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State Spotlight

Minnesota Lawmakers Make Modest Changes to Earned Sick and Safe Time, and Paid Leave, as Programs Move Towards Full Implementation

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In this article, the authors discuss new labor and employment developments in Minnesota.

During the 2025 Minnesota legislative session – which concluded with a special session on June 9 and 10 – labor and employment issues were hotly debated until the final hours. Republican lawmakers prioritized making substantive changes to the Earned Sick and Safe Time (ESST) and Minnesota Paid Leave (MPL) programs but were met with strong pushback from Democratic-Farmer-Labor (DFL) legislators and the state administration. As part of the omnibus Workforce, Labor and Economic Development bill, lawmakers included a few targeted amendments to both the ESST and MPL laws. These changes become effective in 2025 and 2026, and clarify certain provisions, as well as adjust implementation of the laws.

ESST CHANGES

Effective July 1, 2025, the following changes to Minn. Stat. 181.9447 went into effect:

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- When an employee's need to use sick leave is unforeseeable, employees must now provide notice to employers "as reasonably required by the employer," rather than "as soon as practicable."
- Employers may now require a doctor's note or other verification of the employee's need for an absence under the ESST law after more than two consecutive scheduled workdays, instead of three.
- Employees are still not required to search for or find a replacement worker to cover the period during which they use ESST, but the law clarifies that an employee may voluntarily seek or trade shifts with a coworker to cover the ESST hours the employee will use.

Effective January 1, 2026, employers may advance earned sick and safe time to an employee based on the number of hours the employee is anticipated to work for the remaining portion of an accrual year (for example, based on the anticipated hours a part-time employee will work). If the advanced amount is less than the amount the employee would have accrued based on the actual hours worked, employers must provide additional earned sick and safe time to make up the difference.

MPL PROGRAM CHANGES

The MPL program is set to go into effect for benefit payments and premium withholdings in January 2026. Although we have seen a number of proposed amendments to the program, the only legislative change effective in 2025 was the reduction of the program's maximum premium rate. The cap on the MPL payroll tax was lowered from 1.2% to 1.1% of wages. This means in future years, if the state adjusts the MPL premium to maintain the fund's solvency, it cannot exceed 1.1%.

Importantly, this does not change the initial premium rate of 0.88%, which is effective for the initial implementation date of January 1, 2026. Employers may still split the premium cost 50/50 with their employees, whether the employer is electing to participate in the state plan or an equivalent plan. While lawmakers introduced proposals to delay the implementation timeline and to exempt small employers, these proposals were not adopted, and the MPL program will still launch January 1, 2026.

The Department of Labor and Industry published a 2025 Legislative Session Summary,¹ summarizing changes to other state laws effected by the Jobs and Labor Omnibus Budget Bill.²

NEW MPL RULES

Unrelated to the legislative session, the Minnesota Department of Employment and Economic Development published its final Adopted Expedited Permanent Rules Regulating Paid Leave³ on June 16, 2025. Many of these changes make the rules more employee friendly, such as:

- Prohibiting employers from requiring an employee to accept supplemental benefits.
- Decreasing the amount of time the commissioner can suspend a covered individual's payment from three months to 30 days.
- Removing the requirement that "Days taken outside of an approved leave schedule are applied to the covered individual's maximum length of benefits for the benefit year."
- Adding that a covered individual must make a request for an extension of approved leave to the commissioner in writing in no less than 14 days "or as soon as practicable. . . ."
- Throughout the rules, instead of requiring an "updated certification," employees must now provide what appears to be a lower standard of "documentation sufficient to support" changes to a leave, including: (a) requesting an extension of approved leave; (b) changing an intermittent leave schedule; (c) changing from intermittent to continuous leave; or (d) changing from continuous to intermittent leave.

The changes also affect the requirements in implementing an employer's private plan:

- Beginning 2026, instead of 2027, private plans must report certain information about their program by November 1.
- Requiring that self-insured employers or private plan insurers that define a benefit year as a rolling 12-month period measured backward must recalculate the employees' benefit amount on an annual basis.

PREPARING FOR THE MPL PROGRAM & EQUIVALENT PLANS

As all employers prepare for the MPL program to take effect on January 1, 2026, many are in the process of determining whether the state plan or an equivalent plan is the better option.

An equivalent plan can be provided by an approved Minnesota insurance carrier or by a self-insured plan. Providing an equivalent plan exempts the employer from contributing premiums under the MPL program, so long as the equivalent plan is submitted and approved by the Department of Employment and Economic Development (DEED).

An equivalent plan must offer the same or better coverage than the MPL and must not cost employees more than they would be required to contribute under the state plan. It must also provide job protections equal to those in the state plan.

An equivalent plan can cover both family and medical leave, or only one leave type. Employers who offer an equivalent plan for only one type of leave (i.e., family or medical leave) must pay premiums and participate in the state MPL program to provide coverage for the other type.

DEED released the initial list of approved insured plans⁴ the week of July 1, 2025, on its Paid Leave website. Additionally, the website has now been updated with instructions for employers on requesting an exemption in connection with an equivalent plan through an online account. An online guide is available,⁵ which outlines various points DEED will consider in evaluating equivalent plans through its approval process.

Even if an employer uses an approved equivalent plan, it must still submit wage detail reports to the state each quarter and comply with requirements to notify employees about their coverage. As a reminder, wage detail reports for Joint Unemployment Insurance and Paid Leave Accounts or Paid-Leave-Only accounts are due the last day of the month following the end of the calendar quarter along with an employer’s normal unemployment insurance wage reports.

Reports must be received by due dates shown in Table 1.

IN SUMMARY

- Employers may now require a doctor’s note or other verification of the employee’s need for an absence under the ESST law after more than two consecutive scheduled workdays, instead of three.

Table 1

Quarter Filing	Due Dates
1st Quarter (January 1–March 31)	April 30
2nd Quarter (April 1–June 30)	July 31
3rd Quarter (July 1–September 30)	October 31
4th Quarter (October 1–December 31)	January 31

- The only legislative change to the MPL program effective in 2025 was the reduction of the program's maximum premium rate. The cap on the MPL payroll tax was lowered from 1.2% to 1.1% of wages.
- Unrelated to the legislative session, the Minnesota Department of Employment and Economic Development published its final paid leave rules on June 16, 2025. Many of these changes make the rules more employee friendly.
- As all employers prepare for the MPL program to take effect on January 1, 2026, many are in the process of determining whether the state plan or an equivalent plan is the better option. An equivalent plan can be provided by an approved Minnesota insurance carrier or by a self-insured plan.

Employers should keep on watch for further MPL program developments as we get closer to the January 1 implementation.

NOTES

1. https://www.dli.mn.gov/sites/default/files/pdf/2025-legislative-session-summary.pdf?utm_medium=email&utm_source=govdelivery.
2. <https://assets.senate.mn/summ/bill/2025/1/SF17/Bill%20summary%20SF1832%204th%20eng%20-%20SF17%20ss1.pdf>.
3. https://content.govdelivery.com/attachments/MNDEED/2025/06/20/file_attachments/3299332/OAH%2025-9044-39758;%20Revisor%20R-4846%20Certified%20Rules%20%281%29.pdf.
4. https://mn.gov/deed/assets/approved-equivalent-plans_tcm1045-695686.pdf.
5. <https://mn.gov/deed/paidleave/employers/equivalent/>.

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