



State Policies Can Help Nonprofits with COVID-19 Recovery

As Governor Ron DeSantis and state legislators develop policy solutions to best equip Florida to handle the COVID-19 pandemic, it is essential that they take action to support the operations of the thousands of nonprofit organizations in the state that are struggling to meet growing needs with fewer resources during this crisis. Nonprofits provide essential services in communities in all 67 counties of Florida, often in partnership with the public sector. Nonprofits are also a substantial employer, comprising over 534,000 employees in the state and 5.5% of the state's workforce. It is in everyone's best interest to maintain a thriving nonprofit sector in our state.

The Florida Nonprofit Alliance has been seeking input from nonprofits about the ways that the COVID-19 pandemic is affecting their organizations and the communities they serve. Here are some policy solutions that would be immensely helpful to the nonprofit sector. The Alliance will make additional suggestions for policy solutions as we continue to learn more about the hardships nonprofits are facing during the pandemic.

State grants and contracts. The state is a critical partner to many nonprofit service providers. Significant disruptions in state grants and contracts could permanently shut down organizations providing health services, child care, food assistance, senior care, and many other essential services in our state. Nonprofits may have difficulty fulfilling their deliverables on state grants and contracts due to the necessary public health response to this emergency and the impact it is will have on all parts of the economy.

Policy solutions: The Legislature should pass legislation requiring that, if a nonprofit cannot fulfill its deliverable on a state contract due to circumstances related to the COVID-19 pandemic, then the contract will be based on intended deliverables without penalty for inability to meet deliverables. In addition, we encourage the Florida State Agencies to consider following the lead of the federal Office of Management and Budget (OMB) in temporarily loosening grant and contract reporting, application, and renewal requirements.

Unemployment insurance. Businesses and nonprofits throughout Florida are making (and will continue to make) difficult decisions in light of the economic challenges that are resulting from the public health response to the pandemic. For more details about nonprofit-specific issues related to unemployment insurance (UI), see this [blog post](#).



Policy solution: To the extent that the Governor's Office makes temporary changes to unemployment insurance (UI) benefits, it is important to consider that nonprofits have the option of self-insuring rather than reimbursing the state for UI claims rather than paying SUTA based on experience rating. FNA would certainly support legislative efforts to hold harmless businesses and nonprofits for UI claims resulting from this pandemic by not charging temporary benefits to their experience rating. However, it would be essential for any such legislation to have a parallel provision ensuring that nonprofits that elect to reimburse are also held harmless. The current version of stimulus legislation in Congress would provide federal funding for *half* of the UI claims of the reimbursing nonprofits. Unless the state can pick up the other half of the cost of these UI claims, nonprofits that have elected to self-insure for UI – including healthcare providers, food banks, housing providers, and senior care facilities – may have to close their doors or significantly reduce services at a time when access to healthcare, food, housing, and other basic needs are more essential than ever.

Extending small business assistance to nonprofits. Like many small businesses, nonprofits are suffering significant financial losses as a result of the necessary public health response to the COVID-19 pandemic. Policymakers are rightly seeking to help mitigate the financial harm to small businesses. However, any assistance to employers through Department of Economic Opportunity will likely leave out nonprofit employers.

Policy solution: Any employer benefit should be available to nonprofit employers, either by making the tax mechanism relate to taxes that nonprofits pay (such as payroll taxes or unrelated business income taxes) or by using a grant mechanism for nonprofits.

Continuing input from nonprofits. Last week, the Alliance initiated a survey of nonprofit leaders to learn more specifically about the needs of individual nonprofits. Already it is clear that nonprofits, particularly nonprofit service providers, are being called upon to adapt quickly to new operating requirements, educate community members, and support vulnerable populations without any new resources. Initial findings from the survey suggest several types of immediate impact that have been felt by nonprofits:

- 85% of respondents have had to cancel programs or events and have lost revenue
- 75% have had a disruption of services to clients
- 71% are suffering budgetary challenges due to the economic impacts of COVID-19
- 59% are challenged by staff and volunteer absences

In most cases, nonprofits now have fewer resources to meet greater needs, since most organizations are suffering financial loss, significant reduction in the availability of in-person volunteers, and the reduction in staff capacity as nonprofit employees are sick, at home with children who are unexpectedly out of school, or having to work remotely to avoid in-office interactions.



Policy solution: It is essential that state government leaders consult with nonprofits as the state of Florida continues to proactively respond to this crisis. If the Governor's office is putting together task forces or commissions to help advise the state on COVID-19 response, leaders at the Florida Nonprofit Alliance are ready and able to participate.