

Relief Bill Falls Short of Nonprofits' Needs

01.07.21 | Linda J. Rosenthal, JD



“Please, sir,” said young Oliver Twist in the mid-nineteenth century, “I want some more.”

In late December 2020, the nonprofit sector – and the millions of Americans that rely on these organizations – were fed scraps, too. To add insult to injury, the COVID-19 Relief Bill and Consolidated Appropriations Act of 2021, passed by Congress on December 21, 2020, dangled in limbo until *after* Christmas for the presidential signature.

Early Relief Dried Up

In the spring of 2020, Congress acted with unusual speed to respond with significant help in the CARES Act in late March, followed by additional relief in April. But by May, the bipartisanship and generosity came to an abrupt halt. The House of Representatives passed the HEROES Act, but the Senate Majority Leader refused to bring the measure to a floor vote in the upper chamber at any time for the remainder of 2020.

This was a blow to huge swaths of the American public and the economy even as the coronavirus pandemic flared up dramatically when summer came to a close.

Leaders of the nonprofit sector pursued an unrelenting course of advocacy and appeals to members of Congress who would not budge. See, for instance, the National Council of Nonprofits' letter to legislators dated July 13, 2020 (updated on December 5, 2020) outlining the most pressing needs.

There was no movement (as many had predicted there might be) in the weeks just before the November 3rd election. There were hopes for some action after Election Day; see the sentiments on November 4th of David Thompson, vice president for public policy at the National Council of Nonprofits: “All sides agree: The need for relief and stimulus are greater than ever. Now the parties can agree without worrying about giving the other side a win.”

But reading the political tea leaves just a week later, Tim Delaney, NCN's president, issued a renewed distress call: see "[*Warning Signs About the Fragility of Nonprofits in the Pandemic Era*](#) (November 12, 2020). "With tens of millions of additional people turning to and relying on charitable nonprofits for services since the novel coronavirus exploded in the United States, all nonprofit stakeholders – nonprofit board and staff members, government policymakers, philanthropists, business leaders, and the general public – need to call time out to consider how charitable nonprofits are faring in these daunting times. When doing so, you will see bright warning lights flashing and hear loud warning claxons sounding the alarm."

A compromise effort was announced on December 14th by a bipartisan group of Congressional legislators. While it would have helped somewhat – if it had proceeded beyond the negotiations stage – it fell short of the massive and growing needs of the nonprofit sector. See, for instance, [*Nonprofits Call Bipartisan COVID Relief Compromise Insufficient, Call for #Relief4Charities*](#) (December 15, 2020) National Council of Nonprofits: "...Congress needs to stop taking nonprofits for granted. Yet that is exactly what the bipartisan COVID bill would do. Congress can do better; Congress must do better."

December Relief Was Mixed Bag

"As a better package comes together," continued the National Council of Nonprofits' December 15th statement, "it must provide significant relief for nonprofit organizations so we can continue helping our communities when they need us most."

But what emerged from lawmakers on December 21, 2020, was – (despite it being the [second largest relief legislation](#) in U.S. history) – still a hodgepodge of insufficient aid. Some hopeful recipients – like state and local governments which are being crushed under the COVID-19 front-line costs – were left out entirely.

The nonprofit sector got some of what it wanted, but far less than needed. Take a look at Independent Sector's [*Summary of the 2020 Year-End COVID-19 Relief, Spending, and Tax Legislation*](#) (December 22, 2020) for a four-page review of the high and low points for our sector of the 5,000+-page [COVID-19 Relief Bill and Consolidated Appropriations Act of 2021](#).

In [*Congress' Last-Minute Deal Leaves Mixed Results for Nonprofits*](#) (December 22, 2020), Independent Sector's Ben Kershaw plucks the highlights of this legislation, which offers:

- An additional round of the Paycheck Protection Program funding "for the hardest-hit organizations." Sector advocates wanted far more, but at least they were able to persuade legislators to drop "some barriers that could have excluded nonprofits disproportionately."
- A "modest" expansion of the universal charitable deduction to \$600 per couple through 2021, but "far short of what our sector requested and what it needs."
- The extension and expansion of a tax credit for retaining workers, "an important development for organizations that are denied access to PPP."
- More money for community infrastructure including broadband internet, support for child care, and stabilization of the postal service.

In [Nonprofits Get Limited Relief In Stimulus Deal](#) (December 22, 2020), Mark Hrywna of *The NonProfit Times* also summarizes the bill, including some smaller tidbits of aid. For instance, the Act provides \$15 billion nationally for a program called “Save Our Stages.” It will help theater and music venues as well as museums and zoos so long as revenue declines are at least 25% less than 2019 amounts. The amount will be capped at no more than \$10 million for each organization that intends to reopen.

There were key omissions, though; see [Nonprofits Welcome Coronavirus Relief Legislation, Call for Additional Relief in 2021](#) (December 22, 2020) National Council of Nonprofits Press Release. “We are grateful that Congress heeded our calls to enact additional coronavirus relief....But the omission of forgivable loans to nonprofits of all sizes creates significant impediments for nonprofits trying to protect vulnerable families and frontline responders. The failure to provide full coverage of unemployment costs for reimbursing employers means nonprofits still face mounting bills that will force them to lay off even more workers when nearly 1 million nonprofit jobs have already been lost.”

Conclusion

The struggle, though, continues in 2021. See [Independent Sector Welcomes Year-End COVID-19 Relief but More Needs to be Done](#) (December 22, 2020) Daniel J. Cardinali, *Independent Sector Blog*.

The needs of Americans don’t evaporate because Congress fails to enact enough aid. Instead, it is the nation’s charities that have “stepped up throughout this pandemic to provide relief to ever more people. The horrifying images of miles-long lines at food banks provide only a tiny glimpse of America’s increased dependence on nonprofits.

America wants (and needs) “some more.”

[NOTE]: This post was written before the Georgia Senate runoff results. The addition of these two Democratic seats shifts power in that chamber. Senator Chuck Schumer (D-NY) will soon become majority leader. He and President-elect Biden have already announced they will push through new (and dramatically increased) stimulus legislation that will address the omissions of the late December law. Among other provisions, it will likely include desperately needed funding for state and local governments; the nation’s nonprofits, along with their beneficiaries, rely heavily on support from these non-federal sources.

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