



April 6, 2020

Governor Tim Walz
Lieutenant Governor Peggy Flanagan
Senate Majority Leader Paul Gazelka
Senate Minority Leader Susan Kent

Speaker of the House Melissa Hortman
House Majority Leader Ryan Winkler
House Minority Leader Kurt Daudt

Dear Governor Walz, Lt. Governor Flanagan, and House and Senate Leadership,

Nonprofits throughout Minnesota are making difficult decisions with their labor force due to economic challenges resulting from the COVID-19 pandemic. Organizations are doing everything they can to keep their employees, but many are finding it necessary to lay off workers. We applaud DEED's commitment to supporting nonprofits, and thank the Administration for issuing Executive Order 20-05 to not increase the future unemployment tax rate of taxpaying employers due layoffs associated with the COVID-19 pandemic.

The Issue

Many nonprofits, however, along with governmental and tribal organizations, self-insure for unemployment claims. Self-insured employers (also called reimbursing employers) reimburse the state dollar-for-dollar for the full amount when a former or furloughed employee files for unemployment benefits. This is a sensible, cost-saving approach for the nonprofit employer and is intended for the individual circumstances of resignation, termination, or layoff.

The advent of COVID-19 has changed our normal. In response, the federal CARES Act includes a reimbursement for self-insured nonprofits for half (50%) of the costs of the benefits provided to their laid off or furloughed employees. There are many nonprofits providing essential services in our great state who will be unable to pay the bill for the other 50%. The risk here is financial failure and closure of hundreds of nonprofits in our state.

Without additional relief, nonprofits that have elected to self-insure for unemployment costs – including healthcare providers, food banks, housing providers, and senior care facilities – may have to close their doors or significantly reduce services at a time when access to healthcare, food, housing, and other basic needs are more essential than ever.

The Solution

We ask the State of Minnesota to **protect self-insuring nonprofit employers by holding them harmless for the cost of all (100%) of the unemployment claims incurred** because of COVID-19.

We would like to provide an estimate of the cost for the state providing 50% of this relief. However, MCN has been working with DEED for over a year to understand the number of reimbursing employers in Minnesota, and that research is understandably delayed as DEED focuses on immediate needs of applicants for unemployment.

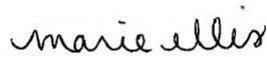
Please note that MCN and our partner organizations around the country are also advocating at the federal level for Congress to include 100% relief, or higher than 50%, for reimbursing employers in the next COVID-19 related relief package. Should those efforts be successful, this request would be withdrawn.

Thank you for your thoughtful and practical responses to this pandemic. We are thankful to be in partnership with you all.

Sincerely,



Jon Pratt
Executive Director



Marie Ellis
Public Policy Director

CC: DEED Commissioner Steve Grove
Senate Jobs and Economic Growth Finance and Policy Committee leaders:
Chair Eric Pratt
Vice Chair Justin Eichorn
Ranking Minority Member Bobby Joe Champion
House Jobs and Economic Development Finance Division leaders:
Chair Tim Mahoney
Vice Chair Mohamud Noor
Republican Lead Bob Gunther

Regional chapters in:

- Central Minnesota
- Northeast Minnesota
- Northwest Minnesota
- Southeast Minnesota
- South Central/Southwest Minnesota
- West Central Minnesota



As an association with nonprofit provider members, it is important to provide them the UI relief afforded other employers.



National
SPORTS CENTER

Our organization is seeking relief because as an employer of more than 400 people, many of our team members are no longer working due to the current situation. Collectively, we generate over 87M of economic impact for the local and state community and as a event driven organization we are have difficult financial times. Any relief would go a long way to help us continue as an organization.



ORDWAY

Due to a COVID 19 related restructuring, the Ordway Center for the Performing Arts is anticipating an Unemployment Insurance expense that will make an already uncertain time for our organization even more precarious.



MINNESOTA CATHOLIC CONFERENCE
MNCatholic.org @MNCatholicConf @MNCatholic

There are Catholic entities around Minnesota that are reimbursing employers, and for which it would be difficult or even impossible to pay reimbursement requests for multiple employees laid off at one time.



The financial implications of COVID-19 are hitting us hard. We have had to cancel several fundraising events for the months of March and April, and most of our donations come from working people who are now struggling with a loss of income due to COVID-19. We have already pared down our staffing and some employees are eligible for unemployment. With a huge loss in income, it will be a financial hardship for us to reimburse for their unemployment benefits.

Regional chapters in:

- Central Minnesota
- Northeast Minnesota
- Northwest Minnesota
- Southeast Minnesota
- South Central/Southwest Minnesota
- West Central Minnesota



Educate. Challenge. Inspire.
The nation's largest and most acclaimed theatre for multigenerational audiences.

As an organization that serves children and families in Minnesota, this issue presents a particular hardship given the loss of earned income from theatre performances and educational classes.



The coronavirus crisis is crushing the arts community in Minnesota. Gatherings of community are the lifeblood of the nonprofit arts, and we are going to lose many arts organizations who can't weather this financially. We hope that this relief will help some of them survive.



DARTS primary clients are older adults who are choosing to go without help rather than risk infection. We furloughed direct service providers, who will return to work when the demand for rides and home cleaning tasks begins to return. We estimate unemployment claims of \$12,000/month and lost revenue is projected at \$25,000/month.

Further, the amount we pay in to unemployment will be colored by the pandemic experience and affect our cash flow for years to come as we work to increase our prepaid unemployment bank.



The notifications I've received in the last week alone indicates more actors and stage managers (who we hire as employees) are applying in this short period than we've ever experienced in longer periods of time total. With no arts

organizational work as we know it now hiring, reimbursing will have a tremendous financial impact on our organization with the added complication that we have had to cancel our spring production and annual benefit resulting in additional lost revenue anticipated for this current operating year.

Regional chapters in:

- Central Minnesota
- Northeast Minnesota
- Northwest Minnesota
- Southeast Minnesota
- South Central/Southwest Minnesota
- West Central Minnesota



We are a small nonprofit relying on individual donations and grants. UI costs will cripple us as our cash flow is restricted by the requirements of grantors. We are working with grantors to adjust the grant parameters, but for some, they will want their grant dollars returned.



Unemployment insurance assistance from the State of Minnesota will go a long way in relieving the financial pressures our organization is facing with this unprecedented coronavirus crisis. Our unemployment claims went from zero to more than 30 claims over the past week and I estimate that our liability could total more than \$35,000. This is an expense that is not in the budget. And since our theatre is closed at the moment, we have no income coming in to pay these claims.



The Duluth Superior Symphony Orchestra employees 86 musicians in seasonal contracts, and we had to cancel three concerts, translating into a loss of three weeks of income. Because most musicians work at several other organizations, the work closures have driven them to be unemployed for the foreseeable future.



American Craft Council has taken a significant hit to revenue due to cancellation of large event due to COVID-19 which may cause us to furlough or lay off employees. As a reimbursing employer, the increased cost of unemployment will cause financial burden on our organization while nonreimbursing employers are receiving relief.



We have laid off 3 employees and expect more claims from past employees - as well as potentially laying off the two remaining employees soon but are looking into Paycheck Protection Program from SBL.



THE REIF

The Reif Arts Council is the managing organization of the Reif Center which is the premier performing arts and arts education facility in Northern Minnesota. Our income has come to a halt during this COVID-19 crisis and we have 11 full and parttime employees that rely solely on their income from this organization. Since Governor Walz’s “Stay at Home” order, we have three part-time and one full-time tech people that have completely or partially lost their income and will rely on unemployment. Thank you!



The autism community depends on countless nonprofits to maintain services and supports at every stage of the lifespan. Families and individuals depend on these organizations to maintain community inclusion and quality of life. Without UI

support from the state many of these organizations will not survive this crisis and we will have a new crisis on our hands within the disability community. I urge you to consider the long term ramifications of current policy decisions and not sacrifice the safety and care of people with disabilities in the aftermath.



Dozens, if not hundreds, of arts organizations across Minnesota will be bankrupted by having to reimburse for COVID-19-related unemployment insurance claims, even at the 50% rate. Most arts organizations are already facing unprecedented financial challenges by having to cancel events; even with the new small business help they

could never recover if they had to reimburse for unemployment insurance claims.



Textile Center made the painful decision to temporarily furlough 13 of its 17 staff members due to the loss of major streams of revenue, including our

education programs, community activities, and our artisan retail shop. We are covering 100% of the health and dental insurance premiums for our benefits eligible furloughed staff. The costs we are incurring due to COVID-19 are immense, and unemployment insurance relief will be essential for us to bring our staff back on to our payroll so that we can reopen our center and our programs. Minnesotans are going to need art in their lives more than ever following this pandemic.



Our nonprofit organization, Alliance Francaise of Minneapolis/St Paul, is a reimbursing employer for unemployment claims. Thirty of our 40 employees are

part-time, either teachers or administrative support staff. Virtually all of our part-time staff work elsewhere in addition to employment with our organization. Due to the global pandemic, many of those staff members have been laid off from their other places of employment. Alliance Francaise has not cut hours for any staff, whether full-time or part-

Regional chapters in:

- Central Minnesota
- Northeast Minnesota
- Northwest Minnesota
- Southeast Minnesota
- South Central/Southwest Minnesota
- West Central Minnesota

time. We have already begun receiving UI claims for some of our current staff due to the loss of their other work even though they continue to be employed and paid by Alliance Francaise. One example is a part-time evening receptionist who also works in the restaurant industry, which is now closed. Another example is our part-time facilities coordinator who works full-time as a flight attendant for a major airline. I expect to receive additional claims which will impact our organization's tight cash flow in this crisis.



The Guthrie has guaranteed employment to all staff through May 10, 2020. Due to our recent decision to cancel all summer programming based on Governor Walz' statement that the peak of infections will occur in 14 weeks, we anticipate significant lay-offs to follow and will benefit greatly from the unemployment compensation relief from the state.



As a fitness & aquatics center (The Center) and a performing arts center (The Historic Holmes Theatre), the Detroit Lakes Community & Cultural Center (DLCCC, Inc.) is closed per the Governor's mandate. We have furloughed all 100+ employees and are not able to generate income while still having building expenses. All of our employees who were eligible have filed for unemployment. We are deeply concerned for the future of our organization if we have to re-pay unemployment benefits in July.

WALKER The Walker Art Center informed employees on March 20, 2020 that it will be paying all staff – including part-time and leased staff – through May 31. We did this because we wanted to make sure that staff had some stability at this moment when life feels precarious. Given the extent of the current public health and economic crisis, however, the Walker will soon need to consider furloughing, reducing compensation, and/or laying off some staff. Like many non-profits, the Walker has elected to self-insure for unemployment claims and without additional relief from the State of Minnesota to help cover a dramatic spike in claims expense, our institution will be forced to make even more difficult decisions about reducing the scope of its programs and staff in the coming months.



Our nonprofit organization had 3 staff members. We self-insure for unemployment claims; and only reimburse the state dollar-for-dollar for the full amount when a former or furloughed employee files for unemployment benefits. Therefore, this would cause an undue hardship on our organization, and why we need UI relief. We don't have funds in our budget to cover this expense.



Though we do not traditionally lay off our staff, on those rare occasions when a former employee has filed for unemployment and we have had to pay, it has placed a serious strain on our small operating budget.



Center for Energy and Environment (CEE) earns most of its revenue through fee-for-service contracts to help residents, small business owners, landlords, tenants, nonprofits and local governments to save energy in their buildings. Without an ability to visit customers, most of our revenues have temporarily dried up. To date, CEE has not laid off any employees. However, we need to have all the tools at the ready, including a strong unemployment safety net, if we are to withstand a lengthy delay in re-starting work.

MINNESOTA PRIVATE COLLEGE COUNCIL

The 17 colleges and universities of the Private College Council employ more than 14,000 faculty and staff. Our schools are trying to maintain employment for all employees, but many employees' jobs depend on having students present on campus. The COVID-19 pandemic will cause some layoffs or furloughs. Since our institutions are tuition-dependent, unemployment insurance reimbursements for COVID-19 claims are unaffordable burdens, especially with all the costs our institutions are already bearing to continue to serve their students through remote learning. Please provide parity in relief from unemployment insurance claims between nonprofit and for-profit employers.



Circus Juventas has been a member of the Unemployment Services Trust as a reimbursing employer for 10 years. Circus Juventas traditionally has low and well managed unemployment claims, and so the Trust has been an excellent choice for us. However, with the governor's order to shut down all entertainment venues and schools, we have closed. We are the largest circus school in North America, with over 1200 students, age 2-22, taking classes with up to 120 coaches and workshop artists in a year. Our UI bill, due to having to immediately lay off our coaches, is crippling and will have enormous repercussions on our financial stability.

Regional chapters in:

- Central Minnesota
- Southeast Minnesota
- Northeast Minnesota
- South Central/Southwest Minnesota
- Northwest Minnesota
- West Central Minnesota