

# Mandating paid leave: Costly for employers, employees

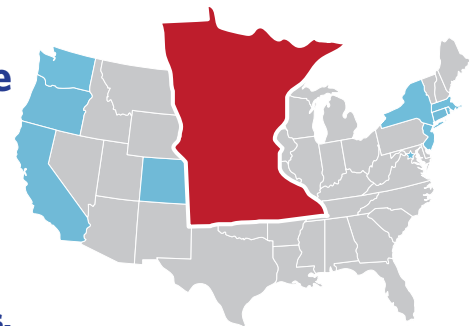
Employers are in the best position to design benefit packages that serve the distinct needs of their businesses and their employees. Minnesota employers compete for workers every day and consistently receive national recognition for providing some of the best places to work. If the state mandates expansive new benefits without regard for their relevance to the employer and its workforce, its industry or market, costs will go up. The results are reduced staff and job opportunities, hours or both - hurting workers and their families.

A "do no harm" approach is critically important so that additional cost burdens and mandates are not placed on employers who are doing their best to keep their doors open and people employed.

The governor's budget proposal and HF 1200/SF 1205 create an expansive state-administered paid leave insurance program. Financed through a new tax on employers and employees, the program will fund partial wage replacement benefits for 12 weeks of paid parental and family leave and 12 weeks of paid medical leave. This is different, and in addition to, separate proposals mandating that employers provide paid sick leave for routine or minor illnesses (HF 7/SF 29) and COVID-related paid sick leave (HF 41/SF 331).

**If enacted, Minnesota would have the most expansive and expensive mandates in terms of eligibility, qualifying events, benefits and employer obligation.**

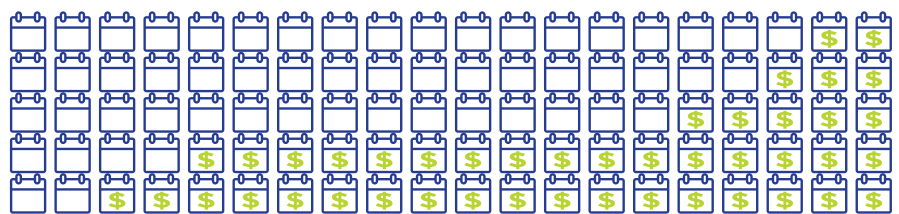
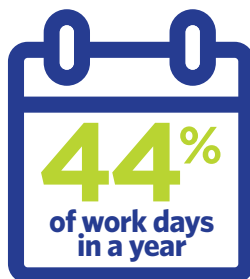
Due to cost and complexity, only nine other states - CA, CO, CT, NY, NJ, OR, RI, MA, WA, and Washington, D.C. - have enacted versions of paid leave mandates.



**New leave mandates create needless bureaucracy and cost millions.**

- New mandates hurt employers and employees with a worker shortage already reaching a crisis. Employers use benefit packages to attract and retain quality employees - even without the state telling them to do so.
- Creating an expansive statewide mandate on employers to provide 12 weeks of paid parental and family leave and 12 weeks of paid medical leave would mean an employee could miss 24 weeks of work. That's 44 percent of workdays in a year.
- Businesses, particularly small businesses, already struggle to endure the costs associated with missed productivity of their workers. The cost to find temporary workers to fulfill their responsibilities in their absence is a double - or triple in some cases - tax on our job-creators.
- 1.2 million Minnesotans - almost half the state's workforce - work for small businesses.
- Many Minnesotans - both employers and employees - across the state do not want to pay increased taxes for a new state-run bureaucracy like MNLARS or MNsure - but cannot opt out under the proposal. The state would need to hire over 300 new FTEs alone to run their massive new paid leave insurance system.

**COSTS  
MATTER**  
24 weeks  
of paid  
leave =



## The Legislature must act

- Ensure changes proposed through Minnesota state agencies consider impacts on employers.
- Oppose one-size-fits-all mandates on employee benefits that would constrain employers' ability to conduct business.
- Preserve private-sector flexibility on wage, benefit and scheduling decisions.



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 Anoka Area Chamber of Commerce  
 Apple Valley Chamber of Commerce  
 Associated Builders and Contractors  
 Associated General Contractors of Minnesota  
 Austin Area Chamber of Commerce  
 Bemidji Area Chamber of Commerce  
 Big I Minnesota  
 Brainerd Lakes Area Chamber of CommerceBuilders  
 Association of Minnesota  
 Builders Association of the Twin Cities  
 Building Owners & Managers Association (BOMA) St. Paul  
 Burnsville Chamber of Commerce  
 Cloquet Area Chamber of Commerce  
 Cuyuna Lakes Chamber of Commerce  
 Dakota County Regional Chamber of Commerce  
 Duluth Area Chamber of Commerce  
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 Elk River Area Chamber and Commerce  
 Faribault Area Chamber of Commerce & Tourism Bureau  
 Fergus Falls Area Chamber of Commerce  
 Grand Rapids Area Chamber of Commerce  
 Greater Mankato Growth  
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 Laurentian Chamber of Commerce  
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 Marshall Area Chamber of Commerce  
 Medical Alley Association  
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 Minnesota Contractors of the National Electrical  
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 Minnesota Drywall & Plaster Association  
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 Minnesota Floorcovering Contractors Association  
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 Minnesota Pork Producers Association  
 Minnesota REALTORS  
 Minnesota Recruiting and Staffing Association  
 Minnesota Retailers Association  
 Minnesota Service Stations and Convenience Stores  
 Minnesota Shopping Center Association  
 Minnesota Ski Areas Association  
 Minnesota Society of CPAs  
 Minnesota Subcontractors Association  
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 Minnesota Telecom Alliance  
 Minnesota Trucking Association  
 Minnesota Utilities Contractors Association  
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 Minnesota Mechanical Contractors Association  
 Minnesota Precision Manufacturing Association  
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 The Chamber Grand Forks & East Grand Forks  
 The Independent Community Bankers of Minnesota  
 Thermal Insulation Contractors Association Tri-State  
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 Twin Cities North Chamber of Commerce  
 Waconia Chamber of Commerce  
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 Winona Area Chamber of Commerce  
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