

Paid Family and Medical Leave

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Agenda

- Leave Reporting Basics
- Paid Family and Medical Leave (PFML)
- Salary Eligibility for Used PTO
- Upcoming legislation

Leave Reporting Basics

- Authorized Leave: any period during which a member is authorized by an employer to refrain from active employment
- All employers are required to report leaves each year on the *Annual Leave Report*
 - Only list hours that were unpaid or ineligible for PERA contributions
 - There is an option for “no leaves to report”
- ERIS: except for military leaves, do not report leaves as an employment status change



What is Paid Family and Medical Leave (PFML)?

- A new program administered by the Minnesota Department of Employment and Economic Development (DEED)
- Under PFML, eligible Minnesota employees with qualifying events receive:
 - Payments
 - Job protection
- PFML payments are **not** PERA-eligible salary

For more information on PFML, visit: pl.mn.gov/employers



Statute Considerations for PFML Payments

- PFML payments are similar to other **ineligible salary** listed under Minn. Stat. § 353.01, subd. 10 (b)(7):
 - Disability insurance payments
 - Workers' Comp payments
- PERA is proposing to add PFML payments to statute effective 1/1/2026



Ineligible Payments during a Leave

- Disability insurance payments
- Workers' Comp payments
- PFML payments from:
 - The state,
 - A private vendor, or
 - An employer with a program similar to the state's



**Include as missed wages/hours on the
*Annual Leave Report***



Eligible PTO during a Leave

Used PTO is eligible:

- When an employee exhausts their PTO bank in a pay period, or
- If taken at a reduced rate, when the used PTO:
 - Covers 100% of a non-medical leave,
 - Covers at least 50% of a medical leave, or
 - Is used to supplement a Worker's Comp benefit



Ineligible PTO during a Leave

Used PTO is ineligible when:

1. All available PTO is *not* used in a pay period,
2. The leave is not for Workers' Comp, and
3. The used PTO covers either:
 - Less than 100% of a non-medical leave, or
 - Less than 50% of a medical leave.



Include as missed wages/hours on the *Annual Leave Report*



**Any used PTO in a pay period during PFML is
ineligible salary if:**

1. The employee is receiving an PFML payment that is **more than 50%** of their regular average salary,
2. The leave is not a Workers' Comp leave, and
3. The employee is **not exhausting** all of their PTO in a pay period

Report as missed hours/salary on the *Annual Leave Report*



Used PTO Eligibility When Taken at a Reduced Rate*

Type of Authorized Leave	Used PTO % of Pay Period Average	Used PTO Salary Eligibility
Medical	Less than 50%	Ineligible
	50% or more	Eligible
Non-Medical	Less than 100%	Ineligible
	100%**	Eligible

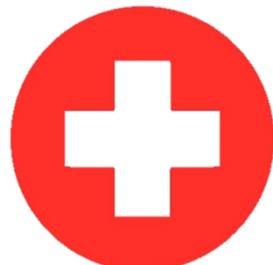
* When **all PTO is exhausted** in a single pay period, the used PTO is eligible salary for any type of leave.

** If an employee is receiving MPL payment, their supplemental pay would likely be less than 100%.



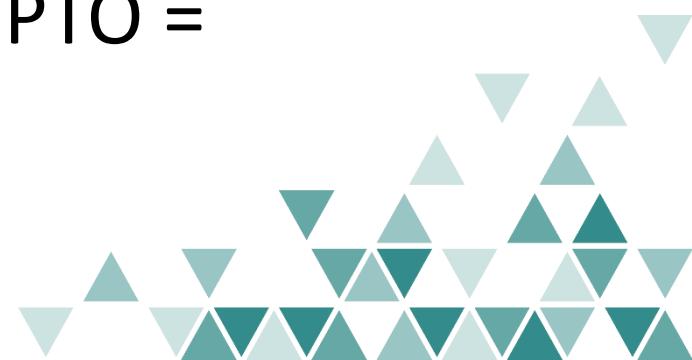
Jess takes an eight-week **medical leave**. Jess earns \$15/hour and works 60 hours/pay period = \$900/pay period

- Jess receives PFML payment of \$600/pay period
- Jess uses 20 PTO hours each pay period = \$300/pay period
- \$300 is less than 50% of \$900; pay is **ineligible** for the first three pay periods of the leave
- Report the first three pay periods as missed hours on the *Annual Leave Report* (60 hours x 3 pay periods = 180 hours)



On the fourth pay period, Jess uses her last 20 hours of PTO.

- Since Jess is ***exhausting*** her PTO, the pay is **eligible**
- Report contributions on the fourth pay period salary
- Report 40 unpaid hours on the *Leave Report* (60 hours/pay period – 20 hours used PTO = 40 hours)



Remy takes an eight-week medical leave. Remy earns \$15/hour and works 60 hours/pay period = \$900/pay period

- Remy receives PFML payment of \$300/pay period
- Remy uses 40 PTO hours each pay period = \$600/pay period
- \$600 is more than 50% of \$900; PTO is **eligible**
- The 20 hours covered by PFML payments are **ineligible**
- Only report the **ineligible** hours/salary on the *Leave Report* (20 unpaid hours x 4 pay periods = 80 hours)



Avery takes an eight-week non-medical leave. Avery earns \$15/hour and works 60 hours/pay period = \$900 each pay period.

- Avery receives PFML payment of \$300/pay period
- Avery uses 40 PTO hours each pay period = \$600/pay period
- \$600 is less than 100% of \$900; pay is **ineligible** for the first three pay periods of the leave
- No contributions to report
- Include all as missed hours/pay on the *Annual Leave Report* (60 hours x 3 pay periods = 180 hours)



On the fourth pay period, Avery uses her last 40 hours of PTO.

- Since Avery is *exhausting* her PTO, the PTO is **eligible**
- Report contributions on the fourth pay period salary
- Report 20 unpaid hours on the *Annual Leave Report*



PERA is seeking a legislative change for all used PTO to be eligible salary

- Legislative session begins 2/17/2026; PERA will provide updates
- Proposed effective date is 7/1/2026
- Wait for updated legislation to be in effect before changing processes



PFML payments are **not** PERA-eligible salary.

Used PTO is **eligible** when:

- It covers at least 50% of a medical leave,
- It covers 100% of a non-medical leave,
- It brings salary up to 100% for a Workers' Comp leave, or
- All PTO is exhausted in a pay period

Used PTO is **ineligible** when it covers:

- Less than 50% of a medical leave when the employee has leftover PTO, or
- Less than 100% of a non-medical leave when the employee has leftover PTO



Additional Resources

- Employer Manual
 - Ch. 5: Eligible Earnings
 - Ch. 9: Computer File Format
- Leave Reporting
 - On-demand webinar
 - Overview document





PERA is governed by Minnesota Statutes; especially chapters 11A, 353, 353A, 353D, 353E, 353F, 353G, 356 and 356A.

Changes to PERA's plans, including benefit provisions and contribution rates, are made through the introduction and passage of legislation by the Minnesota Legislature.



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Wrap-up and questions

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