



April 14, 2020

The Honorable Angie Craig
The Honorable Tom Emmer
The Honorable Jim Hagedorn
The Honorable Amy Klobuchar
The Honorable Betty McCollum

The Honorable Ilhan Omar
The Honorable Collin C. Peterson
The Honorable Dean Phillips
The Honorable Tina Smith
The Honorable Pete Stauber

Dear Minnesota Congressional Leaders,

The Minnesota Council of Nonprofits and the charitable nonprofit community greatly appreciate that several key relief programs in the CARES Act were modified to include nonprofit eligibility. This approach recognizes the significant role that charitable nonprofits play as the third largest employer in our nation's economy and as valued problem solvers. However, implementation challenges have arisen with federal agencies and private entities that undermine Congressional intent to provide economic relief for nonprofit organizations.

As you work to build on the CARES Act, MCN and the charitable nonprofit sector nation-wide request 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 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. The following additional improvements are needed to expedite relief:
 - **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 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 donations to the work of charitable organizations in their communities today 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. This retroactive application should apply to itemized and above-the-line deductions during this critical period.
 - **Improve the Above-the-Line Deduction** in CARES Act by increasing the \$300/person cap and extending 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. 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.
- This item is of such importance to Minnesota nonprofits that we are sending your office a separate letter, with over 100 nonprofit signatories, outlining why relief for reimbursing employers is vital.
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. Charitable nonprofits are on the frontlines of providing relief, support, and care now, while the pandemic rages, and going forward as America will struggle to recover. Organizations need the resources now to provide vital services essential to individual and community wellbeing.

The CARES Act was a critical first step. We hope that nonprofits can count on your continued leadership, and your insistence that the needs of nonprofits, and the indispensable role they play, are at the center of this relief legislation. And we count on your active engagement with the president to make sure that charitable nonprofits can continue to fulfill their missions, especially in times such as this of unique challenge to our nation.

Sincerely,

Jon Pratt
Executive Director

Marie Ellis
Public Policy Director