

House Bill 614  
Interested Party Testimony

June 3, 2020

The Honorable Chair Derek Merrin, Vice Chair Jeffrey LaRe, Kris Jordan, Riordan McClain and members of the House Ways & Means Committee, thank you for your fiscal planning and guidance in the midst of this unparalleled crisis. We support your efforts to gather information on the effects of the required closures on individuals, families and businesses, including nonprofits, in the State of Ohio.

Marion Goodwill, serving Marion, Delaware, Union, Crawford and Morrow Counties, employed 360 individuals and impacted the lives of 6,864 program participants last year. Choosing to be a self-insured employer for unemployment insurance (UI) compensation has saved our agency money in the past and encouraged us to refrain from over-hiring to avoid significant layoffs and thereby keep our unemployment insurance cost under control, as well as helping avoid the pain of unemployment for our vulnerable employee pool. However, as a result of the COVID-19 pandemic, 85% of our employees were furloughed; and we lost our retail revenue source that helps to fund our programs and services.

To-date, our agency has not received any information from ODJFS about the number of unemployment claims, the amount of reimbursement we will actually owe or a due date. This is making it very difficult to fiscally plan for and manage the challenges ahead of us.

While we appreciate the DOL guidance of the CARES Act assistance for self-insured nonprofits to reimburse 50% of the costs incurred through the end of 2020 to pay unemployment benefits, there is a troubling provision for Marion Goodwill: “Self-insured nonprofits must pay for their claims and then seek partial refunds.”

This will be particularly problematic during and after the COVID-19 crisis, because we are burning through our operating reserves to mitigate financial losses resulting from the closure of our retail funding source and the pandemic’s resulting 25% to 50% customer counts that we are now experiencing after reopening our retail stores. At this time, we have opted to not make any cuts to programs and services. However, to make the 100% unemployment claim cost payment will most likely require major reductions in our mission impact, resulting in reduced access in our communities

to job readiness training, vocational rehabilitation services, prison outreach, employment programs for low income youth and seniors, emergency clothing, transportation and low-income housing.

We are asking that you help fix the shortcomings of the DOL guidance by considering the following:

- 1) Appeal to Congress to amend Section 2103 of the CARES Act to replace the word “reimburse” with “reduce the costs of” so it is clearer that states need not have self-insured nonprofits seek a partial reimbursement of a reimbursement.
- 2). Ask Congress to amend Section 2103 of the CARES Act to hold harmless self-insured nonprofits for 100% (rather than just 50%) of their COVID-19 related UI claims.
- 3). If Congress does not hold nonprofits harmless, the State of Ohio can still provide this assistance by covering a portion of the remaining 50% of self-insured nonprofits COVID-19 related UI claims from the UI trust fund.
- 4). Most immediately, the State of Ohio should heed the guidance suggested in Section 2103 of the CARES Act and offer maximum flexibility in payment options for self-insured nonprofits. Specifically, delay payment liability through at least 2022.

Marion Goodwill does not look forward to being hit with a bill for UI reimbursement at a time when our programs and services will be in high demand, as this could actually inhibit our ability to perform.

Thank you for your work on finding a solution and your thoughtful consideration of these requests.

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