



June 30, 2021

The Honorable Patricia D. Jehlen
Chair, Unemployment Insurance Trust Fund Study Commission
24 Beacon Street, Room 424
Boston, MA 02133

The Honorable Josh S. Cutler
Chair, Unemployment Insurance Trust Fund Study Commission
24 Beacon Street, Room 167
Boston, MA 02133

Subject: Testimony regarding unemployment insurance and nonprofit employers

Dear Chair Jehlen, Chair Cutler, and members of the Unemployment Insurance Trust Fund Study Commission,

Thank you for your efforts to review and find solutions to the Commonwealth's unemployment system. We are writing today on behalf of our members and thank you for the opportunity to submit ideas and recommendations to solve the problem of their high unemployment bills.

The Alliance of Massachusetts YMCAs, the Providers' Council, and the Massachusetts Alliance of Boys and Girls Clubs are writing to highlight the high cost of our member's unemployment bills. As nonprofits, our members elect to self-insure and pay into the UI trust when layoff claims are made (reimbursable employers). Due to the turbulence during the pandemic self-insuring unemployment has led to insurmountable bills, for example one nonprofit in the South Shore, has a bill over \$300,000, an amount they will need to take a loan out on in order to pay.

We are writing to ask the legislature and the Baker Administration to utilize a portion of the American Rescue Plan Act funding to offset the remaining unemployment insurance (UI) costs for nonprofit employers. Now that the legislature and Administration have rectified the problems with the unemployment solvency fund for contributory employers, we ask that you turn your attention to the unprecedented and unexpected costs facing the nonprofit employers.

Today the state is nearing a full reopening and nonprofit employers, who are already facing labor shortages, are facing staggering UI bills. For example, one community-based human services organization noted UI claims of just \$25,935 for a four-month period in 2019. For that same four-month period in 2020, UI claims – due to the pandemic – rose to \$546,222, an increase of more than 2,000 percent. These

bills are now due on August 31st rather than June 30th, an extension nonprofits found out about on June 29th.

However, another delay in costs will only lead to a larger balloon payment at the end of summer, our members though remain hopeful that the Commonwealth will find a solution to these costs.

In response to the pandemic crisis, our members were forced to choose between laying off or furloughing staff and providing necessary services to our community. Our members provided those services to keep children learning, elders cared for, and the community fed. Most of our members are still reporting revenue shortage and program cuts fifteen months since the pandemic began and since stepping up to serve the Commonwealth. Forgiveness of the remaining unemployment costs to nonprofits would allow our members to offer higher salaries to attract employees and to give much needed raises to our workforce that has not taken a break since March 2020.

The federal government provided nonprofits, municipalities, and Tribal entities that self-insure in Massachusetts, 50% relief of their UI costs. Through the American Rescue Plan, the government provided 75% relief from April 1 through September 6, 2021. However, the bills that are due on August 31st are still overwhelming. The YMCAs alone will owe over \$7.5 Million. Ten of the forty Boys and Girls Clubs in the state will owe around \$300,000. Further, many of our state's community human services providers employing thousands of direct care workers will struggle with similarly burdensome costs without relief.

The American Rescue Plan dollars create an opportunity for the Commonwealth to assist the nonprofits that stepped up and served during the pandemic. We ask that you utilize this funding to offset the remaining unemployment insurance costs for nonprofits.

Thank you,

Peter R. Doliber
CEO Alliance of Massachusetts YMCAs

Jenn Aldworth
Executive Director of the Massachusetts Alliance of Boys & Girls Clubs

Michael Weekes
President/CEO, Providers' Council