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Below is a summary of key public policy issues impacting the Pittsburgh region's nonprofit sector.

Key stories include:

FEDERAL NEWS

Our partners at Cohen & Grigsby want you to know:

\$100 million for the Social Impact Partnerships to Pay for Results Act (SIPPRa) was included in the Continuing Resolution passed by Congress and signed into law by President Trump last week.

The program picks up where Social Innovation Funds had left off when that program was defunded in May. The resolution will support pay-for-success projects that pair local governments with private investors to fund programs addressing issues like youth employment, education, health and homelessness.

For more information email: publicaffairs@cohenlaw.com

Trump Administration Releases 2018-19 Budget

On Monday, the [Trump Administration released its budget proposal for fiscal year \(FY\) 2019](#). The [proposal calls for increased defense spending](#), as well as for additional funding to combat the opioid crisis. Additionally, the proposal suggests [slashing funding for a number of domestic programs](#)—including Medicare. The [budget proposal totals \\$4.4 trillion](#), and would add \$7 trillion to the deficit over the next ten years.

Historically, budget proposals put forward by Administrations have served as a messaging document for laying out a President's priorities for the upcoming fiscal year, as opposed to an actual starting point for Congress to draft a budget.

This week, the congressional tax-writing committees held several hearings on the

president's FY2019 budget request. On Wednesday, the [Senate Finance Committee](#) held [two hearings](#) "to examine the administration's budget request for the [Treasury Department](#), [Internal Revenue Service \(IRS\)](#), and Department of Health and Human Services (HHS)." The committee heard testimony in the morning from Treasury Secretary Steven Mnuchin and in the afternoon from IRS Acting Commissioner and Assistant Secretary for Tax Policy David Kautter.

Of particular note, Acting Commissioner Kautter testified that "2018 implementation of the tax reform bill is going to consume a lot of energy and effort in the Internal Revenue Service, so we've got to balance the desire to do some restructuring at the Internal Revenue Service while not disrupting the implementation of tax reform." He also noted, on the topic of [charitable deductions to states in lieu of the state and local tax \(SALT\) deduction](#), that "Under the general principles for charitable contribution, the primary purpose of the contribution is donative, which is a disinterested and detached interest of generosity."

Today, the House Ways and Means Committee is holding a hearing to discuss President Trump's budget request for Treasury. Chairman Kevin Brady (R-TX) [said in a press release](#), "We are excited to welcome Secretary Steven Mnuchin to discuss President Trump's proposed 2019 budget for the Department of Treasury. Last year—working together with the Secretary and President Trump—we successfully delivered historic tax reform to the American people. Already, we are seeing the positive impacts this new tax law is having for hardworking families and local businesses across the country."

Repeal of Johnson Amendment Raised at National Prayer Breakfast

During his address at the National Prayer Breakfast, House Majority Whip Steve Scalise (R-LA) reiterated his desire to repeal the Johnson Amendment—a long-standing provision in the tax code to ensure that nonprofits and foundations remain nonpartisan in pursuit of their charitable missions.

In his remarks, Majority Whip Scalise expressed his belief that the separation of church and state is an impossible notion, and expressed pride in the fact that the House successfully passed a repeal of the Johnson Amendment ([it was included in one of the initial versions of the tax reform bill](#), but did not make it into the final legislation).

Leaders in the charitable and philanthropic sectors pushed back against Rep. Scalise's comments, sharing their concerns about how any attempt to weaken or repeal the Johnson Amendment would threaten the fundamental integrity of our sector. In the [statement released by the National Council of Nonprofits](#), Council President and CEO Vikki Spruill is quoted saying how important it is that "the public trust [charitable foundations] have earned over the years is not diminished by partisan labels or influence."

President Trump Officially Nominates New IRS Head

While [POLITICO first reported last month](#) that President Trump would nominate tax lawyer Charles "Chuck" Rettig to be the next IRS commissioner, his nomination was not made [official by the White House](#) until last week. [According to POLITICO](#), "Rettig, a specialist in handling tax disputes who is a partner in a Beverly Hills, CA, law firm, has for more than three decades represented clients before the IRS, the Justice Department, state tax authorities and other jurisdictions."

House Ways and Means Committee Chairman Kevin Brady (R-TX) [applauded the move, saying](#), "I am pleased to see President Trump moving forward with a new leader at the IRS who is focused on serving taxpayers and administering our new tax code fairly, effectively, and with integrity. With a long history of helping families and job creators navigate the tax code and stand up to the IRS when the agency is wrong, Chuck Rettig as the new IRS commissioner is just the partner we need as we work to overhaul our nation's tax administrator." Rettig's nomination will need to be approved by the Senate before he can begin serving as the new IRS commissioner.

Source: Washington Snapshot – February 15, 2018

Wolf budget includes Lottery solvency plan

For years state policymakers have dreaded the prospect of the Pennsylvania Lottery, which supports senior citizen programs, going into the red. It was a worry when new Lottery-funded programs such as prescription drug assistance were created in the 1980s and with the expansion of legalized gambling in Pennsylvania since 2004. It became a reality when the Lottery Fund posted an \$18.2 million deficit at the end of Fiscal Year 2016-17. This deficit is projected to increase to \$78 million by the end of FY 2017-18 if nothing is done, according to the House Democratic Appropriations Committee.

The budget proposed by Gov. Tom Wolf projects the Lottery will return to the black with a positive ending balance of \$1.3 million in FY 2017-18, and a \$7 million balance in FY 2018-19 as a result of two things: the roll out in May of new on-line Lottery games and proposed shifts in how Lottery Funds are spent. The administration's goal is to create a \$75 million reserve for the Lottery Fund in three years. The Lottery solvency plan will likely be discussed when Revenue Department officials appear before the House Appropriations Committee's budget hearings on Tuesday.

The gambling expansion law enacted last October, as part of a compromise revenue package, authorizes the Lottery to offer iLottery games and keno to customers using computer and mobile devices. The Lottery is also offering virtual sports games on monitors at retailer locations. The governor's budget office estimates these games will generate \$71 million in revenue for the Lottery Fund this fiscal year.

*Source: Capitolwire: "Wolf budget includes Lottery solvency plan"
by Robert Swift*

PA Supreme Court releases its own congressional district map, which appears far more favorable to Democrats than the 2011 map.

In a 4-3 ruling, the state Supreme Court Monday afternoon released its "remedial map," deciding to produce its own congressional district map instead of selecting one of the many maps submitted to it last week. Justices Debra McCloskey Todd, Christine Donohue, Kevin M. Dougherty and David N. Wecht – all Democrats - called the court's "remedial plan" a "superior or comparable" product when compared to all plans submitted by all the parties with legal standing in the case, and ordered that it be "implemented forthwith in preparation for the May 15, 2018 primary election," although the special election in the current 18th District, to be held on March 13, will use the 2011 map district lines (but the winner of that election would then have to run in an entirely new district from the new map in the fall General Election).

"The Remedial Plan is based upon the record developed in the Commonwealth Court, and it draws heavily upon the submissions provided by the parties, intervenors, and amici," writes the majority in its [per curiam opinion and order](#). "It is composed of congressional districts which follow the traditional redistricting criteria of compactness, contiguity, equality of population, and respect for the integrity of political subdivisions."

A few hours after their initial release of information, the court's splits report for its remedial map was made available and indicates there are 14 counties split (although the court's report states one county split affects no population), with 19 municipalities split and 32 voting districts split (the court report notes that one municipality split and one voting district split do not effect any population). The GOP leaders' map split 15 counties; that map split only 17 municipalities and only 17 voting districts. The 2011 map split 66 municipalities and 26 voting districts.

That new 10th District, while significantly altered from the 2011 map's 4th District, would still lean to Republicans, but not nearly as much as the old 4th District did. In fact, while the new map appears to still have more districts that lean Republican than lean Democrat, it's only slightly more, and there are far more solid Democratic districts than there were in the 2011 map.

Based on initial data from the court, The Cook Political Report suggests there are now five solid Democratic seats (roughly 90 percent or better chance at a Democratic win) - the 2nd, 3rd, 4th, 5th and 18th districts (four in the southeast and one including Pittsburgh) - in the new map compared to four in the 2011 map – the 1st, 2nd, 13th and 14th districts. However, the new map also improves the Democrats' chances above 50 percent in two districts – the 6th and 7th districts (the new Chester and “Lehigh Valley” districts) – when the 2011 map had no other districts with Democratic chances above 42 percent. Additionally, there are two seats with greater than 42 percent chances of a Democratic win: the 1st and 8th districts (the mostly Bucks County seat, and a new northeastern PA seat, respectively). In fact, at first glance, the map can be very confusing, with renumbered districts appearing in far different locations than they were in the 2011 map: For example, the 16th District, that had included most of Lancaster County and part of Chester County, is now moved to the northwestern edge of the state; then there's the 9th, which had covered a south-central/southwest portion of the state in the 2011 map, and has now moved to, roughly, Pennsylvania's anthracite coal region of the state; and the 5th gets moved from part of the Pennsylvania "T" in the north-central/northwest region of the state to Delaware County.

Based on the preliminary figures, where Democrats had a shot to win at least 4, and maybe 6, seats using the 2011 map's districts, it appears the new map affords Democrats a solid five seats, with a high likelihood of two more seats, and the possibility of two beyond that – so at least 7, with as many as nine.

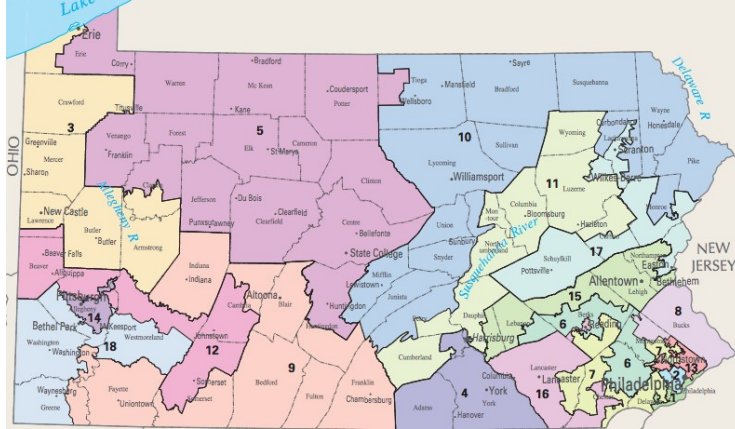
In a brief filed with the court on Sunday, GOP leaders note that Dr. Wendy Cho, a political scientist and operational research scholar at the University of Illinois Champaign-Urbana, points out that 9 Democratic seats is quite unusual, and is not a "typical" outcome for Pennsylvania, regardless of the map, and that using an algorithm employed by petitioners' experts indicates the current 5 congressional seats held by Democratic lawmakers "is not an outlier."

The minority of the court that dissented expressed some of the same concerns voiced by GOP leaders. Chief Justice Tom Saylor and Justice Sallie Updyke Mundy, both Republicans, and Justice Max Baer, a Democrat, dissented from the majority opinion, all basically reiterating their prior dissents in the case, and suggesting their four colleagues created a scenario in which the Legislature and Governor could never produce a map meeting the court's criteria, and are engaging in an “unprecedented” action.

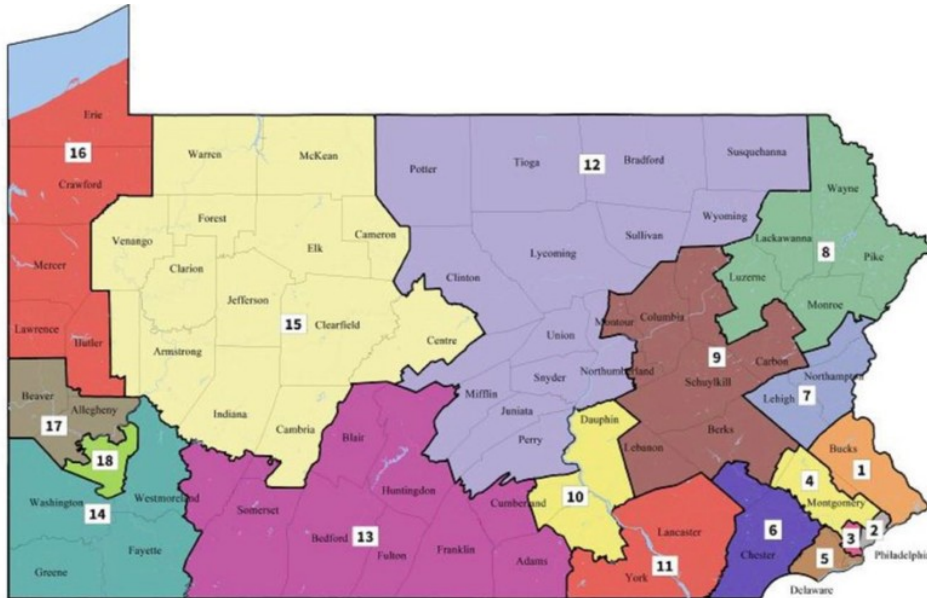
[Saylor's dissent](#) highlighted his ongoing concerns, which he wrote include “the submission, within the past few days, of more than a dozen sophisticated redistricting plans; the lack of an opportunity for critical evaluation by all of the parties; the adoption of a judicially created redistricting plan apparently upon advice from a political scientist who has not submitted a report as of record nor appeared as a witness in any court proceeding in this case; and the absence of an adversarial hearing to resolve factual controversies arising in the present remedial phase of this litigation.”

“In these circumstances, the displacement to the judiciary of the political responsibility for redistricting – which is assigned to the General Assembly by the United States Constitution - - appears to me to be unprecedented,” concluded Saylor. Mundy, arguing the majority offered no good reason for forcing a new map for the 2018 elections, stated in [her dissent](#), “I cannot agree that the Legislature was afforded the time necessary to accomplish the immense task of redistricting in accordance with the criteria imposed by this Court.” And Baer, who has disagreed with his Democratic colleagues on the court about imposing a new map for the current election cycle (but offered no value judgment on the map imposed), stated in [his dissent](#) what could potentially be found in the opening of the legal challenge GOP leaders stated would be filed in federal court.

2011 Congressional District Map



New Congressional District Map



Source: *Capitolwire*: "PA Supreme Court releases its own congressional district map, which appears far more favorable to Democrats than the 2011 map"

By Chris Comisac

Source: ["What Pennsylvania's new congressional map means for 2018," Vox, 2/21/18](#)

["Republican challenge to Pennsylvania map likely to fail," Politico, 2/20/18](#)

["The New Pennsylvania Congressional Map, District by District," New York Times, 2/19/18](#)

["Republicans to file federal challenges today to new Pa. congressional map," Post Gazette,](#)

[2/21/18](#)

Common Cause PA suggests the state Supreme Court's new congressional district map could be challenged for violating minority voting rights

Notable on Tuesday, though, was the press conference by Common Cause Pennsylvania, not necessarily for the support the group voiced for the new map's provision of "vastly more competitive districts" when compared to the 2011 map, but for the concern mentioned that one of the Court's Philadelphia districts could run afoul of [the Voting Rights Act of 1965](#).

Philadelphia under the 2011 map contains two majority-minority districts in which the majority of the constituents in the districts are nonwhite or racial or ethnic minorities. However, the state Supreme Court's new map maintains only one majority-minority district in Philadelphia (the new 3rd, which has an overall majority of African Americans, even if it's slightly smaller than the one contained in the 2011 map's corresponding district), while the other Philadelphia district (the new 2nd District) is no longer a majority-minority district as it contains roughly 10 percent fewer African Americans compared to the corresponding 2011

district (with white voters now being the predominant voting constituency in the district, not African-American voters), something Common Cause suggested could be blocked at the federal level for not preserving racial diversity.

Before the host of new maps were released, state Sen. Vince Hughes, D-Philadelphia, warned of “watering down” Philadelphia’s two majority-minority districts, and adhering to the voting Rights Act of 1965. “Pennsylvania’s 2011 Congressional Maps include two majority-minority districts, the 1st and 2nd congressional districts. These districts must continue as majority-minority districts,” wrote Hughes in a Feb. 9 letter to Gov. Tom Wolf. “When considering what the new congressional map will look like, the 1st and 2nd congressional districts cannot be watered down or packed. It is imperative that we comply with the Voting Rights Act and that these districts maintain their majority-minority distributions.”

Common Cause executive director Micah Sims said that while the Court’s map is not perfect - specifically in southeast Pennsylvania, where the number of congressional districts with a majority African-American population was reduced from two districts to one - he believes the state is finally moving in the right direction. That seemed to be where Hughes was, too, when [he talked with WITF Tuesday](#), although he still expressed caution, stating, “The map has advanced forward the issue of fairness and the issue of getting rid of political gerrymandering. However, you can't run away from the numbers—in this Congressional District, there's been a reduction in the African-American population.”

*Source: Capitolwire: “Common Cause PA suggests the state Supreme Court's new congressional district map could be challenged for violating minority voting rights”
by Chris Comisac*

LEGISLATION

- [HB 2074: Amends Public School Code re suicide incidents](#)
- [HB 2094: Amends Purely Public Charities Act re criteria](#)
- [HB 2095: Amends Public School Code re mental health](#)
- [HB 2097: Amends Titles 18 & 23 re firearm purchases](#)
- [HB 2098: Amends Title 18 re retail theft](#)
- [HB 2060: Amends Titles 18 & 23 re protection from abuse](#)
- [HB 2061: Act re nursing mother workplace accommodations](#)
- [HB 2062: Act re Internet service access](#)
- [HB 2099: Act re Low-Income Water & Wastewater Assist.](#)
- [HB 2107: Amends Housing Finance Agency Law re home buy](#)
- [SB 1049: Amends Municipal Waste Act re glass recycling](#)
- [SB 1054: Act re licensure of prescribers of Suboxone](#)

Prepared By:



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