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Opposed to Bailouts, but in This Case Willing to Take One

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Among the applicants for loans from the Small Business Administration's stimulus package is the foundation arm of FreedomWorks, a conservative operation that advocates small government and made its name opposing bailouts.

"I would love someone to give us free cash," said Adam Brandon, the president of FreedomWorks, which is working to build support for President Trump's effort to reopen the economy.

At the other end of the ideological spectrum, liberal groups like the Congressional Progressive Caucus Center and Media Matters for America have also applied for some of the small-business loans, which can be fully forgiven if the recipients use them to keep workers on their payrolls.

The groups on the left may be more comfortable than those on the right with the idea of federal government assistance, but accepting help from an administration they regularly criticize has left them debating how to balance their independence with their ability to keep functioning during an economic crisis.

"It's hard for me to imagine that any of these liberal groups are going to pull their punches on criticizing government because they got a loan," said Gara LaMarche, the president of Democracy Alliance, a club of major liberal donors who support some of the top groups on the left, including Media Matters.

He said his staff was consulting with some of the groups to which the Democracy Alliance steered funds, and expected many would apply for S.B.A. loans "as a matter of sound management and stewardship."

But Mr. LaMarche added, "It's not hard to imagine Trump keeping track, and then not forgiving the loans of groups he deems critical!"

Many struggling mom-and-pop business have been unable to obtain S.B.A. loans from a program established as part of the \$2.2 trillion bailout plan passed by Congress and signed into law by Mr. Trump, even as larger publicly traded businesses have obtained loans from the program.

A provision in the legislation, which socially conservative organizations recommended to Republican lawmakers, made clear that certain nonprofit groups could apply as well. The provision opened the door for taxpayer funding to subsidize well-connected organizations that are part of the political fray in an election year. And at least a few groups — on both sides of the political spectrum — decided to apply, so far with mixed results.

The Congressional Progressive Caucus Center's application for a \$160,000 loan is awaiting resolution, as is FreedomWorks Foundation's request for \$300,000, according to officials at the groups.

The American Civil Liberties Union's national office has not applied but 14 of its state affiliates have, and at least one received a loan — of \$154,000 — so far, said Anthony D. Romero, the executive director of the A.C.L.U.

A “small” loan request by Liberty Counsel, a conservative legal group supporting Mr. Trump's plan to reopen the country, is still pending, said the organization's chairman. An application from Media Matters has been hampered by a technical problem, said a person familiar with the process, who was not aware if the group had reapplied.

The Small Business Administration has already spent the initial \$349 billion allocated in the bailout bill for the loan program, known as the Paycheck Protection Program. But the program is set to get a \$320 billion infusion from another bill that won final congressional approval on Thursday.

Various types of institutions and industries, including universities and news organizations, have been caught up in the debate over who should benefit from the \$2.2 trillion bailout bill.

In the case of nonprofits, critics argue it is not a good use of government money to prop up groups trying to influence the political debate in the middle of a presidential campaign.

They point out that such groups do not pay taxes, and as such already receive a form of subsidy from the government. And they note that some taxpaying for-profit businesses that focus on politics are unable to avail themselves of the funding because Small Business Administration regulations prohibit loans to businesses that get more than half their revenue from political or lobbying work.

“There is a complete double standard,” said Eli B. Karabell, a Republican political consultant in St. Louis who sought to apply for an \$87,000 S.B.A. loan for his business, but was informed by his bank he was ineligible.

Mr. Karabell had to lay off three employees, according to a lawsuit the American Association of Political Consultants filed against the S.B.A. seeking to overturn the ban on loans to political businesses as an infringement on free speech.

“It is completely wrong and completely reprehensible for the government to be subsidizing these nonprofits, but our real Main Street, small-town businesses are not getting this money,” Mr. Karabell said.

Defenders note that the provision in the stimulus bill paving the way for S.B.A. loans to nonprofits applies to all groups registered under a section of the tax code — 501(c) (3) — that covers churches and other religious institutions, as well as charities and educational entities, most of which rely largely on donations. Some of those entities play important roles in communities across the country and employ significant numbers of people, some of whom might be out of a job if fund-raising declines as donors feel the pinch of the economic collapse.

While the tax code bans those groups from endorsing candidates or engaging in other partisan political activity, they are allowed to spend money advocating policy positions at the heart of

political fights. And many of the most active political organizations maintain 501(c) (3) foundation arms, including FreedomWorks, which plans to use its FreedomWorks Foundation to publicize ideas on how to restart the economy. Its larger political arm is helping organize protests of state and local restrictions on business and travel intended to mitigate the spread of the coronavirus.

Liberty Counsel, which is leading a campaign to reopen churches next week, worked with allies on Capitol Hill to push for the inclusion of nonprofit groups in the S.B.A. section of the stimulus bill, according to Mat Staver, the group's chairman.

"Obviously, with the stock market, people out of jobs, so many people unemployed, they're not donating," he said. "It still impacts any nonprofits whether you're essential or not."

The group submitted an application the morning the small-business process opened, but it has yet to receive a loan, which Mr. Staver attributed to larger corporations flooding the program.

Some conservative lawyers who represent such groups have encouraged them to apply partly as a matter of principle.

"Their financial situation is precarious, or will be, not because of anything they did or did not do — but because the governments at every level closed down the economy and cost them their donors' ability to fund their programs," said Cleta Mitchell, a conservative Washington lawyer who represents many nonprofit groups.

Not all conservative groups agree.

The Cato Institute, a libertarian think tank, decided not to apply for a loan, arguing in an op-ed in The Wall Street Journal that accepting the funds would be anathema to the group's mission of promoting limited government.

In an interview, Cato's president, Peter Goettler, called it "a moral issue of the state taking money from one group and giving it to another."

For liberal groups like the A.C.L.U.'s national office, the calculus is different but still complicated.

"The perception of independence is really important for an organization like ours that holds government's feet to the fire," Mr. Romero said.

Nonetheless, he said the organization did not prohibit its state affiliates from applying on their own, partly because they primarily serve as watchdogs against local and state governments.

Likewise, the Congressional Progressive Caucus Center, a nonprofit funded largely by donations from liberal foundations, said taking the assistance would not affect its work, which includes pushing for more assistance for workers in coronavirus relief legislation.

"We have not laid anyone off yet, and we're hoping not to, but we're facing significant financial uncertainty right now, as are a lot of other nonprofits," said Liz Watson, the center's executive director. "If we do get a loan, this will help us keep people in their jobs."