



April 30, 2021

Senator Eric Pratt
3219 Minnesota Senate Building
95 University Avenue West
Saint Paul, MN 55155

Representative Mohamud Noor
379 State Office Building
100 Rev. Martin Luther King Jr. Blvd
Saint Paul, MN 55155

Senator Pratt and Representative Noor:

On behalf of the Minnesota School Bus Operator's Association, I am writing to express our opposition to the repeal of MN Statute 268.085, subd. 8 included in the House Jobs omnibus bill. Repealing this statute will make all employees of private businesses that contract with school districts eligible for unemployment benefits. While we understand the purpose of this proposal, there are legitimate public policy reasons for why this statute exists, as well as significant consequences of its repeal.

Under the operations of Minnesota's unemployment system, unemployment insurance benefits are intended for workers who unexpectedly and at no fault of their own lose their employment. The need for the majority of school bus drivers aligns with Minnesota's K-12 school year. As a result, when school bus drivers are hired they are informed that their employment will conclude at the end of the school year. This conclusion is not unexpected. In fact, for drivers who are hired at the start of the school year, they are given nine months' notice as to when the employment will end. MN Statute 268.085, subd. 8 was enacted to address the unique nature and realities of companies contracting to provide services to school districts.

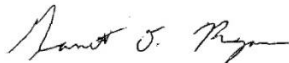
Repealing subd. 8 will have significant cost implications for school districts. Unemployment benefits are paid through taxes assessed on employers, and a significant portion of a company's unemployment tax rate is determined by their experience rating. If unemployment benefits are expanded to include all drivers whose service ends following the end of a school year, then the experience rating for that employer will increase dramatically, significantly increasing their unemployment insurance tax rate. The bus operator will have no choice but to pass this increased cost on to the school districts they serve. Without additional funding to pay for the increased transportation costs, which is not currently included in either the House or Senate K-12 finance bills, school districts will need to shift funds from other budget areas, including classroom instruction, staffing, and capital improvements.

Finally, this change opens the door for abuse of the unemployment insurance system. It is our experience that school bus drivers who want to work beyond the time of their school year service do so one of two ways. Most drivers who want to continue driving bus during the summer months are kept employed to serve summer school, summer athletics and activities, and camps. The remainder find alternate work elsewhere. However, the majority of drivers choose not to work over

the summer months, and are welcomed back to serve their routes the next school year. For school bus drivers who would normally elect to take the summer months off, to not work, and to not earn wages, eliminating subd. 8 creates an incentive for them to claim unemployment benefits that they would not normally want, thereby unnecessarily increasing costs for operators and school districts.

We appreciate the intent behind the House position, but the impacts of repealing subd. 8 on the school transportation industry will be significant, and the costs put on to our school districts will be substantial.

Sincerely,



Garrett Regan
President

Cc: Workforce and Business Development Finance and Policy Bill Conference Committee members
Commissioner Steve Grove, DEED
Kevin McKinnon, DEED
Darielle Dannen, DEED
Hue Nguyen, Office of Governor Walz
Sasha Bergman, Office of Governor Walz