



Minnesota Paid Leave

Minnesota Small Business Call
September 10, 2024

Why Paid Leave Matters

- Minnesotans take care of each other. In our communities, families, and workplaces, **we step up and help** the people we care about.
- Minnesota Paid Leave will **support people when they need time to care** for themselves and their loved ones.
- Supporting your employees when they need time for leave **builds connections in our families, communities, and workplaces**, and improves employee retention, performance and morale on the job.
- Minnesota Paid Leave will help ensure Minnesotans **don't need to choose between financial stability and being there for their families**.



Minnesota's Paid Leave Program

- The Minnesota Paid Leave law, **enacted in May 2023 and updated in May 2024**, makes paid family and medical leave coverage available to Minnesota workers beginning Jan. 1, 2026.
- The law provides **job protections and partial wage replacement**, paid by the state, to individuals who take leave for a qualifying condition, such as to bond with a new child or for medical care for themselves and their loved ones.
- The Paid Leave program will be **funded by premiums** made up of contributions from employees and employers.

Covered Leave

Medical Leave

Up to 12 weeks

Medical



Leave to care for an individual's own serious medical condition.

Family Leave

Up to 12 weeks

Bonding



Leave to bond with an individual's child during the first 12 months after the child's birth or after the placement of the child through adoption or foster care.

Caring



Leave to care for a family member with a serious health condition.

Safety



Leave because of domestic abuse, sexual assault, or stalking of the individual or individual's family member.

Active Duty



Leave because a family member is on active duty or has been notified of an impending call or order to active duty in the Armed Forces.

Maximum of 20 weeks total leave in a benefit year.

Qualifying conditions must last more than seven days and be certified by a health care provider or designated professional.

Who Paid Leave Covers

Covered employers	Nearly all Minnesota employers, regardless of business size or number of employees.
Covered employees	Includes full-time, part-time, temporary and most seasonal workers.
Who is not required to participate?	<p>Independent contractors and self-employed individuals may opt in.</p> <p>Certain seasonal hospitality employees are excluded.</p>

Paid Leave Wage Payments

Partial Wage Replacement



- Wage replacement means workers can take the time they need to focus on care and bonding and return to work with improved morale and productivity.
- To support Minnesota workers who need it most, the program is designed to replace wages at a higher percentage for lower income claimants. Eligible individuals can receive up to 90% wage replacement while taking leave up to a maximum value of \$1,337 per week (equal to the statewide average weekly wage).
- To be eligible, employees must have earned at least 5.3% of the statewide average annual wage (\$3,684 in 2023) in the past year.

Paid Leave Job Protection



Job Protections

- Job protected leave improves employee retention, as workers can take the time they need to bond and care without having to choose between their job and their family.
- An employee who has taken family or medical leave must be restored to the same position or an equivalent position with the same pay, status, benefits, length of service, and seniority as prior to the date of leave.
- Job protections for employees begin after 90 calendar days from the date of hire.

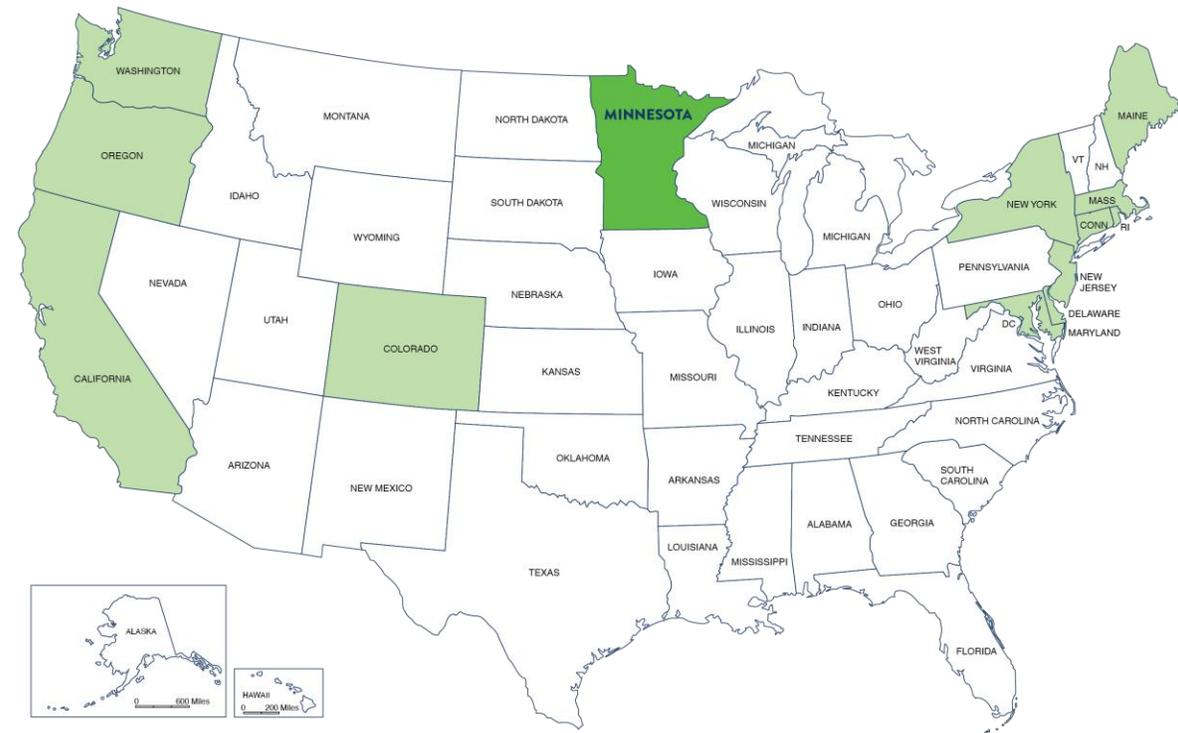


Building Minnesota Paid Leave

Partnering for Paid Leave that works for all

Building Paid Leave

- Minnesota will be the 13th state to implement Paid Leave, and we will leverage their experience to build an intuitive, accessible program that works.
- States that have implemented paid leave programs have seen:
 - Better health and development outcomes for children
 - Higher labor market attachment for women and labor force participation generally
 - Greater economic security for families.



State Partners for Paid Leave



A new division at the Department of Employment and Economic Development (DEED) responsible for overall program build-out and benefits payments



Responsible for Paid Leave job protection



Responsible for approving private insurance plans to meet Paid Leave requirements



Responsible for UI Online system for employer wage reports and premium payment

Community Partners for Paid Leave



Small
Employers



Larger
Employers



HR
Professionals



Medical
Providers



Equity
Groups



Domestic
Violence and
Sexual Assault
Advocates



Hospitality
Industry



Insurance
Industry



Third Party
Administrators

- Input from businesses, organizations, and individuals helps to make Paid Leave work better for all Minnesotans.
- Since December, Minnesota Paid Leave has held nearly 100 engagement sessions with a variety of stakeholders to answer questions and gather input on the program.
- In addition to ongoing public meetings like this one, the division is gathering public input through rulemaking.

Rulemaking

Rulemaking is the way that state agencies adopt, amend, or repeal program regulations, or rules. The process provides the public a means to comment on rules that affect them. The Paid Leave division is finalizing draft rules in several areas:

- Health Care Provider Certification
- Seasonal Employment
- Opting In
- Overpayment
- Claims Administration
- Leave Modifications
- Benefit Payment Schedules
- Private Plans
- Role of the Employer
- Small Employer Assistance Grants
- Covered Employment
- Job Protections
- Intermittent Leave
- Safety Leave

The division recently held 19 virtual engagement sessions that drew over 950 attendees and nearly 600 written comments. **Final draft rules will again be up for public review this fall.**

Building Paid Leave: Key Milestones

2024

- **Public Comment on rulemaking** for Paid Leave, summer and fall 2024
- First **quarterly wage report** due Oct. 31, 2024
- Initial **Private Plan guidance** available late fall 2024

2025

- **Private Plan applications** open for employer exemptions
- Community Outreach Grants start July 2025
- Employers need to notify their employees about Paid Leave benefits by Dec. 1, 2025

2026

- **Payroll Deductions** start Jan. 1, 2026
- **Benefits and leave available to Minnesotans** Jan. 1, 2026
- **Small Business Assistance** funding available Jan. 1, 2026
- First **quarterly premium** due by April 30, 2026



Employer Roles and Responsibilities

Making Paid Leave Work

Employers' Role in Paid Leave

Paid Leave supports your employees when they need it most and strengthens connections in our families, communities, and workplaces. As an employer, you play an important role in helping your employees learn about and access Paid Leave and in building an effective program.

Educate & Inform

- Workforce Posters
- Individual Notifications

Reporting & Premiums

- Payroll deduction & premium payment
- Wage Reporting

Leave Administration

- Coordinate other leaves and payments to employees on leave
- Support return to work

Collaborate & Improve

- Collaborating on how to operationalize the law
- Providing input on how to improve over time

Informing Your Workforce

Most Minnesotans learn about their rights and benefits in the workplace. At Minnesota Paid Leave, we are eager to partner with employers to **help you be effective and enthusiastic messengers** to your employees, so you can benefit from the **improved retention, productivity, and morale** Paid Leave brings.

BY DECEMBER 2025

Employers are required to...

- **Hang a workforce poster** in a conspicuous place in English and any language spoken by more than 5 employees.
- **Notify individual employees** directly in their native language within 30 days of hire or 30 days before premium collection begins.
- **Notify any employee in the hospitality industry determined to be a *seasonal employee*** and therefore excluded from coverage.

Minnesota Paid Leave will...

- Create the poster and make it available in multiple languages on our website.
- Create a model notification letter in multiple languages for download on our website.
- Create a model notification letter in multiple languages that will be provided following a determination decision.

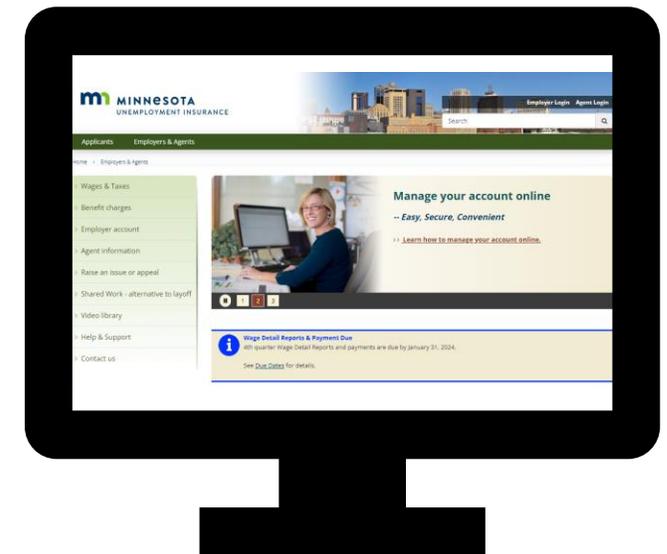


Reporting Wages

To determine if Minnesota workers are eligible for Paid Leave benefits, Minnesota employers will need to report wage data for their employees starting October 31, 2024.

The Paid Leave program will use the same online reporting system as Unemployment Insurance (UI) to reduce the administrative burden for employers.

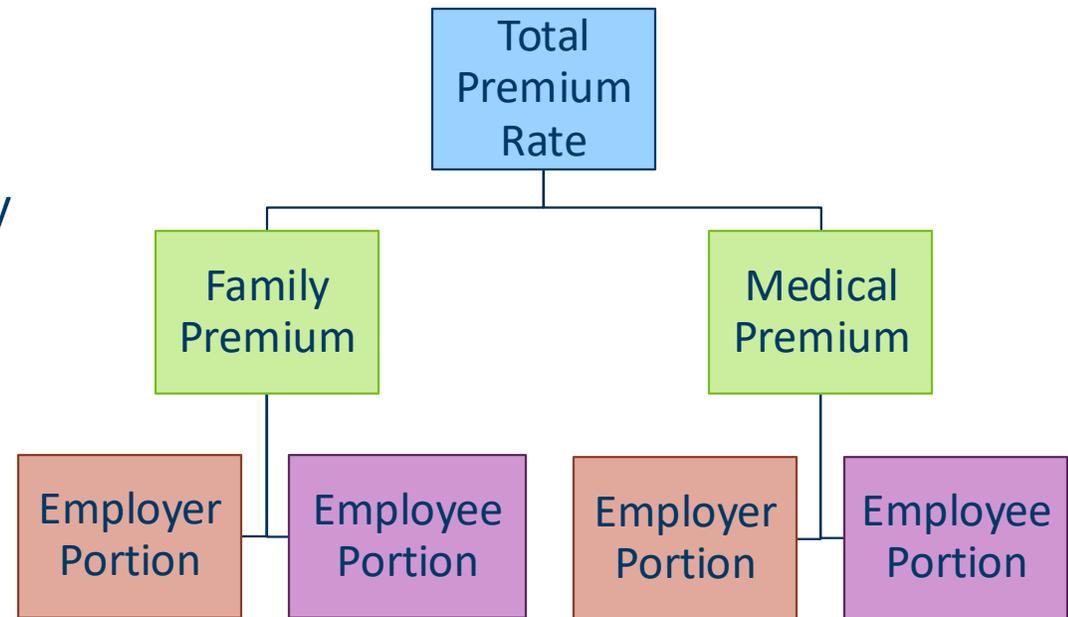
- **Employers that already participate in the UI system will not need to create a new account for Paid Leave.**
- Employers that do not participate in UI will create a Paid Leave Only account.
- Wages will be reported once per quarter using the current UI Wage Detail reporting process and format.



Funding the Program

Starting January 2026, Paid Leave premiums will be financed through payroll deductions on employee wages and contributions from employers. The first premium is due April 30, 2026.

- The Total Premium Rate includes premiums for both Family and Medical Leave.
- Employers can deduct up to 50% of premiums from employee paychecks, starting January 1, 2026.
- Employers may choose to pay more than their required portion for some or all employees.
- Employers with fewer than 30 employees are entitled to a reduced premium.



Coordinating Benefits and Leave

Paid Leave fits into a bigger picture for workers and employers, as many already offer various leave benefits to employees.

As a trusted messenger to your workers and with your experience in the workplace, employers will play an important role coordinating Paid Leave and other benefits.

Minnesota Paid Leave is partnering with employers and communities to deliver solutions that make Paid Leave work for all Minnesotans.

Your partnership and support for Paid Leave allows employees to take the time they need to care, builds connections in our communities and workplaces, and improves retention, productivity, and morale on the job.



Small Employer Assistance

Starting in January 2026, funding will be available to support small businesses during an employee's absence.

Qualifications:

- Minnesota employers with:
 - 30 or fewer employees
 - Average employee wage of under 150% of Statewide Average Annual Wage
 - Under \$104,286 in 2023

Benefits:

- Funding up to \$3,000 to
 - Hire temporary workers
 - Increase an existing workers' wages to substitute for an employee



Community Outreach Grants

Starting in July 2025, grants will be available to community-based organizations to:

- Build capacity to provide Paid Leave **outreach, education, and technical assistance** for employees, employers, and self-employed individuals
- Increase **equitable awareness, understanding and access** to Paid Leave rights and benefits.
- Learn how DEED's **outreach, education, and communications** on Paid Leave can be improved



Help Make Paid Leave Work

Your partnership and experience help make Paid Leave work.

- Check out FAQs on our website: paidleave.mn.gov
- Sign up for the Paid Leave newsletter: [Minnesota Paid Leave Newsletter](#)
- Send us questions: [Paid Family and Medical Leave Question Form](#)
- Watch for upcoming opportunities to engage and provide feedback on program and product design

Thank you + Questions

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