

February 9, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nydia M. Velazquez
Chair
Committee on Small Business
United States House of Representatives
Washington, DC 20515

The Honorable Ben Cardin
Chair
Committee on Small Business and
Entrepreneurship
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader Schumer, and Chairs Velazquez and Cardin:

We write to express our appreciation and strong support for the provision in the Small Business Committee portion of the pending reconciliation legislation that will, for the first time since the outset of this crisis, expand eligibility for Paycheck Protection Program (PPP) loans to certain charitable nonprofits. Specifically, we support the language that would clarify that “a nonprofit organization shall be eligible to receive a covered loan if the nonprofit organization employs not more than 500 employees per physical location of the organization.”

Forgivable loans under the Paycheck Protection Program have been a lifeline for many charitable and for-profit businesses. Charitable nonprofits that received loans were better able to retain employees as they worked to address the enormous demand for relief and recovery services during the pandemic. Indeed, many of the people and communities we serve would have suffered even more greatly during the pandemic and economic crises if Congress had not acted.

Yet, while some nonprofits were able to participate in the Paycheck Protection Program, the PPP was (understandably) designed primarily for for-profit businesses. It excluded too many charitable organizations that are providing essential services. Most notably, nonprofits with more than 500 employees have not been eligible for PPP or forgivable loans since the outset of this crisis. Many larger for-profit businesses, namely restaurants and local news organizations with multiple locations, received express carveouts that expanded their eligibility and access to millions of dollars in forgivable loans.

The pending legislation corrects this shortcoming in the PPP by striking the application of SBA’s affiliation rules to nonprofits in the CARES Act and calculating employee headcount “per physical location.” The result will be to extend the existing multi-location rule available to restaurant chains and local media to charitable nonprofits that employ more than 500 employees total, but not more than 500 at a single location.

This is most appropriate. Charitable organizations perform critical services in America’s communities, addressing the needs of the people they serve where they live. Further, nonprofits with more than 500 employees frequently serve large metropolitan areas or an entire state, including the most rural areas. All are struggling, yet have continued to provide frontline support to communities during the pandemic.

These proposed changes to the PPP are in keeping with the recommendations to Congress and the Administration recently communicated in the [nonprofit coalition letter signed by more than 2,700 nonprofit organizations](#) from all 50 states. We appreciate your recognition of the unique challenges charitable organizations continue to face and this support for urgently needed relief that will enable more charitable organizations to contribute to our nation's relief, recovery, and rebuilding.

Sincerely,

Alliance for Strong Families and Communities

American Alliance of Museums

American Heart Association

American Lung Association

Association of Art Museum Directors

Center for Creative Leadership

Council on Foundations

Ducks Unlimited

Goodwill Industries International, Inc.

Habitat for Humanity International

Independent Sector

Jewish Federations of North America

League of American Orchestras

Lutheran Services in America

March of Dimes

National Council of Nonprofits

National Health Council

National MS Society

PATH (People Assisting The Homeless)

Union of Orthodox Jewish Congregations of America

YMCA of the USA

YWCA USA