



June 14, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

RE: Nonprofit Support for Preserving State and Local Fiscal Recovery Funds

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Leader McConnell:

As you negotiate legislation to rebuild our nation's infrastructure and the economy as a whole, we ask that you continue to keep in mind the wellbeing of our residents, our communities, and all of us taking action to promote full recovery from the pandemic. Specifically, we ask that you do no harm to existing programs and expectations as you advance new spending and taxing priorities. Most notably, we share the concerns expressed in a recent [letter to you from national associations representing local governments](#) strongly opposing any proposal to claw back or repurpose funds allocated to governments from the American Rescue Plan Act. The recovery is not assured; many people, communities, and the organizations that support them continue to suffer from the pandemic's aftermath. The State and Local Fiscal Recovery Funds must be used for their intended purpose of securing a full and complete recovery.

Charitable nonprofits have been at the forefront of providing both relief and recovery from the COVID-19 pandemic. While other organizations shut down and waited out the virus, charitable nonprofits stepped forward in this time of great need to provide essential services to tens of millions more people than usual. Nonprofits struggled to meet those historically high needs, and they strained to carry the burdens of unexpected expenses. Nonprofits answered the call when America needed them, but they also suffered immense losses doing so.

The full and rapid restoration of the charitable sector should be of great concern to all policymakers. Prior to the pandemic, charitable organizations employed more than 12.5 million people, making nonprofits the third largest industry in the country, employing more people than the construction, finance, and manufacturing industries. The pandemic has eliminated 733,000 nonprofit jobs and full recovery is not likely until the fall of 2022, according to data from Johns Hopkins University. Further complicating the recovery of frontline nonprofits, charitable giving to smaller organizations has not kept up, declining 7% last year.

The State and Local Fiscal Recovery Funds are unique in the federal response to the COVID crisis because they empower state and local decisionmakers to partner with nonprofits and businesses to target and solve specific challenges in communities. The same cannot be said for many of the other relief programs enacted in 2020 and so far this year. While supportive in many ways, federal relief for charitable organizations often has been less robust than for other

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segments of the economy. This has occurred in part because those running federal programs often lack basic knowledge about charitable operations. Too often, this unfamiliarity has resulted in eligibility terms, interpretations, and application forms that, having been designed for for-profit businesses, discriminate against charitable nonprofits. In short, there have been well-documented shortcomings in the COVID relief response as applied to charitable nonprofits.

The express declaration in ARPA § 9901 that state, local, Tribal, and territorial governments may use their State and Local Fiscal Recovery Funds to provide “assistance to households, small businesses, **and nonprofits**, or to aid impacted industries” (emphasis added) was a welcome acknowledgement of the challenges that nonprofits and others continue to face. Clawing back those funds would deny nonprofits their best and likely last chance to achieve any degree of parity and fairness.

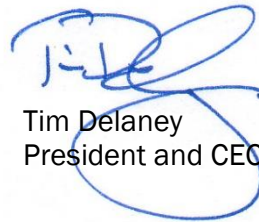
It has been written before that charitable nonprofits are, and will continue to be, the foundation of every community in America, ministering to the spiritual and cultural wellbeing of our residents, improving their mental and physical health, upholding community values, and strengthening local economies in partnership with governments and businesses. That is why elected officials from all political perspectives turn to charitable organizations in their communities to deliver essential, cost-effective results.

None of the “hard” infrastructure proposals currently under discussion address the unmet needs of charitable nonprofits and the people they serve; only the State and Local Fiscal Recovery Funds provide the potential for that relief. Therefore, it is imperative that you reject any attempt to claw back or reclaim ARPA funds at the devastating expense of charitable nonprofits serving your constituents and all Americans, every day.

Sincerely,



Marnie Taylor
Board Chair



Tim Delaney
President and CEO

President and CEO of the
Oklahoma Center for Nonprofits