

## Nonprofit Track Reforms to the CARES Act

The charitable nonprofit community appreciates that several key relief programs in the CARES Act were modified to include nonprofit eligibility. This approach recognizes the critical role that charitable nonprofits play in our nation's economy and as valued problem solvers in communities. However, implementation challenges have arisen with federal agencies and private entities that undermine Congressional intent to provide economic relief for nonprofit organizations. Consequently, when Congress looks 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, and making the following additional improvements:
  - **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 Loans under CARES Act Sections 1102 and 1106 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 immediate donations 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 (applicable to itemized and above-the-line deductions).
  - **Above-the-Line Deduction** in CARES Act Section 2204:
    - Increase the \$300/person cap
    - Extend 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 in CARES Act Section 2103.
- 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.

Several of these provisions are incorporated in the bipartisan **SOS Act, H.R. 6408**.

**As Congress turns to infrastructure legislation**, the nonprofit community reiterates the importance of addressing the needs of this sector that employs 12.3 million Americans (more than construction, finance, and manufacturing). We ask that any infrastructure legislation recognize that nonprofit employees and volunteers are working on the front lines and are equally entitled to personal protective equipment and hazard duty or Pandemic Premium Pay; that community supports, like the 211 Helpline and website and similar community-based programs, need additional funding; and that other programs will need to be expanded to address local needs.