

Economic Downturn Frays America's Safety Net

Advocates for nonprofit aid agencies hope they'll get some help in the economic stimulus package

By Jane Lampman
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Is America's safety net in danger of unraveling? Many of the country's nonprofit organizations are on the front lines of the economic crisis, providing food and shelter, help in preventing foreclosures, job retraining. But they're being hit by the hard times, too.

As Congress digs in this week for negotiations on President Obama's \$825 billion economic stimulus bill - with funds targeted to tax cuts, infrastructure, and state aid - people in and outside the nonprofit sector say it ought to be part of that package. Not only would this preserve jobs and shore up a crucial part of the US service-delivery network, they say, but would employ it most effectively in spurring an economic recovery.

... Various proposals made in recent weeks related to the stimulus bill or subsequent recovery legislation include:

- Invest 10 percent of the stimulus, or about \$80 billion, directly in nonprofits. Sawhill proposes that these temporary funds be distributed across the sector in proportion to the amount each organization reported to the IRS for the prior year, with a cap on what a group could receive. This broad distribution makes sense, she says, because "the most important objective right now is an economic objective."

- Set up a short-term, \$15 billion bridge-loan program to help human service providers maintain jobs and services. Some 300,000 jobs are at risk due to state and local government cutbacks and delays in reimbursements, says the Independent Sector, a coalition of 600 charities.

- Utilize the Emergency Food and Shelter Program to get federal dollars quickly and directly to community services. In this program, which is used during disasters, money goes out through a network overseen by a board of charities to local committees that have public-private representation, Salamon says.

Others say community foundations could be a natural route for distributing funds. "This would give flexibility to local communities to see what needs are not being met and to get some money to groups that are meeting those needs," says Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy.

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