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S. 740

To help charitable nonprofit organizations provide services to meet the increasing demand in community needs caused by the coronavirus pandemic, preserve and create jobs in the nonprofit sector, reduce unemployment, and promote economic recovery.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2021

Ms. KLOBUCHAR (for herself, Mr. SCHATZ, Mr. WYDEN, Mr. BROWN, Mr. COONS, Ms. BALDWIN, Ms. DUCKWORTH, Mrs. FEINSTEIN, Mr. MARKEY, Mr. MERKLEY, Mr. BLUMENTHAL, Mr. CASEY, and Ms. SMITH) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To help charitable nonprofit organizations provide services to meet the increasing demand in community needs caused by the coronavirus pandemic, preserve and create jobs in the nonprofit sector, reduce unemployment, and promote economic recovery.

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 “Work Opportunities
5 and Resources to Keep Nonprofit Organizations Well Act”
6 or the “WORK NOW Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds as follows:

3 (1) Charitable nonprofit organizations serve on
4 our society's frontlines in good times and bad. Col-
5 lectively, nonprofit organizations employed more
6 than 12,000,000 Americans prior to the pandemic.

7 (2) As the nation confronts the coronavirus
8 pandemic and the attendant economic crisis and re-
9 covery, communities throughout the United States
10 will rely on nonprofit organizations more than ever
11 to help more people in more challenging cir-
12 cumstances.

13 (3) Nonprofit shelters, food banks, domestic vi-
14 olence services, early childhood care and education
15 centers, and after-school facilities are being called to
16 feed, house, and care for the people whose lives have
17 been disrupted by illness, job loss, and closures.

18 (4) Charitable nonprofit organizations are being
19 confronted by a combination of contradictory forces,
20 exponentially increasing demand and devastating de-
21 creases in revenues.

22 (5) At the same time that need is soaring,
23 many nonprofit organizations are unable to host
24 fundraising events, which threatens an essential
25 source of revenue. Charitable giving has also become

1 more precarious as American families conserve re-
2 sources in the face of the economic crisis.

3 (6) Without immediate and longer-term re-
4 sources to keep their doors open to meet ever-in-
5 creasing needs, many nonprofit organizations will
6 cease to exist for people in local communities
7 throughout the country.

8 (7) In order to meet the needs of the
9 coronavirus pandemic and drive recovery, many non-
10 profit organizations must innovate and create new
11 models of service delivery.

12 (8) More than 36,000,000 American workers
13 lost their jobs and filed for unemployment benefits
14 in the 8 weeks following March 15, 2020.

15 (9) As of January 2021, more than 950,000
16 nonprofit organization jobs have been lost during the
17 pandemic, according to the Johns Hopkins Center
18 for Civil Society Studies.

19 (10) Providing these newly unemployed workers
20 the opportunity to find employment at nonprofit or-
21 ganizations in their local communities will benefit
22 these workers, nonprofit organizations, and the peo-
23 ple these organizations serve.

24 **SEC. 3. DEFINITIONS.**

25 In this Act:

1 (1) ELIGIBLE NONPROFIT ORGANIZATIONS.—

2 The term “eligible nonprofit organization” means an
3 entity, other than an intermediary, that is described
4 in section 501(c)(3) of the Internal Revenue Code of
5 1986 and exempt from taxation under section
6 501(a) of such Code.

7 (2) INDIAN TRIBE.—The term “Indian Tribe”
8 has the meaning given the term “Indian tribe” in
9 section 102 of the Housing and Community Devel-
10 opment Act of 1974 (42 U.S.C. 5302).

11 (3) INTERMEDIARY.—The term “intermediary”
12 means an entity, described in section 501(c)(3) of
13 the Internal Revenue Code of 1986 and exempt from
14 taxation under section 501(a) of such Code, that
15 is—

16 (A) a national or regional nonprofit organi-
17 zation that operates in multiple locations
18 throughout the United States, or a region of
19 the United States, as a single legal entity and
20 directly employs more than 500 employees; or

21 (B) a national or regional nonprofit orga-
22 nization that provides administrative and sup-
23 portive services to its network of affiliates,
24 members, or branches, which may include pass-

1 through funding, training, and technical assist-
2 ance.

3 (4) LOCAL GOVERNMENT.—The term “local
4 government” has the meaning given the term “unit
5 of general local government” in section 102 of the
6 Housing and Community Development Act of 1974
7 (42 U.S.C. 5302).

8 (5) SECRETARY.—The term “Secretary” means
9 the Secretary of the Treasury.

10 (6) STATE.—The term “State” has the mean-
11 ing given the term in section 102 of the Housing
12 and Community Development Act of 1974 (42
13 U.S.C. 5302).

14 **SEC. 4. ESTABLISHMENT OF WORK NOW GRANT PROGRAM.**

15 The Secretary of the Treasury shall establish a pro-
16 gram in accordance with this Act to award grants for the
17 purpose of providing emergency relief to eligible nonprofit
18 organizations and intermediaries, particularly those orga-
19 nizations and intermediaries whose workers are serving
20 public needs that have increased as a result of the
21 coronavirus pandemic and the attendant economic crisis,
22 by helping such organizations and intermediaries scale
23 their services and put unemployed individuals back to
24 work serving their communities.

1 **SEC. 5. GRANTS TO STATES, LOCAL GOVERNMENTS, AND**
2 **INDIAN TRIBES.**

3 (a) **FORMULA.**—

4 (1) **IN GENERAL.**—The Secretary shall dis-
5 tribute 78 percent of the amounts appropriated
6 under section 10 as block grants to States and local
7 governments, based on a formula developed by the
8 Secretary that is consistent with the formula under
9 section 106 of the Housing and Community Devel-
10 opment Act of 1974 (42 U.S.C. 5306), for distribu-
11 tion through grants to eligible nonprofit organiza-
12 tions.

13 (2) **INDIAN TRIBES.**—The Secretary shall dis-
14 tribute 2 percent of the amounts appropriated under
15 section 10 as block grants to Indian Tribes based on
16 a formula developed by the Secretary that is con-
17 sistent with the formula for the Indian Community
18 Development Block Grant Program authorized
19 under title I of the Housing and Community Devel-
20 opment Act of 1974 (42 U.S.C. 5301 et seq.), not-
21 withstanding section 106(a)(1) of such Act (42
22 U.S.C. 5306(a)(1)), for distribution through grants
23 to eligible nonprofit organizations.

24 (b) **APPLICATIONS.**—An eligible nonprofit organiza-
25 tion seeking a grant from a State, local government, or
26 Indian Tribe receiving funding under subsection (a) shall

1 submit an application to the State, local government, or
2 Indian Tribe at such time, in such manner, and containing
3 such information as the State, local government, or Indian
4 Tribe may reasonably require.

5 (c) LIMITATION ON GRANT AMOUNTS.—In awarding
6 grants under this section, a State, local government, or
7 Indian Tribe receiving funding under subsection (a) shall
8 have discretion to set the size of each grant to an eligible
9 nonprofit organization, except each such grant shall not
10 exceed \$3,000,000.

11 (d) SELECTION.—A State, local government, or In-
12 dian Tribe receiving funding under subsection (a), in
13 awarding grants to eligible nonprofit organizations,
14 shall—

15 (1) give priority to such organizations that
16 serve public needs that have increased as a result of
17 the coronavirus pandemic and associated economic
18 crisis, including—

19 (A) organizations that provide housing and
20 emergency shelter;

21 (B) organizations that provide public
22 health or patient and caregiver support services
23 and are not hospital organizations to which sec-
24 tion 501(r) of the Internal Revenue Code of
25 1986 applies;

1 (C) arts and cultural organizations;

2 (D) organizations that address food insecurity;
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4 (E) organizations that provide supplemental educational services to children, including tutoring, social emotional development activities, and other extracurricular activities to
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9 compensate for learning loss and other disruptions due to the pandemic;

10 (F) direct services organizations that provide services to individuals in order to help
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16 them stabilize their lives and find self-sufficiency through providing for basic needs, such as housing, emergency shelter, food, water, clothing, transportation, child care, and out-of-school time youth service providers; and

17 (G) organizations that serve rural areas;
18 and

19 (2) ensure that a significant proportion of such
20 grants are awarded to eligible nonprofit organizations that are able to scale services quickly and hire
21
22 back former employees and new workers.

1 **SEC. 6. GRANTS TO INTERMEDIARIES.**

2 (a) IN GENERAL.—The Secretary shall distribute 20
3 percent of the amounts appropriated under section 10
4 through grants to intermediaries.

5 (b) APPLICATIONS.—An intermediary seeking a grant
6 under this section—

7 (1) may seek such grant on behalf of—

8 (A) the intermediary;

9 (B) the network of affiliates, members, or
10 branches of the intermediary; or

11 (C) the intermediary and the network de-
12 scribed in subparagraph (B); and

13 (2) shall submit an application to the Secretary
14 at such time, in such manner, and containing such
15 information as the Secretary may reasonably re-
16 quire, including an assurance that the intermediary
17 has systems in place to disburse funds efficiently.

18 (c) GRANT AMOUNTS.—

19 (1) IN GENERAL.—Subject to paragraphs (2)
20 and (3), in awarding grants under this section, the
21 Secretary shall have the discretion to determine the
22 amount of each grant.

23 (2) LIMITATION.—Subject to paragraph (3), a
24 grant awarded under this section shall not exceed
25 \$100,000,000.

1 (3) ADDITIONAL FUNDING FOR HIRING NEW
2 EMPLOYEES.—The Secretary may award a grant
3 under this section that exceeds the maximum
4 amount under paragraph (2), but does not exceed
5 \$300,000,000, if the intermediary demonstrates in
6 the application under subsection (b) that the inter-
7 mediary intends to use the difference between the
8 amount awarded through the grant and the max-
9 imum amount under paragraph (2) for hiring em-
10 ployees after the date of enactment of this Act.

11 (d) SELECTION.—In awarding grants under this sec-
12 tion, the Secretary shall—

13 (1) give the same priority to intermediaries as
14 States, local governments, and Indian Tribes are re-
15 quired to give to eligible nonprofit organizations
16 under section 5(d)(1);

17 (2) ensure that all intermediaries that receive
18 grants under this section are able to scale services
19 quickly and hire new workers; and

20 (3) give special consideration to intermediaries
21 with a history of dispersing funds, staffing that is
22 sufficient to ensure compliance, and a history of
23 working with communities most impacted by the
24 coronavirus pandemic.

1 **SEC. 7. USES OF FUNDS.**

2 (a) **EMPLOYEE COMPENSATION COSTS.—**

3 (1) **IN GENERAL.—**Subject to paragraph (2),
4 each eligible nonprofit organization or intermediary
5 receiving funding under this Act (and any entity re-
6 ceiving funding through such intermediary) shall
7 (subject to subsection (c)) use not less than 60 per-
8 cent of the funds of the grant for employee com-
9 pensation costs, including—

10 (A) wages and salaries, not to exceed
11 \$50,000;

12 (B) benefits, including paid sick leave; and

13 (C) worker protections, including protective
14 personal equipment.

15 (2) **LIMITATIONS.—**

16 (A) **IN GENERAL.—**The employee com-
17 pensation costs described in paragraph (1)
18 shall, with respect to an eligible nonprofit orga-
19 nization or intermediary receiving funding
20 under this Act (and any entity receiving fund-
21 ing through such intermediary) that is not de-
22 scribed in subparagraph (B), shall only be for
23 employees hired after the date of enactment of
24 this Act, including any such employee with
25 whom the organization, intermediary, or entity
26 has terminated employment, or placed on fur-

1 lough, at any time prior to such date of enact-
2 ment.

3 (B) ORGANIZATIONS IN FINANCIAL DIS-
4 TRESS.—

5 (i) IN GENERAL.—The employee com-
6 pensation costs described in paragraph (1)
7 may, with respect to an eligible nonprofit
8 organization or intermediary receiving
9 funding under this Act (and any entity re-
10 ceiving funding through such intermediary)
11 that is described in clause (ii), be for em-
12 ployees described in subparagraph (A) or
13 employees who were hired prior to the date
14 of enactment of this Act.

15 (ii) DEMONSTRATION OF FINANCIAL
16 DISTRESS.—An eligible nonprofit organiza-
17 tion or intermediary receiving funding
18 under this Act (or any entity receiving
19 funding through such intermediary) is de-
20 scribed in this clause if—

21 (I) the organization, inter-
22 mediary, or entity asserts in the appli-
23 cation submitted under section 5(b),
24 or section 6(b), as applicable, that the
25 use of such funds to pay employee

1 costs for employees hired prior to the
2 date of enactment of this Act is nec-
3 essary due to financial limitations re-
4 sulting from the coronavirus pandemic
5 and attendant economic crisis; and

6 (II) the State, local government,
7 or intermediary awarding the funds
8 agrees with the assertion under sub-
9 clause (I), considering such criteria
10 and under such procedures as the
11 Secretary may prescribe.

12 (3) GUIDANCE ON EMPLOYEE COMPENSA-
13 TION.—The Secretary may provide guidance on
14 items that are included as employee compensation
15 under paragraph (1).

16 (b) OPERATING AND PROGRAMMATIC COSTS.—Each
17 eligible nonprofit organization or intermediary receiving
18 funding under this Act (and any entity receiving funding
19 through such intermediary) may use not more than 40
20 percent of the funding to cover operating costs (such as
21 rent, utilities, insurance policies, and maintenance) and
22 programmatic costs, including costs associated with online
23 delivery.

24 (c) INNOVATIVE MODELS.—Any eligible nonprofit or-
25 ganization or intermediary receiving a grant under this

1 Act (and any entity receiving funding through such inter-
2 mediary) may use a portion of the funds awarded through
3 such grant for employee compensation costs under sub-
4 section (a) to innovate and create new service delivery
5 models to meet the needs of the crisis resulting from the
6 coronavirus pandemic.

7 **SEC. 8. OVERSIGHT, SUPERVISION, AND REPORTS.**

8 (a) IN GENERAL.—The Secretary shall supervise the
9 distribution of funding under this Act to ensure that such
10 funding is being used for purposes consistent with the pur-
11 poses of this Act.

12 (b) SHARING.—Each State, local government, or In-
13 dian Tribe that receives funding under this Act shall sub-
14 mit to the Secretary a list of all recipients of grants under
15 this Act that were made by the State, local government,
16 or Indian Tribe. The Secretary shall make all such lists
17 publicly available.

18 (c) OVERSIGHT.—The Inspector General of the De-
19 partment of the Treasury shall conduct monitoring and
20 oversight of the receipt, disbursement, and use of funds
21 made available under this Act in the same manner as the
22 Inspector General conducts monitoring and oversight of
23 the receipt, disbursement, and use of funds made available
24 under 601(f) of the Social Security Act, as added by sec-
25 tion 5001(a) of the CARES Act (Public Law 116–136).

1 **SEC. 9. TIMING AND PROGRAM DURATION.**

2 (a) IN GENERAL.—Not later than 30 days after the
3 date of enactment of this Act, the Secretary shall disburse
4 funding to States, local governments, and Indian Tribes
5 under section 5.

6 (b) GRANTS TO ELIGIBLE NONPROFIT ORGANIZA-
7 TIONS.—Not later than 60 days after receiving funding
8 from the Secretary under section 5, each State, local gov-
9 ernment, or Indian Tribe receiving such funding shall
10 award grants to eligible nonprofit organizations that apply
11 for such grants in accordance with such section.

12 (c) INTERMEDIARIES.—Not later than 60 days after
13 the date of enactment of this Act, the Secretary shall dis-
14 burse grants to intermediaries that apply for a grant
15 under section 6 in accordance with such section.

16 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

17 There is authorized to be appropriated to carry out
18 this Act \$50,000,000,000, to remain available until ex-
19 pended.

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