



Opinion: Urban County Council Must Restore Self-Defeating Cuts to Nonprofit Partners

Nonprofits are essential to Lexington's people and economy. The Mayor and Urban County Council have tough economic decisions to make, but now is not the time to cut funds that are critical to partner nonprofits working to help fellow Lexingtonians. Rebuilding the nonprofit sector will cost Lexington much more in the long run than it will cost to invest in its survival today.

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, as nonprofits dealt with the combined forces of declining donations and increased demand for services, they learned they were eliminated in the Mayor's proposed 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 members and taxpayers.

The Mayor's private fundraising effort to aid six of the nonprofits that saw their funding cut, while likely well-intentioned, will cause more harm than good. Private donations cannot fill the gap left by city government for these organizations. And 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 six organizations' own fundraising efforts.

Nonprofits employ over 20,000 individuals in the Lexington community, pay more than \$1 billion in annual wages, and spend over \$4 billion annually – pumping those payroll taxes and expenditures directly into the Lexington economy, including contributing significantly to Lexington's Occupational License Fees. If not restored, these cuts will result in massive layoffs of tax-paying Lexingtonians. These citizens will join the ranks of the unemployed when they could be helping their fellow neighbors find food, shelter, jobs, and cope with this extraordinary challenge.

Lexington is in an economic crisis, and our low-wealth families are being hit the hardest. The nonprofits partnering with the city through ESR grants and line-item funding are critical to Lexington's community-support system. Cutting this funding when these organizations are needed by citizens the most, while also proposing nearly a million dollar increase to the internal social services budget, is self-defeating. Does the city plan to provide these services for our most vulnerable citizens when nonprofits are forced to shut their doors? Does the city have the expertise to meet needs better than its nonprofit partners? Will the city take on the full responsibility for ensuring a quality of life that encourages businesses to operate in Lexington and people to visit? How much more will taxpayers have to pay to replicate the efficient and effective organizations when they are gone? The city trying to fill these gaps itself or rebuild the sector will cost much more than \$3.7 million.

Yes, this is an extraordinary time that requires 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.

For the good of all Lexington, we urge the Urban County Council to use its authority to restore the proposed cuts of approximately \$3.7 million to external nonprofits with reserves from the city's economic contingency funds. These funds exist for a rainy day and it's raining. Restoring this funding will take the city's economic contingency funding to roughly \$17 million during this emergency. The city and its citizens are getting a bargain for this investment.

Danielle Clore
CEO, Kentucky Nonprofit Network, Inc.