June 22, 2020

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, N.W.

Washington, DC 20551

RE: Change Eligibility Requirements for the Main Street Leading Program to Include Section 501(c)(6) Organizations

Dear Board of Governors of the Federal Reserve System:

On behalf of the American Society of Association Executives (ASAE), which represents more than 48,000 association professionals nationwide, I applaud your recent proposal to expand the Main Street Lending Program to provide small and medium-sized Section 501(c)(3) nonprofit organizations access to loans due to the coronavirus pandemic. As you note in the proposal, nonprofit organizations are a critical part of the economy and provide essential services to society. As you gather feedback to make the program as efficient and effective as possible, ASAE urges you to expand the scope of the program to give Section 501(c)(6) associations the same access to credit during this difficult time.

As the largest organization to represent trade and professional associations, part of ASAE’s mission is to advocate legislative, regulatory and legal issues that directly or potentially impact the broad association, nonprofit and tax-exempt communities. This includes, travel, tourism and conferences, with which associations and other Section 501(c) organizations play a major role.

More than 62,000 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.

The Coronavirus Aid, Relief and Economic Security (CARES) Act does not provide sufficient and critically needed emergency funds to trade and professional associations in desperate need of support. For example, Section 501(c)(6) organizations do not have access to the Paycheck Protection Program and statutory language for Economic Injury Disaster Loans (EIDL; Section 1110) is unclear in exactly how it treats associations.

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.

We urge you to expand the eligibility requirements for the Main Street Lending Program to include

501(c)(6) organizations. Thank you for your consideration. If you have questions regarding ASAE or its request

for critically-needed assistance to the association and nonprofit sectors, please contact Mary Kate Cunningham, CAE, vice president of public policy, at mcunningham@asaecenter.org or 202- 626-2787.

Sincerely,



Susan Robertson, CAE

President and CEO