

The Work Week

Bassford Remele Employment Practice Group



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Minnesota's ESST Law Faces First-of-Its-Kind Class Action: What Employers Need to Know About the Hormel Lawsuit

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The legal landscape of Minnesota's employment laws continues to evolve, and this week has brought a significant new development. The July 30, 2025 filing of a class action lawsuit against Hormel Foods Corporation is a landmark event, marking the first class action of its kind under Minnesota's recently enacted Earned Sick and Safe Time (ESST) laws. This lawsuit, filed in Mower County District Court, provides a critical glimpse into how plaintiffs may approach ESST-related litigation and offers a potent cautionary tale for employers statewide.

As we've previously discussed in *The Work Week*, Minnesota's ESST statute, Minn. Stat. §§ 181.9445-181.9448, became effective on January 1, 2024. This law generally requires Minnesota employers to provide paid leave to employees for a wide range of personal or family health-related reasons, absences related to domestic abuse or sexual assault, and workplace closures due to weather or public emergencies. Minnesota's ESST law also contains specific requirements for how this time must be accrued, used, and carried over. Employers who fail to comply face potential fines from the Minnesota Department of Labor and Industry (DOLI) and are exposed to civil liability, including the risk of class action lawsuits seeking damages, penalties, and attorneys' fees.

The Allegations Against Hormel: A Deeper Dive

The Class Action Complaint, captioned *Daniel Lenway, et al. v. Hormel Foods Corp.*, Case No. 50-CV-25-1464, identifies the plaintiffs as approximately 1,600 employees of Hormel Foods' Austin, Minnesota facility. The core allegation is that Hormel willfully failed to comply with the ESST laws by refusing to allow these employees to accrue, use, and carry-over paid ESST benefits for a 14-month period from the law's effective date on January 1, 2024, until March 1, 2025.

The complaint asserts that rather than provide the statutorily mandated paid leave, Hormel forced these employees to use their existing vacation benefits for ESST-qualifying absences. The plaintiffs contend that by doing so, Hormel was able to avoid the cost of providing additional paid leave benefits as required by the state.

A crucial wrinkle in this case is that the employees are members of a bargaining unit and thus are subject to a collective bargaining agreement (CBA). The lawsuit highlights a direct conflict between the CBA's vacation provisions and the state's ESST requirements. The plaintiffs argue that regardless of the CBA, the ESST law's minimum standards took effect on January 1, 2024, and the company had a statutory obligation to comply immediately.

This case also brings to light a prior, related dispute. Before the lawsuit was filed, a labor arbitrator ruled in favor of the union, finding that Hormel's practice of requiring employees to use vacation time for sick days did not satisfy its obligations under the new state law. While the arbitrator's ruling prompted Hormel to begin complying with the ESST law in March 2025, the class action seeks to recover damages and compensation for the benefits allegedly denied to workers during the preceding 14-month period.

"Willful" Failure to Comply

The Complaint's assertion that Hormel "willfully" failed to comply is noteworthy. Under Minnesota law, a willful violation can have serious consequences, including the potential for enhanced damages and civil penalties. The plaintiffs may argue that Hormel's actions—continuing its paid leave practices for over a year after the law took effect and only changing course after an adverse arbitration ruling—demonstrate a deliberate choice to ignore the statute.

Practical Takeaways for Minnesota Businesses

This lawsuit serves as a powerful reminder of the importance of proactive compliance. For Minnesota employers, especially those with large workforces or unionized employees, this case offers several key lessons:

- 1. Audit Your Leave Policies Now:** The most immediate takeaway is to review all existing paid time off (PTO), sick leave, and vacation policies to ensure they are fully compliant with the ESST law. Ensure your policies meet the minimum accrual rate (one hour for every 30 hours worked), the annual maximum (at least 48 hours), and the carryover requirements (up to 80 hours).
- 2. Collective Bargaining Agreements Are Not a Shield:** If your workforce has a CBA in place, do not assume it exempts you from state law. The Hormel lawsuit makes it clear that a CBA's terms must, at a minimum, meet or exceed the standards of the ESST law. If your agreement's paid leave provisions fall short, you must provide supplemental benefits to comply with the statute.
- 3. Proper Notice and Recordkeeping Are Mandatory:** Employers must provide employees with written notice about their ESST rights at the start of employment. Additionally, each paystub or earnings statement must show the employee's accrued and used ESST hours. Failing to meet these administrative requirements can expose a company to liability, even if the underlying leave policy is compliant.

4. **A “Wait and See” Approach is Risky:** Hormel’s decision to continue its pre-ESST practices for over a year has now resulted in a significant class action lawsuit. This case demonstrates that a “wait and see” approach to legal compliance is extremely dangerous. When a new law takes effect, it is critical to implement changes promptly to avoid back-pay claims and other penalties.

This is a dynamic and high-stakes legal matter that will continue to influence how Minnesota employers manage their paid leave benefits. Our Employment group will continue to monitor the case and provide updates as it progresses.

Bassford Remele’s Employment group continues to monitor the statutory and litigation landscape relating to ESST laws and other developments in labor and employment law. We regularly advise employers on employment policies, handbooks, and collective bargaining agreements to comply with evolving federal and state law while balancing fiscal responsibility and employee expectations. Please reach out with any questions or if you need assistance.

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