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Pennsylvania Association of
Nonprofit Organizations

Advocacy 101: What 501(c)(3)s CAN Do:

Facilitators:

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Today's Conversation

- ❑ Current Federal Issues & 7/29 Call-In Day
- ❑ Nonprofits as Civic Actors
- ❑ What 501 (c)(3)s CAN Do
- ❑ Making Your Case for Elected Officials
- ❑ Nonpartisanship & Lobbying Limitations

OMB Uniform Guidance

❑ On May 29, OMB proposed sweeping changes to the Uniform Guidance — the rules governing all federal grants to nonprofits — that would allow agencies to terminate grants without cause, withhold funding based on political priorities, and disqualify organizations for lawful work an administration disfavors.

❑ **National Call-In Day: Wednesday, July 29** — call or email Pennsylvania's congressional delegation. PANO has a sample phone script ready, as well as an email template in our advocacy platform.

❑ If you email using that platform, we will see that you did that.

❑ If you call, please let The Pittsburgh Foundation know by emailing: tpfadvocacy@pghfdn.org

GOAL: At least 25 organizations from the NFPRN calling and/or emailing members of our Congressional Delegation next Wednesday, July 29th.

❑ August recess (July 24–Sept. 14) is the next window: schedule in-district meetings, attend town halls, publish op-eds, educate your community.

❑ PANO submitted formal comments opposing the rule; OMB must now review the full record before issuing a final rule — no timeline announced.



21st Century ROAD to Housing Act

- ❑ Became law July 11 — the most significant federal housing legislation since 1990, passed with veto-proof bipartisan margins (Senate 85-5, House 358-32)
- ❑ Reforms the HOME Investment Partnerships program, requiring at least 15% of funding go to nonprofit Community Housing Development Organizations
- ❑ Allows CDBG funds to be used for new affordable housing construction for the first time
- ❑ Takes Pennsylvania's own Whole-Home Repairs Program national — nearly 4,000 PA homes repaired, 18,000 on the waitlist; federal pilot runs through 2031
- ❑ Bars large investors owning 350+ single-family homes from purchasing additional properties

Congress Targeting Nonprofits

- ❑ Three bills opposed by NCN passed the House Ways & Means Committee on a strict party-line vote the week of July 20
 - ❑ **H.R. 9721 — Fiscal Sponsorship Transparency Act** (PA's own Rep. Lloyd Smucker): New annual reporting on each fiscally sponsored project; creates undefined "improper conduit" category with taxes up to \$20,000 on organizations and 50% of funds on managers; no clear appeals process
 - ❑ **H.R. 9772 — Foreign Funding Transparency Act:** Would require 501(c) organizations over \$200K in receipts to publicly report all foreign contributions by country — meaning nonprofits would need to ask every donor, including small online donors, about citizenship
 - ❑ **H.R. 9771 — Stopping Foreign Influence in Elections Act:** A single \$1 donation from a foreign national could bar a 501(c) organization from contributing to any PAC or 501(c)(4) for two years; penalties escalate to 200% of contribution plus loss of tax-exempt status
- ❑ Party-line vote makes floor action less likely given the GOP's razor-thin House majority — none of the three is currently scheduled for a floor vote

Reconciliation 3.0

- ❑ House narrowly passed H.Con.Res. 113 (216-214) on July 22, opening the door to a third reconciliation bill — focused on \$95B in new spending for defense, farm assistance, and election grants
- ❑ As currently written, does **not** reopen the tax code — Ways & Means is not included
- ❑ But a "Reconciliation 4.0" is already being discussed, and NCN has published principles to be ready if tax-writing committees are added to a future package
- ❑ NCN principles include: no further safety-net cuts; extend employer tax incentives to nonprofits; protect charitable giving incentives; no new taxes on foundations; protect tax-exempt status from political revocation; reject new criminal liability or reporting burdens

Pennsylvania has a Budget

- ❑ Budget passed 16 days late: House 167-35, Senate 44-6 — this is the **fifth consecutive year** Pennsylvania has missed the June 30 deadline
- ❑ \$50.85 billion in General Fund spending, up 3.7% — \$1.1 billion below Shapiro's February proposal
- ❑ No Rainy Day Fund draw, no tax increases; skill games, cannabis, and minimum wage all left out
- ❑ Key wins for nonprofits: rape crisis centers +\$12M (nearly doubled), county child welfare +\$50M, 988 crisis line +\$10M, mental health walk-in centers +\$5M, nursing home Medicaid reimbursement raised
- ❑ EITC untouched — no expansion, but also no new reporting mandates; the HB 2632 fight did not carry into the final budget



The Role of Nonprofits in Southwestern Pennsylvania



4,720 nonprofits actively work to benefit neighborhoods in Pennsylvania.



Providing services to more than one-third - or over 1.4 Million of the region's residents.



Employing 176,500 individuals or 17.5% of the region's workforce.

The Role of Nonprofits in Pennsylvania



More than 49,000 501 (c)(3) nonprofits actively work to benefit neighborhoods in Pennsylvania.



Providing services to more than one-third - or over 4.2 Million Pennsylvania residents.



Employing more than 817,300 individuals or 15.7% of the Commonwealth's workforce



Nonprofits as Civic Actors

Beyond their core mission and service delivery, nonprofits play a vital role in sustaining democracy and civic life. Best practices must better reflect this role by providing more resources that help all types of nonprofits engage in advocacy, foster public voice, and protect our civic spaces in ways that authentically engage community.



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Standards for
Excellence
Replication Partner

Standards for All:

What We Heard
from Pennsylvania
Nonprofit Leaders



Various Types of Advocacy

Advocacy = “active support [for] a cause, idea, or policy.”

–American Heritage Dictionary

- ❑ Base-building, including voter engagement/voter rights
- ❑ Story-telling: narrative shifting (using various media)
- ❑ Coalition- building: linking arms with other organizations (including c4s)
- ❑ Lobbying: influencing legislative or regulatory action

What 501 (c)(3)s CAN Do

1. Build relationships with local, state, and federal representatives year-round – not just when you need something.
2. Build coalitions with other c3s, c4s, and other types of organizations.
3. Promote voter registration – among clients, staff & volunteers.
Caveat: Don't meet with candidates in their campaign headquarters.
4. Create, distribute, and publish a candidate questionnaire around issues that matter to your mission.
5. Host a candidate forum.
This is permissible if you follow one simple rule: invite ALL candidates to the forum. Even if all do not show up, ensure you have given equal opportunity for engagement.

What 501 (c)(3)s CAN Do

6. Educate your constituents about the voting process – for every election –not just the big ones.
7. Distribute nonpartisan voter guides.
8. Host a community conversation about a ballot measure.
Unlike distributing information promoting/opposing specific candidates, nonprofits may take sides on ballot measure. IRS rules treat this like a lobbying activity – not an endorsement of candidates.
9. Give staff Paid Time Off to vote.
10. Transport clients, staff, and volunteers to the polls.
11. Continue issue advocacy during an election.

Importance of *Lobbying*

Many nonprofits are created to address inequities in policies and the programs resulting from those policies.

Yet too many executives and board members mistakenly assume that it is illegal for nonprofits to lobby.

In fact, <3% of nonprofits lobby to advance their missions - compared to the 100% that have the legal right to do so. - National Council of Nonprofits, Nonprofits Matter, 2019

LOBBYING

Direct communication with a defined group of federal/state officials for the purpose of influencing legislation or regulatory action.



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What does it mean to influence legislation?

- ☐ Take a position.
- ☐ Communicate with lawmakers.
- ☐ Tell the public how to vote on a particular bill/issue - including the state and federal budget bill.
- ☐ Urge your members to vote for certain candidates.

Excluded from the Lobbying Definition

- ❑ Providing research & education.
- ❑ Responding to requests.
- ❑ Issues affecting exemption status (e.g., defending yourself as an exempt organization).
- ❑ Seeking a grant.
- ❑ Testifying before a committee.
- ❑ Inviting elected officials to events.
- ❑ Adding elected officials to your mailing lists.

Lobbying ABCs – Making Your Case w. Elected Officials

- A. Collect the data about *your* issue – the information needed to make your case.
- B. Identify others (individuals and groups) with whom you might collaborate to amplify your message.
- C. Research the elected official – with whom you are meeting. (It's all about relationships!)
- D. Prepare your pitch – narrow this down to 3 bullet points.
- E. Determine the data points to be included in the 1-pager you leave behind when in the meeting.
- F. Schedule and attend the meeting. (Plan for 20 minutes max!)
- G. Follow-Up: With a thank-you email highlighting actions you want from them, attaching your 1-pages, and sending along any other follow-up information they requested.
- H. Ask to share a photo with you took with them on your social media – thanking them for their time.

What Does “Nonpartisan” Mean...

...in these days when everything can be framed as being “political”?

Organizations need to ensure that all participation in community affairs is strictly nonpartisan.

Examples:

- ❖ Candidate forums must allow for equal time for each candidate running for office.
- ❖ Nonprofits should *not* display signage for candidates.
- ❖ Nonprofit employees should *not* wear a candidate button while at work or wear their nonprofit shirt while knocking on doors for a candidate or party.

What Does “Nonpartisan” Mean...

...in these days when everything can be framed as being “political”?

If organization has determined that your selected issue is a basic human right or mission-critical, then consider including something like the following in your messaging:

We recognize that everything is now seen through a political lens. We do not believe this is political, but rather:

- [An unalienable right for every human].
- [An encouragement for everyone to fully participate in our democratic system.]

What is the one thing that 501(c)(3)s are expressly prohibited from doing?

- ☐ Testifying before a legislative committee.
- ☐ Holding a candidate forum.
- ☐ Providing nonpartisan voter guides.
- ☐ Campaigning/endorsing a candidate or party (i.e., “electioneering.”)
- ☐ Lobbying for a mission-related issue.

Individual Political Activities

- ❑ Contributions
- ❑ Volunteering
- ❑ Letters of Support

- *Can be done as an individual in all cases.*
- *Considerations - How public is your role?*
 - *Example: If you are an Executive Director/CEO, your role/position can easily be misunderstood.*
- *Consider an internal policy related to individual political activity and guidelines for their individual social media accounts.*

Don't Forget to Track Your Lobbying Expenses

501 (c)(3)s Do Have Limits; We Must Track Lobbying Expenses

Expenses can include, but are not limited to, the following:

1. Internal employee time spent on lobbying (e.g., salaries, taxes, fringe benefits, overhead costs)
2. Volunteer time (e.g., only the time spent on direct lobbying)
3. Direct expenses (e.g., consultants, publications, research tools, travel, meals)

Lobbying Definitions

FEDERAL	Contact...	With the Public Legislators or staff of legislators...	To influence specific legislation.
STATE	Contact...	With the public, legislators, staff of legislators <u>or any member of state government.</u>	To influence legislative <u>or administrative action.</u>

Lobbying Activity = Actual communication, and any preparation, planning or research for a lobbying contact.

State & Federal Lobbying Registration Requirements

State Registration Requirements (PA) – w. the Dept of State

- ☐ Total lobbying expenses exceed \$3,000 in any reporting period (quarterly), **or**
- ☐ An individual who spends 20 hours or more during any reporting period lobbying (quarterly)

Federal Registration Requirements

- ☐ One employee who spends 20% of his/her time on lobbying at the federal level using the Lobbying disclosure act definition of lobbying **and**
- ☐ Has one federal lobbying contact

Federal Pro Tip: Eligible organizations should consider filing IRS Form 5768 – Election 501(h).



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"I'm worried about exceeding lobbying thresholds...."

"SUBSTANTIAL PART" – EXPENDITURE TEST – 20% of expenditures

EXAMPLE: A community foundation has annual expenses of \$1,000,000. The CEO wants to make a trip to Harrisburg to lobby for more funding for mental health. Considering the expenditure test, will this trip jeopardize the organization's 501c3 status with the IRS?

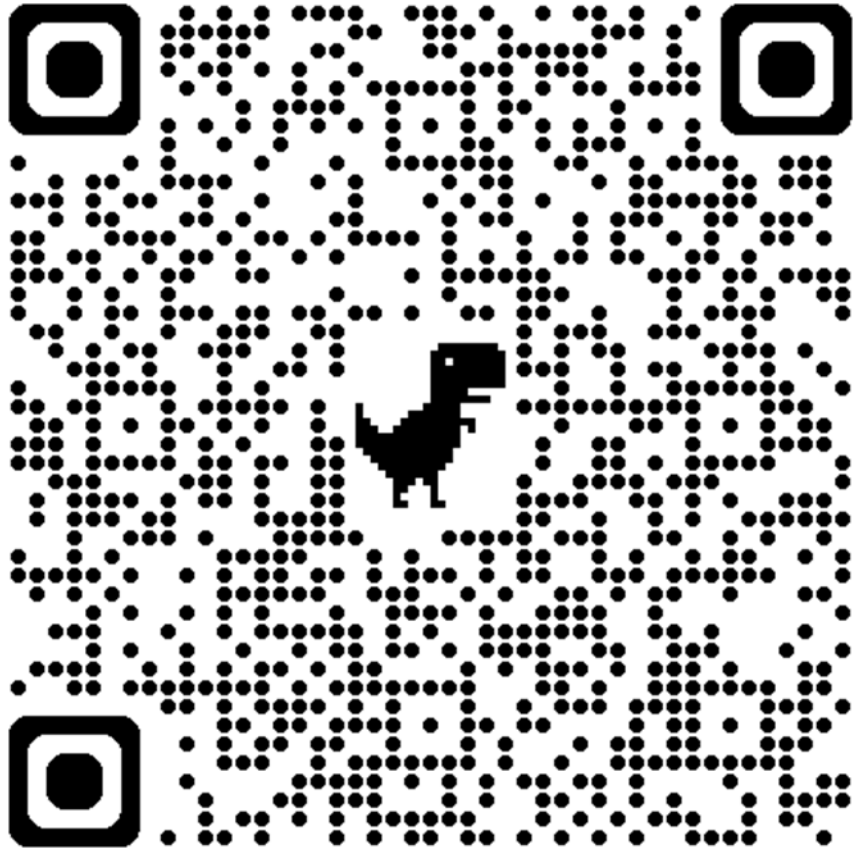
Personnel Salary	\$100K per year	48.08/hr. X 12 hrs.	\$576.96
Trip to Harrisburg	Miles, hotel, food	\$200, \$350, \$100	\$650.00
Office Expenses	Printed Materials	\$125	\$125.00
		TOTAL:	\$1,351.96

SUBSTANTIAL PART TEST = 5% of annual expenditures

20% of \$1,000,000 = \$200,000

Lobbying Made Easy

PANO's Advocacy 101 Toolkit



[Link to Advocacy 101 Toolkit](#)

Includes:

- ❑ 1-pagers with background information for all 253 members of the Pennsylvania's General Assembly & all 19 members of Congress
- ❑ Templates for starting your own lobbying advocacy program (e.g., Policy on Public Policy, Public Policy Committee Description)
- ❑ Advocacy 101 Toolkit (e.g., all things nonprofit lobbying)
- ❑ Lobbying Expense Tracker Template

Consider what you **can** collectively do in Southwest Pennsylvania IF...

The **176,500** individuals working for the **4,720** nonprofits + your board members would rally together to:

- ☐ Join together in collaboration with each other and other types of organizations (e.g., 501 (c)(4)s and others) to
- ☐ Tell the collective story of how we benefit our communities – while also supporting the Commonwealth's economy
- ☐ In partnership with federal, state, and local elected officials