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H.B. 5607, AN ACT CONCERNING THE USE OF COVID-19 RELIEF FUNDS TO
REPLENISH THE UNEMPLOYMENT COMPENSATION TRUST FUND
Appropriations Committee
March 26, 2021**

Representative Walker, Senator Osten, Representative France, Senator Miner and members of the Appropriations Committee, thank you for the opportunity to submit testimony.

My name is John Cattelan and I represent the Connecticut Alliance of YMCAs. The Alliance represents 21 YMCAs across the state of Connecticut. I would like to share some of our thoughts regarding H.B. 5607, An Act Concerning the Use of COVID-19 Relief Funds to Replenish the Unemployment Compensation Trust Fund.

Many nonprofits, including Connecticut's YMCAs, opt to self-insure and make payments for unemployment insurance only when claims are filed. The self-insured system allows for reasoned risk-benefit determinations and provides protections for different sizes and types of nonprofits. Plus, the system encourages nonprofits to refrain from over-hiring to avoid significant layoffs, and thereby keeps unemployment insurance costs under control.

However, the pandemic shutdowns meant Connecticut's YMCAs and nonprofits faced an unexpectedly large insurance bill. By all accounts, these bills are one of the most problematic issues facing YMCAs statewide in 2021, because Ys laid off or furloughed 70-90 percent of their staff during the pandemic.

The Connecticut Alliance of YMCAs is seeking aid from the state for coverage of the remaining 25 percent of self-insured unemployment insurance claims by using COVID-19 relief funds. This aid would help keep YMCAs in operation to provide programs and services to Connecticut's most vulnerable populations. The financial stability and continued existence of many Ys and their programming is in jeopardy. Many may be forced to eliminate programs and services, lay off more employees, and delay rehiring of their staff.

As communities turn to YMCA in their hour of need, we must do all we can to ensure that Y's have the resources needed to be responsive. Unemployment tax policies that penalize nonprofits precisely because they historically kept their staff employed is counterproductive to restarting the state economy.

If this legislation were to pass and amended to include reimbursement to non-profits for unemployment insurance, it would significantly alleviate the unprecedented cash flow shortages that YMCAs are experiencing.