

**TO: MAYOR AND CITY COUNCIL**

**FROM: JON RADERMACHER, City Administrator**

**SUBJECT: Minnesota Paid Leave Law – Implementation January 1, 2026**

**MEETING DATE: December 2, 2025**

### **BACKGROUND**

Beginning January 1, 2026, Minnesota employees will be covered by the new Minnesota Paid Leave Law. The new law provides job protections and partial wage replacement per benefit year up to a maximum of 20 weeks for family and medical leave funded in large part by employer premiums and in some cases employee contributions. As an employer, the City is required to provide notification of the law to employees through a workplace poster and individual notifications. The City must choose whether it will participate in the State plan or an equivalent private plan, determine the share of the premium paid by the City and employee, whether the City will allow “topping off” of benefits while an employee is using Minnesota Paid Leave benefits, establish the minimum leave increments.

Admin and Finance met to discuss recommendations for implementation and presented this to the Finance committee on November 18<sup>th</sup>. The recommendations are as follows:

- Participate in the State Plan
- Pay 50% of the 0.88% of wages for the premium and have the other 50% as a payroll deduction from the employee.
- Do not allow “topping off” of benefits for employees that have selected Minnesota Paid Leave.
- Minimum leave increment of a full day.

The recommendation to participate in the State Plan is that it will be more cost effective than enrolling in our own equivalent private plan. Paying 50% of the benefits will be the simplest for administration of payroll for the City and employees. If the City were to pay more than 50% of the premium, then that amount would be taxable income to the employee. There will still be the opportunity for this to be negotiated in the next collective bargaining agreements. The recommendation to prohibit “topping off” is that the City provides a wide variety of paid leave benefits to employees, and we encourage that employees use them when they are eligible. These benefits include sick time, long-term disability insurance, and earned sick and safe time (ESST). For some of these benefits, they are likely much easier to access than the State program and can be used to coverage 100% of the wage reimbursement. Administering the “topping off” at least in the early stages on implementation, may be difficult, and we are not certain of the reporting information that the employer may receive from the State for employees enrolled in the program. In this scenario, if an employee is enrolled in MNPL, they still have their job protections, the City is still obligated to cover their health insurance for 100% of the single and 50% of the Family (if selected), and any other employer provided benefits;

however, the employee will be required to cover the remaining costs to sustain their optional benefits and must do so as a payment to the City, because we are not allowed to deduct them from the MNPL payments. Finally, the recommendation for a minimum leave increment of a full day, intended to ease administration as the benefits can be used intermittently in a benefit year.

The law is specific to the types of leave that it will cover. The leave generally requires advance notice and a qualifying period and is not generally a short term (one day or partial day), short notice, like waking up with the flu, or leaving midday due to the onset of symptoms. Thus, preventing employees from “topping off”, is intended to promote employees to access their existing benefits provided by the City or the ESST guaranteed by the State, versus trying to access the MNPL program for minor ailments, when it is intended for serious conditions.

There are two types of covered leave that fall under Minnesota Paid Leave: medical leave and family leave.

**Medical leave:** Up to 12 weeks in a single benefit year for an employee’s own serious health condition.

**Family Leave:** Up to 12 weeks in a single benefit year for any of the following:

- Bonding after birth, adoption, or foster parenting. Generally, bonding leave must be taken within 12 months of the birth, adoption, or placement of a foster child except when the child must remain in the hospital longer than the mother — then bonding leave must end within 12 months after the child leaves the hospital.
- A “qualifying exigency,” such as a need associated with a military member’s active-duty service or has been notified of an impending call or order to active duty in the Armed Forces.
- Safety leave, which is leave from work because of domestic abuse, sexual assault, or stalking when the leave is associated with seeking medical care, victim services, psychological or legal assistance, as well as relocation due to the event.
- Care for a family member with a serious health condition.

A maximum of 20 weeks may be taken in a benefit year if an employee qualifies for both medical and family leaves. A benefit year under [Minnesota Statutes, section 268B.01, subdivision 8](#), begins the first day of absence and rolls forward 52 weeks.

A family member is defined as:

- A spouse or domestic partner.
- A child, including a biological, adopted, or foster child, a stepchild, a child of a domestic partner, or a child to whom the applicant stands in loco parentis, is a legal guardian, or is a de facto custodian.
- A parent or legal guardian of the applicant.
- A sibling.
- A grandchild.
- A grandparent or spouse’s grandparent.
- A son-in-law or daughter-in-law.

- An individual who has a personal relationship with the applicant that creates an expectation and reliance that the applicant cares for the individual without compensation, whether or not the applicant and the individual reside together.

Except for bonding leave, each type of leave must meet the following conditions:

- The seven-day qualifying period is not an unpaid waiting period.
- For intermittent leave, the first paid week is defined as seven calendar days —which may be consecutive, nonconsecutive, or a combination of both — starting from the effective date of leave. Once an applicant meets this seven-day threshold, the first week is paid retroactively as part of the initial benefit payment.

### **STAFF RECOMMENDATION**

Approve the City participation in the State Plan.

Approve contribution of 50% of the premium paid from the City and 50% from the employee through a payroll deduction.

Approve prohibiting “topping off” of benefits for employees enrolled in MNPL.

Approve minimum leave increment of a full day.

### **REQUESTED COUNCIL ACTION**

Motion to approve the recommendations of Administration and Finance for the implementation of the Minnesota Paid Leave Law, effective January 1, 2026.