



Interim Funding Package Status: “Hopeful,” “Encouraging”

Congressional leaders and the administration are expected to soon announce, perhaps as soon as today, a bipartisan agreement on interim legislation to add new funding for programs in the Coronavirus Aid, Relief, and Economic Security Act ([CARES Act](#)) that have run out or are facing critical shortages. Treasury Secretary Mnuchin, House Speaker Pelosi, and Senate Minority Leader Schumer said [during Sunday talk-show appearances](#) that they were “hopeful” about the negotiations that were “making a lot of progress.” Republicans had proposed a narrow bill to provide an additional \$251 billion for the Paycheck Protection Program (PPP) loans managed by the Small Business Administration. Democrats are seeking to attach funding for hospitals and state and local governments, as well as requirements that a certain percentage of the loans be used for minority, women, or veteran owned businesses. By one report, the parties are close to agreeing to provide roughly \$300 billion for the PPP, \$60 billion for the SBA disaster loan program, \$75 billion for hospitals, and \$25 billion for additional COVID-19 testing. If an agreement is reached, the interim funding bill could be enacted by mid-week.

CARES Act

Main Street Lending Program and Nonprofits

Earlier this month, the Treasury Department and Federal Reserve [announced new and expanded lending](#) called the Main Street Loan Programs to extend credit to “businesses” with up to 10,000 employees or revenues of \$2.5 billion. Several law firms reported that nonprofits were eligible for the Main Street loans, but [Speaker Pelosi said the opposite](#) in a message to House Democrats, stating that the programs “are excluding nonprofits, many institutions of higher learning and Minority-Serving Institutions.” The [National Council of Nonprofits](#) and hundreds of organizations submitted public comments to the Federal Reserve calling on the Fed and Treasury to promptly launch a loan program expressly available to charitable nonprofits that satisfy the favorable terms in the CARES Act, including a lower interest rate and longer maturity.

Federal FastView

- **IRS on Overlap of CARES Act Provisions:** On April 10, the IRS released [frequently asked questions \(FAQs\)](#) regarding the interaction of relief provisions for employers in the CARES Act. The FAQs clarify the language of the CARES Act that prohibits payroll tax deferral for employers that receive forgiveness on a Paycheck Protection Program loan. The guidance explains that organizations can defer the employer share of its payroll taxes (pursuant to CARES Act Section 2302) even if they are applying for PPP loans. The statute says employers can’t do both. The guidance explains that [employers can delay the payroll tax payments](#) up to the date that a PPP loan is approved, but must start paying them thereafter.
- **SOS America Act:** The Save Organizations that Serve (SOS) America Act ([H.R. 6408](#)), a bipartisan bill introduced by Representatives Seth Moulton (D-MA) and Brian K. Fitzpatrick (R-PA), would establish a permanent above-the-line or universal charitable deduction for those who take the standard deduction on

during this unprecedented public health crisis. It is easy to say ‘we are all in this together.’”

On government grants and contracts

Larger nonprofits providing human services “operate on razor-thin 1% margins ... and squeak by on just a few weeks of cash in the normal course. They are not financially precarious because of poor management. Rather, they’ve been forced to subsist on ‘cost-minus’ government contracts providing after the fact reimbursement with all the associated cash-flow and working capital challenges.”

~John MacIntosh, writing in [Secretary Mnuchin, Don’t Shred the Safety Net](#), *Forbes*, Apr. 16, 2020

On proposed sale of .org domain

“With so many nonprofits now feeling the effects of the COVID-19 pandemic on their operations and working tirelessly just to be able to keep their doors open to serve their communities, they can ill afford to have even a dollar diverted unnecessarily from their work to pay down the hundreds of millions of dollars of debt that this transaction will incur.” ~ Rick Cohen with the National Council of Nonprofits, quoted in [Coronavirus Raises the Stakes in the .org Battle](#), Alexandra A. Levine, *Politico Morning Tech*, Apr. 20, 2020, explaining the urgency of the opposition of nonprofits to a proposal to sell the .org domain to a private equity firm that plans to borrow heavily to finance the deal. See related article.

On completing the 2020 census

“One thing that we can do from the comfort of our homes is to hop online or pick up a phone and complete our census.” ~ Gabe Layman, Cook Inlet Housing Authority chief operating officer, quoted in [Alaska residents urged to complete](#)

their federal income tax forms. The bill would also expand the Paycheck Protection Program to more nonprofits by lifting the 500-employee cap and authorize \$60 billion in financial relief for the sector.

- **IRS Extends Filing Deadlines for Nonprofits:** In the [March 23 edition of *Nonprofit Advocacy Matters*](#), we flagged that when the President and Treasury Department extended Tax Day until July 15, 2020, the actual emergency rule was written in a way that did not apply to nonprofits, meaning that “without another fix,” nonprofits were left out. Two weeks ago the IRS issued another Notice ([2020-23](#)) that provides the same July 15 filing extension for nonprofits to file their Form 990 series documents. However, it did so in a convoluted way that failed to even mention Form 990 and required tax law gymnastics to connect it back to [Proc. 2018-58](#) from two years earlier. And even the seven-paragraph [IRS press release](#) about the extension failed to mention that it covered nonprofits. But it does; nonprofits now have an extension for all of the Form 990 series of filings until July 15 like everyone else in America.

California AG calls for rejection of .org sale; decision deadline extended

After investigating a number of issues with the proposed billion-dollar sale, [California Attorney General Xavier Becerra called on ICANN to reject the potential transfer of the .org registry](#) from the nonprofit Public Interest Registry to a new LLC controlled by Ethos Capital. In a letter sent last week, the Attorney General highlighted a number of issues with the sale and noted that “Empowering a for-profit entity that could undermine the accessibility and affordability of the .org domain, which serves nonprofits, should concern all of us.” A day after receiving the letter, the ICANN board [further extended its timeline for making a decision](#) on the transfer to May 4.

Census Deadlines Delayed, Count Continues

The Census Bureau has [delayed the beginning of field operations due to COVID-19](#); however, households are still encouraged to respond [online, by phone, or via a paper questionnaire](#). The window for field data collection and self-response has been extended to October 31, 2020. The extended deadlines do not stop the need for a fair, accurate, and complete count of every person in the United States, so please continue to engage your communities to fill out the questionnaire. State-specific resources from trusted state associations of nonprofits are available on our [U.S. Census 2020](#) webpage. Check it out to find useful templates and examples for communications, reaching hard to count populations, and videos.



STATE & LOCAL ISSUES



Budgets, Rainy Day Fund Outlook: Dismal

The effects of COVID-19 on state budgets will have long-lasting effects as state tax revenues plummet, unemployment rates skyrocket, costs spike, and rainy day funds disappear. **Kentucky** and **Pennsylvania** are “most likely to face immediate budget problems” according to a [study of three data points](#) (reserves, unemployment, and current status of budgets) by MultiState Associates. **Arkansas, Hawaii, Illinois, Louisiana, New Jersey,**

[census online, by phone](#), Associated Press, Apr. 7, 2020, providing a clear message to residents in Alaska and the other 49 states on the need and ease of completing the 2020 census.

Worth Reading

Nonprofits and Funders: [Coronavirus Requires Immediate State Advocacy](#), Tim Delaney of the National Council of Nonprofits, *Nonprofit Quarterly*, Apr. 7, 2020.

[Will Nonprofits Be Protected during the Shutdown? Stories from 3 State Leaders](#), Jeanne Bell and Steve Dubb, *Nonprofit Quarterly*, Apr 7, 2020, highlighting the advocacy work of state association leaders in [California, Illinois, and Minnesota](#).

On the charitable deduction [More on the Temporary Nature of the Above-the-Line Charitable Deduction](#), Roger Colinvaux, Nonprofit Law Prof Blog, Apr. 18, 2020, reinforcing that the CARES Act giving incentive is only available for donations in 2020 unless Congress expands it in upcoming legislation.

On protecting human services workers

[Why human services employees in communities are essential to combating COVID-19](#), Susan Dreyfus and Ilana Levinson of the Alliance for Strong Families and Communities, *The Hill*, Apr. 17, 2020, making the case for extending hazard-duty and premium pay to human services workers.

On nonprofit access to credit

[Too Big to Fail, NYC's Largest Human Service Nonprofits](#), SeaChange Partners, April 2020, reviewing the experiences of large nonprofits in New York City and making the case for the urgent creation of financial support for larger nonprofits, particularly those providing social supports. It expressly cites the

and **New York** are also at high risk due to the elimination of previous surpluses, slow and restricted federal funding, and legislatures closing before budgets were finalized for the year. Before the pandemic, rainy day funds had been at the [highest level in twenty years](#), but those [gains are now being tested](#) during the crisis. State reserves were estimated to cover an average of 28 days of government operational expenses, even though the crisis has already passed that threshold. According to the report, **Alaska**, **North Dakota**, and **Wyoming** had previously been considered in the best shape with the largest proportional budgetary reserves, compared to **Kansas** and **Illinois**, which have the smallest. Unlike Congress, state lawmakers must enact balanced budgets, giving them [limited options to fill budget gaps](#), such as raising taxes or cutting spending, unless the federal government provides funding or states innovate ways for more flexibility to respond to the crisis

The situation is no better at the local level. A recent survey of municipalities across the country revealed that nearly nine in 10 cities expect a budget shortfall due to the impact of the COVID-19 pandemic on their economies. For cities with populations of 50,000 to 500,000, 98 percent expect deficits. The CARES Act limited eligibility for the \$150 billion relief funds for cities only to those with populations above 500,000 – meaning that only 36 American cities could access the aid. This leaves all the rest without this direct federal support, [according to the United States Conference of Mayors and the National League of Cities](#). This [infographic interprets](#) the data.

Unemployment Insurance and Nonprofits

Some states have taken steps to provide relief from unemployment reimbursements that self-insured nonprofits desperately need in order to remain viable. Federal and state laws enable nonprofits to [opt out of their state unemployment insurance pools](#) and in normal times pay back the unemployment benefits claimed by their former employees. A few states are recognizing that these are not normal times. For instance, a proclamation by the [Louisiana](#) Governor suspends reimbursements related to emergency-related claims during the coronavirus crisis; the benefits workers collect will not be charged to nonprofits. Similarly, Emergency Order #5 in [New Hampshire](#) declares that benefits will be paid out of the unemployment compensation trust fund and prohibits the state from seeking reimbursement from employers, regardless of whether they pay into the state system or self-insure. The broad language in emergency rulemaking in [Georgia](#) appears to include nonprofits in the declaration that employers “not be charged certain benefits paid for unemployment.”

Elsewhere, the nuances of state laws make solutions more difficult. **Pennsylvania** law allows nonprofits to [choose to pay a solvency fee](#) to access unemployment benefits. Recently [enacted legislation](#) provides nonprofits 100 percent relief from benefit charges if they elected to pay the solvency fee; those that did not will be charged 50 percent of the charges within 120 days. The statute permits interest-free repayment plans, a grace period, and extensions. In [Utah](#), guidelines eliminated one of two rates normally imposed on employers and greatly reduced the remaining rate during the pandemic. Nonprofit and for-profit employers in [Kentucky](#) with fewer than 100 employees are held harmless for their reserve ratio. Orders and guidance in [Delaware](#) and [Utah](#) automatically defer payments for nonprofits and other reimbursable organizations by 90 and 30 days, respectively.

States, Nonprofits Set Up Bridge Loan Programs

A few states and specially-chartered nonprofits are stepping in to provide interim funding for nonprofits during the COVID-19 crisis. Lawmakers in **New**

[Nonprofit Community Letter](#) and endorses the recommendations for loan programs.

[Ask an Expert: Eligibility for Federal Stimulus Funds and the New Charitable Deduction](#), Dan Parks and Eden Stiffman, *Chronicle of Philanthropy*, Apr. 15, 2020, featuring analysis by David L. Thompson of the National Council of Nonprofits of key loan provisions of the CARES Act.

On the nonprofit community letter

[Nonprofits Seek Dedicated COVID Funding Stream](#), Paul Clolery, *NonProfit Times*, Apr. 13, 2020, sharing the views of several nonprofit leaders about the need for a Nonprofit Track in the next stimulus bill.

New Resources

[Federal Relief Navigator](#), Montana Nonprofit Association, Apr. 10, 2020, providing a decision-



making navigator to help nonprofits understand what federal relief is available for organizations and employees.

[COVID-19 Nonprofit Toolkit](#), Florida Nonprofit Alliance, providing in one place a collection of insights, FAQs, and regulatory guidance to help nonprofits take advantage of various programs and benefits established through the CARES Act.

[Guidance for Charitable Nonprofit Organizations Facing the Challenges of the COVID-19 Pandemic](#), New York Charities Bureau, April 2020.

Numbers in the News

82% vs. 38%

The states with the highest (Nebraska) and lowest (California) Paycheck Protection

York are considering two bills ([A.10212](#) / [A.10208](#)) to create loan programs for nonprofits and small businesses in the state. The first would provide loans up to \$5,000 for organizations with fewer than 50 employees, and the second would provide loans up to \$75,000 for organizations with fewer than 100 employees. Both would grant a 90-day grace period with zero percent interest. In **Utah**, strong advocacy by nonprofit leaders ensured that round two of the [Utah Leads Together Small Business Bridge Loan](#) program includes 501(c)(3) nonprofit organizations; the original rollout of the program did not allow nonprofits access to the funds. Loans range from \$5,000 to \$20,000 with zero percent interest for up to 60 months. Amounts are limited to three months of operating expenses and initial payments are deferred for 12 months.

In **Hawaii**, the Hawaii Community Reinvestment Corporation (HCRC), a 501(c)(3) organization, has launched [HELP \(HCRC Emergency Loan Program\)](#) to provide “short-term bridge loans and term loans to nonprofits and mission-aligned small businesses that are otherwise unable to secure financing and are in immediate need of capital during the COVID19 crisis.” Eligible organizations must be registered in the state, be in good standing, existed before 2020, have annual revenues of at least \$100,000, and have been financially stable prior to the crisis. Nationally, community foundations in all 50 states and DC have [created relief funds for local nonprofits](#) fighting the virus.



The Art and Advocacy of the Nonprofit Sign-On Letter

In an era of mandatory shutdowns and stay-at-home orders, in-person lobbying on behalf of the work of charitable nonprofits can't happen. An occasional advocacy tactic in the past, the nonprofit sign-on letter has proliferated as a go-to tool during the pandemic. Some organizations appear to be promoting letters as vanity projects to get their brand and logo out there in an attempt to show they are doing something that adds value. Others are feeling bombarded by too many sign-on opportunities to the point that they are swearing off all such letters. What's the right balance?

The point of a nonprofit sign-on letter is to impress upon policymakers that a substantial group of organizations is calling on them to adopt significant policy decisions. Here are four essential factors for producing powerful nonprofit sign-on letters:

1. Timing

The question of *when* the letter needs to be delivered affects important decisions at the outset. For instance, when there's a need for speed, the communication has to appeal to existing networks that are used to acting quickly. Letters sent to every Member of Congress need to have signers from every state, something that a quick turnaround schedule could not guarantee. That's why the most recent [Nonprofit Community Letter](#) was limited to national organizations. Also, because of close advocacy work over the preceding three bills in Congress over the previous few weeks, the letter was able to attract 200+ organizations in only 23 hours. The letter is [open for more signers](#), as noted at the top of this newsletter.

2. Substance

While much of the thought that goes into producing a powerful sign-on letter involves tactical decisions, at essence the letter is a substantive

Program loan approval rate as a percentage of eligible payrolls.

Source: [Small-Business Rescue Shows Not All States Are Created Equal](#), Zachary Mider and Cedric Sam, *Bloomberg*, Apr. 17, 2020, providing a state-by-state analysis of the performance of the Paycheck Protection Program through April 16.



YWCA Stand Against Racism: National Tele-Town Hall

Thur. April 23, 3:00 pm ET
The YWCA USA is hosting this nationwide tele-town hall meeting with national leaders in the movement for racial justice and gender equity to explore strategies and tactics for effective civic engagement amidst social distancing and motivate and inspire nationwide networks for the work of racial justice.
[Register now!](#)



Nonprofit Events

- Apr. 20, [Call with Gov. Walz & Lt. Gov. Flanagan](#), Minnesota Council of Nonprofits
- Apr. 21, [All Things Census](#), National Conference of State Legislatures
- Apr. 23, [COVID-19 Weekly Update](#), Alliance of Arizona Nonprofits
- Apr. 28, [COVID-19 Update](#), Florida Nonprofit Alliance
- Apr. 30, [COVID-19 Weekly Update](#), Alliance of Arizona

communication of common values. The drafters must balance the broadest possible appeal with enough specifics to inform policymakers what the correct action is. Perhaps all nonprofits would sign onto a call for lawmakers to support the work of nonprofits, but only a few would put their name by a demand to fund a specific budget line item. The text must balance these competing objectives: elevate the highest common denominator for the broadest possible coalition while also diving into the greatest specificity for the desired solution without scaring off potential supporters.

A [letter led by CalNonprofits](#) to influence state policymakers sets the stage for specific policy proposals by providing data on how “[n]onprofits affect the lives of every Californian every day.” The current [national Nonprofit Community Letter](#) identifies four priorities that, combined, span the immediate needs of all charitable nonprofits. Sign-on letters that are being circulated by the state associations in [Florida](#), [Maine](#), [Nebraska](#), and [Washington State](#) provide their own takes on the federal COVID-19 stimulus legislation. Each letter is tailored to the audience of signers and to the policymakers who will read it.

3. Breadth

Breadth matters. The Nonprofit Community Letter is a good example of a letter that shows the shared concerns of the full range of charitable nonprofit organizations. Signers range from A to YWCA, and include every subsector of the charitable community. A letter led by the [North Carolina Center for Nonprofits](#) made the case for more than 450 organizations from throughout the state’s 100 counties. The North Carolina letter, like those from state associations in [Montana](#), and [Oregon](#), demonstrates the urgency and broad appeal of the policy proposals by showing the support of small local charities, regional powerhouses, and state chapters of national organizations from all subsectors of the community. While the Nonprofit Community Letter signed by national groups shows solidarity among name brands, the state and local letters reinforce that the people in home districts vote, care, and are watching and expecting action.



Not all letters require large numbers of signers to be effective. Last week the [Michigan Nonprofit Association](#) joined with the statewide United Way and the Council on Michigan Foundations to present a longer list of technical policy priorities that, while important, may not have been understood or applicable to a broad audience and/or needed to move quickly rather than wait for enough signatures. The [CalNonprofits-led letter](#) to state leaders attracted more than 1,100 organizations on a series of proposals primarily focused on government grants and contracts during the pandemic. Similarly, communications from nonprofit subsectors – such as [human service providers](#), [arts groups](#), and faith-based organizations – can be equally effective when many or a representative sample of the community sign on.

4. Delivery

Even the best letter with an impressive collection of signers is of little value unless it gets to the target audience – usually policymakers making the ultimate decisions over the policies under discussion. Delivery is key, and several of the foregoing are excellent examples of ways to get the substantive advocacy messages to the people making the decisions. The [Nonprofit Community Letter](#) was first emailed on April 8 to several key

Nonprofits

- May 19-20, [Washington State Nonprofit Conference](#), Washington Nonprofits
- May 27-28, [Nonprofit Leadership Conference](#), North Dakota Association of Nonprofit Organizations
- June 3-4, [Nonprofit Leadership Conference](#), North Dakota Association of Nonprofit Organizations

Nonprofit VOTE Webinar

COVID-19 & Policy Options for Expanding Mail-in Ballots this November

Thur., Apr. 23, 2:00 pm Eastern
Join this webinar to learn how you can be an informed and effective advocate for state-level policy change to promote voting in the age of COVID-19. [Register now!](#)



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staffers in every congressional office. Then, many individuals emailed the letter to key contacts “on the Hill” the following day. Several more [tweeted the letter directly](#) to the Twitter handles of congressional offices.

Next, state associations of nonprofits delivered the Nonprofit Community Letter to their individual Senators and Representatives. Importantly, they added a cover letter that provided state-specific data and context. A more extensive version of the state-specific cover letter is one that includes the signatures of hundreds of local and state-wide nonprofits, i.e., one that reinforces the factors of timing, substance, breadth, and impact.

Advocacy in the age of COVID-19 is changing by the hour, by the issue, and by the needs of the community. These four factors can help ensure that important nonprofit messages are shaped and delivered in ways that maximize impact. While the letters can garner considerable attention, they are no substitute for old-fashioned and all-important direct contact by individuals with their elected officials, whether by phone, email, or letter.

Read more examples of [Advocacy in Action](#),
a regular feature of *Nonprofit Advocacy Matters*.

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