



**GOVERNMENT AFFAIRS MEETING SUMMARY
IMPACTS OF WORKER AND WAGE MANAGEMENT LEGISLATION
DECEMBER 13, 2019**

On December 13, 2019, a group of 30 business members of the St. Cloud Area Chamber of Commerce gathered to discuss the Wage Theft Law that was passed at the Minnesota Legislature during the 2019 Session, and the proposed Safe and Sick Leave Employer Mandates that were discussed in 2019 and are expected to be on the 2020 Legislative Agenda. The following summary reflects discussion and comments during the session.

WAGE THEFT LAW OBSERVATIONS AND SUGGESTIONS FOR AMENDMENT:

1. Many companies, particularly larger ones, were already in general compliance with the Wage Theft Law, but its “nitty gritty” details are taking their toll on ALL companies. The Department of Labor and Industry (DOLI) should look for ways to gain compliance without unduly punishing companies who are already generally complying.
2. **From Representative Dan Wolgamott** – 39,000 Minnesotans lost \$12 million due to Wage Theft. A member pointed out that is .12% of all Minnesota employees. Again, it seems we should focus on the exact offenders instead of requiring excessive reporting from complying employers. (Note: these numbers are not fact checked and need to be verified.) The group also wondered how many of those 39,000 employees were hired by MN companies? How many were issued Minnesota W-2’s.
3. Details and regulations from (DOLI) are inconsistent and confusing.
4. How many government employees are being added to monitor compliance and review paperwork? Consider the cost of compliance vs. the cost of actual wage theft. Will there be state employees examining and monitoring all this paperwork?
5. Anytime anything changes on an employee’s paystub, whether mandatory or voluntary employee deduction, charitable contribution, 401k deduction, etc., employers’ mandated reporting is required. This seems excessive.
6. Many bonuses, annual contests or other pay are for longer than a 30-day period. It seems one of the most popular tools for incentivizing sales people may be eliminated. This needs clarification.
7. When does an employee actually “EARN” pay? Every company may have their own definition of when pay is earned. Examples are bonuses set at the corporate level, annual quotas, etc. Who will make the decisions on these activities?



8. How does this impact school districts? It would seem to provide requirements for hourly employees that are ticket takers or work concessions at athletic and extracurricular events.
9. Determine the total cost of compliance moving forward. Add business costs with government monitoring costs and see if it's more than the \$12 million wage theft problem.
10. Have the impacts to volunteer fire departments and groups of that nature in small towns that generally do not pay for service been evaluated?
11. As jobs change and people work on different projects, etc., their paperwork changes and they must fill out new forms. The employees may not understand why they are being asked to do this. It's an issue of trust for their employer. Employees need to be educated about what is required of employers by the government. This is basically HIPPA for all businesses.
12. Ten is a small number of employees. There will be no incentive for businesses to expand the number of jobs they offer beyond 9 employees.
13. The issue of municipalities setting minimum wage levels has far reaching impacts across the state. Different branches of a business in different cities may be under different wage mandates. Are we creating a system so convoluted, confusing and difficult that it is a disincentive for businesses to expand into additional communities?
14. Here is a real-life example cited by one of our business members: The business has a desk at the Minneapolis airport. When employees start, they clock in at the St. Cloud location, then clock in again in Minneapolis when they arrive there. Then they clock out of Minneapolis when they leave and clock out in St. Cloud when they return to the base site. This is because they are employed by a company with sites in St. Cloud and Minneapolis and are under two different wage mandates. The additional burden of trying to explain this to employees is very difficult. Employees blame the employer for the situation.
15. DOLI should consider directing resources to hotlines or opportunities for people to report if they feel they are not being paid correctly instead of putting all the burden on employers to prove compliance. Exception reporting might be considered, i.e. investigations for employees who feel they are not being compensated fairly.
16. There are already statutes that cover these wage issues. What is the impact of this new statute as it relates to other statutes? Local municipalities have also passed their own ordinances and we need to consider how those may conflict with compliance to the new statute.



DISCUSSION OF ADDITIONAL EMPLOYER MANDATES PROPOSED FOR THE 2020 SESSION:

1. Employers are already having a difficult time finding employees. Training a new employee for someone's 12 to 24-week leave is a tremendous additional burden. Holding the job open for a potentially returning employee who has been on leave presents additional burdens. This is particularly true for highly skilled jobs with long learning curves.
2. The uncertainty of certain conditions, like fibromyalgia, make diagnosis difficult. Who will be reviewing claims and diagnosing employees desiring leave?
3. **Employers asked for a Cost Impact Sheet so they can more closely estimate the total costs of this proposed mandate to their businesses.**
4. Is this a positive or negative economic development tool? Will companies considering expanding have second thoughts because of this mandate? This mandate would seem to have significant economic development impact for future retention and expansion.
5. Just a few years ago, we had 21 Fortune 500 company headquarters in MN. Today we have 16. Will further mandates continue to erode our corporate headquarters?
6. There seems to be a philosophical issue here that employers are going to treat employees poorly and need oversight to treat employees fairly. In the workforce environment we have, is this necessary? If an employer treats employees poorly they leave.
7. Let the market work. Let employers determine their own benefits for their own employees' needs. Let the relationship be organic and let capitalism work.
8. In a workforce supply saturated environment this discussion may be needed, but it serves no purpose right now.
9. How will these mandates impact not-for-profits, agribusiness, seasonal and non-traditional businesses?
10. The distinct needs of employees are different and require a relationship with their employers. These mandates stifle creativity to meet those needs with benefits that are meaningful to unique employees.
11. This mandate requires businesses to provide an additional .06% payroll tax, adds 400 state employees and a new state government division. The average state employee salary is \$60,000 plus a generous benefit package. Employees are being taken out of the private market which



cannot pay these wages to work for the state, and then private market employers are being required to foot the bill with additional taxes to pay the state employees.

12. This mandate disincentivizes start-up businesses. We are not creating an atmosphere where people want to grow and be innovative. Why be a new business owner when you can work as an employee and reap significant benefit?
13. Many employees do not hesitate to seek loopholes in these systems and take advantage of them. Employers generally want to comply and address issues. It's a huge burden to run a business, take care of employees and fill spots for clients, all while dealing with compliance. It's not easy. (From an employment company)
14. These mandates have the power to put companies out of business.
15. Central MN is very general. We have a plethora of not for profit organizations. What do these mandates mean for the future of charitable organizations? There is a ripple effect here.
16. There does not seem to be a lot of rationality behind these mandates. There is a disparity in the system of dollars paid out versus dollars paid in. The .06% is just the opening bid and may increase significantly as actual costs are determined. There is no system for this. It is going to be created from ground zero.
17. How will we know if someone's leave of absence is legitimate? How will abuse be determined? What is the meaning of "someone significant to you," as that is the current language used for taking leave to care for someone?

COMMENTS FROM LEGISLATORS:

Representative Dan Wolgamott: It is clear there are concerns about proposed laws and current laws. Changes need to be made and things need to be examined further. My role as a legislator is making these things happen. I do expect legislative action will be taken on all these bills we have talked about this morning. I am going to give a typed-up summary of this meeting to authors of the bills so they can see our concerns. I would like to potentially skype in legislators and/or bill authors to one of our Friday morning meetings to hear concerns from this group directly. I will do my best to get answers in writing to the questions posed today and provide direct access to the authors of the bills.

Representative Lisa DeMuth: We need to tweak the Wage Theft Law and get amendments in to make compliance easier for all businesses. We need to work together to make our economy one that will flourish and not over-regulate ourselves.



Representative Tim O'Driscoll: Priorities are the people of central Minnesota. People here need work to support their families and people in this room employ those people, so we all need to work together.

Senator Jeff Howe: I hope that as we take this back and try to tweak things to make it better, we keep our eye on the ball of what's coming. It's much easier to prevent bad legislation than to fix it once it's passed.

Senator Jerry Relph: Minnesota has one of the lowest unemployment rates in the country. We need to preserve that and the work ethic we have in our community. Emotion is very good for identifying problems. When you feel something in your heart, you've identified the problem. Once you've identified the problem, you must use logic and reason to solve the problem. What is the role of government? Should government be the nanny or the direct support?

DISCLAIMER: These notes were manually recorded as this meeting progressed. The best efforts have been made to be representative, accurate and complete with the information and opinions that were expressed at this meeting.