

April 2, 2020

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

**RE: Associations Need More Federal Emergency Relief to Survive Coronavirus Impact**

Dear Secretary Mnuchin:

The undersigned, **which represent \_\_\_\_\_**, urge you to include additional, direct emergency support in the next coronavirus aid package for Internal Revenue Code Section (Section) 501(c)(6) organizations, such as trade and professional associations. To help mitigate the coronavirus pandemic's harmful impact on our sector, we request \$25 billion in aid for associations that face financial losses from cancelled conferences and events; eligibility for associations to access small business interruption loans that prevent layoffs and continue to pay employees; and a pandemic risk insurance program to create a federal backstop for prospective insurance claims related to a pandemic or epidemic.

Our community is extremely grateful the Administration and Congress took swift action to help businesses, nonprofits and millions of Americans withstand the coronavirus pandemic, which jeopardizes our collective livelihood, welfare and safety. Provisions within the Coronavirus Aid, Relief and Economic Security (CARES) Act will prove vital to help stabilize our economy and keep Americans safe. We are especially thankful significant relief is provided to Section 501(c)(3) charitable nonprofit organizations through the Paycheck Protection Program (CARES Act; Section 1102), an expanded charitable giving incentive (Section 2205) and the employer payroll tax deferral (Section 2302), among others.

The CARES Act does not, however, provide sufficient and critically needed emergency funds to trade and professional associations in desperate need of support. Section 501(c)(6) organizations can indeed access certain aid through an employee retention tax credit (Section 2301), and the Small Business Administration is accepting applications from 501(c)(6) organizations for expanded Economic Injury Disaster Loans (EIDL; Section 1110). While helpful, it will be challenging for members of our community to qualify for aid – particularly through Section 2301 – and secure the funds they need to avoid bankruptcy. Moreover, statutory language for EIDLs is unclear in exactly how it treats associations.

We are also alarmed that trade and professional associations were seemingly removed from a previous draft of the CARES Act in which they had access to the Paycheck Protection Program. Countless associations are in dire need of these funds for their economic survival – and their members now, more than ever, rely on associations for critical support during these unprecedented times.

Associations of all sizes, varied functions and disparate industries comprise Section 501(c)(6). More than 62,000<sup>1</sup> associations across the country play an important role to train America's workforce, create industry and professional standards, and disseminate essential information and resources to people in need – particularly during times of crisis. These organizations are already relied upon to help coordinate federal resources to combat the coronavirus pandemic, and they require staff to fulfill this duty. Associations now face, however, unprecedented financial losses from event cancellations. Most associations also anticipate further losses in dues revenues, as members address their own economically precarious circumstances by cutting expenses, including association membership. Without support, Section 501(c)(6) organizations will be unable to continue to provide the services on which so many rely. Meeting cancellations alone have dealt a staggering blow to associations. According to the Professional Convention Management Association, conferences and events account for roughly 35 percent of total annual revenue for associations.<sup>2</sup> And according to a recent survey conducted by the American Society of Association Executives (ASAE) Research Foundation:

- 29% of respondents face \$100,001-\$500,000 in current and projected losses due to cancellations;
- 16% face \$501,000-\$1,000,000 in current and projected losses;
- 10% face more than \$1,000,000 in current and projected losses;
- 12% have partial insurance coverage for cancellations; and
- 52% have zero insurance coverage for cancellations.<sup>3</sup>

Many associations have little or no financial cushion to carry them through these times. One coalition of teaching organizations, which collectively are ASAE members, was forced to cancel its April annual meeting and now faces a loss of \$226,000 – without support, this loss will bankrupt the coalition, which has supported education and teaching for 50 years.

Another ASAE member, which provides critical assistance for rural healthcare, faces almost \$2.5 million in financial loss as a result of major event cancellations. This would be a vast loss for any organization and a crippling one for many ASAE members.

Further, expected losses due to reduced membership and stunted programming, among other significant issues, compound this potentially catastrophic situation for associations. To help mitigate the coronavirus pandemic's devastating impact on our economy and safety, we support and reiterate ASAE's calls for emergency aid to the association community, as follows:

1. Provide \$25 billion in immediate capital assistance to trade and professional associations;
2. Include 501(c)(6) organizations in the Paycheck Protection Program or similar Small Business Administration loan expansions; and
3. Create a pandemic risk insurance program with a federal backstop for prospective insurance claims related to a pandemic or epidemic.

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<sup>1</sup> IRS Data Book 2018. North American Industry Classification System (NAICS). U.S. Census Bureau

<sup>2</sup> Professional Convention Management Association. 28<sup>th</sup> Annual Meetings Market Survey. <https://www.pcma.org/convene-28th-annual-meetings-market-survey-slower-growth-ahead/>

<sup>3</sup> ASAE Research Foundation Association Impact Snapshot for March 27, 2020.

Thank you for your consideration and continued support of our country during this challenging time. If you have questions regarding any aspect of this urgent request for critically needed support for the association sector, please contact Mary Kate Cunningham, CAE, vice president of public policy for ASAE, at [mcunningham@asaecenter.org](mailto:mcunningham@asaecenter.org) or 202-626-2787.

Signatories listed below carbon copy line.

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