

# What Minnesota Employers Are Asking About Paid Leave



## Eligibility

### Which employees are eligible to receive Paid Leave?

**Full-time, part-time, temporary, and most seasonal employees are eligible. Paid Leave does not apply to** independent contractors, self-employed individuals, or Tribal Nations, but they can opt in to participate. Furthermore, Paid Leave does not apply to federal government employees, railroad employees, and certain seasonal employees working in the hospitality industry, and they cannot opt in to participate.

### Does an employee need to work a certain number of hours or months before becoming eligible?

No. All employees **are eligible if they satisfy the following requirements:** (1) Earned at least 5.3% of the statewide average annual wage (\$3,700.00 in 2024), and (2)(a) Worked at least 50% of their time in Minnesota in a calendar year or (2)(b)(i) If they did not work at least 50% of their time in Minnesota or any other state, but (ii) they perform some work in Minnesota, and (iii) they live in Minnesota for at least 50% of their time in a calendar year.

### When does job protection under Paid Leave begin?

Job protection begins **after 90 calendar days of employment.** Following leave, employees are entitled to return to the same position the employee held when leave commenced or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. Generally, an employee is entitled to reinstatement even if the employee has been replaced or the employee's position has been restructured to accommodate the employee's absence. If there is a company restructuring that results in position elimination or an employer cannot accommodate leave, then the employer must be able to show that an employee would not otherwise have been employed at the time reinstatement is requested to deny restoration to employment.

## Coverage

### Is there a waiting period for Paid Leave benefits?

Yes. There is a **seven-day waiting period** for all qualifying Paid Leave reasons except bonding time with a newborn child or after placement of an adopted or foster child.

### Are corporate officers and owners eligible to receive Paid Leave?

Owners and officers of a company are required to participate **as long as they are eligible.**

### Are first responders and city and state officials eligible?

In general, municipalities and local government entities are required to participate in Paid Leave. Therefore, first responders and elected or appointed city and state officials are likely eligible **as long as they meet the eligibility requirements.**

### Are seasonal employees eligible for Paid Leave?

Seasonal employees in hospitality are **not eligible for Paid Leave** if they work 150 days or less during any consecutive 52-week period and their employer's average receipts for any six months were 33% or less of the other six months in the prior year.

### If an employee works for a Minnesota-based employer but never physically works in Minnesota, are they covered?

No. An employee is **not eligible** if they never perform any physical work in Minnesota.

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## Premiums & Reporting

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### When and how are premiums reported?

Employers will **not have to pay premiums to fund the program until 2026**. Employers will pay the premiums through their Minnesota Unemployment Insurance (UI) account each quarter. Employers must use their Minnesota UI account to both submit their quarterly wage report and pay their premiums. Employers' **first premium payment is due April 30, 2026**. The first premiums will be based on the quarterly wage report between January 1, 2026, and March 31, 2026. Employers can get an estimate of their premiums by using the calculator on Minnesota's Paid Leave Employers page: [mn.gov/deed/paidleave/employers/premiums](https://mn.gov/deed/paidleave/employers/premiums).

#### Do employers pay premiums for ineligible employees?

No. Employers must **only pay premiums for employees eligible** to participate in Paid Leave.

### Is there a grace period for quarterly reporting deadlines?

Yes. There is a grace period for quarterly wage reports submitted late. The quarterly wage reports are due on April 30 (1st quarter from January 1 – March 31), July 31 (2nd quarter from April 1 – June 30), October 31 (3rd quarter from July 1 – September 30), and January 31 (4th quarter from October 1 – December 31).

For late quarterly wage reports, employers have **30 calendar days to file their quarterly wage report** from the date the employer receives a letter from the Minnesota Department of Economic and Employment Development (DEED) that notifies the employer of their missing quarterly wage report. Employers are **not allowed more than two grace periods in 12 months**. If an employer fails to submit a quarterly wage report within 30 days of receiving a letter from DEED, the employer must pay a late fee of \$10 per employee; however, the minimum late fee assessed against the employer will always be at least \$250, regardless of the number of employees.

#### Do earnings statements need to reflect Paid Leave contributions or payments?

The Paid Leave statutes do not explicitly state that earnings statements must show contributions or payments. The Minnesota Department of Employment and Economic Development (DEED), however, plans to **provide updated information about this soon**.

## PTO, Sick Time, & Other Forms of Leaves

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### Can employees take both FMLA and Paid Leave separately, resulting in more than 12 weeks off?

Yes. Employers **can require Family and Medical Leave Act (FMLA) and Paid Leave to run at the same time** if the reason qualifies under both. FMLA offers 12 weeks of unpaid leave; Paid Leave provides 12-20 weeks of paid leave.

Some situations qualify only under Minnesota law. For example, a sexual assault survivor may receive 12 weeks of paid leave under Paid Leave, but not FMLA. If the same employee later develops a serious health condition, they may be eligible to receive an additional 8 weeks of Paid Leave and 12 weeks of FMLA (running concurrently), for a total up to 24 weeks of leave.

# What Minnesota Employers Are Asking About Paid Leave



## PTO, Sick Time, & Other Forms of Leaves Continued

### How does Paid Leave interact with Minnesota's Earned Sick and Safe Time (ESST)?

Eligibility for Paid Leave is determined by the Minnesota Department of Employment and Economic Development (DEED), and DEED pays employees their leave benefits, whereas employers are responsible for determining whether employees are eligible for ESST and for paying ESST to employees. Employers **can offer ESST as a supplemental benefit** to employees to allow them to receive up to 100% of their weekly pay while receiving Paid Leave benefits. Employees have the option to accept the offer to supplement ESST.

### Can employers require employees to use PTO before Paid Leave?

No. Employers **cannot require employees to use PTO, earned sick and safe (ESST), or any other form of paid leave** before being allowed to use Minnesota Paid Leave.

Employers do have the option to offer PTO, ESST, or any other form of paid leave as a supplement benefit for the employee to have the option to "top off" their weekly Paid Leave benefit to receive 100% of their weekly pay. Employees have the right to use PTO, ESST, and other forms of paid leave before applying for Minnesota Paid Leave benefits.

## Small Businesses

### For premium calculations, is the 30-employee threshold for the reduced premium rate for small employers based on total number of employees or only full-time employees?

The 30-employee threshold for the reduced premium rate for small employers is based on the **total number of employees working in Minnesota** that the employer estimates it will employ in the following calendar year and **includes all employees, such as full-time, part-time, temporary, and most seasonal employees.**

### Can small employers share their reduced premium rate with employees?

Small employers **must pay at least half of the premium** for each employee. Starting on January 1, 2026, small employers will be required to cover at least 50 percent of the total premium, though they may choose to pay up to 100%. Employers will be able to deduct the remainder from employee pay, up to a maximum of 50% of the premium.

### Are there protections for small businesses impacted by long employee absences?

Yes. Employers with 30 or fewer employees and whose average wage is less than or equal to 150% of the State's average wage for the prior year **may apply to the Minnesota Department of Employment and Economic Development (DEED) for grants.** DEED may approve a grant up to \$3,000 if the employer hires a temporary worker, or increases another existing worker's wages, to substitute for an employee on Paid Leave for a period of seven days or more. The total grant per eligible employer in a calendar year is \$6,000. Grants must be used to hire temporary workers or to increase wages for current employees.

# What Minnesota Employers Are Asking About Paid Leave



## General

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### Can employees opt out?

Employees **do not have the option to opt out** and eligible employees must participate.

### What happens if an employee does not return to work after they use all of their available Paid Leave for the year?

After 90 calendar days of employment, an employee is entitled to be returned to the same position the employee held when leave began or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. If the employee fails to return to work after using his or her available Paid Leave benefits, the employee **may be subject to discipline**. Employees, however, may be entitled to a longer protected leave of absence under other forms of leave, such as the Family and Medical Leave Act (FMLA), Americans with Disabilities Act (ADA), Earned Sick and Safe Time (ESST), etc.

### Are employees responsible for their insurance premium costs while on Paid Leave?

During Paid Leave, employers must maintain coverage under any group insurance policy, group subscriber contract, or health care plan for an employee and any dependents as if the employee was not on leave. However, the employee **must continue to pay their premium payments while on leave**. Employers should ensure their policy states that the employee is expected to continue to pay their premium payments while on leave.

### What if an employee abuses the system or takes excessive leave?

Employees who intentionally commit fraud to receive Paid Leave benefits are **subject to civil and criminal penalties**. The State has enacted measures to prevent employees from abusing their Paid Leave benefits. For any qualifying Paid Leave reason, **employees are required to submit certification documentation** to the Minnesota Department of Employment and Economic Development (DEED) to prove the employee has a qualifying reason.

For example, an employee who applies for Paid Leave for their own health condition must submit documentation (e.g., a doctor's note) to DEED that states when the health condition began, the probable duration of the condition, and the appropriate medical facts within the knowledge of the health care provider.

*These FAQs provide general information and do not constitute legal advice. The laws and regulations for Minnesota Paid Leave—effective January 1, 2026—may change before its effective date and therefore make the information provided in these FAQs outdated.*



If you have questions about Minnesota Paid Leave, please contact your North Risk Partners Advisor.