



March 23, 2020

The Honorable Bill Lee
Governor, State of Tennessee
State Capitol, 1st Floor
600 Dr. Martin L. King, Jr. Blvd.
Nashville, TN 37243

The Honorable Bo Watson
State Senate
Chair, Finance, Ways and Means
425 5th Avenue North
Suite 706 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Randy McNally
Lieutenant Governor and Speaker of the Senate
700 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Cameron Sexton
Speaker of the House of Representatives
425 5th Avenue North
Suite 600 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Susan Lynn
State Assembly
Chair, House Finance, Ways and Means
425 5th Avenue North
Suite 622 Cordell Hull Bldg.
Nashville, TN 37243

The Honorable Matthew Hill
State Assembly
Chair, Finance, Ways and Means Appropriations
425 5th Avenue North
Suite 610 Cordell Hull Bldg.
Nashville, TN 37243

RE: Support for Tennessee's nonprofits during the COVID-19 crisis

Dear Governor Lee, Senator Watson, Lt. Governor McNally, Speaker Sexton, Assemblymember Lynn, and Assemblymember Hill:

We look to you for your leadership during this unprecedented time. We have confidence that your leadership will ensure the safety and health of every Tennessean. As nonprofit leaders in the state, we encourage you to ensure nonprofits are included in developing strategies to assist individuals and organizations experiencing hardship caused by this crisis. We are here to be partners to the State of Tennessee and supporters of every Tennessean in need. This letter is signed by four nonprofit support organizations representing thousands of nonprofits across the State of Tennessee. Nonprofits represent 10% of Tennessee's workforce.

As you consider policy measures to best equip Tennessee to weather this pandemic, we urge you to keep the needs of Tennessee's nonprofit community in mind. Nonprofits, particularly service providers, are being called in to adapt quickly to new operating requirements, educate community members and support vulnerable community members without any new resources. Many nonprofits are already facing a spike in demand for services that will certainly continue in the coming weeks and months.

In response to COVID-19, Tennessee's nonprofits are stepping up without hesitation to serve their communities, to protect public health, and to support their own employees. Nonprofits need immediate contracting, budget, staffing, and programming flexibility and timely resources from the state, local governments, and philanthropy to be able to continue this work through the months ahead.

We ask that you implement policies to support nonprofits in the following ways:

- All Tennessee government agencies **continue to pay on contracts and grants with nonprofits if they are underperforming due to temporary closures and suspension or reduction of services associated with COVID-19**. Some examples include senior meal sites that cannot accommodate as many guests, dental clinics that have closed, and services that are being curtailed for people with disabilities.
- An **expedited or automatic approval process for budget modifications** that does not increase the contract total be instituted to allow nonprofits to move budget-line items associated with existing contracts to new COVID-19 related priorities such as the cost of disinfecting facilities.
- Many nonprofits are already suffering significant financial losses due to cancelled fundraising events, cancelled performances, cancelled conferences and other programs. Like small businesses, nonprofits will need help to recover economically. **New and immediate emergency funds should be made available to address increased COVID-19 related costs** to nonprofits to support the uninterrupted delivery of essential services that affect public health, such as stepped-up sanitation, take-out meals for the homeless, and pre-packaged food at food banks.
- Any **employer benefit should be available to nonprofit employers, either through a grant mechanism or by making the tax mechanism relate to the taxes nonprofit pay**, such as unrelated business income taxes and payroll taxes.
- Similarly, it is important that **any plans to provide loans (such as the recently applied for SBA loans), financial assistance, insurance protections or other relief for businesses are structured so that nonprofits are also covered or eligible**.
- **Programs aimed at assisting employers, tenants, utility rate-payers, etc. through the COVID19 crisis be made equally available and beneficial to nonprofit and for-profit entities**.
- State agencies should **waive certain certification procedures to let nonprofits provide COVID-19 related emergency and essential services** as needed.

- Provide **discretionary funds to local communities through Community Foundations or nonprofit support organizations** to support smaller, place-based organizations in providing direct support to their communities.
- Finally, we are seeing that some states are putting together **task forces or commissions to help advise the state on their COVID-19 response and ultimately, recovery**. If that is something being considered, please know that the nonprofit support organizations: Momentum Nonprofit Partners (Memphis), Center for Nonprofit Management (Nashville), Venture Forward (Chattanooga), and Alliance for Better Nonprofits (Knoxville) are ready and able to participate, bringing the important concerns and knowledge of the nonprofit sector into the conversation.

We urge you to remember the unique needs of the nonprofit community and consult with nonprofit leaders as Tennessee continues to address the crisis (if you are not certain who to contact, we can help). I look forward to working with you to help Tennesseans thrive again and appreciate your consideration of these recommendations.

Sincerely,

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