



April 29, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
S-220, U.S. Capitol
Washington, DC 20510

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

As you continue to confront the global COVID-19 pandemic and the myriad challenges it poses to our health, economy, and way of life, I write to highlight critical policies that Independent Sector believes Congress must enact so that nonprofit organizations can best serve their communities during this unprecedented time.

Independent Sector is a national organization representing a diverse set of nonprofits, foundations, and corporate giving programs working to ensure all people in the United States thrive. The charitable sector is a bedrock of the U.S. economy, comprising over 10 percent of the private workforce. Most importantly, our sector is on the front lines meeting exponential growth in healthcare, food, housing, employment, and education needs during this crisis. As a representative of that sector, we are proud to support all the priorities recently outlined in a [letter by 375 national nonprofit organizations](#). I will underscore some of those priorities, as well as others that we believe are essential to include in forthcoming legislation.

- 1. Expand Nonprofit Access to Credit and Loan Forgiveness** 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. We urge you to:
 - **Set Aside Paycheck Protection Program Funding for Nonprofit Organizations** to accommodate the unique challenges that have arisen as the Small Business Administration develops its new relationship with our sector. Otherwise, nonprofit organizations will continue to be left behind in the race for scarce PPP dollars.
 - **Expand the Range of Nonprofits with Effective Access to PPP** by providing incentives or other encouragement for financial institutions to process applications from small nonprofits and those serving communities of color. Also, modify the current 500-employee cap that currently excludes some of the highest impact organizations from this critical lifeline.
 - **Reflect Nonprofit Needs in the Mid-Size Business Loan Program** by adjusting CARES Act Section 4003(c)(3)(D) to implement a program to support nonprofit employers with between 500 and 10,000 employees. This provision should include loan forgiveness and other terms that reflect the unique circumstances and importance of the nonprofit sector.

2. **Provide Direct Financial Assistance to Small Nonprofit Organizations** as described in the Save America's Main Street Act (S.3549). Early accounts confirm that smaller organizations with less-established banking relationships are struggling to secure PPP loans. Direct rebates of up to \$75,000 would be an efficient mechanism to provide targeted assistance to small employers with the greatest need.
3. **Strengthen Charitable Giving Incentives** to encourage all Americans to give back to their communities during these challenging times. While nonprofits face many of the same earned revenue challenges as for-profit businesses, they are unique in also facing skyrocketing demand in the community for their services. We deeply appreciate that the CARES Act recognized this need by giving every taxpayer some access to the charitable deduction. However, the current \$300 cap is far too low to incentivize the sort of giving necessary to meet community need. We urge you to:
 - **Make Donations Eligible for 2019 Tax Filings:** Encourage donors to support the work of charities today by allowing donations on and after March 13 and before July 16 to be eligible for 2019 tax filings for both itemized and non-itemized returns.
 - **Improve the Above-the-Line Deduction** in CARES Act by increasing the \$300 per filing unit cap to match the bipartisan proposals for a roughly \$4,000 cap for single filers and \$8,000 cap for married couples filing jointly.
4. **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. The need to address this disparity has only heightened with the recent release of alarming guidance from the Department of Labor about the implementation of this provision.
5. **Increase Support for Volunteer Drivers** by temporarily increasing the mileage reimbursement rate for volunteers to match the rate for businesses. In response to COVID-19, nonprofits are relying on volunteers to help modify their business models to deliver services to constituents who are sheltering at home. Increasing the volunteer mileage reimbursement rate will make it less expensive for neighbors to help one another, while also promoting public health.
6. **Suspend the "Siloing" Requirement for Unrelated Business Income** for 2019 and 2020. Nonprofit organizations currently are struggling to comply with new, artificially strict accounting rules that prevent them from off-setting income with business losses. The CARES Act made it significantly easier for many for-profit businesses to reduce their taxes with losses while doing nothing to mitigate this unfair treatment of nonprofits. Suspending this provision will free-up an average of \$15,000 per year in flexible funding that impacted nonprofits desperately need to keep their doors open and meet rising community needs.
7. **Adequately Fund Healthy Elections** to help state and local election officials comply with new voting practices to protect public health. Specifically, build on the \$400 million invested by the CARES Act by allocating an additional \$3.6 billion exclusively to support absentee ballots, vote-from-home, early voting, new poll workers, and clean polling places. A significant increase in appropriations is required to address the scope and severity of this threat. Help ensure that no one will be required to choose between their health and their vote.
8. **Increase Internet and Technology Access for Households in Need** by allocating an additional \$450 million to the Institute of Museum and Library Services to bridge the digital divide. Although we appreciate the CARES Act initial investment of \$50 million to provide internet

service, devices, and tech support, significantly more funding is required to meet community needs. Increasing the funding will allow more people to access life-saving public health information and telemedicine, but also unemployment resources, education, remote work, and religious services. With COVID-19 cases predicted to fluctuate in the coming months, this provision ensures future social distancing orders do not further isolate or ignore particular members of our communities.

- 9. Recognize the Needs of Nonprofit Essential Workers** alongside all other frontline employees who meet pressing community needs during this pandemic. Protect the health and safety of all essential workers, including nonprofit staff and volunteers, by supporting access to and distribution of infectious disease personal protective equipment, COVID-19 testing kits, and cleaning supplies. Also, please consider offering federal hazard pay for essential nonprofit workers and others that risk their personal well-being to ensure others are healthy, safe, housed, and fed.

Thank you for your consideration and your determined work to confront this crisis with the full capacity of our federal government. Nonprofit organizations around the country will continue to serve on the front lines in meeting their communities' most urgent needs, and we look forward to partnering with you.

Sincerely,

Daniel J. Cardinali
President and CEO
Independent Sector