



Oral Testimony on the federal response to the economic impact of the COVID-19 pandemic on small businesses in New York State. Upstate East and North/Hudson Valley East: Monday, June 15, 2020, at 10 a.m.

Submitted by Jan Fisher, Executive Director, Nonprofit Westchester, [jfisher@npwestchester.org](mailto:jfisher@npwestchester.org), 914-439-0203

Thank you Assemblyman Abinanti, Chairman Stirpe and the New York State Assembly for inviting me to give oral testimony today. My name is Jan Fisher and I am the Executive Director of Nonprofit Westchester. With close to 200 members, NPW is the only membership organization in Westchester solely dedicated to advocating for and advancing the needs of the county's nonprofit sector and the people they serve.

Nonprofits provide a multitude of essential services throughout New York State and this did not stop during the COVID-19 pandemic.

During the crisis and continuing today, nonprofit professionals – from CEOs to direct care staff – placed themselves on the front lines to care for people with COVID-19 and those most vulnerable to the disease. Westchester's Federally Qualified Health Centers provide testing, direct care and have pivoted to make certain that their patients and communities have access to food. Nursing homes and child care centers offer care to everyone's parents, siblings, spouses and children – making it possible for others to work. Nonprofit agencies continue to keep Westchester stable for all residents, at all income levels, by serving people in residential settings – including the homeless, people with disabilities, victims of domestic violence, individuals with serious and persistent mental illness and vulnerable youth. Our community centers and immigrant serving agencies have become food distribution sites, feeding the hungry and meeting demands never before seen or prepared for. Our agencies, underfunded and under-resourced, did what they always do – they rallied to meet need, making certain that people of all ages and backgrounds are fed, clothed and housed. Our workers – many low-wage, under-insured, people of color – have come to work to care for everyone's families.

Our agencies are nimble - clients and patients with behavioral health issues are receiving telehealth services; our most vulnerable are receiving civil-legal services, swiftly redesigned programs offered by community based organizations, museums and nature centers are virtually engaging and serving as gatekeepers to

children, youth, families and frail seniors. Our advocacy agencies continue to gather critical data to make certain that issues are monitored and made public.

Nonprofits are essential service providers and economic engines – one out of every eight jobs is provided by a not for profit organization. Yet, on the stage of public acknowledgement, nonprofits were mainly left out. While hospital personnel and retail business workers received much-deserved praise, our tremendous contributions went largely unheard. Unprecedented need remains and we know Westchester and NY State will rely on the strength of the nonprofit sector to keep our communities moving forward into economic and emotional recovery.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) has helped nonprofits to address the economic fallout of the COVID-19 pandemic. Our efforts for inclusion were hard-fought, subject to political battles and reflected a lack of understanding about how nonprofits function. We were forced to divert very limited human and financial resources away from other vital matters to earn every aspect of economic opportunity that the Federal government has provided; our Westchester Federal representatives were and remain by our side.

### **Medicaid**

For example, in a politically charged effort, early CARES Act drafts would have disqualified nonprofits that are eligible for payments under Title XIX of the Social Security Act (Medicaid); this would have disqualified many vital front-line nonprofits, such as Planned Parenthood.

### **Loan Applications**

The PPP and EIDL applications were confusing for many nonprofits as they asked questions that were specific to for-profit businesses, not applicable to nonprofit agencies, yet were required to complete the applications.

*The application process still needs to be modified to ensure that nonprofit organizations are not turned away by cumbersome and confusing application questions.*

### **Direct Payments to Individuals and The Immigrant Community**

The CARES Act has failed our nation's immigrant population. For immigrants without legal status, federal coronavirus relief is out of reach. Many immigrants are undocumented and are continuing to work in essential

fields, ranging from medical care to cleaning homes to caring for our children to grocery stores and many have been “let-go” – all have no financial safety net.

One of the most touted aspects of the CARES Act has been the cash rebate program the bill created that put up to \$1200 (or more in some cases) into the pockets of Americans who are struggling because of COVID-19. These rebates are dependent on a number of criteria, chief among those is that recipients must have a social security number. This is, at the very least, a major oversight and gap in the bill because many immigrants do not have a social security number and are not required to have one. Instead, they have an Individual Taxpayer Identification Number (ITIN), which they use to pay taxes in the U.S. Worse still, is an issue within the structure of the bill that can cause the loss of cash rebates for immigrants with social security numbers. ITIN users file jointly with a spouse or child with an SSN – so, in this case, everyone in the household has been denied access to the cash assistance. While these individuals are paying their fair share of taxes, they are still being left behind by the CARES Act.

Immigrants in the U.S. make up more nearly 14% of the population and in 2018, those citizens paid more than \$4.5 billion in taxes. Yet they are not fully protected by the CARES Act.

*Our immigrant communities need financial support.*

(<https://www.stilt.com/blog/2020/04/the-cares-act-fails-immigrants-in-the-u-s/>)

## **Child Care**

Government, at all levels, need to come up with a plan to address the many issues surrounding access to affordable, high quality child care that existed before the pandemic and have been made worse by the pandemic. New York cannot move forward without child care. Those who work in child care understand how important their work is in shaping the futures of young children and supporting parents’ own efforts to work, advance and care for their families. Many set aside their own fears in order to operate throughout the COVID-19 pandemic. Most have suffered dramatic financial setbacks as children’s attendance has been low and uneven, only now starting to come back.

The smaller group sizes required by the new Child Care and Day Camp Programs Guidelines” will reduce the overall supply of “slots” significantly, and drive up the actual cost as well. To date there is no public funding to address the revenue shortfall. Most school age programs in Westchester closed as soon as the schools did, as they often operate in school buildings. These programs are waiting to learn what school districts plan to do

in September. Staggered school schedules that utilize building space for a full-day may make it impossible for the school age programs to operate as they did or at all; yet they might be needed to care for children when not attending school. The same concerns around overall capacity and cost per child while implementing the smaller group sizes applies to school age programs as well.

*New York State still has approximately \$134,000,000 in Federal funding to invest in child care. We would like to know the plan for the utilization of this funding.*

### **Nonprofits with More than 500 Employees**

Nonprofits of 500 and over employees need assistance from the Federal government.

The government distinguishes “large” from “small” organizations in many ways, but the most common is whether they have 500 or more employees. Large nonprofits are particularly important in areas like residential care (e.g. homeless shelters, foster care, homes for the developmentally disabled, etc.) They are critical partners to state and local government in maintaining the social safety net and have been on the front lines of the COVID-19 crisis.

Unfortunately, policy makers and funders underappreciate the importance of the large groups and often believe that they are stronger, more resilient, and less worthy of support than smaller nonprofits. The larger groups have been excluded from the most important federal aid—The Paycheck Protection Program—because of their size.

Larger human service organizations are overwhelmingly funded by government, which does not cover the full cost of doing the associated work. Government funding also creates cash-flow issues since, unlike grants, it is paid after the work has been done and can be subject to long and unpredictable delays. As a result, cash is always an issue for large nonprofits but, unlike large *for*-profits, they do not have access to the capital markets, cannot easily unlock illiquid assets, and are unable to use bankruptcy to restructure while continuing to deliver services. Any increase in costs, reduction in revenue, or delay in cash receipts is exceptionally damaging.

(<https://seachangecap.org/too-big-to-fail-nyc-largest-human-service-nonprofits/>)

The HEROES Act (next round of federal aid) amends the CARES Act to provide support to larger nonprofits, provides a dedicated funding stream for nonprofits and offers other opportunities to all nonprofits through such programs as the Main Street Lending Facility.

*Inclusion of all nonprofits in the next round of stimulus funding, and dedicated funding streams for nonprofits, is critical.*

### **Data from the Small Business Association**

The Small Business Association has not released data on nonprofits' access to stimulus funding and it is something that our sector is seeking. Without the data, we cannot fully determine whether our businesses were treated equitably. We know previous relationships with banks was a key factor in receiving funding. We also know that the impact of historical and systemic racism rears its ugly head in all aspects of society. The precarious financial position of many nonprofits - especially those run by people of color and benefiting people of color, and culturally specific organizations with limited English proficiency - have not had fair access in establishing such relationships with banks. From what we have heard and would expect, less resourced groups – often those trusted in their communities and those continuing to provide food, comfort, advocacy and basic necessities - had a hard time getting access to loan programs. Previous relationships with banks as well as human resources and capacity were issues cited by nonprofits in accessing federal loans.

*We request that the SBA provide data on nonprofit success rate in accessing stimulus funding.*

As we move forward in supporting and calculating businesses recovery, nonprofit businesses must be included in the equation.