



LEADING
THE SECTOR
FORWARD



March 25, 2020

John Carney
Governor
Carvel State Office Building
820 N. French Street
12th Floor
Wilmington, DE 19801

Bethany Hall-Long
Lieutenant Governor
Carvel State Office Building
820 N. French Street
10th Floor
Wilmington, DE 19801

David McBride
President Pro Tempore
Senator, 13th District
411 Legislative Avenue
Dover, DE 19901

Peter Schwartzkopf
Speaker of the House
Representative, 14th District
411 Legislative Avenue
Dover, DE 19901

Harris McDowell
Co-Chair, Joint Finance
Committee
Senator, 1st District
411 Legislative Avenue
Dover, DE 19901

Quinton Johnson
Co-Chair, Joint Finance
Committee
Representative, 8th District
411 Legislative Avenue
Dover, DE 19901

RE: Support for Delaware’s nonprofits during the COVID-19 crisis

Dear Governor Carney, Lieutenant Governor Hall-Long, Pro Tem McBride, Speaker Schwartzkopf, Senator McDowell and Representative Johnson:

Thank you for your bold leadership during this harrowing time. As we navigate through the next several weeks and possibly months, we would like to partner with you on behalf of the nonprofit sector in Delaware to engage meaningfully on strategies to financially support individuals and organizations experiencing hardship caused by this crisis. Over \$6.4 billion in revenue is generated by these community serving organizations. For community-based nonprofits (other than Hospitals and Universities) 49% of revenue is earned through programs and services¹ which has been compromised with the COVID-19 pandemic.

You all deeply appreciate the need for emergency and recovery responses to the COVID-19 pandemic and recognize the vital role that nonprofit organizations play in the Delaware economy and in providing essential services to Delawareans including, but not limited to: serving senior citizens, young children, families living in poverty, the homeless, pets, the environment, and arts and culture organizations which serve as catalysts to tourism and the economy. They maintain 24/7 services in residential programs and through their workforce programs are cleaning and disinfecting state buildings and other businesses. Nonprofits also provide medication-assisted treatment and other services to people with substance use disorders, and life-threatening illness.

¹ ShareDelaware.org custom database of nonprofits serving Delaware who file IRS tax form 990 in 2017

Despite having to relocate or reduce their workforces, these organizations have experienced increased costs due to higher service demand in some cases and lost revenue due to cancelled programs in other cases. Nonetheless, Delaware's nonprofits responded without hesitation to the COVID-19 crisis. They reached out to serve their communities, to protect public health, and to support their own employees.

This community service does have a cost, Delaware nonprofits need funding resources to support increased demand, cover increased costs linked to moving to remote operations, and offset significant revenue losses due to the declared state of emergency. They are seeking this support from state, local governments, and philanthropy so they can continue operations through the months ahead.

We ask that you implement stimulus policies to support nonprofits in the following ways:

- Expansion of Paid Emergency Leave and Reimbursement for Required Paid Time Off: Many emergency shelters and crisis hotlines for the homeless, victims of domestic violence and youth are run by nonprofits in Delaware. **We request the State provide additional funds for overtime or "incentive pay" to employees of these emergency shelters to keep these safe havens staffed appropriately during this crisis.**
- 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, childcare, food assistance, senior care, as well as 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.
 - **Either by Executive order or legislation through the General Assembly 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 State Office of Management and Budget 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 ([link to OMB directive](#)).**
 - **In addition, due to higher service demand for some populations, we request the state authorize an increase in payments to programs providing day services for children and adults by 5% and residential attendance program payments increase by 25% to cover providers' COVID-19 related expenses.** The purpose of the rate increases is to ensure providers do not lay off staff and will be able to maintain staff salary and wages at existing levels. This kind of relief will help assure that services will continue after the restrictions designed to decrease community spread of the virus are lifted. This action is critical to assure the continuation of services.

- Unemployment Insurance: Businesses and nonprofits throughout Delaware are making (and will continue to make) difficult decisions with their labor force considering the economic challenges that are resulting from the public health response and state of emergency related to this pandemic. To the extent that the General Assembly makes temporary changes to unemployment insurance (UI) benefits, it is important to consider that nonprofits will experience a sizeable cost in paying unemployment as many have reimbursable plans. **We request a legislative effort to waive unemployment reimbursement costs to businesses and nonprofits for UI claims if their employees become unemployed because of an executive order requiring them to close or limit operations.**
- Financial grant assistance to nonprofits. Any assistance to employers through a corporate or income tax mechanism will leave out nonprofit employers. Any employer benefit should be available to nonprofit employers, either by making the tax reimbursement mechanism which nonprofits pay (such as payroll taxes or unrelated business income taxes or by using a grant mechanism for nonprofits. **To address the needs and leverage philanthropic resources, we strongly recommend the state invest an initial \$100 million into an existing fund, the DELAWARE COVID-19 EMERGENCY RESPONSE INITIATIVE created in partnership between the nonprofit and philanthropic communities to support both the immediate and long-term consequences of the COVID-19 crisis.** The fund is being held with the Delaware Community Foundation which can efficiently handle the claims. Additionally, this fund will be supporting the sister-fund, a rapid response fund held at the United Way. These funds should not be intended to replace Grant-in-Aid funds which will remain essential to our state nonprofits' continued service beyond this crisis.
- Continued input from nonprofits. We sent out a survey to learn more specifically about the needs of individual nonprofits and plan to host listening groups in the coming days to learn more specifics. We know 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. In fact, 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. **We urge you to consult with nonprofit leaders as the State of Delaware continues to proactively respond to this crisis. If the General Assembly or the Executive Branch of state government are putting together task forces or commissions to help advise the state on COVID-19 response, please know that our leadership is ready and able to participate.**

Nonprofits effect the lives of every Delawarean every day. There are more than 900 active nonprofits in the state who file IRS tax form 990s, of which over two-thirds pay over \$2.4 billion in wages annually². The nonprofit sector collectively is the third largest employer in our state and employs

² Bureau of Labor Statistics, 2017

more than 45,000 people ². These programs and services contribute to the Delaware economy and quality of life in many ways. The impact of programmatic cancellations, and fundraising reductions will shutter critical services without stimulus intervention.

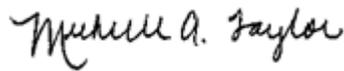
Delaware government agencies partner closely with nonprofit organizations to provide essential services throughout the state. This saves taxpayer dollars because nonprofits leverage private donations and volunteers to assist in delivering these services.

Our Delaware nonprofits are rising to the challenges posed by the COVID-19 pandemic, we are grateful that our state partners are prepared to rise with us. Thank you for your leadership in this global health crisis and for your consideration of these recommendations.

Respectfully,



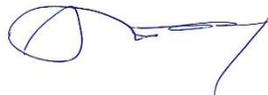
Sheila Bravo
President and CEO
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