

January 24, 2023

Chair Xiong and Members of the Workforce Development Finance and Policy Committee,

My name is Daniel Swenson-Klatt, I have owned and operated Butter Bakery Cafe in Minneapolis since 2006. We are an independent restaurant focused on being a responsible member of our neighborhood. I also represent the Main Street Alliance - a network of small business owners committed to creating strong communities, which are the true engine of small business growth.

I average 20 employees, a few full-time, most part-time. We are organized as a Social Benefit Corporation with a mission to provide supportive workplace experiences for young adults who've experienced homelessness. We also see ourselves as a model for a healthy, safe, sustainable workplace.

I'd like to address the idea that somehow the Paid Family and Medical Leave bill creates a huge, brand-new expense for employers. Perhaps there is an assumption that employees don't need or take leave times currently, or that creating a bill to pay for leave time will incentivize my employees to suddenly need 12 weeks off, with the ensuing chaos.

I already pay for employees to take leave time - some short, some long. In 2022, I paid out over 1400 hours of time off. That's 8% of my payroll, which is a big jump from pre-pandemic years when paid time off was just over 2% of payroll.

We, as employers, already pay for staff to be away, and already pay when they quit because there are no other options. We pay in re-hiring, in training, in lost production, in low morale, in the need to fill-in ourselves, and by going without paying ourselves or investing in our business to manage lost time. It is already expensive; it is already chaotic.

We currently pay from insufficient business savings, rack up high interest credit card debt, take out loans, or go to our own personal finances to try to care for our staff. Even after 16 years of owning my business, I still can't fathom how to budget for an employee's health crisis or their parent's death. The proposed bill, allows me to pay a predictable, small amount on a regular basis. We, as employers, can budget for and price our products for predictable costs like this.

As a caring state, we recognize our need to share burdens like the ones that would be covered through Paid Family and Medical Leave, through unemployment insurance, workers compensation funds, Medicare, social security - all of which recognize that I, as a small business owner, am not expected to manage on my own. It is time to include family leaves and medical leaves as burdens we share as well.

As a small business owner, I am considered self-employed. I like most very small business owners am an owner/operator. I work every day, all year round. I don't qualify for work compensation if I get injured. I can't file for unemployment. I have looked at disability coverage for myself and employees, but the private market isn't built for groups like ours. Medical and

family leaves are not things to try to make a profit on. If I get injured, or need to take extended time to care for a family member, or get Covid, my business would have difficulty staying open. Without income it couldn't pay my staff or myself. This bill could literally be the safety net that keeps a business like mine from closing for good.

I have been testifying for this bill for six years. Every year I've been able to bring a new example of how paid leave could have benefit my staff and my business. Last year, I shared how I paid out a six-week leave for a cook to care for his dying father. This past year I lost a baker to a large corporation that could offer leave benefits. And this past month, one of my lead baristas lost a parent. She needed time away to help her family deal with her father's time in the hospital, his death, the funeral, and now the probate court. She tried to come to work but wasn't mentally in a place to face customers. She worried that the additional time wouldn't be paid because she had used all of her accrued, earned-time up. I have given her additional time and I pay the time away anyway. I can do this by using some of the little cash left from our SBA EIDL (Economic Injury and Disaster Loan) that has been my lifeline to staying open through this long slow recovery from the pandemic. I and she, like the rest of my staff, worry about what will happen when this loan cash runs out.

Had a Paid Family and Medical Leave program been in place 6 years ago, my staff and I would have been contributing into the Leave fund and now we would all be feeling cared for by having paid leave available when we needed it most.

Paid family medical leave is good for business and the right thing to do if we are serious about worker hiring and retention and serious about supporting small business owners.

I urge the committee to advance House File 2.

Daniel Swenson-Klatt