

Minnesota Paid Family and Medical Leave (“PFML”)

TL;DR

Starting January 1, 2026, nearly all Minnesota employees will be eligible for up to 20 weeks of paid leave per year for medical, family, or safety-related reasons. The program is funded by employer payroll contributions (with up to 50% possibly shared by employees) and administered by the state. Employers must provide written notice to employees within 30 days of hire or before premium collection begins, and employees are entitled to job reinstatement after 90 days of employment.

About PFML

Minnesota has enacted a Paid Family and Medical Leave (PFML) law, which will take effect on January 1, 2026. This legislation aims to provide workers with paid time off to care for family members, recover from medical conditions, or welcome a new child. It will cover nearly all employees, including full-time and part-time employees, regardless of employer size, excluding certain seasonal workers from coverage.

Types of Leave

- Medical leave to address employee’s own serious health conditions, including pregnancy.
- Caregiving leave to allow employees to care for a loved one with a serious health condition.
- Parental leave to allow employees to bond with a new child.
- Safety leave to allow employees or their loved ones certain needs after experiencing sexual or domestic violence.
- Deployment leave to allow employees time to adjust to the impact of a loved one’s military deployment.

Who’s Eligible?

Employees are eligible if they work at least 50% of their time in MN, or if they work more than 50% of their time outside of MN, and they must live in MN at least 50% of the year. Employees must also have earned at least 5.3% of the state’s average annual wage during the employee’s base period.

How Much Leave Can Employees Take?

Employees can receive up to 12 weeks of leave in each of the two categories (medical leave and nonmedical leave) per benefit year. Employees who need leave from both categories can take up to 20 weeks total in a benefit year.



How Much Will Employees Receive?

Employees taking leave under Minnesota's PFML program will receive financial support based on a progressive wage replacement system. This approach ensures that lower-income workers receive a higher percentage of their regular earnings while keeping program costs manageable.

The benefit structure is as follows:

Employees will be paid 90% of their weekly wages for the portion that is at or below 50% of the state's average weekly wage. For the portion that falls between 50% and 100% of the statewide average weekly wage, they will receive 66% of their earnings. Any wages above 100% of the state's average weekly wage will be compensated at 55%. However, benefits cannot exceed 100% of the state's average weekly wage.

For context, in 2023, half of the state's average weekly wage was \$668.50, and the full state average was \$1,377.00 per week. These figures are subject to change as statewide wages fluctuate.

How Does it Work?

Minnesota's PFML program is funded through a payroll premium of 0.88% of employee wages, starting in 2026. This premium can be shared between employers and employees (up to 50% of the premium by employees), with employers responsible for submitting the full amount to the state, similar to how unemployment insurance works. The state then uses this pooled fund to pay out benefits directly to eligible employees during their leave.

Employers will begin submitting premiums in April 2026, based on wages paid starting January 1, 2026. The premium applies to all wages up to the federal Social Security wage base limit.

Notice Requirements

Employers will be required to post a State-prepared notice regarding FMLA benefits. Individual employees must also be issued written notices that contain certain information designated in the statute. These notices must be issued at least 30 days from the beginning of the employee's employment, or 30 days before premium collection begins, whichever is later.

Returning to Work

Employees who take leave must be reinstated to either their original job or an equivalent position when they return. This means they are entitled to equivalent pay, benefits, responsibilities, and working conditions. However, job protection under the PFML program only applies after an employee has worked for 90 calendar days from the date of hire. If a temporary worker filled the position during their absence, the returning employee has the legal right to resume their role. Additionally, employees on PFML leave



are eligible for any automatic pay increases they would have received had they remained continuously employed, such as cost-of-living adjustments or general raises.

The law does allow employers to accommodate requests from employees who prefer to return to a different shift, schedule, or position that better suits their needs. Employers may also offer promotions upon an employee's return.

Reinstatement under the law ensures employees can resume group insurance coverage immediately, without a new waiting period. They are also entitled to restore their participation in retirement and pension plans, maintaining any accrued service credits or vesting status. Other benefits such as sick leave and vacation time will be reinstated as though the employee had never taken leave.

Limitations

While the law guarantees reinstatement rights, there are some exceptions. Employees are not entitled to more protections than they would have had if they had remained employed. If a worker's position would have been eliminated or they would have been laid off during their leave due to a project ending or a reduction in workforce, the employer is not required to reinstate them. Employers must be able to prove the layoff would have occurred regardless of the employee's leave. Additionally, if a worksite undergoes schedule or shift reductions, employees returning from leave are not automatically entitled to those eliminated shifts or lost overtime hours. Similarly, those hired for fixed-term or project-based employment are not guaranteed reinstatement if their term or project concludes during their leave.

How to Prepare

With the law set to take effect on January 1, 2026, employers should begin preparing now. Reviewing employment policies and onboarding procedures will be essential. Additionally, supervisors, foremen, and project managers should be trained on how to handle PFML leave requests appropriately. Employers should assess their existing leave policies to ensure they align with other programs like FMLA, pregnancy leave, parental leave, and Earned Sick and Safe Time ("ESST"). Businesses can also explore whether to seek an exemption from the PFML law by offering a private paid leave plan that meets state requirements.

Lastly, employers should monitor updates from Minnesota's Department of Employment and Economic Development (DEED), as they will provide guidelines on required workplace postings and notifications. Early planning can help businesses avoid disruptions and potential legal challenges as the implementation date approaches.

We know you've got your hands full, especially with this new law on the horizon. Let us handle the legal heavy lifting, so you can focus on what you do best: building. You can reach us at info@northstarlaw.com, via our website at www.northstarlaw.com, or via phone at 651-330-9678.