

Maryland Nonprofits

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Public Policy and Advocacy

Push for "Stimulus" Help for State Budgets and Charitable Giving -

The Governor and Legislature will be wrestling with substantial budget cuts for the next year – as will most local governments in Maryland. The most immediate chance for significant help with this problem, and hope for saving programs nonprofits care about, would be state budget relief in a new federal 'stimulus' package.

Whether this comes in the next few weeks in a 'lame duck' session or at the beginning of the new congressional term in January, several hundred million dollars dropped into state revenues could prevent catastrophic cuts for some very sensitive programs.

Another part of the crisis charities now face is that most foundations have experienced losses in their asset base with the plunge of stock market values. In turn, this severely limits their capacity to meet increasing needs or even sustain prior commitments. An additional factor is that the current tax they pay doubles from 1% to 2% of assets if they fail to maintain their distribution rate. In a crisis like the present, with temporarily depressed assets, if they try to maintain or increase the amounts they distribute, it inflates their distribution rate for the period and when they can't sustain that rate in the future their tax rate increases for several years.

We are encouraging support (1) for state fiscal relief in new stimulus legislation, (2) at least temporary suspension of the two-tiered foundation excise tax, and (3) at least temporary easing of caps or limits on deductibility of charitable contributions from IRA accounts or that exceed 50% of personal income.

You can get more information at our [Advocacy Center](#).

Regulations Issued for New Student Loan Forgiveness Program -

Last year Maryland Nonprofits joined the National Council of Nonprofit Associations, other state and national associations and the higher education community in supporting the College Cost Reduction and Access Act of 2007. This Act makes possible income-limited tuition repayment plans, and forgiveness after ten years of repayment while in public service. Significantly (through an amendment sponsored by Maryland Congressman John Sarbanes) **the Act defines 'public service employment' to include working for 501c3 charitable organizations.**

Nonprofits commonly have difficulty recruiting college talent because graduates find themselves burdened with student loans, or retaining college grad staff members who are finding it hard to live on nonprofit salaries.

The Department of Education recently issued regulations that clarify important aspects of the loan forgiveness benefit law. [Nonprofits can now alert their job candidates and staff to this potential benefit.](#)

For example: if I'm a college graduate facing more than ten years of loan repayments, and if I work in "public service jobs," - including working for a nonprofit - for ten years while making

monthly payments on my loan, I can ask to have the balance of my loans forgiven. So basically, ten years of public service earns the dividend of canceling the rest of my college debt.

More specific information is addressed on a [question and answer sheet](#) on the benefit prepared by the National Council of Nonprofit Associations. This is something that you could use as a notice for your staff and during your hiring process. **It should not be viewed as legal advice, however, and questions from employees about specific application should be redirected to the Department of Education. The website, <http://www.ibrinfo.org/> may also be helpful to them.**

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

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