

February 23, 2023

Draft 2.1 - H. 55 Testimony
House Committee on Commerce and Economic Development
Emma Paradis, Common Good VT

Dear Chair Marcotte,

Thank you for the opportunity to provide testimony on Draft 2.1 of H. 55. We really appreciate the committee's work on this bill and your consideration of the nonprofit community.

The extended timeline for eliminating the small nonprofit UI exemption will provide organizations with the time they need to plan and comply with this change that will soon provide all nonprofit employees with essential UI benefits. Thank you.

With regard Section 3, NONPROFIT AND MUNICIPAL REIMBURSABLE EMPLOYERS; EDUCATION; OUTREACH, we support this language generally but have some concerns and recommendations we would like to express.

First, we would like to see additional guidance around the educational materials. **Specifically, the educational materials should also:**

- Present information without bias towards one option over another.
- Include Department of Labor contact information for questions.
- Clarify that nonprofits with fewer than four employees are required to provide unemployment insurance as of July 1, 2024.
- Include a non-written component, such as a webinar, that is more accessible and ideally provides opportunity for organizations to ask questions.

We would also recommend more robust language regarding outreach:

- Our preference is for a more comprehensive outreach campaign to reach those not registered with the Department of Labor of Secretary of State.
- The Department of Labor and Secretary of State should share information with nonprofits at existing points of contact – for example, when they register with the State or elect to become reimbursable.
- Overall, we recommend multiple points of contract with nonprofit employers through educational materials, points of contact, and verbal communication or presentations.

Lastly, we want to reiterate that because we are not a member organization, we represent the sector as a whole. No one is paying us to provide this testimony – we are doing it for the betterment of the entire sector and all its employees. Likewise, we do not receive government funding to provide free information and resources to nonprofits as the SBA does for businesses.

While we understand that this is not the space to address disparate treatment of the nonprofit sector in full, we do want the committee, legislature, and administration to understand the lack of formal support available to nonprofits compared to the private and public sectors. This, as we have seen with UI, has very real consequences for the State, employees, and taxpayers.

Common Good Vermont's small team fill in gaps and connect nonprofits with the services and information they need, but our capacity is still limited. As it is in the interest of the sector, we will certainly work in consultation with the Department of Labor and others to support the development of these materials and share information through our existing communication channels. Anything beyond this, however, such as leading the creation of materials or hosting an event, would require additional funding.

To this point, **we urge the committee to consider the quality and scope of work required to prevent more burdensome interventions down the road such as a bonding requirement.** A more robust outreach and education strategy will likely pay off in the long run and support the stability of the UI trust fund as well as build stronger relationships between the state and nonprofit employers. We will support this work to the best of our ability regardless but could do much more with additional resources.

Thank you for your time and consideration. We welcome any further questions and look forward to supporting the committee's work on this and other issues.

Respectfully,

Emma Paradis
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