



Date: March 16, 2021

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 Majority Leader Kurt Daudt

From: Susie Brown, Minnesota Council on 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: Senator Michelle Benson
Management & Budget Commissioner Jim Schowalter
Employment and Economic Development Commissioner Steven Grove
Administration Commissioner Alice Roberts-Davis
Human Services Commissioner Jodi Harpstead
Health Commissioner Jan Malcolm
Public Safety Commissioner John Harrington
Corrections Commissioner Paul Schnell

RE: Urgent Recommendation to Establish a COVID-19 Nonprofit Resiliency & Recovery Fund

Thank you for your leadership this legislative session and over the past year in response to COVID-19. We are writing on behalf of more than 9,000 Minnesota nonprofit employers asking for immediate action to create a nonprofit resiliency and recovery fund, which would provide critical investment in the nonprofit organizations delivering essential services to Minnesotans across the state.

Nonprofits are well-positioned to effectively identify and address local needs and priorities – especially in response to the pandemic and its challenges. The sector’s deep experience and commitment to the well-being of every one of our community members in all phases of their life uniquely positions us to help our community navigate this crisis and the long-term rebuilding process that will follow. Representing 13% of Minnesota’s workforce, nonprofits play a key role in Minnesota’s infrastructure, engaging directly with residents and connecting them to state resources and programs.

This community infrastructure is critical. These organizations strengthen community wellness and economic vitality for people across the state. However, after a year of converging crises, these organizations have played an essential role that has been critical in maintaining community



infrastructure necessary to manage an effective COVID-19 response while also building toward long-term recovery.

Increased demand for services and the resulting costs of operating during a pandemic have outpaced revenues for nonprofits. According to the Minnesota Council of Nonprofits' State of Nonprofits report, 72% of organizations surveyed reported having less than six months of available cash reserves, and 40% reported no operating reserve. This has forced many nonprofits to reduce their budgets, programming and hours. At the same time, nearly 40% of the state's nonprofit workers filed for unemployment insurance due to reduced hours, temporary furlough or job loss.

Funding shortfalls and a diminished workforce are making it difficult for nonprofits to serve our communities to the full extent needed. This includes their capacity to serve Black, Indigenous and People of Color communities who have been disproportionately impacted by COVID-19, further widening racial disparities and systemic inequities.

We know that the increased demand for nonprofit services will continue well beyond 2021, and philanthropy and private donations alone cannot sustain our organizations. By leveraging federal emergency relief funds to support Minnesota's nonprofit sector we can maintain the ability to address current needs and create jobs – both critical to improving recovery outcomes for communities across the state.

On behalf of Minnesota's nonprofits, we ask for your support for and swift action in favor of a nonprofit resiliency and recovery fund.

If you have questions, please contact:

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