



April 3, 2020

Commissioner Kurt Westby
CT Department of Labor
Hartford, CT 06106

Commissioner David Lehman
CT Department of Economic and Community Development
Hartford, CT 06106

Dear Commissioners Westby and Lehman,

The Alliance is the statewide association of community nonprofits. Community nonprofits provide essential services in every city and town in Connecticut, serving more than half a million people in need and employing 117,000 people across the State. They are an important part of what makes Connecticut a great place to live and work and an important piece of our economy.

Community nonprofits provide essential services in every city and town in Connecticut, serving people in need. They:

- Are at the front lines of the opioid crisis;
- Help people return to their communities from prison;
- Support people with developmental disabilities;
- Shelter and feed families in need;
- Enrich communities with cultural and artistic programs; and more.

We are writing to ask you to **support state policy to provide full governmental unemployment protection for the thousands of community nonprofits that chose to self-insure**. The recent federal legislation (CARES Act) has left many 501(c)(3) nonprofit employers woefully unable to pay unemployment claims if they are forced to close due to the COVID-19 pandemic.

Under the Federal Unemployment Tax Act (FUTA), most employers pay the FUTA quarterly and share costs for unemployment benefits in their states' unemployment system. Certain nonprofits (as well as local governments and tribes) can elect not to pay the quarterly SUTA tax and instead reimburse state unemployment funds dollar-for-dollar for actual unemployment related costs incurred by their former employees.

While recent federal legislation aimed at protecting tax-paying employers and their employees from catastrophic financial collapse during the COVID-19 national emergency, the CARES Act, did not contain such protections from organizations that self-insure for unemployment claims. The CARES Act only provides 50% relief for nonprofits that self-insure through UST, First Nonprofit, and other brokers. This means that the nonprofits are on the hook for the other half of all unemployment claims, which has the potential to financially devastate them, to the point at which some may severely (and permanently) cut back on services – or simply close their doors.

CT Community Nonprofit Alliance

Hartford Office: 75 Charter Oak Ave, Bldg 1-100, Hartford, CT 06106 | 860.525.5080
Rocky Hill Office: 35 Cold Spring Road, Suite 522, Rocky Hill, CT 06067 | 860.257.7909



These nonprofits made an actuarial decision to self-insure based on the size and stability of their workforce and regular fluctuation of economic conditions. The COVID-19 crisis is not a regular fluctuation of economic conditions and was totally unexpected and unpredictable, so self-insured nonprofits made a business decision based on an economic context that suddenly ceased to exist.

Other states have either adopted or are considering adopting unemployment insurance protections for self-insured nonprofits (hold harmless provisions, etc.) through Executive Orders. We urge you to support similar protections to the thousands of organizations that are otherwise at risk through no fault of their own.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gian-Carl Casa".

Gian-Carl Casa
President & CEO

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