



September 30, 2020

The Honorable Andy Beshear
Governor
Commonwealth of Kentucky
700 Capitol Avenue, Suite 100
Frankfort, Kentucky 40601

Governor Beshear,

On behalf of the over 20,000 nonprofit organizations across the Commonwealth, thank you for your leadership during these extraordinarily trying times. As you know, charitable nonprofits have made significant sacrifices to keep the people they serve and employ safe while joining the fight to flatten the curve.

Nonprofits have also stepped up in creative ways to provide crucial services at a time when resources, funding, and support have been diminishing and disappearing. These services include resources, referral, and navigation in accessing financial, medical, food, housing, and basic needs assistance; mental health, substance use, and crisis services; virtual learning sites, internet access, and educational support for students; support for children and parents in the childcare crisis; spiritual support, among many others.

We write you to express our shared concern over the sustainability and viability of these critical organizations – the fourth largest industry in Kentucky. While the challenges are vast and the issues are complex, two specific solutions would provide meaningful, impactful relief.

1. **We request is that the Commonwealth of Kentucky establish a nonprofit relief fund.** At least 18 states, with more on the way, have allocated Coronavirus Relief Fund monies for grant and loan programs directly benefiting nonprofit organizations. These funds are providing desperately needed economic support to shore up the financial sustainability of nonprofits working around the clock to ensure needs of Kentuckians are being met in these times of crises.

Tennessee established the [Community CARES Program](#), a \$150 million grant program dedicated exclusively to relief for 501(c)(3) nonprofit organizations. New Hampshire established the [Nonprofit Emergency Relief Fund](#) awarding \$60 million in grants to nonprofits impacted by the COVID-19 pandemic. South Carolina's legislature just last week allocated \$25 million in [Coronavirus Relief Funds for grants to nonprofits](#).

States vary in their approach to and design of these programs. Kentucky, operating within the parameters of federal guidance, could design the fund and program to best meet our unique needs. Kentucky Nonprofit Network stands ready to partner with your administration to provide any insight, assistance, or expertise that would be helpful.

2. **We request coverage of the remaining costs of unemployment benefit reimbursement to nonprofit organizations that self-insure these benefits.** Many nonprofits self-insure unemployment benefits as a cost-saving measure. These organizations are required to reimburse the state unemployment insurance (UI) trust

fund dollar-for-dollar for the amount of benefits their former employees claim. With the implementation of stay-at-home orders, though necessary, some nonprofits were forced to close doors, cancel programs, and furlough or lay off staff. This triggered immediate, catastrophic unemployment charges and, for some, the charges continue to climb.

For the YMCAs across Kentucky, that collective bill totals over \$8 million so far. While the federal CARES Act included provisions covering 50% of these costs, that still leaves them owing over \$4 million. And there are many other nonprofits facing the same threat. Kentucky Nonprofit Network is working closely with other state and national partners to advocate for the federal government to cover the remaining 50%. However, if that federal COVID relief legislation fails to include the bipartisan proposal that would cover the full 100%, we ask for state assistance in offsetting these dollars. Otherwise, the many nonprofits that self-insure for their unemployment insurance benefits are at great risk of laying off all staff and closing their doors forever.

An investment in these two requests would provide invaluable relief for nonprofits, allowing them to maintain focus on the work they do every day to meet the urgent needs of Kentuckians and Kentucky communities, and would save thousands of jobs and accelerate Kentucky's economic recovery.

With federal Paycheck Protection Program funds exhausted and no guarantee of any future federal relief, nonprofits of the Commonwealth are at risk of losing 25 percent of their workforce. Those are hard-working Kentuckians who will be forced to turn to the already strapped unemployment system in order to provide for their families. The cascading effects ripple throughout the state causing reductions in payroll and income tax collections, economic activity, state sales tax collections, and consequently state and local revenue in the face of increasing costs.

These difficult times have created a perfect storm for nonprofits, exacerbating the cash flow crises for organizations that already operate on the margins and requiring them to divert scarce resources away from mission services. Without relief, the costs to Kentucky will be broad and deep. We implore you to use CARES Act funds, as so many other states have done, to help this vital industry.

Again, thank you for your leadership in such uncertain times. We are eager to work together to preserve the ability of our charitable nonprofits to accomplish their missions in every community in the Commonwealth.

Sincerely,



Danielle Clore

CEO

Kentucky Nonprofit Network

Advocacy Alliance Members:

Center for Nonprofit Excellence
Family & Children's Place
Fund for the Arts
Home of the Innocents
Homeless and Housing Coalition of Kentucky
Hosparus

Kentucky Alliance of YMCA's
Kentucky Coalition Against Domestic Violence
LexArts
Markey Cancer Foundation
Metro United Way
Prevent Child Abuse Kentucky