



September 17, 2021

The Honorable Richard Neal
Chair
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

RE: Massachusetts Nonprofits Need ERTC Extension and Expansion

Dear Chairman Neal:

Congratulations on completing initial action on Ways and Means Committee components to be included in the Budget Reconciliation Bill. While negotiations between the House, Senate, and White House are ongoing, you have crafted a sound foundation that addresses many of the needs of our residents and communities. One issue not included in your Committee's package, however, is an item charitable nonprofits urgently need to continue to perform their vital work for people in the Commonwealth and throughout the country: extension and expansion of the Employee Retention Tax Credit.

We make this request on behalf of our two organizations, the Massachusetts Nonprofit Network and Providers' Council of Massachusetts, which collectively represent more than 800 nonprofits in the Commonwealth. Our members reflect the breadth of the Massachusetts nonprofit community, from arts and cultural organizations and environmental groups to faith-based charities, essential human service providers, and more.

Prior to the pandemic, Massachusetts nonprofits employed more than 550,000 individuals, which represented 18 percent of the private workforce. No data exist at the state level to indicate how many Massachusetts nonprofit workers are currently on the payroll, but it is certain that the ERTC has helped hundreds, and perhaps thousands, of nonprofits in the Commonwealth retain staff that they otherwise would have had to lay off.

As you know, the American Rescue Plan Act extended the ERTC through the end of 2021, but access to the ERTC for the fourth quarter of 2021 would be taken away upon passage of the bipartisan Infrastructure Investment and Jobs Act, scheduled for a vote in the House later this month. You have already received the attached letter from three-dozen national organizations detailing the policy rationale for extending and expanding this important refundable payroll tax credit; here we would like to provide examples of the adverse impact that repeal of the ERTC in the fourth quarter would have for our fellow residents:

- The Springfield YMCA has been counting on receiving a significant amount of ERTC dollars in its 4th quarter budget, enabling them to continue to serve thousands of infants, youth, teens, families, and seniors throughout the 14 towns and cities within their service area.
- Similarly, the Springfield Symphony Orchestra has been counting on access to funding from its fourth-quarter ERTC refundable payroll credit to support its workforce and reopening plans.

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- Girl Scout Councils across Massachusetts have been greatly helped by the ERTC. One of the councils, Girl Scouts of Eastern Massachusetts, reports that for 2020 they have applied for \$500,000 in ERTC relief, an amount representing about 5 percent of their annual budget and thus essential to maintaining staff in jobs so they can continue serving young people.

Nationwide, job losses in the nonprofit sector still exceed half a million. The ERTC has allowed nonprofits to retain staff and, with the extension through the fourth quarter enacted in the American Rescue Plan Act, enabled charitable organizations to plan ahead and reopen for the fall to address educational, cultural, and direct services needs. Taking away the ERTC before the end of the year will absolutely lead to layoffs and a reduction of vital services our fellow residents need. Extending the ERTC into 2022 and adjusting the definition of “gross receipts” to more realistically reflect how nonprofits operate would ensure that charitable organizations continue to meet the challenges that Massachusettsans will face well after the pandemic is finally beaten.

We appreciate your attention to this matter. We ask that you advance the interests of our communities’ charitable nonprofits and those they serve by negotiating the extension and expansion of the Employee Retention Tax Credit in reconciliation and other legislation on which you are working. We stand ready to answer any questions and to support you in this effort.

Sincerely,



Jim Klocke
Chief Executive Officer
Massachusetts Nonprofit Network



Michael Weekes
President and CEO
Providers’ Council of Massachusetts

Attachment

September 1, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
House Republican Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Senate Republican Leader
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Chair
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Chair
Senate Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
U.S. Senate
Washington, DC 20510

RE: Employee Retention Tax Credit and Charitable Nonprofits

Dear Speaker Pelosi, Majority Leader Schumer, Republican Leader McCarthy, Republican Leader McConnell, Chairman Neal, Chairman Wyden, Ranking Member Brady, and Ranking Member Crapo:

The nonprofit sector faces unprecedented challenges as we assist you and the American people in providing pandemic relief and economic recovery. Prior to the pandemic, charitable nonprofits employed more than 12 million people, making us the third largest employer in the country – larger than the construction, financial services, and manufacturing industries. As of July 2021, over 600,000 nonprofit jobs were lost due to the pandemic and still haven't returned. Now, more than ever, nonprofits and the communities we serve need your support.

Congress enacted several support programs for businesses and nonprofits over the course of the pandemic, but as acknowledged by many, relief for charitable organizations has fallen short. While we recognize there are many competing priorities that could be included in the budget reconciliation bill, we believe Congress must do more to ensure that the needs of charitable nonprofits are highlighted during this once-in-a-generation moment. We urge you to prioritize support for the Employee Retention Tax Credit (ERTC) during the Ways and Means Committee and Finance Committee September markups of that legislation.

Congress created the ERTC as part of the CARES Act to encourage businesses and nonprofits to keep employees on their payroll through 2020. Last December, Congress extended the ERTC through the middle of 2021 and expanded the program to allow an applicant who had previously received a Paycheck Protection Program loan to also be eligible for an ERTC. Finally, in March of 2021 in the American Rescue Plan Act, Congress extended the ERTC through the end of 2021. Unfortunately, access to the ERTC for the fourth quarter of 2021 would be taken away upon passage of the bipartisan Infrastructure Investment and Jobs Act.

The ERTC is a refundable payroll tax credit for nonprofits and businesses that was designed to provide a financial incentive for employers to keep employees on their payrolls and continue to deliver important services during the pandemic and in its immediate aftermath. The ERTC was helping to do exactly what its name required: allowing nonprofits and businesses to retain critical employees in the face of the economic challenges caused by the pandemic. Since its creation last year, the ERTC has become a true lifeline for nonprofit economic viability. Tens of thousands of organizations are now counting on Fourth Quarter 2021 access to an ERTC to support the financial decisions they made to bring employees back on the payroll and increase operating capacity to serve their communities.

Specifically, we ask you to prioritize continued and robust support for the ERTC in the committee markups for budget reconciliation by:

- Allowing charitable nonprofits to access the ERTC during the Fourth Quarter of 2021;
- Extending nonprofit eligibility for the ERTC through 2022 to help ensure a strong economic recovery from the pandemic; and
- Amending the definition of nonprofit “gross receipts” for the ERTC program to better reflect revenue available to support the work of nonprofits amid the pandemic.

Nonprofits are doing everything we can to serve communities across America during the pandemic. As the nation recovers, our sector will play a critical role in rebuilding the economy, restoring livelihoods, and strengthening communities. The undersigned national charitable nonprofit organizations seek your support for urgent relief through retention and improvement of the ERTC in budget reconciliation that will enable charitable organizations to contribute to our nation’s relief, recovery, and rebuilding.

Sincerely,

Agudath Israel of America
American Alliance of Museums
Americans for the Arts
Association of Art Museum Directors
Boys & Girls Clubs of America
Cancer Support Community
Catholic Charities USA
CERF+ The Artists Safety Net
Council on Foundations
Dance/USA
ETS
Girl Scouts of the USA
Girls Inc.
Goodwill Industries International, Inc.
Habitat for Humanity International
Independent Sector
JCC Association of North America
Jewish Federations of North America

KABOOM!
League of American Orchestras
Meals on Wheels America
Mental Health America
National Art Education Association (NAEA)
National Council of Nonprofits
NECHAMA - Jewish Response to Disaster
Network of Jewish Human Service Agencies
OPERA America
The Nonprofit Alliance
Theatre Communications Group
Union for Reform Judaism
United Philanthropy Forum
United Way Worldwide
Volunteers of America
YMCA of the USA
YWCA USA