



Unemployment Insurance Reimbursement Aid

Report to the Legislature

As required by Laws of Minnesota 2023, Chapter 55, Article 1, Section 33

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As requested by Minnesota Statutes 2023, section 3.197: This report cost approximately \$5,000 to prepare, including staff time, printing and mailing expenses.

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Legislative Charge

As required by Laws of Minnesota 2023, chapter 55, article 1, section 33, the Minnesota Department of Education (MDE), in consultation with the Department of Employment and Economic Development (DEED), must annually report to the legislative committees with jurisdiction over education the balances in unemployment insurance aid accounts and information about the annual changes in reimbursable costs for school workers receiving unemployment insurance benefits by January 15. To the extent possible, the report must break out the costs by district and major job classes. The report must be filed according to Minnesota Statutes 2023, section 3.195.

Background

Minnesota Statutes 2023, section 124D.995, established the School Unemployment Aid special revenue account, which included a one-time appropriation of \$135 million. The funds are to reimburse eligible local educational agencies (LEAs) for the cost associated with providing unemployment benefits to school employees under Minnesota Statutes 2023, section 268.085, subdivision. 7(b).

This report provides information on the current known costs of those benefits paid by LEAs as of December 31, 2024, for expenses in fiscal year 2025. The current known costs were provided via a voluntary survey conducted by MDE to LEAs, and as such are estimates only. Final, validated data for fiscal year (FY) 2025 will be available in January 2026. Not all school districts and charter schools supplied information regarding their eligible unemployment costs via the voluntary survey, and a preliminary review of survey submissions indicate that some data may have been provided in error.

Report

This report provides information on the current known costs to LEAs for unemployment benefits eligible for unemployment reimbursement aid under Minnesota Statutes 2023, section 124D.995, for the period from July 1, 2024, through forecasted June 30, 2025, as reported voluntarily through a survey to school districts, charter schools, cooperative and intermediate districts. The survey was deployed in October 2024 and asked LEAs to provide the total amount they were billed by DEED for unemployment benefits under Minnesota Statutes 2023, section 268.085, subd. 7(b). In addition, MDE asked LEAs to provide the total cost of these benefits for the following employment categories: 1) paraprofessional, 2) food service, 3) transportation, 4) clerical, 5) maintenance, and 6) other. As a result of the survey, MDE issued a metered school unemployment aid payment to responding school districts and charter schools on November 30, 2024, equal to 90% of their reported costs. In total, MDE issued \$51.7 million in payments with a total of \$57 million estimated to be paid when FY 2025 data and corresponding payments are finalized. This leaves the school unemployment aid account with \$38.3 million remaining for FY 2026. However, FY 2024 data is still being finalized. Therefore, it is estimated that the FY 2024 final number will be \$45 million which leaves the fund with \$33 million after the first two years of payments have been finalized. Final payments and adjustments to LEAs will be determined after final FY 2025 data submissions are received by MDE in December 2025 and subsequently validated in January 2026.

The statewide, unvalidated results for the major job classifications are as follows:

	Paraprofessionals Expenditures	Food Services Expenditures	Transportation Expenditures	Clerical Expenditures	Operating & Maintenance Expenditures	All Other Expenditures	Statewide Total
Total Costs	38,459,299	7,261,769	3,617,103	4,332,063	133,070	3,719,302	57,522,606
% of Total	66.86%	12.62%	6.29%	7.53%	0.23%	6.47%	

Detailed results by LEA appear in Appendix A.

Although MDE encouraged participation in the survey, not all LEAs submitted information; thus, this report will not include all eligible costs. All LEAs will receive a final payment in January 2026 equal to their actual costs in FY 2025 even if the LEA did not submit estimates during this survey process. Since MDE is unable to validate the accuracy of data submitted via the voluntary survey process, any questions related to the LEA data included in this report should be directed to the specific LEA.

Conclusion

Based on the voluntary survey data provided by LEAs and anticipated additional costs for this reporting FY for the time period of July 1, 2024, through forecasted June 30, 2025, the preliminary distributions for FY 2025 are estimated to use up a majority of the \$135 million appropriation that is remaining. If the first two years are indicative of the use of the funds, the estimated remaining amount of \$33 million in FY 2026 will not have enough funds to pay the full summer-term unemployment costs.

Of the various expenditure types in the survey, over two-thirds of the costs of benefits were reported in the paraprofessional employment category.

MDE will collect final data related to the FY 2025 school unemployment aid from school districts and charter schools through their annual financial submission process by December 15, 2025. This will be reflected in the final payment and in the January 2025 legislative report.

Appendix A – Survey Results

The following table represents the data submitted by LEAs via the second survey. Districts without any reported expenditures that did not submit any data or submitted data indicating no expenses are included in the appendix to show the full statewide picture by LEA.

Unemployment Insurance Reimbursement Aid

Estimated data as submitted by eligible LEAs for expenses incurred from July 1, 2024, through forecasted expenses by June 30, 2025.