



The Honorable Nita Lowey  
 Chairwoman, Committee on Appropriations  
 U.S. House of Representatives  
 Washington, DC 20515

The Honorable Richard Shelby  
 Chairman, Committee on Appropriations  
 U.S. Senate  
 Washington, DC 20510

The Honorable Kay Granger  
 Ranking Member, Committee on Appropriations  
 U.S. House of Representatives  
 Washington, DC 20515

The Honorable Patrick Leahy  
 Ranking Member, Committee on Appropriations  
 U.S. Senate  
 Washington, DC 20510

Dear Chairwoman Lowey, Chairman Shelby, Representative Granger, and Senator Leahy,

The 12 million people working for America’s charities are the backbone of our communities, feeding, housing, and caring for people whose lives have been disrupted by sickness, closures, and job loss. Many nonprofits, such as those in the health care industry, are serving bravely in a time of increased risk. We salute their courage.

But other nonprofits have been asked to put aside their mission, for a time, and shut down their operations to help prevent the spread of COVID-19. You’re familiar with these nonprofits: zoos – museums -- employment centers – job training centers – after-school programs – and many more. Their work is going to be critically important when life begins to return to normal. **But will they be around? Many of these nonprofits are facing crippling unemployment costs, even with government assistance to pay 50% of their reimbursing charges.**

We are writing as a coalition representing six thousand nonprofit employers and 1.5 million employees. These nonprofits elected years ago to become reimbursing employers and take direct responsibility for their employees’ unemployment benefits. Now, as mandated shut-downs roll across the country, many of them have been forced to furlough their employees for their own survival – but in so doing, they have been hit twice, first by a loss of revenue, and second by unprecedented unemployment charges.

The cost of a mandatory shut-down is becoming devastatingly clear. Here are some sample invoices that have been received recently, compared to charges at this time last year:

<b><u>Nonprofit</u></b>	<b><u>Q2 Last Year</u></b>	<b><u>Q2 This Year</u></b>	
San Diego Zoo (CA)	\$ 45,000	\$ 1.35 million	} <b><i>After 50% assistance</i></b>
AHRC New York City (NY)	\$ 100,000	\$ 700,000	
Goodwill of Silicon Valley (CA)	\$ 31,000	\$ 700,000	
YMCA of Metropolitan Washington DC	\$ 3,000	\$ 460,000	
Asphalt Green (NY)	\$ 18,000	\$ 290,000	
EZ Ride (NJ)	\$ 13,000	\$ 130,000	

This is only the first wave. Many smaller nonprofits took advantage of PPP loans during the second quarter, but with the end of that program and no end to the shutdowns in sight, we expect similarly catastrophic charges to small, vulnerable nonprofits during Q3.



Did you know that **even with 50% federal assistance, the unemployment cost of a six-month furlough is equal to 10 years of the Great Recession?** The need is urgent. Many of these employers will go out of business, and their vital services in their communities will disappear.

**We plead on behalf of these shut-down nonprofits as well as thousands more that have had to severely reduce their services, for 100% relief of unemployment charges.** This will have the following benefits:

1. The partnership between government and nonprofits is a source of great strength and creativity in serving the public good. But if these nonprofits are driven out of business, local government will be left without a partner. 100% relief will ease the burden on city and state government.
2. 100% relief will protect the financial health of these shut-down nonprofits, so that when they are allowed to serve the community again, they can come back at full strength and full employment. Every dollar spent preserving the health of a nonprofit both helps the community and prepares the economy for a rebound.
3. State UI administrators are overwhelmed with recent program changes. Nonprofits face a bewildering patchwork of state rules, invoicing errors, government promises, and uncertainty. By contrast, 100% relief is simple to administer, requires few programming changes, and reduces confusion.

The importance of 100% relief is felt throughout the country. Formal requests have been sent to Congress by organizations as diverse as the National Council of Nonprofits (with signatories that included 450 national nonprofit organizations); the National Governors Association; and more than 50 members of the UWC alliance, including leading chambers of commerce and associations of business and industry around the country.

Critically, **100% relief already has widespread support in both houses of Congress.** Senators Lankford, King and 28 others supported this request in a letter to the Senate leadership on May 7. Representatives Moulton, Fitzpatrick and 142 of their colleagues asked the House leadership for action in a letter on April 29. In S3548, the HEALS ACT, the relevant legislative language was amended to increase the reimbursable federal share to 75%. Subsequently, an amendment to that language was submitted to raise the reimbursable amount for such nonprofits to a full 100% (Lankford).

Legislators from both houses and both parties are willing to support this cause, if only the proper legislative vehicle can be found. All these voices are looking to you, as leaders in Congress. The need is urgent; the support already exists; please **find a vehicle to let these congresspeople act** to preserve these shut-down nonprofits, so that when the time is right and life begins to return to normal, these nonprofits can step back into the work they love, serving America's neediest people.

*The following pages show examples of the nonprofits you will be helping  
and the communities you will be touching by your actions.*

# These are the stories of nonprofit employers being crushed by unemployment claims related to COVID closures.

These stories are but a few of the tens of thousands playing out across the nonprofit sector.



**San Diego Zoo Global (San Diego, CA)** (voted the world's #1 zoo) is a world-renowned conservation organization that serves 5 million visitors per year at its San Diego Zoo and San Diego Zoo Safari Park. It also operates conservation projects in 45 countries to protect and preserve multiple species of wildlife. The closure due to COVID mandates has necessitated the furlough of almost 50% of its workforce at their two facilities in

San Diego, CA. Additionally, it has disrupted important research due to travel restrictions. Having paid less than \$300,000 in unemployment claims in CY 2019, they are facing costs of greater than **\$300,000 per week** and could have a maximum liability of \$7.8 Mil.



Since 1966, **PRIDE Industries (Roseville, CA)** has created thousands of jobs for people with disabilities, veterans, foster youth, and others with barriers to employment. PRIDE supports these team members for long-term success through person-centered job coaching, training, and placement.

Programs that continue to provide employment options for those with development and intellectual delays are suffering the most. The economic and social impact on a population that struggles with daily activities is experiencing added stress during this unprecedented time. The ability to earn a wage and be contributing participants in their local communities is something that builds self-esteem and social opportunities.

With more than 2,500 employees just in CA, they have averaged about \$100,000 in unemployment claims per quarter over the past year. They are now facing more than **\$300,000 per week**.



**WesleyLife (Johnston, IA)** was founded in 1946 and currently provides senior residential services in 11 locations, hospice, transportation, adult daycare, meals, short-term rehabilitation and more throughout the state. They have been impacted by COVID to change how they provide services in a way that maximizes safety and ensures the wellbeing of their

clients and residents. They have been actively hiring to meet the increased need and have not had any furloughs or layoffs. They are currently facing the prospect of paying **\$500,000 for base period claims** for individuals that left their employment previously and now have been furloughed by a more recent employer.



The **YMCA of the Inland Northwest (Spokane, WA)** was chartered in 1884 and today serves communities measuring over 500,000 people each year in WA and ID. Along with resident Camp Reed, EWU Children's Center, Central YMCA Children's Center, 18 Before-and-After School sites and city-wide youth sports programs, this Y offers five facilities designed for children and families featuring aquatics centers, teen and fitness centers, gymnasiums, and community gathering spaces.

Approximately 700 full and part-time staff have been furloughed due to COVID mandates with an expected cost of unemployment benefits at **\$128,500 per week**.



**Pearl Buck Center (Eugene, OR)** provides support for people in the community with intellectual disabilities, and their families including preschool and daycare, supported living, and vocational services.

Employing 122 people prior to the COVID-19 emergency order, they have been forced to close some of their programs causing 67 claims. Charges are estimated to be **\$28,700 per week** for these benefits, **or 31 times greater than their average charges in 2019**, during which they paid a total of \$47,000.



**Clayton Child Care (Ft. Worth, TX)** offers affordable childcare in Tarrant County with over 80 locations. Their affordable before and after school programs are vital to the community. Since closing due to COVID-19 this nonprofit has experienced 419 claims, with only 448 total employees prior to closing - over 90% over their entire staff. The cost of these claims is expected to be more

than **\$178,000 per week**, and much as **\$4.6 million** in state unemployment benefits.

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**EZ Ride (Woodridge, NJ)** was incorporated in 1983 as the first Transportation Management Association (TMA) in the state of New Jersey. EZ Ride helps to eliminate transportation barriers and enhance quality of life. In partnership with NJ Transit, the New Jersey Department of Transportation (NJDOT), counties and many private sector employers, they manage the largest carpool, vanpool and New Jersey Job Access & Reverse Commute (NJ-JARC) shuttle programs in the state. Among others, we serve 1,000 seniors and low-income individuals in our Ryde4Life program, and 130 riders with special needs using a fleet of 20 minivans and sedans.

EZ Ride has been forced to place 75 employees on furlough and cut the hours of 13 employees to part-time. The total cost of their unemployment claims is expected to exceed **\$500,000**. In the short term, this unexpected payment will be a major financial burden that will prevent and/or delay a re-launch of their services and in the long term, it will have a significant adverse impact on the financial success of the organization.



**Goodwill of the Heartland (Iowa City, IA)** serves southeastern Iowa and the Quad-cities area providing jobs, job training, and opportunities for people with barriers—employing more than 700 people. With most of their operations closed due to the pandemic, they have had 548 COVID-19 claims filed to date which is expected to result in **\$228,500** a week in reimbursing costs. That is 535% the number of claims paid in all of 2019 and more than **254 times greater than their average weekly costs**. In CY 2019, they paid only \$42,700 or \$821 per week in unemployment benefits. Total liability on these claims is nearly **\$6 million**.



The **Gilbert House Children's Museum (Salem, OR)** provides learning opportunities with hands-on exhibits, outdoor play area, and educational classes, for children ages 2 to 10 years old. The number of people laid off is 13 with an expected cost of unemployment benefits of **\$2,000 per week**.

Small nonprofits, even when they pay less for unemployment benefits, may be even more vulnerable due to their smaller budgets and lack of resources. "Our business will be one of the last to reopen because of the nature of the services we provide and the population we serve."



**Old Colony YMCA (Brockton, MA)** serves 31 communities in southeastern MA. They have been forced to suspend all in-branch operations since March 17 due to COVID-19. They are still operating 5 residential centers, a food pantry, and one of the few organizations allowed to maintain child care centers still serving the community in the area, as they remain open to care for children of first responders, healthcare workers and other essential employees who keep their communities running in this crisis. With in-branch operations closed the resulting layoffs caused unemployment charges in April of **\$322,998**, more than **25 times greater than the prior month** which also included some costs for COVID-19 claims. Charges in the first 2 months of 2020 was less than \$10,000.



**Barber National Institute (Erie, PA)** and serves counties of Erie, Philadelphia, Allegheny (Pittsburgh), Crawford, and 18 other Commonwealth counties. They provide children and adults with autism, intellectual disabilities, and behavioral health challenges and their families the education, support, and resources needed to be self-reliant. The organization is a school, workplace, social gathering site, and home for their clients housing their adult population in family style group homes located within typical neighborhoods. They provide clients with transportation to work on-site or within the community, as well as an opportunity for various community participation services to offer them the venue to live an independent and fulfilling social life. BNI's school is the only Approved Private School in northwestern Pennsylvania and serves over 15 separate school districts.

They have laid off more than 250 employees due to COVID-19 related occurrences and have reduced the work hours of an additional 116 employees. Their benefit charges in April have exceeded **\$302,000** compared to \$16,836 in April of 2019. That is an increase of **18 times the prior year period**.