

Agency Payroll Training - Minnesota Paid Leave Updates

Questions and Answers

Entering Codes / Time Entry

Q: How do we know an employee qualifies for MPL if they never applied?

A: Employees are eligible for unpaid job-protected leave under the MPL law even if they decide not to apply for benefit payments.

In those cases, agencies should assess eligibility, request certification, and designate and document the leave as MPL. It is important for agencies to track and document this leave to ensure that employees are provided the protections of MPL and so the leave is deducted from the total amount they are allowed per benefit year.

Per the policy, "after the agency acquires enough information to determine whether the leave is MPL-qualifying, the agency shall designate the leave as MPL and notify the employee. Notification must be sent by a method in which receipt can be verified."

Agencies should use the new payroll earn codes, along with any applicable existing earn codes, to track this time.

Q: Does using PFM/PFF reduce the amount of MPL available later in the year?

A: The PFM and PFF codes track the amount of leave that is used to help ensure that an employee is provided with the appropriate amount of leave, specifically no more than 12 weeks of medical or 12 weeks of family leave and no more than 20 weeks combined in the employee's benefit year.

Q: When should SHU be used versus ETL?

A: Use SHU, instead of ETL, to track hours that are not covered by supplemental earnings codes, when the employee is not eligible for FMLA.

Q: When an employee is not receiving MPL pay, should we use SHU, ETL, or PFM/PFF?

A: The appropriate codes will depend on several factors, including whether the employee is using accrued sick leave, vacation leave, or PPL, whether the employee is eligible for FMLA, and the reason for leave. Generally speaking, use SHU, instead of ETL, to track hours that are not covered by supplemental earnings codes, when the employee is not eligible for FMLA. Use PFM or PFF to track all MPL leave hours, regardless of what other codes are being used.

Q: If an employee exhausts FMLA and personal leave but MPL is still pending, should ETL be used until MPL is approved?

A: If the leave is considered eligible for MPL, the employee should be treated as though DEED benefits have been approved, and supplementation hours should be entered if they are available. Regardless of if the employee has not yet received a determination from DEED for the benefits, use of SHU is appropriate for unpaid hours as well as the use of PFF/PFM to track the eligible hours.

Q: Once MPL is approved, should ETL be replaced with SHU?

A: If the agency has determined that the use of MPL would be appropriate, entering SHU should be started at the beginning of the leave. ETL and SHU are interchangeable, however for reporting purposes we encourage the use of SHU for any leave that falls under MPL qualified absences.

Q: For intermittent MPL, should a transaction row be entered or is timesheet tracking sufficient?

A: Refer to the agency's best practices, however timesheet tracking is appropriate for intermittent MPL leave.

Q: How should agencies be using paper timesheets and Mass Time Entry record continuous unpaid MPL when no SEMA4 record appears?

A: Eligibility & Leave Usage.

Q: Can you clarify the 90-day eligibility requirement for MPL?

A: If an employee is in their first 90-days of employment and utilizing MPL, it is up to the agency to decide whether returning to the employee's prior position is appropriate. Use this decision with caution and ensure to discuss options with the agency's legal and HR resources.

Q: If an employee uses PFM earlier in the year but later applies for MPL, how does the agency know if the 12 weeks have been exhausted?

A: Agencies should use the new payroll earn codes, with existing applicable earn codes, to track use of MPL leave. If an employee uses MPL leave early in the year, and then later in the year applies to DEED's MPL Program for partial wage benefits, the agency can inform the MPL Program when responding to the application in the Paid Leave portal that the employee has already taken MPL-covered leave.

Q: With MPL, does a birthing parent always receive 12 weeks of PFM, followed by bonding time coded as PFF?

A: No. MPL provides up to 12 weeks of leave for medical conditions, including childbirth, and up to 12 weeks of family leave, including bonding leave, with no more than 20 weeks of total leave in the employee's benefit year. The employee's benefit year begins when they first take MPL.

Medical leave must be certified by a medical professional. Typically, following childbirth medical leave is 6-8 weeks.

After using the medical leave of MPL, the employee may choose to apply for family leave for bonding, which is up to 12 weeks, so long as the employee does not take more than 20 weeks in the employee's benefit year.

Q: Can employees switch between using sick and vacation accruals?

A: Employees who choose to supplement MPL will be allowed to supplement with accrued sick leave for reasons that qualify for sick leave usage, PPL for reasons that qualify for PPL usage, and accrued vacation leave, in that order. Use of supplemental benefits is subject to the terms and conditions of applicable policies, collective bargaining agreements, or compensation plans. For instance, accrued sick leave hours may be used to supplement MPL only for those conditions which qualify for sick leave use.

The choice to receive supplemental benefits lies with the employee. An employee may choose when they will start supplementing. When an employee chooses to start supplementing, the employee shall use it in a consistent schedule, except that the employee may adjust their use of the supplement in order to be eligible to receive holiday pay. An employee choosing to supplement may stop supplementing at any time but cannot restart during the leave.

In no case may an employee receive more than their regular wage or salary in combined MPL benefits, supplemental benefits, or payment for hours worked.

Q: What happens to pre-tax deductions such as HSA and med/dental when the employee is not paid enough hours during MPL to cover these deductions?

A: If an employee goes unpaid or is placed on billing, they have two options to continue their MDEA coverage:

1. Elect [Continuation Coverage](#)

They may continue their MDEA coverage for the duration of their leave on an **after-tax basis** through SEGIP Billing.

- To do so, they must submit the **Medical Dental Expense Account Continuation Form** to SEGIP within **60 days of the start of their leave of absence**.

2. Elect a Gap and Reinstatement Coverage

If they choose not to continue coverage during their leave, they will experience a gap in eligibility. However, they may reinstate their MDEA coverage upon their return to work on a prospective basis.

- They will have **30 days from their return to work** to [request reinstatement](#).

For guidance regarding the impact of a leave of absence on pre-tax accounts, please direct employees to the [2026 Flexible Benefits and Transit Expense Plan Summary](#), which provides detailed information regarding the changes that occur during a leave of absence.

Q: Can employees switch between unpaid and paid leave during MPL, especially to qualify for holiday pay?

A: Under the CBAs and plans, an employee who is on leave generally must use paid time (i.e., accrued sick leave hours, PPL, or accrued vacation leave hours) for their full scheduled workday on the day before and after the holiday to receive holiday pay. This may include entering a full day of leave before

the holiday and using their paid time (i.e., accrued sick leave hours, PPL, or accrued vacation leave hours) to exhaustion for the day after the holiday.

To avoid incurring an overpayment when receiving holiday pay, the employee cannot receive MPL benefit payments for those days. That means the employee must decline the receipt of MPL benefit payments on the day before the holiday, the day of the holiday, and the day after the holiday. This time will still count against the employee's MPL leave entitlement.

Holiday Pay / Holiday Sandwich

Q: Can you clarify holiday pay rules when an employee is receiving MPL? Are employees required to be in paid status or full paid status the day before and after a holiday?

A: Under the CBAs and plans, an employee who is on leave generally must use paid time (i.e., accrued sick leave hours, PPL, or accrued vacation leave hours) for their full scheduled workday on the day before and after the holiday to receive holiday pay. This may include entering a full day of leave before the holiday and using their paid time (i.e., accrued sick leave hours, PPL, or accrued vacation leave hours) to exhaustion for the day after the holiday.

Q: If an employee is eligible for holiday pay, why are 8 hours coded to PFM/PFF when no FMLA code is being used?

A: The hours are coded to track the use of MPL. The amount of time out counts toward the employee's MPL leave entitlement, regardless of whether they receive holiday pay, use accrued sick or vacation or receive MPL benefit payments.

Q: If an employee only qualifies for partial daily hours, would adding leave plus a holiday create an overpayment?

A: There is a potential for overpayment. The determination would be shown in the employee's request for leave as to whether they are choosing to receive holiday pay or use time. If an employee has not disclosed a holiday within their application, they'll need to work with DEED to record that date and reduce the week's payment; or not receive holiday pay from the agency.

Q: Is the holiday sandwich considered "hopping on and off" MPL?

A: No. The holiday sandwich is not considered a hop-on/hop-off if they have requested the day before, day after, and the holiday in their DEED MPL application.

Q: Is holiday-pay an either-or decision between DEED MPL pay and agency holiday pay?

A: For continuous leave, essentially, yes, as the employee must use their full accruals on the day before and after the holiday to receive the holiday pay, and they cannot do that when receiving MPL benefits without risking an overpayment.

Q: How does an employee decline MPL pay for the holiday sandwich days?

A: The employee can indicate when they apply for MPL benefits that they are receiving pay from their employer for the day of the holiday, the day before, and the day after. Those days will still count as MPL leave, even if the employee does not receive MPL benefits for those days. If the employee has already applied, they must contact the MPL Program directly.

Q: How can payroll staff see whether an employee declined MPL pay for the day before or after a holiday?

A: We understand that the information is available in the Paid Leave portal. It is likely that payroll and leave coordinators will need to share information and communicate about such issues.

Q: How does payroll know if DEED paid MPL benefits on the scheduled days surrounding a holiday?

A: We understand that the information is available in the Paid Leave portal. It is likely that payroll and leave coordinators will need to share information and communicate about such issues.

Q: If DEED pays MPL for the day before, the holiday, and the day after, should HOL be entered at all?

A: If an employee receives MPL payments for the day before the holiday, the holiday, and the day after, the employee should not receive holiday pay.

Q: Would entering 8 hours before and after a holiday result in an overpayment if the employee is only eligible for 10.65 hours (Scenario 5 of power point)?

A: The employee would need to disclose they are receiving a full-day's pay when applying for the MPL program. In recording 8 hours the day before, day after, and on the holiday in their DEED MPL application, their benefit eligibility would be reduced as well. So, if they receive 10.65 hours per week, the employee should only record 2.13 hours per day on the remaining two weekdays (4.26 total hours).

Supplement Calculations & Pay

Q: What types of income are included when calculating the MPL supplement?

A: An employee's regular wage or salary is reasonably interpreted as the amount an employee would be paid if they were not on leave. An agency can include overtime and/or differentials in calculating the "regular wage or salary" if part of the employee's regular schedule.

Q: Are shift differential, on-call pay, and overtime included in the wage calculation?

A: An employee can choose to supplement their MPL benefits with accrued sick, PPL or accrued vacation leave, but cannot receive more than their regular wage or salary.

The MPL law does not define "regular wage or salary." Absent a clear statutory definition, "regular wage or salary" is reasonably interpreted as the amount an employee would be paid if they were not on leave.

"Regular wage or salary" is reasonably interpreted as the amount an employee would be paid if they were not on leave. Therefore, an agency can include overtime in calculating the "regular wage or salary" if overtime is part of the employee's regular schedule.

Additionally, an agency shall include a differential that an employee regularly is entitled to when calculating the "regular wage or salary."

If the agency determines the differential should be included, it is included for calculating the number of hours the employee can supplement. However, the calculated hours for supplementing are paid out at straight time, not paid at the differential rate.

Q: What base period does DEED use to calculate wages for MPL benefits?

A: The base period is determined by statute ([M.S. §268B.01, subd. 5](#)). Generally speaking, it is the most recent four, or in some cases five, completed calendar quarters, depending on the effective date of an applicant's application for family or medical leave benefits.

Q: Is the MPL benefit amount gross or net, and are taxes withheld?

A: For information on the MPL benefit and how it is taxed, please refer to the MPL Program's website, <https://pl.mn.gov/employers/taxes-and-paid-leave>.

Q: Can employees choose any supplement amount (for example, 37 hours instead of 40)?

A: It is the employee's choice to supplement up to their full regular weekly wage or salary. In no case may an employee receive more than their regular wage or salary and combined MPL benefits, supplemental benefits, or payment for hours worked. However, employees may choose to supplement less than the number of hours needed to receive full pay.

Q: When employees work different schedules week to week, should each week's supplement be calculated separately?

A: Employees may supplement their MPL benefits to receive their "regular wage or salary." Their "regular wage or salary" is reasonably interpreted as the amount an employee would be paid if they were not on leave.

When employees have varying schedules, the amount of leave and the amount available to supplement should reflect their scheduled time for a particular week. In no case may an employee receive more than their regular wage or salary and combined MPL benefits, supplemental benefits, or payment for hours worked.

Q: For overpayment purposes, does DEED use a Sunday–Saturday work week or the state pay period?

A: DEED processes weekly payments based on a calendar week, generally Sunday to Saturday.

Overpayments & Monitoring

Q: Are we monitoring hours worked on timesheets against the MPL report for intermittent leave?

A: Agencies can review timesheets against the hours reported by the employee for use of intermittent leave to ensure that the leave and work hours are being accurately recorded.

Q: If an overpayment occurs, does DEED notify agencies, and how does that communication happen?

A: Generally, overpayments are the responsibility of the employer. At this time, we do not have enough information to fully know how DEED's MPL Program will communicate with employers about overpayments.

Q: Are agencies responsible for preventing MPL overpayments related to holidays?

A: Yes.

Q: If an overpayment occurred because sick or vacation leave was used, does that leave need to be restored to the employee?

A: Refer to the [Correction of Overpayments](#) procedure. Employees may request to use the prior period adjustment process to have sick or vacation leave restored, to correct the overpayment.

Q: For overpayment, If we accept a personal check is it just for the net of what the overpayment was? And then we just send it to MMB?

A: Overpayment corrections should generally follow the standard overpayment correction policy as stated in SEMA4 Help, with repayment for active employees being processed by Prior Period Adjustment and repayment for separated employees achieved by sending in a personal check. However, Statewide Payroll will also accept personal checks from current employees if that is the employee's and agency's preferred method of overpayment recovery for their situation. The amount an employee repays depends on the calendar year in which the overpayment occurred:

- **Current-year overpayment:** The employee should repay the **net amount of the overpaid paycheck**. This allows the payment to be reversed and, when applicable, reissued correctly.
- **Prior-year overpayment:** The employee should repay the **gross amount of the overpayment**.

Personal checks received for repayment should be submitted to MMB for processing in accordance with the standard overpayment correction process.

Overnight & Special Schedules

Q: Can additional examples be provided for employees who work overnight shifts?

A: Yes, we will work to provide these examples and communicate when available.

Q: Can examples include overnight employees with and without holidays?

A: Yes, we will work to provide these examples and communicate when available.