



MINNESOTA COUNCIL
ON FOUNDATIONS



Date: March 19, 2020

To: Governor Tim Walz
Lieutenant Governor Peggy Flanagan
Senate Majority Leader Paul Gazelka
Senate Minority Leader Susan Kent

Speaker of the House Melissa Hortman
House Majority Leader Ryan Winkler
House Minority Leader Kurt Daudt

From: Susie Brown, Minnesota Council of Foundations
Acooa Ellis, Greater Twin Cities United Way
Doris Pagelkopf, United Ways of Minnesota
Steve Houtz, Metropolitan Alliance of Connected Communities
Jon Pratt, Minnesota Council of Nonprofits

CC: Management and Budget Commissioner Myron Frans
Employment and Economic Development Commissioner Steven Grove
Public Safety Commissioner John Harrington
Human Services Commissioner Jodi Harpsted
Housing Commissioner Jennifer Ho
Health Commissioner Jan Malcom
Corrections Commissioner Paul Schnell

RE: Recommendations for Immediate Action Concerning Nonprofits Role in the Covid-19 Response

The authors and their respective member organizations appreciate your thoughtful responses to the spread of COVID-19 within our state. We need strong, unified leadership, and you have been demonstrating that. Thank you. This letter presents a unified set of recommendations to you from a broad spectrum of the social safety net nonprofit providers and funders who are dedicated to serving those in greatest need in our state to ensure their continued ability to serve our communities. It is imperative to act to support our nonprofit infrastructure, which provides critical services for our state's overall health and well-being. Without support, there will be disruption of critical community services.

1. RECOMMENDATIONS BASED ON NONPROFITS AS EMPLOYERS

- a. **Include nonprofits in Employer Assistance.** Minnesota's nonprofits employ more than 13% of the state's workforce. Any employment-focused relief or stimulus must include our nonprofit employers. We are encouraged that recent federal legislation may make SBA loans available to charitable nonprofits. Commercial loans are often out of reach.
- b. Adopt policies that ensure all employers – regardless of unemployment funding selections – are equally protected from excess losses associated with the anticipated increase unemployment claims.
- c. **Include additional workers as "essential."** Governor Walz's March 16 Executive Order announcing emergency worker status was missing essential employees in behavioral

health staff, food support staff, housing & other congregate care support staff and case management staff. These nonprofit employees are also on the front lines and need emergency worker status and access to the same school-based childcare resources as medical staff.

2. **RECOMMENDATIONS BASED ON NONPROFITS AS VENDORS/CONTRACTORS**

- a. **Provide a flexible emergency grant fund to support immediate increased demand for emergency services.** Demand for emergency services such as food, domestic violence crisis response, childcare, child welfare, and mental health will all increase during the crisis. There are also increased costs to nonprofits to support the uninterrupted delivery of essential services that affect public health, such as stepped-up sanitation, technology for mobile service delivery, take-out meals for people experiencing homelessness, and pre-packaged food at food banks. It is critically important that nonprofits have flexibility with funds to be able to adapt to Minnesota's emerging needs.
- b. **Afford flexibility in grant/contract deliverables and continue payment based on past utilization.** We urge policy action to allow the use of prior month's numbers or other stabilizing methodologies for contract reimbursements.
- c. **Extend deadlines for reporting and RFP submissions.** This will bring relief to state staff during this statewide crisis.
- d. **Establish an expedited approval process for contract budget modifications** that do not increase the total contract cost, in order to allow nonprofits to address new priorities or unanticipated expenses stemming from the outbreak. Continue to pay on current contracts. Continue reimbursement based on the last three months of utilization. Extend current contracts for services for 6 months. Regardless of the drop-in services due to social distancing guidelines, payment on current contracts needs to continue so that these organizations can keep operating.
- e. **Provide administrative relief such as contract and reporting extensions so that nonprofit workers can focus on the emergency response.** In order to maintain continuity of services nonprofit staff are shifting focus to the COVID-19 emergency, so it is necessary to extend state RFP and reporting deadlines for at least 6 months- to allow these organizations to stay focused on the emerging needs of their community.
- f. **Allow reallocation of non-essential staff to critical emergency areas** such as food shelf staffing, shelter staffing, case management staffing, and childcare for emergency workers. Many contract requirements currently prevent this from occurring.
- g. **Allow distance interactions and telehealth engagements.** All grants and contracts must be revised to provide flexibility for remote delivery of services. Many contract requirements currently prevent this from occurring and/or are not billable services.
- h. **Include nonprofits in efforts to mitigate the harm to organizations serving the public.** Nonprofits, like museums and performing arts centers, contribute to the vibrancy of our communities, and are as dependent on sales as any Main Street business. We ask that nonprofits be considered in economic stimulus planning and incentives. Economic hardship experienced by would-be donors obviously exacerbates this situation.

3. **HOUSING RELIEF TO STABILIZE CASE LOADS AND REDUCE DEMAND FOR COSTLY HOMELESSNESS RESPONSE**
 - a. Require a 14-day notice for evictions to increase access to emergency support.
 - b. Increase investment in the Family Homelessness Prevention Assistance Program.
4. **IDENTIFY REGIONAL "CLEARING HOUSES" FOR RESOURCE DISTRIBUTION**
 - a. Organizations such as the Greater Twin Cities United Way, Investment Funds, etc., are uniquely situated to triage and coordinate with the state to address issues arising on the front lines with nonprofit providers.
5. **WHY DO WE NEED THESE ACTIONS IMMEDIATELY?**
 - a. **Nonprofits don't have financial flexibility or buffers.** A survey by the Minnesota Council of Nonprofits and Propel Nonprofits found that:
 - 72% of Minnesota nonprofits have less than 6 months of cash on hand¹.
 - 40% of Minnesota nonprofits don't have an operating reserve; of those that do, the operating reserve is 0-5% of their annual operating budget².
 - b. **Significant funding for essential nonprofit human services comes from government.** The majority of contracts are based on fee-for-service vs. cost-reimbursement, meaning that overhead costs are embedded in pricing, so that reductions in services due to the pandemic will directly harm the underlying organizations.
 - c. Nonprofit community service organizations are critical to the economy of Minnesota, employing over 385,000 people in our state.
 - d. Nonprofits are often on the front lines, supporting our most vulnerable community members and during a large-scale public health crisis such as this, these organizations are more critical than ever.

To reiterate, it is critical that the nonprofit sector be at the table, as full partners in Minnesota's response to this pandemic and the recovery after it. Collectively, our members and partners are ready and able to participate, bringing the concerns and knowledge of the nonprofit sector into the conversation. Please let us know how we can help in providing useful information or connecting you with leaders who can advise your efforts.

On behalf of more than 9,000 nonprofit employers in Minnesota, we ask that you prioritize the critical role of the nonprofit sector. We must be able respond quickly, maintain continuity of services, and meet the rapidly changing needs of communities around the state.

If you have questions, please contact:

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Kristen Rosenberger, GTCUW, at 612-340-7409, or kristen.rosenberger@gtcuw.org

¹ [source: MCN/Propel's 2018 CFO Survey](#)

² [source: MCN/Propel's 2018 CFO Survey](#)



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