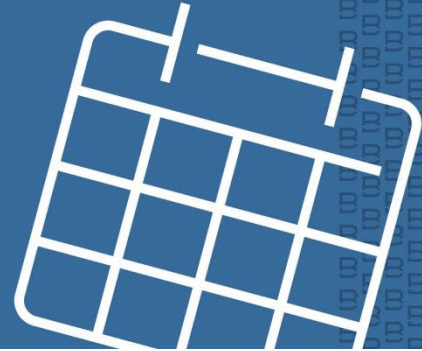


The Work Week

News from the
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Six Months In: What Minnesota's Paid Leave Numbers Tell Employers – And What They Don't Yet

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Minnesota's Paid Leave program marked its six-month anniversary on July 1, 2026, and the state has now put numbers behind the rollout. [DEED's July 7 update](#), paired with last week's reporting on the program's finances, gives employers a clearer picture of where the program stands — and a clearer sense of what remains genuinely unresolved.

The Six-Month Numbers

DEED reports that 126,373 applications have been submitted by 116,617 unique applicants, with 74,687 approved — an approval rate the agency describes as "nearly 60 percent." Of those applications, 50 percent were for medical leave, 36 percent for bonding leave, and 14 percent for caring leave, with the remainder split between safety and military family leave.

While DEED has not published an exact approval-rate breakdown by leave category, it did report approving more than 38,000 bonding-leave applications, accounting for more than half of the approved leaves. Applicants take an average of 8.2 weeks for bonding leave, while the average leave duration for medical leave sits at 6.5 weeks, and 5.7 weeks for caring leave.

The average weekly benefit paid is \$1,083, against a statutory cap of \$1,423.

Application volume has declined since the January launch, falling by about a quarter by the third week of January, and has since leveled off to roughly 3,000 to 4,000 per month. An initial application influx was expected as the law included a carveout for parents who welcomed a child in 2025 to apply retroactively within one year of the birth or adoption once the program opened up. Once the retroactive window closes out, bonding leave volume should track ordinary birth and adoption rates rather than working off a backlog.

The Funding Gap

Here is the fact employers should be watching most closely: in its first six months, the program paid out \$598 million in benefits while collecting \$344 million in premium payments from the first quarter of wages. DEED expects the second-quarter premium collection (due at the end of this month) to be comparable to the first-quarter's collection — which should help close that gap. There is also another \$70 million in additional funds — savings from the program's 2023 startup appropriation — to assist in the short term, though it's likely a rate increase will be necessary to support the program long term.

The premium rate currently sits at 0.88 percent, split between employers and employees. State law allows DEED to raise that rate to a cap of 1.1 percent without legislative involvement; any increase above the cap would require lawmakers' approval. DEED has said it will announce the 2027 premium rate by July 31, informed by an independent actuarial study that is currently underway. If a rate change occurs, it would not take effect until January 1, 2027 — DEED has stated this is deliberate, to give employers and workers time to plan.

Two Sides of the Same Rollout

The employer- and employee-side friction reported so far points in different directions, and both deserve equal weight.

On the employee side, applicants are voicing concerns with the application process. Applicants have reported unwarranted denials, difficulties with certifications, communication challenges and delays in payments. Roughly 40 percent of submitted applications have not resulted in approval, whether due to denial, pending review, or incomplete certification.

As their employees are met with red tape and roadblocks, employers are fielding the frustration without controlling the process. Employers are absorbing staffing disruptions, increased payroll costs, and administrative burden, and are left weighing how to support employees through the gap without unintentionally creating liability for the business. Financial uncertainty compounds all of it: the same employers absorbing these costs today will not know until July 31 whether their premium rate is about to rise.

What Employers Should Watch

- **The July 31 premium rate announcement.** This is the single most concrete, time-bound event on the horizon. Employers should plan for a rate somewhere between the current 0.88 percent and the 1.1 percent statutory cap, effective no earlier than January 1, 2027.
- **Whether the rate stays under the cap.** A rate above 1.1 percent would require legislative action — a materially different (and slower) process than an administrative adjustment.
- **Second-quarter premium collection figures,** expected at the end of this month, which will either support or undercut DEED's projection that revenue will hold steady.

- **Processing timelines**, particularly for medical leave applications.

Bassford Remele's award-winning [Labor & Employment Practice Group](#) is here to help with these issues and more. Please reach out to discuss ways that we can help you protect your business or protect your rights.

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