

# Mandating paid leave: Costly for employers, employees

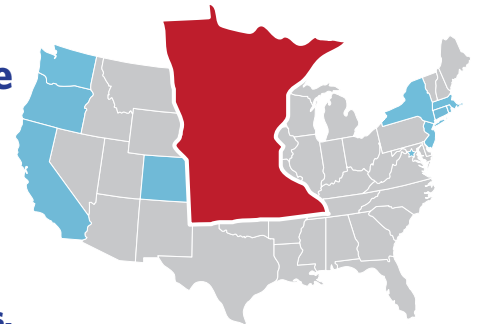
Employers are in the best position to design benefit packages that serve the distinct needs of their businesses and their employees. Minnesota employers compete for workers every day and consistently receive national recognition for providing some of the best places to work. If the state mandates expansive 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.

Minnesota's economic recovery from the COVID-19 pandemic must be the top priority for the 2021 legislative session. Reopening the economy and managing the continued economic fallout due to the pandemic is one of the top concerns of Minnesota businesses. 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.

The governor's budget proposal and HF 1200/SF 1205 create an expansive state-administered paid leave insurance program. Financed through a new tax on employers and employees, the program will fund partial wage replacement benefits for 12 weeks of paid parental and family leave and 12 weeks of paid medical leave. This is different, and in addition to, separate proposals mandating that employers provide paid sick leave for routine or minor illnesses (HF 7/SF 29) and COVID-related paid sick leave (HF 41/SF 331).

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

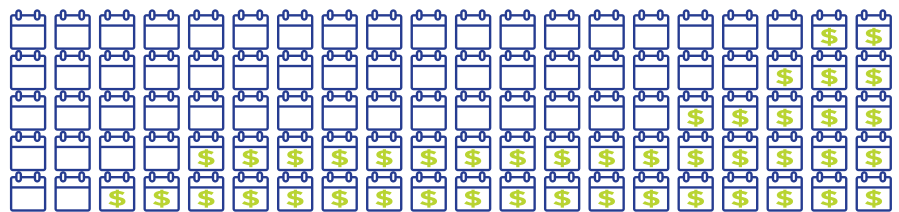
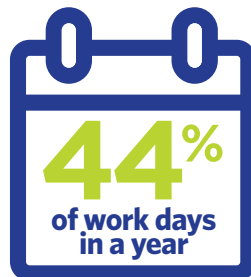
Due to cost and complexity, only nine other states - CA, CO, CT, NY, NJ, OR, RI, MA, WA, and Washington, D.C. - have enacted versions of paid leave mandates.



## 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 would mean an employee could miss 24 weeks of work. That's 44 percent of workdays in a year.
- 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.
- 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.

**COSTS  
MATTER**  
24 weeks  
of paid  
leave =



## 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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Alexandria Lakes Area Chamber of Commerce  
Apple Valley Chamber of Commerce  
Associated Builders and Contractors  
Associated General Contractors of Minnesota  
Austin Area Chamber of Commerce  
Bemidji Area Chamber of Commerce  
Brainerd Lakes Area Chamber of Commerce  
Builders Association of Minnesota  
Builders Association of the Twin Cities  
Building Owners & Managers Association (BOMA) St. Paul  
Burnsville Chamber of Commerce  
Cloquet Area Chamber of Commerce  
Cuyuna Lakes Chamber of Commerce  
Dakota County Regional Chamber of Commerce  
Duluth Area Chamber of Commerce  
Eden Prairie Chamber of Commerce  
Elk River Area Chamber and Commerce  
Faribault Area Chamber of Commerce & Tourism Bureau  
Fergus Falls Area Chamber of Commerce  
Grand Rapids Area Chamber of Commerce  
Greater Minneapolis Building Owners and Managers Association  
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International Falls Area Chamber of Commerce  
Iron Mining Association of MN  
Lake City Area Chamber of Commerce  
Lakeville Area Chamber of Commerce & CVB  
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Marshall Area Chamber of Commerce  
Medical Alley Association  
Metalcasters of Minnesota  
MetroNorth Chamber of Commerce  
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Minnesota Chamber of Commerce Executives  
Minnesota Child Care Association

Minnesota Contractors of the National Electrical  
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Minnesota Environmental Contractors Association  
Minnesota Floorcovering Contractors Association  
Minnesota Forest Industries  
Minnesota Grocers Association  
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Minnesota Milk Producers Association  
Minnesota Nursery & Landscape Association  
Minnesota Painting and Wallcovering Employers Association  
Minnesota Pork Producers Association  
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Minnesota Service Stations and Convenience Stores  
Minnesota Shopping Center Association  
Minnesota Ski Areas Association  
Minnesota Society of CPAs  
Minnesota Subcontractors Association  
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Minnesota Trucking Association  
Minnesota Utilities Contractors Association  
Minnesota Utility Investors  
Minnesota Mechanical Contractors Association  
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NAIOP Minnesota  
National Federation of Independent Business  
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Rochester Area Chamber of Commerce  
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Thermal Insulation Contractors Association  
Tri-State Manufacturers' Association  
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Waconia Chamber of Commerce  
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