

118TH CONGRESS  
1ST SESSION

# H. R. 3245

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

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## IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2023

Ms. MACE (for herself and Ms. MCCOLLUM) introduced the following bill; which was referred to the Committee on Oversight and Accountability, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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# 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 Stakeholders  
5 Engaging and Advancing Together Act of 2023”.

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  
6 for its ability to harness and direct the generosity,  
7 service, 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 \$1.5 trillion to the economy in 2022 and accounted  
14 for 5.6 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 engages  
18 through and is supported by more than 12.5 million  
19 workers, 20 million board members, 60 million vol-  
20 unteers, and millions more donors. In 2017, United  
21 States nonprofit organizations paid over \$670 billion  
22 in wages.

23                         (5) 92 percent of the 501(c)(3) public charities  
24 in the United States have an annual budget of less

1 than \$1,000,000 according to data provided by the  
2 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 mech-  
6 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 needs, the Federal Government should  
10 take steps to encourage, support, and promote vol-  
11 unteerism and charitable giving.

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

18 (9) Like for-profit entities, the nonprofit sector  
19 is challenged during times of economic downturns.  
20 As employers and providers of services to countless  
21 people, the sustainability of this sector is of great  
22 national importance, yet the Federal Government  
23 provides significant support to for-profit businesses  
24 through the Small Business Administration and

1 other agencies and programs that nonprofit organi-  
2 zations are not able to access.

3 (10) Despite the importance of the nonprofit  
4 sector to the United States economy and to the suc-  
5 cess of many Federal, State, and local policy initia-  
6 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:

11 (1) To enhance the ability of the nonprofit sec-  
12 tor to address public challenges and maximize oppor-  
13 tunities to improve quality of life in the communities  
14 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.

22 (3) Collect, assemble, and make available Fed-  
23 eral data and research on the nonprofit sector and  
24 to generate new data and research where necessary

1       to support the development of effective Federal pol-  
2       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 “Of-  
11 fice”). The Office will be led by a Nonprofit Advisor.

12       (b) **FUNCTIONS.**—The Office shall—

13                 (1) strengthen and develop policies and actions  
14       which enhance the sector’s ability to address na-  
15       tional and community priorities;

16                 (2) identify and promote policies that increase  
17       and sustain charitable giving, volunteerism, and na-  
18       tional service to support the capacity of the non-  
19       profit sector;

20                 (3) publish, based upon regular consultation  
21       with the nonprofit sector, policy options and rec-  
22       ommendations for leveraging the unique partnership  
23       between the Federal Government and the nonprofit  
24       sector to accelerate repair and rebuilding across

1 America, particularly with respect to underserved  
2 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 part-  
6 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),  
13 data on Federal funding of the nonprofit sector (in-  
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 regis-  
17      tration 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                   Federal Awards (OMB Uniform Guidance), (2 C.F.R. 200), related to racial,  
2                   gender, ethnic inclusion in grantmaking  
3                   processes, and to negotiation of indirect  
4                   costs, including a de minimis indirect cost  
5                   rate;

6                   (ii) promoting Federal agency compliance  
7                   with the OMB Uniform Guidance to  
8                   preserve the integrity of Federal programs  
9                   while allowing nonprofit organizations  
10                  streamlined access to Federal funding opportunities, expressly in the areas of payment  
11                  by pass-through entities and others  
12                  of indirect cost rates and establishment of  
13                  a clearinghouse of agency decisions or  
14                  other means for maintaining consistent interpretation of the OMB Uniform Guidance;  
15                  

16                  (iii) reviewing Federal statutes and  
17                  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-

1 through grants on their operations and  
2 sustainability;

3 (iv) assessing how grant agreements  
4 and reimbursements can be modified to en-  
5 able and incentivize nonprofits to utilize  
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

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-

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

3         (c) ADMINISTRATION.—The President shall appoint  
4         a Nonprofit Advisor within 90 days of enactment of this  
5         legislation. The Nonprofit Advisor shall, in addition to  
6         being Director of the Office, serve as the head of the Inter-  
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  
10        respect to the mission of the Office and related govern-  
11        mental entities.

12 **SEC. 5. INTERAGENCY COUNCIL ON NONPROFIT SECTOR**

13           **PARTNERSHIP.**

14         (a) ESTABLISHMENT.—There is established in the ex-  
15         ecutive branch an independent entity to be known as the  
16         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 addi-  
19         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;

1                         (5) Institute of Museum and Library Services;

2                         and

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

4                         dent.

5                         (c) RESPONSIBILITIES.—The Interagency Council,

6     shall issue biennial reports providing specific recommenda-

7     tions on how the nonprofit sector can best leverage and

8     accelerate Federal investments to repair and rebuild

9     American communities and to offer specific recommenda-

10    tions for strengthening, promoting, and improving the

11    overall ability of the nonprofit sector to address issues of

12    national significance. These recommendations shall in-

13    clude consideration of—

14                         (1) improving Federal research and data access

15                         and transparency, including by collecting and dis-

16                         seminating disaggregated data and research relevant

17                         to the ability of the nonprofit sector to respond to

18                         societal need;

19                         (2) consulting and partnering with nonprofits

20                         as an engine of employment, preparing Americans

21                         for their first jobs or new jobs, deploying national

22                         service members to rebuild communities while ac-

23                         quiring valuable professional and civic skills and ca-

24                         reer 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 serv-  
ice;

7                         (5) Federal investments that could bolster the  
8                         civic infrastructure of the United States, which in-  
9                         cludes 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 could 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 an additional co-  
25 chair from among the members of the Board,

1           who may not be members of the same political  
2           party.

3         (c) FUNCTIONS.—The Advisory Board shall issue bi-  
4         ennial reports to Congress, as well as advise the President  
5         and the Interagency Council on matters involving policy  
6         affecting the nonprofit sector, volunteerism, service, and  
7         other related topics. The Advisory Board shall meet regu-  
8         larly, 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 broad  
13          range of stakeholders;

14           (3) in its biennial report, provide information  
15          on the state of the nonprofit sector, charitable giv-  
16          ing, volunteerism and national service, as well as  
17          feedback on the effect of Federal policies on each;

18           (4) in its biennial report, provide recommenda-  
19          tions on legislative, regulatory, and executive actions  
20          to improve and support the nonprofit sector and its  
21          partnerships with the Federal Government;

22           (5) in its biennial report, provide recommenda-  
23          tions on long-term opportunities to strengthen the  
24          nonprofit sector, charitable giving, volunteerism and

1       national service through Federal actions and policy;  
2       and

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

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

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

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

16                         (1) analyze and publicly release the impact of  
17       relevant statutes, regulations, and other actions on  
18       charitable giving specifically and the nonprofit sector  
19       generally, including analysis disaggregated by demo-  
20       graphic factors whenever possible; and

21                         (2) examine the reconstitution of the Advisory  
22       Committee on Tax Exempt and Government Enti-  
23       ties.

24                 (b) DEPARTMENT OF LABOR, BUREAU OF LABOR  
25       STATISTICS.—The Bureau of Labor Statistics shall within

1 two years of enactment, issue a biennial report on trends  
2 in the non-stipended volunteer force.

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

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

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

24 (3) within 90 days of enactment, solicit input  
25 from the nonprofit sector and the public about en-

1 hancing and revising the Current Population Survey  
2 with supplements on—  
3 (A) volunteerism;  
4 (B) charitable giving; and  
5 (C) civic engagement; and  
6 (4) within six months of enactment, present the  
7 findings of the input described in paragraph (3) to  
8 Congress and the Office on the Nonprofit Sector.

9 **SEC. 8. NATIONAL SERVICE.**

10 The Corporation for National and Community Serv-  
11 ice shall—

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

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

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

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

4           (1) in consultation with the Advisory Com-  
5     mittee, make recommendations to Congress on how  
6     to formulate the way data are recorded concerning  
7     government grants, contracts, and reimbursements  
8     to nonprofit organizations on Form 990, Return of  
9     Organization Exempt from Income Tax, to increase  
10   the utility and clarity of Form 990 information. The  
11   IRS shall also take steps to improve public access to  
12   990 e-filed data, providing the schema and metadata  
13   necessary to facilitate public use;

14           (2) revoke the use of form 1023–EZ for non-  
15   profit filing status and initiate a process to replace  
16   it, based upon recommendations from the Advisory  
17   Board, the nonprofit sector, representatives of the  
18   National Association of State Charities Officials and  
19   government examinations; and

20           (3) in consultation with stakeholders in the  
21   nonprofit sector, including the Advisory Board, con-  
22   sider and publicly release recommendations, funding  
23   needs, and activities to improve the nonprofit sector  
24   and to preserve integrity within the sector and on  
25   behalf of the general public.

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

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

15       (d) WHITE HOUSE, OFFICE OF MANAGEMENT AND  
16 BUDGET.—The Office of Management and Budget shall—  
17           (1) solicit information from all relevant Federal  
18 agencies that collect existing data on the nonprofit  
19 sector in all published reports and publicly available  
20 tables and datasets and direct these agencies to in-  
21 clude existing data disaggregated by the following  
22 factors—  
23                   (A) the number of clients served by non-  
24 profit organizations, including existing data on

1           the race, gender, age, income level, languages  
2           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;

17 SEC. 10. NONPARTISAN CIVIC ENGAGEMENT AND ADVO-

18 CACY.

19 The Government Accountability Office shall, within  
20 1 year of enactment and after gathering input from the  
21 Advisory Board and the broader nonprofit sector, issue a  
22 report to Congress on—

1       ganizations organized under section 501(c)(3) of  
2       title 26, United States Code; and

3               (2) the role of the current “facts and cir-  
4       cumstances” standard for tax-exempt entities orga-  
5       nized under provisions of the Internal Revenue Code  
6       other than section 501(e)(3) of title 26, United  
7       States Code.

8 **SEC. 11. DEFINITIONS.**

9       In this Act:

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

17               (2) **PASS-THROUGH ENTITY.**—The term “pass-  
18       through entity” shall include the definition included  
19       in section 200.1 of title 2, Code of Federal Regula-  
20       tions, a non-Federal entity that provides a subaward  
21       to a subrecipient to carry out part of a Federal pro-  
22       gram.

23               (3) **NONPROFIT ADVISOR.**—The term “Non-  
24       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

5 (C) has demonstrated a commitment to  
6 strengthening the partnership between the Fed-  
7 eral Government and the nonprofit sector.

8                             (4) CURRENT POPULATION SURVEY.—The term  
9                             “Current Population Survey” means the jointly  
10                          sponsored survey administered by the Census Bu-  
11                          reau and the Bureau of Labor Statistics and ap-  
12                          proved by the Office of Management and Budget  
13                          (OMB Number 0607–0049).

- (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.

## **10 SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

11        There is authorized to be appropriated to carry out  
12 the provisions of this Act \$50,000,000 for each of fiscal  
13 years 2024 through 2028.

