The Work Week

Bassford Remele Employment Practice Group

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Welcome to another edition of *The Work Week with Bassford Remele.* Each Monday morning, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

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Updates to Minnesota's Paid Family and Medical Leave Law

As part of another active legislative session for Minnesota employment laws, last week the state legislature enacted several modifications to Minnesota's Paid Family and Medical Leave law that was passed last year. Set to take effect on January 1, 2026, the law will extend paid leave coverage to nearly all Minnesotans. The act provides for 12 weeks of paid medical leave for an employee's own medical condition, as well as an additional 12 weeks of paid medical leave to care for a family member, provided an employee does not take more than 20 total weeks of paid medical leave in a calendar year.

As employers are preparing for this seismic change, the legislature passed several important modifications to last year's bill. First, and perhaps most notable for employers, the payroll tax to be paid quarterly by employers has increased from 0.7% to 0.88%. The changes also provide that small employers with 30 or fewer employees and have an average wage of less than or equal to 150% of the state's average wage are eligible for different premium rates. Specifically, 75% of the annual premium rate, with 25% paid by the employer and the remaining paid by the employee through a wage deduction.

Other updates include:

- Entities which are not covered by the law, for example self-employed persons and independent contractors, now have mechanisms to opt into the paid leave program.
- Adopting a similar procedure to the FMLA, an employee does not have to apply for paid leave themselves, but an authorized representative may apply for leave on the employee's behalf.
- The minimum time period for a grant of leave is one calendar day.
- "Benefit year" is now defined as the 52 weeks beginning the effective date of leave and also accounts for individuals with multiple employers.
- A "child" now includes the child of an employee's domestic partner.

- The initial paid week has been defined as the first seven days of leave or in the case of intermittent leave it is the seven consecutive or non-consecutive days from the effective day of leave. The initial paid week must be paid retroactively and the retroactive payment must be included in the first benefits payment.
- A typical workweek has been altered to mean the average number of hours worked by an employee within the last two quarters prior to application for leave.
- Employers may provide wage replacement during an absence but if the paid and supplement benefits exceed the employee's usual income then the employee must refund the excess.
- The division will reimburse the employer who paid wage replacement for weeks that should have been paid by the division.
- Set forth procedure and process for appealing commissioner determinations.
- The commissioner now must notify all covered employers within 5 business days of the employee making claim for leave.
- If an employer changes plans, *i.e.* from state plan to private, the plan which covered the employee when the benefits were approved must continue paying. However, if the employee requests an extension or if the employee must recertify, then the employee has to reapply for benefits with the new plan.

The Paid Family and Medical Leave Act is still scheduled to take effect on January 1, 2026. The employment law team at Bassford Remele is available to help employers navigate their requirements under Minnesota Paid Family and Medical Leave law and other state and local legislation.

