

March 12, 2025

House Workforce, Labor, and Economic Development Finance and Policy Committee
75 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

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RE: Rochester Area Chamber, business coalition, and Rochester Area Society for Human Resource Management (SHRM) support for House File 1976, Paid Family Medical Leave Law Modified

Chair Baker and members of the House Workforce, Labor, and Economic Development Finance and Policy Committee,

Over the past biennium, the state legislature has enacted significant mandates impacting the business community. As we engaged with our members to shape our 2025 legislative agenda, one recurring concern emerged: the need for modifications to Paid Family Medical Leave (PFML) to address the substantial operational and financial challenges businesses anticipate upon its implementation.

In 2024, the Rochester Area Chamber of Commerce partnered with the Paid Family and Medical Leave division of the Department of Employment and Economic Development to host an informational session on PFML. During the event, legal experts, human resources professionals, and business managers expressed serious concerns about the program's feasibility, financial burden, and lack of administrative clarity. To convey these challenges to lawmakers, the Chamber offered an opportunity for members to share their feedback and concerns about PFML. The modifications proposed in House File 1976 closely align with the modifications suggested by our members. These modifications include adjusting the total leave duration, tailoring benefit limits based on employer size, aligning the definition of a family member with federal law, and refining wage replacement amounts.

For many businesses, especially small businesses, which make up 80% of our over 1,200 members, the effects of Paid Family Medical Leave mandate in its current form will be crippling. It is imperative that PFML is modified to address the concerns of the business community. Under the current format of PFML, businesses will struggle to fill temporary positions, further straining operations in an already tight labor market.

Furthermore, a lack of clear guidance from the state on PFML implementation has created uncertainty for businesses. Employers are awaiting critical information on administrative requirements, reporting obligations, and how the program will function alongside current benefits such as disability and FMLA. More specifically, businesses highlighted:

- **Operational Concerns:** Unclear administrative processes, state notification delays, and overlapping leaves create confusion and logistical challenges.
- **Unintentional Impacts:** Increased costs for employers and employees, difficulties finding temporary staff, budget cuts for schools to cover program costs, decreased benefits, and additional challenges for businesses to operate.
- **Recommended Changes:** Pause implementation by one year, provide clearer timelines, add oversight to monitor for fraud and abuse, simplified compliance processes, and reduce overall durations to align with FMLA.

The concerns raised by our members highlight the urgent need for modifications proposed in House File 1976. This bill takes a balanced approach while also directly addressing key challenges of the program by adjusting the total leave duration, tailoring benefit limits based on employer size, aligning the definition of a family member with federal law, and refining wage replacement amounts. These adjustments represent a balanced approach that supports employees while ensuring businesses, particularly small and mid-sized employers, can sustain operations and remain competitive within Minnesota's diverse economy

The Rochester Area Chamber of Commerce, our coalition members, and the Rochester Area SHRM and its 195 members urge you to support House File 1976 to modify PFML and make the program a better fit for the business community.

Respectfully,

Rochester Area Chamber of Commerce

Owatonna Area Chamber of Commerce

Above & Beyond Senior Services

Pace International

All-Star Basements

Palmer Soderberg, Inc.

Broadway Plaza

Peak Remodel & Design Solutions

Café Aquí

People's Energy Cooperative

Canadian Honker Restaurant

Pinnacle Catering

Carpet One of Rochester

Powers Ventures

Charlie's Eatery & Pub

Premier Bank Minnesota

Chick-fil-A Ear of Corn

r!ah Hair Studio

Courtesy Corporation

RAEDI

Custom Alarm

Red Wing Software

DeWitz Home Builders, Inc.

Renning's Flowers

Dunlap & Seeger, P.A.

Residence Inn by Marriott Mayo Clinic Area

Eagle Rock Bank

River Ride Realty, LLC

Energy Products and Design Inc.

River Valley Marine

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Rochester Area Builders

Fat Willy's	Rochester Area SHRM and 195 Members
Gift of Life Transplant House	Rochester Auto Care
Great Harvest Bread Co. & Café, Rochester	Rochester Athletic Club
Great Planes Aviation	Rochester City Lines
Harter's Disposal of Minnesota	Rochester Event Center
Home2Suites by Hilton	Rochester Motor Cars
Indigo Açai Bowls	Smart-HR
Inspired Retirement Planning	Sorellina's Italian by Victoria's
J. Powers	Southeast Service Cooperative
Jeffrey D. Reimer, CPA, PLLC	Sports Headquarters
Kreofsky Building Supplies	Taco Jed
Kuehn Motor Co.	T&H Bakery LLC
Kwik Trip, Inc.	Tap House Downtown
Marquee Construction LLC	Tap House West End
Mayo Employees Federal Credit Union	The Hubbell House
Mayowood Stone Barn	TLS Companies LLC
Med City Dental	Total Vision Eyecare, PLLC
Merchants Bank	TownePlace Suites by Marriott
North Rock Hospitality	Tyrol Ski & Sports
Novios Café	Victoria's Ristorante & Wine Bar
Nuss Truck	Wood Lake Meeting Center
Olmsted Medical Center	Zumbro Valley Health Center