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The Power of Perseverance

It's often said that charitable nonprofits are a community of optimists. As in, we didn't cure cancer or end homelessness at work today? Well, we get come back and try again tomorrow! For this reason, the phrase "one and done" has little meaning to an individual committed to a nonprofit's mission.

An advocacy twist to another old saying is more apt: if at first you don't succeed, adjust your strategy and try, try, and keep trying until you achieve your policy goal. A recent example comes to mind that demonstrates the super power of nonprofit perseverance that every charitable nonprofit professional can and should deploy on behalf of their missions.

This story is about the modern version of the Employee Retention Tax Credit (ERTC), the refundable payroll tax credit enacted as part of the CARES Act in March 2020. Traditionally, when Congress wants to incentivize behavior, it creates an **income** tax credit, which helps for-profit entities but excludes tax-exempt nonprofits. But with the ERTC, which was designed to encourage employers to retain employees on their payrolls during the pandemic, Congress adopted a different approach: a tax credit that could be applied instead to **payroll** tax liability that all employers must pay.

What most people don't realize is that the ERTC, which helped provide employment for millions of workers during the pandemic, was the product of more than a decade of advocacy by the networks of the National Council of Nonprofits and others.

After most major natural disasters since Hurricane Katrina, which devastated the Gulf region in 2005, Congress normally would enact a tax relief package that included an **income** tax credit for keeping employees on the payroll. Advocates repeatedly made the case that nonprofit employers, who were exempt from income taxes, were left out of the relief. For nonprofits that often has suffered as victims of the natural disaster while also providing services and being the first line of defense and recovery, this made no sense. Calls to the Hill, relationship building with staffers, and ongoing advocacy efforts ensued

Put simply, nonprofit advocates didn't give up; they pressed forward. They achieved success with the CARES Act of 2020, in which Congress converted the historic tax credit applied against for-profit income into a refundable credit based on the taxes charitable organizations do pay – payroll taxes. As a result, tens of thousands, and perhaps hundreds of thousands, of charitable organizations, as well as millions of small businesses, benefitted from nonprofit advocacy perseverance.

But the lesson is not over. With the expiration of the ERTC, more needs to be done to restore and improve it to have even greater impact.

Publishers Note: This article is the third in an occasional series encouraging nonprofits to use the powers that they already have to advance their missions. See also, [Using the Powers You Have: The Power of One](#) and [The Power of Three](#).