



**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

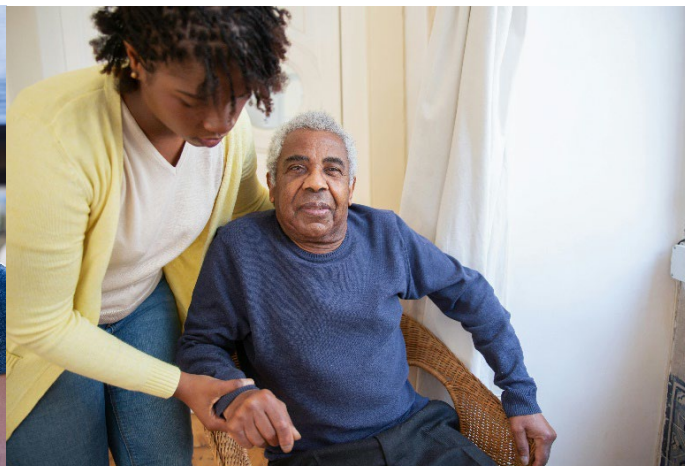
Paid Leave – Program Update

April 2025



Agenda

1. Intro to Paid Leave
2. Delivering Early and Often
3. What's Next in 2025



Intro to Paid Leave

Minnesota Paid Leave

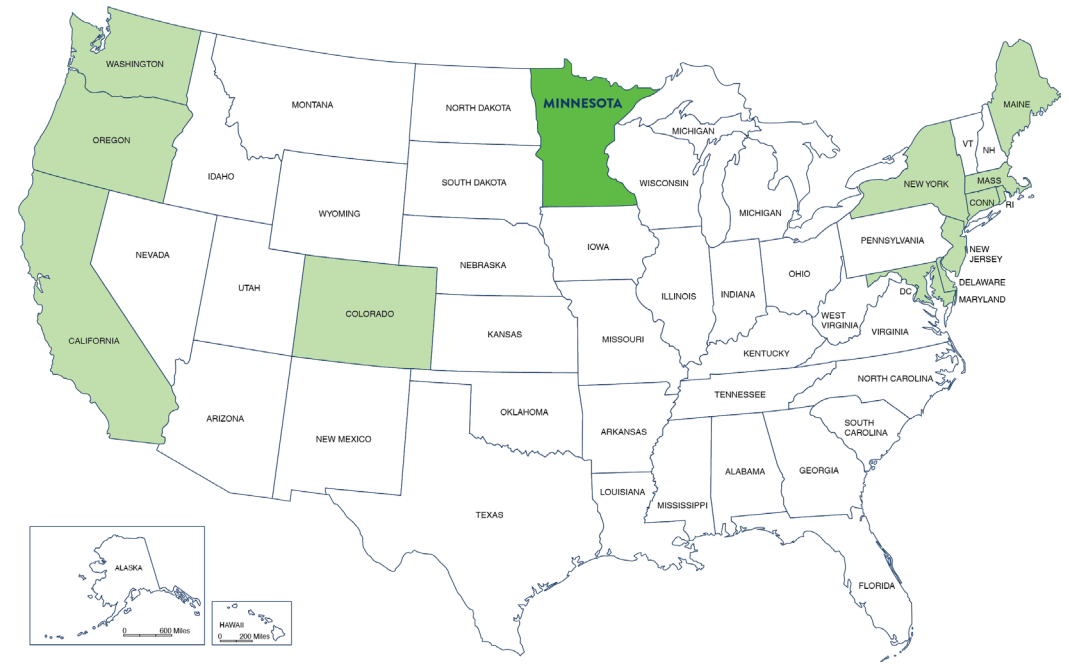
- The Minnesota Paid Leave law, **enacted in May 2023 and updated in May 2024**, makes paid family and medical leave coverage available to Minnesota workers **beginning Jan. 1, 2026**.
- The law provides **job protections and partial wage replacement**, paid by the state, to individuals who take leave 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.

Building Paid Leave

Minnesota will be the 13th state to implement Paid Leave, and we will leverage other states' experiences to build an intuitive, accessible program that works.

Based on lessons learned we:

- Launched wage detail in a system employers already know and trust;
- Drafted rules to support implementation of the statute, building on best practices from other states;
- Collaborated with the Department of Commerce to create a viable market for equivalent plans;
- Built off known user experience patterns to simplify engagement with the division.



Covered Leave

Medical Leave

1-12 Weeks



Medical

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

Family Leave

1-12 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.



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.



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.

Maximum of 20 weeks combined in one year if someone qualifies for both medical and family leave.

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

- **Paid Leave helps Minnesotans focus on what matters**, whether that's caring for a child, recovering from an illness, or supporting a loved one.
- **Minnesotans can get up to 90% of usual wages**, up to a maximum of \$1,372 per week (based on 2024 numbers).
- **Lower-wage workers get more support. If you earn less**, you'll get a higher percentage of your paycheck covered while on leave.
- You must have earned at least 5.3% of the statewide average yearly wage in the past year to be eligible (\$3,781 in 2024).



Paid Leave Job Protection



- **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**.



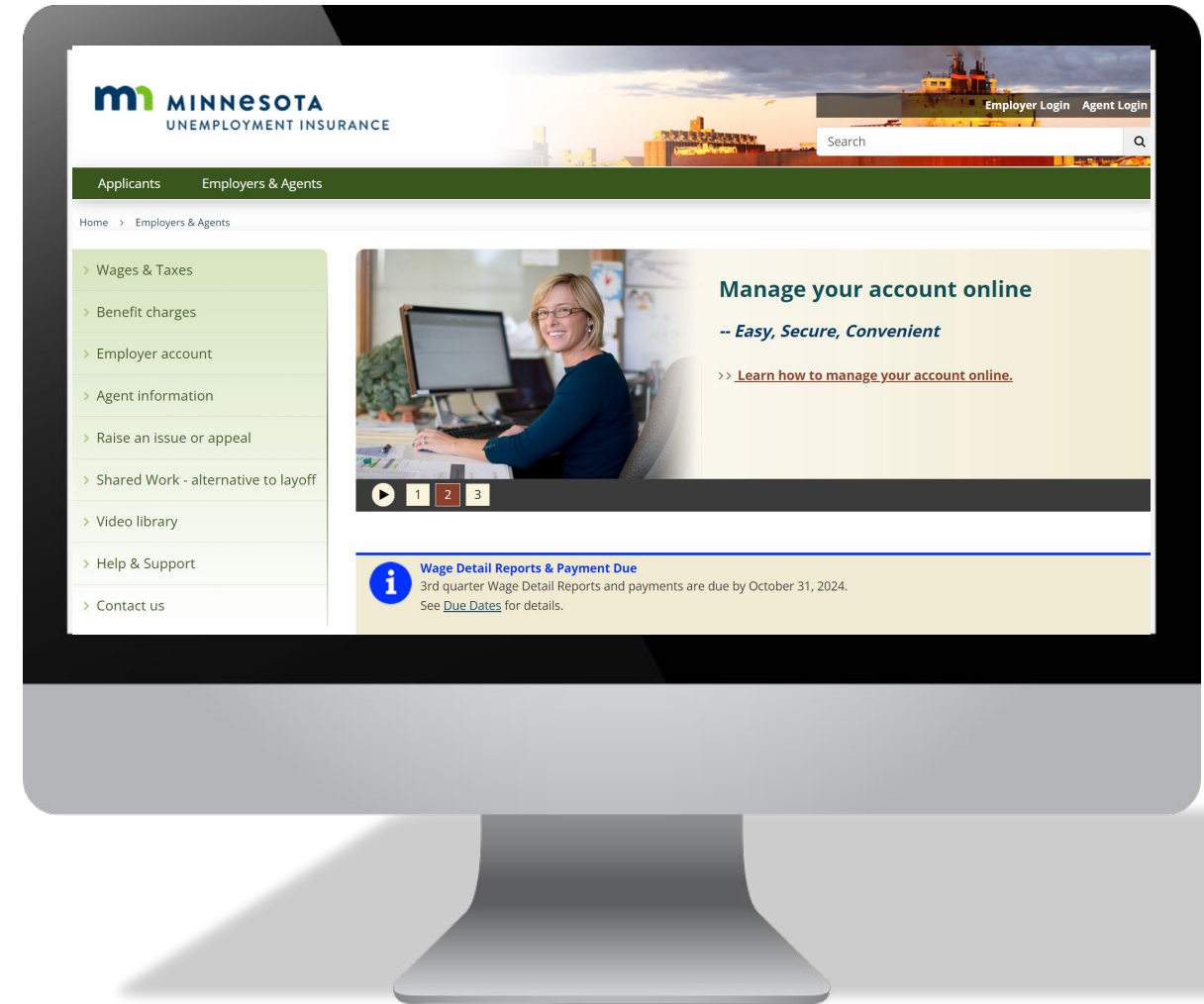
Delivering Early and Often

Wage Detail Reporting

Paid Leave has partnered with Unemployment Insurance (UI) to use its online portal for collecting wage detail reports, and premium payments beginning in April 2026.

A quiet, but hugely important milestone

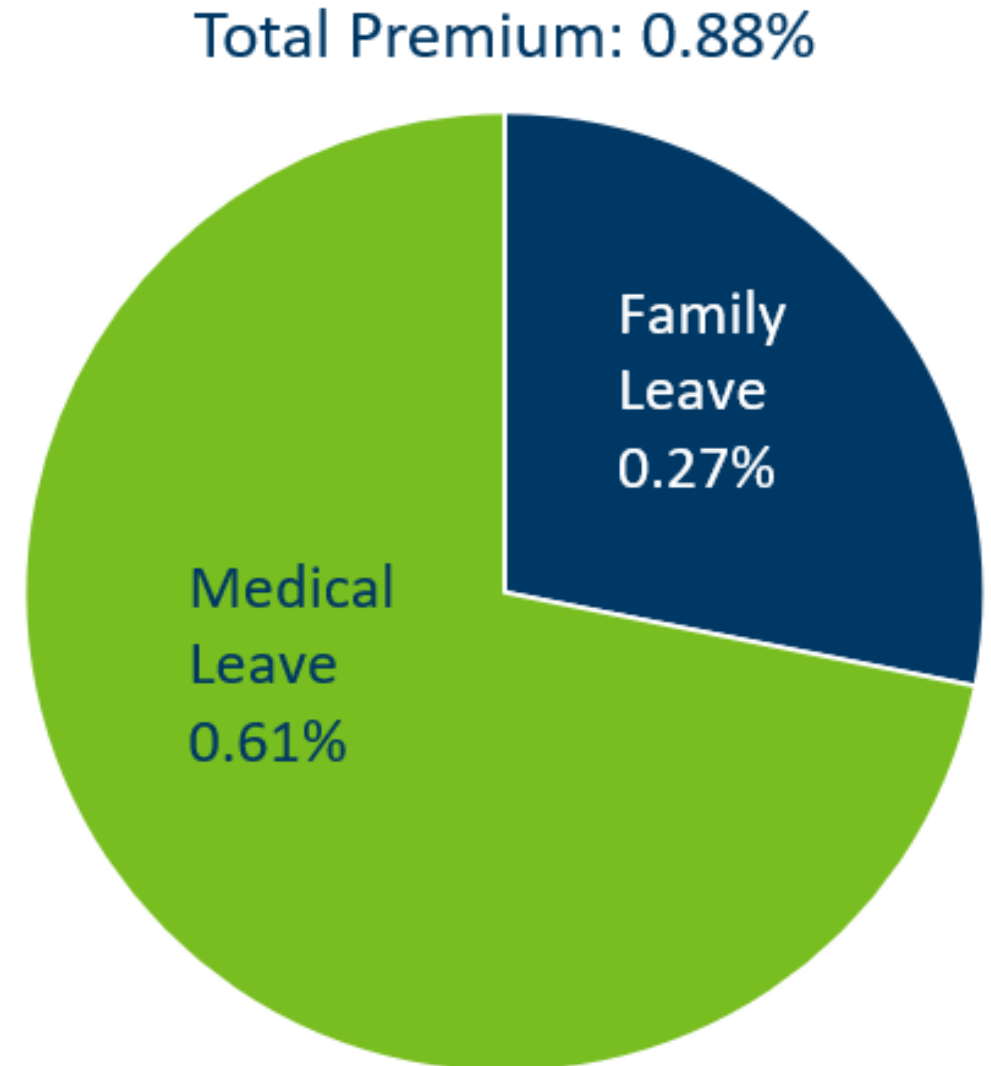
Over **160,000 employers** completed the initial wage detail for Paid Leave by completing their regular UI report for Q1 FY25 in October 2024.



Paid Leave Premiums

Paid Leave will be financed by premiums collected from employee payroll deductions and employer contributions.

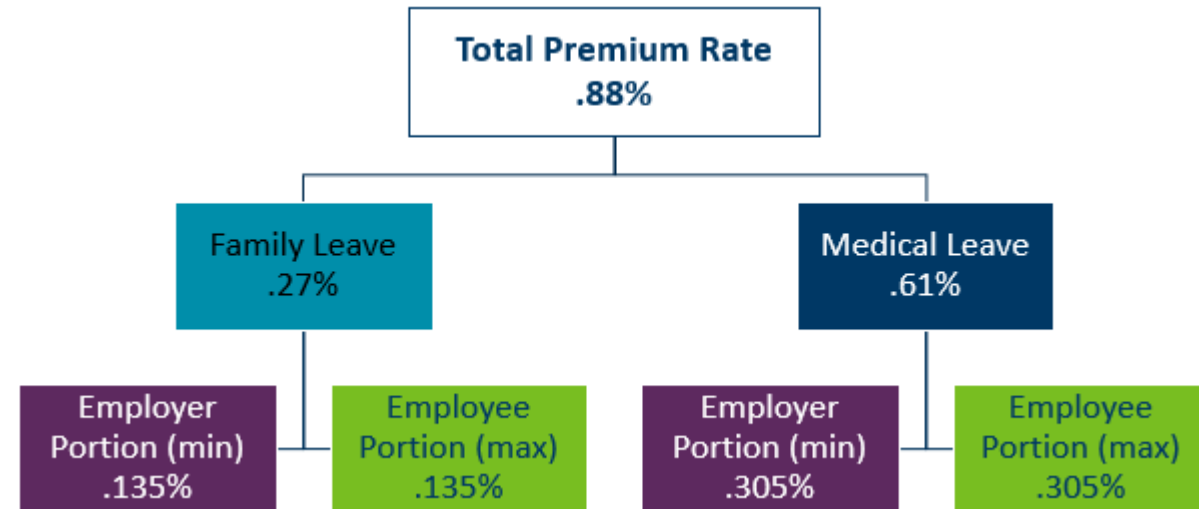
- When Paid Leave begins for Minnesotans in 2026, the premium rate will be .88%.
- The premium rate is applied on wages up to the Social Security cap (\$176,100).
- The total premium rate covers both family leave and medical leave.



Sharing the Premiums

Premiums will be shared between employers and employees.

- The first premiums are due by April 30, 2026.
- Starting January 1, 2026, employers can deduct up to 50% of premiums from employee paychecks.
- Employers may choose to pay more than their required portion for some or all employees.



Small Employer Premiums

Small employers pay a reduced premium.

- For small employers, their standard contribution is reduced by half.
- To qualify, an employer must have 30 or fewer employees, and an average employee wage of 150% or less of the statewide average (\$107,016 in 2025).
- This reduced employer premium does not change the amount owed by employees.

Standard
Employer
Rate



Small
Employer
Rate



Family Leave
0.135%

1/2



Family Leave
0.0675%

Medical Leave
0.305%

1/2



Medical Leave
0.1525%

Paid Leave Rulemaking

First Round of Public Comment

January 22, 2024 – July 11, 2024

- Held 19 virtual engagement sessions with over 950 attendees
- Received nearly 600 unique comments

Notice of Intent to Adopt

November 28, 2024 – January 3, 2025

- Received over 100 additional comments from 17 organizations

What's next?

The division is reviewing comments received and will soon submit final rules to the Office of Administrative Hearings. Timeline for adoption is dependent on their review.

Topics Addressed

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

Equivalent Plan Process



We're working closely with the Department of Commerce to develop a straightforward process to evaluate equivalent plan applications.

Initial Guidance Published: Late 2024

Open for Applications: Spring 2025

Insurance carriers are ALREADY able to submit plans to Commerce for review. This will create the equivalent plan insurance market in advance of our go-live for exemptions.

Equivalent Plan Request

The Paid Leave division is building a straightforward, user-friendly application for employers to apply for an equivalent plan exemption.

Registered employers will be able to apply for an exemption, upload plan documentation, and submit payment in a single place.

MINNESOTA PAID LEAVE Home My account Sign out

Get ready to make your request

Your organization may request an exemption from participating in Minnesota Paid Leave if you have an equivalent plan from an insurance carrier or are self-insured. [Learn more here.](#)

Estimated time to complete:
10—15 minutes

✓ **Requirements**

To receive an exemption, your plan must meet the following requirements:

- Provides minimum 12 weeks paid leave for covered employees
- Allows intermittent leave or reduced schedule
- Plan funding comes from employee payroll with employee contributions within state plan limits
- Payments made according to payroll cycle
- All covered employees as defined by 268B.015
- Coverage extends to former employees for 26 weeks
- The plan must start on the first day of a quarter
- Plan must include a signature

✓ **Before you begin, gather these required items**

If using an insurance carrier plan:

- Insurance plan documentation, which must include:
 - Policy number
 - Plan number (must match Department of Commerce records)
 - Coverage effective dates (minimum 1 year coverage required)

If self-insured:

- [Surety bond information form](#)
- Self-insured plan documentation - a document outlining your plan information. If you prefer, you can use our [self-insured plan template](#) to compile your self-insured plan information. This template is not required, but using it may reduce processing time. Plan documentation must include:
 - Bond number
 - Bond issuer contact information and address
 - Coverage effective dates (minimum 1 year coverage required)

✓ **Payment information**

- Request fee: \$100 (non-refundable)
- A service fee will be charged for this transaction; this fee varies based on payment method
- Payment must be made by credit/debit card through US Bank
- Payment is required to submit your request

Back Begin request

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.
- In the past year, Minnesota Paid Leave has held more than 150 engagement sessions with a variety of stakeholders to answer questions and gather input on the program.

Greater Minnesota Engagement



In Fall 2024, in partnership with the Minnesota Chamber Federation, we hosted 17 in-person events across the state with over 1,200 attendees.

Along with representatives from the Unemployment Insurance division, we've set out to help prepare employers for the Paid Leave program.

We're learning a lot from employers and that makes a difference!



Willmar Employer Session

Technology Delivery: Building as One Team



-
- Using best practices to deliver an excellent customer experience
 - Our development teams are made up of staff from the Paid Leave division, MNIT@DEED, and our vendor (Nava PBC)
 - Established product management function to support delivery alongside partners in MNIT and Nava
 - Leveraged vendor accelerator to establish environments and start development work immediately after contract signing
 - Developed an achievable roadmap to deliver needed experiences in advance of go-live date

Continuous improvement

Testing is a continuous process that ensures quality throughout the development of software.

Testing is performed jointly by MNIT, Paid Leave, and our vendor.

Our implementation will also be reviewed by an independent auditor.

Testing at a glance:

- Unit Testing
- Automated Checks and Linters
- Smoke Testing
- Regression Testing
- Load Testing
- Bug Bash
- End-to-End (E2E) Testing
- User Acceptance Testing
- Accessibility Testing
- Usability Testing
- Pen Testing

Program Integrity

Achievements to date:

- ✓ Internal Controls Plan written
- ✓ Most formal risk assessments completed
- ✓ Most formal fraud risk assessments completed
- ✓ Staff PDs written
- ✓ Fraud Risk Management Policy drafted
- ✓ Paid Leave retention schedule drafted

- Program integrity requires a multi-faceted approach including risk management, payment integrity, and internal controls
- We expect to use multiple toolsets and processes to maintain program integrity
- There is no one magical tool – requires constant vigilance and evolution

The Paid Leave Division is hiring!

Initial priorities focused on:

- Establishing a strong managerial foundation
- Launching and operating a live Contact Center
- Driving IT implementation
- Building program integrity into our core operations
- Building communications and engagement functions to prepare employers
- Managing rulemaking process

2025 Hiring

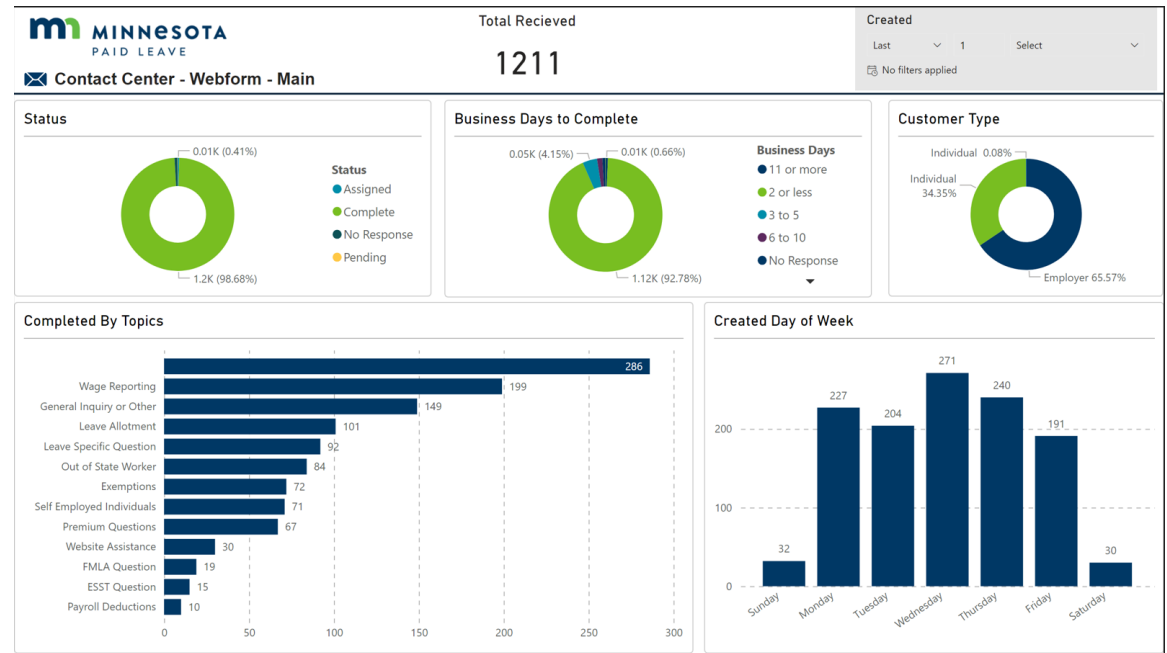
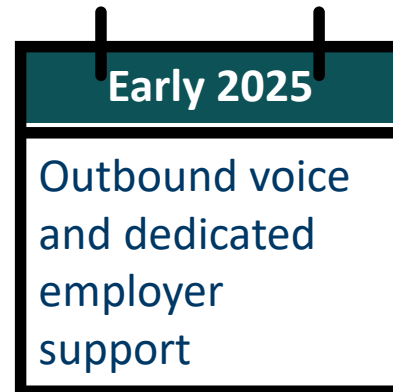
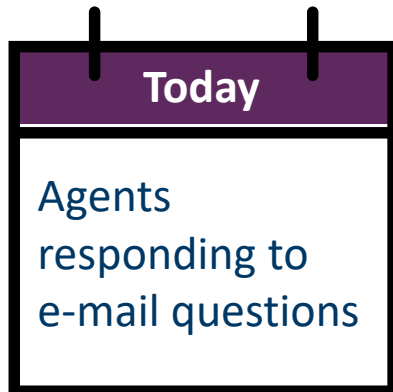
This spring and summer, we're bringing on individual contributors to deliver.

The majority of 2025 hires will be in operational roles including:

- contact center representatives
- claims adjudication agents
- Appeals staff
- Program integrity staff

Customer Contact

We've responded to over 1,200 direct questions
from the public through the website and are
building out a customer contact function over a
year before launch.





What's Next in 2025

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

Employers' Role in Paid Leave

Reporting & Premiums

- ☐ Payroll deduction & premium payment
- ☐ Wage Reporting

Educate & Inform

- ☐ Workforce Posters
- ☐ Individual Notifications

Leave Administration

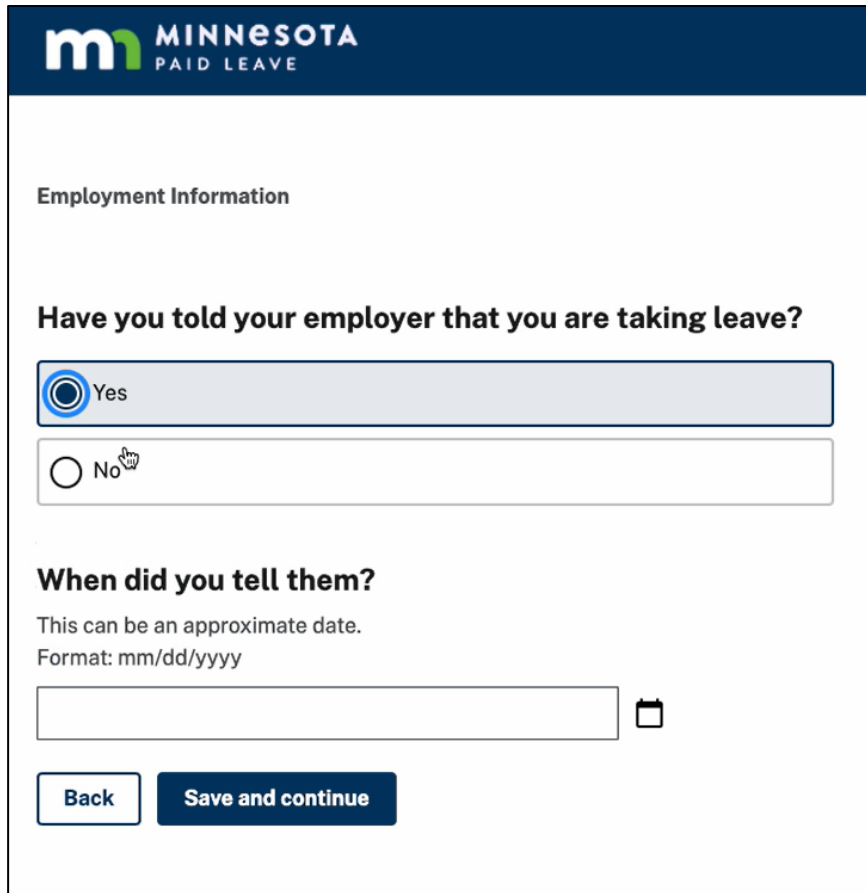
- ☐ Coordinate other leaves and payments to employees on leave
- ☐ Support return to work

Collaborate & Improve

- ☐ Collaborate on how to operationalize the law
- ☐ Provide input on how to improve over time

Employers play an important role in helping employees learn about and access Paid Leave and in building an effective program.

Employer Notice



The screenshot shows a web form titled "MINNESOTA PAID LEAVE" with the "m" logo. The section is labeled "Employment Information". The first question is "Have you told your employer that you are taking leave?". It has two radio button options: "Yes" (which is selected) and "No". Below this is another question: "When did you tell them?". A subtext says "This can be an approximate date. Format: mm/dd/yyyy". There is a date input field with a calendar icon to its right. At the bottom are two buttons: "Back" and "Save and continue".

MINNESOTA PAID LEAVE

Employment Information


Have you told your employer that you are taking leave?

☒ Yes

☐ No

When did you tell them?

This can be an approximate date.
Format: mm/dd/yyyy



Paid Leave will support employers in leave administration.

- Claims should always start with the employer. Employees will not be able to apply for Paid Leave until they have notified their employer.
- Employers will be notified through the system when:
 - an application is started
 - a document is uploaded related to a claim
 - an application is submitted
 - Paid Leave completes its review

Small Employer Assistance



Starting in January 2026, funding will be available to support small businesses during an employee's absence. Leave administrators will be able to apply for this funding once an employee is approved for leave.

Qualifications:

- 30 or fewer employees
- Average employee wage of under 150% of Statewide Average Annual Wage (\$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



Staying engaged

- 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