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MEMO

TO: Senate chairs and minority leads of committees to which SF 34 has been referred

House of Representatives chairs and minority leads of committees to which HF 19 has been referred.

FROM: Christian Larson, LBO Director

DATE: December 20, 2023

SUBJECT: Local Impact Note Request: SF 34 (Pappas) – Earned Sick and Safe Time

Enclosed is the local impact note for SF 34 (Pappas) – Earned Sick and Safe Time. The request for this local impact note was made for the fiscal impact to school districts that are located wholly or partially within the boundaries of Senate District 11. The local impact note was requested by Senator Bill Weber as the ranking minority member of the Senate Taxes Committee.

The Legislative Budget Office (LBO) is charged with coordinating the development of local impact notes under Minnesota Statute 3.987. Local impact notes focus on the impact of proposed legislation on political subdivisions, understood to include local entities such as cities, townships, counties, and school districts.

The local impact note provides a summary of the bill, a description of the methodology used in the development of the note, and analysis developed by the LBO regarding the fiscal impact of SF 34 on school districts in Senate District 11. The local impact note is available electronically on the [LBO website](#).

If you or your staff have any questions about the local impact note process, please contact LBO Coordinator, Kathryn Ho, at 651-297-7146.

cc: Senator Sandra Pappas
Senator Jason Rarick
Senate Fiscal Staff
House Fiscal Staff
LBO Staff

Committee leadership receiving a copy of Local Impact Note:

Senator Bruce Anderson
Senator Gene Dornink
Senator Nick Frentz
Senator Grant Hauschild
Senator Matt Klein
Senator Ron Latz
Senator Warren Limmer
Senator John Marty
Senator Jennifer McEwen
Senator Nicole Mitchell
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Local Impact Note

2023-2024 Legislative Session
Minnesota Legislative Budget Office

Senate File 34 – Earned Sick and Safe Time

Authors: Pappas; Maye Quade; Kunesh; Pha; Fateh
Date: December 20, 2023

Local Fiscal Impact	FY2024	FY2025	FY2026	FY2027
Total Estimated Costs	\$100,000 to \$300,000	\$100,000 to \$300,000	\$100,000 to \$300,000	\$100,000 to \$300,000

Note: The local impact note request was made for school districts wholly or partially located in Senate District 11.

Executive Summary

Senate File (SF) 34 establishes a mandate for employers to provide paid sick and safe leave to eligible employees. SF 34 was incorporated into SF 3035, the 2023 omnibus Jobs, Economic Development, Labor, and Industry bill, which passed into law as 2023 Session Law, Chapter 53, articles 12 through 14.

This local impact note was requested for the 17 school districts wholly or partially located in Senate District 11. The local impact note assumes that the total cost to all school districts combined within Senate District 11 will be between \$100,000 and \$300,000 per year. The largest cost for school districts will be to pay sick and safe time leave for employees who were not previously eligible for paid sick and safe leave. Paying sick and safe leave to employees newly eligible for such leave is estimated to cost between \$80,000 and \$220,000 per year for school districts in Senate District 11. Other fiscal impacts include the cost of paid work to replace employees using sick and safe leave (such as hiring temporary employees or paying overtime) and administrative costs for employers to update IT systems and to administer the additional leave taken by employees.

Estimates for the local impact note were made by analyzing survey data from school districts in Senate District 11, by analyzing publicly available data from the Bureau of Labor Statistics and other public data sources, and from performing a literature review on the topic of the fiscal impact to employers for implementing a mandated paid sick and safe leave policy.

Bill Description

A local impact note was requested on Senate File (SF) 34, a bill establishing requirements for employers to provide paid sick and safe time leave to employees and rules and regulations regarding paid sick and safe time, and appropriating funds for these purposes. The earned sick and safe time law was incorporated into SF 3035, the 2023 omnibus Jobs, Economic Development, Labor, and Industry bill. The bill was passed and was signed into law on May 24, 2023, as 2023 Minnesota Session Law, Chapter 53. This local impact note analyzes the local fiscal impact of 2023 Minnesota Session Law, Chapter 53, Articles 12 through 14.

SF 34 establishes an earned sick and safe time mandate for employers, provides requirements for job protection for employees taking qualified leave, establishes reporting and notification requirements for employers and employees, and establishes the regulatory authority of the law with the Department of Labor and Industry (DLI). The sick and safe time requirements are effective on January 1, 2024.

The earned sick and safe time law establishes that employees are eligible to accrue one hour of paid sick and safe time for every 30 hours worked. Employees can accrue up to 48 hours of sick and safe time per year. Employers must allow employees to carry-over up to 80 hours of earned sick and safe time from the previous year, unless they provide the following benefits:

- a) The employer provides access to 48 hours of sick and safe time leave immediately at the beginning of the year and the employer pays out accrued unused sick and safe time at the end of the year.
- b) The employer provides access to 80 hours of sick and safe time leave immediately at the beginning of the year if the employer does not pay out accrued unused sick and safe time at the end of the year.

An employee that works at least 80 hours in a year is eligible to accrue sick and safe time. This includes part-time and temporary employees. Independent contractors are not considered employees. Employees from staffing agencies are considered employees of the staffing agency and the safe and sick time requirements must be met by the staffing agency.

Employers must make employees aware of the rules and entitlements regarding earned sick and safe time and must include information about earned sick and safe time usage and available balance in the employee's statement of earnings.

Earned sick and safe time can be used for absences resulting from one's own mental or physical health-related needs or the care of a family member's mental or physical and health-related needs. The leave can also be used for absences due to domestic violence, sexual assault, or stalking of the employee or employee's family member.

The law sets a baseline for the earned sick and safe time policies of employers in Minnesota and does not limit employers from offering more generous sick and safe time policies.

Definitions for the earned sick and safe time law are included in 2023 Minnesota Session Law, Chapter, 53, Article 12, Section 4.

Methodology

The Legislative Budget Office (LBO) identified three direct fiscal impacts to school districts associated with the implementation of the earned sick and safe time law. The impacts are a result of local units of government being employers. These impacts include:

- Safe and sick time leave paid to newly eligible employees
- Replacement costs of employees on leave
- Administrative costs

Per the local impact note request, this local impact note is for the school districts that are located wholly or partially within the boundaries of Senate District 11. This local impact note is written to the version of the earned sick and safe time bill passed into law as 2023 Session Law, Chapter 53, Articles 12 through 14.

To determine the fiscal impact to local units of government, the LBO surveyed school districts about possible fiscal impacts, analyzed publicly available data sources on employee leave behavior, and performed a literature review of information about the impact of government-mandated sick and safe time leave policies on employers.

This local impact note does not estimate fiscal impacts beyond direct fiscal impacts. The literature on earned sick and safe time policies speaks to possible outcomes of improved employee productivity due to a decrease in the spread of communicable illnesses. There is also a possible long-term cost to school districts through the paying out of banked sick leave if employers choose to provide that benefit. For the purposes of this analysis, those are not considered direct impacts and therefore are not addressed in this local impact note.

Survey of Local Units of Government

Surveys were distributed to the Senate District 11 school districts to collect wage and employee leave information. A sample questionnaire is provided as Appendix A to the local impact note.

The survey asked school districts for information regarding the number and types of employees that would be newly eligible for leave, the number and types of employees that would require paid labor to replace employees on leave, and about administrative costs associated with implementing the earned sick and safe time law.

There are 17 school districts wholly or partially located in Senate District 11. Eight of the 17 school districts responded to the survey with answers to at least one of the questions. All eight respondents stated they have employees that would be newly eligible for paid sick and safe leave. Respondents indicated that the types of employees newly eligible include substitute teachers and other substitute employees, coaches for activities, game workers, and other part-time and seasonal employees.

Three school districts provided an estimate on the number of employees that would be newly eligible for paid sick and safe leave. The same three school districts provided an estimate on the number of hours worked in a school year by employees newly eligible for paid sick and safe leave. Five respondents provided the average hourly wage for employees newly eligible for sick and safe leave.

Five school districts responded to a question asking if they have already or expect to incur human resource (HR) or information technology (IT) related costs to implement the new earned sick and safe time requirements. Two of five respondents said they do not expect to incur these types of administrative costs. Three school districts said they have incurred or expect to incur such costs. Two of these respondents spoke of the types of administrative costs of the program without making an estimate in dollars. One school district made an estimate of that impact, stating the administration of the program would cost \$10,000 total – \$7,000 to make a part-time HR person a full-time person and \$3,000 for software updates.

[Review of Publicly Available Data](#)

Sick Leave Usage

The LBO reviewed data from the Bureau of Labor Statistics (BLS) and Statista, a private consumer research company, to develop an estimate on the average number of days of sick and safe time an employee uses in a year. The BLS collects data regarding sick leave usage through the National Compensation Survey (NCS). Statista began surveying adults in the U.S. about their sick leave behavior in 2020.

The LBO received unpublished NCS data from the BLS showing the average annual paid sick leave taken among state and local government workers in the educational services industry from March 2014 to June 2023. The survey is collected quarterly. The data shows an average of 42 hours of paid sick leave taken per employee per year from March 2014 to June 2023. In June 2023, the most recent data reported, the average annual paid sick leave taken was 42.1 hours per employee per year. This information is provided as Appendix B. It should be noted that this leave usage is for all school employees and not limited to part-time or temporary employees.

The Statista data is not specific to educational industries and surveyed working age adults in the United States. Statista found that for respondents that work or attend school or university, the most common response to a question on the number of sick days taken in the past 12 months in 2023 was zero. Twenty-nine percent of respondents provided this answer. For respondents who did take a sick day, the most

common answer was two to three days, with 23 percent responding with this answer.¹ It should be noted that this is not estimating the average days of leave taken. Rather, this is stating the most common response.

School District Employee Count

The LBO reviewed data from the Public Employees Retirement Association (PERA) and the Professional Educator Licensing and Standards Board (PELSB) to make an estimate of the number of employees for the school districts in Senate District 11. The PERA data provides the count of non-licensed school employees for each district in 2022. The PELSB data provides a headcount of teachers and administrators for the 2021-2022 school year. Table 1 provides the estimated combined licensed and non-licensed employee count by school district in Senate District 11. This local impact note assumes that employee counts were stable in school districts after 2022.

Table 1: Estimated 2022 Employee Count by Independent School District (ISD) for School Districts Wholly or Partially Located in Senate District 11

District Name	2022 Estimated Employee Count
Barnum ISD 91	144
Braham ISD 314	135
Carlton ISD 93	90
Cloquet ISD 94	545
Cromwell ISD 95	60
East Central ISD 2580	154
Esko ISD 99	181
Floodwood ISD 698	46
Hinckley-Finlayson ISD 2165	231
Moose Lake ISD 97	129
Mora ISD 332	341
Ogilvie ISD 333	145
Pine City ISD 578	246
Rush City ISD 139	185
St. Louis County ISD 2142	589
Willow River ISD 577	112
Wrenshall ISD 100	99
Total	3,432

Literature Review

The LBO performed a literature review of government-sponsored reports, academic journals, and professional organization briefs on the topics of sick leave use in the U.S. and the fiscal impacts of government-mandated earned sick and safe time policies.

At the beginning of 2023, 16 states and Washington, D.C. required employers to provide paid sick leave (or paid sick and safe leave) to employees.² The BLS reported that in 2023, 91 percent of local government workers and 78 percent of private industry workers in the U.S. had access to paid sick leave. For employees of elementary and secondary schools, 94 percent of employees had access to paid sick leave, and therefore 6 percent of employees did not have access to paid sick leave.³ In 2020, the BLS reported the average cost to provide paid sick leave for employers was \$0.45 per employee hour worked. For state and local government workers with a fixed number of days per year sick leave plan, 8 percent had no carryover provision for unused sick leave, 34 percent had a limit on the number of days that could be rolled over from year-to-year, and 58 percent had unlimited accumulation of sick leave. Thirty percent of U.S. employers did not differentiate between sick leave and other types of leave and instead provide sick leave as part of a consolidated leave plan to employees.⁴

A 2017 U.S. Department of Labor-funded study by the Institute for Women's Policy Research and IMPAQ International developed a model of leave usage under three separate paid leave requirements. The analysis estimated that, for the policy that most closely resembled SF 34, leave usage for employees will increase by 12.8 percent when provided paid sick leave. The study provided an estimate of the annual cost for added paid sick leave by industry; education was grouped with health services. Educational and health services were estimated to have the highest ratio of annual cost to total wages associated with the earned sick leave requirement. The model assumed new annual costs would represent around 0.5 percent of total wages for employers in the educational and health services industries.⁵

A National Bureau of Economic Research (NBER) working paper reviews the effects of mandated sick pay in five states (California, Connecticut, Massachusetts, Oregon, and Vermont) that adopted a mandated sick leave policy. The paper uses data from the NCS which is conducted by the BLS. The study estimates that employees newly eligible for sick leave take an annual average of 16 hours of sick leave per year.⁶ This study found that sick leave costs rise 21 cents per hour worked for a newly covered worker.⁷ The working paper points out that leave usage may increase over time as employees develop a larger bank of sick leave.⁸ The study also mentioned possible cost savings to employers due to sick employees using sick leave and avoiding the spread of communicable illnesses that could reduce the productivity of other employees. The study does not make an estimate of the impact in dollars of this possible savings effect.

A study of National Health Interview Survey data (data collected by the Center for Disease Control) published in 2016 found that insured employees with a paid sick leave benefit missed 1.5 more days of work because of illness or injury compared to workers without paid sick leave.⁹

[Discussion with Department of Labor and Industry](#)

One area of specific interest to school districts is how the earned sick and safe time laws will apply to substitute teachers. In a discussion with the LBO, the Department of

Labor (DLI) explained that substitute teachers are treated as on-call employees, and the earned sick and safe time requirement for the school district will be dependent on whether the substitute is working through a third-party service provider or as a direct employee of the district. Substitute teachers that are working through a third-party service provider will receive earned sick and safe time from the third-party service provider assuming they meet the other criteria for eligibility. The substitute teacher from the third-party provider is an employee of the provider. It is possible third-party administrators will adjust rates charged to school districts for the substitute teachers in response to additional costs of providing paid sick and safe time to the substitute teachers. This would have a fiscal effect on schools. However, the LBO does not have data to estimate the change in contracted staff costs that may occur due to SF 34.

Substitute teachers will be eligible to accrue sick and safe time from the school district if they are hired directly by the school district. If an employer asks a substitute to teach on a given day and they decline because they are sick, it may be up to the school district to determine if the employee is eligible for sick leave. The district may determine that the substitute is not eligible to use sick leave that day as they are declining the assignment before it begins. On-call employees, such as substitute teachers, would be eligible to use sick and safe leave on days they begin working and then need to take sick or safe leave or on days they were scheduled for work, such as a long-term substitute teaching assignment. For substitute teachers to accrue sick and safe time they would need to meet all the criteria listed in the earned sick and safe time law.

For purposes of this analysis, the LBO is assuming that substitutes would take leave at the same rate as other employees. The analysis attempts to estimate the total hours worked by directly employed substitute teachers as part of an estimate for total work for newly eligible employees.

Analysis

The LBO identified three direct fiscal impacts to school districts resulting from the earned sick and safe time law. These impacts include:

- Sick and safe time leave paid to newly eligible employees
- Replacement costs of employees on leave
- Administrative costs

The following sections discuss each of these three fiscal impacts.

Sick and safe time leave paid to newly eligible employees

To calculate the additional wages paid to employees newly eligible for the sick and safe time, the LBO estimated:

- the number of employees newly eligible for sick and safe leave;
- the amount of leave that newly eligible employees would take; and
- the average wages for employees taking leave.

Employees newly eligible for earned sick and safe leave

In 2022, the BLS reported that 6 percent of elementary and secondary school employees did not have access to paid sick leave.¹⁰ To estimate the number of employees newly eligible for paid sick and safe leave, the local impact note assumes that 6 percent of employees within the school district will be newly eligible for paid sick and safe leave. It should be noted that this is taking an assumption from an experience from across the U.S. in elementary and secondary schools and applying it to school districts within Minnesota Senate District 11.

Table 2 provides the estimated total employee count by school district and the estimated number of employees newly eligible for paid sick and safe leave by applying the 6 percent estimate to the estimated total employee count by school district.

Table 2: Senate District 11 School Districts Estimated Employees Newly Eligible for Paid Sick and Safe Leave

District Name	2022 Estimated Employee Count	Estimated Employees Newly Eligible for Paid Sick and Safe Leave
Barnum ISD 91	144	9
Braham ISD 314	135	8
Carlton ISD 93	90	5
Cloquet ISD 94	545	33
Cromwell ISD 95	60	4
East Central ISD 2580	154	9
Esko ISD 99	181	11
Floodwood ISD 698	46	3
Hinckley-Finlayson ISD 2165	231	14
Moose Lake ISD 97	129	8
Mora ISD 332	341	20
Ogilvie ISD 333	145	9
Pine City ISD 578	246	15
Rush City ISD 139	185	11
St. Louis County ISD 2142	589	35
Willow River ISD 577	112	7
Wrenshall ISD 100	99	6
Total	3,432	207

Three districts responded to a survey question regarding the number of employees newly eligible for sick and safe leave as a result of the Minnesota earned sick and safe time law. The Braham School District responded with ten to 15 newly eligible employees in the survey, slightly more than the eight estimated using the BLS data-based methodology. The Ogilvie School District estimated 20 to 30 employees would be newly eligible for paid sick and save leave, compared to the nine in the estimate using the BLS

data. The Esko School District estimated 91 newly eligible employees, which is substantially higher than the 11 in the estimate using the BLS data. Given that all three of the estimates for newly eligible employees are above the amount estimated using the BLS data, it may be that the BLS data undercounts the number of employees newly eligible for earned sick and safe time in Senate District 11 schools.

The three schools that provided an estimate of the number of employees newly eligible for leave also provided a response estimating the number of hours worked by newly eligible employees. The Braham School District estimated between 800 and 1,800 hours of work for employees newly eligible for paid sick and safe leave; The Ogilvie School District estimated between 12,000 and 25,000 hours; and the Esko School District estimated 12,150.

Given the wide ranges of estimates on the number of hours worked for employees newly eligible for paid sick and safe leave from these three schools, the local impact note will not make a general assumption about the hours worked by school district in Senate District 11. Still, it is useful in understanding how some schools expect to be impacted by the new law.

Amount of sick and safe leave taken

To estimate the amount of new sick and safe leave taken, this local impact note identifies a range of possible leave usage rates. BLS estimates show about 42 hours of paid sick leave are used by employees per year for state and local government employees in the educational services industry (see Appendix B). It should be noted that the 42-hour estimate from the BLS is for all school employees with paid sick leave. Through survey responses and through BLS data, we know that most (full-time) school employees already have access to paid sick leave. This expansion of paid earned sick and safe leave is largely to part-time and temporary employees. It is likely that the 42 hours of leave overestimates the amount of leave taken for Minnesota school employees that are newly eligible for paid sick and safe leave as a result of the new law.

The NBER report on the impact of mandated paid sick leave programs previously referenced, which uses BLS data, estimated that for all employees who receive paid sick leave following the implementation of a state mandated paid sick leave program, newly eligible employees take about 16 hours of paid sick leave per year.¹¹ It should be noted that this data is not specific to employees of school districts. It may be that employees of schools have different rates of sick leave usage. This is not known from the NBER report.

This local impact note estimates a range of possible fiscal impacts for the earned sick and safe time law by applying an assumption of 16 hours of paid sick and safe leave per newly eligible employee and 42 hours of paid sick leave per newly eligible employee.

Average wages of employees taking leave

Five school districts responded to a survey question asking the average wage of employees newly eligible for earned sick and safe leave. Responses were between

\$18.30 per hour and \$36.05 per hour, with an average of the five responses equaling \$25 per hour when rounded to the nearest whole dollar. This local impact note assumes a wage of \$25 per hour for employees newly eligible for paid sick and safe leave for purposes of estimating the fiscal impact of school districts affected by the new law.

Cost of sick and safe leave for newly eligible workers

Table 3 provides an estimate of the cost of paying sick and safe leave for newly eligible employees for each of the school districts based on the assumption that 6 percent of employees will be newly eligible for paid sick and safe leave, each employee eligible for leave will take 42 hours of leave, and that employees on leave are paid \$25 per hour.

Table 3: Cost Estimate of Paying Sick and Safe Time Leave for Newly Eligible Employees Assuming 42 Hours of Sick and Safe Leave Taken Per Employee

District Name	Estimated Employees Newly Eligible for Paid Sick and Safe Leave	Estimated Total Hours of Paid Sick and Safe Time (42 hours per employee)	Average Hourly Wage	Total Cost (Estimated Hours * Average Hourly Wage)
Barnum ISD 91	9	378	\$25	\$9,450
Braham ISD 314	8	336	\$25	\$8,400
Carlton ISD 93	5	210	\$25	\$5,250
Cloquet ISD 94	33	1,386	\$25	\$34,650
Cromwell ISD 95	4	168	\$25	\$4,200
East Central ISD 2580	9	378	\$25	\$9,450
Esko ISD 99	11	462	\$25	\$11,550
Floodwood ISD 698	3	126	\$25	\$3,150
Hinckley-Finlayson ISD 2165	14	588	\$25	\$14,700
Moose Lake ISD 97	8	336	\$25	\$8,400
Mora ISD 332	20	840	\$25	\$21,000
Ogilvie ISD 333	9	378	\$25	\$9,450
Pine City ISD 578	15	630	\$25	\$15,750
Rush City ISD 139	11	462	\$25	\$11,550
St. Louis County ISD 2142	35	1,470	\$25	\$36,750
Willow River ISD 577	7	294	\$25	\$7,350
Wrenshall ISD 100	6	252	\$25	\$6,300
Total	207	8,694	N/A	\$217,350

Table 4 provides an estimate of the cost of paying sick and safe leave for newly eligible employees for each of the school districts based on the assumption that 6 percent of employees will be newly eligible for paid sick and safe leave, each employee newly eligible for leave will take 16 hours of leave, and that employees on leave are paid \$25 per hour.

Table 4: Cost Estimate of Paying Sick and Safe Time Leave for Newly Eligible Employees Assuming 16 Hours of Sick and Safe Leave Taken Per Employee

District Name	Estimated Employees Newly Eligible for Paid Sick and Safe Leave	Estimated Total Hours of Paid Sick and Safe Time (16 hours per employee)	Average Hourly Wage	Total Cost (Estimated Hours * Average Hourly Wage)
Barnum ISD 91	9	144	\$25	\$3,600
Braham ISD 314	8	128	\$25	\$3,200
Carlton ISD 93	5	80	\$25	\$2,000
Cloquet ISD 94	33	528	\$25	\$13,200
Cromwell ISD 95	4	64	\$25	\$1,600
East Central ISD 2580	9	144	\$25	\$3,600
Esko ISD 99	11	176	\$25	\$4,400
Floodwood ISD 698	3	48	\$25	\$1,200
Hinckley-Finlayson ISD 2165	14	224	\$25	\$5,600
Moose Lake ISD 97	8	128	\$25	\$3,200
Mora ISD 332	20	320	\$25	\$8,000
Ogilvie ISD 333	9	144	\$25	\$3,600
Pine City ISD 578	15	240	\$25	\$6,000
Rush City ISD 139	11	176	\$25	\$4,400
St. Louis County ISD 2142	35	560	\$25	\$14,000
Willow River ISD 577	7	112	\$25	\$2,800
Wrenshall ISD 100	6	96	\$25	\$2,400
Total	207	3,312	N/A	82,800

Replacement costs of employees on leave

To calculate replacement costs of employees newly eligible for paid sick and safe leave, the LBO surveyed schools about the percent of new leave taken that would be replaced with replacement workers, temporary workers, or overtime. One of the 17 school districts responded, stating that 70 percent of the leave would be replaced. According to the 2018 Family and Medical Leave Act (FMLA) Surveys, 6 percent of employers stated the most frequently used method to cover work when employee takes leave of a week or longer is to hire a temporary replacement.¹² A 2011 survey of employers for the San Francisco paid sick and safe leave policy found similar results, stating 6 percent of employers in the “Education, Health Care, and Social Services” industry responded that they always or frequently replace workers on leave.¹³

Given there is one survey response from surveys sent out to school districts in Senate District 11, there is not enough information to make an estimate on the regular response

by schools to how they replace the work for employees taking leave as a result of the earned sick and safe time law for survey data. There are also limitations to using the FMLA and San Francisco data, given its lack of specificity to the needs of schools and parameters of the language passed into law.

One important piece to note is that the new cost to school districts is only for replacing the work of positions that would not have been replaced before the earned sick and safe time law existed. If a position would have been replaced in previous years when someone was out sick due to illness, even if the person out was not eligible for paid sick and safe leave, that is not a new cost to the school district.

A good example of this is the hiring of substitute teachers or substitute paraprofessionals. This local impact note assumes positions that require someone on task (such as a teacher in a classroom) were already being replaced by districts on days of absence for illness or safety-related concerns and therefore, for those positions, this is not a new requirement for schools. The marginal cost of the earned sick and safe time law is only for that work which would not have been replaced but for this bill.

Given that surveys about replacement of employees is around 6 percent generally, and because the LBO does not have a better estimate to use specific to school districts in Minnesota, this local impact note will assume a 6 percent replacement rate for employees on sick and safe leave as a result of this law. For purposes of this analysis, the LBO assumes that the worker replacing the employee on sick or safe leave is compensated at the same hourly rate of \$25 per hour.

Table 5 provides the estimated cost of replacing 6 percent of the new, marginal sick and safe time hours taken assuming each newly eligible employee takes on average 42 hours of sick and safe leave per year.

Table 5: Cost of Replacing Employees Newly Eligible for Sick and Safe Leave Based on Newly Eligible Employees Taking 42 Hours of Sick and Safe Leave Per Year

District Name	Estimated Total Hours of Paid Sick and Safe Time (42 hours per employee)	Estimated Total Hours of Paid Sick and Safe Time Replaced with Paid Worker	Average Hourly Wage	Total Cost (Estimated Hours * Average Hourly Wage)
Barnum ISD 91	378	23	\$25	\$575
Braham ISD 314	336	20	\$25	\$500
Carlton ISD 93	210	13	\$25	\$325
Cloquet ISD 94	1,386	83	\$25	\$2,075
Cromwell ISD 95	168	10	\$25	\$250
East Central ISD 2580	378	23	\$25	\$575
Esko ISD 99	462	28	\$25	\$700
Floodwood ISD 698	126	8	\$25	\$200
Hinckley-Finlayson ISD 2165	588	35	\$25	\$875
Moose Lake ISD 97	336	20	\$25	\$500
Mora ISD 332	840	50	\$25	\$1,250
Ogilvie ISD 333	378	23	\$25	\$575
Pine City ISD 578	630	38	\$25	\$950
Rush City ISD 139	462	28	\$25	\$700
St. Louis County ISD 2142	1,470	88	\$25	\$2,200
Willow River ISD 577	294	18	\$25	\$450
Wrenshall ISD 100	252	15	\$25	\$375
Total	8,694	523	N/A	13,075

Table 6 provides the estimated cost of replacing 6 percent of the new, marginal sick and safe time hours taken assuming each newly eligible employee takes on average 16 hours of sick and safe leave per year.

Table 6: Cost of Replacing Employees Newly Eligible for Sick and Safe Leave Based on Newly Eligible Employees Taking 16 Hours of Sick and Safe Leave Per Year

District Name	Estimated Total Hours of Paid Sick and Safe Time (16 hours per employee)	Estimated Hours of Sick and Safe Time Replaced with Paid Work (6 Percent of Sick and Safe Time)	Average Hourly Wage	Total Cost (Estimated Hours Replaced * Average Hourly Wage)
Barnum ISD 91	144	9	\$25	\$225
Braham ISD 314	128	8	\$25	\$200
Carlton ISD 93	80	5	\$25	\$125
Cloquet ISD 94	528	32	\$25	\$800
Cromwell ISD 95	64	4	\$25	\$100
East Central ISD 2580	144	9	\$25	\$225
Esko ISD 99	176	11	\$25	\$275
Floodwood ISD 698	48	3	\$25	\$75
Hinckley-Finlayson ISD 2165	224	13	\$25	\$325
Moose Lake ISD 97	128	8	\$25	\$200
Mora ISD 332	320	19	\$25	\$475
Ogilvie ISD 333	144	9	\$25	\$225
Pine City ISD 578	240	14	\$25	\$350
Rush City ISD 139	176	11	\$25	\$275
St. Louis County ISD 2142	560	34	\$25	\$850
Willow River ISD 577	112	7	\$25	\$175
Wrenshall ISD 100	96	6	\$25	\$150
Total	3,312	202	N/A	5,050

Administrative costs

The LBO surveyed school districts about the possible administrative costs associated with implementing the earned sick and safe time law. School districts identified two main forms of administrative costs: (1) information technology investments and updates and (2) additional staff time to administer and coordinate the sick and safe leave. One respondent provided a dollar estimate of the administrative impact, stating that it would cost a total of \$10,000 to implement the new law – \$3,000 of this would be for software upgrades and \$7,000 would be used to make a part-time employee a full-time employee to administer the program.

Conclusion

The fiscal impact of the earned sick and safe time law is difficult to estimate due to the limited data and the specific employment needs of school districts. There are many unknowns including the number of employees that will be newly eligible for sick and safe time, how on-call employees (such as substitute teachers) will access sick and safe leave, and the number of hours worked by employees newly eligible for sick and safe leave. It is also difficult to predict the number of employees that will be replaced by paid labor that was not previously replaced.

Through a survey of school districts within Senate District 11, a review of publicly available data, and a review of the literature on the topic, this local impact note estimates the fiscal impact of SF 34. When using this data, it is estimated that the law will cost school districts in Senate District 11 between \$100,000 and \$300,000.

Appendix A: Survey of School Districts (Sample)



Earned Sick and Safe Time Survey for Senate District 11 Schools

Your assistance is requested.

The Minnesota Legislative Budget Office (LBO) requests your input as part of their work to prepare a local impact note on the fiscal impact of the earned sick and safe time law that passed in the 2023 legislative session. This local impact note is specific to school districts partially or wholly located in Senate District 11.

The local impact note request was made as part of the local impact note process as established in Minnesota Statute 3.986 – 3.988. A local impact note is an estimate of the fiscal impact of legislation on political subdivisions (counties, cities, townships, and school districts). For more information about the local impact note process, please visit the LBO website (<https://www.lbo.mn.gov/>).

The Minnesota Legislature passed 2023 Session Law, Chapter 53, Article 12 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/53/>) setting baseline requirements for employers to provide earned sick and safe time benefits to employees, effective January 1, 2024.

Please respond to the following survey to support the LBO in developing an estimate of the fiscal impact of this law on your organization. If you are not able to answer a question, please leave the space provided for that question blank.

1. Name and contact information for person completing the survey for your school district:

Name

School District Name and ISD Number

Email Address

Phone Number

2. Does your school district have any employees that are eligible for paid leave as a result of the 2023 earned sick and safe time law that did not already receive paid leave prior to the law?

Yes

No

3. What is the projected number of employees in your school district that will be newly eligible for paid leave as a result of the earned sick and safe time law? Enter number or "unknown."

4. What types of employees will receive a leave benefit that did not have access to any paid leave benefit prior to this law?

Provide examples of the job titles of impacted employees as well as type of employment (part- time, seasonal, temporary, etc.)

5. Estimate the total hours worked in a calendar year for all employees that will have new leave benefits because of the earned sick and safe time law.

6. Do you plan on replacing the hours worked of employees taking paid leave with either replacement workers, temporary workers, or overtime as a result of the passage of the earned sick and safe time law?

If so, provide the job titles of employees that will be replaced with replacement workers, temporary workers, or overtime. Also describe the type of employment (part-time, seasonal, temporary, etc.) for these workers.

Yes (If yes, list job titles and type)

No

7. Estimate the percentage of total leave taken that will be replaced in some form (replacement workers, temporary workers, overtime) as part of the new leave benefit.

For example, if you think half of the leave taken under the new leave benefit will be replaced in some form, enter 50 percent.

8. What is the average wage per hour for all employees that will receive the new earned sick and safe time leave benefit?
9. Has your district incurred or do you expect to incur Human Resources (HR) or Information Technology (IT) costs as a result of implementing the earned sick and safe time law?

Yes (If yes, please describe and provide an estimate of the costs.)

No

10. Are there any other direct fiscal impacts to your school district you want to make us aware of related to the implementation of the earned sick and safe time law?
11. Please provide any additional information you would like to share with the LBO about the implementation of the earned sick and safe time law.

Appendix B: Bureau of Labor Statistics National Compensation Survey

Average annual paid sick leave taken among US state and local government workers in the educational services industry from March 2014 to June 2023, unpublished BLS data

Year	Month	Estimate	Standard Error
2014	March	40.2	0.4
2014	June	40.0	0.4
2014	September	40.2	0.4
2014	December	40.3	0.4
2015	March	40.2	0.3
2015	June	40.1	0.4
2015	September	40.3	0.4
2015	December	40.4	0.4
2016	March	40.3	0.4
2016	June	40.2	0.4
2016	September	40.4	0.4
2016	December	42.7	0.4
2017	March	42.7	0.4
2017	June	42.5	0.4
2017	September	42.6	0.4
2017	December	42.9	0.4
2018	March	42.9	0.4
2018	June	42.7	0.4
2018	September	42.8	0.4
2018	December	42.9	0.4
2019	March	42.8	0.4
2019	June	42.6	0.4
2019	September	42.8	0.4
2019	December	43.0	0.4
2020	March	43.0	0.4
2020	June	42.8	0.4
2020	September	42.9	0.4
2020	December	43.2	0.4
2021	March	43.0	0.4
2021	June	42.8	0.4
2021	September	43.0	0.4
2021	December	43.2	0.4
2022	March	42.9	0.4
2022	June	42.3	0.4
2022	September	42.5	0.4
2022	December	42.4	0.4
2023	March	42.1	0.4
2023	June	42.1	0.4

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