

February 19, 2010

The Honorable Christopher Dodd
United States Senate
448 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Dodd:

We applaud your efforts at financial regulatory reform. As you move forward on this major undertaking, we ask that you consider the unintended, yet serious, consequences of impact to the charitable organizations that serve our communities, our nation, and the world.

In the current draft of the legislation, nonprofit organizations would be potentially covered under the Consumer Financial Protection Agency (CFPA) simply by seeking charitable gifts to support their missions, or by working to promote financial literacy as part of those missions. This is because the definition of “financial activity” in the current draft is very broad and has the potential to bring nonprofits under CFPA regulation if they explain to donors how to make bequests or other charitable gifts. Further, nonprofits with missions encompassing any type of financial education – from teaching the basic financial literacy building blocks to a budget or check-balancing seminar - would be caught up in costly CFPA oversight because they provide “educational courses and instructional materials to consumers on individual financial matters.” These provisions have the potential to impact hundreds of thousands of organizations including schools, foundations, rescue missions, social services organizations, women’s shelters and many others.

We are thankful that the final House financial services regulatory reform bill included language to address concerns about the impact of the legislation on fundraising for nonprofits and fundraising advice and we would strongly urge that similar language be included in the Senate bill. Further, neither the current House nor Senate legislation addresses the concern that nonprofits offering the basic building blocks of financial literacy as part of their broader charitable missions may be swept into this new regulatory regime and bear the burden of any associated costs.

As we are sure you are aware, nonprofit organizations are being relied on as never before to provide important services for millions of U.S. citizens – and trying to do so at a time when resources are at historic lows. In fact, from 2007 to 2008 nonprofits experienced the steepest drop in charitable gifts over the past 40 years, according to Giving USA Foundation statistics. Giving USA has also reported that for 2009, 60 percent of surveyed human services organizations have been cutting expenses, staff and worst of all, much needed services due to funding shortages. Now is not the time to add even more financial and administrative burdens on the charitable community.

We are certain that Congress did not intend to cover activities such as food banks for seeking donations, schools for teaching our children how to save, missions and shelters for offering the homeless a way to find self-sufficiency, or churches for providing budget balancing workshops in low-income communities. The final bill should be modified to clearly reflect this intent and ensure that the CFPA will not subject the nonprofit community to another layer of regulation, fees and increased paper work – at a time when they can least afford it.

We would be pleased to work with you and your staff to address this important issue.

Sincerely,

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President and CEO
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Conference

John Ashmen
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Association of Gospel Rescue Missions

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