

**Senate Committee on Commerce
Comments by Jay Ketterling
Chief Financial Officer, Goodwill of Western Missouri and Eastern Kansas
February 17, 2021**

Goodwill of Western Missouri and Eastern Kansas (Goodwill) is testifying in support of SB 177. Our understanding is that as drafted this bill will (1) hold all employers (including nonprofits) harmless for any unemployment claims and benefits and (2) freeze automatic rate increases for contributing employers (including nonprofits) from 3/15/2020 through 12/31/2021 and (3) indemnify employers from fraudulent unemployment claims.

We are in favor of these efforts because as a reimbursing employer they will protect our organization from unanticipated, large expenses that will inhibit our ability to sustainably operate. During this unique period of significant economic downturn, Goodwill must protect our cash flow in order to maintain current employment levels and continue to operate much needed employment services for the under- and unemployed in our community.

Goodwill empowers people to discover their potential and adapt for the future through the power of work. We are a 501c3 organization that has served sustainably for 127 years. Our model provides services throughout the entire employment continuum; we support individuals in engaging the workforce, retaining work, gaining skills, and advancing their careers. Goodwill provides workforce development services, job training, and employment in 82 counties across western Missouri and eastern Kansas. We support all adults who want to work, including individuals with different abilities and disadvantaging conditions. In 2019, our organization assisted more than 3,600 individuals, providing over 16,000 services, and securing jobs for 846 people. We also directly employed about 570 people.

Our operations in the state of Kansas include nine stores, located in: Manhattan, Topeka, Lawrence, Pittsburg, Leavenworth, Bonner Springs, Shawnee, Overland Park, and Olathe. We also run an Attended Donation Center in Leawood. In typical operations, these stores are open seven days a week, 9am-9pm Monday through Saturday and 11am-7pm on Sundays. In 2019, these stores produced 670,928 transactions, generating \$9,953,289 in sales. They also supported 367,325 donors of gently used clothing and household items.

However, the pandemic significantly impacted our organization. In March 2020 we closed all our retail locations to the public due to shelter in place orders. Revenue from our donated goods retail supplies nearly 80% of our total organization's revenue. That closure led to a 30-day furlough of 436 people (220 Kansas-based employees). Unfortunately, after 30 days we were still unable to open our stores, and the difficult decision was made to lay off about 250 people.

Between May and July 2020, Goodwill was able to reopen 13 of its 14 stores (8 of the 9 in Kansas), though they continue to operate at limited capacity and hours. Fortunately, with the return of most donated goods retail operations, as well as community and governmental support, we were able to continue providing employment services in an adapted way. We launched a text support line to provide information about economic topics such as applying for unemployment benefits, accessing economic impact payments, connecting to other community resources, and applying for jobs. We also offer additional digital services such as online workshops and digital job fairs to help get people back to work, continue to provide one-on-one employment services and wraparound supports, and continue to support those with legal history

in earning employment.

In 2020 we served 12,065 individuals and secured jobs for 601 people. Today, we have returned to about 75% of our previous staffing level. However, it is difficult to balance reduced retail revenue with increased costs of more demand for our services.

The shelter in place orders led to a significant number of layoffs and expense for our organization. Even with the CARES Act forgiving 50% of nonprofit unemployment insurance costs, Goodwill paid \$130,491.03 of unemployment charges in Kansas last year. These challenges are exacerbating cash flow difficulties at a time when other employers will likely experience little or no additional costs resulting from COVID-19-related layoffs. These costs divert valuable funds from mission services.

Goodwill requests that unemployment reforms include full unemployment reimbursement for nonprofits that self-insure these benefits. The CARES Act reimbursed 50% of nonprofits' unemployment insurance benefits, and we request the state of Kansas reimburse the remaining 50%.

Thank you for this opportunity to give testimony. We are happy to respond to any inquiries.

Our Mission—

Goodwill empowers people to discover their potential and adapt for the future through the power of work.

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