

SF2188 - 0 - School Unemployment Aid Appropriated

Chief Author: **Jennifer McEwen**
 Committee: **Education Finance**
 Date Completed: **3/12/2025 9:05:44 AM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	29,317	47,915	(41,926)	(5,466)
Total		-	29,317	47,915	(41,926)	(5,466)
Biennial Total				77,232		(47,392)

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	-	-	-	-
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 3/12/2025 9:05:44 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	29,317	47,915	(41,926)	(5,466)	
Total	-	29,317	47,915	(41,926)	(5,466)	
Biennial Total			77,232		(47,392)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	29,317	47,915	(41,926)	(5,466)	
Total	-	29,317	47,915	(41,926)	(5,466)	
Biennial Total			77,232		(47,392)	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-		-	-

Bill Description

This bill appropriates \$105,000,000 from the general fund to the Department of Education for unemployment aid in fiscal year (FY) 2026 subject to the requirements under Minnesota Statutes, section 124D.995.

Assumptions

The 2023 legislature appropriated \$135,000,000 for the school unemployment aid account to reimburse school districts, charter schools, intermediate school districts, cooperative units, the Perpich Center for Arts Education, and the Minnesota State Academies for unemployment for summer term hourly school workers. The appropriation was transferred to the special revenue fund and allowed to be spend until the end of FY 2027.

In FY 2024, it is assumed that \$44,000,000 will be used from the unemployment aid account and it is estimated to increase to approximately \$58,000,000 in FY 2025. Therefore, it is assumed that \$33,000,000 in school unemployment aid will roll over from FY 2025 to FY 2026; FY 2026 will require an additional \$30,000,000 to fully fund school unemployment aid; and FY 2027 will require \$70,000,000 to fully fund school unemployment aid. MDE anticipates a small increase in unemployment reimbursement costs in FY 2027 due to increases in salary and inflation.

It is assumed that special education cost will reduce in FY 2026 through FY 2029 due to the savings from removing UI costs charged to special education. This delays the start of UI costs being charged to special education until FY 2028.

It is assumed that the remaining \$5,000,000 of unexpended appropriation will cancel to the general fund at close of FY 2027.

Expenditure and/or Revenue Formula

	SF2188	FY 2026	FY 2027	FY 2028	FY 2029	
1	School Unemployment Aid	30,000,000	70,000,000			
2	Special Education Savings	(779,351)	(25,084,464)	(44,297,018)	-	Entitlement
3	Current Year Payment (line 2 * .8766)	(683,179)	(21,989,041)	(38,830,766)	-	
4	Prior Year Payment (line 2 * .1234)		(96,172)	(3,095,423)	(5,466,252)	

5	Total Special Education Savings (line 3 + line 4)	(683,179)	(22,085,213)	(41,926,189)	(5,466,252)	Appropriation
6	Total Cost/Savings of Bill (line 1 + line 5)	29,316,821	47,914,787	(41,926,189)	(5,466,252)	

Long-Term Fiscal Considerations

None

Local Fiscal Impact

Beginning in FY 2028, school districts will be required to cover the costs of summer term unemployment.

References/Sources

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