



April 12, 2023

The Honorable John Marty  
Chair, Senate Finance Committee  
3235 Minnesota Senate Building  
St. Paul, MN 55155

*RE: Small business support for a paid family and medical leave program in Minnesota*

Dear Chairman Marty and Members of the Senate Finance Committee:

As a representative of Minnesota's small business community, Small Business Majority writes today to urge you to pass HF2, which would create a state-run paid family and medical leave program for Minnesotans. This program would allow small businesses in the state to access and offer this benefit for their employees, helping them overcome obstacles in attracting and retaining a ready workforce.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

While small businesses want to offer this benefit to their employees, it's no secret that the unexpected costs and expenses of running a small business make it nearly impossible to afford them. And even seasoned entrepreneurs can tell you that although they would like to hire full-time help and provide robust benefits, this is often a costly endeavor to undertake.

One way to boost Minnesota's small business community is by creating a state-administered paid family and medical leave program. HF2, if enacted, would provide up to 12 weeks of medical leave and 12 weeks of family leave with partial wage replacement. This bill would provide funding for Minnesota small businesses through a grant program, helping to offset the costs of hiring replacement workers or paying overtime when a worker goes on leave. What's more, HF2 sets a fair and sensible initial premium rate of 0.7% of wages, and these premiums can be split between the employer and employees, using the current budget surplus to prefund the program. It would, in turn, level the playing field for small businesses by allowing them to compete on more equal footing with larger businesses that typically have the resources to offer robust benefits.

The legislation, as it's currently written, would have undeniable benefits, as it would keep costs low for all by creating a statewide risk pool and equally share costs between employers and employees. However, the amendments added to this legislation in the Senate dilute its critical benefits to small businesses and Minnesotans. Passing HF2 without the proposed Senate amendments would remove the burden from 534,000 small Minnesota employers that struggle to afford paid family leave on their own and help them attract and retain talented employees.

Importantly, paid family and medical leave programs are strongly supported by the small business community. A [Small Business Majority survey](#) found that 73% of small business respondents support providing access to paid medical leave and 67% support access to parental leave. But they can't do it on their own.

Legislators can play a critical role in providing necessary access to paid family and medical leave, which will level the playing field for Minnesotans and small businesses alike. We urge you to pass this

legislation without the proposed amendments to support Minnesota's entrepreneurs and help small businesses access qualified workers.

Sincerely,

David Chase  
Vice President, Policy & Advocacy, Small Business Majority

cc: The Honorable Alice Mann (50, DFL)

The Honorable Ruth Richardson (52B, DFL)