

Unemployment insurance considerations for nonprofits affected by Hurricane Helene

4 minute read

Last updated: October 17, 2024

In the aftermath of Hurricane Helene, many businesses and nonprofits in western North Carolina are being forced to make difficult decisions about whether to continue paying some or all of their employees. Many workers who are laid off or furloughed because of the hurricane will need to rely on government unemployment insurance (UI) benefits until they are re-employed. This article explains unemployment options for employees of nonprofits that have had to cut back or suspend operations due to Hurricane Helene, as well as nonprofits' potential liability for the unemployment benefits their employees receive.

As quick background, nonprofits fall into one of three categories for the purposes of UI laws:

1. Some charitable nonprofits pay state unemployment taxes (SUTA) like other businesses. These organizations pay quarterly taxes based on their “experience rating,” a formula based on the recent history of unemployment claims by their former employees.
2. Charitable nonprofits have the option of electing of self-insuring rather than paying SUTA. Nonprofits that elect to take this option are required to reimburse their state unemployment insurance trust funds for the amount of benefits their terminated or laid off employees claim. In North Carolina, self-insuring nonprofits must also maintain an escrow account with the state with 1% of their annual payroll.
3. Some nonprofits are exempt from unemployment laws. These include houses of worship, religious organizations that are affiliated with houses of worship, and religious schools. Nonprofits with fewer than four employees who work during 20 weeks of the year are also exempt. Employees of SUTA exempt charitable organizations are not eligible to receive state unemployment insurance benefits if they lose their jobs.

Potential UI benefits for workers impacted by Hurricane Helene

Nonprofit employees' eligibility for state unemployment benefits depends on which of the three categories above applies to the nonprofit for which they work. Specifically:

- Employees of nonprofits that pay SUTA or self-insure are generally eligible for UI benefits if they lose their jobs because of the effects of Hurricane Helene. North Carolina's unemployment statute currently allows individuals to receive up to 12

weeks of SUTA benefits, and the maximum monthly payments are \$350 per week. On October 16, 2024, Governor Roy Cooper [issued an executive order](#) providing for an additional \$250 per week in unemployment benefits for the duration of the Hurricane Helene state of emergency (which currently goes through March 1, 2025).

- Employees of most faith-based nonprofits and small charitable organizations (fewer than four employees) generally can't access state UI benefits if they are laid off or are furloughed.

Because President Biden issued a major disaster declaration for 25 counties in western North Carolina, people who live or work in these counties can receive UI benefits under the Disaster Unemployment Assistance (DUA) program if they are out of work because of the effects of Hurricane Helene. Under DUA, workers are eligible for an additional 26 weeks of unemployment benefits. This means that:

- Workers at nonprofits that pay SUTA or elect to reimburse and that are within the 25 counties in the disaster declaration may receive an additional 14 weeks of unemployment benefits after they have used their 12 weeks of state unemployment benefits (for a total of 26 weeks of benefits). These workers should receive DUA benefits at the same rate as benefits would be paid under North Carolina law (*i.e.*, the weekly maximum benefit is \$600 after Governor Cooper's executive order).
- It also means that workers at small or faith-based nonprofits that aren't part of the state unemployment system - or workers at other nonprofits who don't qualify for state unemployment benefits - may receive 26 weeks of benefits under DUA, even though they aren't eligible for state unemployment benefits. Self-employed workers also can qualify for 26 weeks of DUA benefits. Under federal law, these benefits will be paid at 50% the current weekly average compensation in North Carolina. For the period of July 1, 2024 through September 30, 2024, this amount was \$152 per week.

For more information, including details on how to apply, the Division of Employment Security (DES) at the NC Department of Commerce has helpful [FAQs on Disaster Unemployment Assistance in North Carolina](#).

Workers who are eligible for either SUTA or DUA benefits can [apply for these benefits through DES](#). The deadline to file a DUA claim for unemployment because of Hurricane Helene is December 2, 2024 in the 25 western North Carolina counties that were part of the original disaster declaration and December 9, 2024 in Mecklenburg and Swain counties (60 days after the disaster declaration). DES recommends that workers seeking SUTA or DUA benefits have the following information ready when they apply:

- Name and address of all employers you worked with within the last 24 months.

- County of residence.
- County of employment.
- Mailing address and ZIP code.
- Valid telephone number.
- Your Social Security number or your Alien Registration number.

What is the cost of these benefits to nonprofits?

Under current state law, nonprofits would normally be charged for any **state unemployment benefits** that their employees receive. However, Governor Cooper's executive order also provided for non-charging of benefits during the Hurricane Helene state of emergency (again, currently extending through March 1, 2025). This means that:

- Nonprofits that pay SUTA will not see their experience rating change if their employees receive state unemployment benefits. This means that their future unemployment tax rates should be unaffected by state unemployment benefits their employees receive because of Hurricane Helene.
- Nonprofits that elect to reimburse will not need to pay back the State Unemployment Trust Fund for the amount of state unemployment benefits that their employees receive. Without the non-charging provision in Governor Cooper's executive orders, these nonprofits could have had significant financial liability for their employees' unemployment benefits.

The Center is appreciative of Governor Cooper for helping workers, nonprofits, and businesses affected by Hurricane Helene through his executive order on unemployment benefits. The Center continues to advocate for state lawmakers to act consistently with Governor Cooper's executive order in any Hurricane Helene legislation that affects unemployment benefits.

The federal government pays for **DUA benefits**, and employers are not charged when their employees receive DUA benefits. This means that nonprofits that pay SUTA should not see their experience rating affected by DUA benefits their employees receive, and reimbursing nonprofits will not be required to cover the cost of DUA benefits their employees receive.

The [DES FAQs on DUA](#) also has helpful information for employers (and is a great collection of acronyms!).