

Senate Joint Resolution 4
Goodwill Industries of Greater Cleveland and East Central Ohio - Interested Party Testimony
Senate Finance Committee
June 3, 2020

Hello. I would like to thank Chair Dolan, Vice Chair Burke, Ranking Minority Leader Sykes and the members of this committee. I absolutely appreciate all of you taking the time to listen to me. My name is Anne Richards. I am the President and CEO of Goodwill of Greater Cleveland and East Central Ohio. As you consider options for Ohio's system, I am here today to tell you about our experience with unemployment compensation. Let me start with a little bit about who we are and what we do.

Our Goodwill has been in existence for over 100 years and serves 10 counties – 8 in Ohio and 2 in West Virginia. Last year, we served over 16,800 people in our employment, social services and family strengthening programs. Our services include helping thousands of Ohioans develop the skills needed to obtain and keep jobs, teaching parenting skills to parents who have lost custody or who about to lose custody of their children, providing vouchers for hundreds of needy families, running rape crisis centers in three Ohio counties, teaching literacy to illiterate Ohioans, and many other services. In addition, 34% of our employees self-identify as disabled or disadvantaged.

None of our programs are 100% funded with external funding. Therefore, we fund the gap or in some cases, we fund entire programs from the revenue generated at our 22 retail stores. However, in complying with the orders from the Department of Health, we closed our 22 retail locations on March 20. We laid off 650 of our 715 employees. We shut off 90% of our revenue. The employees that remained took between a 40-50% pay cut.

Many years ago, we made the decision to become a reimbursing employer for unemployment. Being self-insured was the most cost-effective way to manage unemployment costs. Our mission is to put people to work; therefore, high unemployment costs should not be a reality for us. Historically, being a reimbursing employer as proven to be a sound business decision. In the past three years, we have averaged less than \$34k a year in unemployment benefits. However, after laying off 650 employees, our estimated unemployment costs for March, April and May is

close to \$1,000,000. This cost is prior to the 50% reimbursement provided by the CARES Act. Our business plan never considered the prospect of laying off all our employees. In theory, that would only occur if we were going out of business. I realize that 50% of our unemployment costs will be reimbursed by the CARES Act, but we might have to pay the entire \$1,000,000 up front prior to being reimbursed, and even at a 50% reduction, the cost is still 14 times higher in two months than what our average has been for an entire year.

The truth is, I have no idea how we will pay the entire bill. As it is, we are in danger of not surviving this. To illustrate this point, if we meet 100% of our sales budget for June through December, which is highly unlikely, we will still lose over \$3.9mm for the year. If we don't hit 100% of our sales budget, I don't know what we will look like by the end of this year. I am not asking for complete reimbursement of our unemployment costs. I know everyone is hurting. However, we do need your help and we are committed to working with you to find a solution that works for all of us. I am suggesting the following:

- The formation of a taskforce by the Governor or the Legislature to find solutions for reimbursing employers
- The ability to pay our unemployment costs related to the COVID mandated closures over a period of time, such as 18-24 months
- Not to be forced to pay the entire bill now and reimbursed for 50% of that later

I believe the above actions would be good steps to helping reimbursing employers faced with unprecedented circumstances due to no fault of their own. We are all struggling to get our organizations and the economy back on its feet and we need your help.

I thank you again for giving me the time to speak before you today. I will be happy to take any questions.

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