

Action Needed Now By the Administration to Support the Work of Charitable Nonprofits on Which the Nation Relies

The charitable nonprofit community urgently requests that the Trump Administration take action to address critical administrative and regulatory issues arising from recent federal legislation in response to the COVID-19 crisis.

What we're facing: Charitable nonprofits of all sizes play a significant role in the U.S. economy as the country's third-largest private-sector employer. Faith-based and charitable organizations are working on the front lines in every community across America to fight the coronavirus, provide support and relief to its many victims, and help prepare for the reopening of our economy. They are providing childcare services so health care workers and first responders can do their jobs, feeding the millions of newly unemployed persons and their families, and delivering other critical physical, spiritual, and mental health services and support. ***Many more nonprofits would be rehiring or even expanding their workforces to address mounting needs if they had the resources to do so.***

What we need: The broad charitable nonprofit community provided [recommendations to Congress](#) for legislation critical to support relief and future recovery efforts in communities throughout the U.S. So that nonprofits can continue to help the millions of people, as well as state and local governments, who rely on us daily, we ask Administration officials to issue guidance clarifying the following programs in order to enable charitable organizations to advance their missions. These requests reflect the sector-wide matters of immediate concern to the charitable nonprofit community; individual organizations and subsector groups are raising their views on additional issues in other communications.

Paycheck Protection Program

The nonprofit community asks the Small Business Administration and Department of Treasury, as appropriate, to **take action so that charitable nonprofits can maintain and expand their operations, including hiring additional workers, to address critical needs** that are growing exponentially due to the pandemic:

1. Designate a significant percentage of PPP-appropriated funds to be used exclusively for loans to eligible nonprofit organizations so these employers have equitable access to loans, rather than being continually pushed to the back of the line. Nonprofit access to forgivable loans should include, but not be limited to, funds accessible exclusively through Community Development Financial Institutions and Minority Depository Institutions.
2. Clarify eligibility to extend coverage under the program to faith-based and charitable nonprofits with up to 1,500 employees, or through the SBA alternative size standard, as was [recently extended in guidance](#) to agricultural producers, farmers, and ranchers.
3. Issue guidance pertaining to eligibility and implementation issues specific to nonprofits. For example, how should nonprofits answer the application question pertaining to "owner;" can nonprofits be eligible under the alternative size standard; how are jobs funded under government grants counted in the eligibility headcount and for loan forgiveness; can multiple nonprofit operations that share an EIN be considered for separate loans under the program?
4. Require standardized reporting criteria from lenders to better understand loan recipients' tax-exempt status, size, and whether they are located in low-income or rural communities.
5. Issue comprehensive guidance addressing questions related to PPP loan forgiveness.

Economic Injury Disaster Loan Program

Many organizations applying for Economic Injury Disaster Loans discovered that SBA was awarding much smaller loans than promised (\$25,000 instead of loans up to \$2 million) and that the EIDL emergency advance was changed from a flat \$10,000 to only \$1,000 per employee with a maximum of \$10,000. These alterations to the program were made without advance notice from SBA. Now that the EIDL funds have been replenished by the interim funding bill signed by the President on April 24, **we ask that SBA take affirmative steps to restore EIDL payouts to the levels authorized by the CARES Act.**

Mid-Size Nonprofit Loan Program

Recognizing that nonprofits of all sizes are essential to the wellbeing of local communities, **the nonprofit community seeks the Administration's commitment to designate an equitable share of funding for nonprofits within the Mid-Size Loan Stabilization Fund established in the CARES Act.** This will 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, as seen under the PPP. Should the Secretary endeavor to establish a nonprofit loan program to comply with CARES Act Section 4003(c)(3)(D), we believe the following terms would be most appropriate to effectuate the will of Congress:

1. Include a 0.50% interest rate (50 basis points) for 501(c)(3) charitable nonprofits at a 5-year amortization;
2. Give priority to 501(c)(3) charitable nonprofits responding to the COVID-19 crisis;
3. Provide that payments shall not be due until two years after a direct loan is funded;
4. Stipulate that employee retention provisions begin on the date that loan funding is received by the borrower; and
5. Define "workforce" as full-time employees or full-time equivalents for the purposes of implementing any workforce restoration and retention provisions.

Unemployment Insurance

Congress expanded the benefits under unemployment insurance systems in the coronavirus stimulus laws, but states must also enact enabling legislation or take other actions at a time when many state legislatures have suspended sessions due to COVID-19. **Without clear guidance from the U.S.**

Department of Labor, self-insured charitable nonprofits are incurring crippling costs not being imposed on other employers. The nonprofit community strongly urges the Department of Labor to issue clarifying interpretations and instructions as soon as possible:

1. States must use the funds in CARES Act Section 2103 to cover 50 percent of the cost of COVID-19 related unemployment claims of *each* self-insured nonprofit, local government, and/or federally recognized tribe;
2. States must use the funds in CARES Act Section 2103 to reduce the reimbursable amount of each entity with COVID-19 related claims by 50 percent and may not require the organizations to reimburse for any amount in excess of 50 percent of the costs of these claims;
3. States that billed nonprofits at 100 percent prior to the issuance of guidance from the Labor Department should be required to repay the employers within 15 days of receipt of the funds from the federal government;
4. States should be encouraged to extend the deadlines for timely payments of reimbursable amounts without imposition of penalties or interest; and
5. States should be encouraged to waive liability for base-period claims that are COVID-19 related for self-insured nonprofits.

Points of Contact

Nonprofit organizations value their partnership with the federal government. We request that the Administration provide us with points of contact in each federal agency to serve as liaisons to whom we can report problems and quickly identify solutions.

The following organizations contributed to this list and stand ready to work with the Administration to provide additional information and assistance in implementing the recommendations.

Alliance for Strong Families and Communities ♦ American Alliance of Museums ♦ American Cancer Society
Cancer Action Network ♦ American Lung Association ♦ Americans for the Arts ♦ Association of Art Museum
Directors ♦ Catholic Charities USA ♦ Ducks Unlimited ♦ Girl Scouts of the USA ♦ Girls Inc. ♦ Goodwill
Industries International, Inc. ♦ Habitat for Humanity International ♦ Independent Sector ♦ Jewish
Federations of North America ♦ League of American Orchestras ♦ Lutheran Services in America ♦ Mental
Health America ♦ National Council of Nonprofits ♦ Union of Orthodox Jewish Congregations of America ♦
United Way Worldwide ♦ Volunteers of America ♦ Welcoming America ♦ YMCA of the USA ♦ YWCA USA