



April 10, 2023

Chair Stephenson and Members of the Commerce Finance and Policy Committee

We are writing on behalf of the League of Minnesota Cities, Association of Minnesota Counties, and Minnesota Inter-County Association to provide comments on HF 2.

As public employers, counties and cities are proud of our commitment to quality compensation and benefit packages that provide an assortment of health, retirement, and ancillary benefits including education, sick and paid leave banks, professional training reimbursements, and more. It is common for local governments to engage in collective bargaining of benefits with multiple unions on behalf of several different employee groups and job classes. This collective bargaining process works well to differentiate unique needs among our employee groups and best allocate limited resources toward what makes the most sense and provides an overall benefit to various groups of people.

The fiscal note for the bill recognizes that there will be costs to local governments but does not estimate those costs. From surveying members, cities and counties expect HF 2 will reflect a 0.25-1% ongoing property tax levy increase. We also anticipate that local governments will experience the same challenge as other employers for backfilling positions. As local governments are mandated to provide essential services to the public, some critical positions will likely need to be supported with additional full-time employees to ensure adequate coverage for required public safety and health duties. Cities and counties will incur such costs while also carrying large financial liabilities from significant accrued leave banks held by employees that will no longer be utilized for their intended purpose to provide leave.

Local governments have requested modest adjustments to the bill that recognize the extensive benefits that many local public employers already provide by authorizing continued use of accrued leave balances at full pay levels before accessing the state's benefit. For example, many local governments allow storage of sick time over 1,000 hours, or about 25 weeks of paid leave. Other states with paid family and medical leave programs (most notably Connecticut and Washington) either require some type of accrued leave use or exempt entities with active collective bargaining agreements. In contrast, as drafted HF 2 does not acknowledge the history and intent of collective bargaining or robust sick/leave/PTO banks already in existence and will cost significant taxpayer resources while providing duplicative benefits.

In addition to authorizing the use of accrued leave, local governments request two technical amendments to the bill. First, local governments request that the bill specify a date before preliminary levies are set in which any future premium adjustments be noticed to employers. This will ensure that counties and cities can reflect any increases in their preliminary levy. Additionally, we request that the bill require more coordination for intermittent leave. We believe that mirroring the requirements for FMLA would provide sufficient coordination to ensure that essential public services are consistently staffed while guaranteeing any necessary leave for an employee.

We appreciate the committee's consideration of these requests.

Sincerely,

Alex Hassel, League of Minnesota Cities
Matt Hilgart, Association of Minnesota Counties
Matt Massman, Minnesota Inter-County Association