National Council of Nonprofits Testimony Before the Pandemic Response Accountability Committee

Today, the National Council of Nonprofits' President and CEO, Tim Delaney, had the honor of testifying in front of the Pandemic Response Accountability Committee, a panel of 20 federal inspectors general that is chaired by Michael E. Horowitz, inspector general at the U.S. Department of Justice. The committee invited the National Council of Nonprofits to present the nonprofit sector's insights and concerns regarding implementation of the CARES Act, including where the committee should focus its oversight attention to enhance transparency and accountability.

Delaney began his comments by pointing out that governments at all levels depend on nonprofits. Governments **hire** nonprofits to provide vital services in communities throughout the country and simply could not get their work done without nonprofit partners. The public also depends heavily on charitable nonprofits, especially right now, when so many Americans and families are facing economic instability and turn to nonprofits for food, housing, and other life necessities. Despite everyone – individuals, communities, governments, businesses – depending so heavily on charitable nonprofits, not a single government entity is dedicated to the health and wellbeing of nonprofits. He called on inspectors general to make sure governments work fairly with their nonprofit partners.

To help inspectors general understand more about charitable nonprofits, Delaney noted that collectively charitable nonprofits employ the third-largest segment of the private workforce, according to 2017 Department of Labor data. But the Department is not scheduled to update that data until 2024. Federal and state policymakers need that data now, not four years from now, so they know how many nonprofit workers that the public and governments depend on are newly unemployed. He also shared research documenting the need for government grant/contracting reforms, including prompt payments.

Delaney relayed the nonprofit sector's significant concerns regarding implementation of the Paycheck Protection Program. The Small Business Administration (SBA) is repeatedly "moving the goalposts" by changing loan terms and guidance, leaving nonprofits anxious about which set of evolving standards they ultimately must meet, months after they signed loan documents. He also voiced concerns that the SBA and Treasury Department have refused to release data about how many nonprofits have applied, been approved, or been rejected for loans under the program. Further, the PPP forms forced nonprofits to complete applications that required answers to questions that were not applicable to their legal structure.

Delaney expressed deep concerns about the Labor Department's harmful interpretation of a CARES Act unemployment insurance statute in a way that is forcing self-insured nonprofits to pay states 100 percent of the cost of benefits up-front and then waiting for states to reimburse 50 percent at some time in the future. Several states have opposed this interpretation, which is imposing a huge burden at a time when nonprofits can least afford it. And nonprofits with more than 500 employees are still waiting for the Treasury Department and Federal Reserve to roll out loan programs for these larger nonprofit organizations, which have received little or no other relief under the CARES Act.

Additional information

- Background on today's virtual listening forum
- A full recording of today's forum
- Tim Delaney's live comments
- Formal Statement submitted in advance