Draft Letter

Re: Reimbursement of COVID-19 unemployment costs

Dear Representative \_\_\_\_ / Dear Senator \_\_\_\_\_\_\_:

On behalf of (municipality), I am writing to bring an unemployment compensation issue impacting (municipality) to your attention.

To date, the COVID-19 pandemic has resulted in # layoffs in (municipality). Obviously, laying offer personnel is not an easy decision. However, we could not have predicted a global pandemic that would instantaneously and dramatically halt our normal and reliable revenue streams and require us to cut costs immediately.

Our cost of the resulting unemployment claims associated with these layoffs is $\_\_\_\_\_. Under the CARES Act, we are anticipating reimbursement for 50% of these costs. Pennsylvania’s Act 9 of 2020, provides reimbursable employers (municipalities and non-profits) with the opportunity to receive the remaining 50%, but only if they have paid the 2020 solvency fee charged by the Department of Labor and Industry. This fee is an annual, optional fee that most reimbursable employers do not pay because their history of no or very few layoffs does not support paying the fee.

As stated above, Act 9 opens the door to reimbursement of the remaining 50% of costs, but, based on our prior history of few layoffs, we did not pay the 2020 solvency fee at the end of 2019. Therefore, we are not eligible for relief from charges on these claims. We are requesting a legislative fix that would allow us to pay the fee late and reduce our unemployment costs retroactively as much as possible.

For-profit employers are being held harmless and receiving 100% reimbursement from the CARES Act for their COVID-related layoffs. The local government and non-profit employers are asking for the equal treatment and the opportunity to receive full reimbursement for these unexpected unemployment claims. We believe the Commonwealth has an obligation to remove hurdles that stand in the way of local governments receiving federal funds that are available to assist with COVID-19 related expenses.

We ask that you support legislation that would allow us to pay the solvency fee late. Currently, Representative Delloso and Senator Kearney have introduced legislation – House Bill 2708 and Senate Bill 1269 giving us this option. Whether via these bills, or some other piece of legislation, we ask that you support giving us the opportunity to make this payment to Labor and Industry.

Thank you for your time and attention to this important issue. I will follow-up with you to discuss.

Sincerely,