

Descriptive Transcript for *Paid Family and Medical Leave*

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<p>Greetings, my name is Desi. I'm an outreach and education specialist at PERA, and I'm going to walk you through today's program, <i>Paid Family and Medical Leave</i>.</p> <p>Paid Family and Medical Leave is a new program in Minnesota that provides workers with partial wage replacement as well as job protections for time off due to the worker's own illness, taking care of a sick family member, or bonding with a new child.</p> <p>And today's presentation is about how this program will affect PERA.</p>	<p>Welcome slide with a header that says "Paid Family and Medical Leave", and a note saying "PERA prohibits recording and distribution of this presentation".</p>
<p>Here is today's agenda. First, we will quickly recover the basics of leave reporting.</p> <p>Then we will discuss paid family and medical leave payments, aka PFML payments.</p> <p>Next, we'll cover how to determine the salary eligibility of PTO during both a medical leave and a non-medical leave.</p> <p>And then we will close out with information on an upcoming PERA legislation proposal regarding PFML.</p>	
<p>Before we dive in, we're going to briefly discuss the basics of leave reporting and the <i>Annual Leave Report</i>. If you aren't familiar with leave reporting, we suggest that you pause here and view our leave reporting webinar before continuing.</p> <p>Let's start by defining what an authorized leave is. An authorized leave is any period</p>	

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<p>during which a member is authorized by their employer to refrain from active employment with or without pay. It is up to the employer to define what their unit considers an authorized leave.</p> <p>And all employers are required to report all authorized leaves once per year via the <i>Annual Leave Report</i>. On the <i>Annual Leave Report</i>, you will only list hours that were unpaid or were ineligible for PERA contributions.</p> <p>And your unit needs to complete this report each year, even if you had no employees who took leave during the year. In that case, there is an option on the report to indicate that there were no leaves.</p> <p>So your <i>Annual Leave Report</i> will list all authorized leaves that resulted in unpaid salary or contributions for your members. You will not report leaves that were fully paid with PTO and that had contributions.</p> <p>PERA uses the data from this report to create estimates for members to purchase the salary or service credits they missed out on due to their leave.</p> <p>And please note that on ERIS, do not report leaves as an employment status change unless the leave in question is a military leave.</p>	
<p>So, what is paid family and medical leave?</p> <p>PFML is a new program administered by the Minnesota Department of Employment and Economic Development, also known as DEED. And it begins on January 1st, 2026.</p> <p>In this webinar, we're going to refer to this program as Paid Family and Medical Leave, or</p>	

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<p>PFML. You may hear the program referred to by other names, such as Minnesota Paid Leave or MPL, but for our purposes, we're using the term PFML.</p> <p>And this program offers both payments and job protections for employees with qualifying events. Examples of qualifying events include an employee's own serious health issue, which would be considered a medical PFML. Other qualifying events include caring for a sick family member, military-related needs, or bonding with an adopted child, all of which would be considered a non-medical PFML.</p> <p>And it's important to know that Paid Family and Medical Leave payments are not PERA-eligible salary, so no contributions should be deducted from this payment.</p>	
<p>And you can visit this website for more information on PFML.</p>	<p>A website is listed: pl.mn.gov/employers.</p>
<p>To determine how new benefits are addressed, PERA reviews existing statutes. By reviewing this statute here, PERA is able to determine PFML payments are similar to ineligible salary, such as disability insurance payments and Workers' Comp payments, both of which are also ineligible salary. So we are able to determine that the PFML payments are ineligible as well.</p> <p>And we are working to update our statute's language to explicitly include PFML payments in this same section, and the effective date will be January 1st of 2026.</p> <p>So even though PFML payments are not specifically mentioned in statute, we are advising you to treat them as ineligible salary.</p>	<p>New slide lists Minnesota Statute 353.01 subdivision 10(b)(7).</p>
<p>Just to reiterate, the following payments are ineligible for PERA, disability insurance payments, Workers' Comp payments, and PFML payments that are from the state, a</p>	

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<p>private vendor, or from an employer with a program similar to the states.</p> <p>So you would include these payments as missed wages and hours on your unit's <i>Annual Leave Report</i>.</p>	
<p>While the previous types of payments are always ineligible for PERA, PTO received during a PFML can be eligible in certain conditions.</p> <p>If an employee is exhausting their PTO for a pay period, then the PTO is eligible, even if it doesn't fully cover their average regular salary. If taken at a reduced rate, the PTO is eligible when it covers 100% of a non-medical leave, when it covers at least 50% of a medical leave, or when it's used to supplement a Workers' Comp benefit.</p> <p>And a reminder that for PFML, it is considered a medical leave if it is for the employee's own medical condition. If the employee is taking time off due to a different qualifying event, then it is considered a non-medical PFML.</p>	
<p>Conversely, PTO is ineligible for PERA when all three of these are true. First, all available PTO is not used in a pay period. Second, the leave is a worker's comp leave, and third, the used PTO covers either less than 100% of a non-medical leave or less than 50% of a medical leave.</p> <p>And just to note, but if an employee is receiving any amount of PFML payments during a non-medical leave, then the remaining used PTO wouldn't reach 100% of their average salary, meaning the PTO would not be eligible salary.</p> <p>And again, be sure to include as missed wages and hours on the <i>Annual Leave Report</i>.</p>	

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<p>On the topic of ineligible PTO, any used PTO in a pay period during PFML will be ineligible salary if all three of these items are true. First, the employee is receiving a PFML payment that is more than 50% of the regular average salary. Second, the leave is not a Workers' Comp leave. And third, the employee is not exhausting all of their PTO in a pay period.</p> <p>If all three of these are true for an employee, you will report as missed hours and salary on the <i>Annual Leave Report</i>.</p> <p>To help you determine when PTO is eligible, I would like you to refer to the slide deck that accompanies this program. In that slide deck is a grid that can be used to help identify when you use PTO is eligible or ineligible.</p>	
<p>In the next few slides, we're going to cover examples of employees who are receiving both PFML payments and PTO, and we'll discuss how to determine whether the PTO is eligible or not.</p> <p>And just a disclaimer, these examples are purely hypothetical, and they are made up scenarios.</p>	
<p>For our first example, our employee Jess takes an eight-week leave, meaning she's gone for four pay periods. And in this example, Jess has taken leave due to her own medical condition, meaning this is considered a medical leave.</p> <p>Jess earns \$15 per hour and works 60 hours per pay period for a total of \$900 per pay period. And while on leave, Jess receives a PFML payment of \$600 per pay period, which is ineligible for PERA.</p>	
<p>Now, Jess has 80 hours of accrued PTO, so she decides to use 20 hours for each of the pay period. \$300 is less than 50% of \$900, so</p>	<p>20 hours of PTO each pay period equals \$300 each pay period.</p>

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<p>the pay isn't eligible for the first three pay periods of the leave.</p>	
<p>So you will report the first three pay periods as missed hours on the <i>Annual Leave Report</i> for a total of 180 hours.</p>	<p>60 missed hours multiplied by three pay periods equals 180 missed hours.</p>
<p>Now, on the fourth pay period, Jess uses her last 20 hours of PTO. Since Jess is exhausting her PTO on this pay period, the pay is eligible. And so you'll need to report contributions on the fourth pay period salary.</p>	
<p>Additionally, on the <i>Annual Leave Report</i>, you will report 40 unpaid hours for the fourth pay period.</p>	<p>60 hours minus the 20 hours of used PTO equals 40 unpaid hours.</p>
<p>Similar to Jess, Remy takes an eight-week medical leave, so she is on leave for four pay periods.</p> <p>Remy earns \$15 an hour and works 60 hours per pay period for a total of \$900 each pay period. And while on leave, Remy receives a PFML payment of \$300 each pay period.</p> <p>Remy has 160 hours of accrued PTO, so she uses 40 PTO hours each pay period, which would be \$600 each pay period. Since \$600 is more than 50% of 900, the 40 hours of PTO each pay period <i>is</i> eligible.</p> <p>However, the 20 hours that were covered by PSML payments each pay period are, of course, not eligible salary. So you will need to report the ineligible hours in salary on the leave report. 20 unpaid hours times 4 pay periods gives us a total of 80 hours that need to be reported on that <i>Annual Leave Report</i>.</p>	
<p>In this example, Avery takes an 8-week leave to take care of her sick mother. Since this leave is not for Avery's own medical condition, it is considered a non-medical leave.</p>	

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<p>Avery usually earns \$15 per hour and works 60 hours per pay period, for a total of \$900 each pay period. While on leave, Avery receives a PFML payment of \$300 each pay period, which again is ineligible salary.</p> <p>Avery has 160 hours of accrued PTO in her bank, so she uses 40 hours of PTO each pay period, which would be \$600 each pay period.</p> <p>Reminder that for non-medical leaves, PTO must cover 100% of an employee's regular salary in order to be eligible. And since \$600 is less than 100% of 900, the pay isn't eligible for the first three pay periods of the leave.</p>	
<p>So for the first three pay periods, there are no contributions to report, and you would report the entire period of 180 hours as missed hours and pay on the <i>Annual Leave Report</i>.</p>	<p>60 hours multiplied by three pay periods equals 180 missed hours.</p>
<p>Then on Avery's fourth pay period, she uses her last 40 hours of PTO. Since Avery is exhausting her PTO on this pay period, the PTO is eligible for this pay period. And so you will need to report contributions on the salary for this fourth pay period.</p> <p>Additionally, on the <i>Annual Leave Report</i>, you will report the 20 unpaid hours for that fourth pay period.</p>	
<p>Now let's talk upcoming legislation.</p> <p>With the Board of Trustees' support, PERA is seeking a legislative change that would make all used PTO eligible salary for contributions, which would help simplify the process quite a bit.</p> <p>The legislative session begins February 17th of 2026, and we will provide any updates as they come. So watch out for emails from us and keep an eye on the newsletters for</p>	

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<p>updates. And the proposed effective date is going to be July 1st of 2026.</p> <p>We advise that you wait for the updated legislation to be in effect before making any changes. So don't make any alterations to your processes until the legislative session adjourns and the bill is finalized and the law is in effect. And again, we will share information as it comes available.</p>	
<p>So let's quickly recap some main points.</p> <p>First, PFML payments are not PERA-eligible salary, whether the payments are from the state, a private vendor, or an employer with a program similar to the state's.</p> <p>A reminder, used PTO is eligible when it covers at least 50% of a medical leave or 100% of a non-medical leave, or when it brings the employee's salary up to 100% for a Workers' Comp leave, or when all PTO is exhausted in a pay period.</p> <p>And conversely, used PTO is ineligible when it covers less than 50% of a medical leave, or less than 100% of a non-medical leave when the employee has leftover PTO.</p>	
<p>And before we end, here's a list of additional resources regarding the information shared today.</p> <p>You can check out the Employer Manual for more details on what salary is PERA-eligible by referring to chapter five, and you can find information on how to complete the <i>Annual Leave Report</i> in chapter nine.</p> <p>We also suggest checking out our on-demand webinar regarding leave reporting, as well as its accompanying overview document.</p>	

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<p>Just a reminder that PERA is governed by state law, and here are some of the statutes if you're looking for some extra reading.</p>	<p>New slide appears, listing Minnesota Statutes 11A, 353, and 356.</p>
<p>A disclaimer that our programs are intended to provide general information, and if there's a discrepancy between the information in this presentation and what is written into law, just know that whatever is written into law will always take precedence.</p>	
<p>Now here's our website for employers, mnpera.org/employers. You can find plenty of resources and self-service options there.</p> <p>If you ever have questions, you can contact us by email at eligibility@mnpera.org.</p> <p>You can also call us. Our local number is 651-296-3636. And our toll free number is 1-888-892-7372. And select option three to reach our eligibility team.</p> <p>That marks the end of our webinar. We hope you enjoyed the presentation and have a great day.</p>	