



**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

Paid Leave – Program Update

February 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

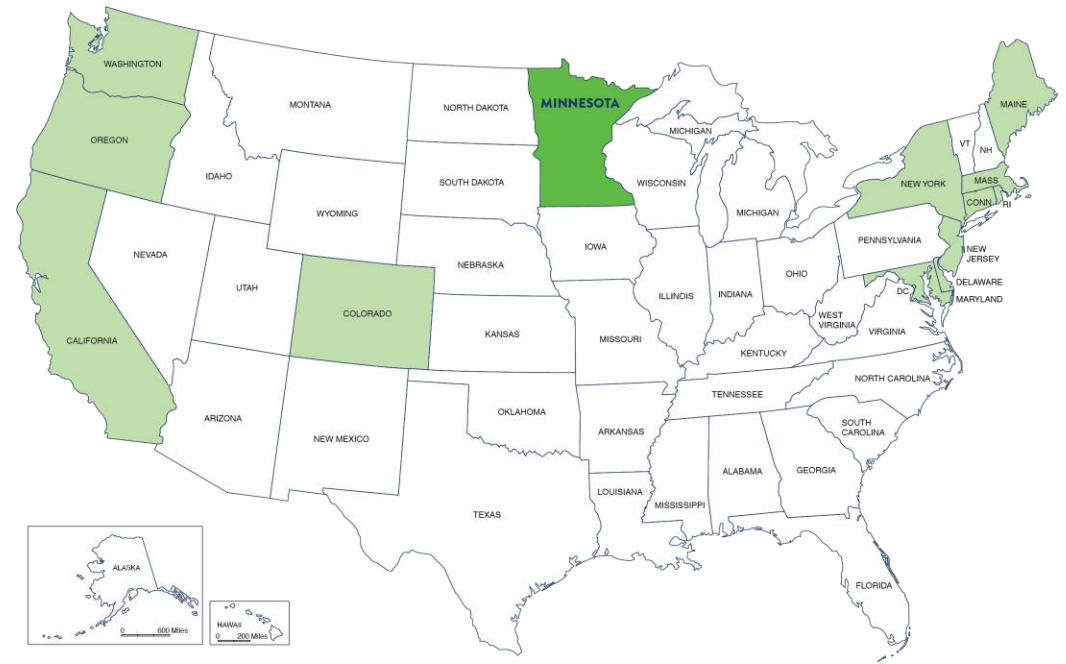
- The Minnesota Paid Leave law, **enacted in May 2023 and updated in May 2024**, makes paid family and medical leave coverage available to Minnesota workers **beginning Jan. 1, 2026**.
- The law provides **job protections and partial wage replacement**, paid by the state, to individuals who take leave 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.
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Covered employees	Includes full-time, part-time, temporary and most seasonal workers.
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Who is not required to participate?

Independent contractors and self-employed individuals may opt in.

Certain seasonal hospitality employees are excluded.

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**.



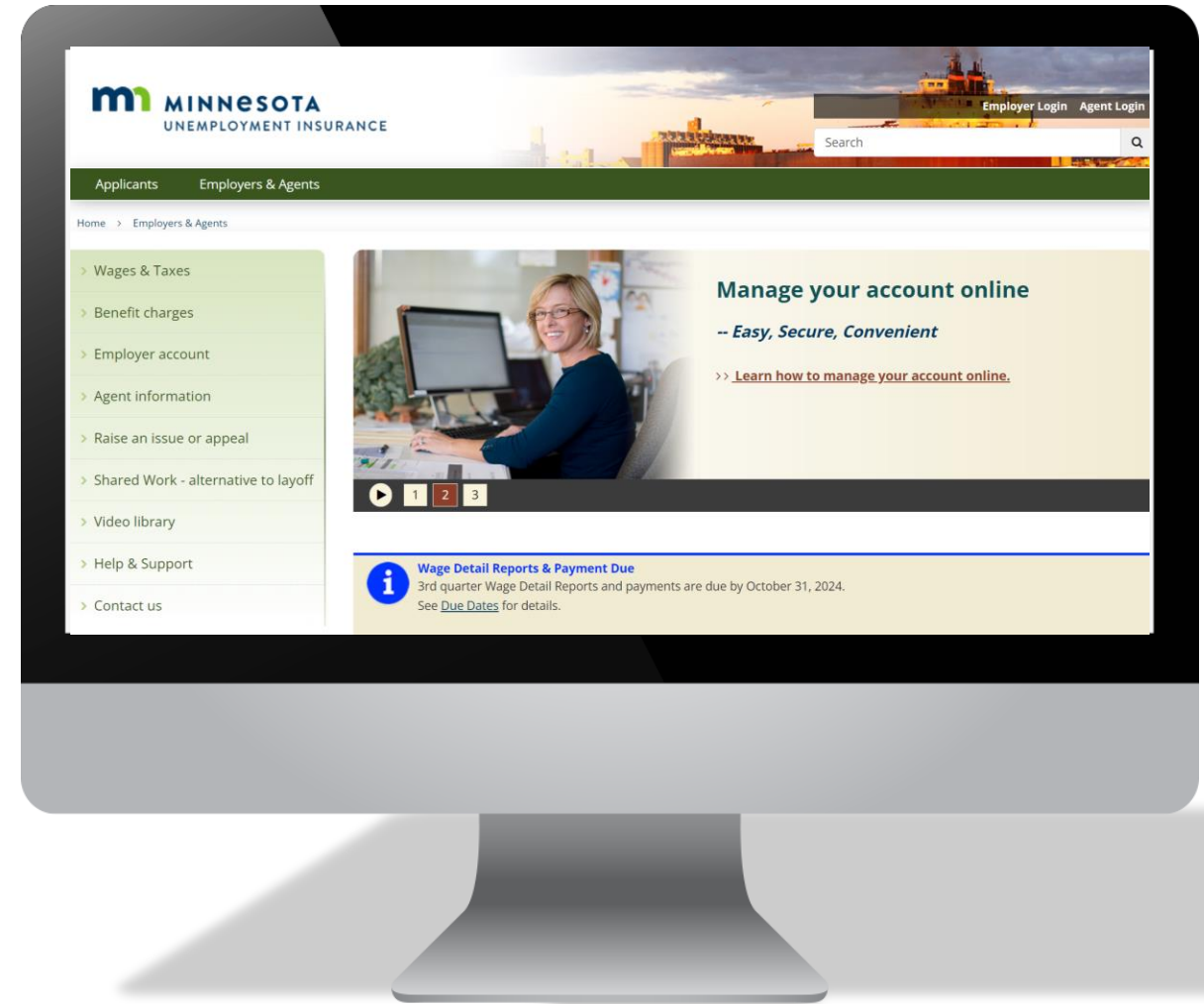
Delivering Early and Often

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

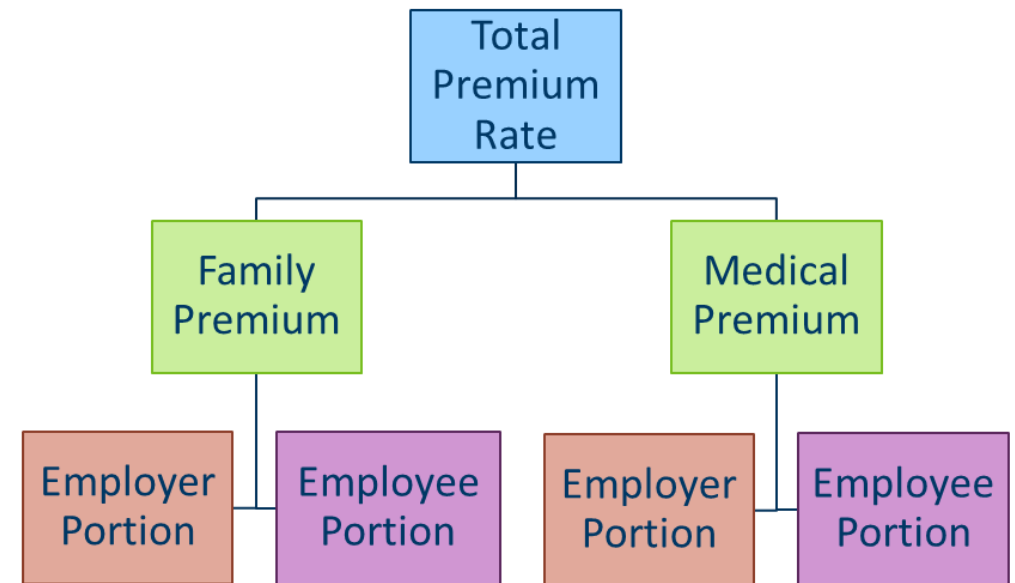
Over ***160,000 employers*** completed the initial wage detail for Paid Leave by completing their regular UI report for Q1 FY25 in October 2024.



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 30 or fewer employees are entitled to a reduced premium.



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



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

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.

Applications will be live this spring.

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Employer Exemption Request

1 Get ready 2 **Company information** 3 Plan information 4 Pay and submit 5 Under review 6 Receive determination

Are you requesting an exemption for the following employer?

Employer Name
Chuck's Bait Shop

FEIN
1234567890

Yes
 No

Primary contact information
The primary contact can be updated in User Management.

Name
Chuck Fishguy

Title
Owner

Email
chuck@chucksbaitshop.com

Phone Number
555-555-5555

Which of the following paid leave plans are you requesting exemption form?

Family leave only
 Medical leave only
 Family and medical leave

Did you purchase your plan from an insurance carrier or are you self-insured?

Purchased from an insurance carrier
 Self-insured

Back Save and continue to plan information

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



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- 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:

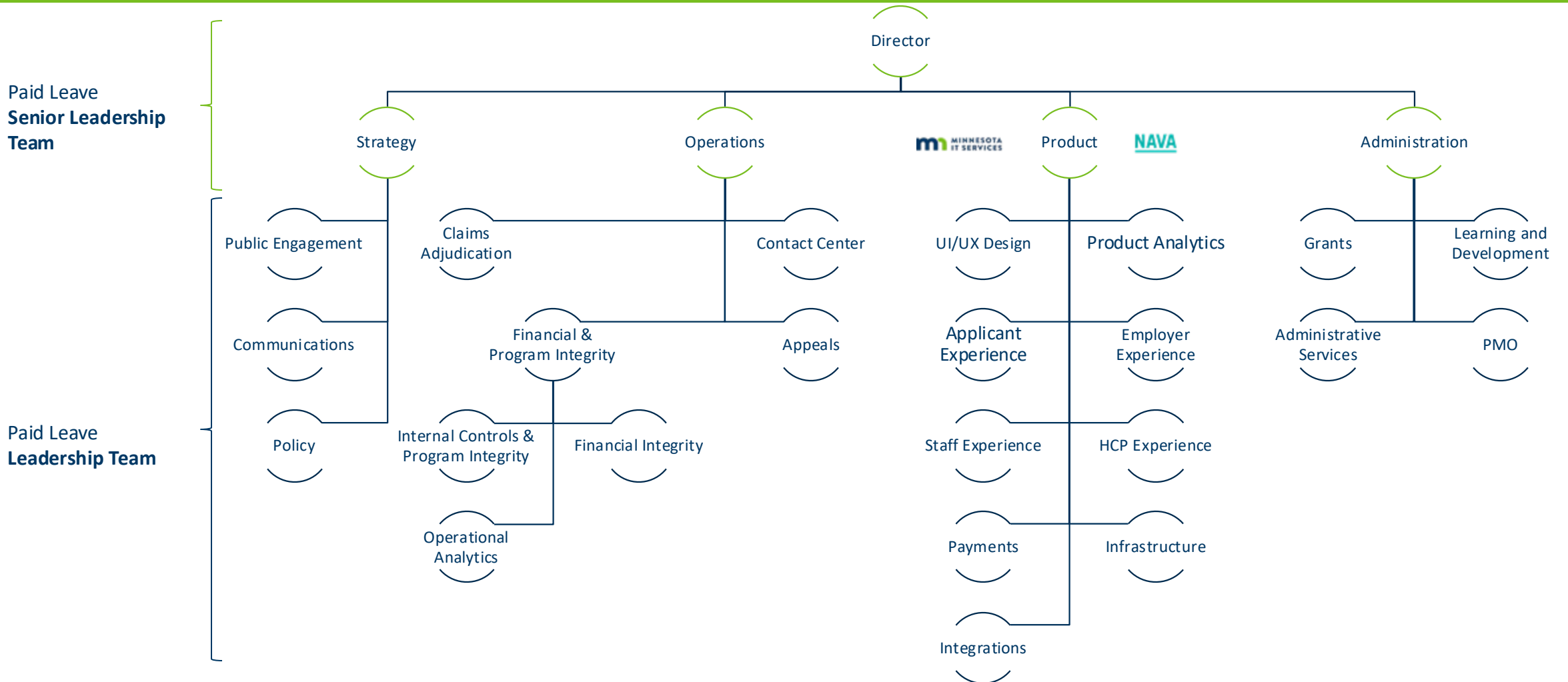
- Unit Testing
- Automated Checks and Linters
- Smoke Testing
- Regression Testing
- Load Testing
- Bug Bash
- End-to-End (E2E) Testing
- User Acceptance Testing
- Accessibility Testing
- Usability Testing
- Pen Testing

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

Paid Leave Division Leadership



Data Analytics Community of Practice

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

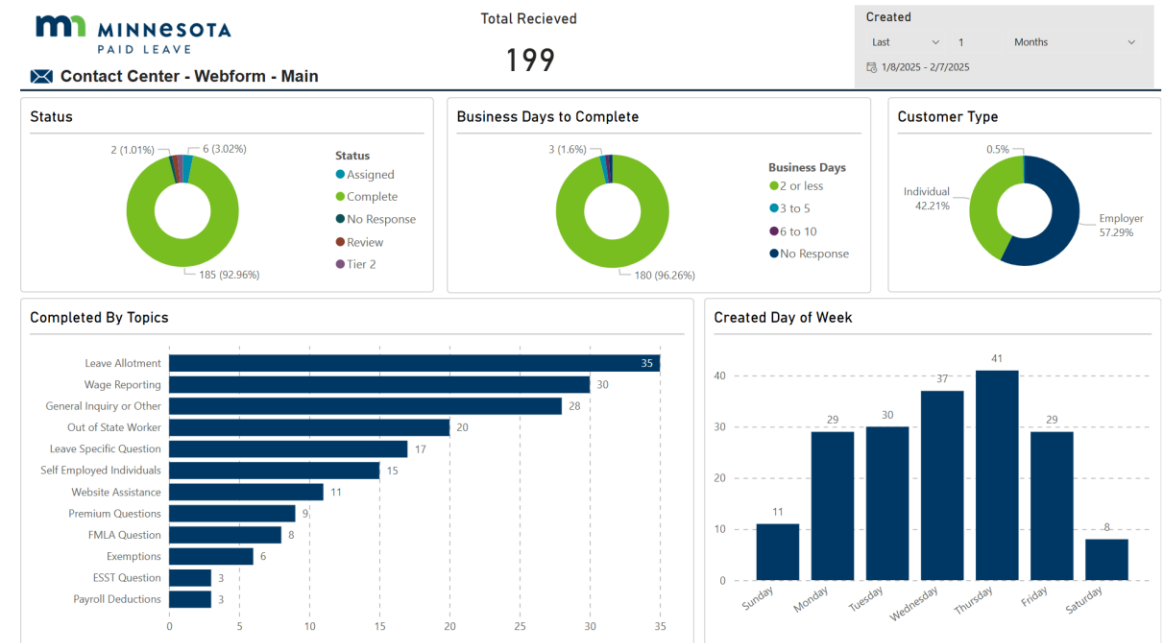
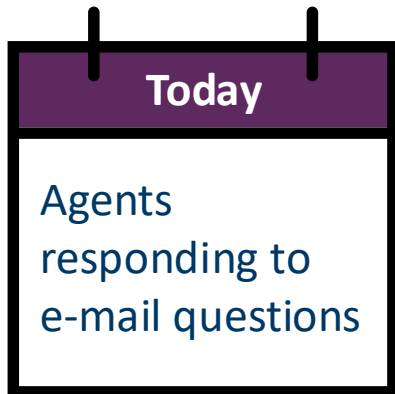
This spring and summer, we're bringing on individual contributors to deliver.

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.



Dashboard for time spanning January 8 through February 7



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

Leave Administration

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

Educate & Inform

- Workforce Posters
- Individual Notifications

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.

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

Oh, one more thing

Applications

You can take paid leave to bond with a child in the 12 months after birth, adoption, or foster placement.

[Apply for leave to bond with a child](#)