

Minnesota's economy is marked by a growing disparity between corporate profits and workers' wages, making it difficult for workers to advocate for fair treatment without risking economic hardship. To create a more level playing field between workers and wealthy corporations, **Minnesota should extend Unemployment Insurance (UI) to striking workers.** Our "Striking a Balance" report highlights the negligible costs, historical precedent, and critical financial support associated with extending UI benefits, and reinforces the importance of empowering workers without the fear of economic consequences.

DEBUNKING THE MYTHS



IT IS TOO COSTLY

- From 1993 to 2023, there were **only 22 strikes in Minnesota involving more than 1,000 workers**, and most of these strikes ended within two weeks.
- Extending UI benefits to striking workers would result in **less than 200 additional eligible workers each month**, and less than 50% of eligible workers historically claim their UI benefit.
- This provision would account for only **0.2% of ongoing UI claims**, and 0.3% of total UI disbursements in Minnesota.

Table 1: Cost of Extending UI Benefits to Striking Workers in Minnesota

# of workers striking more than 8/14 days in last 24 months	4,781/4,701
Estimated # of monthly workers eligible for UI	196 to 199
% of eligible workers who claim UI in Minnesota	49.5%
Estimated # of monthly striking workers claiming UI	97 to 99
Average # of monthly UI claims in Minnesota	42,928
Estimated striking worker claims as a % of statewide UI claims	0.2%
Minnesota state average weekly UI benefit	\$524.75
Average duration of strikes over 8/14 days	4/5 weeks
Estimated monthly benefit per striking worker claiming UI	\$2,099 to \$2,624
Total estimated UI benefits for all striking workers:	\$203,603 to \$259,776
Average monthly UI benefits paid in Minnesota:	\$81,743,858
Striking worker UI benefits as a % of all statewide UI benefits:	0.3%

Source: Authors' analysis of state Unemployment Insurance weekly claims data from U.S. Department of Labor, Employment and Training Administration, and strike participants data from the Labor Action Tracker, a project of Cornell University's IER School and the University of Illinois' IER School, January 2022-December 2023.



STRIKING WORKERS SHOULD BE INELIGIBLE FOR UI

- The UI program was designed to support workers, alleviate individual hardship, and protect the economy. **Making striking workers eligible for UI aligns with the program's intent** and creates benefits that far outweigh the minimal costs.
- New York's unemployment policy, which served as a model for the national program, recognized striking workers as an eligible population from the first implementation of UI programming, and they should continue to be seen as eligible today.



EXPANDING UI DISINCENTIVIZES WORK

- UI benefits do not discourage work** as they only replace a portion of income without providing additional work-related benefits like health insurance.
- More than half of all unemployed people returned to work** before their \$600 UI supplement expired during the pandemic, **even though most of these jobs paid them less than the supplemented UI benefit.**



WHY EXTENDING UI IS CRITICAL

- Today, **CEOs make 344x more than their average worker.** Corporations know that their healthy profits can keep them afloat as they wait out struggling workers who are unlikely to be able to go without a paycheck.
- Expanding UI benefits supports workers by providing them with a greater ability to maintain their gains in the labor market and **exercise their collective voice when dealing with abuse** from increasingly wealthy corporations.
- Striking workers will spend their UI benefits in their communities**, ensuring that their push for better pay and working conditions does not lead to a broader downturn in their local economy.
- This strategic move ensures workers have essential financial support during strikes, protects a strong economy, and supports the retention of good jobs, all at a minimal cost.

Minnesota has the opportunity to lead in restoring balance to labor relations and create a level playing field in negotiations by extending UI benefits to striking workers. By alleviating the hardships workers face, supporting workers' communities, and helping them better advocate for themselves in negotiations with wealthy corporations, this policy change can substantially impact worker power and quality of life in Minnesota.



To view the full report, scan the QR code, or visit northstarpolicy.org.

QUESTIONS?

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March 13, 2024

House File 3446 (Berg)-Senate File 3588 (Mohamed)

Dear Chair Xiong and House Workforce Development Committee Members,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses across Minnesota. Our mission is to promote and protect the right of our members to own, operate, and grow their businesses.

NFIB strongly opposes HF 3446-SF3588, which will increase unemployment insurance (UI) costs for all employers by making striking workers eligible for unemployment insurance almost immediately and allowing striking workers to collect benefits immediately when temporary or permanent replacement workers are hired.

This proposal is fundamentally unfair to small employers and jeopardizes the financial stability of the unemployment insurance system.

- 1) This proposal runs counter to the historic purpose of the UI system: to provide benefits for workers who lost their job through no fault of their own. Minnesota's UI program already covers striking workers who are engaged in a labor dispute over health and safety violations. Striking workers who voluntarily walk off the job over other types of disputes are not – and should not be – eligible for unemployment benefits.
- 2) UI is 100% funded by employers and this bill leverages the UI system against them. It requires a small business that is impacted by a strike to pay higher UI taxes so their striking workers get benefits and require all small businesses to pay for labor disputes in which they have no involvement.
- 3) Multiple states have rejected attempts to expand unemployment insurance benefits to all striking workers, including California just last year. Governor Gavin Newsom cited the financial impact to the state's UI Trust Fund as a major reason for vetoing the proposal.
- 4) The bill punishes all employers with higher costs when replacement workers are hired – *including on a temporary basis* – to keep a business going. Again, all employers are punished for the of employers and employees that are engaged in a voluntary labor dispute.

We strongly urge the committee to reject HF 3446-SF3588, which is completely at odds with sound financial management and the longstanding principles that govern the UI system.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Reynolds', with a stylized, cursive flourish.

John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org

March 11, 2024

Dear Chair Xiong and Members of the House Workforce Development Finance and Policy Committee:

On behalf of the 14,000 members of Laborers' International Union of North America (LIUNA) Minnesota and North Dakota, I am writing to urge you to make workers who have stopped working because of a labor dispute eligible for unemployment benefits.

LIUNA members live and work in every corner of the state and want good jobs, fair wages, good schools, reliable healthcare and time for family. Our members join together with their co-workers to make their workplaces better and to have a say in decisions affecting their pay, benefits and working conditions. Collectively, unions advocate for working people to make all of us safer, healthier and able to enjoy a higher quality of life.

No worker wants to go on strike. Our members want to earn a full paycheck and benefits, provide and save for themselves and their families, and they want to serve the public and build a better Minnesota. Strikes are rare. In fact, it has been more than a decade since 38 members of LIUNA Local 563 made the courageous decision to go on strike at Cretex - a concrete products manufacturing facility in Shakopee. That strike was in response to a company proposal to reduce employees' compensation - including pension contributions - by about \$4 per hour. In 2013, that was the equivalent of a 12- to 17-percent pay cut.

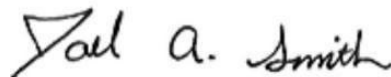
Our members felt that the company's attempt to eliminate pension contributions was a slap in the face that forced them to go on strike. One of our newer members at the time said, "I'm here to support the other guys who have been working here so long. They don't deserve it, and they know it."

The strike at Cretex illustrates that sometimes it is necessary for workers to use their power to strike in order to improve their jobs and do their part to unrig the economy. Making workers who have stopped working because of a labor dispute eligible for unemployment benefits is one way to soften the financial blow of going on strike. HF 3446/SF 3588 will put some power in the hands of workers and restore some balance to the unfair and uneven power dynamic between workers and employers that tilts toward employers.

The Walz Flanagan Administration and Legislature delivered many wins for Minnesota families in 2023, and there's much more we can and must do, including making workers who have stopped working because of a labor dispute eligible for unemployment benefits. We urge you to support HF 3446/SF 3588.

Thank you for your consideration.

Respectfully,



Joel Smith
President and Business Manager
LIUNA Minnesota and North Dakota



Dear Chair Xiong and Members of the Workforce Development Finance and Policy Committee,
We are writing on behalf of the League of Minnesota Cities, Association of Minnesota Counties, and the Minnesota Inter-County Association to share concerns regarding HF 3446.

As public employers that have long worked with represented employees through the collective bargaining process to ensure quality public services for Minnesotans, we share the awareness that our public workers are our number one asset. We believe that current unemployment insurance eligibilities balance employer and employee responsibilities and risks at times of labor disputes that could lead to work stoppages. We recommend retaining current law, and not adopting HF3446.

Local public employers provide a myriad of services that are essential to the public safety and welfare of their residents, including providing clean drinking water, operating wastewater systems, maintaining electrical utilities, operating the state's child protection and social safety net systems, plowing snow to allow emergency vehicles to respond to emergencies, and more. These services are more than just state mandates, they are critical and core functions of government which our residents have come to expect. Under HF 3446, public employers would not only realize increased incentives for striking, but also the dual impact of increased costs for using other employees to fulfill ongoing obligations, which do not stop at a strike.

While public labor disputes leading to strikes do occur, they have not been commonplace in Minnesota. We respectfully invite policymakers to consider that this history is reflective of a healthy balance between employers, employees, and a shared appreciation for public service and collective bargaining that is already well reflected in unemployment insurance eligibility provisions. Changes included in HF3446 would substantially shift the balance of collective bargaining engagements since public employers must continue essential and core functions during a strike.

Finally, related to the competing decisions public employers must make to ensure coverage for an essential public service while being responsive to budgetary constraints, it is also important to recognize that most public employers will be directly impacted by having to pay more unemployment benefits. Unlike private employers, most public employers are reimbursement-based employers as it relates to unemployment insurance. Due to their infrequent instances of unemployment, reimbursement employers don't pay into the unemployment insurance program, but in the event they do have a former employee eligible for unemployment benefits they are liable for the full cost of those benefits. This means that if a bargaining unit were to go on strike and the local government temporarily assigned staff to fulfill a public safety need, they would be liable for paying the full unemployment cost for the entire striking unit. Not only would this be costly for taxpayers, and potentially unfeasible due to property tax levy constraints, it would further imbalance employee-employer relations at the collective bargaining table and limit the ability to utilize funds to settle the negotiation.

We appreciate the opportunity to share our concerns with the author and the Committee. We hope to work with Representative Berg as this bill moves forward to mitigate the concerning impacts this bill would have on local governments.

Sincerely,

Alex Hassel, League of Minnesota Cities

Matt Hilgart, Association of Minnesota Counties

Matt Massman, Minnesota Inter-County Association