

#Relief4Charities

Coalition Says Main Street Lending Program Won't Work for Nonprofits, Calls on Congress to Ensure Mid-Size Nonprofits Have Access to Loan Forgiveness

WASHINGTON, July 21—We appreciate that the Federal Reserve updated some of the eligibility criteria of the Main Street Lending Program (MSLP) for nonprofits based on comments submitted by our organizations and others. We had hoped the loan terms released by the Federal Reserve would work for the entire nonprofit community. However, the new loan terms released on Friday retain numerous financial restrictions that make the loan program unworkable to most organizations that are targeted for support. We now call on Congress to include provisions in the next COVID-19 relief package that ensure mid-sized nonprofit organizations have access to forgivable loans.

Nonprofits with 500 or more employees were completely shut out of the two most important sources of COVID-19 financial support: the Paycheck Protection Program (PPP) and the Federal Reserve Main Street Lending Program. And while some nonprofits will now be able to secure loans through the MSLP, its terms do not recognize the realities of their business models, and many of the financial requirements included would discourage, if not disqualify, them from applying.

Last week, *The Chronicle of Philanthropy* reported on [research from Candid estimating that 22,000 nonprofits will fail](#) due to the economic downturn caused by the coronavirus. A recent [spot-check of mid-size nonprofits](#) (between 500-5,000 employees) shows that mid-sized organizations have been severely impacted by this health and economic crisis:

- 51% have laid off employees and 67% have furloughed employees;
- 71% report a reduction in services or available operations; and
- 83% of organizations had a reduction in contributions/revenue including a drop of 53% from individual charitable giving.

When asked what types of assistance would be most helpful, 92% suggested additional loan options, such as forgivable loans.

The broad nonprofit community calls on Congress to expand the Paycheck Protection Program, increase its loan amounts, expand eligibility to include charitable nonprofits with more than 500 employees, and fix the Main Street Lending Program so that our organizations can continue to effectively serve our communities across the country without incurring debt that threatens our sustainability, potentially resulting in additional workforce layoffs and furloughs.

Our communities are counting on nonprofits more than ever right now to help provide critical services in this unprecedented time. Nonprofits are counting on Congress to do the right thing so we can continue to meet those needs.

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