Revised

Consolidated Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 PM**
Lead Agency:	Employment and Economic Dvlpmt
Other Agencies:	

Other Agencies:
- Administrative Hearings
- Human Services Dept
- Legislature
- Minnesota State
- University Of Minnesota
- Commerce Dept
- Labor and Industry Dept
- Minn Management and Budget
- Supreme Court

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

Local Fiscal Impact	Yes	No
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	-	(52,798)	(5,804)	(22,856)	(4,017)
Human Services Dept					
General Fund	-	-	-	(878)	(1,485)
Labor and Industry Dept					
General Fund	-	2	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Legislature					
General Fund	-	(164)	(162)	8	(4)
Minn Management and Budget					
General Fund	(118)	(3,426)	(3,378)	296	111
All Other Funds	(143)	(6,677)	(6,470)	567	213
Minnesota State					
General Fund	-	(534)	(534)	-	-
University Of Minnesota					
General Fund	-	(694)	(516)	355	133
State Total					
Family and Medical Benefit Ins	-	(52,786)	(5,474)	(22,895)	(4,056)
General Fund	(118)	(4,816)	(4,590)	(219)	(1,245)
All Other Funds	(143)	(6,677)	(6,470)	567	213
Total	**(261)**	**(64,279)**	**(16,534)**	**(22,547)**	**(5,088)**
Biennial Total			**(80,813)**		**(27,635)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Employment and Economic Dvlpmt					

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Family and Medical Benefit Ins	-	-	-	-	-
Human Services Dept					
General Fund	-	-	-	-	-
Labor and Industry Dept					
General Fund	-	-	-	-	-
Family and Medical Benefit Ins	-	(.16)	1.87	(.29)	(.29)
Legislature					
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	(.22)	.14	-	-	-
All Other Funds	-	-	-	-	-
Minnesota State					
General Fund	-	-	-	-	-
University Of Minnesota					
General Fund	-	-	-	-	-
Total	**(.22)**	**(.02)**	**1.87**	**(.29)**	**(.29)**

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 February of 2024. The February 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/240787.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 7. This fiscal note was revised to correct the reference to the actuarial analysis on which current law projections are based. This did not change the Cost (Savings) Table in the fiscal note.

LBO Signature: Alyssa Holterman Rosas **Date:** 4/29/2025 2:42:15 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

Revised

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	-	(52,798)	(5,804)	(22,856)	(4,017)
Human Services Dept					
General Fund	-	-	-	(878)	(1,485)
Labor and Industry Dept					
General Fund	-	2	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Legislature					
General Fund	-	(164)	(162)	8	(4)
Minn Management and Budget					
General Fund	(118)	(3,426)	(3,378)	296	111
All Other Funds	(143)	(6,677)	(6,470)	567	213
Minnesota State					
General Fund	-	(534)	(534)	-	-
University Of Minnesota					
General Fund	-	(694)	(516)	355	133
Total	**(261)**	**(64,279)**	**(16,534)**	**(22,547)**	**(5,088)**
Biennial Total			**(80,813)**		**(27,635)**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	(819,248)	(889,643)	(262,332)	(304,910)
Human Services Dept					
General Fund	-	-	-	(878)	(1,485)
Labor and Industry Dept					
General Fund	-	-	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Legislature					
General Fund	-	(164)	(162)	8	(4)
Minn Management and Budget					
General Fund	(118)	(3,426)	(3,378)	296	111
All Other Funds	(143)	(6,677)	(6,470)	567	213
Minnesota State					
General Fund	-	(534)	(534)	-	-
University Of Minnesota					
General Fund	-	(694)	(516)	355	133
Total	**(261)**	**(830,731)**	**(900,373)**	**(262,023)**	**(305,981)**
Biennial Total			**(1,731,104)**		**(568,004)**
2 - Revenues, Transfers In*					
Employment and Economic Dvlpmt					
Family and Medical Benefit Ins	-	(766,450)	(883,839)	(239,476)	(300,893)
Human Services Dept					
General Fund	-	-	-	-	-

Revised

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Labor and Industry Dept					
General Fund	-	(2)	-	-	-
Family and Medical Benefit Ins	-	-	-	-	-
Legislature					
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Minnesota State					
General Fund	-	-	-	-	-
University Of Minnesota					
General Fund	-	-	-	-	-
Total	**-**	**(766,452)**	**(883,839)**	**(239,476)**	**(300,893)**
Biennial Total			**(1,650,291)**		**(540,369)**

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 PM**
Agency:	Employment and Economic Dvlpmt

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

	Yes	No
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	-	(52,798)	(5,804)	(22,856)	(4,017)
Total	**-**	**(52,798)**	**(5,804)**	**(22,856)**	**(4,017)**
Biennial Total			**(58,602)**		**(26,873)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Family and Medical Benefit Ins	-	-	-	-	-
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.
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 February of 2024. The February 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/240787.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 7. This fiscal note was revised to correct the reference to the actuarial analysis on which current law projections are based. This did not change the Cost (Savings) Table in the fiscal note.

LBO Signature: Alyssa Holterman Rosas **Date:** 4/29/2025 2:42:02 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		-	(52,798)	(5,804)	(22,856)	(4,017)
	Total	**-**	**(52,798)**	**(5,804)**	**(22,856)**	**(4,017)**
	Biennial Total			**(58,602)**		**(26,873)**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Family and Medical Benefit Ins		-	(819,248)	(889,643)	(262,332)	(304,910)
	Total	**-**	**(819,248)**	**(889,643)**	**(262,332)**	**(304,910)**
	Biennial Total			**(1,708,891)**		**(567,242)**
2 - Revenues, Transfers In*						
Family and Medical Benefit Ins		-	(766,450)	(883,839)	(239,476)	(300,893)
	Total	**-**	**(766,450)**	**(883,839)**	**(239,476)**	**(300,893)**
	Biennial Total			**(1,650,289)**		**(540,369)**

Bill Description

The bill exempts employers with 15 or fewer employees from coverage under the Paid leave law. The bill also significantly expands the definition of seasonal employee to be any individual who is employed for no more than 150 days during any consecutive 52-week period, in comparison with current Law, which only permits an exemption for seasonal workers in the field of hospitality. The bill also delays implementation of the program until January 1, 2027.

Assumptions

The Labor Market and Information (LMI) office provided data from Unemployment Insurance records to estimate the number of employers with 15 or fewer employees. Milliman Inc. then used that data to adjust the Minnesota Paid Leave program model to exempt those employers and employees. This resulted in fewer eligible employees and lower taxable wages.

The Labor Market and Information (LMI) office provided data to estimate the number of employees that were employed for fewer than 150 days during a 52-week period in 2023-24. This estimate was determined by reviewing consecutive quarters of wage records and removing those that were employed longer than two consecutive quarters. The analysis also removed all jobs that were held for less than 160 hours as those do not represent seasonal jobs, but jobs which employees leave after a very short time for other reasons such as fit. This estimate resulted in 213,117 jobs, an increase from the previous estimate of 94,000 seasonal workers, as was used in previous fiscal notes to model the current Law. Milliman then used the revised estimate to adjust the Minnesota Paid Leave program model to adjust the covered employees and taxable wage assumptions. They did not make an explicit adjustment to the usage assumptions for extending the definition of seasonal employee because there is insufficient data to study usage trends among seasonal employees.

Delaying implementation of the Paid Leave Program would have budgetary effects on (1) the overall administration and implementation of the program and (2) the premiums collected, and benefits distributed by the program for the delayed time period.

Milliman did not model any fiscal impacts based on the change to private plan requirements (Section 5 of the bill) as DEED has not previously modeled the potential impact of private plans due to the wide variation of adoption in states with private plans.

1. Paid Leave Program Implementation

Delaying implementation would result in hiring postponement of approximately 246 FTE’s for approximately one year, including FTEs for operational roles, contact center representatives, claims adjustors, and appeals staff. The estimated cost reduction in total to the program is $35,311,755 over FY26 and FY27 for these positions, which includes both labor and non-labor costs in addition to learning and development and overflow volume services costs, which are temporary staffing capacity for the program's launch. DEED estimates these additional costs to total $750,000 in FY27.

Marketing vendor and earned media costs would be reduced in FY26 by $216,000, but the costs would increase for FY27 by an estimated $504,000 due to changes in contracts and increased communication and educational needs due to changed implementation date. DEED has already begun a public education program for the current program start date of Jan. 1, 2026. The additional funding is necessary to notify the public of the change to the new launch date of the program. Additionally, it is anticipated that marketing costs would increase between the two dates.

The program currently has a contract with Nava PBC as a technology vendor. The program currently estimates that an additional $9,200,000 in FY27 and $10,596,000 in FY28 will be required for development costs, as the above-mentioned staffing delay introduces execution risk as application development would continue and delay the scale back of vendor post delivery services. To mitigate these risks, the program is anticipating needing additional funding to maintain or increase IT staff during the delayed launch period and subsequent final implementation for program needs. The paid leave program currently has plans to reduce the vendor footprint year-over-year following the launch of the program, with significant spending decreases in FY27-28. This bill would shift those reductions by one year.

2. Paid Leave Premiums and Benefits

DEED currently estimates that projected program revenue would be reduced due to the delay and would result in $1,650,289 less funds in the FY26-27 biennium. During that same period, benefit payments to recipients would also be reduced by a total of $1,569,000.

Because Public Outreach grants are calculated based on benefit payments made, this provision also has reduced expenditures out of the fund. Public Outreach Payments would be reduced for the biennium.

Expenditure and/or Revenue Formula

Milliman analysis change over original assumptions and additional administrative changes based on delayed implementation:

	HF 2024 variance to Milliman Feb 2024			
	SFY26	SFY27	SFY28	SFY29
246 FTE's Labor & Non-Labor Costs	($36,062)	$750		
Marketing Vendor and Earned Media	(216)	504		
Technology Vendor		9,200	10,596	
Benefit Payments	(730,045)	(839,392)	(255,046)	(284,932)
Public Outreach Program _ Payments	(1,825)	(1,943)		
Actuarial analysis Admin Chng	(51,100)	(58,762)	(17,882)	(19,978)
Total Program Expenditure Change ($ thousands)	($819,248)	($889,643)	($262,332)	($304,910)
Total Program Revenue Change ($thousands)	($766,450)	($883,839)	($239,476)	($300,893)
Net Change ($ thousands)	($52,798)	($5,804)	($22,856)	($4,017)

Long-Term Fiscal Considerations

Additional changes to the model for the Paid Leave program will continue to shift premium rates and overall benefits intended by the program.

Local Fiscal Impact

References/Sources

- Labor Market Information analysis 3/20/2025
- Milliman Letter 4/8/2025

Agency Contact: Evan Rowe

Agency Fiscal Note Coordinator Signature: Matthew Dobratz **Date:** 4/23/2025 12:55:19 PM

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

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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:** 3/24/2025 8:55:19 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

HF2024 amends Minnesota Statutes 2024, § 268B.01, Subd. 17 to state that the definition of an employee does not include an employee of a small employer and amends § 268B.01 by adding a subdivision to define a small employer as an employer with 15 or fewer employees. It modifies private plan requirements for the medical leave and family benefits programs under § 268B.10 by stating that private plans can provide shorter durations of leave and benefit eligibility if the dollar value of wage replacement under the private plan meets or exceeds what the total dollar value would be under the public benefit program. Section 8 changes the application date of chapter 268B from January 1, 2026 to January 1, 2027.

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 is an employer with more than 15 employees and would not qualify as a small employer as defined in this bill.

OAH's leave and benefits plan is administered through the State Employee Group Insurance Program managed by MMB.

OAH has used Department of Employment and Economic Development's assumption that no rulemaking or other additional OAH costs will be incurred because of this bill, therefore it is assumed that HF2024 would have no fiscal impact for OAH.

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: 3/21/2025 3:52:34 PM

Phone: 651-361-7893

Email: william.t.moore@state.mn.us

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 PM**
Agency:	Commerce 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
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:	Karl Palm	**Date:**	3/23/2025 3:58:15 PM
Phone:	651-296-6055	**Email:**	karl.palm@lbo.mn.gov

Revised

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

House File 2024 proposes modifications to the state's paid leave program by amending Minnesota Statutes 2024, sections 268B.01, subdivisions 17, 18, 35, and adding a subdivision; 268B.10, subdivisions 2, 3; 268B.14, subdivision 7; Laws 2023, chapter 59, article 1, section 42. These modifications include changes to the definitions of "employee," "employer," and "seasonal employee"; revisions to private plan requirements for medical and family benefit programs; adjustments to premium rates; and a change to the application date for family and medical benefits.

Assumptions

Commerce assumes that the changes in definitions related to "employee" and "employer" will impact the number of individuals and businesses eligible for and required to participate in the paid leave program. Commerce also assumes that modifications to private plan requirements could affect the number of employers opting to provide private plans instead of participating in the state program. Additionally, the adjustments to premium rates and the implementation timeline will have implications for the financial sustainability of the Paid Leave Fund. However, Commerce assumes that none of these changes will have a material impact in Commerce’s review of private plans, and therefore no fiscal impact.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper **Date:** 3/21/2025 3:33:29 PM

Phone: 651-539-1517 **Email:** amy.trumper@state.mn.us

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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	-	-	-	(878)	(1,485)
Total	**-**	**-**	**-**	**(878)**	**(1,485)**
Biennial Total			**-**		**(2,363)**

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 11:44:09 AM
Phone:	651-296-6052	**Email:**	kate.schiller@lbo.mn.gov

Revised

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		-	-	-	(878)	(1,485)
	Total	**-**	**-**	**-**	**(878)**	**(1,485)**
	Biennial Total			**-**		**(2,363)**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	-	(878)	(1,485)
	Total	**-**	**-**	**-**	**(878)**	**(1,485)**
	Biennial Total			**-**		**(2,363)**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

This bill would delay the implementation of premiums from the Paid Leave Law (PLL) from January 1, 2026, to January 1, 2027.

Assumptions

This bill delays the effective date of PLL premiums by one year. This will have an impact on when nursing facilities start to incur premium costs. The premium rate as of August 2024 is 0.88 percent, which is an increase from the original 2023 legislation where the rate was 0.70 percent. This fiscal note revises the assumptions to a premium of 0.92 percent, which aligns with updated actuarial analyses.

Effective Date: January 1, 2027.

Implementation Timing: Nursing facilities will incur costs starting on January 1, 2027. 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 this bill delays the implementation date of the premium by one year.

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 $1.18 for CY2029. This would translate to a decrease in expected rate increases per resident day of $1.08 for CY2028 and $0.29 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: This fiscal note has been updated with February 2025 Forecast data. Additionally, 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	$ -	$ -	$ -	$ (1.08)	$ (0.29)
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	-	-	-	(4,125,338)	(1,108,966)
30 Day enhanced rate at .40% of total payments	$ -	$ -	$ -	$ (16,501)	$ (4,436)
Private Room add-on at 4.63% total payments	$ -	$ -	$ -	$ (191,003)	$ (51,345)
Leave Day at .03 % of total payments	$ -	$ -	$ -	$ (1,238)	$ (333)
Costs/(Savings) due to Daily Rate Add-ons	$ -	$ -	$ -	$ (208,742)	$ (56,114)
Total Annual Costs/(Savings)	$ -	$ -	$ -	$ (4,334,080)	$ (1,165,079)
Total Annual Calendar Year Costs/(Savings) (in thousands)	$ -	$ -	$ -	$ (4,334)	$ (1,165)
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		$ -	$ -	$ (1,793)	$ (3,023)
Projected MA costs/(savings)		$ -	$ -	$ (1,793)	$ (3,023)
Federal share		$ -	$ -	$ (944)	$ (1,591)
State budget		$ -	$ -	$ (828)	$ (1,397)
County share		$ -	$ -	$ (21)	$ (35)
MA Grants (state budget) BACT 33 LF		$ -	$ -	$ (828)	$ (1,397)
Total Costs/(Savings)	$ -	$ -	$ -	$ (828)	$ (1,397)
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	$ -	$ -	$ -	$ (878)	$ (1,485)
Net Expenditures					
Fund 1000	$ -	$ -	$ -	$ (878)	$ (1,485)
Net Cost (Savings)					
Fund 1000	$ -	$ -	$ -	$ (878)	$ (1,485)
Fund					
Fund					
Total Cost (Savings) to the State	$ -	$ -	$ -	$ (878)	$ (1,485)

Fiscal Tracking Summary ($000's)							
Fund	BACT	Description	FY2025	FY2026	FY2027	FY2028	FY2029
GF	33 LF	MA NF Pyment Sys Changes	0	0	0	(828)	(1,397)
GF	33	Elderly Managed Care Rates NF Add-on	0	0	0	(50)	(88)
		Total Net Fiscal Impact	**0**	**0**	**0**	**(878)**	**(1,485)**
		Full Time Equivalents	0	0	0	0	0

Long-Term Fiscal Considerations

This bill will continue to impact Medicaid and Private Pay nursing facility rates beyond fiscal year 2029.

Local Fiscal Impact

There will be an estimated cost savings to counties in the amount of $21,000 in fiscal year 2028 and $35,000 in fiscal year 2029.

References/Sources

- 2023 DHS Nursing Facility Cost Report Files
- November 2024 Forecast
- Nursing Home Claim Data for Calendar Year 2023
- 2024 Rate Adjustment data used for rate setting purposes

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel **Date:** 4/29/2025 11:13:46 AM

Phone: 651-247-3698 **Email:** christopher.zempel@state.mn.us

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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**
General Fund	-	2	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Total	**-**	**14**	**330**	**(39)**	**(39)**
Biennial Total			**344**		**(78)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
Family and Medical Benefit Ins	-	(.16)	1.87	(.29)	(.29)
Total	**-**	**(.16)**	**1.87**	**(.29)**	**(.29)**

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: Alyssa Holterman Rosas **Date:** 4/1/2025 2:27:22 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
General Fund	-	2	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Total	**-**	**14**	**330**	**(39)**	**(39)**
Biennial Total			**344**		**(78)**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
Family and Medical Benefit Ins	-	12	330	(39)	(39)
Total	**-**	**12**	**330**	**(39)**	**(39)**
Biennial Total			**342**		**(78)**
2 - Revenues, Transfers In*					
General Fund	-	(2)	-	-	-
Family and Medical Benefit Ins	-	-	-	-	-
Total	**-**	**(2)**	**-**	**-**	**-**
Biennial Total			**(2)**		**-**

Bill Description

Section 1 and 2 change the definition of “employee” to exclude employers with 15 or fewer employees from the Minnesota Paid Leave program.

Section 3 changes the definition of “seasonal employee” to cover anyone who is employed for no more than 150 days during any consecutive 52-week period.

Section 4 defines small employer as an employer with 15 or fewer employees.

Sections 5 to 7 make changes to portions of the Minnesota Paid Leave (MPL) law that do not impact DLI.

Section 8 delays the start date for MPL to January 1, 2027.

Section 9 conforms all effective dates of the MPL with the amendment in section 8.

Assumptions

DLI assumes section 9 of this bill amends the effective date of MS 268B.17 and MS 268B.18 for DLI from January 1, 2026, to January 1, 2027. MS 268B.17 and 268B.18 are the statutory mechanisms that provide funding to DLI to fulfill its enforcement authority of the MN paid leave law, and outreach, education, and technical assistance for employees, employers, and self-employed individuals.

During the 2023 legislative session, DLI received a direct appropriation which provided implementation funding for the paid leave law for state fiscal years 2024, 2025, and half of 2026. The conforming date in this bill would delay the agency’s need to hire additional enforcement staff (Labor Investigator Sr.) by one year.

Because this bill pushes back DLI’s ability to enter into interagency agreements for funding, DLI assumes a direct appropriation would be provided to fund current paid leave work for calendar year 2026.

On average, the department assessed and collected a penalty in 1.9% of all investigations. For new penalties specific to PFML, DLI estimates the average collected penalty amount will be $500. This would result in annual revenues in the amount of $1,500 (160 investigations X 1.9% = 3 penalties collected X $500 = $1,500). Because this bill delays enforcement authority, DLI estimates a loss of forecasted revenue in state fiscal year 2026 of $1,500.

The total number of employees in Minnesota (excluding federal government workers) currently covered by the law is 2,874,729. Of those, approximately 405,000 (14%) work for employers with 15 or fewer workers, who would no longer be covered by the MPL under this bill. Approximately 376,600 (13%) workers are seasonal, working 21 weeks (or 150 days) or fewer in a consecutive 12-month period. Of the 376,600 (13%) of seasonal workers, 20% (75,260) also work for small employers, resulting in a total net reduction of 706,340 (405,000 + 376,600 75,260 = 706,340) (25%) employees becoming exempt from MPL because of this bill.

As the MPL is currently written, DLI estimates receiving 60 employment protection complaints and 100 employee premium charge back complaints. This estimate is based on the number of FMLA complaints received by the United States Department of Labor (USDOL) each year. This is a relevant comparison because the employment protections in the FMLA are similar to those in the Minnesota Paid Leave law (prohibition of retaliation and interference, continued insurance, and right to reinstatement). DLI assumes the quantity of complaint investigations would be reduced by 25% (40) 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 1,400 (35 x 40), or 0.67 FTE (Labor Investigator Sr) starting in FY27.

However, because this bill establishes an employee threshold for coverage, as well as an exception for seasonal workers, the number of investigative hours for complaints against employers close to the 15-employee threshold or close to working 150 days in a year, 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 would be 40 additional hours for 20 inquiries/complaints/investigations (800 hours / 0.38 FTE) starting in FY27.

Expenditure and/or Revenue Formula

The current base appropriation was appropriated to DLI to cover forecasted costs from July 1, 2025, through December 31, 2025. That sixth month period served as the time DLI would onboard additional investigators for the current effective date of January 1, 2026.

Current Base Appropriation	2026	2027	2028	2029
Labor Investigator Sr	(213,000)	-	-	-
State Program Admin Director	(96,000)	-	-	-
Outreach and Engagement	(50,000)	-	-	-
IT Case Mgmt User License/Maintenance	(7,000)	-	-	-
Total Current Base Appropriation	(366,000)	-	-	-

Proposed legislation costs shown in FY26 and FY27 are anticipated costs from July 1, 2025 through December 31, 2026, which would cover the one-year delay in implementation as a result of this proposed legislation. DLI assumes a legislative direct appropriation would support DLI PFML operating in FY26 and FY27.

Proposed Legislation Expenditures	2026	2027	2028	2029

Labor Investigator Sr	129,098	176,864	(38,592)	(38,592)
State Program Admin Director	191,847	95,923	-	-
Outreach and Engagement	50,000	50,000		
IT Case Mgmt User License/Maintenance	7,000	7,000		
Total Proposed Legislation Expenditures	377,945	329,787	(38,592)	(38,592)

Current Base FTE	2026	2027	2026	2027
State Program Admin Director	(0.50)	-	-	-
Labor Investigator Sr	(1.66)	-	-	-
Total Current Base FTE	(2.16)	-	-	-

Proposed Legislation FTE	2026	2027	2028	2029
State Program Admin Director - Base	1.00	0.50	-	-
Labor Investigator Sr - Base	1.00	1.66	-	-
LI Sr. - Quantity of Complaint Investigations	-	(0.67)	(0.67)	(0.67)
LI Sr. - Investigative Complexities w/ 15 Employees	-	0.38	0.38	0.38
Total Proposed Legislation FTE	2.00	1.87	(0.29)	(0.29)

Revenues	2026	2027	2028	2029
Records Penalties	(1,500)	-	-	-

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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

Agency Fiscal Note Coordinator Signature: Jacob Gaub

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Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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	-	(164)	(162)	8	(4)
Total	**-**	**(164)**	**(162)**	**8**	**(4)**
Biennial Total			**(326)**		**4**

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:** 4/11/2025 11:48:30 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

Revised

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		-	(164)	(162)	8	(4)
	Total	**-**	**(164)**	**(162)**	**8**	**(4)**
	Biennial Total			**(326)**		**4**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	(164)	(162)	8	(4)
	Total	**-**	**(164)**	**(162)**	**8**	**(4)**
	Biennial Total			**(326)**		**4**
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 an employer in the hospitality sector.

Providing an exemption for small employers that have 15 or less employees.

Providing that a private plan may be considered as a substitute even if the private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of the wage replacement benefits under the private plan for an employee for any specific qualifying event meets or exceeds the total dollar value that would be available for the employee under the public plan.

Changing the implementation date for benefit payments to begin January 1, 2027, instead of January 1, 2026.

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. With the delay for the implementation date employer premium payment, this fiscal note will show a savings of payments that would have been due January 1, 2026 (second half of FY26), to now being due January 1, 2027 (second half of FY27), for the House, Senate, Office of the Legislative Auditor (OLA), and the Legislative Coordinating Commission (LCC).

3. For this fiscal note, we will be using the premium rates as advised with regards to recent actuary analysis from DEED for this bill 0.92% for calendar years 2026 to 2029.

4. The prior fiscal note cost analysis was calculated at a 0.88% premium for calendar years 2026 and 2027. The assumption was that calendar year 2028 would have a premium of 0.88% and a premium of 0.93% for calendar year 2029.

5. The entities within the Legislature will begin paying the required employer premiums on January 1, 2027 (second half of FY27), at a projected premium rate as the assumed amended premium basis actuary analysis as stated in assumption 3.

6. The law allows for employers to pay 50 percent 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, OLA and LCC would follow this practice although the actual employee wage deduction, if any, would have been dependent on the decision of legislative leadership.

7. 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% for FY26 for the delayed implementation date. For FY27, the net cost savings will show the difference of the applied premium rate calculation of 0.44% to 0% for the first six months of the fiscal year for the delayed implementation and the difference of 0.44% to 0.46% for the last six months of the fiscal year. For FY28, the net cost shown will be the difference of the applied premium rate calculation of 0.44% to 0.46%. For FY29, the net cost shown will be the difference of the applied premium rate calculation of 0.44% to 0.46% for the first six months of the fiscal year and the difference of 0.465% to 0.46% for the last six months of the fiscal year.

8. For the fiscal note for HF2-4A, we 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 in the net cost savings for the House and Senate for not paying employer premium payments against legislative member payroll in addition for staff payroll in this fiscal note for amended law implementation date for FY26 and FY27. We are including the legislative payroll in the calculation.

9. With the bill's exemption change for seasonal employees, the temporary / session only staff for the House and the Senate will no longer qualify for the benefits under the Minnesota Paid Leave Law since employments of such staff historically is consistently less than 150 days in a 52-week period. For the LCC, 40 percent of its temporary / session only staff will no longer qualify for the public program benefits. The OLA does not hire temporary / session only staff. Included in the calculations of this fiscal note is the cost savings of the exclusion of temporary / session only employees that work less than 150 days and now would be exempt under the terms of the bill.

10. 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) and a long session which will begin in early January and ends in late May (FY27).

11. The Senate, OLA and LCC use the state's timecard and payroll system. For this note we assume that any projected savings or costs regarding the delay in the implementation of the law with regards to the State HR and timecard systems that are used by the Senate, OLA and LCC will be addressed by the fiscal note authored by Minnesota Management and Budget (MMB).

12. 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 the delay in the law implementation, the cost savings from the expanded exclusion of session only employees, and the cost or cost savings is from projected decrease or increase of expenditures from the base operational appropriations for each entity.

13. Any savings for a delay in posting notices will be nominal.

Expenditure and/or Revenue Formula

The following table shows 1) the projected cost savings the delay in payment implementation to being 1/1/27 under the bill, 2) the projected cost or cost savings of the difference in the premium rate for the employer cost, and 3) the projected cost savings of the exclusion of the temporary employees that work less than 150 days and now would be exempt under the terms of the bill.

	FY26 (difference of (0.44%) for the last 6 months of the FY for the delayed payment implementation date)	FY27 (difference of (0.44%) for the first 6 months of FY for the delayed implementation date; and a rate difference of 0.02% in rate for the last 6 months of FY)	FY28 (rate difference of 0.02%)	FY29 (rate difference of 0.02% for first 6 month of the FY, and a rate difference of (0.005%) for last 6 months of the FY)
Session Length	Short Session	Long Session	Short Session	Long Session
House Employer Premium Cost or (Cost Savings)	($71,712)	($71,711)	$2,804	($2,711)
Senate Employer Premium Cost or (Cost Savings)	($50,975)	($51,269)	$1,694	($2,375)
OLA Employer Premium Cost or (Cost Savings)	($16,415)	($15,669)	$1,492	$560
LCC Employer Premium Cost or (Cost Savings)	($24,637)	($23,721)	$1,981	$537
Total Legislative Cost or (Cost Savings) (rounded)	($164,000)	($162,000)	$8,000	($4,000)

Long-Term Fiscal Considerations

Savings for the delayed law implementation would only be recognized until FY27 so would not have long term considerations. The change in the applied premium rate would be ongoing and the exemptions 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:** 4/11/2025 11:35:40 AM

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Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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		(118)	(3,426)	(3,378)	296	111
All Other Funds		(143)	(6,677)	(6,470)	567	213
	Total	**(261)**	**(10,103)**	**(9,848)**	**863**	**324**
	Biennial Total			**(19,951)**		**1,187**

Full Time Equivalent Positions (FTE)			Biennium		Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		(.22)	.14	-	-	-
All Other Funds		-	-	-	-	-
	Total	**(.22)**	**.14**	**-**	**-**	**-**

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:** 4/21/2025 3:00:25 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

Revised

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		(118)	(3,426)	(3,378)	296	111
All Other Funds		(143)	(6,677)	(6,470)	567	213
	Total	**(261)**	**(10,103)**	**(9,848)**	**863**	**324**
	Biennial Total			**(19,951)**		**1,187**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		(118)	(3,426)	(3,378)	296	111
All Other Funds		(143)	(6,677)	(6,470)	567	213
	Total	**(261)**	**(10,103)**	**(9,848)**	**863**	**324**
	Biennial Total			**(19,951)**		**1,187**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
All Other Funds		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

HF2024-0 amends Minnesota Statutes 2024, § 268B.01, Subd. 17 to state that the definition of an employee does not include an employee of a small employer and amends § 268B.01 by adding a subdivision to define a small employer as an employer with 15 or fewer employees. It modifies private plan requirements for the medical leave and family benefits programs under § 268B.10 by stating that private plans can provide shorter durations of leave and benefit eligibility if the dollar value of wage replacement under the private plan meets or exceeds what the total dollar value would be under the public benefit program.

Section 8 of bill delays enactment of certain provisions of the Minnesota Paid Leave Law by one year. It does not modify the program in any other substantive way.

Assumptions

This bill will impact Minnesota Management and Budget (MMB) as it delays the provisions of the paid leave law that relate to MMB. MMB expects savings in fiscal years 2026 and 2027 related to one year delay in the following cost areas:

1) FY 2026 savings are anticipated due to delayed implementation. This is related to not having to pay any premiums for half of the year.

2) FY 2027 anticipated savings of 50 percent due to only needing to pay premiums for half of the year.

3) FY 2026 anticipated savings due no longer backfilling employees for half of the year.

4) FY 2027 anticipated savings of 50 percent due to only paying for half a year of backfilling employees.

MMB is using premium rate of 0.88 percent of which employer is paying 50 percent (0.44 percent).

MMB expects estimated agency cost savings related to reduced salary costs for employees in 24-hours/7 -day operations will be pushed out due this change, increasing state costs in fiscal years 2026 and 2027.

MMB expects that implementation costs originally planned for FY 2025 will be moved forward into FY 2026.

Fifty percent of premiums will be paid for by employers.

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

CY2026: 0.92%

CY2027: 0.92%

CY2028: 0.92%

CY2029: 0.92%

Expenditure and/or Revenue Formula

1) Executive branch and judicial branch state agency costs due to employer-paid premiums: It is assumed executive branch and judicial branch state agencies will participate in both the family and medical benefit programs. The total premium for these programs is 0.88 percent and allows 50 percent of premiums to be charged back to employees-leaving employer share at 0.44 percent. Effective premium date is moving from January 1, 2026 to January 1,2027.

In FY 2022, total executive branch and judicial branch state agency wages up to the $147,000 wage limit established totaled $4,021,613,296. The wages portion of total state payroll costs are assumed to increase by approximately 2.40 percent annually through FY 2025, bringing the total wage amount to an adjusted based of 4,318,174,396.

Only one-half of the total cost of the employer-paid premiums was reflected in past fiscal note because of the January 1, 2026, effective date.

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.

FY 2026: $4,318,174,396 x 0.44 percent premium rate x (6/12 months) = $9,499,984

General fund: $3,258,494

All other state funds: $6,241,489

Due to delay in effective date, there will be no costs to the state in FY 2026 with current law proposed change.

FY 2027: $4,318,174,396 x 0.44 percent premium rate = $18,999,967

General fund: $6,516,989

All other state funds: $12,482,979

Due to delay in effective date, there will be 50 percent savings to the state from the above calculation. For the second half of the year, premium rate increases from 0.88% to 0.92%, increasing employers share of premium by 0.02% to 0.46%. This increases the cost by the following amount for the second year, reducing savings:

$4,318,174,396 X 0.02 percent premium rate X (6/12 months) = $431,817

General fund: $148,113

All other state funds: $283,704

FY 2028 : $4,318,174,396 x 0.44 percent premium rate = $18,999,967

General fund: $6,516,989

All other state funds: $12,482,979

Premium rate increases from 0.88% to 0.92%, increasing employers share of premium by 0.02% to 0.46%. This increases the cost by the following amount for the FY 2028 year:

$4,318,174,396 X 0.02 percent premium rate = $863,635

General fund: $296,227

All other state funds: $567,408

No change in costs to state was expected in FY 2029 and beyond; however, with the premium rate increases provided by DEED the increase to cost is as follows:

FY 2029 First Half (increase of employer share from 0.44% to 0.46%): $4,318,174,395 x 0.02 percent premium x (6/12 months) = $431,817

FY 2029 Second Half (decrease of employer share from 0.465% to 0.46%): $4,318,174,395 x -0.005 percent premium x (6/12 months) = -$107,954

General fund: $111,085

All other state funds: $212,778

2) Executive branch state agency costs due to staffing replacement in 24-hour/7-day operations:

Figures are rounded to whole dollars	A		C	D	E	F	G
Fiscal year	Total leave-eligible employees taking benefit	Total leave taken per employee, in hours	Total leave taken, in hours (A*B)	Hourly wage replacement rate	Hours per hourly wage replacement rate (C*50%)	Cost by replacement wage type (D*E)	Total cost by fiscal year (sum of F in each fiscal year)
FY 2026	310	120	37,200	$39.70 REG	18,600	$738,420	$1,846,050
				$59.55 OT	18,600	$1,107,630	
FY 2027	310	240	74,400	$39.70 REG	37,200	$1,476,840	$3,692,100
				$59.55 OT	37,200	$2,215,260	

It is assumed that 34.3 percent of the costs calculated above 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 2021. The cost by fund may vary significantly by impacted state agency.

Figures are rounded to whole dollars	FY26	FY27
General fund	$633,195	$1,266,390
All other funds	$1,212,855	$2,425,710
Total	$1,846,050	$ 3,692,100

With delay of effective date, the state will have savings of 100 percent of the amount listed in above table for fiscal year 2026 and 50 percent savings in 2027.

3) Executive branch state agency cost savings due to reduction in salary costs for state agency employees in 24-hour/7-day operations taking DEED program leave:

Executive branch employees in 24-hour/7-day operations who utilize the bill's leave entitlement and apply for benefits from DEED will have a portion of their salary costs paid from the DEED program and associated appropriations. Because these salary costs would have otherwise been paid from state agencies' operating budgets, this represents a cost savings to state agencies. This fiscal note estimates these cost savings for 24-hour/7-day operations in state agencies. This cost savings is assumed to be only the bill's maximum benefit calculation Minnesota State Law 2024, Chapter 59, Sec. 12, Subd. 3, and not the employee's full salary. The bill's maximum benefit calculation does not cover 100 percent of wages, and employees are entitled to offset this gap in wage replacement with sick and/or vacation leave balances provided under CBAs and compensation plans. The use of these leave balances is paid from state agency operating budgets.

The following assumptions are used to calculate the cost savings due to reduction in salary costs in 24-hour/7-day operations in executive branch state agencies:

-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 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

-While employees could be entitled to up to 36 weeks of paid leave annually (12 weeks for the medical benefits, 12 weeks for the family benefits, and 12 weeks for the qualifying exigency benefits), 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.

	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	6	$1,147	($2,133,420)
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	FY27
General fund	($731,763)	(731,763)
All other funds	($1,401,657)	($1,401,657)
Total	($2,133,420)	($2,133,420)

The above savings will not be realized in fiscal year 2026 and only half of expected savings will be realized in 2027.

4) MMB costs due to SEMA4 payroll system changes:

General fund costs:

FY 2025 implementation costs: $39,987 (0.22 FTE)

Programmer costs (Information Technology Specialist 5 at MNIT@MMB): Approximately 300 hours x $60.70 per hour x 1.3210 (fringe) x 1.1717 (overhead) = $28,186

Functional costs (Finance Specialist 3 in MMB Statewide Payroll Services Unit): Approximately 160 hours x $47.65 per hour x 1.3210 (fringe) x 1.1717 (overhead) = $11,801

FY 2026 and thereafter maintenance costs: $13,831 (0.08 FTE)

Reapplication of system modifications (Information Technology Specialist 5 at MNIT@MMB): Approximately 75 hours x$60.70 per hour x 1.3210 (fringe) x 1.1717 (overhead) = $7,046

Withholding and reporting (Finance Specialist 3 in MMB Statewide Payroll Services Unit): Approximately 92 hours x$47.65 per hour x 1.3210 (fringe) x 1.1717 (overhead) = $6,785

These costs will be pushed out a year due to change in effective date.

5) MMB costs due to “Right to setoff” requirements:

Minnesota State Laws 2024, Chapter 59, Article 1, section 34, subdivison 3, which is effective July 1, 2025 requires MMB to setoff and pay to Department of Employment and Economic Development (DEED) any amount that would have otherwise been paid to a person, applicant, or employer whom the state has purchased personal services ,supplies, contract services, or property from, if DEED certifies to MMB that the person has unpaid liability under chapter 268B. MMB assumes this will require approximately 10 hours of work per week (0.25 FTE dedication) of a Financial Specialist 1 in MMB’s Vendor Payments Unit beginning July 1, 2025. This work includes manually adding a payment line to the payment voucher so it is remitted to DEED as well as preparing emails and responding to questions from state agencies about vouchers that are diverted. Currently, state agencies refer debts to the Department of Revenue for collection, and the Department of Revenue transmits those debts on behalf of state agencies to MMB for setoff. It is assumed that debts owed to DEED would follow this existing process and flow through the Department of Revenue. If this is not the case, additional costs would be incurred by both DEED and MMB to develop the required interfaces between their systems.

General fund costs:

FY 2026: $79,161 annual salary x 1.3210 (fringe) x 1.1717 (overhead) x 0.25 FTE dedication = $30,632 (0.25 FTE)

FY 2027 and thereafter: $79,161 annual salary x 1.3210 (fringe) x 1.1717 (overhead) x 0.25 FTE dedication = $30,632(0.25 FTE)

These costs will be shifted a year with effective date change.

6) MMB costs due to Notice Posting Requirements: Minnesota State Laws 2024, Chapter 59 contains notice requirements to employees. Article 1,section 37, clause (a) requires that each employer must post in a conspicuous place on each of its premises a workplace notice prepared or approved by DEED providing notice of benefits provided under this bill. The notice must be in English and other languages that are the primary language of five or more employees or independent contractors of that workplace if such notice is available from DEED. MMB assumes the need to produce paper postings to provide in State of Minnesota executive branch agency workplaces, particularly for employees who do not have regular access to a computer. Based on MMB's recent experience providing Fraud Awareness Week notices to executive branch state agencies, MMB estimates the need to distribute 300 posters per language translated by DEED (assumed to total five) across executive branch state agencies in FY 2026, at a one-time cost of $600 per language. The fiscal note assumes costs will be incurred by MMB on behalf of executive branch state agencies. MMB does not assume translation costs, as it is assumed notice translations required under article 1, section 34, clause (a), are the responsibility of DEED.

General fund costs:

FY 2025: MMB printing costs: $600 x 5 languages = $3,000

Cost will be moved into FY 2026.

7) Executive branch and judicial branch state agency costs due to Notice Acknowledgment Requirements: Each employer is required to issue to each employee not more than 30 days from the beginning date of the employee's employment, or 30 days before premium collection begins, whichever is later, written information provided or approved by DEED in the primary language of the employee various information, including information about the leave benefits and premium deductions required in the bill. Delivery is made when an employee provides written acknowledgment of receipt of the information, or signs a statement indicating the employee's refusal to sign such acknowledgment.

MMB assumes these notice acknowledgments will be provided electronically; thus, there will not be significant printing costs. However, MMB assumes costs to state agencies to receive and document "delivery" involving their employees. The fiscal note does not assume these costs will be incurred solely by MMB; rather the costs below represent the collective estimated cost to all executive and judicial branch state agencies to provide notice acknowledgment to their employees. For the purposes of estimating a cost, MMB assumes executive and judicial branch state agencies will use DocuSign to receive acknowledgment from employees in the form of a secured electronic signature. This was the method used in the executive branch to obtain acknowledgments required in the wage theft legislation passed in 2019 and is an efficient method to distribute and track documents needing signature. The cost is approximately $4 per form. The calculations below include 54,387 employees at executive and judicial branch state agencies, the average headcount for the most recently-completed five-year period (FY 2018 through 2022). It is assumed notice acknowledgment costs will be initially incurred in FY 2025, as premium deductions must begin on July 1, 2025, as required in article 1, section 19.

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.

FY 2025: 54,387 executive and judicial branch employees x $4 per acknowledgment = $217,548

General fund: $74,619

All other state funds: $142,929

FY 2026: 25,322 executive and judicial branch employees x $4 per acknowledgment = $101,288

General fund: $34,742

All other state funds: $66,546

FY 2027 and ongoing: 25,322 executive and judicial branch employees x $4 per acknowledgment = $101,288

General fund: $34,742

All other state funds: $66,546

These costs will be pushed out a year with this bill.

Long-Term Fiscal Considerations

Local Fiscal Impact

Units of local government may be subject to the same costs identified in this fiscal note for executive and judicial branch state agencies, including the employer-paid premiums required in this bill.

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat **Date:** 4/21/2025 1:55:18 PM

Phone: 651-201-8115 **Email:** ronika.rampadarat@state.mn.us

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 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)	(534)	-	-
Total	**-**	**(534)**	**(534)**	**-**	**-**
Biennial Total			**(1,068)**		**-**

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:** 4/2/2025 9:42:52 AM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

Revised

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)	(534)	-	-
	Total	**-**	**(534)**	**(534)**	**-**	**-**
	Biennial Total			**(1,068)**		**-**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	(534)	(534)	-	-
	Total	**-**	**(534)**	**(534)**	**-**	**-**
	Biennial Total			**(1,068)**		**-**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

This bill makes several changes to the Minnesota Paid Leave Law. The main change is to delay implementaion of the program by one year. Premium payments and access to benefits under this program would begin on January 1, 2027, rather than January 1, 2026.

Assumptions

For this fiscal note, Minnesota State's estimated premium payments are included in the Minnesota Management and Budget (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, the program delay to January 1, 2027, is being shown as a savings of 50% of the estimated initial year's backfill costs in FY 2026 and 50% in FY2027. Because bonding leave can be taken by both parents within 12 months of a birth, adoption, or foster placement, it is likely that costs in the initial year of this program are greater than in subsequent years, meaning the FY 2026 savings will likely be less than the amount shown.

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:** 4/2/2025 7:31:01 AM

Phone: 651-201-1710 **Email:** Steve.Ernest@minnstate.edu

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author:	**Dave Baker**
Commitee:	**Workforce, Labor, and Economic Development Finance and Policy**
Date Completed:	**4/29/2025 2:42:15 PM**
Agency:	Supreme Court

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:	Susan Nelson	**Date:**	3/21/2025 9:14:04 AM
Phone:	651-296-6054	**Email:**	susan.nelson@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

H.F. 2024-0 (the "bill"), in sections 1-4, amends the Minnesota Paid Leave Law definitions in section 268B.01, at subd. 17 to exempt an employee of a small employer from the definition of employee; at subd. 18 exempt small employers from the definition of employer; at subd. 35, to eliminate the requirement that "seasonal employees" be employed in the hospitality industry; and by adding a new subd. 39a to define "small employer" as an employer with 15 or fewer employees.

Sections 5 and 6 of the bill amend section 268B.10 (private plan requirements) at subdivisions 2 (medical benefit program) and 3 (family benefit program), to provide that a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

The family and medical benefits under chapter 268B may be paid for starting January 1, 2027.

Assumptions

Employer's Tax

The Minnesota Judicial Branch is an employer with more than 15 employees and will be required to pay taxes on the wages paid to employees in covered employment for each calendar year up to the maximum.

The Minnesota Judicial Branch tax obligation will be calculated by Minnesota Management and Budget (MMB) and included in its fiscal note worksheet.

Appeals

Under section 268B.081, subdivision 12, any final determination by the commissioner of employment and economic development on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

It is unknown how many employers and employees would be impacted by the amendments to Minn. Stat. § 268B.01, subds. 17, 18, and 35, and the addition of subd. 39a, and whether overall the provisions of this bill would lead to an increase or decrease in the number of appeals filed.

Assuming for the purposes of this fiscal note that the filing rate could increase, it is assumed the number of appeals will be comparable to the number of unemployment claims appealed to the Court of Appeals in the calendar years 2022, 2023, and 2024. The average number of unemployment appeals in CY22, CY23, and CY24 was 60 per calendar year (84 + 46 + 50). Initially, the number of appeals could be higher than this average but it would be expected to level off over time to be comparable to the unemployment claim appeals.

Approximately 80% of all appeals filed with the Minnesota Court of Appeals are briefed and assigned to a three-judge panel. Two hundred and twenty-five (225) briefed cases per year require the time of one three judge court of appeals panel (three court of appeals judges). One additional staff attorney is also needed to process each increase of 225 briefed cases. If the provisions of this bill resulted in an additional 48 benefit denial cases briefed per year (60 appeals x 80%), the anticipated increase in appellate filings will not reach 225 cases, no additional appellate court judge or staff would be needed, and the additional appellate filings would be absorbed.

It is assumed no appeals will be filed with the Court of Appeals before 1/1/2027, but most likely not until after 7/1/2027. The appellate filing fee in FY28 will be $550 under Minn. Stat. § 357.08.

Premium

The Minnesota Judicial Branch is anticipated to have an approved plan (State Employee Group Insurance Plan), which is managed by Minnesota Management and Budget. As a result, the bill's requirement that an approved plan meets or exceeds what the total dollar value would be under the public family and medical benefit program is not expected to have a fiscal impact.

Expenditure and/or Revenue Formula

The bulk of the expenditures and any state general fund revenue realized by this bill, if any, will occur outside the scope of this fiscal note.

Long-Term Fiscal Considerations

None

Local Fiscal Impact

This bill is not anticipated to impact revenues locally.

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Callie Lehman   **Date:** 3/21/2025 8:31:49 AM

Phone: 651-297-7579   **Email:** callie.lehman@courts.state.mn.us

Revised

Fiscal Note **2025-2026 Legislative Session**

HF2024 - 0 - Paid Leave Law Exemptions, Benefits Delay

Chief Author: **Dave Baker**
Commitee: **Workforce, Labor, and Economic Development Finance and Policy**
Date Completed: **4/29/2025 2:42:15 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	-	(694)	(516)	355	133
Total	**-**	**(694)**	**(516)**	**355**	**133**
Biennial Total			**(1,210)**		**488**

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 4:11:45 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		-	(694)	(516)	355	133
	Total	**-**	**(694)**	**(516)**	**355**	**133**
	Biennial Total			**(1,210)**		**488**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	(694)	(516)	355	133
	Total	**-**	**(694)**	**(516)**	**355**	**133**
	Biennial Total			**(1,210)**		**488**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

This bill modifies the paid leave program, including delaying the implementation of the program by one year. Premium payments and access to benefits under this program would begin on January 1, 2027, rather than January 1, 2026.

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).

The premium rate of .92% for CY2026-CY2029 is from an updated actuarial analysis provided by DEED in regards to HF2024-0. The fiscal note assumes the employer is paying 50 percent (0.46 percent).

The costs featured below apply whether the University of Minnesota provides MN PFML through the state of Minnesota or through a third-party administrator.

The premium assumption is based on a payroll of $1,776,213,800.

The changes outlined in HF2024-0, which pertain to the exemption of small businesses, the revised definition of seasonal employees, and modifications to the requirements of a private plan, do not apply to the University of Minnesota. As a result, there is no fiscal impact on the University in relation to these updates.

Expenditure and/or Revenue Formula

FY26 savings for no longer paying 1/2 year of premiums at .44%: -$3,907,670
FY26 savings for no longer backfilling employees for 1/2 year: -$1,452,661
FY26 new cost for paying the leave benefits of employees taking leave for 1/2 year: $4,666,541
FY2026 total: -$693,790

FY27 savings for no longer paying 1/2 year of premiums at .44%: -$3,907,670
FY27 savings for no longer backfilling employees for 1/2 year: -$1,452,661
FY27 new cost for paying the leave benefits of employees taking leave for 1/2 year: $4,666,541
FY2027 (1/2 year) total: -$693,790

FY27 cost for paying ½ year premiums at a rate of .44%: $3,907,670
FY27 cost for paying ½ year premiums at a rate of .46%: $4,085,292
FY27 total cost for paying ½ year premiums at a rate of .46% vs .44%: 177,622
Net FY27 impact of -$516,168

FY28 cost for paying premiums at a rate of .44%: $7,815,341
FY28 cost for paying premiums at a rate of .46%: $8,170,583
FY28 total cost for paying premiums at a rate of .46% vs .44%: $355,242

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 .46%: $4,085,292
FY29 total cost for paying ½ year premiums at a rate of .46% vs .44%: 177,622

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 .46%: $4,085,292
FY29 savings for paying ½ year premiums at a rate of .46% vs .465% as previously reported: -$44,405
Net FY29 impact of $133,217

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

This bill will affect all Minnesota employers.

References/Sources

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