



SEATTLE CITY COUNCIL

April 27, 2020

The Honorable Patty Murray
2264 Rayburn House Office Building
Washington, DC 20515

The Honorable Adam Smith
2264 Rayburn House Office Building
Washington, DC 20515

The Honorable Maria Cantwell
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Pramila Jayapal
1501 Longworth House Office Building
Washington, DC 20515

RE: Unemployment Insurance Liability for Reimbursable Employers

Dear Sen. Murray, Sen. Cantwell, Rep. Smith, and Rep. Jayapal,

Seattle is home to a wealth of nonprofits – from social service providers, providing crucial health, housing, or childcare assistance to arts, culture, heritage, and science institutions that provide incalculable enrichment to our region. The economic ramifications of the COVID-19 crisis have hit these institutions hard. Nonprofits large and small throughout Seattle have told us of the toll necessary social distancing measures have had, particularly for cultural institutions reliant on ticketing and fee revenue from now-canceled programming and performances. This closure and lack of revenue has led to many workers being laid off or furloughed. As social distancing orders were issued, many of these vital organizations were the first to close, and may be the last to open as people will slowly be allowed to gather in public again. While many critical issues face this sector, we write to bring your attention to a request from self-insured nonprofits regarding their unemployment insurance liability. Now more than ever, unemployment insurance is essential to provide economic security to workers laid off due to COVID-19.

Many nonprofits elected decades ago to self-insure UI benefits, reimbursing 100% of the cost of UI benefits paid to former employees. These nonprofits will face unprecedented Unemployment Insurance bills as early as May 2020 that they will be unable to pay. According to ArtsFund, King and Pierce County arts, culture, conservation, education, and culture organizations will owe millions in UI benefits by May. Our current employer-financed UI system is unsustainable in this unprecedented global pandemic. UI benefits should not be charged to self-insured employers when their employee's termination was due to COVID-19 and beyond their control. The CARES Act provided some important relief to these self-insured nonprofits, covering 50% of reimbursable UI expenses, but this does not go far enough. Employees must get the UI benefits they deserve, and these costs should not be allocated to nonprofits that would have never laid off

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employees were it not for COVID-19. Being forced to pay huge UI bills will severely limit employers' ability to re-hire and re-open their doors, and harm our economic future. To protect cultural employment, stabilize non-profit activity, and renew vital tourism revenue in Washington, please advocate for future federal relief to cover 100% of Unemployment Insurance costs to reimbursable employers.

Thank you for your continued advocacy for our community and for being a champion for the many valued nonprofits that enrich our community and for the workers that make these institutions what they are.

Sincerely,



Council President M. Lorena González



Councilmember Lisa Herbold



Councilmember Debora Juarez



Councilmember Andrew J. Lewis



Councilmember Tammy J. Morales



Councilmember Teresa Mosqueda



Councilmember Alex Pedersen



Councilmember Kshama Sawant



Councilmember Dan Strauss