February 26, 2021

Dear Senators Heinrich and Luján,

As the final details of the American Rescue Plan are being negotiated, please remember the needs of charitable nonprofits. Throughout the pandemic, nonprofits have gone above and beyond to help their communities.

In particular, the PPP loan application deadline needs to be extended and the requirements as they pertain to nonprofits need adjustment. The requirements set for businesses do not translate well to nonprofits.

The primary reason for treating nonprofits differently is that charitable nonprofits have been keeping their missions going throughout the pandemic. Many have been on the frontlines meeting our communities’ most urgent needs. Their revenues may have declined some, but their expenses have grown far beyond budget expectations.

- Many organizations, like the Southern New Mexico Project and KWH Law Center for Social Justice and Change, shifted operations to help distribute food, rent assistance, or meet other basic needs.
- Cultural groups have pivoted to online operations where possible – sometimes at significant cost – while still having to pay overhead costs on their facilities.
- Virtually all nonprofits have done everything possible to continue serving their communities. Their costs have risen, and an arbitrary 25% loss rule punishes those that have been most successful at securing resources for their communities.

Some nonprofits were able to generate “normal” levels of fundraising in each quarter of 2020, but not enough to meet increased expenses. For example, the food banks in New Mexico received emergency funding, state funding and some unexpected donations. Yet the donations didn’t keep up with the exponential growth in demand and food costs. Under the PPP Second Draw calculation, only the increased funding and donations would be considered despite the fact that these nonprofits face tremendous cost increases and are in need of relief.

Nonprofits are not "businesses" in the traditional sense. Although they do have "gross receipts" (as defined in Form 990 Schedule VIII), they can be primarily fundraising for some, ticket sales for others, and foundation grants from still others. As such, the concept of decline in gross receipts for businesses is not a parallel concept for nonprofits.
I urge you to either repeal the 25% decline requirement or change the requirement to a lower level, e.g., 10% decline. In addition, please extend the PPP loan application deadline until the end of 2021. Even if the worst of the pandemic is behind us, it will be some time before New Mexico recovers. The people of New Mexico will continue to need help from nonprofit organizations. And the nonprofits need access to every possible resource.

Sincerely,

Tsiporah Nephesh
New Mexico Thrives