

March 20, 2020

The Honorable Gavin Newsom
Governor
State of California
1303 10th Street, Suite 1173
Sacramento, CA 95814

Sharon Hilliard
Director
California Employment Development Department
722 Capitol Mall, Suite 5098
Sacramento, CA 95814

Julie Su
Secretary
California and Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Tim Rainey
Executive Director
California Workforce Development Board
800 Capitol Mall, Suite 1022
Sacramento, CA 95814

Re: Nonprofits Unemployment Charges – COVID-19 Virus

Dear Governor Newsom, Director Hilliard, Secretary Su, and Workforce Development Board Executive Director Rainey:

On behalf of PRIDE Industries and the nonprofit organizations listed below, we are writing to draw your attention to issues confronting nonprofits and vulnerable communities these organizations service. In the past, you have toured PRIDE Industries' facilities on several occasions. **We are requesting a waiver from the State of California's requirement that nonprofits reimburse the State for unemployment charges when those charges are for COVID-19 related unemployment claims.** We applaud your work and leadership during these difficult times and we ask for your assistance so that nonprofits can serve some of the most vulnerable populations in the State of California during the Coronavirus (COVID-19 Virus) epidemic. Without this assistance from the State of California, nonprofit organizations will face bankruptcy because of the onslaught of unemployment claims triggered by school/daycare closures, shelter at home state orders, government and customer work shortages/reductions and

layoffs due to the widespread impact of the COVID-19 virus. Many employees have been forced to stay at home due to counties and the States directives.

Since 1972 when nonprofit organizations were required to provide unemployment benefits to their employees for the first time, 501c3 social service nonprofits were allowed the option to opt out of the State Unemployment Tax (SUI) system that was particularly onerous to nonprofit organizations. This option allowed them to become “reimbursing” employers or to some degree, self-insured. This option allowed for nonprofits to better utilize their limited resources to better serve the community. This option was made available with no consideration of the possibility of devastating pandemics such as we are experiencing now with COVID-19 virus.

As we all know, social service nonprofits such as those that service the disabled, elderly, homeless, abuse victims, the poor, etc., are the life blood of essential services to those in greatest need of them. If those nonprofits were to be forced to repay the State for unemployment claims caused by COVID-19 virus, it will cause huge numbers of these organizations to go out of business or severely reduce services available to the community and, in particular, to those in the community who need them most. This would subsequently negatively impact the community as a whole, public assistance programs and those in most need of our help. This issue is not just about saving jobs and businesses, it is about saving vital social services.

Finally, as the federal government considers large aid packages to protect businesses, we ask that the State support a proposal providing nonprofits, regardless of the number of employees, with tools to continue to serve the most vulnerable individuals in our communities. For questions, please contact Marvin F. Pineda at (916) 869-3685.

Sincerely,

Aim High
Aldar Academy
Alternative Family Services
ARC of Fresno
ARC of Long Beach
Anova, Inc.
Art Center of College and Design
Bay Area Community Resources
Big Brothers-Big Sisters of the Bay Area
Bonita House, Inc.
Boys & Girls Clubs of South County
Boys and Girls Club of East County
Casa de Amparo
Casa Pacifica
Casa Loma College
Central Valley Christian Schools
Charis Youth Center

Child Abuse Prevention Council of Sacramento
Chinatown Community Children's Center
Chinatown Service Center
Christian Brothers Institute of CA
Civicorps School
Coastside Adult Day Health Center
Community Action Agency of Butte
Community Catalysts of CA
Community SeniorServ, Inc
Conservation Corps North Bay
Creative Center of Los Altos/Pinewood School
Crossroads Diversified Services, Inc.
Crowden Music Center
DeAnza Cupertino Aquatics
Desert Aids Project
Energy Foundation, The
Environmental Volunteers
Extended Day Child Care Center, Inc.
Family Connections Christian Adoption
Fortune School of Education/Project Pipeline
Futures Without Violence
Gateway School
Girls, Inc. of Alameda County
Golden Gate Council/Hosteling International USA - Golden Gate
Hathaway-Sycamores
Haynes Family Programs
Help Hospitalized Veterans
Hillbrook School
Hillcrest Homes
Hillside Enterprises
Hively
Hoffman Institute Foundation
Home of the Guiding Hands
Hospice by The Bay
HumanGOOD
Human Resources Consultants, Inc.
Institute for Noetic Sciences
Interface Children Family Services
International Institute of Los Angeles
Janet Pomeroy Center
Janus of Santa Cruz
Kidango
Kidspace
La Clinica De La Raza

Living Desert, The
Livingston Memorial, VNA
Marymount College
Monte Vista Grove Homes
Mendocino Community Health Clinic, Inc.
NatureBridge/Yosemite National Institute
Occidental College
Olympic Park Institute
OPARC
Palm Desert Community Pres. Church
Palo Alto Community Child Care
Paratransit, Inc.
Performing Arts Workshop
Pepperdine University
Planned Parenthood of San Bernardino and Orange Counties
Planned Parenthood San Diego
Playworks Education Energized
Point Blue Conservation Science
Point Loma Nazarene University
Positive Resource Center
Pride Industries
Project Angel Food
Project Open Hand
Raphael House of San Francisco
Rural Human Services
San Francisco Maritime Nat. Park Assoc.
Share Our Selves
Snowline Hospice of El Dorado County
Social Advocates for Youth, San Diego
Solano Family & Children's Services
South Bay Community Services
Summerfield Waldorf School and Farm
Tech Museum, The
TechSoup Global
Tenderloin Housing Clinic, Inc.
TLCS
The Nonprofit Trust
The Heritage
Ujima Family Recovery Services
United Cerebral Palsy of San Joaquin, Calaveras and Amador Counties
Yerba Buena Center for the Arts
YMCA of Anaheim
YMCA Glendale Families
YMCA of the East Bay

YMCA of San Diego
Yolo Community Care Continuum

Cc: Steward Knox, Undersecretary, California Labor and Workforce Agency
Stuart Thompson, Deputy Legislative Secretary, Governor Newsom
Tam Ma, Deputy Legislative Secretary, Governor Newsom
Richard Figueroa, Deputy Cabinet Secretary, Governor Newsom