HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author: **Dave Baker**
Commitee: **Workforce, Labor, and Economic Development Finance and Policy**
Date Completed: **4/29/2025 1:10:01 PM**
Lead Agency: Employment and Economic Dvlpmt
Other Agencies:

Administrative Hearings	Human Services Dept
Labor and Industry Dept	Legislature
Metropolitan Council	Minn Management and Budget
Minnesota State	University Of Minnesota

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X

Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	18,207	40,048	39,392	14,513
Human Services Dept					
General Fund	-	-	-	(366)	(1,010)
Labor and Industry Dept					
Family and Medical Benefit Ins	-	39	39	49	49
Legislature					
General Fund	-	(66)	(134)	(131)	(132)
Minn Management and Budget					
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Minnesota State					
General Fund	-	(534)	(1,067)	-	-
University Of Minnesota					
General Fund	-	(1,043)	(2,085)	(2,220)	(2,131)
State Total					
Family and Medical Benefit Ins	-	18,246	40,087	39,441	14,562
General Fund	-	(2,534)	(5,069)	(4,500)	(4,981)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Total	**-**	**14,005**	**31,604**	**31,527**	**6,309**
Biennial Total			**45,609**		**37,836**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	12	12	12	12

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Human Services Dept					
General Fund	-	-	-	-	-
Labor and Industry Dept					
Family and Medical Benefit Ins	-	.3	.3	.38	.38
Legislature					
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Minnesota State					
General Fund	-	-	-	-	-
University Of Minnesota					
General Fund	-	-	-	-	-
Total	**-**	**12.3**	**12.3**	**12.38**	**12.38**

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This fiscal note uses an updated actuarial analysis to estimate the impact of changes proposed in HF1976-1A to the Minnesota Paid Leave Law. The fiscal note measures the difference between this updated analysis and the analysis conducted in April of 2024. The April 2024 analysis serves as the base for the Paid Leave Law under current law and can be found at https://www.leg.mn.gov/docs/2024/other/240788.pdf. The relevant projections are on page 10 of the analysis. The updated April 2025 analysis can be found at https://www.leg.mn.gov/docs/2025/mandated/250861.pdf, and the relevant projections can be found on page 6. It should be noted that the reduction in revenue collected outpaces the reduction in benefits paid. The DEED fiscal note reflects this net change between projected revenue and projected spending in FY2026 and FY2027, to show the impact to the Family and Medical Benefit Insurance fund as a result of the program changes proposed in the bill. Additional impacts on both the DEED notes and the other agency notes are based on the actuarial analysis and changes to the program in the bill language.

LBO Signature: Alyssa Holterman Rosas **Date:** 4/29/2025 1:10:01 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	18,207	40,048	39,392	14,513
Human Services Dept					
General Fund	-	-	-	(366)	(1,010)
Labor and Industry Dept					
Family and Medical Benefit Ins	-	39	39	49	49
Legislature					
General Fund	-	(66)	(134)	(131)	(132)
Minn Management and Budget					
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Minnesota State					
General Fund	-	(534)	(1,067)	-	-
University Of Minnesota					
General Fund	-	(1,043)	(2,085)	(2,220)	(2,131)
Total	**-**	**14,005**	**31,604**	**31,527**	**6,309**
Biennial Total			**45,609**		**37,836**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	(212,315)	(431,767)	(454,254)	(484,704)
Human Services Dept					
General Fund	-	-	-	(366)	(1,010)
Labor and Industry Dept					
Family and Medical Benefit Ins	-	39	39	49	49
Legislature					
General Fund	-	(66)	(134)	(131)	(132)
Minn Management and Budget					
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Minnesota State					
General Fund	-	(534)	(1,067)	-	-
University Of Minnesota					
General Fund	-	(1,043)	(2,085)	(2,220)	(2,131)
Total	**-**	**(216,517)**	**(440,211)**	**(462,119)**	**(492,908)**
Biennial Total			**(656,728)**		**(955,027)**
2 - Revenues, Transfers In*					
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	(230,522)	(471,815)	(493,646)	(499,217)
Human Services Dept					
General Fund	-	-	-	-	-
Labor and Industry Dept					
Family and Medical Benefit Ins	-	-	-	-	-

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Legislature					
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Minnesota State					
General Fund	-	-	-	-	-
University Of Minnesota					
General Fund	-	-	-	-	-
Total	**-**	**(230,522)**	**(471,815)**	**(493,646)**	**(499,217)**
Biennial Total			**(702,337)**		**(992,863)**

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Employment and Economic Dvlpmt

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)			**Biennium**		**Biennium**
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins	-	18,207	40,048	39,392	14,513
Total	**-**	**18,207**	**40,048**	**39,392**	**14,513**
Biennial Total			**58,255**		**53,905**

Full Time Equivalent Positions (FTE)			**Biennium**		**Biennium**
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins	-	12	12	12	12
Total	**-**	**12**	**12**	**12**	**12**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This fiscal note uses an updated actuarial analysis to estimate the impact of changes proposed in HF1976-1A to the Minnesota Paid Leave Law. The fiscal note measures the difference between this updated analysis and the analysis conducted in April of 2024. The April 2024 analysis serves as the base for the Paid Leave Law under current law and can be found at https://www.leg.mn.gov/docs/2024/other/240788.pdf the relevant projections are on page 10 of the analysis. The updated April 2025 analysis can be found at https://www.leg.mn.gov/docs/2025/mandated/250861.pdf, and the relevant projections can be found on page 6. . It should be noted that the reduction in revenue collected outpaces the reduction in benefits paid. The fiscal note reflects this net change between projected revenue and projected spending in FY2026 and FY2027, to show the impact to the Family and Medical Benefit Insurance fund as a result of the program changes proposed in the bill. Additional impacts are based on the actuarial analysis.

LBO Signature: Alyssa Holterman Rosas **Date:** 4/23/2025 1:53:11 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			**Biennium**		**Biennium**	
Dollars in Thousands		**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins		-	18,207	40,048	39,392	14,513
	Total	**-**	**18,207**	**40,048**	**39,392**	**14,513**
	Biennial Total			**58,255**		**53,905**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Family and Medical Benefit Ins		-	(212,315)	(431,767)	(454,254)	(484,704)
	Total	**-**	**(212,315)**	**(431,767)**	**(454,254)**	**(484,704)**
	Biennial Total			**(644,082)**		**(938,958)**
2 - Revenues, Transfers In*						
Family and Medical Benefit Ins		-	(230,522)	(471,815)	(493,646)	(499,217)
	Total	**-**	**(230,522)**	**(471,815)**	**(493,646)**	**(499,217)**
	Biennial Total			**(702,337)**		**(992,863)**

Bill Description

The bill modifies the benefit formula for the Paid Leave law to 67% of wages for all applicants and changes the maximum length of benefits to 12 weeks for employees of employers with more than 50 employees and a maximum of 6 weeks for employees of an employer with 50 employees or fewer. The bill also removes the “personal relationship” category of the definition of family and extends the small employer premium to employers with 50 or fewer employees, increases the percent of the premium rate that small employers will pay from 25 to 50% while reducing the employee contribution from 50% to 25%, and increases the number of calendar days of employment for an employee to be considered seasonal from 150 to 180. The bill also allows the Commissioner to contract with a private company to administer the paid leave program and removes from the covered employment definition any individual in a collective bargaining until a successor collective bargaining agreement becomes effective or specifically directs all individuals to be covered under the Paid Leave law.

Assumptions

Program Impact:

This analysis did not model the exemption for collective bargaining groups because of the uncertainty around if and how long updated collective bargaining would take to be completed.

The analysis did not model the increase from 150 to 180 days in the seasonal employee definition. Existing wage data does not include days worked in a way that would identify how many people this change would impact.

The analysis did not model the cost of contracting with a private company to administer the program.

The analysis modeled removing the “personal relationship” component of the definition of family. Based on claims data from other Paid leave programs that was extrapolated to the Minnesota Paid leave pool, Milliman Inc estimated this change to reduce claims by about 1,460 a year or about 1%. This resulted in a modest reduction in program expenditures.

Milliman Inc. updated the Minnesota Paid Leave program model to include a benefit formula for the Paid Leave law to be 67% of wages for all employees. As a result, this lowered program expenditures and the projected premium rate.

In order to model the two different benefit lengths based on employer size, the Labor Market and Information (LMI) office used data from Unemployment Insurance records to estimate the number of employers with 50 or fewer employees. Milliman Inc. then used that data to create two different projections, one for employers with fewer than 50 employees and one for employers with more than 50 employees. For each employer group, they developed usage assumptions that reflect the specific risk dynamics of that group based on employer size. They used these assumptions to project cash flows for each group, then they combined the projections into a single projection for HF1976. These changed reduce the maximum length of benefits across the program and therefore reduces program expenditures and reduces the projected premium rate.

- For the purposes of this analysis, we have assumed that it would be possible to implement this provision. However, it is not clear from the legislation how the employees with multiple jobs spanning both categories of employers would be treated, and this provision may not be administrable in its current form.

Milliman Inc. updated the Minnesota Paid Leave program model to extend the small employer premium to employers with 50 or fewer employees. This decreases program revenues because more employers and employees are subject to lower premium rate. Increasing the percent small employers pay from 25% to 50% while reducing the employee contribution from 50% to 25% would not impact the overall small employer premium rate (75% of the premium) so it does not impact program revenues or expenditures

Administrative costs:

This bill would require substantial program changes by program launch. These changes will require significant communication to the public which while require additional communications staff. The program creates two different benefit programs that would require different communications for employers and employees based on firm size (over 50 and under 50). This would require adding communication staff to design and communicate specifically for each of these added employee and employer groups. The expanded definition of seasonal employees and the new provision around collective bargaining agreements would also require significant content creation for broader audiences. Three additional staff members is a conservative estimate. These costs would likely be much higher in the initial year as the time period between the end of session and program launch is only six months and this bill would require redoing the majority of the communication materials that have been created to date.

The Paid Leave team is currently modeling the anticipated contact center volume and staffing. The creation of two benefit programs will create a large increase in questions from employers and employees trying to understand the change and how that impacts eligibility and benefit payments. The broadened seasonal employment exemption will increase questions from employers and employees who could potentially qualify under the revised language. The collective bargaining agreement stipulation will mean different things for each employee group that is covered by a collective bargaining agreement, resulting in many nuanced questions. Together these changes will increase the number of questions and the complexity of information required by call center agents. An addition of five staff is a conservative estimate because all staffing estimates are models that have not yet been tested.

Much of the Paid Leave program infrastructure will have already been built by summer 2025. For example, the payments architecture will be almost complete and would need to be redesigned to create two different benefit structures and a different benefit formula. The seasonal exemption product will also have to be rebuilt. The current plan for the seasonal exemption launch is October and would likely have to be pushed back to address these changes. Two product staff is a very conservative estimate to support the ongoing work of managing a new benefit program sub-structure for different sized employers. In order to reach the launch deadline, other program components would have to be shifted back to allow for Product development by Paid Leave and contracted staff.

The Paid Leave team is currently modeling the anticipated appeals volume and staffing. The complicated changes to eligibility requirements and the bifurcated benefit amount based on the size of the employer would increase appeals because many employees would not fit neatly into one of the two categories. A conservative estimate of two staff was included here because the current appeals baseline rate and the impact of this change is unknown. Annual estimated costs would commence at $1,859,864.

Expenditure and/or Revenue Formula

Milliman analysis change over original

	HF 1976 variance to Milliman Feb 2024			
Admin Staffing Changes:	**SFY26**	**SFY27**	**SFY28**	**SFY29**
Communications	$454,749	$463,504	$463,504	$463,504
Contact Center	$757,916	$772,507	$772,507	$772,507
Product (Mgr & Developer)	$327,077	$333,535	$333,535	$333,535

Appeals	$319,942	$326,214	$326,214	$326,214
Total Administrative Change	$1,859,684	$1,895,760	$1,895,760	$1,895,760
Total Administrative Change ($ thousands)	$1,860	$1,896	$1,896	$1,896
Program Impact (thousands)				
Benefit Payments	($200,150)	($405,250)	($426,250)	($454,750)
Expenses	($14,000)	($28,400)	($29,900)	($31,850)
Total Program Expenditure ($ thousands)	($212,315)	($431,766)	($454,175)	($484,622)
Total Contributions ($ thousands)	($230,522)	($471,815)	($493,646)	($499,217)
Net Impact	$18,208	$40,049	$39,471	$14,594

Staffing Amounts based on above assumptions

Description	**FTE Count**	**FY26**	**FY27**	**FY28**	**FY29**
Communications	3	$454,749	$463,504	$472,259	$481,014
Contact Center	5	$757,916	$772,507	$787,099	$801,690
Product (Mgr & Developer)	2	$327,077	$333,535	$339,993	$346,451
Appeals	2	$319,942	$326,214	$332,487	$338,760
	12	**$1,859,684**	**$1,895,761**	**$1,931,838**	**$1,967,915**

Long-Term Fiscal Considerations

· The proposed impacts would be carried forward into future years. This bill may cause unexpected shifts in the premium rate beyond the FY2029 horizon.

· The collective bargaining agreement provision could have a small or very large fiscal impact depending on the number of collective bargaining agreements that are not updated or the time it takes to update these agreements.

Local Fiscal Impact

References/Sources

· LMI data of employers with 50 or fewer employees

· Milliman Letter 4/8/2025

Agency Contact:

Agency Fiscal Note Coordinator Signature: Matthew Dobratz **Date:** 4/23/2025 12:55:02 PM

Phone: 651-259-7153 **Email:** matthew.dobratz@state.mn.us

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Administrative Hearings

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 4/2/2025 10:04:13 AM
Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			**Biennium**		**Biennium**	
Dollars in Thousands		**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF1976-1A makes amendments to Minnesota Statutes 2024, § 268B.01, § 268B.02, § 268B.04, § 268B.06 and § 268B.14: Section 1 updates the definition of "covered employment" under § 268B.01 Subd. 15; Subd 23 amends the definition of 'family member;' Subd. 35 changes the definition of seasonal employment from no more than 150 days to no more than 180 days. Section 4 provides for the Department of Employment and Economic Development (DEED) to contract with a private company to fulfil certain duties added under §268B.02, Subd. 7. A new subdivision 51 is added to § 268B.01 to define work-study employment.

Assumptions

The Office of Administrative Hearings (OAH) in consultation with Minnesota Management and Budget (MMB) assesses agencies the cost of services rendered to them. All agencies shall include in their budgets provisions for such assessments.

OAH has used DEED's assumption that no rulemaking or other additional OAH costs will be incurred because of this bill, therefore it is assumed that HF1976-1A would have no fiscal impact for OAH.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of $270 per hour (see Minn. Stat. § 16A.126, subd. 1 (2023)).

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: William Moore

Agency Fiscal Note Coordinator Signature: William Moore **Date:** 4/2/2025 9:43:24 AM

Phone: 651-361-7893 **Email:** william.t.moore@state.mn.us

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	(366)	(1,010)
Total	**-**	**-**	**-**	**(366)**	**(1,010)**
Biennial Total			**-**		**(1,376)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 4/29/2025 11:43:48 AM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	(366)	(1,010)
Total	**-**	**-**	**-**	**(366)**	**(1,010)**
Biennial Total			**-**		**(1,376)**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	(366)	(1,010)
Total	**-**	**-**	**-**	**(366)**	**(1,010)**
Biennial Total			**-**		**(1,376)**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

This bill would make several modifications to the existing Paid Leave Law (PLL) passed by the legislature in the 2023 legislative session. Some of the changes include eligibility, length of benefits, maximum amount of benefits, and other classifications related to small businesses.

Assumptions

Section 1 in this bill is the only section that would impact the Department of Human Services, specifically nursing homes and the Medical Assistance program. In Section 1, the proposed bill modifies eligibility for the Paid Leave program by excluding individuals covered by union collective bargaining agreements from the benefit. The Department has an approximation of what percentage of employees in the industry are covered by collective bargaining agreements, so this fiscal note is estimating the net savings of excluding a portion of the workforce. This section was updated with updated premium values of 0.63 percent to match recent actuarial analyses.

Effective Date: January 1, 2026.

Implementation Timing: Nursing facilities will incur costs starting on January 1, 2026. This means Medical Assistance and Private pay daily nursing facility payment rates will first be affected from dates of service on and after January 1, 2028, to January 1, 2029. The payments for nursing facility services lags the provision of services by one month, thus a 30-day payment delay factor was used in this fiscal note.

Programs Impacted: This bill will impact the rates for both private pay and Medical Assistance (Long-Term Care Facilities). Rates will decrease compared to current law, given that some individuals who previously would have been eligible for this benefit would now be excluded under the proposed bill.

Rate Impact: The previous expected forecast rate increase was different per facility but was on average projected to be an increase per resident day of $1.08 for Calendar Year (CY) 2028 and $1.47 for CY2029. The revised rate increase if this bill passes would on average be an increase per resident day of $0.63 in CY2028 and $0.87 for CY2029. This would translate to a decrease in expected rate increases per resident day of $0.45 for CY2028 and $0.60 for CY2029. As mentioned earlier, this will impact both private pay and Medical Assistance rates.

Managed Care Rate Impact: There will be a fiscal impact to managed care rates in FY2028 and FY2029. These impacts are noted in the final tracking below.

External Considerations: Federal approval is needed to implement this bill. There are federal and county fiscal impacts associated with this bill and these amounts are shown in the table below. The state share of is determined by amounts paid by these other governmental units. Over this budget horizon, state share is forecasted to be approximately 46.20% of the cost, with federal share at 52.65% and county/local share at 1.15%.

Administrative Costs: This bill can be implemented with the existing Department staff resources.

Systems Costs: There are no systems costs associated with this bill.

Other Considerations: In accordance with current law, the Department used the current nursing facility payment system, Resource Utilization Groups Version IV (RUGS IV) in estimating this fiscal note and did not use the Patient-Driven Payment Model (PDPM).

Expenditure and/or Revenue Formula

Based on February 2025 Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Federal Share	53.18%	52.76%	52.65%	52.65%	52.65%
State share	45.70%	46.09%	46.20%	46.20%	46.20%
County Share	1.12%	1.15%	1.15%	1.15%	1.15%
	100.00%	100.00%	100.00%	100.00%	100.00%
FISCAL NOTE COMPUTATIONS					
Total Annual Costs/(Savings)	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029
PLL	$ -	$ -	$ -	$ (0.45)	$ (0.60)
February 2025 Forecast Days	3,790,784	3,810,289	3,804,755	3,819,757	3,824,019
Total Annual Costs/(Savings) due to Daily Rate change	-	-	-	(1,718,891)	(2,294,412)
30 Day enhanced rate at .40% of total payments	$ -	$ -	$ -	$ (6,876)	$ (9,178)
Private Room add-on at 4.63% total payments	$ -	$ -	$ -	$ (79,585)	$ (106,231)
Leave Day at .03 % of total payments	$ -	$ -	$ -	$ (516)	$ (688)
Costs/(Savings) due to Daily Rate Add-ons	$ -	$ -	$ -	$ (86,976)	$ (116,097)
Total Annual Costs/(Savings)	$ -	$ -	$ -	$ (1,805,867)	$ (2,410,509)
Total Annual Calendar Year Costs/(Savings) (in thousands)	$ -	$ -	$ -	$ (1,806)	$ (2,411)
Conversion to State Fiscal Year (SFY) in thousands	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SFY payment delay	0.00%	41.37%	41.37%	41.37%	41.37%
Cost of Daily Rate Increases Fee-for-service		$ -	$ -	$ (747)	$ (2,056)
Projected MA costs/(savings)		$ -	$ -	$ (747)	$ (2,056)
Federal share		$ -	$ -	$ (393)	$ (1,082)
State budget		$ -	$ -	$ (345)	$ (950)
County share		$ -	$ -	$ (9)	$ (24)
MA Grants (state budget) BACT 33 LF		$ -	$ -	$ (345)	$ (950)
Total Costs/(Savings)	$ -	$ -	$ -	$ (345)	$ (950)
FMAP Percentage for FFS	53.18%	52.76%	52.65%	52.65%	52.65%
County percentages of the total for FFS	1.12%	1.15%	1.15%	1.15%	1.15%
Dollars (in thousands)	**FY2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
Expenditures					
Fund 1000	$ -	$ -	$ -	$ (366)	$ (1,010)
Net Expenditures					
Fund 1000	$ -	$ -	$ -	$ (366)	$ (1,010)
Net Cost (Savings)					
Fund 1000	$ -	$ -	$ -	$ (366)	$ (1,010)
Total Cost (Savings) to the State	$ -	$ -	$ -	$ (366)	$ (1,010)

Fiscal Tracking Summary ($000's)							
Fund	**BACT**	**Description**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
GF	33 LF	MA NF Pyment Sys Changes	0	0	0	(345)	(950)
GF	33	Elderly Managed Care Rates NF Add-on	0	0	0	(21)	(60)
		Total Net Fiscal Impact	**0**	**0**	**0**	**(366)**	**(1,010)**
		Full Time Equivalents	0	0	0	0	0

Long-Term Fiscal Considerations

Local Fiscal Impact

There will be an estimated cost savings to counties in the amount of $9,000 in fiscal year 2028 and $24,000 in fiscal year 2029.

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel

Date: 4/29/2025 11:10:47 AM

Phone: 651-247-3698

Email: christopher.zempel@state.mn.us

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Labor and Industry Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		**Biennium**		**Biennium**	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins	-	39	39	49	49
Total	**-**	**39**	**39**	**49**	**49**
Biennial Total			**78**		**98**

Full Time Equivalent Positions (FTE)		**Biennium**		**Biennium**	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins	-	.3	.3	.38	.38
Total	**-**	**.3**	**.3**	**.38**	**.38**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/26/2025 8:59:24 AM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			**Biennium**		**Biennium**
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Family and Medical Benefit Ins	-	39	39	49	49
Total	**-**	**39**	**39**	**49**	**49**
Biennial Total			**78**		**98**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Family and Medical Benefit Ins	-	39	39	49	49
Total	**-**	**39**	**39**	**49**	**49**
Biennial Total			**78**		**98**
2 - Revenues, Transfers In*					
Family and Medical Benefit Ins	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

Section 1 of the bill changes the definition of "covered employment," in the Minnesota Paid Leave Act (MPL) to exclude from coverage the following employees:

Section 2 of the bill changes the definition of "family member," in the MPL to no longer include "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."

Section 3 of the bill changes the definition of "seasonal employee," in the MPL to increase the required number of days of employment from 150 days to 180 days, modifies the definition of seasonal employees to include all seasonal employees, not just those working in hospitality, and defines "work-study employment" as "Employment of a student who is enrolled in a school, college, or university and whose primary relation to the school is as a student. Work-study employment does not include the employment of an individual whose primary relation to the school, college, or university is an as employee who also takes courses."

Section 6 reduces the maximum length of benefits in a single year to a total of 12 weeks for employees of employers with more than 50 employees and a total of 6 weeks for employees of employers with 50 employees or fewer.

Section 7 relates to the revised definition of seasonal employment and when an employee is entitled to benefits.

Sections 4, 5, and 8 are related to provisions of Minn. Stat. 268B that do not impact the Labor Standards Division of the MN Department of Labor & Industry (DLI).

Assumptions

In 2024, Labor Standards took 11 intakes from employees of government entities. None of these intakes were for people elected to their positions with the government. DLI does not have information available to determine whether any intakes were completed for employees working 80 hours or less for a government, employees working seasonally, or for those engaged in work study employment as defined in this bill.

As the MPL is currently written, DLI estimates receiving 60 employment protection complaints and 100 employee premium charge back complaints annually. In 2024, DLI Labor Standards Division completed 23,935 intakes. Of the intakes, 769 (3.2%) were for employees in a union. DLI assumes CBAs would not be updated to include MPL coverage for at least the first year of the MPL, so DLI estimates the quantity of complaint investigations would be reduced by 3.2% (160 X 3.2% = 5) in FY26 and FY27 because of this bill. Investigative time varies based upon complexity of the case, completeness of records, availability and cooperation of witnesses and employers to bring about the resolution of complaints. DLI estimates one complaint investigation is on average 35 hours. This bill reduces total complaint investigative hours by 175 (35 x 5), or 0.08 FTE (Labor Investigator Sr) in FY26 and FY27. The other changes to the definitions of “family member” and “seasonal employee” are not expected to change DLI’s scope of work.

Because this bill establishes an employee threshold for coverage, the number of investigative hours for complaints against employers close to the 50-employee threshold will add complexity to the investigation process and will result in more employees inquiring about coverage. DLI estimates the additional resources necessary to determine eligibility and address inquiries for the employee threshold change would be 40 additional hours for 20 inquiries/complaints/investigations (800 hours / 0.38 FTE).¿

Expenditure and/or Revenue Formula

Labor Investigator Sr (MAPE 12L)	**2026**	**2027**	**2028**	**2029**
FTE	0.30	0.30	0.38	0.38
Salary per FTE (Midpoint)	78,183	78,183	78,183	78,183
Fringe Benefits (32% of Salary)	25,019	25,019	25,019	25,019
Indirect (16% of Salary/Fringe)	16,512	16,512	16,512	16,512
Total Salary/Fringe/Indirect	35,914	35,914	45,491	45,491
Total Non-Personnel Services	2,815	2,815	3,566	3,566
Total Costs	38,729	38,729	49,057	49,057

FTE Count	**2026**	**2027**	**2028**	**2029**
Reduction in quanitiy of Investigation	(0.08)	(0.08)		
Investigation Complexities w/ 50 Employees	0.38	0.38	0.38	0.38
Total FTE	0.30	0.30	0.38	0.38

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

Agency Contact: Prairie Bly (763-760-5244)

Agency Fiscal Note Coordinator Signature: Jacob Gaub **Date:** 3/25/2025 5:41:04 AM

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HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Legislature

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	(66)	(134)	(131)	(132)
Total	**-**	**(66)**	**(134)**	**(131)**	**(132)**
Biennial Total			**(200)**		**(263)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 4/14/2025 9:38:59 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	(66)	(134)	(131)	(132)
	Total	**-**	**(66)**	**(134)**	**(131)**	**(132)**
	Biennial Total			**(200)**		**(263)**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	(66)	(134)	(131)	(132)
	Total	**-**	**(66)**	**(134)**	**(131)**	**(132)**
	Biennial Total			**(200)**		**(263)**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

The bill amends MS 268B.01, Minnesota Paid Leave Law, in part, by:
Broadening the seasonal employee exemption by striking that the exemption only applies to an employer in the hospitality sector.
Exempting seasonal employees that work for no more than 180 days during any consecutive 52-week period.
Exempting student workers as defined.
Excluding elected officials of the state or any local government unit.

Assumptions

1. The prospective cost of the implementation of the MN Paid Family and Medical Leave act for the legislature was projected in the fiscal note for HF2-4A from the 2023 legislative session. HF5363-1E from 2024 legislative session then amended the premium setting approach from a formula to actuarial analysis rates set by Department of Employment and Economic Development (DEED).
2. We will be using the premium rates as advised with regards to recent actuary analysis from DEED: CY26 0.63%, CY27 0.63%, CY28 0.63% and CY29 0.70%.
3. Prior fiscal note cost analysis was calculated at a 0.88% premium for calendar years 2026 and 2067. The assumption was that calendar year 2028 would have a premium of 0.88% and a premium of 0.93% for calendar year 2029.
4. The entities within the Legislature will begin paying the required employer premiums on January 1, 2026 (second half of FY26), at a projected premium rate as the assumed amended premium basis actuary analysis as stated in assumption 2.
5. The law allows for employers to pay 50% of the premium rate and deduct the remainder of the premium rate from employee wages. For the fiscal note for HF2-4A cost were calculated at the employer cost at 50% of the premium. For this fiscal note it is assumed that the House, Senate, Office of the Legislative Auditor (OLA) and the Legislative Coordinating Commission (LCC) would follow this practice although the actual employee wage deduction, if any, would be dependent on the decision of legislative leadership.
6. This fiscal note will show the cost savings of the difference of the premium rate paid by the employer for the House, Senate, Office of the OLA, and the LCC from the prior premium rate calculation of 0.44% to 0.315% for six months/second half of FY26 and the difference between 0.44% and 0.315% for the 12 months of FY27 and FY28. For FY29, this fiscal note will show cost savings for the premium rate difference to be paid by the employer of 0.44% to 0.315% for the first six months (first half of fiscal year) and then the difference olf 0.465% to .35% for the last six months (second half of fiscal year).
7. Temporary employees (session-only staff) were included in the fiscal note employer cost projections for HF2-4A. With the bill’s exemption change for seasonal employees that work no more than 180 days, the temporary / session-only staff

for any of the agencies of the legislature will no longer qualify for the program benefits. Cost savings be shown will include the exclusion of temporary employees for the House, Senate and LCC under the bill. The OLA does not hire temporary / session only staff.

8. For cost savings calculations, we assume the payroll for temporary / session-only staff for the House, Senate, and LCC will vary between a short session which begins in early February and ends in late May (FY26, FY28) and a long session which will begin in early January and ends in late May (FY27, FY29).

9. Legislative members, as elected officials, are not eligible for the program benefits as stated in the bill. Legislative members were not included in the fiscal note for HF2-4A, since it was assumed that legislative members were not eligible for the program benefits and were not included in the cost calculations for that fiscal note since the bill defined an employee as an individual that is under the employment of the employer. Since that time, MN Department of Employment and Economic Development (DEED), has determined that legislative members would not be exempt and that the House and Senate would need to apply legislative payroll in their determination of employer premium payments. We are including cost savings for the House and Senate for not paying employer premium payments against legislative member payroll in addition to the extended extension for temporary / session only employees.

10. None of the entities of the legislature (the House, Senate, OLA and LCC) received an increase to their appropriations associated with the implementation of the MN Paid Leave Law. The cost savings shown in this fiscal note for rate premium change for employer payments, the expanded exclusion of session only employees, and the exclusion of legislative members from the program benefits is for projected decrease expenditures from the base operational appropriations for each entity.

Expenditure and/or Revenue Formula

The following table shows the projected cost savings 1) for the difference in the premium rate for the employer cost, 2) the exclusion of the temporary employees that would be exempt under the terms of the bill, and 3) the exclusion of legislative members from program benefits. Note that the contributions start 1/1/26 (last six months of FY26).

	FY26 (difference of 0.125%)	FY27 (difference of 0.125%)	FY28 (difference of 0.125%)	FY29 (difference of 0.125% for first 6 months; difference of 0.115% for last 6 months)
Session Length	Short Session	Long Session	Short Session	Long Session
House Employer Premium Cost Savings	($32,658)	($66,717)	($65,316)	($66,492)
Senate Employer Premium Cost Savings	($21,113)	($43,366)	($42,225)	($42,977)
OLA Employer Premium Cost Savings	($4,663)	($9,327)	($9,327)	($8,954)
LCC Employer Premium Cost Savings	($7,221)	($14,551)	($14,442)	($14,019)
Total Legislative Cost (Savings) (rounded)	($66,000)	($134,000)	($131,000)	($132,000)

Long-Term Fiscal Considerations

Savings for the difference in premium rates for the employer payments and the cost savings session only employees of the legislature and legislative members now being exempt from the paid leave law would be ongoing.

Local Fiscal Impact

N/A

References/Sources

Kelly Knight, MN House of Representatives

Peter Skwira, MN House of Representatives
Darren Hoff, MN Senate
Betty Myers, MN Senate
Scott Dunning, Office of Legislative Auditor
Nicole Miner, Office of Legislative Auditor
Judy Randall, Office of Legislative Auditor
Sheree Speer, Office of the Revisor of Statutes
Michelle Yurich, Legislative Coordinating Commission

Agency Contact: Diane Henry-Wangensteen

Agency Fiscal Note Coordinator Signature: Diane Henry **Date:** 4/13/2025 1:59:33 PM

Phone: 651-296-1121 **Email:** diane.henry@lcc.mn.gov

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Metropolitan Council

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature:	Laura Cecko	**Date:**	4/14/2025 9:56:48 AM
Phone:	651-284-6543	**Email:**	laura.cecko@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

HF1976-1A makes amendments to Minnesota Statutes 2024, § 268B.01, § 268B.02, § 268B.04, § 268B.06 and § 268B.14: Section 1 updates the definition of "covered employment" under § 268B.01 Subd. 15; Subd 23 amends the definition of 'family member;' Subd. 35 changes the definition of seasonal employment from no more than 150 days to no more than 180 days. Section 4 provides for the Department of Employment and Economic Development (DEED) to contract with a private company to fulfil certain duties added under §268B.02, Subd. 7. A new subdivision 51 is added to § 268B.01 to define work-study employment.

Assumptions

The provisions in this bill would need to be covered in new collective bargaining agreements for most of Council staff. The proposed language requires employers to bargain new CBAs for all bargaining parties prior to paying the maximum presumptive premium (not knowing the bargaining outcome and proposed split of premiums of 50/50) beginning 1/1/27 instead of 1/1/26, this would save 1.0 or 1.5 year's premiums for most union groups, depending on the timing of the labor negotiations. The Council does not receive State funding for the assessment and this would have no impact on the State's funds.

Expenditure and/or Revenue Formula

NA

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

Cassandra Tabor, Met Council Chief Human Resources Officer

Agency Contact: Cassandra Tabor Chief HR Officer 651 302 1417

Agency Fiscal Note Coordinator Signature: Stewart McMullan **Date:** 4/14/2025 9:33:07 AM

Phone: 651-602-1374 **Email:** stewart.mcmullan@metc.state.mn.us

HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Minn Management and Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Total	**-**	**(2,598)**	**(5,197)**	**(5,197)**	**(4,980)**
Biennial Total			**(7,795)**		**(10,177)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 4/14/2025 1:52:05 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			**Biennium**		**Biennium**
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Total	**-**	**(2,598)**	**(5,197)**	**(5,197)**	**(4,980)**
Biennial Total			**(7,795)**		**(10,177)**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	(891)	(1,783)	(1,783)	(1,708)
All Other Funds	-	(1,707)	(3,414)	(3,414)	(3,272)
Total	**-**	**(2,598)**	**(5,197)**	**(5,197)**	**(4,980)**
Biennial Total			**(7,795)**		**(10,177)**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

HF1976-1A is a bill modifying Minnesota Paid Leave Law in the following manner:

1) Section 1, Subdivision 15 adds a clause stating that covered employment does not include an individual covered by a collective bargaining agreement as of January 1, 2026 until a successor collective bargaining agreement (i) becomes effective, and (ii) specifically directs that all individuals covered by the agreement are in covered employment under this section.Also adds items (5)-(7) below for individuals that qualify.

2) Section 2, Subdivision 23 is amended to remove an individual who has a personal relationship with the applicant that creates and expectation and reliance that the applicant care for the individual without compensation, whether or not the applicant and the individual reside together as a family member.

3) Section 3 is modified to increase definition of seasonal employee from no more than 150 days to no more than 180 days and adds work-study employment.

4) Section 4 is amended to add subdivision 7 which allows for the commissioner to contract with a private company to fulfill assigned duties.

5) Section 5 is amended to modify maximum benefits to a flat rate of 67 percent instead of a tiered rate.

6) Section 6, Subdivision 5 modifies maximum length of benefits to be 12 weeks for employees of an employer with more than 50 employees and for employees of an employer with 50 employees or fewer to 6 weeks.

7) Section 7, Subdivision 9 modifies seasonal employee from 150 day period to 180 day period.

8) Section 8, Subdivision 5a modifies small employer to 50 or fewer employees from 30.

Assumptions

Minnesota Management and Budget (MMB) currently has collective bargaining agreements in place through June 30, 2025. Negotiations for new contracts to cover FY25-27 biennium will begin soon. State law determines eligibility for paid leave. MMB expects most employees to be eligible for paid leave and anticipates paying the employer portion of the premium. A portion of the State's collective bargaining agreements are anticipated to be in effect prior to January 1, 2026.

MMB interprets work-study employment to cover only students employed by their college/university and the fiscal impact will be addressed by Minnesota State Colleges and Universities.

MMB expects cost savings due to reduction in salary costs for state agency employees in 24-hour/7-day operations. These savings were originally calculated using a tiered approach for maximum weekly benefits. Savings will be altered due to shift to flat rate in Section 5.

MMB assumes no impact related to Section 6.

Effective date for items 5-7 is November 1, 2025.

Effective date for item 8 is January 1, 2026.

Fifty percent of premiums will be paid for by employers.

Minnesota Department of Employee and Economic Development has updated estimated premium rates as follows based on calendar year (CY):

CY2026: 0.63%

CY2027: 0.63%

CY2028: 0.63%

CY2029: 0.70%

Expenditure and/or Revenue Formula

Section 5 of the bill proposes a change to the methodology for determining weekly benefit. Current cost savings were calculated as follows:

-310 executive branch employees in 24-hour/7-day operations are assumed to receive the DEED provided benefit each year.

-The average weekly wage in Minnesota, which is the basis for the maximum weekly benefit calculations under article 1, section 8, subdivision 3, is assumed to be $1,240 in FY 2022. $1,240 is the average weekly wage in Minnesota as of quarter 2 2021, according to the U.S. Bureau of Labor Statistics.

-Average weekly wages are assumed to grow 3.31 percent annually based on the average growth rate of Minnesota weekly wages from quarter 2 2011 through quarter 2 2021, per the U.S. Bureau of Labor Statistics. This assumed growth rate provides a new base of $1,281 in FY 2023.

-Average weekly wages for executive branch employees in 24-hour/7-day operations is assumed to be $1,549.60 ($38.74 x 40 hours).

-Using the FY 2023 Minnesota average weekly wage and executive branch 24-hour/7-day operations employee weekly wage figures noted above, the table below provides the estimated per employee maximum weekly benefit provided in this bill. The weekly benefit is assumed to be $1,147 per employee.

Figures are rounded	Average employee weekly wage amount within each threshold	Benefit ratio	Weekly benefit calculation
Threshold (of Minnesota average weekly wage)			
50 percent ($0-$641)	$641	90%	$577
50-100 percent ($642-$1,281)	$641	66%	$423

Above 100 percent ($1,282-$1,550)	$268	55%	$147
Total	$1,550		$1,147

-This fiscal note assumes executive branch employees in 24-hour/7-day operations will take an average of six weeks (240 hours) of the proposed benefit each year.

-Employees can begin accessing the DEED-provided benefit effective January 1, 2026 (article 1, section 38). Thus, this fiscal note assumes that use (in hours) is limited by 50 percent in the first year of implementation (FY 2026).

	A	B	C	D
	Total number of employees taking leave entitlement	Total leave taken per employee (in weeks)	Weekly benefit calculation	Cost savings (A*B*C)
FY 2026	310	3	$1,147	($1,066,710)
FY 2027	310	6	$1,147	($2,133,420)

It is assumed that 34.3.0 percent of the cost savings calculated above will be experienced in the general fund and 65.70 percent in all other state funds based on the overall allocation for all state agency employee compensation costs in FY 2022. The cost by fund may vary significantly by impacted state agency.

Figures are rounded to whole dollars	FY26 (half year due to implementation timing)	FY27
General fund	($365,882)	($731,763)
All other funds	($700,829)	($1,401,657)
Total	($1,066,710)	($2,133,420)

HF1976-1A changes the maximum weekly benefit to the following:

Figures are rounded	Average employee weekly wage amount within each threshold	Benefit ratio	Weekly benefit calculation
<u>Threshold (of Minnesota average weekly wage)</u>			
100 percent ($0-$1,550)	$1,550	67%	$1,039

This adjusts the table below as follows:

A		C	D	
	Total number of employees taking leave entitlement	Total leave taken per employee (in weeks)	Weekly benefit calculation	Cost savings (A*B*C)
FY 2026	310	3	$1,039	($966,270)
FY 2027	310	6	$1,039	($1,932,540)

When compared to previous calculations, this is a decrease of savings of $100,440 in FY26 and a decrease of savings of $200,880 in FY27.

Using the split between general fund and other funds, below is increased cost to the state due to reduced savings:

Figures are rounded to whole dollars	FY26	FY27+
General fund	$34,451	$68,902
All other funds	$65,989	$131,978
Total	$100,440	$200,880

Due to premium rate modifications MMB anticipates saving as follows:

It is assumed that 34.3 percent of the costs calculated below will be paid from the general fund and 65.7 percent from all other state funds based on the overall allocation for all state agency employee compensation costs in FY 2022. The costs by fund may vary significantly by impacted state agency

FY2026

Premium rate is reduced to 0.63% from 0.88%. This decreases the employer premium share by 0.125% from 0.44% to 0.315%. Effective date for premiums is January 1, 2026.

$4,318,174,396 x -0.125 percent premium rate decrease x (6/12 months) = -$2,698,859

General fund: -$925,709
All other state funds: -$1,773,150

FY2027 and FY2028

Premium rate is reduced to 0.63% from 0.88%. This decreases the employer premium share by 0.125% from 0.44% to 0.315%

$4,318,174,396 x -0.125 percent premium rate decrease = -5,397,718

General fund:- $1,851,417
All other state funds:- $3,546,301

FY2029

Premium rate is reduced to 0.63% from 0.88%. This decreases the employer premium share by 0.125% from 0.44% to 0.315% for the first half of the year. Premium rate is reduced to 0.70% from 0.93%. This decreases the emploer premium share by 0.115% for the second half of the year.

$4,318,174,396 x -0.125 percent premium rate decrease x (6/12 months) = -$2,698,859

$4,318,174,396 x -0.115 percent premium rate decrease x (6/12 months) = -$2,482,950

General fund: -$1,777,360
All other state funds:- $3,404,449

Long-Term Fiscal Considerations

Adjustments to premium rate will continue to impact cost of program.

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat **Date:** 4/10/2025 5:54:40 PM

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HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	Minnesota State

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	(534)	(1,067)	-	-
Total	**-**	**(534)**	**(1,067)**	**-**	**-**
Biennial Total			**(1,601)**		**-**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature:	Steve McDaniel	**Date:**	4/4/2025 3:22:24 PM
Phone:	651-284-6437	**Email:**	steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		**Biennium**		**Biennium**	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	(534)	(1,067)	-	-
Total	**-**	**(534)**	**(1,067)**	**-**	**-**
Biennial Total			**(1,601)**		**-**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	(534)	(1,067)	-	-
Total	**-**	**(534)**	**(1,067)**	**-**	**-**
Biennial Total			**(1,601)**		**-**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

This bill makes several changes to the Minnesota Paid Leave. Among these changes is an added provision that covered employment in the state paid leave program does not include "an individual covered by a collective bargaining agreement as of January 1, 2026, until a successor collective bargaining agreement (i) becomes effective, and (ii) specifically directs that all individuals covered by the agreement are in covered employment under this section and that 50 percent of the premium rate will be be paid by the employer and 50 percent will be paid by the employee."

Assumptions

For this fiscal note, Minnesota State's estimated premium payments are included in the MMB portion of this fiscal note.

This portion of the fiscal provides an estimate related to the need to back-fill faculty positions to cover work that would have been done by employees on leave. This estimate focuses on work that needs to continue to ensure continuity of instruction and student support services. Some work may be redistributed, but the instructional roles would more likely require an adjunct faculty member or temporary part-time faculty member emergency hire. Based upon experience calculated for fiscal year 2024, the estimated cost of backfilling these positions is shown below.

For this fiscal note, it is assumed that all 2026-2027 biennial collective bargaining agreements would be in place on January 1, 2026. It is further assumed that all 2028-2029 biennial collective bargaining agreements would incorporate the state paid leave program into them according to the language added by this bill. The effect of these assumptions would be to delay to coverage for Minnesota State employees from January 1, 2026 to July 1, 2027. This delay is shown as a savings of 50% of the estimated initial year's backfill costs in FY 2026 and 100% in FY2027.

Expenditure and/or Revenue Formula

Cost of backfilling position starting in fiscal year 2026.

Plan	**Avg cost temp/adjunct**	**FTE utilizing benefit**	**Total cost**	**Pro-rated 12-weeks**	**50% Portion**
MSUAASF	$48,402.67	8	$387,221.36	$89,358.78	$44,679.39
MSCF	$72,072.48	40	$2,882,899.31	$665,284.46	$332,642.23
IFO	$45,131.91	30	$1,353,957.31	$312,451.69	$156,225.84
Total				**$1,067,094.92**	**$533,547.46**

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Steve Ernest (651-201-6580)

Agency Fiscal Note Coordinator Signature: Steve Ernest **Date:** 4/4/2025 3:21:13 PM

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HF1976 - 1A - Paid Leave Law Requirements Modified

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 1:10:01 PM**
Agency:	University Of Minnesota

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)			Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	(1,043)	(2,085)	(2,220)	(2,131)
	Total	**-**	**(1,043)**	**(2,085)**	**(2,220)**	**(2,131)**
	Biennial Total			**(3,128)**		**(4,351)**

Full Time Equivalent Positions (FTE)			Biennium		Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature:	Steve McDaniel	**Date:**	4/14/2025 4:11:29 PM
Phone:	651-284-6437	**Email:**	steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			Biennium		Biennium	
Dollars in Thousands		**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund		-	(1,043)	(2,085)	(2,220)	(2,131)
	Total	**-**	**(1,043)**	**(2,085)**	**(2,220)**	**(2,131)**
	Biennial Total			**(3,128)**		**(4,351)**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	(1,043)	(2,085)	(2,220)	(2,131)
	Total	**-**	**(1,043)**	**(2,085)**	**(2,220)**	**(2,131)**
	Biennial Total			**(3,128)**		**(4,351)**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

This bill modifies the paid leave program. The bill modifies the definition of covered employment to exclude individuals covered by a collective bargaining agreement as of January 1, 2026, until a successor collective bargaining agreement becomes effective, and specifically directs that all individuals covered by the agreement are in covered employment and students in work-study employment. It reduces the maximum length of benefits in a single year to a total of 12 weeks for employees of employers with more than 50 employees and a total of 6 weeks for employees of employers with 50 employees or fewer.

Assumptions

The premium rate of 0.88% is from an actuarial analysis provided by DEED in February 2024. The fiscal note assumes the employer is paying 50 percent (0.44 percent) for labor represented employees.

The premium rate of .63% for CY 2026-2028 and .70% for CY2029 is from an updated actuarial analysis provided by DEED for the purposes of HF1976-1A. This fiscal note assumes the employer is paying 50 percent (.315% or .35%) for all University employees.

This note assumes that UMN would no longer be paying 50% of premiums or backfilling employees for labor represented employees in FY26 and FY27.

The premium assumption is based on a payroll of $1,776,213,800, of which $287,697,705 is for labor represented employees. The payroll for non-labor represented employees is $1,488,516,095.

The backfill cost is based on total UMN backfill costs of $2,905,322, of which $470,582 represents backfill costs for labor represented employees.

In 2024 the employee population at the University of Minnesota was approximately 28,130, with 30.6% (8,619) being labor represented employees.

The net impact of the savings if labor represented employees were not included in “Covered Employment” are offset by the costs for paying the leave benefit of employees taking leave. This fiscal note considers the savings from 50% of employer paid premiums and backfill costs ($1,736,452) as well as the impact of the University of Minnesota continuing to pay leaves ($1,511,702).

The savings projected for FY26 and FY27 are based on the assumption that no new collective bargaining agreement will be implemented. Starting in FY28, as new agreements take effect, these savings will no longer apply, as the University will begin covering 50% of the premiums for labor represented employees under the new agreements. The additional savings noted for FY26 FY29 are related to the savings recognized due to the change in premium rate from .88% to .63% for CY26-CY28 and to .70% for CY29.

The changes to the maximum weeks per year of leave (from 20 to a maximum of 12 weeks per year) would not have a fiscal impact on the University of Minnesota.

Expenditure and/or Revenue Formula

FY26 savings for no longer paying 1/2 year of premiums for labor represented employees at .44% -$632,935
FY26 savings for no backfilling of labor represented employees for 1/2 year: -$235,291
FY26 new cost for paying the leave benefits of employees taking leave: $755,851
FY2026 total: -$112,375

FY26 cost for paying ½ year premiums at a rate of .44%: $3,274,735
FY26 cost for paying ½ year premiums at a rate of .315%: $2,344,413
FY26 savings for paying ½ year premiums at a rate of .315% vs .44%: -$930,322
Net FY26 impact of -$1,042,697

FY27 savings for no longer paying premiums for labor represented employees at 50% of.88%: -$1,265,870
FY27 savings for no backfilling of labor represented employees: -$470,582
FY27 new cost for paying the leave benefits of employees taking leave: $1,511,702
FY2027 total: -$224,750

FY27 cost for paying premiums at a rate of .44%: $6,549,471
FY27 cost for paying premiums at a rate of .315%: $4,688,826
FY27 total savings for paying premiums at a rate of .315% vs .44%:- $1,860,645
Net FY27 impact of: -$2,085,395

FY28 cost for paying premiums at a rate of .44%: $7,815,341
FY28 cost for paying premiums at a rate of .315%: $5,595,073
FY28 total savings for paying premiums at a rate of .315% vs .44%: - $2,220,268

FY29 cost for paying ½ year premiums at a rate of .44%: $3,907,670
FY29 cost for paying ½ year premiums at a rate of .315%: $2,797,537
FY29 total savings for paying premiums ½ year premiums at a rate of .315% vs .44%: -$1,110,133

FY29 cost for paying ½ year premiums at a rate of .465%: $4,129,697
FY29 cost for paying ½ year premiums at a rate of .35%: $3,108,374
FY29 savings for paying ½ year premiums at a rate of .35% vs .465% as previously reported: -$1,021,323
Net FY29 impact of: -$2,131,456

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

This bill will affect all Minnesota employers.

References/Sources

Mary Rohman Kuhl, Director of Total Rewards, Office of Human Resources, University of Minnesota
Kate Stuckert, Chief of Staff, Office of Human Resources, University of Minnesota

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