EMPLOYMENT AND ECONOMIC DEVELOPMENT

Rochester Human Resources Association

Amber Stowe | Employer Relations Manager

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Disclaimer

This presentation is based on current UI legislation. Statements are intended for general information and **do not have the effect of law.**

Minnesota Unemployment Insurance Law – MN Statutes 268.001 to 268.23 and Administrative Rules 3310 and 3315 can be accessed through our website at ui.mn.gov

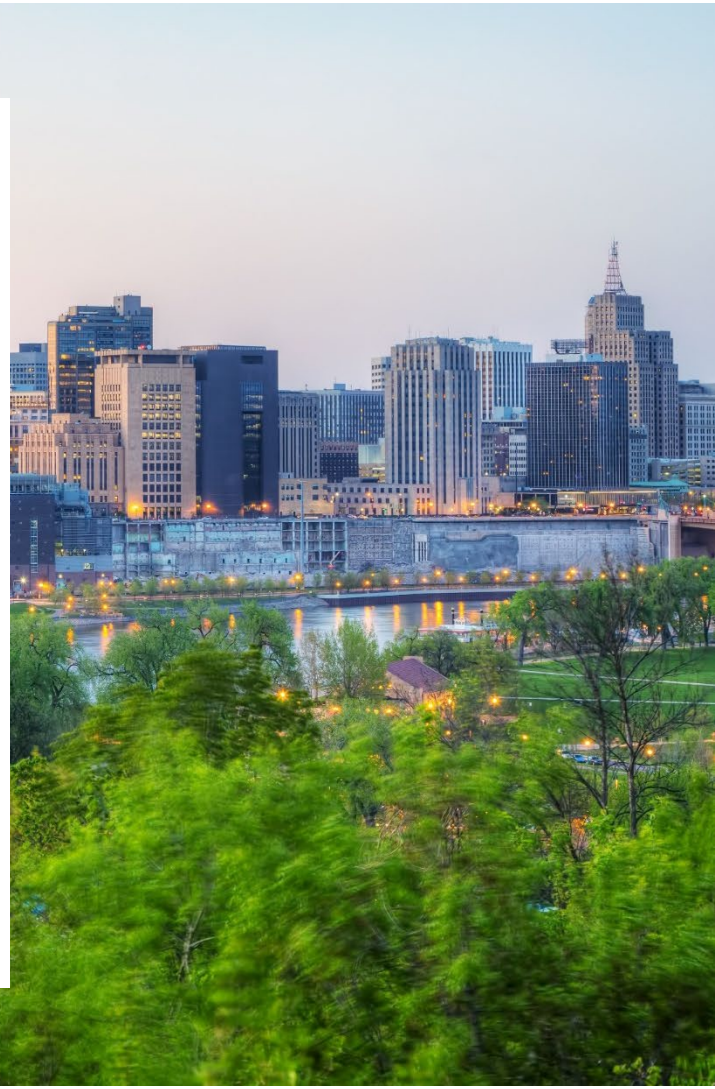
Thank you – we know you're busy

- Explain how UI works in simple terms
- Explain how to most efficiently conduct UI business
- Reduce the chance you will make a mistake
- Help you understand and manage your UI costs
- Tell you how to get help if you need it
- Get feedback so we can make UI better
- UI's roles with Paid Leave



About Unemployment Insurance (UI)

- UI started in 1935 during the Great Depression
- It's a big program that's very cyclical and manages high volumes of information at a fast pace
- UI primarily does two things:
    1. Pay benefits to eligible, unemployed workers
    2. Collect wage information and taxes from employers
- Both are important, but the program exists to pay unemployment benefits to eligible applicants
- What UI requirement do employers have?



Reporting wages

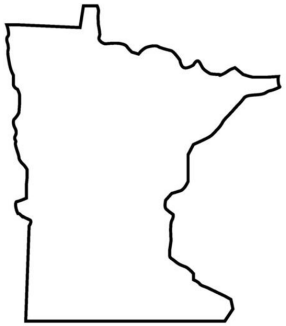
Covered Employment

- Employers are required to report wages for their **covered** employment every quarter
  - We call this data submission ‘wage detail’
  - We’re *not* going into the mechanics of how to report wages, but we can answer questions
- Most employment that is performed in the state is covered by UI (but not all of it)

Wages

- We *will* talk about what types of compensation must be reported as ‘wages’ and which types don’t
- Generally, most payments you make through your payroll system are wages – but there are a few exceptions

Reporting wages in Minnesota – Remote workers



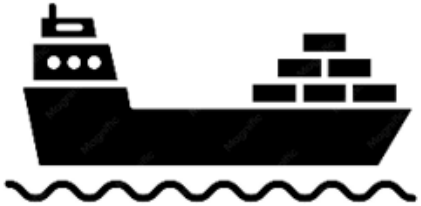
50% or more of the wages during the quarter are performed in MN



50% or more of the employment during the quarter is not performed in MN or any other state, or Canada, but some of the employment is performed in MN and the employee's residence is in MN during 50% of the calendar quarter.



The employment during the quarter is performed outside U.S. and Canada, by an employee who is a United States citizen in the employ of an American Employer, if the employer's principal place of business in the US is located in MN.



The employment during the quarter is performed by an officer or member of the crew of an America vessel operating on navigable waters within, or within and without, the US, and the office from which the operations of the vessel and controlled is in the in MN.

Wages to report to UI – Most Common

Basic rule: Compensation you give to an employee should be reported to UI as wages

Wages including but are not limited to:

Salary	**Cash wages**	**Commissions**	**Bonuses**	**Profit sharing**	**Tips**	**Back pay**	**Sick pay**

Wages to report to UI – Less Common

…but you still need to get it right:

- ✓ Reasonable value of meals, rent, housing, or any similar advantage
- ✓ Cash value of any remuneration paid by a means other than cash
- ✓ Payments made under a deferred compensation or cafeteria plan, discussed in ‘Employee Benefit Plans’ (see ui.mn.gov)
- ✓ “Picked up amount” of Paid Leave – if you pay the employee’s share

Reporting wages to UI

- You must report the wages you paid to each employee each quarter
- We use this information in several ways:
  - To calculate your UI taxes
  - To calculate unemployment benefits
  - For economic measures (in summary form)
  - As basis of other integrity activities
  - For the Paid Leave Program



Reporting wages

- There are several ways to submit wage detail:
  - **Manual entry –** usually small employers
  - Copy **names and social security numbers from previous quarters –** easiest when things don't change much
  - **File upload –** multiple options, your payroll software probably helps
  - **Zero Wage Report** – we don't know if you paid wages or not until you report
- Are you submitting in the method most efficient for you?
- Refer to ui.mn.gov for details

Due dates

- Wage detail information and UI tax are always due one month after the end of the quarter.
  - Must be received on or before the due date
  - If the due date falls on a weekend or legal holiday, the due date becomes the following business day



Questions?

Any questions on wage detail reporting?

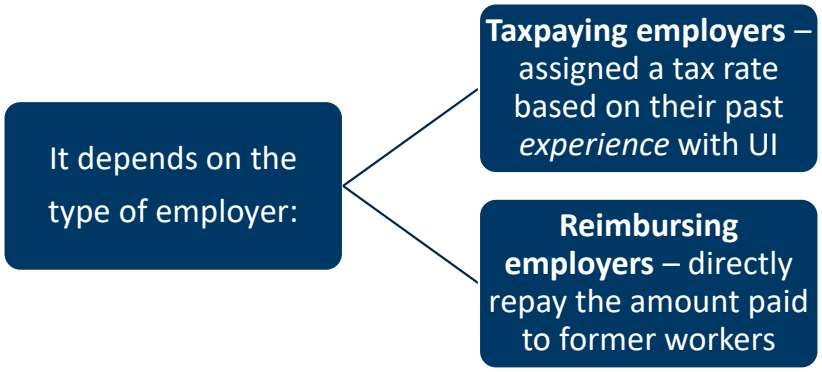
Next, we will talk about how UI is funded

- Types of employers
- Elements of the UI tax and tax rate calculations
- Experience rating – how the benefits paid to former employees affect your UI tax
- Managing your UI costs

UI is NOT forward funded

When an unemployed worker receives unemployment benefits, the amount paid to that worker is recovered from his or her former employers; either:

- In the next quarter, or
- Over time



Reimbursing employers

- Reimbursing employers are billed quarterly on a dollar-for-dollar basis for benefits received by their former employees in the prior quarter
- Only certain types of employers may be reimbursing employers:
  - State of MN and political subdivisions such as school districts default to the ‘reimbursement’ method
  - Charitable non-profits default to ‘taxpaying’ but can request reimbursing status
  - Tribal Governments

Taxpaying employers

- Taxpaying employers pay tax every quarter
- For most employers, this is the only option (including all for-profit employers)
- Taxpayers “repay” the UI Trust Fund for benefits paid to their former workers in the **last four years**
- Taxpaying employers are assigned an individual UI tax rate, including an individualized **experience rate** component based on their history.
- Taxpaying employers also pay a federal tax that is used to pay for extended benefits and program administration

UI tax rate components

There are three primary elements of UI taxes:

- **Taxable wage base**: amount of wages that are taxable
- **Base rate**: minimum UI tax rate for all employers
- **Experience rate**: variable rate based on past benefits

Two possible assessments:

- Additional – 14.00% (*of the UI tax* – NOT the taxable wages)
- Special – 0.00%

Because it is the most variable component, today we'll focus on experience rates!

What is an experience rate?

- Experience rates are a mechanism for calculating an employer's UI tax, so the employer repays the UI Trust Fund for benefits paid to former employees
- The repayment is intended to take place over about four years (48 months)
- Your experience rate is the ratio of benefits paid to your employees to the taxable wages you paid all your employees for the same period of time

  (benefit charges/taxable payroll)
- Very new employers are assigned a rate based on the average experience rate for their industry
- It is a little more complicated, but we'll get to that

2026 UI tax rates

- Taxable wage base = $44,000 (per employee)
- Base tax rate = 0.40%
- Experience rate is a variable between 0.00% and 8.90%
  - Minimum rate = 0.00%
  - Maximum rate = 8.90%

UI Tax Rate = Base Rate + Experience Rate

- Lowest possible rate = 0.40% (0.40% Base Rate + 0.00% Experience Rate
- Highest possible rate = 9.30% (0.40% Base Rate + 8.90% Experience Rate
- *Average 2025 experience rate = 1.30%*

Why do experience rates matter so much?

- Frequent and/or longer layoffs result in higher experience ratings
- Seasonal businesses and employers who have a lot of turnover generally, have higher experience ratings
- Higher experience ratings mean higher UI tax rates
  - If assigned rate is 0.40% = $200.64 per employee, per year*
  - If assigned rate is 9.30% = $4,664.88 per employee, per year*
- Since experience ratings are directly related to benefits paid to former employees, it's important to understand how eligibility for benefits affects your experience rating

* Assuming the employee was paid at least $44,000 per year

Any questions on UI taxes?



Managing your UI rate

- Your experience rate is based on “charges” to your account over the past four years
- There are times when, as an employer, you should not be “charged”
- Understanding how unemployment insurance works can help ensure that your UI costs are not more than they should be



Managing your UI tax rate

- *You get notified* – we tell you when a former employee applies for benefits
- **Review the notices and your account**
- **Raise an Issue if you need to**
  - Raise an issue when your former employee may not be eligible to receive unemployment benefits and/or your account shouldn't be charged
  - It is not necessary to raise an issue if you laid off an employee
  - Maintain detailed records – written warnings, dates, etc.
  - Respond thoroughly to UI questionnaires
  - Only include information about the employee in question – Don't include private information for other employees (example, SSNs)
- **Most issues are raised by applicants – but you need to keep an eye on things too.**

Managing your UI tax rate

DETAILS

DETAILS

DETAILS

You can see lots of stuff in your UI account

You can view all applicant accounts filed and benefit charges attributable to you

REVIEW BENEFIT CHARGES

The employer self-service system is very accurate, but it's always wise to review charges on your account

APPEALS

Appeal when you receive a Determination of Eligibility indicating your former employee may receive UI benefits and you disagree with the facts or reasoning of the determination.

Every determination we make on eligibility and tax rates is appealable

Both you and your former employee have rights to appeal

Managing your UI tax rate

How do you know when to raise an issue or appeal a determination to protect your UI account?

- In general, UI provides benefits to people that lose their job due to no fault of their own
- Basic eligibility requirements for applicants:
  - ❑ Must have sufficient earnings in their base period (currently $4,000)
  - ❑ Must be unemployed or have reduced hours through no fault of their own
  - ❑ Must be legally authorized to work in the U.S.
  - ❑ Must be actively seeking suitable work each week
  - ❑ Must be able and willing to begin suitable work without delay when offered


NOW, IT'S
YOUR TURN

UI benefits can be based on temporary or part-time employment.

TRUE OR FALSE?

TRUE

UI benefits can be based on temporary or part-time employment.

- $4,000 earned any time in 4-quarter “base period”
- The key is that the $4,000 threshold has been crossed

An applicant's weekly benefit amount is 3/4 of their average wage.

TRUE OR FALSE?

FALSE

An applicant's weekly benefit amount is 3/4 of their average wage.

- An applicant's weekly benefit amount is **about 1/2** of average weekly wage (up to the maximum weekly rate - $983)

Applicants usually receive full unemployment benefits for 52 weeks.

TRUE OR FALSE?

FALSE

Applicants may receive full unemployment benefits for 26 weeks.

- An individual can receive UI benefits for up to 26 weeks per “benefit year.” Applicants who did not work for the entirety of their base period may not be eligible for the full 26 weeks of benefits.
- An applicant might be unemployed sporadically during his or her 52-week “benefit year.” When this occurs, benefits are charged to the original base period employer(s).

The longer you keep a new employee who is struggling to do their job, the higher your risk of increased UI cost.

TRUE OR FALSE?

TRUE

The longer you keep a new employee who is struggling to do the job, the higher your risk of increased UI cost.

- Time does two things:
  - The longer you allow an unwanted behavior to continue, the less likely it can be treated as misconduct.
  - The longer someone works for you, the greater the amount of potential future benefit charges that will be attributed to you.

- The more money you paid the employee during the base period, the greater the potential impact on your experience rate.

If you schedule a worker for less than half their usual weekly hours of work, they may be eligible for partial UI benefits that week.

TRUE OR FALSE?

TRUE

If you schedule a worker for less than half their usual weekly hours of work, they may be eligible for partial UI benefits that week.

- Workers whose hours have been significantly reduced may be eligible for a partial UI benefit
- Weekly benefit amount is half their weekly wage
- 50% of part-time earnings reduce the UI benefit for that week

If you provide a consistent, scheduled amount of part-time work to an employee, you may not be charged for UI benefits paid if they lose their full-time or other job.

TRUE OR FALSE?

TRUE

If you provide a consistent, scheduled amount of part-time work to an employee, you may not be charged for UI benefits paid if they lose their full-time or other job.

- Work MUST be scheduled and ongoing - NOT on call or seasonal to avoid potential charges. Schedule can be weekly, monthly, every other weekend, etc.

Most workers who quit their jobs are not eligible for UI benefits.

TRUE OR FALSE?

TRUE

Most workers who quit their jobs are not eligible for UI benefits.

- Remember: Unemployed due to no fault of your own
- With a few exceptions, such as:
  - Worker quits due to a good reason caused by the employer
  - Worker is subjected to adverse working conditions by the employer
  - Worker requests employer to correct adverse working conditions
  - Employer doesn't correct the adverse working conditions

Exception – Quit for medical reasons

- Employers are relieved of charges

Most workers who are fired from their jobs are not eligible for UI benefits.

TRUE OR FALSE?

FALSE

Most workers who are fired from their jobs are not eligible for UI benefits.

Discharge defined.
A discharge from employment occurs when any words or actions by an employer would lead a reasonable employee to believe that the employer will no longer allow the employee to work for the employer in any capacity. A layoff because of lack of work is a discharge.

FALSE

Most workers who are fired from their jobs are not eligible for UI benefits.

Employment misconduct defined.
Employment misconduct means any **intentional, negligent, or indifferent conduct,** on the job or off the job, that is a serious violation of the standards of behavior the employer has the right to reasonably expect of the employee.

Intentional – Did the worker make a negative deliberate choice?

Negligent – Did the worker fail to use care that a normally careful person would take in the situation?

Indifferent – Was the worker apathetic or not caring?

FALSE

Most workers who are fired from their jobs are not eligible for UI benefits.

- We decide who is eligible based on the information we get from you and your former employee
- Don’t tell us “it was misconduct.” Tell us what happened and why it mattered to YOUR business
- Responding to UI questionnaires is critical to help us tell the difference

What employment misconduct is not…

(b) Regardless of paragraph (a), the following is not employment misconduct:

(1) conduct that was a consequence of the applicant's mental illness or impairment;

(2) conduct that was a consequence of the applicant's inefficiency or inadvertence;

(3) simple unsatisfactory conduct;

(4) conduct an average reasonable employee would have engaged in under the circumstances;

(5) conduct that was a consequence of the applicant's inability or incapacity;

(6) good faith errors in judgment if judgment was required;

(7) absence because of illness or injury of the applicant, with proper notice to the employer;

(8) absence, with proper notice to the employer, in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant;

(9) conduct that was a consequence of the applicant's substance use disorder, unless the applicant was previously diagnosed with substance use disorder or had treatment for substance use disorder, and since that diagnosis or treatment has failed to make consistent efforts to control the substance use disorder; or

(10) conduct that was a consequence of the applicant, or an immediate family member of the applicant, being a victim of domestic abuse, sexual assault, or harassment or stalking. For the purposes of this subdivision, "domestic abuse," "sexual assault," and "harassment" or "stalking" have the meanings given them in subdivision 1.

Being fired for a ‘no call-no show’ absence disqualifies one from UI benefits.

TRUE OR FALSE?

IT DEPENDS

Being fired for a "no call-no show" absence may or may not disqualify one from UI benefits.

- This part sometimes annoys employers – it can be messy
- Not calling in IS ***serious***
- In jail? → Not an excuse
- In the hospital? → Maybe
- Commonly heard:
  - "Told my girlfriend to call…"
  - "I called but they didn't get the message…"
- We must accept statements from you AND the applicant

Congrats! You passed!

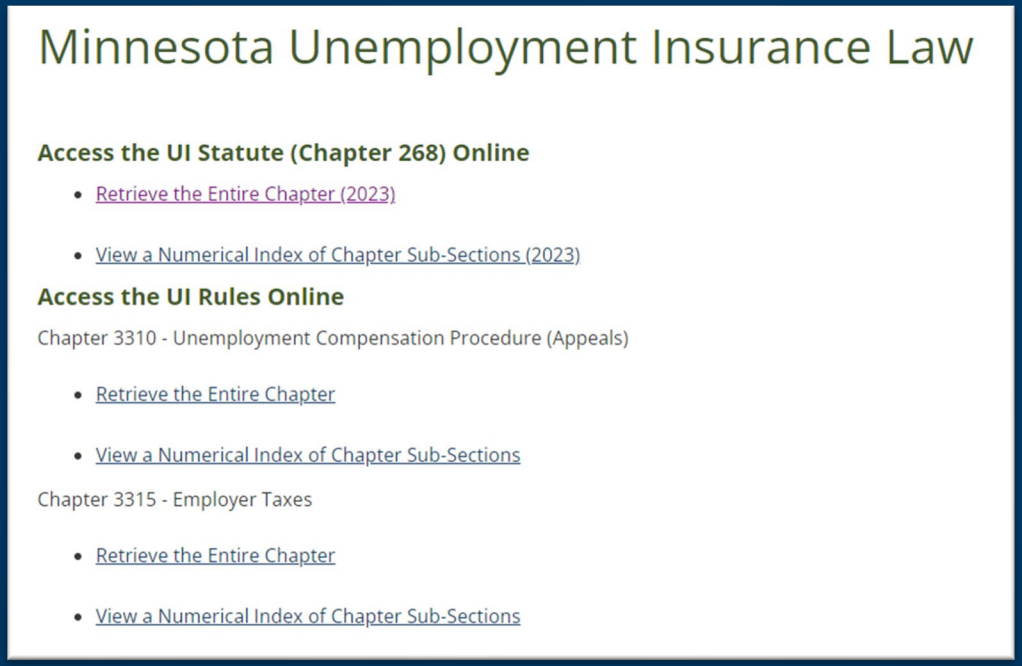


UI law stuff

It's all in Minn. Stat. Chapter 268:

- Section 268.047 – Employer Charges and Relief
- Section 268.085 – Applicant Eligibility & Income that affects it.
- Sections 268.095 – Disqualification for Quits and Discharges

Go to ui.mn.gov – left side links to UI Law



Resources

Assistive information is available on ui.mn.gov

- **Employer User Guide**: Step-by-step instructions for accessing/using your online employer account
- **Employer Handbook** – Overview of MN UI Law
- **Informational Videos** – Topically-based UI videos



- **Customer Service Center:**
  - Staff available to answer your questions
  - Telephone 651-296-6141 (option 4)
  - Monday – Friday, 8a.m. to 4:30 p.m. (except holidays)

Agents

Agents register for an agent account ui.mn.gov

- Receive unique Agent ID
- Provide the same Agent ID to all client employers

Are assigned roles (account access) from their client employers

If you have a Joint UI/Paid Leave account and a Paid Leave Only account

- May assign agent account access to each account

Minnesota Paid Leave

Paid Leave benefits started for Minnesotans on January 1, 2026.

It provides paid time off for workers when:

A serious health condition prevents a worker from working	When a worker needs time to care for a family member or a new child	Time off is needed for certain military-related events	There is a need for time off for certain personal safety issues

All workers are covered by both UI and Paid Leave



Joint UI/Paid Leave account

- Submit one quarterly Wage Detail report
- Report workers covered by both UI and Paid Leave
- One report satisfies wage-reporting requirements for both programs
- UI taxes and Paid Leave premiums are calculated separately
- Pay UI taxes and Paid Leave premiums quarterly through the employer system

One group of coverage • One account • One Wage Detail Report

Some workers are covered differently



You need two employer accounts

Joint UI/Paid Leave account

- Report workers covered by **both UI and Paid Leave**

Paid Leave Only account

- Report workers covered by **Paid Leave but not UI**
- The accounts have different employer account numbers
- Submit a separate quarterly Wage Detail Report for each account
- Report each worker on the correct account

Do not report the same worker on both accounts for the same quarter

All workers are covered by Paid Leave, but not UI



Paid Leave Only account

- Submit one quarterly Wage Detail report
- Report workers covered by Paid Leave but not UI
- Pay Paid Leave premiums quarterly through the employer system
- No UI tax applies for this account

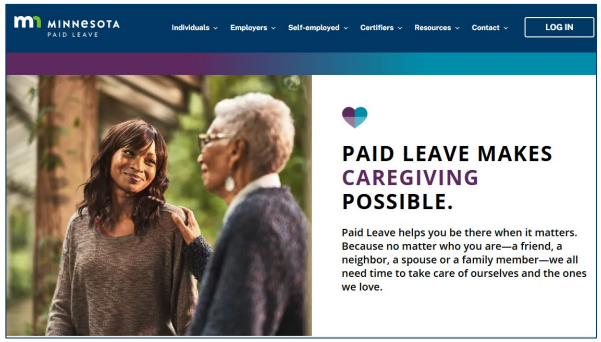
Paid Leave Only does not mean reporting is optional

Paid Leave Premium Rate Notices

- Sent annually to all employers covered by Paid Leave
- UI taxes and Paid Leave premiums are calculated differently
- Premiums due quarterly as of April 2026

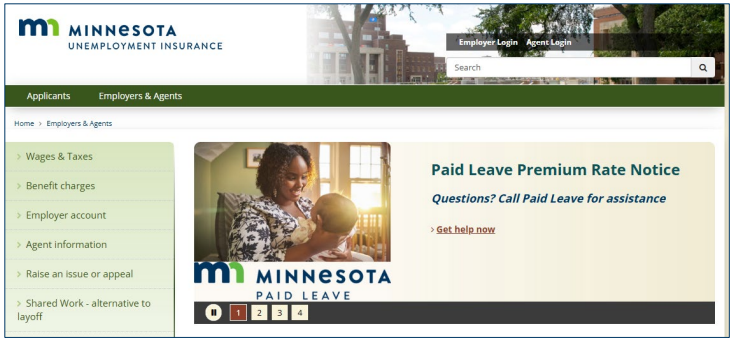
Paid Leave Resources

More information available at:



pl.mn.gov

Paid Leave Minnesota website



ui.mn.gov

MN Unemployment Insurance website

Questions

