RE: 2021 COVID Relief and Charitable Nonprofits

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

As the nation recovers from the effects of the COVID-19 pandemic, the nonprofit sector will play a critical role in rebuilding the economy, restoring livelihoods, and strengthening communities. 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 that will enable charitable organizations to contribute to our nation’s relief, recovery, and rebuilding.

Charitable nonprofits have risen to the crises our nation is enduring. They have stretched 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. During the height of the pandemic, demand for services sky-rocketed. Many nonprofits were innovative and shifted their service models to virtual platforms and partnered with others in their community to help meet basic needs. Most recently, nonprofits have stepped up to support vaccine distribution and awareness by setting up clinics, employee incentives, and community support like transportation and childcare while people get vaccinated.

Given our unique role of providing pandemic relief and economic recovery, we ask that Congress and the Administration enact 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. Specifically, we urge you to prioritize the following measures that will support nonprofit jobs and provide the resources needed for nonprofits to meet community recovery needs.

**Nonprofit Jobs**

Prior to the pandemic, charitable nonprofits employed more than 12 million people, making them the third largest industry in the country – larger than the construction, financial services, and manufacturing industries. As of June 2021, nearly 700,000 nonprofit jobs have been lost due to the pandemic, creating undue challenges particularly for women and communities of color disproportionately pushed out of the workforce due to no fault of their own as a result of the pandemic. The sector needs a major infusion of resources to enable organizations to bring back staff and hire additional employees so they can deliver essential services for millions of residents.
We ask that Congress pass the “Work Opportunities and Resources to Keep Nonprofit Organizations Well Act,” or WORK NOW Act (S. 740/H.R. 1987), which would infuse $50 billion into the nonprofit community across the country to get people back to work and make sure nonprofits are able to meet the needs of the populations they serve.

Further, the Employee Retention Tax Credit (ERTC) was extremely helpful, particularly to large nonprofits employing more than 500 employees as they were not initially eligible for the Paycheck Protection Program. We ask that Congress extend the ERTC beyond 2021 and modify nonprofit eligibility beyond the current “gross receipts” test to reflect the increased costs charitable organizations experienced as they struggled to maintain or expand services to meet local needs throughout the health and economic crisis.

It is also important to note that policymakers and nonprofit leaders have been forced to craft responses to this crisis without adequate information about the state of the nonprofit workforce. While industries like goat farming or limousine service have had access to official quarterly workforce data, the nonprofit sector is required to purchase this information or wait years for it. We urge you to direct the Bureau of Labor Statistics to provide quarterly data on nonprofit employment and wages. This data will guide more effective policy and enable improved decision making by nonprofits nationwide.

**Nonprofit Resources**

Nonprofit revenues are likely to decline sharply in 2021 as individuals are less able to make charitable donations. Without immediate relief from Congress and the Administration, charitable organizations will not have the capacity or resources to provide the breadth of services upon which communities rely.

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. Greater incentives for charitable giving are needed as nonprofits respond to the health and economic crises and will be critical in the future as nonprofits play an essential role in recovery efforts. Further, tax reforms must recognize that imposing new 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 deduction, extend it at least through 2022, and preserve the itemized charitable contribution deduction, all to ensure that nonprofits can serve their communities.

Nonprofits have benefited from both emergency relief grants and state/local funds. We call on Congress to appropriate funds for emergency grant programs that enable nonprofits to advance their missions of serving communities. We also stand with the U.S. Conference of Mayors, National League of Cities, and National Association of Counties in adamantly opposing any proposal that would repurpose ARPA’s Coronavirus State and Local Fiscal Recovery Funds, which were originally authorized for nonprofits among other entities, and which remain urgently needed.

As nonprofits struggled to switch their services to virtual platforms, the pandemic put a spotlight on the inadequate access to broadband and digital skills which made it difficult for them to reach everyone in their communities. Distance learning, telemedicine, and spiritual services require accessible and reliable internet services. We support a $100 billion federal investment to guarantee all citizens access to affordable high-speed broadband. We also support the buildout of broadband infrastructure that prioritizes the “last mile” hardest-to-serve communities as well as funding for the Emergency Connectivity Fund, for closing the homework gap, and for enhancing digital literacy.
We appreciate the relief enacted in previous measures as many of the people and communities we serve would have suffered even more during the pandemic and economic crisis if you had not acted. In particular, we are grateful that Congress included charitable nonprofits in the Families First Act, the CARES Act, the year-end COVID relief law, and the American Rescue Plan. As we continue to partner with the government to help defeat the virus and accelerate economic growth, we urge you to consider specific, dedicated policy solutions that will enable nonprofits to help rebuild our communities.

The charitable nonprofit sector is the backbone of our communities. We continue to face unprecedented challenges as we assist you and the American people in providing pandemic relief and economic recovery. We ask you to come together in prioritizing the proposals identified here in legislation you enact this year. We stand ready to assist in advocating for additional relief and in building our country back together.

Sincerely,

Afterschool Alliance
Agudath Israel of America
Alliance for Strong Families and Communities & Council on Accreditation
Alzheimer's Research and Prevention Foundation
American Alliance of Museums
American Cancer Society Cancer Action Network
American Heart Association
American Institute for Conservation (AIC)
American Lung Association
Americans for the Arts
Americans for the Arts Action Fund
Association of Art Museum Directors
Association of Fundraising Professionals
Association of Zoos and Aquariums
Boys & Girls Clubs of America
Catholic Charities USA
CenterLink: The Community of LGBT Centers
Communities In Schools
Council for Advancement and Support of Education
Council on Foundations
Dance/USA
Girl Scouts of the USA
Girls Inc.
Goodwill Industries International, Inc.
Habitat for Humanity International
Independent Sector
JDRF
Jewish Federations of North America
KABOOM!

Leadership 18
League of American Orchestras
Lupus Foundation of America
Lutheran Services in America
Meals on Wheels America
Mental Health America
National Association of Free and Charitable Clinics
National Community Action Partnership
National Council of Nonprofits
National Health Council
National Indian Child Welfare Association
National Youth Advocate Program, Inc.
Network of Jewish Human Service Agencies
Nonprofit Finance Fund
Nonprofit Leadership Alliance
OPERA America
Performing Arts Alliance
The Arc of the United States
The Nonprofit Alliance
Theatre Communications Group
United Philanthropy Forum
United Way Worldwide
Volunteers of America
Welcoming America
YMCA of the USA
YWCA USA