



American Heart Association.



Center for Creative Leadership®



**Oversight of the Treasury Department's and Federal Reserve's Pandemic Response Hearing
U.S. House Committee on Financial Services
December 2, 2020
Statement for the Record**

The undersigned groups represent mid-sized nonprofits with more than 500 employees who are unable to access any sort of forgivable loans through the Paycheck Protection Program (PPP). According to the U.S. Bureau of Labor Statistics, nonprofits with more than 500 employees employ 7.7 million people. Nonprofits are the third largest employer in the economy after manufacturing and retail.

Mid-sized nonprofits (500 to 10,000 employees) have largely been left behind from COVID-relief efforts. Many of these same nonprofits have faced steep declines in both donations and volunteers, while simultaneously tackling the unanticipated costs of personal protective equipment and hazard pay for key staff, among other increased costs. Many of us have seen increased demand for services during this time. It has become exceedingly difficult for us to meet our mission and sustain our workforces during these dark times, especially given the absence of available Federal support.

Released earlier this year from data collected in June by Independent Sector, [spot-check survey data](#) of 110 mid-size nonprofits illustrated nonprofits with between 500-5,000 employees have been severely impacted by this health and economic crisis: 51% have laid off employees, 67% have furloughed employees, and 71% reported a reduction in services or available operations.

We are very disappointed with Treasury's entire handling of the Federal Reserve's Main Street Lending Program (MSLP) for nonprofits. When MSLP was finally extended for nonprofit organizations, the terms included a number of provisions that made it impossible for most mid-sized charities to qualify. Treasury and the Federal Reserve then continued to ignore nonprofit organizations' concerns about the viability of the program. As a result, the MSLP program has remained inaccessible to nonprofits – borne out by the fact that not one nonprofit had applied at last reporting. Instead of modifying the MSLP to help nonprofits serving families and communities during this crisis, Secretary Steven Mnuchin and Federal

Reserve Board Chairman Jerome Powell decided to close most of the emergency facilities, including MSLP, at the end of the year. This is a missed opportunity.

Mid-size nonprofits still need relief as a bridge until we and the country can start to recover. We strongly urge Congress to ensure mid-size nonprofits have access to loans with loan forgiveness. In any bipartisan COVID package, we ask that the Paycheck Protection Program expand eligibility to include charitable nonprofits with more than 500 employees while raising the cap to reflect the payroll of these charities.

We also seek the expansion of Employee Retention Tax Credits (ERTC). For mid-size nonprofit organizations, in particular, the ERTC is a critical form of potential relief, and nonprofits are seeking support for the most generous terms possible for ERTC expansion. In addition to the co-signers of this statement, nearly 4,000 charitable nonprofits of all sizes are supporting these two requests.

As you know and appreciate, nonprofits of all sizes are essential to the wellbeing of our nation. Individuals, families, and communities are relying on the expertise and resources of nonprofits to aid the fight against COVID-19 and will continue to depend on our support in the recovery efforts.

We need both of these relief opportunities to allow us to continue our collective work during the pandemic and into a post-pandemic future.

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American Lung Association

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National MS Society

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