



November 22, 2021

The Honorable Elizabeth Warren
Senator
United States Senate
Washington, DC 20510

RE: Massachusetts Nonprofits Need ERTC Restoration, Extension, and Improvement

Dear Senator Warren:

We write on behalf of our two organizations, the Massachusetts Nonprofit Network and Providers' Council of Massachusetts, which collectively represent 800 nonprofits across the Commonwealth, to express appreciation for your persistent efforts on the human infrastructure legislation to improve the lives of the people we serve. We seek your help in promoting an issue not included in the House-passed version of the Build Back Better Act, but one charitable nonprofits urgently need to continue to perform their vital work for people in the Commonwealth and throughout the country: restoration, extension, and improvement of the Employee Retention Tax Credit.

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 helped hundreds, and perhaps thousands, of nonprofits in the Commonwealth retain staff that they otherwise would have had to lay off. Numerous organizations have counted on fourth quarter access to the ERTC to support the financial commitment they have made to retain workers on the payroll and assure adequate operating capacity to serve their communities.

With your support, the American Rescue Plan Act extended the ERTC through the end of 2021. However, the Infrastructure Investment and Jobs Act, signed into law on November 15, prematurely and retroactively terminated the ERTC for the fourth quarter of 2021. You have already received the attached letter from three-dozen national organizations detailing the policy rationale for retaining and improving this important refundable payroll tax credit; here we would like to provide examples of the adverse impact of repeal of the ERTC in the fourth quarter on our fellow residents:

- The elimination of the ERTC in the 4th quarter will have a significant negative impact on YMCAs and the communities they serve in Massachusetts and across America by cutting funds that were already planned for in budgets to pay for staff that serve thousands of infants, youth, teens, families, and seniors. The 4th Quarter ERTC

Massachusetts Nonprofits ERTC Letter

November 22, 2021

Page 2

funding cut to YMCAs alone totals an estimated \$60-\$100 million nationally and at least \$3.75 million in Massachusetts.

- 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.
- 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 qualified 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, according to [Johns Hopkins University](#). A recent [Federal Reserve survey](#) found that staffing levels at organizations serving low- to moderate-income residents continue to be down by more than 40 percent. In a current survey exploring the [impact of nonprofit workforce shortages](#), 15 percent of responding organizations nationwide and in Massachusetts have reported utilizing the ERTC to counterbalance rising costs and salary competition from other sectors.

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. The taking away of the ERTC before the end of the year will undoubtedly lead to layoffs and a reduction of vital services our fellow residents need. We believe that restoring the ERTC and extending it into 2022 for charitable nonprofits, and adjusting the definition of “gross receipts” to more realistically reflect how these organizations 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 insisting on the inclusion of ERTC relief for charitable nonprofits in the Build Back Better Act or 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