

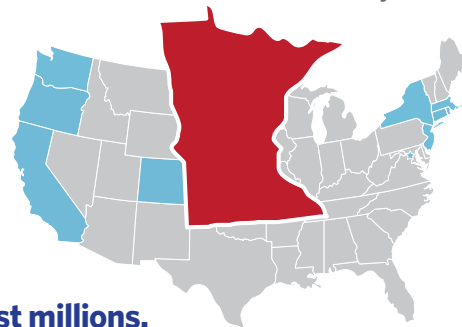
Mandating paid leave benefits: Costly for employers, employees

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.

Minnesota's employers, employees, and communities are counting on lawmakers to accelerate economic growth in 2022. The governor's budget proposals and its legislative companions take the opposite approach. HF 1200/SF 1205 would create an expansive state-administered paid leave program - financed through a new payroll tax on employers and employees to fund partial wage replacement benefits for 12 weeks of paid parental and family leave and 12 weeks of paid medical leave. HF 41/SF29 would mandate that employers provide fully paid sick leave for routine or minor illnesses. Together, these proposals represent significant, costly, and unworkable "one size fits all" paid leave mandates on Minnesota's business community.

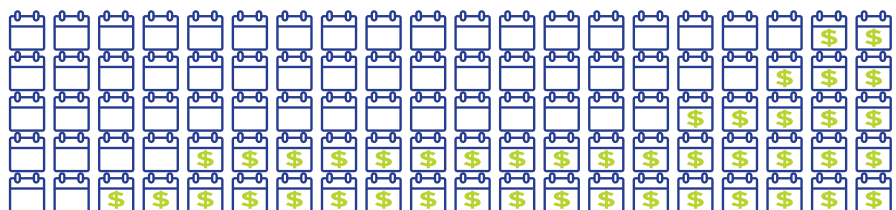
If fully enacted, Minnesota would have the most expansive and expensive mandates in terms of eligibility, qualifying events, benefits and employer obligation.



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 (HF1200/SF1205) would mean an employee could miss 24 weeks of work. That's 44 percent of workdays in a year.
- 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.
- Due to cost and complexity, only 10 other states - CA, CO, CT, NY, NJ, OR, RI, MA, MD, WA, and D.C. - have enacted versions of paid leave mandates.
- Mandating paid sick and safe time requires that employers offer fully paid time off in a specific format, for an expanded set of familial persons, for an expanded list of qualifying events (HF 41/SF29) - and is different than paid sick and safe time ordinances adopted in Minneapolis, St. Paul, and Duluth.
- 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.

**COSTS
MATTER**



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 Builders and Contractors
 Associated General Contractors of Minnesota
 Austin Area Chamber of Commerce
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 Building Owners & Managers Association (BOMA) St. Paul
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Minnesota Child Care Association
 Minnesota Contractors of the National Electrical
 Contractors Association
 Minnesota Crop Production Retailers
 Minnesota Drywall & Plaster Association
 Minnesota Environmental Contractors Association
 Minnesota Floorcovering Contractors Association
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 Minnesota Milk Producers Association
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 Minnesota Painting and Wallcovering Employers Association
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