



Memorandum

22 November 2024

MINNESOTA EMPLOYMENT LAW CHANGES FOR 2025

The following employment-related laws go into effect in Minnesota during calendar year 2025:

- Earned Safe and Sick Time (ESST):** No employer-provided sick/safe benefits are required except ESST, but any other employee benefits that supplement ESST must meet certain ESST mandatory standards (employee notice; proof requirements (document after 3 days); maintain insurance on leave; and return to same job, pay, seniority.) This requirement only applies to an employee's own illness/injury and to paid benefits. It does not apply to (1) short term and long-term disability and other salary continuation benefits or (2) leave time accrued before January 1, 2024. **EFFECTIVE: JANUARY 1, 2025**
- Hiring Process:** Employers are prohibited from seeking information from any source regarding a job applicant's pay history. **EFFECTIVE: JANUARY 1, 2025**
- Minimum Wage:** Beginning January 1, 2025, the state of Minnesota will be issuing revisions to the current minimum wage rate. In addition, employers will only be able to pay a minimum wage lower than the state mandated rate to (i) those workers who are under the age of 20 and (ii) only for the first ninety (90) days of their employment. After the 90 days, the under 20-employee will receive a raise bringing his or her base rate to the state mandated minimum wage. **EFFECTIVE: JANUARY 1, 2025.**
- Pregnancy Accommodations Law:** Minnesota's pregnancy accommodations law was updated to provide that during any leave provided as an accommodation for a pregnant employee's disability, the employee must maintain coverage under any group insurance policy, group subscriber contract or health care plan for the employee and any dependents, but the employee must continue to pay any employee share of the benefits' cost. **EFFECTIVE: JANUARY 1, 2025.**
- Paid Family and Medical Leave (PFML):**
 - **EFFECTIVE 8/1/2024,** Employers with less than 30 employees ("Small Employers") can apply to DEED for a 25% reduction on their anticipated premiums under the state's premium insurance plans.
 - **EFFECTIVE 10/31/2024,** the cost of the paid leave is to be covered by the employer via private insurance and/or participation in the state's paid leave insurance program. In anticipation of the start of the program, the state is requiring that all employers not currently maintaining an online account with the MN DEED Unemployment Insurance Division register with MN DEED, open an account and begin filing wage reports.
 - **EFFECTIVE 7/1/2025,** Employers can begin applying to DEED to substitute their participation in the state's PFML funding plan for a private leave plan.
 - Employers are required to post, by **November 1, 2025,** notices regarding this act and their employees' rights therein in their workplaces.
 - **EFFECTIVE 1/1/2026,** Employers must provide up to 20 weeks of paid leave to all employees to care for themselves and/or family members.

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- **EFFECTIVE 1/1/2026**, Small Employers can apply to DEED for grants up to \$6000 to cover costs associated with employees who avail themselves of PFML.
- **EFFECTIVE 1/1/2026**, payroll taxes are increasing from 0.77% to 0.88% beginning. Additionally, the law allows employers with 30 or fewer employees to pay lower premium rates if the employer's average wage is not more than 1.5 times the state's average wage. Premium rates for employers falling under this threshold are reduced by 25%. These reduced premiums are then further divided into employer and employee portions. Employers must pay at least 25% of the premium and cannot deduct it from employee's pay. The employee must pay the remaining premium via employer-made wage deductions.

NOTE: Employers are required to reinstate employees who take PFML to a same or similar job that pays at the same rate and allows for OT to be paid at the same level as before the PFML leave commenced.

Minnesota Secure Choice Retirement Program

In 2023, the Minnesota Secure Choice Retirement Program went into effect. In 2024, the program's requirements were amended so that employers (i) with five (5) or more employees, (ii) who were doing business in Minnesota, and (iii) who did not offer an employee retirement plan would be required to (a) enroll their employees in the state's administered retirement plan and (b) begin making payroll deductions that would ultimately be deposited into an IRA in the name of each employee and invested with oversight by the Minnesota State Board of Investment. This new requirement was scheduled to begin on Jan. 1, 2025, but was deferred until mid to late 2025. **EFFECTIVE: MID TO LATE 2025.**

FLSA Salary Thresholds for Overtime Pay

Originally, the salary threshold under the federal Fair Labor Standards Act (FLSA) for exemption from overtime pay was to increase from \$43,888 annually to \$58,656 annually, for executive, administrative, and professional employees ("exempt employees") was to go into effect on January 1, 2025. **HOWEVER**, on November 15, 2024, a federal district court in Texas vacated the law and thereby removed the increase in minimum salary for exemption from overtime pay requirements. By vacating this new law, the federal government's requirement that employers pay overtime to anyone making less than \$43,888 was also vacated. The result is a back to the future scenario: the overtime payment threshold was returned to pre-April 2024 levels thereby allowing employers to pay overtime only to those employees who make less than \$35,568 annually (as opposed to \$43,888). **EFFECTIVE: NEVER.**

Pay Transparency (Posting Salary Ranges)

Employers with 30 or more employees at one or more sites in Minnesota must disclose applicable salaries and benefits in each job posting or advertisement beginning on January 1, 2025. The new law prohibits open-ended salary ranges and also requires a "general description of all of the benefits and other compensation, including but not limited to any health or retirement benefits" offered. **EFFECTIVE: JANUARY 1, 2025.**

For more information, please contact Blustin & Associates at info@blustinlaw.com.

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