



# Paid Family & Medical Leave in Minnesota

Family and Medical Leave Insurance allows employees to care for themselves and their loved ones. For many, taking unpaid time off to meet their family needs is inconceivable. As a result, **Minnesotans have to make an impossible choice: forgoing caring for their loved ones during times of medical need, or leaving their jobs and risking severe economic uncertainty.**

By creating an **employee & employer-funded** paid family and medical leave insurance program, we can help families get ahead – but the benefits don't end there. **Employers whose employees have access to leave report decreased turnover and improved morale.**



*Sarah Piepenburg, owner of Vinaigrette with locations in Excelsior and Minneapolis, and her family.*

I learned early on in business that our store is only as good as the people who work for us, and to invest in our employees is to invest in our business. That's why I support efforts to create a public paid family and medical leave program. As a small business owner, this is the kind of policy I want and need to keep my local business and employees healthy.

— Sarah Piepenburg, owner, Vinaigrette

**More than 1.2 million people - 47.8% of Minnesota's workforce - work in small businesses.** But many small businesses generally lack the capital and the scale to provide earned benefits like paid family and medical leave, even when business owners want to provide those benefits.

**Only 17 percent of the U.S. workforce have access to paid family leave through an employer,** and less than 40 percent have access to personal medical leave.

Among working mothers, only about half are able to take any kind of paid leave – including sick or vacation time – when their children are born. And, most strikingly, **more than 40 percent of bankruptcies in the U.S. are a result of lost income when the employee or a family member falls ill.**

## Paid Family & Medical Leave Act

**Self-Funded** - small contributions from both the employer & the employees of around 0.31% of employee earnings makes the PFML Act fund self-funded. Similar policies in WA, MA, CA, NJ & RI cost on average less than \$2.00 per employee per week.

**Wage-Replacement** - replaces wages on a progressive scale at 90%-55%, 66% on average.

**Easy-Admin** - MN Department of Employment and Economic Development handles payments & admin, leaving business owners to focus on running their business.

**Eligibility** - all working Minnesotans, including small business owners & those self-employed are eligible for up to 12 weeks of medical leave & up to 12 weeks of family leave.

**Good for Business** - Small businesses that could not afford to offer paid leave to their employees would now be able to offer the benefit, helping businesses attract the best and brightest employees & enjoy increased productivity.

## Studies have shown...

When mothers take longer leaves, their babies are **MORE LIKELY** to be seen for regular check ups and immunizations.

Breastfeeding mothers, who take part in paid leave programs, continue breastfeeding for **TWICE** as long as those without access to paid leave.

Children's hospital stays are shortened by **31%** when parents have access to paid leave.

**9** months after the leave is taken, fathers who take at least two weeks off for the birth of a child are more involved in direct care than those who do not.

In NJ, CA & RI, the vast majority of employers reported that paid family leave **POSITIVE** had a or no noticeable effect on productivity, profitability, turnover or morale.



# Paid Family & Medical Leave in Minnesota

*The U.S. is one of the only countries in the world to not offer any kind of paid family or medical leave.*

**MN**  
*can lead the way to do better.*

## **A Win-Win-Win: Good for business, employees and Minnesota**

**The PFML Act is an affordable and responsible way for small businesses to support and retain employees when serious family and medical needs arise.**

The contributions would go into an insurance fund, building on Minnesota's leading Unemployment Insurance administration under the Department of Employment and Economic Development to ensure program stability for employees, employers, and the state. Contributions would cover both benefits and administrative costs. This spreads the cost of leave, reducing the burden on individual employers without creating significant new administrative requirements. When an employee or small business owner needs to take time away from work, they can draw income from the fund to get by until they're back on their feet. Employers can use the salary of their on-leave employees as they see fit; they can use it to hire a temporary replacement, invest it in their business or save it for another use.

**Paid family and medical leave laws help level the playing field between small businesses and large corporations, allowing small businesses to compete on more equal footing.**

With modest bottom lines small businesses often have trouble matching more generous paid leave benefits offered by larger employers (including 84 percent of businesses surveyed by Main Street Alliance) – resulting in a hiring disadvantage.<sup>1</sup> In the current labor market, that means losing talented 15 employees to larger employers, which wield the market power to provide paid leave to top managers but are squeezing everyone else with low-wage, uncertain jobs.

**Paid Family Medical Leave provides critical financial security for small business owners themselves.**

Small business owners themselves need paid family and medical leave. They, too, have new babies and ailing partners or parents, and often cannot afford to take unpaid leave. Their cushion maybe razor thin, and a single accident or a medical emergency could jeopardize the health of a small business and throw a business owner into financial ruin. Under the Paid Family & Medical Leave Act, small business owners would have a guaranteed revenue source while out on leave allowing them to take care of themselves and their family without risking their business.

**Paid Family Medical Leave goes right back into the local economy, boosting consumer demand at small businesses, as working Minnesotans spend their increased earnings to cover the basics.**

When individuals do not have access to paid leave it impacts their spending and consumption patterns. Minnesotans lose close to \$900 million annually in wages because of lack of paid leave.<sup>2</sup> When they take unpaid leave, employees give up income they need to pay bills, buy groceries and support their families.

Working Minnesotans who take unpaid or partially paid leave reported putting off spending, resulting in hardship for families and lost income to small businesses. Business owners cite weak sales as the biggest problem for their business and the economy, and ensuring that employees have their consistent wages means that consumer demand won't go lax with each illness or family event or emergency.<sup>3</sup>

1. <https://bit.ly/2DQwCX6>

2. <https://www.leg.state.mn.us/docs/2016/mandated/160419.pdf>

3. [http://asbcouncil.org/sites/default/files/files/Regulations\\_Poll\\_Report\\_FINAL.pdf](http://asbcouncil.org/sites/default/files/files/Regulations_Poll_Report_FINAL.pdf)