April 13, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Carranza:

On behalf of the nonprofit sector, we want to thank you and all SBA employees around the country working overtime to help the nation in a time of unprecedented need. As you know, nonprofits are on the front line in this crisis. Even as this pandemic has shut down vast portions of our economy, our organizations continue to meet a wide range of needs, from providing meals to families, to offering emergency childcare, to even identifying emergency financial support for those who’ve lost their jobs in recent weeks.

On April 6, acting as a voice for the nonprofit and philanthropic sector, Independent Sector authored an open letter to the U.S. banking industry, urging banks that are participating in the loan assistance Paycheck Protection Program (PPP), created in the CARES Act, to ensure nonprofits have equal access to these loans. There are now more than 440 nonprofit and philanthropic organizations – large and small, and from all over the nation – that have signed that letter to the banking industry.

Today, we write to you to ask for an additional piece of data on SBA loans, which we believe will help uncover solutions to ensure that critical organizations receive the financial support they need to continue helping on the front lines of COVID-19. For many nonprofits with limited banking relationships, this loan application process has been challenging. There is also real concern that charities, particularly those that are led by people of color or serve communities of color, may find themselves shut out of the process to secure financial resources that are critical to their very survival.

Our commitment is to make certain that this does not happen. As we said in our communication to the financial institutions, we stand ready to work in partnership with government and private financial institutions to devise and deploy strategies that ensure all nonprofits that qualify for SBA 7(a) PPP loans are able to receive the resources needed to continue providing critical, life-sustaining services at this time. We look forward to working with policymakers to build upon and improve these lending provisions of the CARES Act in subsequent legislation.

The first step in understanding how to uncover solutions to significant challenges, we believe, is to understand the underlying data.

We absolutely understand, and support, that the first priority of the SBA right now must be to ensure successful implementation of the CARES Act provisions. Nonprofits and small businesses alike are counting on that. We do ask, however, that a subsequent priority is a public and timely release of data detailing the distribution of these SBA loans, specifically the breakdown between loan awards for nonprofit and for-profit entities. In addition to our vital role in serving the community, nonprofit and philanthropic organizations employ more than 10
percent of the private workforce and rank as the third largest employer in the country compared to other industries. With objective data in hand we can then turn our attention to working in partnership with government and industry to build on successes or improve upon shortcomings. The data you collect is key to beginning that process.

We trust you share our commitment to making certain that those whose mission it is to serve the most vulnerable across our nation have equitable access to these vital resources. Independent Sector stands ready as a partner and offers our unique insight into nonprofit and philanthropic needs, so that the SBA can help get loans to those most in need. Working together, we will get this right.

Sincerely,

Dan Cardinali
President and CEO
Independent Sector