

Public Comment: Main Street Lending Program

June 18, 2020

Orange County Grantmakers is pleased to provide comments on and support the Federal Reserve Board's proposal to expand its Main Street Lending Program to provide access to credit to nonprofit organizations. This proposed expansion to small and medium sized nonprofits is a valuable tool to help Orange County nonprofits as they continue to serve their communities during these challenging times. While this is a positive move to support nonprofits so critical to our economy, we also encourage the Federal Reserve to consider expanding the loan qualifications to include even the smallest nonprofits in our community or develop nonprofit microloans to support those organizations that might not qualify for the program.

Orange County Grantmakers is an association of foundations, corporate giving programs, and community organizations actively involved in philanthropy in Orange County, CA. Our mission is to advance social impact by supporting, strengthening, and building adaptive leadership across our nonprofit and philanthropic community. Our vision is a community of philanthropists committed to improving outcomes for Orange County and beyond.

Orange County Grantmakers is almost 20 years old and serves the important role of convening and connecting nonprofits and funders around issues and ideas most impactful to our community. As funders, we see every day the vital and important role nonprofits serve in our community as well as the unique challenges faced by a not-for-profit providing critical services to Orange County.

We appreciate Chairman Powell's acknowledgement that "Nonprofit organizations are critical parts of our economy, employing millions of people, providing essential services to communities, and supporting innovation and the development of a highly skilled workforce." Yet, far too often, nonprofits are not recognized as the vital small businesses they are when it comes to financial support. A recent survey, conducted by Charitable Ventures, the administrator for the Orange County Community Resilience Fund that provided \$4.2 of philanthropic emergency dollars to our nonprofit community in the immediate COVID-19 shutdown, found that 79% of organizations surveyed experienced significant revenue shortfalls while experiencing a significant increase in costs and an increase in requests for services. Many of these nonprofits have also had to pivot to continue to provide operations and are unclear when normal operations may resume.

Orange County Grantmakers supports the differentiation of two options for the loan, taking into account the differences between for profit and nonprofit organizations. We strongly encourage the Federal Resource Board to revise the eligibility criteria related to the employee number however, so that nonprofits with fewer than 50 employees are eligible to apply for the loans and lower the maximum number to much fewer than 15,000 employees in order to truly open up the loans to small and medium sized nonprofits.

Orange County philanthropy raised more than \$6 million and counting in emergency and community response dollars during the COVID-19 pandemic. These dollars have been critical to nonprofits serving on our front-lines to provide food access and distribution, emergency housing, and improving and expanding our community's health infrastructure. These dollars however are not enough to fill the gap of what is needed. We appreciate the federal efforts to date that are helping to keep nonprofits in

operation and return to full capacity and encourage the Federal Reserve Board to do its part. Thank you for considering our input and please do not hesitate to contact us with any questions.

Submitted by:

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