

January 22, 2021

The Honorable Joseph Biden
President of the United States
The White House
Washington, DC 20500

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
Washington, DC 20510

RE: 2021 COVID Relief and Charitable Nonprofits

Dear Mr. President, Speaker Pelosi, and Leaders Schumer, McCarthy, and McConnell:

At this time of a worldwide pandemic, economic uncertainty, and national turmoil, there can be little doubt that America desperately needs leadership, unity, and aggressive actions to overcome these and many other challenges. The undersigned charitable nonprofit organizations take this opportunity to identify the unique challenges charitable organizations continue to face and seek your support for urgently needed relief in forthcoming COVID legislation that will enable charitable organizations to contribute to our nation's relief, recovery, and rebuilding.

We deeply appreciate the relief enacted in 2020; many of the people and communities we serve would have suffered even more greatly during the pandemic and economic crises if you had not acted. In particular, we are grateful that Congress included charitable nonprofits in the Families First Act, the CARES Act, and the year-end COVID relief law. However, we note that those Acts often did so by inserting nonprofits into existing or predetermined programs designed for for-profit businesses that face very different challenges. As we continue to partner with government to help defeat the virus and restart the economy, we urge you to consider specific, dedicated policy solutions that will enable nonprofits to help rebuild our communities.

Policymakers at all levels of government continue to depend on nonprofits serving their communities through the depths of the pandemic and economic downturn. The assumption that nonprofits will always be there to fill the gaps, however, is at grave risk nearly one year into these crises. Nonprofits employ more people than the financial, construction, and even manufacturing industries, and the charitable sector has suffered as much or more than the various industries that have sought special treatment or bailouts.

Charitable nonprofits have risen to the crises our nation is enduring. They are stretching beyond all reasonable measures and continue to advance their missions despite unfathomable challenges. Most charitable organizations did not shut down or sit out the pandemic. The miles-long lines at food banks are only the most glaring and obvious proof that the demand for nonprofit services has skyrocketed. Other tragic examples abound. Calls for domestic violence services jumped by 69 percent between March and August last year. Nonprofits helping homeless people did not close their

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doors to wait out the pandemic; rather, new services, protocols, and expenses became necessary. Nonprofit health organizations have provided trusted, up-to-date information about the pandemic and ways to protect health and continued critical research. Cultural institutions continued to have structural costs while adapting to a virtual reality by developing programming to provide solace, education, and connection to those who were isolated. Community and afterschool facilities that could not be used during shutdown periods for their original purposes were adapted to other urgent needs, such as food preparation and distribution, childcare for the children of essential workers, and more.

We anticipate that 2021 will be even more devastating to the work of nonprofits. The [pre-pandemic nonprofit workforce](#) of 12.3 million dedicated employees has lost [nearly 930,000](#) nonprofit jobs, including 51,000 in December 2020, according to Bureau of Labor Statistics data. Those lost jobs mean there are nearly a million fewer people providing services on which their fellow Americans depend. The rapidly rising COVID-19 infection rates presage even greater nonprofit unemployment and public need in the months ahead. Similarly, nonprofit revenues are likely to decline sharply in 2021 as individuals are less able to make charitable donations and state and local governments make draconian spending cuts to human services and other programs frequently performed by charitable nonprofits. **Without immediate relief from Congress and the Administration, charitable organizations will not have the capacity or resources to be the backbone of communities upon which the American people rely.**

Therefore, it is important for Congress and the Administration to recognize the unique role of charitable nonprofits in providing pandemic relief and economic recovery by enacting a package of relief solutions tailored to the actual needs and realities of these organizations that, like you, are devoted to serving the public good. We ask that the next COVID relief law include the following:

- 1) **Provide Nonprofit-Specific Grants, Forgivable Loans, and Refundable Tax Credits for All Nonprofits:** While some nonprofits were able to participate in some of the relief programs established in 2020, many of those programs were designed primarily for for-profit businesses and excluded too many charitable organizations that are providing essential services. Nonprofits with more than 500 employees have not been eligible for PPP or other grants or forgivable loans. Restrictions based on previous employee size and gross-receipts declines in the Paycheck Protection Program and the Employee Retention Tax Credit do not make sense in the nonprofit context. Nonprofits frequently employ large numbers of part-time employees and, unlike for-profit businesses, demand for nonprofit services and the resulting costs of operating during a pandemic have far exceeded normal levels, without a similar increase in revenues to keep pace. Indeed, nonprofits are frequently asked to provide additional services without corresponding increases in resources. Further, it is a fundamental feature of nonprofit economics that nonprofit boards are averse to taking on loans to cover operating expenses, thus making suggestions of low-cost loans unpalatable to the vast majority of frontline organizations.

We urge Congress and the Administration to establish grant and funding programs, such as a nonprofit Paycheck Protection Program that would provide forgivable loans to nonprofits of all sizes and without regard to gross receipts, as well as a grants program such as the proposed [WORK NOW Act](#) to help nonprofits retain employees, scale service delivery to meet growing needs, and create new jobs. We further ask that Congress appropriate funds for emergency grant programs that enable nonprofits to advance their missions of serving communities.

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- 2) **Strengthen Charitable Giving Incentives:** The CARES Act established a limited, yet important above-the-line deduction that encourages all taxpayers to donate to the work of charitable organizations. In extending this provision as part of the year-end COVID relief law, Congress acknowledged that tax policy will continue to be an important incentive to help every American support pandemic relief and recovery. We know that greater incentives are needed in 2021 as nonprofits respond to the growing health and economic crises and will be critical in the future as nonprofits play an essential role in recovery efforts when the pandemic ends. Further, tax reforms must recognize that limits to existing giving incentives would have the unintended consequence of undermining the charitable sector upon which governments rely and would result in increased costs for governments if they had to replace nonprofit services.

We urge Congress and the Administration to significantly increase the cap on the above-the-line deduction, extend it at least through 2022, and preserve the itemized charitable contribution deduction, all to ensure that nonprofits can serve their communities.

- 3) **Provide Full Unemployment Benefit Reimbursement** to nonprofits that self-insure these benefits. Federal and state laws give nonprofits the option of operating as self-insured (“reimbursing”) employers that make payments to their state unemployment insurance systems for benefits attributable to them in lieu of making advance contributions. Shut-down orders by government officials and program cancellations have forced nonprofits to furlough or layoff staff, triggering immediate, catastrophic bills for unemployment costs that for-profit businesses have not had to pay during the worst stages of the pandemic and economic downturn. These challenges have exacerbated cash flow difficulties for nonprofits that have forced nonprofits to not only divert valuable funds from mission services, but also, ironically, to layoff more employees to have resources to pay their state’s unemployment bills.

We urge Congress and the Administration to increase the federal unemployment insurance reimbursement for self-insured or reimbursing nonprofits to 100% of costs retroactively to 2020 and extend the relief through the first three quarters of 2021.

- 4) **Provide Aid to States and Local Governments:** Charitable organizations endorse providing substantial federal aid to state and local governments to help cover lost revenues during the pandemic. Such aid is required to avoid layoffs and cuts to essential programs and services. In the past, when governments have faced fiscal challenges, too many have sought to impose new costs and burdens on their nonprofit partners, and, as one state has already done, unilaterally reduced payments to nonprofits for services already performed for the government pursuant to written agreements.

We urge Congress and the Administration to provide emergency assistance to state and local governments for the wellbeing of our communities.

The charitable nonprofit sector is the backbone of our communities. We face unprecedented challenges in 2021 as we assist you and the American people in providing pandemic relief and economic recovery. We ask you to come together in supporting this package of relief proposals in the next stimulus and relief legislation so that our organizations can be the force for good that you want and need them to be at this time of great national struggle. We stand ready to assist in advocating for additional relief and in strengthening our country together.

Sincerely,