Letter to Kentucky’s Congressional Delegation:  
Act Now on Relief for Nonprofits
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June 9, 2020

Senator Mitch McConnell
Senator Rand Paul
Congressman Andy Barr
Congressman James Comer
Congressman Brett Guthrie
Congressman Thomas Massie
Congressman Hal Rogers
Congressman John Yarmuth

Senators McConnell, Paul and Representatives Barr, Comer, Guthrie, Massie, Rogers, Yarmuth:

On behalf of the undersigned Kentucky nonprofit organizations, we urge you to act on a bipartisan basis to advance legislation providing relief for the essential needs of Kentuckians and our economy.

Thank you for your efforts so far to help sustain our communities through the COVID-19 pandemic. Nonprofit organizations represent 10% of Kentucky’s workforce and your support of our work and the Kentuckians we serve is appreciated.

We are writing to share the attached letter Kentucky Nonprofit Network and 44 Lexington organizations submitted to Lexington’s Urban County Council to reiterate the enormous challenge facing (or will soon face) every city and county in Kentucky, as well as the Commonwealth. We need action now to avoid other local governments from copying Lexington’s proposal to completely eliminate government partnerships with nonprofit organizations working to meet community needs and serve our most vulnerable neighbors – especially when citizens need nonprofits the most. This action not only posed a great threat to Lexington, it is a dangerous trend that we must not let play out in other communities across Kentucky. Even though funding was restored by the Lexington Urban County Council, proposed cuts and well-intentioned, yet ill-conceived “fundraising” campaigns by government officials like we saw proposed in Lexington, create a distraction for nonprofit organizations that they simply cannot afford. These organizations are struggling to keep their doors open to serve your constituents. Action from Congress would make these kinds of self-defeating proposals unnecessary.
We are concerned that delaying action or taking a wait-and-see approach is hurting the people we serve and we need your help because:

- Local and state government need relief to maintain their partnerships with nonprofits, who leverage these government investments to efficiently and effectively meet the needs of our neighbors.
- Unemployment payments are due now for thousands of nonprofits that self-insure under federal and state unemployment systems. The bipartisan text in the HEROES Act is only a partial fix and hasn’t been enacted. Unless Congress acts now, nonprofits will be forced to divert millions of dollars from their missions to pay an unfair and untimely tax, leading to even more layoffs.
- Payroll Protection Program loans for many are running out. The employees who benefited will likely be laid off.
- Mid-size nonprofits were left out of CARES Act and inaction by Treasury and the Federal Reserve gives little hope that these vital organizations will see relief any time soon. There is nothing to wait and see for these nonprofits; layoffs are becoming permanent firings.
- Donations delayed are donations denied during this crisis. Congress needs to permit retroactive application of donations made now (3/13/2020 – 7/15/2020) to 2019 tax filings and expand the above-the-line deduction now, so the donations can do the most good when needed most.

Again, please act now. Kentucky’s nonprofit organizations and the Kentuckians we serve simply cannot wait. Our communities need help, and they need it now.

Thank you for your service and leadership during this crisis and in the recovery ahead. Nonprofits stand ready to help our communities thrive. We need your support.

Please reach out to danielle@kynonprofits.org with questions or for additional information.

Sincerely,

Allegro Dance Project
Ampersand Sexual Violence Resource Center of the Bluegrass
Appalachian Hospice Care, Inc.
Arbor Youth Services
Art Center of the Bluegrass (Community Arts Center)
Association of State Dam Safety Officials, Inc.
AVOL Kentucky
Barren County Family YMCA
Barren River Area Safe Space, Inc.
Berea Home Village, Inc.
Big Brothers Big Sisters of the Bluegrass
Carnegie Center for Literacy & Learning
Cedar Lake
Center for Nonprofit Excellence
Central Kentucky Community Foundation
Challenger Learning Center of Kentucky
Christian Appalachian Project
Community Education of Bowling Green-Warren County
Community Ventures Corporation
CrossRoads Ministry, Inc.
Cumberland Mountain Arts & Crafts Council, Inc.
Dancing Well: The Soldier Project
Danville-Boyle County Chamber of Commerce
Down Syndrome Association of Central Kentucky
Dreams With Wings
Epilepsy Foundation of Kentuckiana, Inc.
Estill Arts Council, Inc.
Explorium of Lexington
Faith Community Pharmacy
Family & Children's Place
Family Enrichment Center, Inc.
Feeding Kentucky
Franklin County Humane Society
Frazier History Museum
Friend for Life Cancer Support Network
Friends of Kentucky Main Street
Fund for the Arts
Garrard County Chamber of Commerce
Girl Scouts of Kentucky's Wilderness Road Council
Girls on the Run Central KY
Glean Kentucky
Good Shepherd Day School
Growing Together Preschool
Harbor House of Louisville, Inc.
Henderson Area Arts Alliance
Henry Clay Memorial Foundation
Homeless and Housing Coalition of Kentucky
Human being society
International Book Project, Inc
ITNBluegrass
Kentuckiana Stroke Association
Kentucky Alliance of YMCAs
Kentucky Association of Sexual Assault Programs
Kentucky CancerLink
Kentucky Equal Justice Center
Kentucky Nonprofit Network
Kentucky Pharmacists Association
Kentucky Railway Museum
Kentucky Society of CPAs
Kentucky Voices for Health
Kentucky Lions Camp Crescendo
Kentucky Native American Heritage Museum
Leadership Louisville Center
LexArts
Lexington Children's Theatre
Lexington Community Land Trust
Lexington Habitat for Humanity
Lexington Philharmonic
Louisville Parks Foundation
Main Street Perryville
Making A Difference Now (MADN)
Master Provisions
Mental Health America of Kentucky
Mentoring Plus
Mentors & Meals
Metro United Way
Natalie's Sisters Inc
New Beginnings Therapeutic Riding, Inc.
New Directions
Options for Individuals, Inc.
Orphan Voice
Outreach to the Needy Ministries
Owensboro Dance Theatre Inc.
Owensboro Family YMCA
Pandora Productions
Paso Fino Horse Association
Prevent Child Abuse Kentucky
Pride Community Services Organization
Red Bird Mission, Inc.
Ronald McDonald House Charities of Kentuckiana, Inc.
Ronald McDonald House Charities of the Bluegrass
Sayre Christian Village
SOS International
Special Olympics Kentucky
Stephen Foster Drama Association
The Gheens Foundation
The Hearing & Speech Center
The Louisville Orchestra, Inc.
The Morton Center
Tri-County Kentucky United Way
United Way of Central Kentucky
United Way of Kentucky
United Way of Northeast Kentucky
United Way of Paducah-McCracken County
United Way of the Coalfield
United Way of the Ohio Valley
Visually Impaired Preschool Services (VIPS)
Witnessing History Education Foundation, Inc.
Woodford Theatre
World Trade Center Kentucky
Yeiser Art Center
YMCA of Central Kentucky
YMCA of Greater Louisville
Young Hearts Theater Inc
Zoom Group, Inc.
Lexington Nonprofit Community Letter to the Urban County Council

As of May 22, 2020
<Entry open-letter-start>

Open Letter to the Urban County Council:

I write to share significant concerns regarding the elimination of funding to Lexington’s nonprofit partners from both the ESR funds and the Mayor’s line item budget. Nonprofits employ over 20,000 individuals in the Lexington community. Nonprofits in Lexington pay over $1 billion in annual wages and spend over $4 billion annually – pumping those payroll taxes and expenditures directly into the Lexington economy, as well as contributing significantly to Lexington’s Occupational License Fees. Nonprofits are essential to our community’s economic recovery.

When the coronavirus swept into Lexington two months ago, the city's nonprofits moved into action. They provided meals for suddenly jobless families. They offered refuge for people living unsafely outdoors, or in their own homes. They provided support to parents struggling to work and supervise NTI learning. They partnered with each other, city leaders, and volunteers and donors, to serve tens of thousands of Lexington's residents.

Then, even as the crisis raged on, nonprofits learned they were eliminated in the Mayor’s proposed city budget. The proposal abolished the entire $3 million extended social resources (ESR) allocation and decreased or eliminated most line-item funding to nonprofits – dismantling a critical partnership where nonprofits help the city fulfill its commitment to our community’s most vulnerable citizens and taxpayers.

Finally, compounding an already disturbing situation, six social-service nonprofits were deemed as “critical,” and thus dubbed more valuable in some way to the community, when the Mayor launched a fundraising campaign asking the public to donate to a special fund specifically for these hand-selected organizations. This effort, however well-intentioned, will negatively impact nearly every nonprofit in the Lexington community – just when these organizations need the support of private philanthropy most.

All of this has been done with little to no communication with the impacted nonprofit organizations. We are deeply concerned and here’s why:
* **Dismantling the community-support system.** Lexington is in an economic crisis, and our low-wealth families are being hit the hardest. The social-service nonprofits partnering with the city are critical to Lexington’s community-support system. These nonprofits also partner regularly with one another – referring clients, collaborating on programs, and standing together to advocate for equity and fairness. These organizations are not here to compete, but to complement each other, in caring for individuals and families in crisis. Cutting the funding for the city’s partnerships with these organizations when they’re needed the most is self-defeating. Who will provide these services for our most vulnerable citizens when the nonprofits are forced to shut their doors? How much more will taxpayers have to pay to replicate the efficient and effective organizations when they are gone?

* **Devastating economic impact.** Cutting the funding for the city’s partnerships with nonprofit businesses will result in massive layoffs of tax paying Lexingtonians. These citizens of Lexington will join the ranks of the unemployed when they could be helping their fellow neighbors find food, shelter, jobs, and cope with this extraordinary crisis. Furthermore, as we reopen our city, nonprofits are essential to our economic survival and development – the social-service nonprofits provide critical assistance to our neighbors who are struggling, the arts and cultural nonprofits are pivoting to provide much-needed enrichment for adults and children, and educational nonprofits are supporting students and parents to ensure our children and young adults are prepared for their next phase in life.

* **Increasing competition for limited resources.** Hand-picking six nonprofits as more worthy than others to be recipients of a special fund will decrease funding to the remaining nonprofits in our community – and has the potential to undermine these organizations own fundraising efforts. Private philanthropy can fill in some gaps. Private philanthropy can enhance programs and services. Private philanthropy can invest in innovative solutions. But private philanthropy can never replace the responsibilities government has to its citizens and taxpayers. While well-intentioned, this special fundraising effort and the proposed budget cuts have created more work, more confusion, and unnecessary division for an already overworked nonprofit sector.

Yes, this is an extraordinary time that requires the Mayor and you as Council members to make hard choices. It’s also time to recognize that the nonprofit sector, those organizations receiving funding for their agreements with the city as well as those who do not, are vital partners of LFUCG and Lexington residents. Rebuilding the nonprofit
sector will cost Lexington much more in the long run than it will cost to invest in its survival today.

For the good of all Lexington, we urge the Urban County Council to use its authority to restore the devastating cuts of approximately $3.7 million to external nonprofits proposed in the Mayor’s budget with reserves from the city’s economic contingency funds or other appropriate means. We also urge the Council to explore all relief opportunities from Congress that increase support to nonprofits who are facing an unprecedented increased demand for services. The services provided by nonprofits are vital. In many instances, they are life-sustaining. And when the economic impact and community recovery are considered, they are essential.

The Lexington nonprofit community has continued to operate during this pandemic and this community needs these organizations more than ever. We urge you to recognize that the kind of Lexington you want to see rise from COVID-19 is only possible with a nonprofit community that survives and thrives. Funding these partnerships and including nonprofit leaders at the table in decision-making with city and for-profit business leaders moving forward is essential to ensure a vibrant Lexington on the other side of this pandemic.

Sincerely,

Danielle Clore
CEO
Kentucky Nonprofit Network, Inc.