Resolution # 30

2025 Delegate Assembly
Proposed Legislative Resolution

TITLE OF RESOLUTION: Summer Unemployment Funding/Timeline

SUBMITTED BY: Grand Rapids Area Schools, ISD 318, Matt Grose, Superintendent

RECOMMENDATION: Passage

BE IT RESOLVED, THAT MSBA URGES THE LEGISLATURE TO either repeal summer unemployment benefits for non-instructional school employees between academic terms, or to fully and permanently fund those benefits and allow non-instructional employees to resign from their upcoming school term positions during the summer break without losing eligibility for unemployment benefits.

DESCRIBE THE PROBLEM:
Summer Unemployment is not permanently funded, has taken state funding from programs and services the state is required to provide, and has resulted in many districts seeing resignations in August so employees could collect unemployment all summer.

EXPLAIN WHY THIS IS A PROBLEM:
1. There is no long-term solution to fund Summer Unemployment.
2. Districts have to fill positions vacated by employees resigning in August.
3. Funding this program is taking funding away from other programs and services that the state is obligated to provide.
4. Employees applying for and taking school term jobs did so with the understanding and knowledge that the job and pay was limited to 9 months.
5. Summer employers in the hospitality industry are having a hard time filling positions that have typically been filled by individuals off for the summer, affecting local businesses and economies.

CURRENT POSITION:
1.032 Urges the Legislature to create an ongoing and permanent funding stream for school districts' costs associated with unemployment insurance by hourly employees during between terms breaks in the school calendar. (2023)

CURRENT LAW:
Minn. Stat. 268.085 allows employees who work in a capacity other than instructional, research, or principal administrative to collect unemployment benefits between academic terms (like summer break).

268.085 ELIGIBILITY REQUIREMENTS; PAYMENTS THAT AFFECT BENEFITS.
Subd. 7.School employees; between terms denial.

(a) Wage credits from employment with an educational institution or institutions may not be used for unemployment benefit purposes for any week during the period between two successive academic years or terms if:
(1) the applicant had employment for an educational institution or institutions in the prior academic year or term; and
(2) there is a reasonable assurance that the applicant will have employment for an educational institution or institutions in the following academic year or term.
This paragraph applies to the period between two regular but not successive terms if there is an agreement for that schedule between the applicant and the educational institution.
This paragraph does not apply if the subsequent employment is substantially less favorable than the employment of the prior academic year or term, or the employment prior to the vacation period or holiday recess.
(b) Paragraph (a) does not apply to any week during the period between two successive academic years or terms if an applicant worked in a capacity other than instructional, research, or principal administrative capacity.
(c) Paragraph (a) applies to a vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess, including applicants who worked in a capacity other than instructional, research, or principal administrative capacity.
(d) This subdivision applies to employment with an educational service agency if the applicant performed the services at an educational institution or institutions. "Educational service agency" means a governmental entity established and operated for the purpose of providing services to one or more educational institutions.
(e) This subdivision applies to employment with Minnesota, a political subdivision, or a nonprofit organization, if the services are provided to or on behalf of an educational institution or institutions.
(f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable assurance of employment.
(g) Employment and a reasonable assurance with multiple education institutions must be aggregated for purposes of application of this subdivision.
(h) If all of the applicant's employment with any educational institution or institutions during the prior academic year or term consisted of on-call employment, and the applicant has a reasonable assurance of any on-call employment with any educational institution or institutions for the following academic year or term, it is not considered substantially less favorable employment.
(i) A "reasonable assurance" may be written, oral, implied, or established by custom or practice.
(j) An "educational institution" is a school, college, university, or other educational entity operated by Minnesota, a political subdivision or instrumentality thereof, or a nonprofit organization.
(k) An "instructional, research, or principal administrative capacity" does not include an educational assistant.

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BACKGROUND PROVIDED BY MSBA:
The 2023 amendment to the Minnesota Statute eliminated the "Between Terms" restriction for hourly, non-instructional school workers, such as bus drivers, paraprofessionals, and food service staff, allowing them to collect unemployment insurance (UI) benefits during summer breaks, just like some other seasonal workers. This change in law was initially funded by the state legislature, which appropriated $135 million in supplemental aid intended to cover the associated UI costs for school districts until 2027 or until the funds were exhausted. The initial funds will most likely be exhausted with the summer 2025 claims. The 2025 Legislature provided another $77 million and that will most likely run out by 2027.

The change has created a major difficulty for school districts because the dedicated state funding is a temporary measure, and the cost of the program is projected to eventually fall onto the districts themselves. School leaders worry that when the state aid runs out, these new costs will either necessitate cuts to educational staff and programs from the General Fund or eventually a change in law which could force them to seek funds through local tax levies, which could disproportionately burden less-wealthy districts and lead to significant budget shortfalls.

The extension of unemployment insurance (UI) eligibility to non-licensed, hourly school workers in Minnesota, such as paraprofessionals, bus drivers, and cafeteria staff, has created an unintended consequence and an unexpected staffing dilemma for some school districts. While the policy was intended to provide a financial lifeline to these lower-paid workers during the summer break and improve staff retention, some district administrators report the opposite effect. The concern is that staff members collect UI benefits throughout the summer, fulfill the requirement to seek alternative employment, and then resign from their school positions just before the new academic year begins in August. This late-notice attrition forces schools into a major staffing crisis, leaving critical support roles unfilled days before students return, thereby disrupting operations and requiring costly, last-minute hiring efforts.

MSBA conducted a statewide survey during October and November of 2024. The survey was sent to all 331-member school districts of MSBA. 161 school districts responded to the survey, representing 43 percent of the total student enrollment. The survey captured perspectives from all regions of the state, urban, suburban, and rural, and nearly half of the state’s students.

- Late resignations: Districts reported a growing number of late resignations, just before the school year starts, by staff who plan to take non-district jobs in the fall after collecting summer UI benefits.
- Critical vacancies: This pattern left districts scrambling to fill 467 critical student-support positions after the school year had begun.

Furthermore, because school districts are responsible for reimbursing the state for these UI costs (even with current state funding intended to temporarily cover the expense), high turnover directly translates into rising financial burdens for the district, undercutting the policy's original goals of stabilizing the workforce.

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RATIONALE:
The resolution for Summer Unemployment Funding/Timeline is essential to address the critical financial instability and severe operational disruption caused by the current law allowing non-instructional school employees to collect unemployment insurance (UI) between academic terms. The primary issue is the lack of permanent funding; the temporary state aid is projected to run out by 2027, threatening to shift a massive, ongoing UI cost burden directly onto school districts' general funds. This will inevitably force districts to implement deep cuts to educational staff and programs or impose local tax levies, diverting resources and disproportionately harming less-wealthy communities while also drawing funding away from other state-obligated programs.

Furthermore, the current structure has triggered an unintended staffing crisis, causing a growing number of critical support staff (like paraprofessionals and bus drivers) to collect UI over the summer and then resign in August. This late-notice attrition forces districts into a major scramble to fill hundreds of essential student-support positions days before the school year starts, disrupting operations and increasing turnover costs.

Therefore, MSBA urges the Legislature to provide a fiscally responsible, long-term solution by either fully and permanently funding these UI benefits or by repealing the benefits to restore budget predictability. Additionally, if fully and permanently funded, supporting the ability of non-instructional employees to resign before or during the summer break without losing UI eligibility would eliminate the incentive to wait until August to quit, thereby mitigating the late-notice staffing crisis and stabilizing the workforce for the academic term.

Therefore, MSBA recommends passage.