

Providing Economic Stability for Rural Minnesota Families, Employers and Communities during Family and Medical Leaves

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HUMPHREY SCHOOL OF PUBLIC AFFAIRS
UNIVERSITY OF MINNESOTA

A majority of people agree that the 25 year-old national *unpaid* Family and Medical Leave Act (FMLA) needs updating (PerryUndem, 2018). Across the state of Minnesota, hard-working families that need to be there for family members when it matters most and be responsible workers struggle with destabilizing economic consequences when they take an unpaid leave. Those in rural communities face even greater challenges and stress.

More than half of rural workers said they would very likely face hardship if they had to take a few months of unpaid time off work, compared to 40% of metro area workers. (PerryUndem, 2018)

In many ways, rural Minnesota workers encounter a greater need for family and medical leave (see box). At the same time, smaller rural employers struggle to provide the workplace supports more commonly offered to professional employees by metro area Fortune 500 companies. For example, one study found that

SOCIAL INSURANCE MODEL

- A small payroll contribution (.31% each) shared between all workers and employers paid into a state fund
- Eligible workers receive partial wage replacement (average 66%) from the state fund while on leave, freeing up employer resources for work coverage (overtime/temp support)
- Broad participation keeps costs low, spreads risk and creates stability for workers, employers and the main-street businesses that rely on them
- A sustainable, efficient, effective solution adopted in six US states

after controlling for a wide range of variables, rural women were 24% less likely to have access to job protected maternity leave than their urban counterparts,

79% of small businesses said that a social insurance model would help them the most.

(Mainstreet Alliance, 2018)

PAID LEAVE LANDSCAPE IN RURAL COMMUNITIES

GREATER NEED

- Older population, aging in place and needing elder care
- Childcare, eldercare, long-term care shortages, paid and unpaid
- More family members with a disability
- Greater distances to medical care
- More complicated births
- Increased impact of gender-based violence

LESS ACCESS

- Smaller businesses
 - Less revenue
 - Fewer employees
 - More challenging to provide
- Greater proportion of employment sectors that are less likely to provide
- Workforce shortages
- Higher levels of self-employment
- More contingent, part-time or seasonal employment

even though they are more likely to experience complicated births and have higher workforce participation rates (Glauber, 2015; MDH; ACS 2012-16).

Six US states, DC and most countries across the world have adopted a sustainable, flexible, cost effective and efficient solution—a paid family and medical leave social insurance program. (AEI-Brookings, 2018)

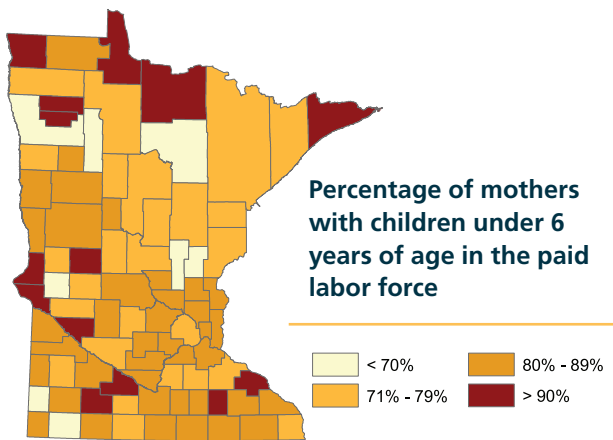
These programs have had neutral or positive effects on employers, even small ones, while providing a host of positive benefits for workers and their families. Built on already existing state Unemployment Insurance infrastructures that minimize the administrative burden on workers and employers, the programs are sustainably funded through small payroll contributions. These programs help ensure that every family, regardless of their zip code, has the freedom and flexibility to care for themselves or a loved one without risking their job or financial stability. At the same time, the programs take the strain off of businesses that may struggle to pay a worker on leave and simultaneously cover overtime or temporary worker pay to get the job done in their absence (Applebaum, 2013; Bartel, 2016; Ramirez, 2012).

WHAT IS DRIVING THE GREATER NEED FOR FAMILY AND MEDICAL LEAVES IN RURAL COMMUNITIES?

Workforce shortages mean the care capacity (paid and unpaid) in Minnesota rural communities is strained to the point of crisis.

According to the Center for Rural Policy and Development, some of Minnesota’s most rural counties are among those with the highest percentage of 25 to 64 year olds participating in the labor force and overall rural labor force participation is at its highest level ever (CRPD, 2018).

Half of Minnesota’s entirely rural counties have 90% or more of mothers with children under 6 in the paid labor force. (ACS 2012-16)



There is a critical shortage of childcare (paid and unpaid), especially infant care, in rural Minnesota communities.

Significant losses of in-home family child care businesses are not being offset by center-based care in many rural communities, creating a severe shortage over most of the state. (CRPD, 2016) Enabling more opportunities for parents to provide care during the first year would help ease infant care shortages and benefit babies (American Academy of Pediatrics, 2017).

Eldercare and aging in place are growing concerns, especially in rural communities.

While the whole state is aging, rural areas are aging faster. In addition, population growth in some rural areas of the state is being driven by older households retiring to lake homes (CRPD, 2018). Paid family leave has been shown to reduce the probability of nursing home care (Arora, 2018; AEI-Brookings, 2018)

90% of older adults receiving long-term care in the community rely on unpaid family care and most of those caregivers are employed. (National Center on Caregiving)

Rural areas have higher rates of residents with disabilities than urban areas.

Long-term care shortages are also a challenge for rural communities, impacting the care load for families. Forty-three percent (43%) of caregivers of adults with an intellectual or developmental disability (IDD) and 49% of caregivers for children with an IDD had to take a leave of absence, for example; 85% think that partially paid leaves of absence would be helpful or very helpful. (FSRTC/ARC 2018)

RESIDENTS WITH DISABILITIES IN MINNESOTA COMMUNITIES				
Percent with a Disability	Percent of Counties in Category			
	Rural	Town/Rural	Mixed	Urban
Less Than 10	0%	0%	4%	46%
10 to 11	7%	26%	46%	46%
12 to 14	57%	54%	38%	8%
Greater Than 14	36%	20%	13%	0%

Source: American Community Survey 2012-16

Distances to medical care are increasing in rural communities.

Frequent full day trips to receive care are necessary (Corbett, 2018). Rural communities have more complicated births and lower access to high quality, timely prenatal care (MDH, 2018). Occupations common in rural areas have higher injury rates. Due to travel distances to care and types of occupations (farming and mining), physicians are more likely to prescribe opioids in rural areas and only 10% of addiction treatment centers are in rural areas meaning greater travel time for families and patients (GIA, 2018).

78% of Minnesota’s entirely rural counties are above the statewide average for C-section births, compared to 31% for entirely urban counties. (MDH, 2017)

Intimate partner violence (IPV) and sexual assault are at least as prevalent (or more so) in rural communities.

But the effects in rural places are often exacerbated by limited access to support services including shelters and affordable housing and by confidentiality concerns in small, tight-knit communities that may result in a reluctance to report abuse (Rural Health Info, 2018). Some studies also find that rural women experience higher rates of IPV and greater frequency and severity of physical abuse (Peek-Asa, 2011). For all these reasons, survivors and their caregivers may have to travel greater distances or be out of work for longer periods in order to receive care or remove themselves from harm.

WHY ARE RURAL WORKERS LESS LIKELY TO RECEIVE “FAMILY-FRIENDLY” BENEFITS LIKE PAID LEAVE?

Employer types more prevalent in rural areas are among the least likely nationally to provide paid leave.

(Pew, 2017; CRPD, 2018)

Leisure/Hospitality and Trade, Transportation and Utilities are among the least likely industries to currently offer paid leave. Around 22% of rural Minnesota employment is in trade, transportation and utilities and 14% of Minnesota’s entirely rural county employment is in Leisure and Hospitality (compared to 10% in other non-entirely urban areas of the state) (CRPD, 2018). Rural counties with economies based on tourism and recreation are also the most likely to be maintaining higher than average population growth (USDA, 2017).

Self-employment and non-standard (contingent, part-time, varied hour, seasonal) work are more prevalent in nonmetropolitan areas. (McLaughlin, 2009; CRPD 2018.)

Job vacancies are high in rural areas of the state, but a significant proportion of vacancies are not full-time (45-40% are part-time). (CRPD, 2018) Nonstandard and self-employed workers rarely qualify for workplace benefits.

Employers are more likely to be small in rural areas. (MN DEED)

Smaller employers can have a more difficult time affording and managing the risks associated with an extended leave. Even when

EMPLOYER SIZE IN MINNESOTA COMMUNITIES

Number of Employees	Percentage of Employers within Region					
	Central	Northeast	Northwest	Southeast	Southwest	Twin Cities
Less than 10	74%	71%	77%	72%	73%	70%
Less than 20	87%	86%	89%	86%	87%	83%
Less than 50	95%	95%	96%	95%	95%	93%

“A much larger percentage of rural women than urban women spent their entire early to mid-career (age 24-53) without ever having access to family-friendly benefits.”

(Glauber 2015)

Flexible hours: 49% compared to 55%
Telecommuting: 9% compared to 25%
Paid leave: 17% compared to 34%
 (Henning-Smith 2018)

employers allow employees to bank sick or vacation time that is then used to cover a leave of absence (the most common means of managing leaves currently), the employer must still pay the worker on leave while coming up with resources to cover the work.

Workforce shortages, especially acute in rural areas of the state, are exacerbated when rural businesses can’t compete on benefits.

A large body of research (AEI-Brookings, 2018) shows that paid leave can help attract and retain workers, leaving smaller rural employers that are not able to offer such benefits at a disadvantage in the competition for the best workers or any workers at all. Millennial and Gen Z workers indicate a willingness to relocate for this kind of benefit, adding one more enticement to leave rural communities for metro ones. (Ernst & Young, 2017)

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RECOMMENDATIONS FOR CREATING A MINNESOTA PROGRAM THAT PROVIDES ECONOMIC STABILITY FOR RURAL FAMILIES, EMPLOYERS AND COMMUNITIES DURING FAMILY AND MEDICAL LEAVES

Many important decisions are made when designing a new program. A deep understanding of rural worker and employer needs helps ensure that a Minnesota program is designed to support everyone, regardless of their zip-code.

INCLUDE EMPLOYERS OF ALL SIZES

- **Small Businesses:** Since a larger proportion of rural workers are employed at smaller establishments, a program that does not include smaller businesses would leave more rural families and employers behind and significantly compromise key program goals. These goals include leveling the benefits playing field between employers fighting to attract and retain the best workers, keeping costs for all low through the largest possible risk pool and minimizing the financial risks and instability associated with a leave for both families and employers.
- **State and Local Government:** In many rural communities, state and local government employment constitutes a larger proportion of employment. A program that does not include these employers would similarly result in less access to financial stability during leaves for rural families.

PROVIDE SUPPORT TO EMPLOYERS, ESPECIALLY SMALL ONES

Rural employers are currently less likely than urban ones to have experience offering this kind of support. State funding for technical assistance provided by trusted employer organizations located throughout the state should be built into the program cost, minimizing confusion for employers and maximizing best practice adoption during the implementation of the program.

COVER ALL WORKERS

Nonstandard work is more prevalent in rural communities. Leaving this work out of the program will disproportionately reduce financial stability for rural workers and families during leaves.

- **Seasonal:** Seasonal work is common in the agriculture and tourism industries that are more prevalent in rural areas of the state.
- **Self-employed:** Many rural workers (around 15%) rely exclusively on earnings from their own business; many others combine self-employment with a more traditional job.
- **Part-time or contingent:** Many new jobs being created in rural areas are part-time and some workers combine multiple part-time jobs to support their families.

CONSIDER THE FULL-SPECTRUM OF CARE AND CAREGIVERS

While care for new babies is important, critical care occurs across a lifetime and in a variety of contexts. *Eldercare, care for the disabled, care associated with military service, domestic violence or sexual assault care, care for opioid and other forms of addiction and medical care at a distance are all more prevalent in Minnesota rural communities.* In addition, severe childcare shortages and sudden losses of FFN (family, friend or neighbor) care, more common in rural communities, can leave families unpredictably without the childcare that allows them to work. A program that accommodates these forms of care will be more helpful for rural families than one confined to new babies alone. Rural workers are more likely than their urban counterparts to be providing care for a non-relative. For this reason, *a mechanism that allows non-relatives to be a designated caregiver for program purposes would be especially helpful for rural communities.*

ALLOW SOME DEGREE OF PROGRAM FLEXIBILITY

Workforce shortages in rural areas of Minnesota may limit an employer's ability to cover for an absent worker. Programs that require workers to take leave in large blocks of time in order to receive support may result in administrative efficiencies but limit creative solutions. *A partial return to work option* may help both the employer and the worker better manage a leave. *Intermittent leave* can also be critical for those providing eldercare, those dealing with their own or a loved one's chronic condition and for those that must travel distances to receive care, necessitating day-long trips or overnight stays.

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