Nonprofit Track Reforms to the CARES Act

April 8, 2020

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

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

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

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

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer,

The charitable nonprofit community appreciates that several key relief programs in the CARES Act were modified to include nonprofit eligibility. This approach recognizes the significant role that charitable nonprofits play as the third largest employer in our nation’s economy and as valued problem solvers. We are grateful that Congress recognized that every dollar granted, donated, or earned goes back into the community immediately to address clear and present challenges. However, implementation challenges have arisen with federal agencies and private entities that undermine Congressional intent to provide economic relief for nonprofit organizations.

As you work to build on the CARES Act, the charitable nonprofit sector requests a Nonprofit Track to ensure that charitable nonprofits are supported in their service on the front lines of responding to the COVID-19 crisis. Specifically, we urge Congress to include the following clarifications and provisions:

1. Expand Nonprofit Access to Credit by designating funding exclusively for nonprofits within the two principal loan programs established in the CARES Act to ensure that the organizations dedicated to addressing immediate pandemic-related problems are included in relief efforts and not excluded or pushed to the back of the line. The following additional improvements are needed to expedite relief:
   - **Paycheck Protection Program:** Provide incentives to private lenders to prioritize processing of applications of small nonprofits and expand the eligibility for nonprofits to participate in the Paycheck Protection Program by modifying the current 500-employee cap or by other means.
   - **Mid-Size Business Loan Program:** Adjust CARES Act Section 4003(c)(3)(D) to implement a program to support nonprofit employers with between 500 and 10,000 employees, including loan-forgiveness and other provisions. The legislation should direct the Treasury Department to have this program operational no later than 15 days after enactment.

2. Strengthen Charitable Giving Incentives to encourage all Americans to help their communities through charitable donations during these challenging times. The following modifications will generate immediate results:
   - **Applicable to 2019 Tax Filings:** Encourage donations to the work of charitable organizations in their communities today by enabling taxpayers making donations on and after March 13 (date of national emergency declaration) and before July 16 to claim the deductions on their 2019 tax filings. This retroactive application should apply to itemized and above-the-line deductions during this critical period.
   - **Improve the Above-the-Line Deduction** in CARES Act by increasing the $300/person cap and extending the effective date of the incentive.
3. **Treat Self-Funded Nonprofits Fairly** by increasing the federal unemployment insurance reimbursement for self-funded nonprofits to 100% of costs. As currently written Section 2103 of the CARES Act will subject nonprofits throughout the country to crippling payments to their state unemployment systems later this year, while other employers will likely experience little or no additional costs resulting from mass COVID-19-related layoffs.

4. **Increase Emergency Funding** by appropriating funds for targeted state formula grants and programs that can provide a rapid infusion of cash to nonprofit organizations that are partnering with state and local governments to protect vulnerable families and frontline responders. Charitable nonprofits are on the frontlines of providing relief, support, and care now, while the pandemic rages, and going forward as America will struggle to recover. Organizations need the resources now to provide vital services essential to individual and community wellbeing.

We thank you, once again, for your leadership in crafting and passing the CARES Act. It was a critical first step. We hope that nonprofits can count on your continued leadership, and your insistence that the needs of nonprofits, and the indispensable role they play, are at the center of this relief legislation. And we count on your active engagement with the president to make sure that charitable nonprofits can continue to fulfill their missions, especially in times such as this of unique challenge to our nation.

Sincerely,

Accord Network
Adult & Teen Challenge
Afterschool Alliance
Aguadath Israel of America
Alfalit International
Allergy & Asthma Network
Alliance for Peacebuilding
Alliance for Strong Families and Communities
Alliance to End Hunger
Alpha-1 Foundation
ALS Association
Alzheimer's Association
American Alliance of Museums
American Association on Health and Disability
American Cancer Society Cancer Action Network
American Diabetes Association
American Foundation for Suicide Prevention
American Friends Service Committee
American Heart Association
American Jewish World Service
AMERICAN LEPROSY MISSIONS
American Library Association
American Lung Association
American Society on Aging
American Trails
Americans for the Arts
Angioma Alliance
Appalachian Trail Conservancy
Ark. Coalition Against Sexual Assault
Arthritis Foundation
Association of Art Museum Directors
Association of the United States Navy
Asthma and Allergy Foundation of America
Bethany Christian Services
Beyond Celiac
Big Brothers Big Sisters of America
Boy Scouts of America
Boys & Girls Clubs of America
Boys Town
Bread for the World
Bridge the Gap - SYNGAP Education and Research Foundation
CADCA (Community Anti-Drug Coalitions of America)
Call of the Sea
Campaign for a Commercial-Free Childhood
CARE USA
Catholic Charities USA
Catholic Relief Services
Center for Conservation Peacebuilding
Center for Policy Analysis
CenterLink: The Community of LGBT Centers
ChildFund International
Children's Home Society of America
Children's Trust Fund Alliance


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MLD Foundation
MOVIEGUIDE®
Multiple Sclerosis Association of America
Muscular Dystrophy Association
National Alliance for Hispanic Health
National Alliance on Mental Illness
National Alliance to End Sexual Violence
National Association of Evangelicals
National Community Action Partnership
National Council for Behavioral Health
National Council of Nonprofits
National Eczema Association
National Environmental Health Association
National Fitness Foundation
National Health Council
National Human Services Assembly
National Marine Sanctuary Foundation
National Multiple Sclerosis Society
National Network for Youth
National Trust for Historic Preservation
Nations Kidney Foundation
Native American Rights Fund
Network of Jewish Human Service Agencies
Nonprofit Leadership Alliance
Nonviolent Peaceforce
Oregon Coalition Against Domestic & Sexual Violence
Oxfam
Partners in Action
Peace Direct US
Penny Appeal USA
Plant With Purpose
Playworks
Prevent Blindness
ProInspire
Project HOPE
Safe States Alliance
Saint Francis Ministries
Save Our Shores
Search for Common Ground
She Is Safe
Siegel Rare Neuroimmune Association
Solve ME/CFS Initiative
Solving Kids' Cancer
Special Olympics International
SPOON
Squash and Education Alliance
St. Baldrick's Foundation
Superficial Siderosis Research Alliance (SSRA)
Susan G. Komen
Teach For America
TeamConnor Childhood Cancer Foundation
The Alliance for Middle East Peace
The Evangelical Environmental Network
The Foundation for Ichthyosis & Related Skin Types, Inc.
The Hometown Foundation, Inc.
The LAM Foundation
The Myositis Association
The Sentry
The Trevor Project
TREA: The Enlisted Association
Trust for America's Health
U.S. Soccer Foundation
UNICEF USA
Union for Reform Judaism
Union of Orthodox Jewish Congregations of America
United Philanthropy Forum
United Way Worldwide
VetsFirst
VisionServe Alliance
Volunteers of America
Water is Basic
Wilderness Inquiry
Wisconsin Coalition Against Sexual Assault
WomenHeart: The National Coalition of Women with Heart Disease
World Learning
World Relief
World Vision
Year Up
YMCA of the USA
YWCA USA