National Council of Nonprofits

Champions for the public good

Ryan Law
Deputy Assistant Secretary
Privacy, Transparency, and Records
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220.

Subject: Privacy Act; Systems of Records: Department of the Treasury, Departmental Offices .0197—Financial Assistance Programs, TREAS-DO-2026-0100-0001

To Mr. Law:

On behalf of the National Council of Nonprofits (NCN), I write to express significant concerns about the U.S. Department of Treasury's proposed establishment of a new system of records, which will directly impact nonprofits nationwide.

NCN is the nation's largest network of nonprofits, with more than 37,000 organizational members through our state and regional associations of nonprofits. The membership of the National Council of Nonprofits reflects the wide spectrum of nonprofit missions and, like the vast majority of charitable organizations, is composed of mostly small-to-midsized entities.

From small towns to big cities, in every congressional district and state, nonprofit organizations partner with government at all levels to meet essential needs that neither the private sector nor government alone can fully address. Through these partnerships, nonprofits meet real needs in real time, in all our communities. They show up in times of great need, providing disaster relief, crisis support, and safety from danger. Nonprofits also help communities every day by providing childcare, support for seniors and veterans, job training, food and shelter.

The work of nonprofits throughout the United States improves lives, strengthens communities, and bolsters the economy. From hospitals to libraries, churches to food banks, from veterans to school children, and artists to researchers, nonprofits serve rural, suburban, and urban communities throughout America. Nonprofits feed, heal, shelter, and nurture people of every age, gender, race, socioeconomic status and political persuasion. Nonprofits touch and benefit all Americans throughout our lives.

During the COVID-19 pandemic, nonprofits worked closely with federal, state, and local government to quickly respond to the national crisis. Under the American Rescue Plan Act (ARPA), Congress and the White House enacted $350 billion in State and Local Fiscal Recovery Funds (SLFRF) to enable state, local, Tribal, and territorial governments to provide "assistance to households, small businesses, and nonprofits…" As intended by Congress, nonprofits received direct assistance under the SLFRF to help recover from the COVID-19 pandemic's impact, and they partnered with government to provide essential services to help address the urgent needs of individuals and communities reeling from the pandemic and its impact on the economy.

As of March 31, 2025, state, local, and territorial governments obligated an estimated $13.4 billion of their SLFRF resources to nonprofits. A total of 1,553 governments reported 5,686 projects that directly or indirectly included nonprofits. All grantees obligated their funds as of December 31, 2024, meaning that all SLFRF dollars have been expended or contractually obligated to a project.

Nonprofit projects using SLFRF resources included a range of critical programs, missions, impacts, and services. For example, nearly $1 million was provided to a nonprofit in Arizona to expand their programming across the state. The organization focused on the negative impacts of the pandemic on youth, especially those struggling with lower academic scores and substance abuse. In Colorado, the state provided $4.7 million in grants to food pantries and food banks across the state in light of increases in demand and decreases in donations and revenue. This funding made it easier to purchase food and support more communities, especially those with greater needs. In West Virginia, $2,500 was provided to a community center to purchase a vehicle to allow the organization to continue providing services in the area. In Rhode Island, nearly $11 million was invested into nonprofit capacity building to help organizations deliver housing, clinical, and mental health services to survivors of domestic violence. These projects provided essential help to communities as they responded to and recovered from the pandemic.

Without changes, the proposed records system will undermine the vital partnerships between government and nonprofits that allowed our nation to quickly respond to the pandemic. Requiring nonprofits and other grantees to retroactively collect additional information on APRA projects, well after funding has been expended, is unworkable. Grantees design programs around the rules in effect when they apply for and administer funds, not after the fact. Imposing new reporting requirements now penalizes grantees that acted in good faith under prior guidance, undermines the policy predictability that grant programs depend on, and erodes trust in the process itself. Without sufficient administrative funding, nonprofits subject to the proposed changes would be forced to cover the costs of new compliance requirements by diverting scarce resources out of other key priorities that may cause them to cut back on services, lay off staff, or close their doors. Beyond imposing an enormous administrative burden, the proposed changes may deter nonprofits from partnering with government, especially if future administrations retroactively change reporting requirements.

Nonprofits are transparent and publicly share information about how they operate and their funding sources. When nonprofits receive federal funding for their work, they are subject to meticulous reporting and monitoring requirements for both outcomes and financial spending, which further ensures accountability and transparency. The proposed record system, however, is duplicative, adding costs with little benefit to the public.

Rather than advancing this proposal, NCN urges Treasury instead to use and strengthen existing reporting systems and reporting requirements. Any reporting requirements must be prospective – not retrospective – to allow grantees to build reporting systems without imposing excessive costs. Any new data collection mandate should be funded to ensure nonprofit grantees have the capacity needed to comply.

The public depends on the nonprofit sector to provide a reliable social safety net and deliver a wide range of other services that are vital to the health and well-being of our citizenry and communities. If implemented, however, the proposed record system would undermine the needed partnership between nonprofits and government. Ultimately, those most harmed will be Americans nationwide who depend on nonprofits for essential services. If nonprofits decide not to partner with government out of fear of expensive retroactive reporting, communities will not have the food banks, health clinics, after-school programs, and other vital organizations they need. Across America, the ripple effects will harm those with the greatest needs.

Thank you for your consideration.

Sincerely,

Diane Yentel

Diane Yentel
President & CEO
National Council of Nonprofits