

July 31, 2009

Dr. Christina Romer
Chair of the Council of Economic Advisers
1800 G Street, NW
Washington, DC 20502

Dear Dr. Romer:

Thank you for presenting information during Tuesday's White House conference call regarding the new Council of Economic Advisors (CEA) report on the economic impacts of health care reform on small businesses, and for your willingness to respond to questions.

During the call, my colleague posed a question noting that while nonprofit organizations, which employ more than 15 million people, also are employers facing the same rising health care costs hitting small for-profit businesses, some of the proposed reform measures designed to help small businesses (such as tax credits) provide no relief for nonprofits. So she asked whether the Administration has considered addressing the needs of all "small employers" instead of only the needs of "small *for-profit* businesses."

We appreciated your candor that you did not know how the Administration's plans and various legislative proposals would treat nonprofits, as well as your offer to raise the question with the Administration and get back to us.

The question raised is important because even though nonprofits largely are small employers (93.3% of America's nonprofits have income of less than \$1 million, according to the National Center for Charitable Statistics), nonprofits collectively employ more than 15 million people (in 2008, according to DHHS) and account for 11-12% of the nation's GDP (in 2007, according to GAO).

Besides being a huge component of the U.S. economy, nonprofits also are a vital part. Distributed in rural, suburban, and urban areas and across diverse subsectors – arts/culture/humanities, civic engagement, education, environment, faith-based, grantmaking, health care, housing, human services, volunteerism, workforce development, and more – nonprofits enrich lives in countless ways. Consider the following glimpse of sample ways nonprofits contribute to America's economy and quality of life:

- *Entering the World*: nonprofit hospitals, community health centers, and home health aides
- *Nurturing the Young*: after-school care, youth development programs
- *Lifelong Learning*: nonprofit preschools and kindergartens to elementary through post-secondary
- *Feeding the Body*: food banks, meals on wheels, soup kitchens
- *Fueling the Mind*: arts and culture, museums, public radio & television, literacy groups, libraries
- *Earning a Living*: workforce development, credit counseling, child care
- *Healing the Body*: blood banks, clinics, substance abuse centers, disease eradication
- *Protecting the Body*: domestic violence centers, elder care, public health campaigns
- *Sheltering the Body*: homeless shelters, affordable housing, assisted living
- *Exercising the Body*: youth sports, summer camps, sports clubs
- *Nurturing the Spirit*: religious congregations, service organizations, volunteer centers
- *Departing the World*: hospices, organ donation organizations

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Yet notwithstanding the collective size and importance of the nonprofit sector, the CEA report does not even acknowledge the existence of America's nonprofit sector. The CEA report addresses only small *for-profit* businesses, not small employers, thus ignoring the hundreds of thousands of small nonprofits that employ millions of Americans.

Small nonprofit employers have experienced the same surge in increased health insurance costs every year that have hit small for-profit businesses. So when the CEA report says small businesses providing "health insurance for their employees would receive a small business tax credit to alleviate their disproportionately higher costs," that offers nonprofit employers no relief at all. Any viable solution must ensure that all small *employers* are protected, not just small *for-profit* businesses.

Policy makers cannot continue to ignore the nonprofit sector when crafting health care reform or considering other issues. With the vital cradle to grave social safety net provided by nonprofits unraveling due to skyrocketing demands for services and plummeting revenues (as nonprofits experience now in this economy) on top of increased costs (such as for health insurance for employees), the strain on nonprofits not only increases unemployment but also decreases delivery of services needed to meet the lifelong needs of individuals. With documented evidence showing corporate donations falling, foundation assets evaporating, and individual giving faltering, nonprofits are not able to simply 'go out and get a donation' to pay for increased health care costs.

Dr. Romer, we appreciate your offer in response to my colleague's question to learn about how the Administration's plans and various legislative proposals will treat nonprofits. Once you (or others) inform us about the Administration's position, we will gladly post it on our website so the more than 15 million people who work for the more than one million charitable nonprofits across the country will be able to learn how the Administration and Congress plan to treat them.

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In closing, I want to thank you and your CEA colleagues. You inherited a wicked economy, one not of your own making, that is placing unprecedented demands on you and others across government. While I confess frustration that policy makers at all levels and in all branches of government seem to overlook the nonprofit sector and treat us as the "invisible sector," I realize that forgetting nonprofits is easy when nonprofits quietly go about our work of serving others. But for you and others in government to do your jobs effectively, nonprofits need to speak up so we are included in public policy deliberations. Please know that I appreciate and value the important and thankless job you and others the federal government are doing on behalf of the people of our country. If we can help you become more familiar with the nonprofit sector – or in any other way – then please do not hesitate to contact me.

Respectfully,



Tim Delaney
President & CEO

Tina Tchen, Deputy Assistant to the President and Director of the Office of Public Engagement
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