

Testimony to the United States Senate on Small Business and Entrepreneurship  
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Thank you for inviting me to testify at today's hearing on an incredibly important issue that has been little understood or discussed since the COVID pandemic hit early last year. Let me first start by thanking Committee Chair Senator Ben Cardin of Maryland for his steadfast focus on ensuring that the American Rescue Plan Act of 2021 included long overdue relief for large non-profits, which have been for some reason shut out from all of the previous relief packages, and in many cases have been pushed to the brink of bankruptcy while doing some of the most important, essential work to support those most in distress during this past twelve months.

I have the privilege of being the CEO of the Y in Central Maryland, one of the largest and longest operating community service organizations in the greater Baltimore region. We are also one of the largest YMCAs in the country. Prior to COVID, our organization served over 300,000 central Marylanders through a wide variety of programs and services that focus on healthy living, youth development and social responsibility. While the Y may be best known for our large buildings that bring individuals, families and communities together, we are also our region's largest early childhood and Head Start provider, the largest provider of after school enrichment, mentoring, summer camp and community school programming. In short, we are the largest youth-serving organization in the region and have a profound impact on the well-being of young people and their families.

What you should also know is that we were one of the largest employers in our region, with over 2,700 people on our payroll.

As someone who worked in the private sector before being recruited to do this work in 2006, I appreciate the incredible uniqueness and strength of the Y's overall business model. Over 70% of our revenue, prior to COVID, came through "earned revenue," i.e. the membership and program fees that people pay us to participate in the Y's programs and services. The remainder of our revenue comes from federal and private grants and donations. The diversity of our business model allows us to operate at scale and to be in the unique position to connect people and families across the economic and social spectrum to opportunities that smaller organizations focused on only one thing or one small community couldn't imagine doing.

In other words, scale matters, and at the Y we leverage that scale for the good of our community in more ways than I have time to describe here.

Unfortunately, when COVID hit, and we were forced to close most of our programs and buildings, our scale and earned revenue model worked against us. As we have lost 50% of our members, shuttered most of our school-based operations, and had

to run through a dizzying array of local and state requirements that changed sometimes daily, we also became the State of Maryland's and local municipalities' go-to organization to quickly spin up a wide range of new services for thousands of people who were most deeply impacted by COVID. For example:

- At the state's behest, we quickly opened 15 Y sites to care for over 800 children of essential workers so their parents could care for others.
- Partnering with food banks and others, we launched a massive food distribution operation, with over 500,000 meals distributed by Y associates and volunteers the past 12 months.
- We made thousands of "care calls" to senior members and others at risk for isolation during the shutdown.
- We were able to keep our over 1,000 Y Head Start families and children learning and well supported through virtual learning and family engagement
- We quickly pivoted our mentoring work for over 600 youth to a virtual format, ensuring that they kept contact with a caring adult in a time of incredible confusion and isolation
- With schools closed and parents in need, we opened 20 Y Academic Support Centers to provide safe, in-person school support to help children and parents successfully navigate virtual learning.

We did all this while having to eliminate over 1,000 of our 2,700 jobs at all levels of the organization, cutting salaries for all Y managers, and burning all of our available cash in the bank.

We did all of this because that's who we are and what our community expects us to be, but we did it despite being shut out of the PPP program. While so many worthy small non-profits received PPP funds even though their fundamental business model was unaffected by the pandemic, we were left to almost bleed out for the "sin" of having over 500 employees and the audacity to operate at scale across the region. Our operating revenue for 2020, expected to be around \$92M, was down over \$20M last year, and is projected to be down \$25M from that number this year. We have spent all of the cash we previously had on our balance sheet and are now using our line of credit to fund operations. After 167 years of serving this community, it's hard to understand why Congress failed to help us until the American Rescue Plan Act was passed just last week. On behalf of the Y and this community, I am deeply appreciative that the President made this legislation his first priority, and that enough Senators understood the essential role that larger non-profits play in this country.

For our Y, we anticipate that we will be eligible for around \$8 to \$9M from the Payroll Protection Program. That means that we will not have to go much further into our line of credit to fund operating losses this year, as we ramp back up to hopefully being cash flow positive again by year-end. I am concerned, however, that the deadline for accessing the program remains March 31<sup>st</sup>. After being shut out for the past year, it is unreasonable to ask organizations that were heretofore ineligible for the program to file their applications within two weeks. I can tell you

that colleagues of mine who run large Ys around the country and large non-profits in Baltimore are still trying to understand the program and figure out if they qualify. I think a three month extension is not only warranted, but owed to all of us after what we've been through this past year.

Thank you again for the opportunity to speak to you today, and thank you to Senator Cardin and those who understood how critically important large non-profits are to their communities and to helping our country survive this past year.