



Memo

Date: September 16, 2025

To: Agency Payroll and Human Resources Staff

From: Katie Karow, Director, Statewide Payroll Services, Minnesota Management & Budget
Teresa Pivec, Enterprise Employee Resources, Minnesota Management & Budget
Gary Westman, Director, Risk Management Division, Minnesota Department of Administration

RE: Determining Workers' Compensation Leave Supplements

This memo is a reminder for staff who work with workers' compensation payments and the accompanying leave supplements for employees receiving workers' compensation benefits.

Minnesota Management & Budget Operating Policy and Procedure PAY0027, [Workers' Compensation - Determination of Leave Supplements; Leave Restoration; Holiday Pay; Leave Accrual; Prevention and Correction of Overpayments](#), outlines how workers' compensation benefit payments and leave supplements can be combined, to ensure that an employee's gross weekly wage rate is not exceeded and eligibility is not incorrectly extended. It also addresses procedures for holiday pay, proper leave accrual, and correcting overpayments.

Agencies should give special attention to the supplementing of workers' compensation payments with sick leave, vacation leave, or compensatory time. When an employee supplements the workers' compensation payments with leave, it must continue for each day an employee would have been paid had they been working, until the agency receives a written statement from the employee to stop the supplement. Employees cannot simply supplement one day, or one hour per day, in a payroll period; nor can they stop and restart leave supplements to extend their time on the payroll in order to receive insurance benefits.

When an employee receiving workers' compensation has the option to supplement those payments with accrued leave, the employee's sick leave must be exhausted before vacation or compensatory time can be used to supplement workers' compensation. Exceptions to this may be allowed as indicated in [HR/LR Policy #1337 Sick Leave](#) where parameters are outlined for the use of vacation in lieu of sick leave when the employee is subject to losing vacation accrual while absent due to vacation cap restrictions.

Questions?

- Agency Payroll and Human Resources staff should contact Halley Bui in Statewide Payroll Services at 651-201-8021 or reversals.mmb@state.mn.us.
- Carmen Swanger in Workers' Compensation Division at 651-201-3033 or carmen.swanger@state.mn.us.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF