



## Subcommittee on Employee Relations Legislative Coordinating Commission

72 State Office Building St. Paul, MN 55155-1201 Phone: (651) 296-2963 or (651) 296-9002 Fax: (651) 297-3697  
TDD (651) 296-9896 www.ser.leg.mn

### House

Representative Steve Drazkowski, Vice Chair  
Representative Bob Barrett  
Representative Glenn Gruenhagen  
Representative Debra Hilstrom  
Representative Leon Lillie

### Senate

Senator Michelle Benson, Secretary  
Senator Gary Dahms  
Senator Chris Eaton  
Senator Ann H. Rest  
Senator Tom Saxhaug

---

---

**DATE:** November 9, 2016  
**TO:** Members of the Subcommittee on Employee Relations  
**FROM:** Greg Hubinger  
**RE:** Update: Paid parental leave for state employees

The Subcommittee on Employee Relations is scheduled to meet at 10:00 AM on Monday, November 14, 2016 to consider memorandums of agreements modifying state labor contracts and amendments to compensation plans for unrepresented employees. The amendments all provide paid parental leave.

### Minnesota State amendments

Minnesota State (MnSCU) has also submitted identical amendments for:  
Minnesota State College Faculty  
Minnesota State University Administrative and Service Faculty  
MnSCU Personnel Plan for Administrators

One other faculty state bargaining unit, the Inter Faculty Organization, negotiated paid parental leave in a previous contract, so is not included.

### Cost of implementation

MMB and Minnesota State have provided information regarding the costs of implementing paid parental leave. Attached are details of their calculations.

MMB estimates the value of the benefit at \$6.1 million, for employees in executive branch agencies, excluding Minnesota State. Because the work of the employees on this short term leave will often be picked-up by other employees, there is not a net cost to providing this leave.

However, for employees in 24/7 operations (e.g., corrections officers, and state facilities where staffing levels are mandatory) either overtime has to be paid or temporary staff hired. As a result, MMB estimates the net cost at \$2 million per year.

Minnesota State estimates their costs at \$2 million. This estimate is based on the value of wages and benefits paid to Minnesota State employees who are projected to take advantage of this benefit. Minnesota State anticipates that it will need to hire replacements for essentially all faculty who use this benefit.

### **Procedural issue**

MMB and Minnesota State have proposed parental leave as amendments (technically, “Memorandums of Understanding”) to the collective bargaining agreements, and to the various compensation plans for unrepresented employees. Standard language in the contracts permits the parties (MMB or Minnesota State, and each union) to amend the contracts.

Those amendments, as required in the resolutions approving each contract, are submitted to the SER within three days of their execution, but are not reviewed or approved by the Subcommittee. These amendments typically deal with contract interpretation issues, and are technical and minor in nature. For example, the parties might agree on how to apply contract terms regarding seniority when dealing with a specific promotion, or how to deal with the liquidation of an employee’s vacation leave balance at the end of the year under extenuating circumstances.

Because the parenting leave provisions are broad in scope (applying to employees across bargaining units and plans) and the projected implementation costs are estimated at \$2 million, the parties included a provision in the parental leave amendments requiring that the amendments be approved by the Subcommittee. The specific wording included in each of the amendments is:

“PPL (Paid Parental Leave) benefits will become effective following the second full pay period after approval by the Legislative Coordinating Commission's Subcommittee on Employee Relations ("SER"), but no earlier than October 1, 2016.”

When the Subcommittee reviews collective bargaining agreements, it does so under the language of Minn. Stat. 3.855, Subd 2:

“(c) When the legislature is not in session, the commission may give interim approval to a negotiated collective bargaining agreement, salary, compensation plan, or arbitration award. When the legislature is not in session, **failure of the commission to disapprove a collective bargaining agreement or arbitration award within 30 days constitutes approval.** The commission shall submit the negotiated collective bargaining agreements, salaries, compensation plans, or arbitration awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.” (Emphasis added).

There are three scenarios in reviewing and taking action on the proposed amendments:

- If the Subcommittee votes to approve the amendments, they would be implemented immediately. The amendments would need to be ratified during the 2017 session.
- If the Subcommittee votes affirmatively to disapprove them, they will not be implemented. MMB could then seek legislation to approve the amendments during the 2017 session, or negotiate this issue in the context of the 2018-19 contracts.
- If the Subcommittee has a tie vote or takes no action, MMB and Minnesota State indicate they would implement the amendments under the language of Minn. Stat. 3.855, Subd 2, as they do for labor contracts (30 days after the amendments were submitted to the SER). The amendments to the compensation plans would not go into effect.

Legislative staff point out that because the wording of the contract amendments doesn't reference the Subcommittee's statute, it could be argued the SER must affirmatively approve the contract amendments in order for them to be implemented.

MMB staff contend that the only process for dealing with approval of labor contracts is detailed in Minn. Stat. 3.855, Subd 2, and so the contract amendments by definition are meant to be reviewed under that statutory process.

Please let me know if you have any comments or questions.

Attach: MMB cost calculations  
Minnesota State cost calculations

Date: January 4, 2016  
To: Office of Governor Mark Dayton and Lt. Governor Tina Smith  
Subject: Paid Parenting Leave

---

## Summary

After careful deliberation and research, the Parental Leave Working Group submits for your consideration the following options for offering paid parenting leave to an employee following the birth or adoption of a child. Research suggests that offering paid parenting leave in one of these increments will allow the State of Minnesota to remain competitive with other local, public employers. Moreover, the State of Minnesota will likely benefit from increased recruitment and retention of employees, higher employee morale, and status as a leader in workplace policy.

## The Working Group

The Parental Leave Working Group is comprised of members of the Minnesota Association of Professional Employees, the Middle Management Association, AFSCME, Minnesota Management and Budget, and State Human Resources Directors. The Parental Leave Working Group was charged with assessing the current policy environment, considering the needs of the State employees, gathering and reviewing information, identifying the financial cost to the State, and examining implementation issues and challenges related to offering a paid parental leave option for Minnesota State government employees.

## Background

The State of Minnesota currently provides unpaid parenting leave to State employees. Labor agreements and compensation plans generally offer covered employees six months of unpaid leave, with the option to extend the unpaid leave to one year with employer approval.<sup>1</sup> Employees may also use accrued sick leave hours following the birth or adoption of a child, and the State of Minnesota offers short-term disability coverage for purchase. The State of Minnesota's history of providing competitive benefits enables the State to attract and retain a qualified and diverse workforce.

Numerous public sector employers in the Twin Cities metro area offer paid parenting leave benefits to their employees.

Employer	Amount of Paid Parenting Leave
<a href="#">Hennepin County</a>	Three weeks
<a href="#">City of Minneapolis</a>	Three weeks
<a href="#">City of Saint Paul</a>	Four weeks for birth mothers; two weeks for all other parents, including adoptive parents

---

<sup>1</sup> All contracts and plans are available for review on the [Minnesota Management & Budget website](#). Additionally, the State of Minnesota provides eligible employees twelve weeks of unpaid leave under the federal Family and Medical Leave Act and the state Pregnancy and Parenting Leave statute, which generally run concurrently with an individual's unpaid parenthood leave under the applicable labor agreement or compensation plan.

<a href="#">City of Brooklyn Park</a>	Two weeks
<a href="#">City of Falcon Heights</a>	Two weeks
<a href="#">City of Saint Louis Park</a>	21 calendar days
<a href="#">University of Minnesota</a>	Two – six weeks, depending on Employee Group and reason for leave
<a href="#">Minnesota State Colleges and Universities</a>	For members of the Inter Faculty Organization, six weeks

In addition, some of Minnesota’s largest employers, including Mayo Clinic, U.S. Bank, Target, Ecolab, and General Mills, promote their paid parenting leave benefits for their employees. For example, Ecolab pays the cost of short-term disability benefits for new mothers;<sup>2</sup> U.S. Bank offers short-term disability benefits for new mothers and two weeks of paid leave for other parents.<sup>3</sup>

### **Benefits to the State of Minnesota**

Providing State employees with paid parenting leave is likely to result in important benefits to the State of Minnesota:

*Recruitment and retention.* Minnesota’s labor force is changing, and as the Baby Boomer generation drops out of the workforce their roles will be filled by employees with unique priorities and interests.<sup>4</sup> For example, members of the millennial generation and Generation X are more likely to select, and stay with, an employer that offers paid parenting leave.<sup>5</sup> As the State looks to attract and retain new and diverse employees, paid parenting leave is a valuable recruitment tool.

*Leadership in workplace policy.* Offering paid parenting leave positions the State of Minnesota as a workforce leader. Prominent employers throughout Minnesota, including the public sector employers discussed above, currently provide paid parenting leave benefits to eligible employees. Enacting such a policy in the State’s workplace shows support for other local employers who have done the same. Additionally, as one of the largest employers in Minnesota, the State of Minnesota is in a unique position to set a new standard and influence the benefits policies of other employers.

*Increased employee morale.* As an employer, the State of Minnesota has traditionally supported employees who must balance career and family. A work environment which values families is likely to improve employee morale and engagement, and mothers who receive paid leave are significantly more likely to return to work after the birth or adoption of a child.<sup>6</sup> Paid parenting leave demonstrates a culture of support for employees with families and eases some burdens on

<sup>2</sup> See [“Ecolab U.S. Employees Benefits & Rewards.”](#)

<sup>3</sup> See [“U.S. Bank Work/Life Balance.”](#)

<sup>4</sup> See [“The Time for Talent.”](#) Minnesota State Demographic Center, March 2013.

<sup>5</sup> See [“Global Generations: A Global Study on Work-Life Challenges Across Generations.”](#) Ernst & Young, 2015.

<sup>6</sup> See [“The Effects of Paid Family and Medical Leave on Employment Stability and Economic Security.”](#) Center for American Progress, April 2012.

new parents.<sup>7</sup> Providing this benefit would show a continued commitment to the well-being of employees and their families.

### Financial Impact

For an estimate of the financial cost imposed by offering paid parenting leave, please review the chart below. It is important to note that additional costs may arise from this benefit which cannot be calculated at this time. For example, offering this benefit may result in increased use of leave by State employees following the birth or adoption of a child. As a result, agencies may incur administrative costs related to the implementation of leave, overtime costs, and training costs for temporary employees. However, some costs may be offset by benefits incurred from offering paid parenting leave, such as increased employee retention rates and reduced training expenses.

<b>PROJECTED ANNUAL COSTS</b>			
	<b>3 weeks</b>	<b>6 weeks</b>	<b>8 weeks</b>
Births attributable to State employees <sup>8</sup>	476	476	476
Adoptions attributable to State employees <sup>9</sup>	18	18	18
Average Hourly Rate for Active Exec Branch Employees (non-MnSCU) Age 18 to 44	\$25.80	\$25.80	\$25.80
Hours for Primary parent	120	240	320
Hours for Second parent	120	240	320
Total birth costs	\$2,949,676.80	\$5,899,353.60	\$7,865,804.80
Total adoption costs	\$111,542.40	\$223,084.80	\$297,446.40
Total all costs	\$3,061,219.20	\$6,122,438.40	\$8,163,251.20

### Benefit Scope

The Parental Leave Working Group considered several options for offering paid parenting leave to State employees. The options offered for consideration are:

- Three (3) weeks of paid parenting leave for the birth or adoption of a child, available to both the birth mother and the non-birth parent. This approach is comparable with the standards set by many other Minnesota public employers, listed above.

<sup>7</sup> For instance, in Minnesota, licensed child daycare providers do not offer services to children under six weeks of age. See Minn. Ch. 245A, Human Services Licensing.

<sup>8</sup> Calculated based on the most recent birth rate (65 births per 1,000 women ages 15-44), applied to the number of women ages 18-44 employed by the State.

<sup>9</sup> Calculated based on the Minnesota adoption rate, derived from "How Many Children were Adopted in 2007 & 2008," from the Child Welfare Information Gateway, applied to the number of women ages 18-44 employed by the State.

- Six (6) weeks of paid parenting leave for the birth or adoption of a child, available to both the birth mother and the non-birth parent. This option meets or exceeds most of the benefits provided by other Minnesota public employers.
- Eight (8) weeks of paid parenting leave for the birth or adoption of a child, available to both the birth mother and the non-birth parent. Offering eight weeks of paid parenting leave would establish the State of Minnesota as a leader among public employers.

It is important to note that the Parental Leave Working Group only considered options in which both parents are afforded the same amount of paid parenting leave. Although some employers, such as the City of Saint Paul, elect to provide birth mothers with a greater amount of paid parenting leave than non-birth and adoptive parents, the Parental Leave Working Group saw merit in a policy providing a uniform benefit for all parents.

When crafting a paid parenting leave benefit, additional considerations will include:

- How long must an employee be employed by the State of Minnesota before he or she is eligible to receive paid parenting leave?
- Must an employee use paid parenting leave within a certain period of time following the birth or adoption of a child?
- How does paid parenting leave relate to other benefits currently provided to the employee?

A paid parenting leave benefit should be carefully crafted to ensure that it is supportive of the needs of State employees and functional in the State of Minnesota workplace. Minnesota Management & Budget is prepared to implement such a policy and the Parental Leave Working Group is well situated to provide advice and recommendations as these considerations are addressed.

## **Conclusion**

Offering paid parenting leave to its employees will allow the State of Minnesota to remain competitive with other employers, attract and retain talented employees, and maintain its reputation as a model employer.

**Estimated Cost of Six Week Parental Leave Benefit - DRAFT  
Minnesota State**

Bargaining Unit	Age 44 and under <sup>1</sup>	Estimated births <sup>2</sup>	Estimated adoptions <sup>3</sup>	Average pay rate for age 44 & under <sup>4</sup>	Total leave <sup>5</sup>	Total estimated cost <sup>6</sup>
				Daily pay rate	Leave days	
<b>Instructional Faculty</b>						
210 - MSCF (College Faculty)	1,495	97.2	0.8	\$ 335	30	983,778
209 - IFO (University Faculty) <sup>7</sup>						NA
<b>Instructional Faculty Subtotals</b>	<b>1,495</b>	<b>97.2</b>	<b>0.8</b>	<b>\$ 335</b>	<b>30</b>	<b>\$ 983,778</b>
<b>Staff</b>				Hourly pay rate	Leave hours	
202 - AFSCME (Craft, Maintenance & Labor)	54	3.5	0.0	\$ 26.30	240	22,329
203 - AFSCME (Service)	219	14.2	0.1	\$ 17.95	240	61,814
204 - AFSCME (Health Non-Professionals)	3	0.2	0.0	\$ 22.12	240	1,043
206 - AFSCME (Clerical)	492	32.0	0.3	\$ 19.17	240	148,287
207 - AFSCME (Technical)	242	15.7	0.1	\$ 19.67	240	74,859
214 - MAPE	940	61.1	0.5	\$ 27.31	240	403,581
216 - MMA	140	9.1	0.1	\$ 33.01	240	72,652
217 - Commissioner's Plan	76	4.9	0.0	\$ 24.37	240	29,123
211 - MSUAASF	448	29.1	0.2	\$ 23.43	240	165,047
220 - Managerial Plan	9	0.6	0.0	\$ 42.82	240	6,059
220 - Administrator Plan	88	5.7	0.0	\$ 50.47	240	69,833
205 - MNA (Nurses)	1	0.1	0.0	\$ 49.08	240	772
212 - MGEC (Professional Engineers)	3	0.2	0.0	\$ 31.59	240	1,490
213 - Health Treatment Professional	4	0.3	0.0	\$ 45.88	240	2,886
<b>Staff Subtotals</b>	<b>2,719</b>	<b>176.7</b>	<b>1.4</b>			<b>\$ 1,059,776</b>
<b>Totals</b>	<b>4,214</b>	<b>273.9</b>	<b>2.2</b>			<b>\$ 2,043,554</b>

Notes:

1. Employees under age 44 is the population expected to use parental leave. Age is calculated as of 6/30/16.  
Employee headcount is unduplicated at a system level and employees are counted once in the bargaining unit that had the assignment with the most FTE on 3/1/16. This headcount data is preliminary for 3/1/16.
2. Per MMB, birth rate is based on the most recent U.S. birth rate of 65 births per 1,000 women. The rate is applied to both male and female employees in the under 44 age cohort because all employees are eligible for the paid parental leave benefit.
3. Per MMB, adoption rate is based on the Minnesota adoption rate in 2008 derived from the report *"How Many Children were Adopted in 2007 and 2008"* (51.06 per 100,000 adults). The rate is applied to both male and female employees in the under 44 age cohort because all employees are eligible for the paid parental leave benefit.
4. The MSCF daily rate is based on base salary divided 171 work days.  
All other bargaining units hourly rates are base salary divided by 2,088 hours per year.
5. Hours of leave are 40 hours per week X 6 weeks = 240 hours, and days of leave are 5 days per week X 6 weeks = 30 days.
6. The cost estimate assumes all those eligible for the new paid parental leave would use the benefit.
7. IFO faculty are not included in estimate because they currently have a paid parental leave benefit.

Sources: System Office Human Resources and Financial Planning & Analysis

S:\HR\HR Data Group\FY16-17\Finance LR Request 7.12.16\3.1.16 Employee Hdct and Pay by Age Group

Updated: 8.16.16