



Dear Chair Champion and Members of the Jobs and Economic Development Committee,

We are writing on behalf of the League of Minnesota Cities, Association of Minnesota Counties, and the Minnesota Inter-County Association to share concerns regarding SF 3588.

As public employers that have long worked with represented employees through the collective bargaining process to ensure quality public services for Minnesotans, we share the awareness that our public workers are our number one asset. We believe that current unemployment insurance eligibilities balance employer and employee responsibilities and risks at times of labor disputes that could lead to work stoppages. We recommend retaining current law, and not adopting SF 3588.

Local public employers provide a myriad of services that are essential to the public safety and welfare of their residents, including providing clean drinking water, operating wastewater systems, maintaining electrical utilities, operating the state's child protection and social safety net systems, plowing snow to allow emergency vehicles to respond to emergencies, and more. These services are more than just state mandates, they are critical and core functions of government which our residents have come to expect. Under SF 3588, public employers would not only realize increased incentives for striking, but also the dual impact of increased costs for using other employees to fulfill ongoing obligations, which do not stop at a strike.

While public labor disputes leading to strikes do occur, they have not been commonplace in Minnesota. We respectfully invite policymakers to consider that this history is reflective of a healthy balance between employers, employees, and a shared appreciation for public service and collective bargaining that is already well reflected in unemployment insurance eligibility provisions. Changes included in SF 3588 would substantially shift the balance of collective bargaining engagements since public employers must continue essential and core functions during a strike.

Finally, related to the competing decisions public employers must make to ensure coverage for an essential public service while being responsive to budgetary constraints, it is also important to recognize that most public employers will be directly impacted by having to pay more unemployment benefits. Unlike private employers, most public employers are reimbursement-based employers as it relates to unemployment insurance. Due to their infrequent instances of unemployment, reimbursement employers don't pay into the unemployment insurance program, but in the event they do have a former employee eligible for unemployment benefits they are liable for the full cost of those benefits. This means that if a bargaining unit were to go on strike and the local government temporarily assigned staff to fulfill a public safety need, they would be liable for paying the full unemployment cost for the entire striking unit. Not only would this be costly for taxpayers, and potentially unfeasible due to property tax levy constraints, it would further imbalance employee-employer relations at the collective bargaining table and limit the ability to utilize funds to settle the negotiation.

We appreciate the opportunity to share our concerns with the author and the Committee. We hope to work with Senator Mohamed as this bill moves forward to mitigate the concerning impacts this bill would have on local governments.

Sincerely,

Alex Hassel, League of Minnesota Cities

Matt Hilgart, Association of Minnesota Counties

Matt Massman, Minnesota Inter-County Association