



Lutheran
Services
in America

The Honorable Jerome Powell
Chairman
The Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551

June 10, 2020

Dear Mr. Powell:

I write to you today on behalf of the one in 50 Americans who rely on the 300 Lutheran health and human services providers throughout the United States that comprise [Lutheran Services in America](#). With our active presence in over 1,400 communities in 45 states as shown on [this map](#), our work is critically important in improving the lives of America's most vulnerable people, ranging from seniors, veterans and people with disabilities to children, youth and families, and the homeless.

We are gravely concerned that in the more than two months since enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Federal Reserve has not yet issued guidance on nonprofit financial relief through the Main Street Lending Program, nor indicated a deadline by which it intends to do so.

The COVID-19 pandemic dramatically affects all of the people we serve and services we provide to so many people nationwide. Our 300 health and human services organizations are on the front lines caring for people while taking extraordinary steps to protect their staff and people served. Yet they increasingly struggle with equipment shortages, especially personal protective equipment and testing resources; severe workforce shortages necessitating hazard and overtime pay; and the need to reduce or eliminate vital services. These severe challenges are occurring while our organizations simultaneously face limited cash reserves and already-tight margins.

Our work is deeply embedded in communities across the country where we have provided services for over 150 years. Yet our work—which comprises a significant



part of America’s health and human services delivery system—cannot continue without specific measures taken soon to support nonprofit health and human service organizations with over 500 employees. Without needed resources to support nonprofit health and human services organizations during this time of crisis, we will be unable to meet the increasing needs of individuals and communities at their most vulnerable time.

One such direly needed resource is the low-interest loan program for mid-sized businesses authorized under the CARES Act which provides funding to be used to retain at least 90 percent of the recipient’s workforce. Specifically, the CARES Act provides in Section 4003(c)(3)(D)(ii) for the creation of a Main Street lending facility and provides in Section 4003(c)(3)(D)(i) that “the Secretary [of the Treasury] shall endeavor to seek the implementation of a program or facility ... that provides financing to banks and other lenders that make direct loans to eligible businesses including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees.”

As the Department of the Treasury and the Federal Reserve Board continue to develop guidelines for the Main Street Lending Program, we thank you for indicating that you recognize the critical role that nonprofit organizations play throughout the economy and that you are evaluating a separate approach to meet our unique needs. **However, we are troubled that the Federal Reserve has published [an FAQ](#) indicating that nonprofits are NOT currently eligible for this program. We strongly urge you to immediately honor the intent of Congress in the CARES Act by creating a separate lending facility specifically for nonprofit organizations, one which includes loan forgiveness during this unprecedented time. This overdue program is especially important given that the Paycheck Protection Program currently does not provide funding for nonprofits with more than 500 employees.**

In addition to access to the Main Street Lending Program, [we are asking Congress to address the following priorities](#) in future legislation related to coronavirus financial relief:

- Access to forgivable loans for nonprofits with over 500 employees



- 100% reimbursement of the cost of unemployment insurance benefits paid by nonprofits who self-fund these benefits.
- \$100 billion in targeted financial resources for nonprofit front line health and human services providers
- \$2 billion in additional funding for vulnerable youth and children.

We appreciate the opportunity to share our thoughts with you. We are available to provide any additional information or background needed for you to include nonprofits in the next round of Main Street Lending Program funding, and/or via a separate program created to specifically assist nonprofits. Such information may include related data from our current member organization survey, and firsthand testimonials from our organizations on how the pandemic is affecting the care and services they provide every day for so many people nationwide.

Thank you in advance for giving your time and rapid attention to this crucial issue. So many people across the country are relying on us each hour of each day during this historic pandemic, and we in turn are relying on you. We appreciate the hard work you and your office are putting in right now during this time of crisis.

Respectfully,

A handwritten signature in black ink that reads "Charlotte Haberaecker".

Charlotte Haberaecker
President and CEO