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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **20**

01/04/2023 Authored by Greenman, Hortman, Long, Noor, Frazier and others
The bill was read for the first time and referred to the Committee on Workforce Development Finance and Policy
02/06/2023 Adoption of Report: Amended and re-referred to the Committee on Education Finance
02/13/2023 Adoption of Report: Amended and re-referred to the Committee on Higher Education Finance and Policy

1.1 A bill for an act
1.2 relating to unemployment insurance; modifying wage credits and providing
1.3 reimbursement; authorizing transfers from the general fund; providing
1.4 unemployment insurance aid; requiring a report; appropriating money; amending
1.5 Minnesota Statutes 2022, sections 126C.43, subdivision 2; 127A.45, subdivision
1.6 12; 268.085, subdivision 7; 268.19, subdivision 1; proposing coding for new law
1.7 in Minnesota Statutes, chapters 124D; 268; repealing Minnesota Statutes 2022,
1.8 section 268.085, subdivision 8.

1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.10 Section 1. **[124D.995] UNEMPLOYMENT INSURANCE AID.**

1.11 (a) School districts and charter schools, including intermediate school districts and other
1.12 cooperative units under section 123A.24, subdivision 2, are eligible to receive unemployment
1.13 insurance aid under this section. For each fiscal year, an eligible entity's aid is the difference
1.14 between:

1.15 (1) net audited unemployment costs, as reported under section 123B.76, for the prior
1.16 fiscal year; and

1.17 (2) the base period net audited unemployment costs pursuant to paragraph (b).

1.18 (b) The base period net audited unemployment costs equals the eligible entity's fiscal
1.19 year 2022 net audited unemployment costs.

1.20 (c) If the total eligible unemployment insurance aid for a fiscal year is greater than the
1.21 annual appropriation for that year, the commissioner must proportionately reduce the aid
1.22 payment to each eligible entity.

1.23 **EFFECTIVE DATE.** This section is effective for aid beginning in fiscal year 2025.

2.1 Sec. 2. Minnesota Statutes 2022, section 126C.43, subdivision 2, is amended to read:

2.2 Subd. 2. **Payment to unemployment insurance program trust fund by state and**
2.3 **political subdivisions.** (a) A district may levy the amount necessary (1) to pay the district's
2.4 obligations under section 268.052, subdivision 1, and (2) to pay for job placement services
2.5 offered to employees who may become eligible for benefits pursuant to section 268.085 for
2.6 the fiscal year the levy is certified.

2.7 (b) Districts with a balance remaining in their reserve for reemployment as of June 30,
2.8 2003, may not expend the reserved funds for future reemployment expenditures. Each year
2.9 a levy reduction must be made to return these funds to taxpayers. The amount of the levy
2.10 reduction must be equal to the lesser of: (1) the remaining reserved balance for reemployment,
2.11 or (2) the amount of the district's current levy under paragraph (a).

2.12 (c) The amount in paragraph (a) must be reduced by any amount received by the district
2.13 under section 124D.995.

2.14 (d) A district that is a member of an intermediate school district or other cooperative
2.15 unit under section 123A.24, subdivision 2, may include in its authority under this section
2.16 the costs associated with qualifying obligations under paragraph (a) for the cooperative unit.
2.17 Revenue raised under this paragraph must be transferred to the cooperative unit.

2.18 Sec. 3. Minnesota Statutes 2022, section 127A.45, subdivision 12, is amended to read:

2.19 Subd. 12. **Payment percentage for certain aids.** One hundred percent of the aid for
2.20 the current fiscal year must be paid for the following aids: reimbursement for enrollment
2.21 options transportation, according to sections 124D.03, subdivision 8, and 124D.09,
2.22 subdivision 22, and chapter 124E; school lunch aid, according to section 124D.111; ~~and~~
2.23 support services aid, for persons who are deaf, deafblind, and hard-of-hearing according to
2.24 section 124D.57; and unemployment insurance aid according to section 124D.995.

2.25 Sec. 4. Minnesota Statutes 2022, section 268.085, subdivision 7, is amended to read:

2.26 Subd. 7. **School employees; between terms denial.** (a) Wage credits from employment
2.27 with an educational institution or institutions may not be used for unemployment benefit
2.28 purposes for any week during the period between two successive academic years or terms
2.29 if:

2.30 (1) the applicant had employment for an educational institution or institutions in the
2.31 prior academic year or term; and

3.1 (2) there is a reasonable assurance that the applicant will have employment for an
3.2 educational institution or institutions in the following academic year or term.

3.3 ~~This paragraph applies to a vacation period or holiday recess if the applicant was~~
3.4 ~~employed immediately before the vacation period or holiday recess, and there is a reasonable~~
3.5 ~~assurance that the applicant will be employed immediately following the vacation period~~
3.6 ~~or holiday recess. This paragraph also applies to the period between two regular but not~~
3.7 ~~successive terms if there is an agreement for that schedule between the applicant and the~~
3.8 ~~educational institution.~~

3.9 This paragraph does not apply if the subsequent employment is substantially less
3.10 favorable than the employment of the prior academic year or term, or the employment prior
3.11 to the vacation period or holiday recess.

3.12 (b) Paragraph (a) does not apply to ~~an applicant who, at the end of the prior academic~~
3.13 ~~year or term, had an agreement for a definite period of employment between academic years~~
3.14 ~~or terms in other than an instructional, research, or principal administrative capacity and~~
3.15 ~~the educational institution or institutions failed to provide that employment. any week during~~
3.16 ~~the period between two successive academic years or terms if an applicant worked in a~~
3.17 ~~capacity other than instructional, research, or principal administrative. For individuals in~~
3.18 ~~the employment of an employer as defined in section 123A.24, subdivision 2, or 123A.55,~~
3.19 ~~an instructional position is one for which a license is required by the Professional Educator~~
3.20 ~~Licensing and Standards Board or the Board of School Administrators.~~

3.21 (c) ~~If unemployment benefits are denied to any applicant under paragraph (a) who was~~
3.22 ~~employed in the prior academic year or term in other than an instructional, research, or~~
3.23 ~~principal administrative capacity and who was not offered an opportunity to perform the~~
3.24 ~~employment in the following academic year or term, the applicant is entitled to retroactive~~
3.25 ~~unemployment benefits for each week during the period between academic years or terms~~
3.26 ~~that the applicant filed a timely continued request for unemployment benefits, but~~
3.27 ~~unemployment benefits were denied solely because of paragraph (a). Paragraph (a) applies~~
3.28 ~~to a vacation period or holiday recess if the applicant was employed immediately before~~
3.29 ~~the vacation period or holiday recess, and there is a reasonable assurance that the applicant~~
3.30 ~~will be employed immediately following the vacation period or holiday recess, including~~
3.31 ~~applicants who worked in a capacity other than instructional, research, or principal~~
3.32 ~~administrative.~~

3.33 (d) This subdivision applies to employment with an educational service agency if the
3.34 applicant performed the services at an educational institution or institutions. "Educational

4.1 service agency" means a governmental entity established and operated for the purpose of
4.2 providing services to one or more educational institutions.

4.3 (e) This subdivision applies to employment with Minnesota, a political subdivision, or
4.4 a nonprofit organization, if the services are provided to or on behalf of an educational
4.5 institution or institutions.

4.6 (f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable
4.7 assurance of employment.

4.8 (g) Employment and a reasonable assurance with multiple education institutions must
4.9 be aggregated for purposes of application of this subdivision.

4.10 (h) If all of the applicant's employment with any educational institution or institutions
4.11 during the prior academic year or term consisted of on-call employment, and the applicant
4.12 has a reasonable assurance of any on-call employment with any educational institution or
4.13 institutions for the following academic year or term, it is not considered substantially less
4.14 favorable employment.

4.15 (i) A "reasonable assurance" may be written, oral, implied, or established by custom or
4.16 practice.

4.17 (j) An "educational institution" is a school, college, university, or other educational entity
4.18 operated by Minnesota, a political subdivision or instrumentality thereof, or a nonprofit
4.19 organization.

4.20 (k) An "instructional, research, or principal administrative capacity" does not include
4.21 an educational assistant.

4.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.23 Sec. 5. Minnesota Statutes 2022, section 268.19, subdivision 1, is amended to read:

4.24 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from
4.25 any person under the administration of the Minnesota Unemployment Insurance Law are
4.26 private data on individuals or nonpublic data not on individuals as defined in section 13.02,
4.27 subdivisions 9 and 12, and may not be disclosed except according to a district court order
4.28 or section 13.05. A subpoena is not considered a district court order. These data may be
4.29 disseminated to and used by the following agencies without the consent of the subject of
4.30 the data:

4.31 (1) state and federal agencies specifically authorized access to the data by state or federal
4.32 law;

5.1 (2) any agency of any other state or any federal agency charged with the administration
5.2 of an unemployment insurance program;

5.3 (3) any agency responsible for the maintenance of a system of public employment offices
5.4 for the purpose of assisting individuals in obtaining employment;

5.5 (4) the public authority responsible for child support in Minnesota or any other state in
5.6 accordance with section 256.978;

5.7 (5) human rights agencies within Minnesota that have enforcement powers;

5.8 (6) the Department of Revenue to the extent necessary for its duties under Minnesota
5.9 laws;

5.10 (7) public and private agencies responsible for administering publicly financed assistance
5.11 programs for the purpose of monitoring the eligibility of the program's recipients;

5.12 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the
5.13 Department of Commerce for uses consistent with the administration of their duties under
5.14 Minnesota law;

5.15 (9) the Department of Human Services and the Office of Inspector General and its agents
5.16 within the Department of Human Services, including county fraud investigators, for
5.17 investigations related to recipient or provider fraud and employees of providers when the
5.18 provider is suspected of committing public assistance fraud;

5.19 (10) local and state welfare agencies for monitoring the eligibility of the data subject
5.20 for assistance programs, or for any employment or training program administered by those
5.21 agencies, whether alone, in combination with another welfare agency, or in conjunction
5.22 with the department or to monitor and evaluate the statewide Minnesota family investment
5.23 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,
5.24 and the Supplemental Nutrition Assistance Program Employment and Training program by
5.25 providing data on recipients and former recipients of Supplemental Nutrition Assistance
5.26 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
5.27 care assistance under chapter 119B, or medical programs under chapter 256B or 256L or
5.28 formerly codified under chapter 256D;

5.29 (11) local and state welfare agencies for the purpose of identifying employment, wages,
5.30 and other information to assist in the collection of an overpayment debt in an assistance
5.31 program;

6.1 (12) local, state, and federal law enforcement agencies for the purpose of ascertaining
6.2 the last known address and employment location of an individual who is the subject of a
6.3 criminal investigation;

6.4 (13) the United States Immigration and Customs Enforcement has access to data on
6.5 specific individuals and specific employers provided the specific individual or specific
6.6 employer is the subject of an investigation by that agency;

6.7 (14) the Department of Health for the purposes of epidemiologic investigations;

6.8 (15) the Department of Corrections for the purposes of case planning and internal research
6.9 for preprobation, probation, and postprobation employment tracking of offenders sentenced
6.10 to probation and preconfinement and postconfinement employment tracking of committed
6.11 offenders;

6.12 (16) the state auditor to the extent necessary to conduct audits of job opportunity building
6.13 zones as required under section 469.3201; ~~and~~

6.14 (17) the Office of Higher Education for purposes of supporting program improvement,
6.15 system evaluation, and research initiatives including the Statewide Longitudinal Education
6.16 Data System, and for the purposes of reimbursement under section 268.193, subdivision 5;

6.17 (18) the Department of Education for the purposes of reimbursement under section
6.18 124D.995, and the school district unemployment insurance levy under section 126C.43,
6.19 subdivision 2;

6.20 (19) the Board of Regents of the University of Minnesota for the purposes of
6.21 reimbursement under section 268.193, subdivision 3; and

6.22 (20) the Board of Trustees of the Minnesota State Colleges and Universities for the
6.23 purposes of reimbursement under section 268.193, subdivision 4.

6.24 (b) Data on individuals and employers that are collected, maintained, or used by the
6.25 department in an investigation under section 268.182 are confidential as to data on individuals
6.26 and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3
6.27 and 13, and must not be disclosed except under statute or district court order or to a party
6.28 named in a criminal proceeding, administrative or judicial, for preparation of a defense.

6.29 (c) Data gathered by the department in the administration of the Minnesota unemployment
6.30 insurance program must not be made the subject or the basis for any suit in any civil
6.31 proceedings, administrative or judicial, unless the action is initiated by the department.

6.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.1 Sec. 6. [268.193] REIMBURSEMENT ACCOUNTS.

7.2 Subdivision 1. Reimbursement administered. (a) For the purposes of this subdivision,
7.3 the following terms have the meanings given:

7.4 (1) "participating higher education educational institution" means:

7.5 (i) the University of Minnesota;

7.6 (ii) a postsecondary institution governed by the Board of Trustees of the Minnesota State
7.7 Colleges and Universities; or

7.8 (iii) a Tribal college as defined in subdivision 4, paragraph (a), clause (1); and

7.9 (2) "qualifying unemployment benefits" has the meanings given in subdivision 2,
7.10 paragraph (a); subdivision 3, paragraph (a); and subdivision 4, paragraph (a), clause (2), as
7.11 applicable to the participating higher education educational institution.

7.12 (b) The commissioner of employment and economic development shall calculate and
7.13 certify the qualifying unemployment benefits payments charged and credited to the
7.14 reimbursable account of the participating higher education educational institutions as
7.15 provided under section 268.045 each calendar quarter and share and transmit the applicable
7.16 certified amount to:

7.17 (1) the Board of Regents of the University of Minnesota for the purposes of
7.18 reimbursement under subdivision 2;

7.19 (2) the Board of Trustees of the Minnesota State Colleges and Universities for the
7.20 purposes of reimbursement under subdivision 3; or

7.21 (3) the commissioner of the Office of Higher Education for the purposes of reimbursement
7.22 under subdivision 4.

7.23 Subd. 2. University of Minnesota reimbursement account. (a) For the purposes of
7.24 this subdivision, "qualifying unemployment benefits" means unemployment benefits charged
7.25 and credited to the University of Minnesota as provided under section 268.045 for an
7.26 applicant for any week during a period between successive academic years or terms, if the
7.27 applicant worked in a capacity other than instructional, research, or principal administrative.

7.28 (b) There is created in the special revenue fund an account, to be known as the University
7.29 of Minnesota reimbursement account, that does not lapse nor revert to any other fund or
7.30 account. This account consists of all money appropriated for the purposes of this subdivision,
7.31 unless otherwise appropriated by law. Funds appropriated for the purposes of reimbursement

8.1 under this subdivision must be transferred to the University of Minnesota reimbursement
8.2 account in the special revenue fund.

8.3 (c) As provided in this subdivision, money in the account is appropriated to the Board
8.4 of Regents of the University of Minnesota and shall be used to reimburse the University of
8.5 Minnesota for payments of qualifying unemployment benefits certified under subdivision
8.6 1, paragraph (b), clause (1). The Board of Regents shall reimburse the University of
8.7 Minnesota for certified reimbursement amounts in the form and manner prescribed by the
8.8 board.

8.9 Subd. 3. **Minnesota State Colleges and Universities reimbursement account.** (a) For
8.10 the purposes of this subdivision, "qualifying unemployment benefits" means unemployment
8.11 benefits charged and credited to a Minnesota state college or university governed by the
8.12 Board of Trustees as provided under section 268.045 for an applicant for any week during
8.13 a period between successive academic years or terms, if the applicant worked in a capacity
8.14 other than instructional, research, or principal administrative.

8.15 (b) There is created in the special revenue fund an account, to be known as the Minnesota
8.16 State Colleges and Universities reimbursement account, that does not lapse nor revert to
8.17 any other fund or account. This account consists of all money appropriated for the purposes
8.18 of this subdivision unless otherwise appropriated by law. Funds appropriated for the purposes
8.19 of reimbursement under this subdivision must be transferred to the Minnesota State Colleges
8.20 and Universities reimbursement account in the special revenue fund.

8.21 (c) As provided in this subdivision, money in the account is appropriated to the Board
8.22 of Trustees of the Minnesota State Colleges and Universities and shall be used to reimburse
8.23 individual Minnesota state colleges and universities for payments of qualifying
8.24 unemployment benefits certified under subdivision 1, paragraph (b), clause (2). The Board
8.25 of Trustees shall reimburse individual Minnesota state colleges and universities for certified
8.26 reimbursement amounts in the form and manner prescribed by the board. If certified
8.27 reimbursement amounts exceed the money available in the Minnesota State Colleges and
8.28 Universities reimbursement account, reimbursement shall be dispersed to individual
8.29 Minnesota state colleges and universities on a pro rata basis.

8.30 Subd. 4. **Tribal colleges reimbursement account.** (a) For the purposes of this
8.31 subdivision, the following terms have the meanings given:

8.32 (1) "Tribal college" means Leech Lake Tribal College, White Earth Tribal College, or
8.33 Red Lake Nation Tribal College, referred to collectively in this subdivision as Tribal colleges;
8.34 and

9.1 (2) "qualifying unemployment benefits" means unemployment benefits charged and
9.2 credited to a Tribal college as provided under section 268.045 for an applicant for any week
9.3 during a period between successive academic years or terms, if the applicant worked in a
9.4 capacity other than instructional, research, or principal administrative.

9.5 (b) There is created in the special revenue fund an account, to be known as the Tribal
9.6 colleges reimbursement account, that does not lapse nor revert to any other fund or account.
9.7 This account consists of all money appropriated for the purposes of this subdivision unless
9.8 otherwise appropriated by law. Funds appropriated for the purposes of reimbursement under
9.9 this section must be transferred to the Tribal colleges reimbursement account in the special
9.10 revenue fund.

9.11 (c) As provided in this subdivision, money in the account is appropriated to the
9.12 commissioner of the Office of Higher Education and shall be used to reimburse individual
9.13 Tribal colleges for payments of qualifying unemployment benefits certified under subdivision
9.14 1, paragraph (b), clause (3). The commissioner shall administer payments of certified
9.15 reimbursement amounts to a Tribal college on or before the last day of the month following
9.16 the end of the next calendar quarter following certification. If the certified reimbursement
9.17 amounts exceed the money available in the Tribal colleges reimbursement account,
9.18 reimbursement shall be dispersed to individual Tribal colleges on a pro rata basis.

9.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.20 **Sec. 7. REPORT.**

9.21 By January 15 of each year, the Department of Education, in consultation with the
9.22 Department of Employment and Economic Development, must report to the education
9.23 committees of the legislature about the annual reimbursable costs and the number of hourly
9.24 school workers receiving unemployment insurance benefits during the summer term. To
9.25 the extent possible, the report must categorize eligible employees by major job class. The
9.26 report must be filed according to Minnesota Statutes, section 3.195.

9.27 **Sec. 8. TRANSFERS.**

9.28 (a) \$68,470,000 in fiscal year 2024 is transferred from the general fund to the Board of
9.29 Regents of the University of Minnesota for the purposes of reimbursement under Minnesota
9.30 Statutes, section 268.193, subdivision 3, and subject to the requirements of that subdivision.
9.31 This is a onetime transfer and is available until expended.

10.1 (b) \$39,123,000 in fiscal year 2024 is transferred from the general fund to the Board of
 10.2 Trustees of the Minnesota State Colleges and Universities for the purposes of reimbursement
 10.3 under Minnesota Statutes, section 268.193, subdivision 4, and subject to the requirements
 10.4 of that subdivision. This is a onetime transfer and is available until expended.

10.5 (c) \$471,000 in fiscal year 2024 is transferred from the general fund to the commissioner
 10.6 of the Office of Higher Education for the purposes of reimbursement under Minnesota
 10.7 Statutes, section 268.193, subdivision 5, and subject to the requirements of that subdivision.
 10.8 This is a onetime transfer and is available until expended.

10.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.10 **Sec. 9. APPROPRIATION; DEPARTMENT OF EDUCATION.**

10.11 Subdivision 1. **Department of Education.** The sums indicated in this section are
 10.12 appropriated from the general fund to the Department of Education in the fiscal years
 10.13 designated.

10.14 Subd. 2. **Unemployment insurance aid administration.** (a) For administrative expenses:

10.15	\$	.....	.....	<u>2024</u>
10.16	\$	<u>200,000</u>	.....	<u>2025</u>

10.17 (b) \$200,000 in fiscal year 2025 is for administration of unemployment insurance aid
 10.18 under Minnesota Statutes, section 124D.995. The base for fiscal year 2026 and thereafter
 10.19 is \$175,000.

10.20 Subd. 3. **Unemployment insurance aid.** (a) For unemployment insurance aid for school
 10.21 districts, charter schools, and cooperatives:

10.22	\$	.....	.....	<u>2024</u>
10.23	\$	<u>161,755,000</u>	.....	<u>2025</u>

10.24 (b) \$161,755,000 in fiscal year 2026 and thereafter are base amounts to the Department
 10.25 of Education for unemployment insurance aid under Minnesota Statutes, section 124D.995.
 10.26 The base may be adjusted if the Department of Education and the Department of Employment
 10.27 and Economic Development jointly forecast a different aid entitlement for hourly school
 10.28 workers.

10.29 (c) If the appropriation is insufficient, the commissioner must proportionately reduce
 10.30 the aid payment to each recipient pursuant to Minnesota Statutes, section 124D.995,
 10.31 paragraph (c).

11.1 **Sec. 10. APPROPRIATION; MINNESOTA STATE ACADEMIES.**

11.2 Subdivision 1. Minnesota State Academies. The sums indicated in this section are
 11.3 appropriated from the general fund to the Minnesota State Academies in the fiscal years
 11.4 designated.

11.5 Subd. 2. Unemployment insurance costs. (a) For unemployment insurance costs for
 11.6 the Minnesota State Academies:

11.7 \$ 217,000 2024

11.8 \$ 217,000 2025

11.9 (b) \$217,000 in fiscal year 2025 and thereafter is for unemployment insurance costs.

11.10 **Sec. 11. APPROPRIATION; PERPICH CENTER FOR ARTS EDUCATION.**

11.11 Subdivision 1. Perpich Center for Arts Education. The sums indicated in this section
 11.12 are appropriated from the general fund to the Perpich Center for Arts Education in the fiscal
 11.13 years designated.

11.14 Subd. 2. Unemployment insurance costs. (a) For unemployment insurance costs of the
 11.15 Perpich Center for Arts Education:

11.16 \$ 66,000 2024

11.17 \$ 66,000 2025

11.18 (b) \$66,000 in fiscal year 2025 and thereafter is for unemployment insurance costs.

11.19 **Sec. 12. REPEALER.**

11.20 Minnesota Statutes 2022, section 268.085, subdivision 8, is repealed.

11.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: H0020-2

268.085 ELIGIBILITY REQUIREMENTS; PAYMENTS THAT AFFECT BENEFITS.

Subd. 8. **Services for school contractors.** (a) Wage credits from an employer are subject to subdivision 7, if:

(1) the employment was provided under a contract between the employer and an elementary or secondary school; and

(2) the contract was for services that the elementary or secondary school could have had performed by its employees.

(b) Wage credits from an employer are not subject to subdivision 7 if:

(1) those wage credits were earned by an employee of a private employer performing work under a contract between the employer and an elementary or secondary school; and

(2) the employment was related to food services provided to the school by the employer.