MINNESOTA BUSINESS PARTNERSHIP

April 30, 2024

Dear Chair Klein and Commerce and Consumer Protection Committee Members,

Thank you for the opportunity to provide comments on behalf of the Minnesota Business Partnership (MBP) regarding SF5430, amending the paid leave law passed last session. The Minnesota Business Partnership is an organization comprised of business leaders from Minnesota's largest employers, employing almost half a million workers across the state, united by the mission of ensuring Minnesota is economically competitive.

First, we would like to thank the Department of Employment and Economic Development's paid family medical leave team for continued dialogue and discussion throughout the past several months. While the bill before you today does not make the necessary changes to ensure workability and smooth implementation - continuing these conversations will be important for our members as we learn how best to navigate this new paid leave program.

There are two key sections of the original paid leave program bill that have been modified or completely removed. These changes are concerning as they may not support the program's successful implementation. The two sections in question are:

Sec. 7 - Covered Employment
We appreciated the authors accepting the original language last session in the PFML legislation. However, the proposed shift from a calendar year to a calendar quarter in HF5363 will make administration and tracking much more complex, particularly for employees who mainly work outside of Minnesota but occasionally visit their Minnesota headquarters for meetings or projects. This raises numerous questions about the employees' covered status and payroll tax implications. We urge the bill's author to reverse this change in HF5363.

Sec. 29 Private Plan Requirements
We're deeply troubled by the inclusion of the language on lines 37.2 to 37.6. This provision mandates that a private plan must extend coverage to a former employee, regardless of the reason for their departure, for a period of 26 weeks post-employment. Firstly, this 26-week duration exceeds the current 20-week benefit period provided by the plan. Secondly, it seems unreasonable to compel an employer to uphold this benefit for an employee who voluntarily resigns from their position.

There are additional technical areas where we look forward to collaborating with the bill's author, Senator Mann. We are eager to work together to streamline this plan for the employers who choose to participate in the state plan and for the employees who will hopefully benefit from it.

After waiting months for the paid leave "fix" bill, we had hoped for more substantial changes to the paid leave plan to safeguard employees already receiving exceptional benefits from their employers. We believe a state-run paid leave program can be implemented without affecting the many Minnesota employees who already enjoy these benefits.

Thank you,

Gavin Hanson
Fiscal and Economic Policy Director
Minnesota Business Partnership