

HF11 - 1CE - "Earned Sick and Safe Time Provided"

Chief Author: **John Lesch**
 Committee: **Jobs & Economic Development Finance Division**
 Date Completed: **03/25/2019**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Administrative Hearings Minn Management and Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Labor and Industry Dept						
General Fund	-	3,866	4,072	3,770	3,770	
Minn Management and Budget						
General Fund	-	22	93	93	93	93
All Other Funds	-	48	197	197	197	197
State Total						
Administrative Hearings	-	-	-	-	-	-
General Fund	-	3,888	4,165	3,863	3,863	3,863
All Other Funds	-	48	197	197	197	197
Total	-	3,936	4,362	4,060	4,060	4,060
Biennial Total			8,298			8,120

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Labor and Industry Dept					
General Fund	-	34.5	34.5	34.5	34.5
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	-	34.5	34.5	34.5	34.5

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature:Laurena Schlottach-Ratcliff Date: 03/25/2019

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Labor and Industry Dept					
General Fund	-	3,866	4,072	3,770	3,770
Minn Management and Budget					
General Fund	-	22	93	93	93
All Other Funds	-	48	197	197	197
Total	-	3,936	4,362	4,060	4,060
Biennial Total			8,298		8,120
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	54	132	109	109
Labor and Industry Dept					
General Fund	-	4,110	4,316	4,014	4,014
Minn Management and Budget					
General Fund	-	22	93	93	93
All Other Funds	-	48	197	197	197
Total	-	4,234	4,738	4,413	4,413
Biennial Total			8,972		8,826
2 - Revenues, Transfers In*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	54	132	109	109
Labor and Industry Dept					
General Fund	-	244	244	244	244
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	-	298	376	353	353
Biennial Total			674		706

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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	3,866	4,072	3,770	3,770	
Total	-	3,866	4,072	3,770	3,770	3,770
Biennial Total			7,938			7,540

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	34.5	34.5	34.5	34.5
Total	-	34.5	34.5	34.5	34.5

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Laurena Schlottach-Ratcliff Date: 3/22/2019 11:40:38 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium		
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	3,866	4,072	3,770	3,770	
Total	-	3,866	4,072	3,770	3,770	3,770
	Biennial Total		7,938			7,540
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	4,110	4,316	4,014	4,014	
Total	-	4,110	4,316	4,014	4,014	4,014
	Biennial Total		8,426			8,028
2 - Revenues, Transfers In*						
General Fund	-	244	244	244	244	
Total	-	244	244	244	244	244
	Biennial Total		488			488

Bill Description

This bill requires all employers in Minnesota to accrue Earned Sick and Safe Leave (ESSL) for qualifying employees and allows employees to use the accrued benefit for themselves, certain eligible family members, and one designee. ESSL is to be used specifically to cover absences due to certain medical events; domestic abuse, sexual assault, or stalking; certain weather or public emergencies; or certain exposure to communicable disease. This bill gives both rulemaking and enforcement authority to the Department of Labor & Industry (DLI). The bill would be effective 180 days following final enactment.

Article 1, section 1, of this bill creates Minn. Stat. § 181.9445, which contains the new ESSL requirements. Important definitions include:

- Defines “employer” as a person with one or more employees, including a person that hires temporary employees;
- Defines “employee” as a person who works at least 80 hours in a year for the employer, including a temporary employee but excluding independent contractors;
- Defines “family member” as including:
 - an employee’s children; spouse or registered domestic partner; siblings; parents; or grandparents; including these relatives of an employee’s spouse or registered domestic partner;
 - any individual related to the employee by blood or affinity whose close association is equivalent to a family relationship; and
 - up to one individual annually, designated by the employee.

Article 1, section 1, includes provisions on the accrual and use of ESSL:

- Covered employees accrue a minimum of one hour of ESSL for every 30 hours worked.
- ESSL begins to accrue at the beginning of employment.

New employees may use ESSL after their 90th calendar day of employment; certain other transferred or

- returning employees or employees retained by a successor employer may be entitled to previously accrued ESSL.
- The benefit accrued is capped at 48 hours per year, unless the employer agrees to a higher amount.
- Employers must roll over up to 80 hours of accrued ESSL, unless the employer agrees to a higher amount.
- Employees may use ESSL due to:
 - certain health conditions of the employee or the employee's family member(s),
 - certain absences due to domestic abuse, sexual assault, or stalking of the employee or employee's family member;
 - certain weather or public emergencies; or
 - certain exposure to communicable disease.
- Employers may require reasonable notice of the need for use of ESSL and employers may, in certain circumstances, require documentation that leave taken under ESSL is qualifying leave. Employers are required to keep information regarding the use of ESSL confidential and may only disclose this information to certain specified entities.
- Employers must notify employees of their rights and remedies under this section by including a section in any employee handbook and by posting a poster in the workplace. An example of the latter is to be drafted by DLI.
- Employers are not prohibited from granting more generous leave benefits.
- Employers are prohibited from retaliating against an employee who requests or takes ESSL.

Article 1, section 2 repeals current Minn. Stat. § 181.9413. That section allows employees to use any accrued sick time due to the illness or injury of certain family members and for safety leave due to domestic abuse, sexual assault, or stalking of the employee or an employee's family member.

Article 2 Sec 1 amends 177.27 to increase failure to submit or deliver records penalty and repeated or willfully civil penalty from \$1,000 to \$10,000 and adds the newly created statute in list of statutes in which DLI has authority to issue compliance orders.

Article 2 Sec. 4 creates new Minn. Stat. § 177.50, which provides the commissioner of DLI with limited enforcement authority over Minn. Stat. § 181.9445. Specifically, DLI's commissioner may:

- adopt rules to carry out Minn. Stat. §§ 177.50 and 181.9445;
- creates a private right of action for persons injured by a violation of Minn. Stat. § 177.50;
- gives DLI's commissioner the ability to make grants to community organizations for the purposes of outreach and education; and
- requires DLI's commissioner to submit an annual report to the legislature, reporting violations of Minn. Stat. § 181.9445 and an analysis of noncompliance including patterns by employer, industry, or county.

Assumptions

Earned Sick and Safe Leave is a new requirement for Minnesota employers. In the state of Minnesota there are 167,500 employers and 2.9 million job.

Education and Outreach

The bill instructs DLI to create a poster and model notice for employers to use and display to satisfy the requirement of employee notification and remedies. Employers will translate into appropriate languages.

DLI will award grants to community organizations to aid in outreach and education efforts. DLI assumes the agency will create education and training materials. DLI will train the community organizations and monitor their outreach efforts.

Education and training materials include:

- Develop training and presentations for employees

- Develop training and presentations for employers

- Develop training and presentations for community organizations

- Translation of all materials into multiple languages

- Update the agency website to help both employers and employees understand the new requirements

- Monitor community organizations and grant contracts

- Update above materials as legal determinations are made and/or statutes change

DLI will work with HR software companies to communicate new requirements as they adjust their programs to better serve Minnesota employers.

DLI will need 2.0 FTE (Office & Admin Spec Sr.) to develop and implement the training materials before the 180 day start date of ESSL. The 2.0 FTE are included in the OAS total below.

Rulemaking

The City of Minneapolis needed a significant amount of rulemaking when they implemented Earned Sick and Safe Leave. DLI assumes needing to start rulemaking in FY2021. DLI assumes one large rulemaking at \$302,087 in FY2021.

Enforcement

The City of Minneapolis has 326,000 workers. When they implemented ESSL they received 1,000 inquiries and performed 204 investigations in the first 11 months. Extrapolating that to 12 months, it is 1,091 inquiries and 223 investigations, representing 0.33% and 0.07% of workers respectively.

There are 2,900,000 jobs in MN
0.33% = 9,704 inquiries annually
0.07% = 1,980 investigations annually

Based upon the Department's experience, it estimates that 65% of the 1,980 investigations would require 24 hours of investigator time to resolve. For these complaints, the department anticipates providing information and educating employers and workers about their responsibilities and rights to resolve the issue or claim.

The Department believes that 30% of the 1,980 investigations would require an average of 40 hours of investigator time to

resolve. For these complaints the department anticipates it would require intake; complainant interviews; worker and witness interviews of those identified by the complainant; collection and review of documents provided by the complainant or workers and other witnesses identified by the complainant; preparation for onsite workplace investigation; interviews of employers and management employees and other workers at the workplace; review of payroll records and other relative documents; determination of violations; calculation of back wages owed; preparation of appropriate documentation and communications; and engagement in efforts to informally resolve the violations found.

The Department believes that 3.5% of the 1,980 investigations would require 80 investigator hours per investigation. These complaints may involve larger numbers of workers; multiple workplaces; failure of the employer to maintain required records; reconstruction of records; and actions by the employer to obstruct the investigation.

The Department estimates that 1.5% of the 1,980 investigations would require 120 hours of investigator time due to the need for litigation to resolve.

Formula Assumptions:

65% Cases at 24 hours of investigative time.	(1,287 x 24 = 30,888 hours)
30% Cases at 40 hours of investigative time	(594 x 40 = 23,760 hours)
3.5% Cases at 80 hours of investigative time	(69 x 80 = 5,520 hours)
1.5% Cases at 120 hours of investigative time	(30 x 120 = 3,600 hours)
Total investigative hours = 63,768 divided by 2,088 = 30.5 FTE investigators annually	

The Department will need 4 FTE annually for outreach and administrative staff to provide investigative support, perform data collection analysis, education and awareness raising, processing of penalties, legal paperwork, and grants management. This includes the 2 FTE above for outreach. The administrative staff will assist with responding to the 7,724 inquires that will not need investigations.

Case Management System

DLI will need to expand their labor standards case management system to track ESSL complaints, investigations, penalties, and court actions. It is assumed the current On Base system can be used for this purpose, however DLI would need to build out a separate module within On Base for ESSL. The initial investment is anticipated to be \$180,000. The on-going maintenance costs are \$30,000 per year, with license costs of \$1,000 per FTE per year.

Legislative Report

DLI's case management system will track violations associated with 181.9445. It will take one employee 100 hours to pull the data, analyze trends, and prepare the legislative report. DLI can absorb the costs associated with this one-time legislative report. That equals 0.05 FTE.

Penalties

The bill also increases the penalty for failure to submit or deliver records from \$1,000 to \$10,000. This penalty change impacts all of DLI's Labor Standards enforcement authority, not just ESSL. Each year the Department assesses approximately \$44,000 in record penalties and collects approximately \$26,000 from employers on closed cases. Based upon the size of the proposed increase, penalty collections will increase. However, it is assumed that increasing the size of a penalty will result in a decrease in number of penalties assessed because of greater employer compliance with employment record demands, proper maintenance of records, and greater employer cooperation with investigations. DLI estimates records penalty revenues will increase to \$150,000, a net change in \$124,000 annually.

In CY2018, the Department assessed and collected a penalty in 1.2% of all investigations. For new penalties specific to ESSL, DLI estimates the average collected penalty amount will be \$5,000. This would result in new revenues in the amount of \$120,000 (1,980 investigations X 1.2% = 24 penalties collected X \$5,000 = \$120,000)

Office of Administrative Hearings

On average, DLI estimates it would refer 40 claims annually to the Office of Administrative Hearings (OAH). Of the 40 cases, OAH estimates that 10 may require a hearing. Averaging the number of administrative law judge (ALJ) hours in similar matters referred from DLI that ultimately go to hearing, it is assumed that each of the 10 hearings will require an

estimated 55 hours of ALJ time at the currently approved billable rate of \$170 per hour. The remaining 30 cases appealed to OAH are resolved before hearing and average 3 hours of ALJ time. Total estimated costs for OAH is \$108,800.

Expenditure and/or Revenue Formula

Labor Investigator Sr - MAPE 12L	2020	2021	2022	2023
FTE	30.5	30.5	30.5	30.5
Salary / Fringe / Indirect	3,133,844	3,133,844	3,133,844	3,133,844
Non-Personnel Services	380,215	380,215	380,215	380,215
Cumulative Cost	3,514,059	3,514,059	3,514,059	3,514,059

Office & Admin Spec Sr - AFSCME 64L	2020	2021	2022	2023
FTE	4	4	4	4
Salary / Fringe / Indirect	298,459	298,459	298,459	298,459
Non-Personnel Services	28,864	28,864	28,864	28,864
Cumulative Cost	327,323	327,323	327,323	327,323

Cumulative Expenditures	2020	2021	2022	2023
Labor Investigator Sr	3,514,059	3,514,059	3,514,059	3,514,059
Office & Admin Spec Sr	327,323	327,323	327,323	327,323
OAH Legal Fees	54,400	108,800	108,800	108,800
On Base Case Mgmt Build	180,000	-	-	-
On Base Case Mgmt Maintenance	-	30,000	30,000	30,000
On Base Case Mgmt User Licenses	34,000	34,000	34,000	34,000
Rulemaking	-	302,087	-	-
Cumulative Expenditures	4,109,783	4,316,270	4,014,183	4,014,183

Revenues	2020	2021	2022	2023
Records Penalties - Existing Programs	124,000	124,000	124,000	124,000
Records Penalties - ESSL	120,000	120,000	120,000	120,000
Total Revenues	244,000	244,000	244,000	244,000

Long-Term Fiscal Considerations

The initial outreach and education costs will be in the first fiscal year, however continued outreach is needed as legal cases are settled, statute changes, or rule making is performed.

It is assumed that complaints and investigations will increase the first few years as both employers and employees are learning about the new requirements. Over time the complaints and investigations will even out.

Local Fiscal Impact

None

References/Sources

Minnesota Rulemaking Manual, September 2018

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HF11 - 1CE - "Earned Sick and Safe Time Provided"

Chief Author: **John Lesch**
 Committee: **Jobs & Economic Development Finance Division**
 Date Completed: **03/25/2019**
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy Date: 3/22/2019 2:15:04 PM
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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	54	132	109	109
Total	-	54	132	109	109
Biennial Total			186		218
2 - Revenues, Transfers In*					
Administrative Hearings	-	54	132	109	109
Total	-	54	132	109	109
Biennial Total			186		218

Bill Description

HF11-1CE provides for an employee to earn sick and safe time to be used for reasons of medical conditions, for care of a family member, domestic abuse, sexual abuse, stalking, weather-related events, or exposure to a communicable disease.

The legislation also authorizes the Department of Labor and Industry (DLI) to conduct rulemaking to implement the provisions of Sec. 181.9445, Earned Sick and Safe Time, and Sec. 4, Enforcement.

Assumptions

OAH has used DLI’s estimate to project that 40 matters will be appealed to OAH annually. Of the 40 appeals, OAH estimates that 10 appeals will result in hearings per year. For appeals referred to OAH in FY20, it is assumed that FY20 has half the fiscal impact of the annual costs due to the effective date of this bill.

OAH assumes that each of the 10 hearings will require an estimated 55 hours of ALJ time at the currently approved billable rate of \$170 per hours (see Minn. Stat. § 16A.126, subd. 1 (2018)). The remaining 30 matters appealed to OAH, but that are resolved before hearing average 3 hours of administrative law judge (ALJ) time.

Based on past practices, OAH assumes that rulemaking under chapter 14 will require an estimated 135 hours of ALJ time for activity related to rulemaking procedures.

Expenditure and/or Revenue Formula

Estimated 55 hours of ALJ time at \$170/hr = \$9,350

FY 20 - Estimated 5 appeals referred to OAH go to hearing x \$9,350 = \$46,750

Subsequent years - Estimated 10 appeals per year referred to OAH go to hearing x \$9,350 = \$93,500

Appeals resolved without hearing Estimated 3 hours of ALJ time at \$170/hr = \$510

FY 20 Estimated 15 appeals referred to OAH and resolved without hearing x \$510 = \$7,650

Subsequent years Estimated 30 appeals referred to OAH and resolved without hearing per year x \$510 = \$15,300

Estimated 135 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 181.9445,

Earned Sick and Safe Time, Sec. 4, Enforcement. In FY21, \$22,950 charged to DLI pursuant to the requirements of Minn. Stat. § 14.53.

FY20 Total Expenditures - $\$46,750 + \$7,650 = \$54,400$

FY21 one-time rulemaking - $\$22,950 + \$108,800 = \$131,750$

Subsequent years - Total Expenditures - $\$93,500 + \$15,300/\text{yr} = \$108,800$

Long-Term Fiscal Considerations

The estimated costs would continue in future years.

Local Fiscal Impact

References/Sources

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HF11 - 1CE - "Earned Sick and Safe Time Provided"

Chief Author: **John Lesch**
 Committee: **Jobs & Economic Development Finance Division**
 Date Completed: **03/25/2019**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	22	93	93	93	93
All Other Funds	-	48	197	197	197	197
Total	-	70	290	290	290	290
Biennial Total			360			580

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	22	93	93	93	93
All Other Funds	-	48	197	197	197	197
Total	-	70	290	290	290	290
Biennial Total			360		580	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	22	93	93	93	93
All Other Funds	-	48	197	197	197	197
Total	-	70	290	290	290	290
Biennial Total			360		580	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-		-	

Bill Description

This bill relates to the provision of employee paid time off for reasons including medical conditions, care of a family member, domestic abuse or stalking, weather-related events and exposure to a communicable disease.

Assumptions

- This fiscal note represents costing for the state executive branch, including Minnesota State, and the judicial branch (57,385 employees).
- Total state employment (headcount) will grow at 0.2% annually reflecting the average annual growth since 2006. Head count is assumed at the FY21 level in FY22 and 23 (not inflated).
- The Family and Medical Leave Act (“FMLA”) entitles eligible employees to up to a total of 12 weeks of unpaid leave per year, with continued employer contribution to insurance, for pregnancy leave, bonding leave, leave for the employee’s own serious health condition, or leave to care for a child, spouse or parent with a serious health condition. Employees are eligible for FMLA if they are employed by the employer for 12 months and for 1,250 hours in the 12 months immediately preceding the leave.
- More state employees will use the proposed benefit than currently use unpaid leave under the FMLA because the proposed benefit is a paid benefit.
- State employees will use the proposed benefit in circumstances not covered by the FMLA, for example to care for the serious health condition of a sibling (which is subject to the proposed benefit, but not subject to the FMLA).
- There will be no new staffing costs associated with the proposed benefit to the extent it is used by the same number of state employees as currently use unpaid FMLA leave. The staffing costs below are based on the assumption that more state employees will use the proposed benefit than currently use unpaid FMLA leave and for longer periods, as described above.
- Paid time off due to domestic abuse, sexual assault and stalking will not increase above current levels since it

is already an allowed use under M.S 181.9413.

- It is assumed that costs due to leave because of communicable disease exposure or weather-related closure will be mostly negligible in that existing staff will cover for staff on leave. However, a special exception is made for staff in 24/7 facilities as noted below.
- The bill extends the benefit to part-time and intermittent employees who are not normally eligible for leave benefits. It is assumed that these employees taking leave will be covered by existing staff except at 24/7 operating facilities as noted below.

Expenditure and/or Revenue Formula

Costs due to staffing changes: There are no reliable data upon which to base an estimate of the number of employees who will use the benefit. Starting FY 2014, there was an expansion of sick leave benefits allowing for the care of extended family members. This coincided with an increase in employees using sick leave benefits of 2.3% though there is no evidence that the new benefit was directly linked to the increase. Paid Parenting and Paid Family Leave represents a new benefit offered by the state starting in FY 2017. As of FY 2018, 2.2% of all state employees had used this benefit. Based on the two experiences noted above, we assume that 2.2% of all state employees will also use the new benefit in a given fiscal year.

For most agencies, it is assumed that no additional staffing will be required as employees take leave, since work will be redistributed across existing employees. However, staffing changes may be necessary at 24 hour/7 day operations as noted below.

To calculate the staffing costs for 24/7 operations, we make the following assumptions:

- There were 6,404 employees in 24/7 operations in FY 2018.
- Assuming growth of state employment of 0.2%, there will be 6,443 employees in 24/7 operations in 2021.
- The average wage (FY2018) for these full time employees was \$32.03/hour including FICA, Retirement and the proposed payroll tax. The average overtime was \$48.05/hour. Assume 2.5% annual wage growth.
- Assume the bill is enacted by June 1, 2019, making the effective date (180 days later) December 1, 2019 and that use is limited by 50% in the first year of implementation (FY 2020) to provide time for accrual.
- Assume higher use with accrued benefit time and knowledge of benefit starting fiscal year 2021.
- Approximately 2.2% of these 6,443 multi-shift employees will take the benefit (about 210 employees for FY 2021-23).
- Assume that 210 employees use the benefit and that 50% of these employees would be replaced at overtime wage rates and 50% would be replaced at regular wage rates.
- These employees are assumed to accrue and use 48 hours of the proposed benefit in a year starting FY 2021.

Fiscal Year	Total Leave-eligible employees taking benefit	Hourly Wage Rate	Total Hours	Wage Subtotal	Total Wages
FY2020	35	\$33.65 Reg	24	\$28,000	\$70,000
	35	\$50.48 OT	24	\$42,000	
FY 2021	70	\$34.49 Reg	48	\$116,000	\$290,000
	70	\$51.74 OT	48	\$174,000	
FY 2022	70	\$34.49 Reg	48	\$116,000	\$290,000
	70	\$51.74 OT	48	\$174,000	

FY 2023	70	\$34.49 Reg	48	\$116,000	\$290,000
	70	\$51.74 OT	48	\$174,000	

(% of Staff Using Benefit at 24/7 Facilities X Staff at 24/7 Facilities) X Wage Rate X 48 hours leave = Total wages paid to offset increased leave use.

Total wages paid at regular wage rates= (number of employees *48 hours)* Regular Wage Rate

Total wages paid at overtime wage rates= (number of employees*48 hours) * Overtime Wage Rate

Leave eligible employees taking benefit (FY 2020)= \$28,000+\$42,000=\$70,000

Leave eligible employees taking benefit (FY 2021-23)= \$116,000+\$174,000=\$290,000

Long-Term Fiscal Considerations

Staffing costs are expected to continue into perpetuity.

Local Fiscal Impact

It is assumed that local government will be impacted by wage costs due to staffing changes.

References/Sources

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