

FACT SHEET



Secondary School Student and Social Security Recipient Unemployment Insurance Eligibility

About These UI Provisions in the Omnibus Jobs Bill

Minnesota law currently discriminates against unemployment insurance (UI) applicants by age in two ways:

- Prohibiting all secondary school (high school) students from qualifying for UI.
- Reducing or eliminating UI benefits for some workers who either receive, have applied for, or intend to apply for Social Security benefits. Minnesota is the only state in the nation that reduces or denies altogether UI benefits for certain workers receiving Social Security benefits.

The provisions in the Omnibus Jobs Bill simply repeal these discriminatory restrictions for high school students and older workers. **These workers would still need to meet all other requirements under Minnesota law to receive unemployment insurance.**

Who These Provisions Help

A thriving economy needs a strong workforce. Older workers and high school students are a key part of Minnesota's labor market. In fact, prior to the COVID-19 pandemic, nearly half of Minnesotans ages 16-19 participated in the state's workforce. And older workers are the fastest growing segment of workers. Despite its critical importance, Social Security benefits are modest, meaning many older people need to work while collecting Social Security.

We know these workers' wages are often substantial components of their household budgets—their jobs are not just about supplemental income for these workers. Job loss disruptions can have lasting effects, especially for older workers who face additional barriers, such as ageism, delaying the return to work they want and need.

This session, the Legislature heard from older workers and high school students who depend on their wages to:

- **Pay for basic needs** for themselves and their families including rent, food, and utilities.
- **Afford lifesaving prescription drugs** and even chemotherapy treatments.
- Finance their own or their children's **college educations**.

Employers Already Pay into UI for These Workers—This is a Matter of Fairness

Many people don't realize that **employers already pay into the UI system on behalf of these workers**—the high school students or Social Security recipients just can't receive the benefits. As a result, the benefits that these younger and older employees work to earn subsidize UI benefits for other workers.

That's why **it's only right that high school students and Social Security recipients be eligible for UI if they meet the same guidelines and rules as their co-workers**. It's an issue of fundamental fairness.

Correcting Misconceptions about These UI Provisions

Myth: The cost of this change will create an undue burden on Minnesota businesses.

Fact: We sympathize with this being a difficult time for businesses, but the cost of these provisions to Minnesota employers will be negligible.

- DEED estimates the cost of making high school students eligible at \$20.88 million per year. To put that in perspective, it's only about 2.5% of the total amount paid from the UI trust fund in a typical year. And that cost estimate is based on pandemic-level 20% unemployment in the services industry. It's realistic to assume the cost will drop as the economy rebounds and returns to a pre-pandemic labor market.
- According to an AARP Public Policy Institute survey, it is estimated that 16.1% of Minnesotans 62 and older receiving Social Security are still working. That's approximately 137,000 people. However, not all of them will be newly eligible for UI if they are laid off since some of these workers are already eligible under MN law if all of their wages were earned simultaneously while drawing Social Security benefits.

Myth: High school students and Social Security recipients are primarily seasonal workers during the summer or the holidays just trying to make some supplemental income.

Fact: We know from both the data we've collected and the stories shared that many high school students and Social Security recipients work year round to support themselves and their families. The wages they earn substantially contribute to the household budget and often make the difference in making ends meet.

Myth: High school students who work a summer job and quit to return to school would be eligible for UI.

Fact: Under Minnesota law, employees who voluntarily quit are not typically eligible for UI. Therefore, a high school student who quits a summer job to return to school would not likely be eligible. College students can qualify for UI in Minnesota, yet we haven't seen problems with college students quitting work to return to school and collecting UI.

Myth: Seasonal employers who hire many high school students or older workers and then lay them off at the end of the season will be flooded with UI claims.

Fact: To be eligible for UI, a worker must be actively seeking employment. Therefore, those students or Social Security recipients who take a seasonal job, get laid off at the end of the season, and then choose to focus on their studies or enjoy retirement would not be eligible for UI. This means the primary beneficiaries of this change in the law will be those younger and older employees looking for year-round work to support themselves and their families.

Contact Information

Have questions? We're happy to discuss this important issue with you further.

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