



Unemployment Issues – School District Mergers

School districts retain the responsibility to pay unemployment claims after the termination of an employee, regardless of whether the district is still operating during that period. Claims payments can remain with the district for up to two years, and in certain limited circumstances, even longer than that. When a district merges with other districts, that obligation may be transferred to the new entity or retained by the former district. This should be addressed during the merger process.

School districts may meet their obligation for unemployment either by directly reimbursing the Vermont Department of Labor for unemployment claims or joining the VSBIT Unemployment Program which then pays claims on behalf of member districts.

If two member SU/SD offices are merging to create a new entity, the new entity may join the VSBIT program or directly reimburse the Vermont DOL.

- A. When working with VSBIT, if the obligation is transferred to the new entity, the new SU/SD will need to sign a Membership Agreement. The closing SUs/SDs will be made inactive in the VSBIT system. As claims are received they will be tracked by the DOL under the old tax ID numbers. However for VSBIT purposes, these claims will be logged against the new SU/SD entity. The rate assigned to the new SU/SD will be based on combined historical claims data from the existing SU/SD offices. VSBIT will waive the provision that requires new members to pay any claims in excess of 150% of premium for the first three years if the majority of the merging entities were previously members under the old structure. If the SUs/SDs wish to elect this option they must put in writing their intent to assume the future UC claims liability from the closing SU/SD offices.
- B. If the new SU/SD does not wish to assume the liabilities of the existing SUs/SDs, then the existing SDs/SDs can either remain in the VSBIT program or leave and pay any claims to the VT DOL as a direct reimbursing. If the SU(s)/SD(s) remain in the program, their individual rates will be applied to the taxable wage base for the last year that the SU(s)/SD was in full operation. The new SU/SD will need to sign a Membership Agreement with VSBIT to join the program. The rate assigned to the new SU/SD will be based on combined historical claims data from the existing SU/SD offices. In other words, all member ID's will remain active and different rates will be calculated by VSBIT for each entity. VSBIT will waive the provision that requires new members to pay any claims in excess of 150% of premium for the first three years for the new SU/SD entity if the majority of the merging entities were previously members under the old structure.