July 20, 2026

AFSCME Units 2-8 Chairs,

The Disability Committee is proposing changes to our Short-Term Disability (STD) and Long-Term Disability (LTD) plans. These proposals are being considered to help keep the plans financially healthy while managing future premium costs.

Please review the proposal and **reply by Friday, July 31** whether you support the proposed changes or not.

Your feedback will help determine our union's position on this proposal.

In solidarity,

Joel Hoffman
President
AFSCME Council 5 State Employee Policy Committee (SEPC)

Crystal Kreklow
Field Director

Current Disability Insurance Benefits

Currently, employees pay the full cost of both Short-Term Disability (STD) and Long-Term Disability (LTD) insurance.

The current STD plan provides benefits for up to **26 weeks**, with employees choosing a benefit amount of up to **two-thirds of their wages**. Employees may enroll when they are first hired or during the plan's open enrollment period, which currently occurs every **five years**.

Beginning in 2026, **Minnesota Paid Leave (MPL)** will provide income replacement equal to approximately **60% to 90% of an employee's wages**, depending on the statutory benefit calculation.

Because MPL does **not** replace STD benefits, the two programs can be used together. An employee receiving MPL, supplemented by sick leave or vacation time, and STD benefits could receive **up to 167% of their regular wages** while on leave.

As a result of this overlap, premiums for the current STD plan are projected to increase by approximately **15%** due to increased benefit usage.

Proposal Under Consideration

To help control premium increases, the Disability Committee is considering the following changes:

- Reduce the maximum STD benefit period from **26 weeks to 12 weeks**.
- Begin LTD benefits after **12 weeks** instead of **26 weeks**.
- Cap combined wage replacement from **STD, Minnesota Paid Leave, and paid leave balances (such as sick leave or vacation)** at **100% of an employee's regular wages**.
- Change STD open enrollment from **every five years to every three years**.

Potential Impact

The committee estimates these changes would reduce the combined cost of STD and LTD premiums by **at least 15%**, with the possibility of even greater savings. Premiums could decrease further because employees may choose to purchase less STD coverage if benefits are capped at 100% of wages.

The tradeoff is that the STD plan would provide less value, since employees would no longer be able to receive disability-related income exceeding their normal wages.

Decision for the Union Caucus

The key policy question is whether employees would prefer:

- lower insurance premiums, or
- the ability to receive disability-related income that exceeds 100% of their normal wages.

Rather than making that decision centrally, the union caucus would like each union to determine its own position.

MMB is concerned that, without changes, the introduction of Minnesota Paid Leave could lead to a significant number of employees dropping STD coverage, affecting the stability of the insurance plan.

MMB is requesting a decision by August to allow sufficient time to prepare for this year's open enrollment.