



REPORT TO CITY COUNCIL

Report Prepared by: Nancy Malecha

Date: May 5, 2020

Subject: Resolution Supporting Sustainable Funding Source for COVID-19 Coverage for Public Safety and Health Care Workers

Report: Attached is information from the League of MN Cities regarding the lack of sustainable funding for COVID-19 coverage for public safety and health care workers and the impact this lack of funding will have on the State's workers' compensation programs which will impact all municipalities across Minnesota. I am requesting the Council consider adopting the resolution supporting the establishment of a sustainable funding source outside of the workers' compensation programs to pay for COVID-19 coverage for public safety and health care workers.

Council Action Requested: Council motion adopting the resolution supporting the establishment of a sustainable funding source outside of the workers' compensation programs to pay for COVID-19 coverage for public safety and health care workers.



League Statement on Minnesota State Legislature's COVID-19 Workers' Compensation Bill

(April 7, 2020–St. Paul, MN) “The League of Minnesota Cities is deeply concerned that legislation being considered this afternoon lacks a sustainable funding component and may lead to unprecedented stress on the state’s workers’ compensation system. That system is not designed to accommodate needs prompted by a historic pandemic, and identification of an alternative funding source is imperative.

While a great deal of unknowns remain about how the pandemic will unfold, using the state’s own projections we currently estimate workers’ compensation costs for public safety employees ranging from \$100 million to more than \$500 million. As it now stands, local governments will have no choice but to pass along these costs to property taxpayers at a time when they can least afford it.

The League is proud of the professional and selfless work being performed by public safety and health employees during this extraordinary time, and fully supports providing financial protections for those who contract COVID-19. But passage of today’s legislation leaves critical, unfinished business.

The League of Minnesota Cities requests a partnership between the Legislature and the governor to finish the job and identify a funding source. Our fellow Minnesotans serving in health care and public safety are putting their lives on the line for us. They deserve the best financial protection our state can offer. We can do that without compromising the future of our workers’ compensation system and further burdening local economies.”

Your LMC Resource

Don Reeder

Public Affairs Manager

(651) 215-4031

dreeder@lmc.org



COVID-19 Workers' Comp Law Provides No Financial Assistance for Local Governments

April 13, 2020

The League supports financially protecting public safety and health care workers, but says the state needs to fund the measure, which could cost as much as \$500 million.

Under a bill passed by the House and Senate last week, public safety and health care workers who contract COVID-19 will be covered by workers' compensation.

The new law ([Chapter 72 \(https://www.revisor.mn.gov/laws/2020/0/Session+Law/Chapter/72/\)](https://www.revisor.mn.gov/laws/2020/0/Session+Law/Chapter/72/)), which was signed by Gov. Tim Walz on April 7, requires that if these workers get COVID-19, it should be presumed that they were exposed at work.

Law could devastate workers' comp system

The League opposed the legislation, insisting that the impact of the presumption could be substantial given the unprecedented nature of the pandemic. While protecting public safety workers is paramount, a great deal of unknowns remain about how the pandemic will unfold. Using the state's own projections, the League estimates that workers' compensation costs for public safety employees could range from \$100 million to more than \$500 million.

Without financial backing from the state, the new law could have significant negative implications for the long-term financial and administrative stability of the workers' compensation system. For public employers, the cost to compensate workers who contract COVID-19 will be passed on to property taxpayers at a time of pronounced economic instability.

—[Read the League's statement on the bill \(https://www.lmc.org/about/for-the-media/league-statement-covid-19-workers-comp-bill/\)](https://www.lmc.org/about/for-the-media/league-statement-covid-19-workers-comp-bill/)

Unfortunately, legislative leaders were unable to reach agreement on a financial plan that would have provided state or other assistance to moderate the financial impact on local units of government.

League continues to advocate for city assistance

Since the law's passage, the League has contacted key legislators in an effort to structure a financial response package. Chief House author of the bill, Rep. Dan Wolgamott (DFL-St. Cloud) and Assistant Senate Majority Leader Eric Pratt (R-Prior Lake) are working with the League to develop legislation.

The League has also been collaborating with other local government associations and nongovernmental stakeholders on identifying funds and mechanisms to cushion the impact on local economies. This includes using a portion of the federal aid Minnesota will be receiving to reimburse organizations that are faced with a high amount of COVID-19-related workers' compensation costs.

The League will continue to work with key legislators on a proposal to provide state assistance to address the financial implications of this new law. Please contact your legislators to make sure they are aware of city concerns and urge them to support forthcoming funding legislation.

For more background information about this bill, read [a previous article \(https://www.lmc.org/news-publications/news/all/public-safety-health-employees-covid-fund/\)](https://www.lmc.org/news-publications/news/all/public-safety-health-employees-covid-fund/).

**CITY OF PEQUOT LAKES
RESOLUTION 20-___**

**RESOLUTION SUPPORTING THE ESTABLISHMENT OF A SUSTAINABLE
FUNDING SOURCE OUTSIDE OF THE WORKERS' COMPENSATION PROGRAMS
TO PAY FOR COVID-19 COVERAGE FOR PUBLIC SAFETY AND HEALTH CARE
WORKERS**

WHEREAS, on March 13, 2020, the Governor of the State of Minnesota issued Executive Order 20-01 to declare a Peacetime Emergency due to the evolving public health emergency known as COVID-19; and

WHEREAS, the impacts of COVID-19 have resulted in the temporary closure of school systems and various types of businesses including public accommodations statewide; and

WHEREAS, on March 25, 2020, the Governor of the State of Minnesota issued Executive Order 20-20 to direct Minnesotans to Stay at Home which was subsequently extended through Executive Order 20-33 until May 4, 2020; and

WHEREAS, on April 7, 2020, the State of Minnesota Legislature passed a Bill providing for workers' compensation coverage for public safety and health care workers who contract COVID-19 while working and was subsequently ratified by Governor Walz; and

WHEREAS, the City of Pequot Lakes fully supports the desire of the Legislature and Governor to provide COVID-19 coverage for public safety and health care workers; and

WHEREAS, the Bill does not provide a funding source to cover the cost of providing COVID-19 coverage and has placed an unreasonable burden on the State's workers' compensation programs due to the unanticipated and historic pandemic; and

WHEREAS, the potential cost of providing COVID-19 coverage for public safety and health care workers has been estimated to be between \$100 million - \$500 million; and

WHEREAS, the impacts of the estimated cost of COVID-19 coverage, if placed on the shoulders of the state's workers' compensation programs, could substantially impact the City of Pequot Lakes' annual operating budget and the annual operating budgets of all municipalities across the State of Minnesota; and

WHEREAS, the City of Pequot Lakes desires to work with the Legislature and the Governor in the spirit of collaboration to find an appropriate funding source to adequately cover the cost of COVID-19 coverage for public safety and health care workers.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pequot Lakes, Minnesota, asks the Legislature and Governor of Minnesota to quickly and expeditiously determine a funding source to cover the estimated costs of COVID-19 coverage so as not to

unduly burden the state's workers' compensation programs and subsequently the annual operating budgets for cities of all sizes across the State of Minnesota.

Adopted by the City Council of the City of Pequot Lakes this 5th day of May, 2020.

ATTEST:

James Tayloe
Mayor

Nancy Malecha
City Administrator