

Mandating paid leave: Costly for employers, employees

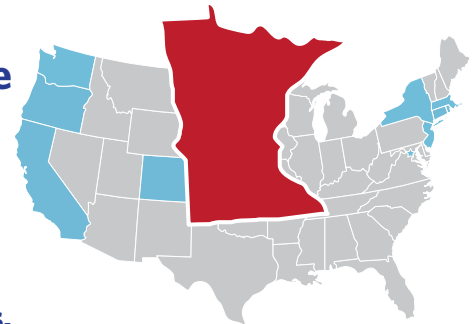
Employers are in the best position to design benefit packages that serve the distinct needs of their businesses and their employees. Minnesota employers compete for workers every day and consistently receive national recognition for providing some of the best places to work. If the state mandates expansive 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.

Minnesota's economic recovery from the COVID-19 pandemic must be the top priority for the 2021 legislative session. Reopening the economy and managing the continued economic fallout due to the pandemic is one of the top concerns of Minnesota businesses. 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.

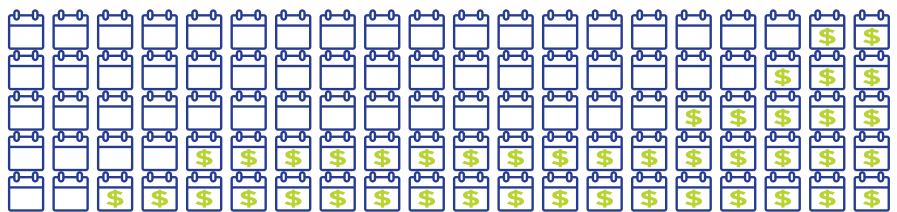
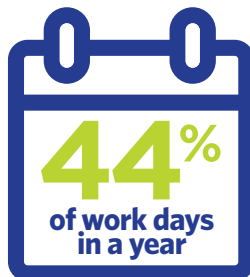
Due to cost and complexity, only nine other states - CA, CO, CT, NY, NJ, OR, RI, MA, WA, and Washington, D.C. - have enacted versions of paid leave mandates.



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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 Associated General Contractors of Minnesota
 Austin Area Chamber of Commerce
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 Brainerd Lakes Area Chamber of Commerce
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 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
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 Minnesota Drywall & Plaster Association
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