



March 14, 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. Gov. Flanagan, and House and Senate leadership,

The Minnesota Council of Nonprofits commends you on your thoughtful response to the spread of coronavirus within our state. We need strong, unified leadership, and you have been demonstrating that well. Thank you.

As you consider legislation to best equip the state to handle this pandemic, we would like to note a few provisions that would be immensely helpful to the nonprofit sector. As you know, nonprofits provide valuable services in communities across the state, often in partnership with the public sector, and are a substantial employer, representing 13 percent of Minnesota's workforce. It is in everyone's best interest to maintain a thriving nonprofit sector in our great state.

In a recent [letter to Congress](#), nonprofit allies nationwide highlighted some concerns and solutions related to COVID-19 and possible economic stimulus packages at the federal level, all of which also apply at the state level.

In addition to what is included in that letter, we urge you to consider the following provisions in Minnesota's legislative response to COVID-19.

- Nonprofits may have difficulty fulfilling their deliverables on a state contract/grant due to the impacts of the behavior changes needed to respond to the public health emergency, as well as the ripple effects through the economy. We urge you to pass legislation requiring that, if a nonprofit cannot fulfill its deliverables on a state contract due to circumstances related to the pandemic, then the contract will be based on intended deliverables without penalty for inability to meet deliverables.
- Ensure nonprofit employees are eligible for Unemployment Insurance (UI) changes due to the pandemic response. We support efforts to ensure that those COVID-related UI claims are not charged to the employer's experience rating. We understand that DEED is working on this provision for UI; since nonprofits have the ability to self-insure, it may need to be spelled out in legislation that reimbursing employers are to be treated similarly as those that use the state UI system.
- As noted in the attached national nonprofit letter, any assistance to employers through a corporate/income tax mechanism will leave out nonprofit employers. Any employer benefit

should be available to nonprofit employers, either through a grant mechanism or by making the tax mechanism relate to the taxes nonprofit pay, such as unrelated business income taxes and payroll taxes.

It is important that you know what we are hearing from nonprofits at this time:

- Nonprofits, particularly service providers, are being called in to adapt quickly to new operating requirements, educate community members, and support vulnerable community members without any new resources.
- Many nonprofits are likely to face a spike in demand for services in the coming weeks and months.
- Nonprofits tend to be under-resourced and under-staffed in the best of times. A drop-off in staff and volunteers due to illness, vulnerability to illness, children home from school, etc., will pose threats to program continuity.
- Many nonprofits are already suffering significant financial losses due to cancelled fundraising events, cancelled performances, cancelled conferences, and other programs. Like small businesses, nonprofits will need help to recover economically.

In some cases, several factors may combine to create difficult challenges. For example, food banks will be more needed than ever, yet they tend to rely heavily on volunteers, many of whom are senior citizens and may be unable to volunteer at this time for safety reasons.

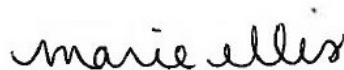
We urge you to consult with nonprofit leaders statewide, as the state of Minnesota continues to proactively respond to this crisis. Please let us know how we can help in providing useful information or connecting you with leaders who can advise your efforts.

Finally, we are seeing that some states are putting together task forces or commissions to help advise the state on COVID-19 response. If that is something you are considering, please know that MCN is ready and able to participate, bringing the concerns and knowledge of the nonprofit sector into the conversation.

Sincerely,



Jon Pratt
Executive Director



Marie Ellis
Public Policy Director