



THE CENTER FOR
PUBLIC JUSTICE

May 21, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

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

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer, and Minority Leader McCarthy:

Thank you for your leadership in responding to the COVID-19 crisis. As this crisis continues and we all begin to look ahead to the new realities beyond the current health and economic emergencies, we urge you and your colleagues to continue to provide recovery support not only for individuals, governments, and the economy but also for civil society institutions, including faith-based organizations and houses of worship, and their employees and those they serve.

Many proposals have been made for inclusion in the next major legislative package, and we agree that a diverse and responsive set of tools are needed from the government. While there continue to be opportunities to improve on what has already been done, **we write to draw your attention to a set of specific proposals designed to provide recovery support for civil society institutions, including faith-based organizations and houses of worship.** These institutions are hard at work providing COVID-19 relief to their communities every day and they remain in need of additional recovery support.

Looking forward, we believe the following policies will be critical to the health of congregations and the faith-based nonprofits and the communities they serve, and ask they be included in future legislation.

1. **Further incentivize charitable giving in this time of economic and social crisis.**

Thank you for ensuring that the CARES Act created a deduction for non-itemizers to support \$300 in charitable contributions in 2020. We strongly urge Congress to further incentivize charitable giving during this time of crisis. Charitable contributions are predicted to decline as much as \$40 billion this year and next, given the economic turmoil -- just at this time when charities are being called

upon to do more for their neighbors. While some regard charitable giving incentives to be a loss to the Treasury, we urge a different perspective: charitable contributions provide income that is unconstrained by government restrictions that may hamper the ability of faith-based charities and houses of worship to serve their communities. In the COVID-19 crisis, the more the government can encourage neighbors to help their neighbors, the more the common good is served. We ask you to increase the non-itemizers deduction to \$4000 per individual (\$8000 for married couples) as was proposed by Senators Lankford and Coons in an amendment to the CARES Act. This deduction should also be made retroactive to the 2019 tax year so that nonitemizers can claim a deduction for donations they make now, at the height of this crisis, and it should be made permanent, or at least extended through 2022.

2. Continue to refine the Paycheck Protection Program so that faith-based organizations and houses of worship receive the support they need.

Thank you for ensuring that the CARES Act and the Paycheck Protection Program and Health Care Enhancement Act included eligibility for faith-based charities and houses of worship. Some nonprofit charities and churches have received support under the PPP loan program. But many, often smaller, congregations and charities have been unable to access PPP loans or, having received a loan, have declined to accept the loan, due to confusing rules, inadequate assistance, news stories warning about ineligible applicants, and the particular service priorities of many financial institutions. Some potential religious applicants and recipients are concerned about lingering inappropriate religious restrictions. We propose further refinements to the PPP. The SBA should be directed to ensure that its regulations, policies, required public notices, and guidance do not impose religious requirements on religious recipients of PPP loans—the PPP is designed to provide rapid assistance to small organizations, not to conform their operations to different standards. We also ask that a significant proportion of the remaining loan authority be set aside specifically for nonprofit organizations, including religious nonprofits, and that funds returned to the program because of cancelled loans should be redistributed through loans to smaller nonprofit organizations (10 or fewer employees). We further recommend that the minimum maturity for PPP loans be extended to 5 years, the PPP program be extended to December 31, the requirement that 75% of a loan must be used for payroll be eliminated, the 500-employee cut-off be eliminated for nonprofit applicants, and that borrowers with low-risk criminal histories be made eligible for PPP loans.

3. Mitigate expected economic hardship for both the employers and employees of charitable nonprofits

Thank you for ensuring that the CARES Act expanded unemployment insurance coverage. We remain hopeful that an inequity built into the expanded unemployment provision will be remedied by future legislation. Section 2103 only provides reimbursement of 50% of costs to self-insured nonprofits, many of

which are faith-based organizations. We ask Congress to raise the reimbursement of costs for self-insured nonprofits to 100%.

Thank you for ensuring that the CARES Act included an increase in unemployment benefits for workers through the Pandemic Unemployment Compensation (PUC) supplement for those laid off from work. PUC is currently scheduled to expire on July 31, 2020. Although we expect many charitable sector institutions, including faith-based organizations and houses of worship, to reopen in the coming months, they will experience a decline in donations and revenue that may occur throughout the remainder of 2020. This will likely result in additional hardship and layoffs experienced by the employees of the third largest sector of the U.S. economy in the coming months. We ask Congress to extend the duration of Pandemic Unemployment Compensation in order to ensure the recovery of charitable sector employees, including those of faith-based nonprofits and houses of worship, whose livelihoods will continue to be impacted by COVID-19 for months to come. The amount of PUC should be set at a rate sufficient to defray economic hardship for those who have been laid off due to COVID-19, including tapering the existing benefit over a longer period of time, or beginning the PUC supplement to impacted workers at dates beyond July 31. Our recommendation is a 17 week extension of the PUC supplement, providing the same number of weeks of eligibility as employees who received PUC in the initial window. Protecting a liveable income through unemployment compensation not only stabilizes households but also the communities in which families live.

4. Mitigate ongoing hardship for families

The Families First Coronavirus Response Act provided a valuable pandemic protection in the form of 10 paid sick and family care days for workers as well as 10 weeks of emergency paid family leave for school closure. As the economy and institutions re-open, workers and families will need to be vigilant to COVID-19 symptoms and provide care for those who are sick or whose school or place of care is unsafe because of COVID-19. We ask that Congress extend paid sick and family leave provisions in order to promote public health and protect families' essential functions. Emergency sick and paid leave should be available - whether under the FFCRA's Emergency Paid Sick Leave Act or the Emergency Family and Medical Leave Expansion Act - for the following reasons: to self-isolate and recover due to a COVID-19 diagnosis, to care for a child whose school or place of care is closed, to care for a child, disabled or elder family member at risk of COVID-19 infection in their current place of care, to care for a family member with a COVID-19 diagnosis, care for a disabled or elder family member whose place of care is closed due to COVID-19, to seek protection from domestic violence. Emergency paid leave should also be available for bereavement for a family member who has died. Paid sick and family leave should be available for all employees, regardless of employer size. The refundable payroll tax credit for

employers is essential to nonprofit employers' ability to sustainably implement this program; it should be provided to all nonprofit employers regardless of size.

Additionally, many families whose parents are serving on the front-lines of the COVID-19 response remain in an untenable position when it comes to care for children. Despite the critical need that essential workers have for childcare, many childcare providers - including faith-based childcare providers - are at risk of closure, or have already closed, as enrollments and charitable donations decline and the cost of health and safety precautions rise. Historically, Child Care Development Block Grant-funded vouchers play an important role in childcare funding, enabling parents to choose religious providers or secular providers, even while CCDBG grants and contracts with child care providers carry significant religious restrictions. We ask Congress to allocate additional child care funding in a manner that ensures childcare to essential workers but without unnecessarily restricting or excluding faith-based providers. As additional funding is allocated for child care, we urge that at least \$10 to \$12 billion be available in a form hospitable to faith-based providers. Enhanced-value vouchers might be a suitable means. Another possible solution is the creation of special COVID-19 grants that, like PPP forgivable loans or FEMA disaster relief grants, are not encumbered by religious restrictions on how they are used.

Lastly, in the weeks since the enactment of the Families First Coronavirus Response Act, it has become clear that families are still struggling. Charitable providers of food aid report unprecedented need. Supply chain disruptions have resulted in food that is more expensive. These challenges disproportionately impact the household income of low-wage workers, many of whom are considered essential to ensure our nation's food security. Even before the crisis, many families receiving SNAP ran out of food assistance by the third week of the month. The crisis is driving many of these families into even more desperate need. We ask Congress to prevent further material hardship for families by temporarily increasing the maximum SNAP benefit by 15 percent. A similar provision enacted in the ARRA legislation in 2009 was one of the single most effective policies that helped avert a substantial increase in poverty during that economic downturn.

We encourage your continued efforts to address the challenges faced by smaller organizations, including faith-based charities and houses of worship and the families and communities they serve. We recognize that public health and a return to well-being requires diverse approaches, nimbleness and resolve on the part of the civil society and the public sector alike.

Thank you for your important service to our country at this time. We are praying for you and are glad to work with you.

Respectfully,

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