

Advocacy Alert Call: Unemployment Claims' Impact on Nonprofits

August 19, 2020



GPNNP
Greater Pittsburgh
Nonprofit Partnership



PANO

Pennsylvania Association of
Nonprofit Organizations

Agenda

- Federal & State-Level Scan
- Organizational Impact
- Call to Action

Special Thanks to:

Anne Gingerich, Executive Director, PANO

Dave Coplan, Executive Director, HSCC

Erika Petach, Executive Director, BVRs

Anne Gingerich, PANO

Dave Coplan, Human Services
Center

Overview of UC Issue

Under federal law, nonprofits have 3 options to pay unemployment compensation:

1. May pay state unemployment tax (SUTA) like any other business.
2. May elect to self-insure rather than paying SUTA.
 - **Those who do must reimburse their state's unemployment trust funds for any benefits claimed by terminated/laid off employees.**
3. Some organizations are exempt from unemployment laws.
 - Houses of worship, religious organizations affiliated with houses of worship, and religious organizations.
 - Nonprofits with fewer than 4 employees
 - **Their employees are not eligible to receive unemployment even in normal times.**



PANO

Pennsylvania Association of
Nonprofit Organizations

Pennsylvania Specific Option:

- Pennsylvania offers self-insured (e.g. reimbursable) employers the option of paying an annual solvency fee.
- Those who pay it receive some relief on subsequent unemployment claims for the covered year.
- About 30% of self-ensured entities pay the solvency fee.

All this works—in normal times.



Pennsylvania Association of
Nonprofit Organizations

In Pennsylvania:

70,000 + nonprofits employ 16% of Pennsylvania's workforce

Of those, approx. 50,000 501(c)(3) public charities

- **167,000** pay the state unemployment tax like any other business.
- **7,000** are self-insured or reimbursable employer
- Of those, approximately **5,000** have not paid the solvency fee.



PANO

Pennsylvania Association of
Nonprofit Organizations

Unemployment #s are Climbing

Nationally: 13% of the workforce has already been laid off

- We looking at over 100,000 nonprofit layoffs in Pennsylvania alone.

Another Unexpected Happening:

- Unemployment Compensation bills much larger than usual showing up in nonprofit inboxes.



PANO

Pennsylvania Association of
Nonprofit Organizations

Erika Petach, Blind & Vision
Rehabilitation Services

YTD Solutions

Federal Solutions:

CARES Act provided 50% reimbursement to self-insured employers.

State Solutions:

Act 9 was amended in March 2020 so that:

- Self-insured employers in PA that paid the solvency fee would be held 100% harmless from COVID-19 related unemployment claims.
- Self-insured employers in PA that did not pay the solvency fee would not have to pay bills until January 2021.



PANO

Pennsylvania Association of
Nonprofit Organizations

Neither solution provides the relief needed by nonprofits who have not paid the solvency fee.



PANO

Pennsylvania Association of
Nonprofit Organizations

Best Possible: A Federal Solution!

Needed: New stimulus package to include 100% reimbursement to self-insured employers.

To date:

- HEROES Act (H.R. 6800) does not increase the 50% offered by the CARES act.
- HEALS Act (S. 1624) does increase the 50% to 75% reimbursement.

Even if the UC provision in the HEALS act gets into the final stimulus negotiations, we will likely need to take action at the state level.



PANO

Pennsylvania Association of
Nonprofit Organizations

State-Level Solutions

Proposed State-Level Solutions

1. Waive the costs for self-insured nonprofits who did not pay the solvency fee.
2. Allow time for those not paying the solvency fee to be able to pay it to get 100% relief (most likely)

To date:

- [HB 2708](#): Introduced by Representative Delloso
- [SB 1269](#): Companion Bill Introduced by Senator Kearney

These bills open a 30-day window for retroactive payment.



PANO

Pennsylvania Association of
Nonprofit Organizations

Examples

Table 1: Seven Pennsylvania Charitable Nonprofits Not Paying the 2019-2020 Solvency Fee

| Organization Name | Operating Budget | # Staff Laid Off or Furloughed | 100% Liability (March & April) | 50% Current Liability | Solvency Fee |
|----------------------------|------------------|--------------------------------|--------------------------------|-----------------------|--------------|
| ArtsQuest | \$22 M | 95 | \$33,000 | \$16,500 | \$9,095 |
| Berwick Area YMCA | \$1.7 M | 89 | \$35,868 | \$17,934 | \$1,596 |
| Lawrence County YMCA | \$2.18 M | 111 | \$121,794 | \$60,894 | \$1,996 |
| River Valley Regional YMCA | \$8.54 M | 400 | \$200,000 | \$100,000 | \$7,856 |
| Via of the Lehigh Valley | \$8.9 M | 123 | \$210,360 | \$105,180 | \$11,000 |
| VisionCorps | \$20 M | 34 | \$48,000 | \$24,000 | \$10,000 |
| Twin Tiers YMCA | \$2.6 M | 98 | \$39,420 | \$19,710 | \$1,696 |



PANO

Pennsylvania Association of
Nonprofit Organizations

Our elected officials in Pennsylvania must hear an outcry on this issue!

***Note:** Even if this issue doesn't directly impact you, please contact your elected official anyway. The next issue may be yours and you will need the support of your colleagues.*



PANO

Pennsylvania Association of
Nonprofit Organizations

Current Talking Points

Please support [HB 2708: COVID-19 Retroactive Unemployment Compensation Solvency](#)

- This legislation is important because the estimated 5,000 reimbursable nonprofits who have not paid the solvency fee need relief from unprecedented unemployment compensation claims.
- The bill calls for a retroactive window for these employers to pay the solvency fee to get to 100% reimbursement.
- Nonprofits contribute substantially to the PA Unemployment Compensation Fund, including the contributions of the 167,000 contributory nonprofits in the Commonwealth and the \$5 M paid by those who have already paid the solvency fee.

Support for these 5,000 nonprofits will allow them to continue to provide critical services to those most vulnerable in Pennsylvania—whose struggles have been exacerbated by COVID-19.



PANO

Pennsylvania Association of
Nonprofit Organizations

Targeting Members of PA House Labor & Industry Committee

Members of House L&I Committee in SW Pennsylvania:

- Chris Dush, Committee Member
- Lori Mizgorski, Committee Member
- Eric Nelson, Committee Member
- Michael Puskaric, Committee Member

If these are not your members, please call your own.

We need to make a racket!



PANO

Pennsylvania Association of
Nonprofit Organizations

Takeaways

Contact your state legislators and tell your story

- HB 2708: Introduced by Rep. Dellosa
- SB 1269 introduced by Sen. Kearney
- Call & Letter Templates
- Share with us your stories as nonprofits
- Nonprofit COVID Impact Survey