



May 14, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington D.C. 205010

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington D.C. 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington D.C. 205010

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

As Congress continues to respond to the global COVID-19 pandemic and the challenges it poses, the philanthropic sector is responding to the various needs of families, communities, and our nation.

The Council on Foundations (the Council) is a nonprofit leadership organization of nearly 800 grantmaking foundations and corporations. As a national voice of philanthropy, the Council works to foster an environment in which philanthropy is a trusted partner in advancing the greater good.

As Congress considers additional legislation in response to COVID-19, we urge you to ensure charitable organizations, the nonprofit community, as well as state and local governments have the resources, tools, and flexibility they need to respond to the pandemic. Specifically, the Council asks that Congress prioritizes the following provisions:

Further Enhance Charitable Giving Incentives:

The *CARES Act* (P.L.116-136) included a \$300 above-the-line tax deduction for certain qualified charitable contributions to encourage charitable giving. While this was an important step, raising the cap further would help to boost additional giving to respond to the extraordinary needs of families and communities. One proposal the Council supports is to increase the above-the-line tax deduction to \$4,000 for an individual filer and \$8,000 for married joint filers for 2020.

In addition, the *CARES Act* increased the adjusted gross income (AGI) limitation for individual cash gifts to public charities. Unfortunately, gifts to donor-advised funds (DAFs) and supporting organizations (SOs) were excluded, limiting donors' flexibility just as charities need additional funding to keep their operations going. At this time, it is critical that all philanthropic vehicles, including those that have long provided vital, flexible resources to their communities, should be included. We urge Congress to treat all public charities the same and remove the restrictions included in the *CARES Act*.

Increase Unemployment Insurance Reimbursement:

Federal and state laws allow "reimbursing" or "self-insured" nonprofit employers, among other employers, to opt out of pre-paying into state unemployment insurance pools. When these organizations are forced to lay off employees, they reimburse states for their share of the actual unemployment benefits paid. As so many sectors have experienced unprecedented unemployment, including nonprofits, the *CARES Act* included a provision reimbursing nonprofits for half the costs they incurred. However, in April the Department of Labor issued new guidance requiring reimbursing employers to pay state unemployment pools 100 percent of the costs of

unemployment claims caused by COVID-19 only to later be reimbursed for 50 percent under the *CARES Act*. These unemployment insurance payments will hit nonprofits just as resources are tightest and the need and demand for their services are so great. The Council urges Congress to increase the federal unemployment insurance reimbursement for self-insured nonprofits to 100 percent of costs.

Expand Nonprofit Access to Relief and Support:

As communities across the country are dealing with high unemployment, increased food insecurity, and other pressing needs, nonprofit organizations are responding while seeing decreases in their earned revenues, annual donations and the number of volunteers. This perfect storm has thrust many nonprofit organizations into questioning their survival. The Council urges Congress to use all available tools, including expanding eligibility of the Paycheck Protection Program (PPP) to nonprofits with more than 500 employees, to ensure nonprofit organizations have the resources and support that they need to continue to employ staff and meet the needs of their communities.

Increase Aid to State and Local Governments:

State and local governments are struggling to deal with the economic consequences of COVID-19. Governments at all levels are exhausting their budgets to respond, while at the same time seeing tax revenues plummet. This combination has caused some governments to consider laying off staff and/or cutting essential services, many of which are implemented by nonprofits. These cuts will cause the impact to ripple even further, jeopardizing their financial viability and their ability to respond during this critical time. Though previous rounds of federal relief have focused on the impact to businesses and workers, no federal package has fully addressed the comprehensive needs of state and local governments. The Council urges Congress to act quickly to ensure our states and localities have the robust funding and resources to continue operating at the scale necessary to meet their constituent needs and address the devastating economic impacts this crisis has inflicted.

When crisis hits, philanthropy and our charitable partners have demonstrated their commitment to swiftly act to serve their communities. We respectfully ask that you consider the policy priorities outlined above, which will go far in ensuring that donors, foundations, and nonprofit providers can most effectively do their part to address the devastating impact of COVID-19.

Sincerely,



Kathleen P. Enright

President and CEO, Council on Foundations

cc: Chairman Chuck Grassley, Committee on Finance
Chairman Richard Neal, Committee on Ways & Means
Ranking Member Ron Wyden, Committee on Finance
Ranking Member Kevin Brady, Committee on Ways & Means