



THE CENTER FOR
PUBLIC JUSTICE

July 29, 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.

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.

We write to draw your attention to a set of specific proposals designed to provide recovery support for civil society institutions, including families, faith-based organizations and houses of worship. Families, nonprofits, and houses of worship are central to the COVID-19 relief for their communities every day and they remain in need of additional recovery support. Such recovery support should not advantage religious organizations over other groups, but it must provide equitable treatment with other institutions in society receiving support during the ongoing pandemic.

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

- 1. Mitigate expected economic hardship for both the employers and employees of charitable nonprofits**

Pandemic Unemployment Compensation (PUC) 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. 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. Protecting a livable income through unemployment compensation not only stabilizes households but also the communities in which families live.

Unemployment insurance Thank you for ensuring that the CARES Act expanded unemployment insurance coverage, including the PUA expansion. 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%.

2. Mitigate ongoing hardship for families

Paid sick and family leave The Families First Coronavirus Response Act (FFCRA) 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. We ask that Congress extend paid sick and family leave offered by the FFCRA to all workers, regardless of employer size. Congress should affirm availability of leave for the range of caregiving required by COVID-19: care for a family member with a COVID-19 diagnosis, care for a child whose school or place of care is closed, care for a child engaged in distance learning, care for disabled or elder family member at risk of COVID-19 infection in their current place of care, care for a disabled or elder family member whose place of care is closed due to COVID-19, time seek protection from domestic violence. Emergency paid leave should also be available for bereavement for a family member who has died.

Refundable payroll tax credit As noted, 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.

Child care funding 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.

SNAP 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.

3. 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 ask you to increase the non-itemizers deduction to \$4000 per individual (\$8000 for married couples) as proposed by Senators Lankford and Coons in an amendment to the CARES Act. This deduction should be made permanent, or at least extended through 2022.

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 all nonprofits, including 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.

4. 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 nonprofits, including faith-based nonprofits and houses of worship. We propose further refinements to the PPP. The SBA should be directed to ensure that lenders follow the regulations, policies, required public notices, and guidance that allow religious organizations to participate and receive PPP loans. We also ask that a significant proportion of remaining and future loan authority be set aside specifically for nonprofit organizations, including religious nonprofits. Additionally, we ask Congress to instruct the SBA to remove the PPP rule denying access to otherwise-qualified borrowers with a criminal record.

5. Provide equitable funding for public and independent schools alike

COVID-19 has created educational barriers for millions of families with K-12 students in public and independent schools. Congress should ensure that funding to support education gives families and local communities as much discretion as possible in decision-making related to both school reopenings and online learning. This will help them to navigate the challenges of, on the one hand, reopening schools in person and potentially exposing teachers, students and their family members to COVID-19, and on the other, continuing distance learning recognizing children, especially young children, learn and develop best through in-person educational opportunities. It is important that as states and localities begin to reopen schools, funds must be given to support public and independent schools, including religious educational institutions.

Relief funding for K-12 education should give families, especially low- and moderate- income families facing economic hardship, the resources they need to continue their children's education in accordance with their values and the individual needs of their children. Approximately 10% of K-12 students are enrolled in independent schools and if Congress were to exclude these educational institutions from relief funding, public schools would be in the untenable position of reabsorbing these students during a season with funding deficits and already challenging social distancing requirements.

The forthcoming school year will be unprecedented in terms of the educational, developmental, mental health, and nutritional impact on students and families. School communities that do meet in person will need to engage in extensive and continual sanitation procedures, practicing social distancing and reduced class sizes, and the wearing of PPE for everyone. This will fundamentally change school day norms and require the reconfiguring of classrooms, daily rhythms, and priorities on student physical and mental health. Moreover, schools will continue to need to be fully equipped to offer online distance learning from the outset for families who cannot take the health risk of sending their children to school *and* schools will need to be ready to move to fully online at any point this

fall if COVID-19 spikes in their communities. Congress should provide robust funding for schools both to support reopening safely in communities that decide this is possible *and* to continue to develop the technological infrastructure necessary to support online learning for the millions of families around the country where in-person schooling is not a safe option. Such funding must be equitable as between public and independent schools.

6. Protect families from predatory lending

Borrowers remain vulnerable to financial exploitation by predatory payday lenders. In order to secure a payday loan, all that is required is proof of income and a bank account. As many working Americans now find themselves underemployed or unemployed, COVID-19 relief payments in families' bank accounts must be protected from predatory lenders. Funds that the government intended for unemployment relief and paid sick and family leave can be withdrawn by these lenders to service usurious interest on payday loans, which have an average interest rate of 350% APR. In light of the Consumer Financial Protection Bureau's recent release of its payday lending rule, which lacks critical borrower protections, it is more urgent than ever that Congress act to protect all American families so they receive all the COVID-19 relief Congress intends. We ask Congress to extend the 36% rate cap from the Military Lending Act to ensure struggling families receive the aid that Congress intended, rather than the intended aid instead going to service predatory payday loans.

We encourage your continued efforts to address the challenges faced by faith-based organizations 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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