



Update on State of Illinois Unemployment Issues for NID Congregations and Schools

From Reed Sander, NID Schools Mission Facilitator
August 2010

Recently, three Lutheran high schools in Illinois have received negative rulings regarding the payment of unemployment insurance. A second appeal is underway with involvement of LCMS attorneys.

Two key standards have applied to our Lutheran schools that have kept schools out of the unemployment insurance requirement. They are

- 1) that the organization “is operated primarily for religious purposes”
- 2) that it is “operated, supervised, controlled or principally supported by a church or convention or association of churches”

Illinois is aggressively challenging the first of these standards with these association high schools. Legal advice to schools from attorneys involved in these cases is as follows:

If the school does not pay unemployment insurance taxes to the state, make sure the school’s employee handbook and all contracts with teachers clearly state that employees are not eligible to claim unemployment insurance benefits if they are laid off or their contract is not renewed for any reason. The policy/contract should clearly state that because the school is exempt from paying into the system, its employees are not eligible for benefits.

If the school determines it wants to be able to provide these benefits to its staff and teachers, they should do so only after they notify the State that they are voluntarily agreeing to make these payments despite their exemption and reserve the right at any time to discontinue making the contributions/payments.

For more information, please contact the NID education office at 708-449-3020, ext. 3112.