enable and incentivize nonprofits to utilize 5 6 government grant funds to provide relevant 7 professional development to employees 8 working on those grants, and to ensure 9 that interns and those in apprenticeships 10 working on government grants or contracts 11 are paid rather than unpaid; and

12 (v) reporting its recommendations on 13 the foregoing to the President and Con-14 gress, no later than 18 months after enact-15 ment, and addressing how grant and con-16 agreements and reimbursements tract 17 should be modified to enable nonprofit 18 grant recipients to respond to issues of na-19 tional significance; and

20 (C) at the direction of the President, but 21 no later than 5 years after the release of the re-22 port described in subparagraph (B) of this 23 paragraph, the commission shall reconvene to 24 further review the operational relationship be-

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tween all levels of government and the nonprofit sector and evaluate it for improvement.

3 (c) ADMINISTRATION.—The President shall appoint 4 a Nonprofit Advisor within 90 days of enactment of this legislation. The Nonprofit Advisor shall, in addition to 5 being Director of the Office, serve as the head of the Inter-6 7 agency Council, co-chair of the Advisory Council, and re-8 sponsible to carry out the provisions of this section and 9 coordinate with executive departments as appropriate with respect to the mission of the Office and related govern-10 11 mental entities.

## 12 SEC. 5. INTERAGENCY COUNCIL ON NONPROFIT SECTOR 13 PARTNERSHIP.

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

17 (b) MEMBERSHIP.—The Council shall be composed of
18 the head of each cabinet agency, or their designee in addi19 tion to the—

20 (1) Corporation for National and Community
21 Service;

- 22 (2) National Endowment for the Humanities;
- 23 (3) National Endowment for the Arts;
- 24 (4) National Science Foundation;

(5) Institute of Museum and Library Services;
 and

3 (6) other agencies as determined by the Presi-4 dent.

5 (c) **RESPONSIBILITIES.**—The Interagency Council, shall issue biennial reports providing specific recommenda-6 7 tions on how the nonprofit sector can best leverage and 8 accelerate Federal investments to rebuild American communities and to offer specific recommendations for 9 strengthening, promoting, and improving the overall abil-10 11 ity of the nonprofit sector to address issues of national 12 significance. These recommendations shall include consid-13 eration 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;

1	(3) legislation, regulation, and other action to-
2	ward these goals, including changes to the structure
3	of the Interagency Council;
4	(4) Federal efforts that could have an impact
5	on charitable giving, volunteerism, and national serv-
6	ice;
7	(5) Federal investments that could bolster the
8	civic infrastructure of the United States, which in
9	includes its workforce, volunteer force, capacity of
10	nonprofit institutions, and the norms and practices
11	that help communities solve problems; and
12	(6) how Federal technology policies and funding
13	might be more effectively aligned with the nonprofit
14	sector and the communities it serves.
15	(d) Administration.—The Interagency Council
16	shall be chaired by the Nonprofit Advisor and may accept
17	staff detailed from Federal agencies to support coordina-
18	tion and implementation efforts. The Interagency Council
19	shall meet no fewer than four times per year.
20	SEC. 6. ADVISORY BOARD ON THE NONPROFIT SECTOR.
21	(a) ESTABLISHMENT.—There is hereby established
22	under the Federal Advisory Committee Act, (Public Law
23	92–463), an Advisory Board on the Nonprofit Sector, co-
24	chaired by the Nonprofit Advisor and a designee from the
25	nonprofit sector, as appointed by the President and Con-

1	gress as described below, except for subsection $(b)(2)(B)$
2	of this section.
3	(b) Membership.—
4	(1) NUMBER AND APPOINTMENT.—The Advi-
5	sory Board shall be composed of 16 members as fol-
6	lows:
7	(A) The Nonprofit Advisor and seven addi-
8	tional members shall be appointed by the Presi-
9	dent.
10	(B) Two members shall be appointed by
11	the Speaker of the House of Representatives.
12	(C) Two members shall be appointed by
13	the minority leader of the House of Representa-
14	tives.
15	(D) Two members shall be appointed by
16	the majority leader of the Senate.
17	(E) Two members shall be appointed by
18	the minority leader of the Senate.
19	(2) With the exception of the Nonprofit Advi-
20	sor, membership of the Advisory Board shall be
21	drawn from the nonprofit sector to include designees
22	with substantial and diverse experience and points of
23	view in the issues facing the nonprofit sector. This
24	shall include leading national organizations that rep-
25	resent the interests of the broad sector, as well as

1	proportional representation to the extent possible
2	from representatives of large, medium and small
3	nonprofit and philanthropic organizations as deter-
4	mined by annual expenses and include meaningful
5	racial, gender, ethnic and geographic diversity. The
6	terms of members to the Advisory Board shall be
7	staggered between three and four years and renew-
8	able for one term.
9	(A) VACANCIES.—A vacancy on the Board
10	shall be filled in the manner in which the origi-
11	nal appointment was made.
12	(B) BASIC PAY AND TRAVEL EXPENSES.—
13	With the exception of the Nonprofit Advisor, all
14	Voting Board members shall, and nonvoting
15	members may, be appointed as special Govern-
16	ment employees and receive a consultant fee
17	and be reimbursed for travel expenses, includ-
18	ing per diem in lieu of subsistence, in the same
19	manner as provided under the Federal Advisory
20	Committee Act, unless such compensation and
21	reimbursement are waived.
22	(C) CO-CHAIRS.—The President shall des-
23	ignate the Nonprofit Advisor as a co-chair of
24	the Advisory Board and select and additional
25	Co-chair from among the members of the

Board, who may not be members of the same
 political party.

3 (c) FUNCTIONS.—The Advisory Board shall issue bi4 ennial reports to Congress, as well as advise the President
5 and the Interagency Council on matters involving policy
6 affecting nonprofit sector, volunteerism, service, and other
7 related topics. The Advisory Board shall meet regularly,
8 upon the call of the co-chairs, and shall—

9 (1) respond to requests from the President or
10 the President's designee for information, analysis,
11 evaluation, or advice;

12 (2) solicit information and ideas from a broad13 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.

5 (d) ADMINISTRATION.—The heads of executive de-6 partments and agencies shall provide the Advisory Board 7 with information concerning appropriate matters when re-8 quested by the Advisory Board Co-Chairs and as required 9 for the purpose of carrying out the Advisory Board's func-10 tions, unless otherwise prohibited by law.

#### 11 SEC. 7. VOLUNTEERISM AND CHARITABLE GIVING.

12 (a) TREASURY DEPARTMENT.—The Secretary of the13 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.

(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—

4 (1) issue a comprehensive report assessing how 5 CNCS can best be structured and resourced to sup-6 port the unique needs and potential of both the non-7 stipended volunteer force and the national service 8 community. This assessment shall also consider how 9 underserved and marginalized communities can ac-10 cess service programs. CNCS shall share that report 11 with Congress within six months of enactment and 12 issue updates every two years, thereafter;

13 (2) review existing programs such as the Volun-14 teer Generation Fund and the Nonprofit Capacity 15 Building Program to determine how these programs 16 might be strengthened and/or expanded to ensure, 17 among other critical functions, they will support a 18 wide diversity of nonprofits to build capacity to en-19 gage, sustain, and support the volunteer force, and 20 to share such recommendations with Congress within 21 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—

1	(A) volunteerism;
2	(B) charitable giving; and
3	(C) civic engagement; and
4	(4) within six months of enactment, present the
5	findings of the input described in paragraph (3) to
6	Congress and the Office on the Nonprofit Sector.
7	SEC. 8. NATIONAL SERVICE.
8	The Corporation for National and Community Serv-
9	ice shall—
10	(1) by no later than one year from the date of
11	enactment, make recommendations to Congress on
12	updating Service Year Fellowships to broaden access
13	to national service to underserved and marginalized
14	communities and provide increased capacity for all
15	section $501(c)(3)$ nonprofits in moments of increased
16	need; and
17	(2) by no later than two years from the date of
18	enactment, redesign and relaunch the eGrants sys-
19	tem, including user testing that engages organiza-
20	tions who are not current grantees and that rep-
21	resent or reach underserved and marginalized com-
22	munities to test barriers to submitting for a grant.
23	SEC. 9. GOVERNMENT RESEARCH AND DATA.
24	(a) TREASURY DEPARTMENT.—The Secretary of the
25	Department of the Treasury shall—

1 (1) in consultation with the Advisory Com-2 mittee, make recommendations to Congress on how 3 to formulate the way data is recorded concerning 4 government grants, contracts, and reimbursements 5 to nonprofit organizations on Form 990, Return of 6 Organization Exempt from Income Tax, to increase the utility and clarity of Form 990 information. The 7 8 IRS will also take steps to improve public access to 9 990 e-filed data, providing the schema and metadata 10 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
24 STATISTICS.—The Bureau of Labor Statistics shall in25 clude 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.

5 (c) DEPARTMENT OF COMMERCE, BUREAU OF ECO6 NOMIC ANALYSIS.—The Bureau of Economic Analysis
7 shall in consultation with the Advisory Committee, create
8 a Satellite Account on Nonprofit and Related Institutions
9 and Volunteer Work within its national accounts program.
10 This account shall be published no less frequently than
11 on a biennial basis.

12 (d) WHITE HOUSE, OFFICE OF MANAGEMENT AND13 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—
- 20 (A) the number of clients served by non21 profit organizations, including existing data on
  22 the race, gender, age, income level, languages
  23 spoken and geographic location of such clients;

1	(B) existing data on types of revenues, ex-
2	penses, and operating reserves by nonprofit or-
3	ganizations of various sizes and missions;
4	(C) the volunteer hours contributed to non-
5	profit organizations by individuals in the United
6	States; and
7	(D) other factors in existing data as deter-
8	mined in consultation with the Advisory Board;
9	and
10	(2) conduct an impact assessment of how gov-
11	ernment data collection, algorithm use and accuracy
12	may have a discriminatory or disparate impact on
13	nonprofit issues or communities they serve, particu-
14	larly underserved and marginalized communities.
15	SEC. 10. NONPARTISAN CIVIC ENGAGEMENT AND ADVO-
16	CACY.
17	The Government Accountability Office shall, within
18	1 year of enactment and after gathering input from the
10	
19	Advisory Board and the broader nonprofit sector, issue a
19 20	Advisory Board and the broader nonprofit sector, issue a report to Congress on—
20	report to Congress on—
20 21	report to Congress on— (1) opportunities to clarify the difference be-
20 21 22	report to Congress on— (1) opportunities to clarify the difference be- tween nonpartisan civic engagement and the current

(2) the role of the current "facts and cir cumstances" standard for tax-exempt entities orga nized under provisions of the Internal Revenue Code
 other than section 501(c)(3) of title 26, United
 States Code.

#### 6 SEC. 11. DEFINITIONS.

7 In this Act:

8 (1) NONPROFIT.—The term "nonprofit" or 9 "nonprofit organization" shall include the definition 10 included in section 501(c)(3) of title 26, United 11 States Code, and in addition shall mean a group or-12 ganized for purposes other than generating profit 13 and in which no part of the organization's income is 14 distributed to its members, directors, or officers.

(2) PASS-THROUGH ENTITY.—The term "passthrough 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.

21 (3) NONPROFIT ADVISOR.—The term "Non22 profit Advisor" means an individual who is—

23 (A) designated as an Assistant to the24 President;

1	(B) has experience working in the non-
2	profit sector and government; and
3	(C) has demonstrated a commitment to
4	strengthening the partnership between the Fed-
5	eral Government and the nonprofit sector.
6	(4) CURRENT POPULATION SURVEY.—The term
7	"Current Population Survey" means the jointly
8	sponsored survey administered by the Census Bu-
9	reau and the Bureau of Labor Statistics and ap-
10	proved by the Office of Management and Budget
11	(OMB Number 0607–0049).
12	(5) UNDERSERVED AND MARGINALIZED COM-
13	MUNITIES.—The term "underserved and
14	marginalized communities" means individuals who
15	are—
16	(A) American Indian or Alaska Native,
17	Asian, Black or African American, Hispanic or
18	Latino, or Native Hawaiian or Other Pacific Is-
19	lander, according to Office of Management and
20	Budget Statistical Policy Directive No. 15,
21	Race and Ethnic Standards for Federal Statis-
22	tics and Administrative Reporting;
23	(B) rural populations;
24	(C) individuals with disabilities;
25	(D) low-income or homeless individuals;

1	(E) individuals with mental health or sub-
2	stance related disorders;
3	(F) victims of abuse or trauma;
4	(G) lesbian, gay, bisexual, and transgender
5	individuals; or
6	(H) refugees or migrants.
7	SEC. 12. AUTHORIZATION OF APPROPRIATIONS.
8	There is authorized to be appropriated to carry out
9	the provisions of this Act $$50,000,000$ for fiscal year 2023
10	and such sums as necessary for each of fiscal years 2024
11	through 2027.