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Human Resources Experts

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Client Newsletter | Q3 2026

ISSUE 7

Pictured L-R: David Huntley, Justin Terch, Faith Wickenhauser

Included:

Dear Valued Clients,

As we move through the year, employers continue to navigate a workplace environment shaped by changing compliance obligations, evolving technology, shifting workforce expectations, and ongoing hiring challenges. While some labor market pressures have stabilized, the work of managing people, policy, and business operations remains complex.

In this issue, we are highlighting several timely topics for Minnesota employers, including recent findings from the Minnesota State Council of SHRM, key reminders regarding Minnesota's Secure Choice Retirement Program, the growing impact of AI on trust in the hiring process, and recent ESST adopted rules. We also share an important update from our own team as we prepare for a transition at Terch & Associates.

We hope this newsletter provides helpful insight, practical reminders, and perspective as you continue leading your organizations through a changing employment landscape.

2026 Minnesota HR Workforce Outlook

Minnesota State Council of SHRM

The Minnesota State Council of SHRM recently collected data for their 2026 Minnesota HR Workforce Outlook Report, developed in partnership with the Federal Reserve Bank of Minneapolis. The report will reflect insights from 118 Minnesota HR professionals and provide a timely snapshot of the workforce, compliance, and HR challenges facing Minnesota employers.

Key Findings:

- 79.4% of respondents reported that their organizations are actively hiring.
  - Of those hiring, 87.7% are hiring to replace turnover, while only 45.7% of those hiring are adding new positions.
- 55.5% described hiring necessary labor as moderately or extremely difficult.
- The most cited workforce challenge was a lack of skills among applicants, followed by lack of applications, employee absences, competitive wages, and turnover/retention.
- 75.5% identified leave management as one of the most difficult compliance or HR operations areas, including Minnesota Paid Leave, ESST, FMLA, ADA accommodations, and related obligations.
- 76.3% reported organizational use of AI in at least one business function.
- 83.8% expect AI to have no effect on employee headcount over the next year.
- 72.0% described their organization's six-month outlook as very or somewhat optimistic.

Overall, the report suggests that Minnesota employers are still hiring and generally optimistic, but HR teams are managing increasingly complex challenges around staffing, compliance, leave administration, wage pressure, and technology. The final report has been scheduled for public release.

Minnesota Secure Choice Is Now Active

What Employers Should Do Next

Minnesota's Secure Choice Retirement Program is partially underway. Covered employers should be preparing for upcoming registration and compliance deadlines. The following registration phases are based on organization size.

Number of employees at covered employer	Phase duration
Soft launch and voluntary enrollment for any size covered employer	Jan. 19, 2026 to March 30, 2026
100 or more	April 1, 2026 to June 30, 2026
50 to 99	July 1, 2026 to Dec. 31, 2026
25 to 49	Jan. 1, 2027 to June 30, 2027
10 to 24	July 1, 2027 to Dec. 31, 2027
5 to 9	Jan. 1, 2028 to June 30, 2028

Employers who have five or more employees receiving taxable Minnesota wages and don't currently offer a qualifying retirement plan (like a 401(k), SIMPLE IRA, SEP, etc.) must enroll in the program. Employers that already offer such a plan may certify an exemption instead of participating. The program is an employee-funded retirement savings program where employers have the following responsibilities:

- **Determine applicability:** Review whether your organization already offers a qualifying retirement plan. If not, assume participation will be required.
- **Watch for your registration notice:** Employers will receive communication from the program (via Vestwell) with instructions and deadlines tied to their assigned phase.
- **Coordinate with payroll providers:** Employers are responsible for setting up payroll deductions and remitting employee contributions to the program. While employers do not contribute funds, they must ensure deductions are accurate and timely.
- **Prepare employee communications:** Employees will be automatically enrolled in the program at 5% of their gross pay but may opt out or adjust their contributions. Employers are responsible for distributing required program information and helping employees understand what to expect.

While public participation data appears limited at this stage, the program is now active, registration is open for all eligible employers, and the first employer deadline has arrived. Employers should not wait until the end of their phase to determine whether they must register or certify exemption.

For more information from the Secure Choice Retirement Board, visit securechoice.mn.gov. The Employer Fact Sheet can also be found here.

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AI, Ghost Jobs, and Applicant Ghosting

Why Hiring Trust May Be Breaking Down

Hiring has always required trust. Employers trust that applicants are genuinely interested and qualified, and applicants trust that job postings represent real opportunities and that their time will be respected. However, that trust appears to be increasingly under pressure on both sides of the hiring process.

The Minnesota Star Tribune[1] recently reported a rise in AI-assisted recruiting scams, including fake job postings and impersonation schemes that use real company names, logos, and job titles to appear legitimate. These scams are especially concerning because they can harm both job seekers and employers. Job seekers may unknowingly share personal or financial information with scammers, while employers may have their brand misused in ways that damage credibility and create confusion in the market.

At the same time, job seekers are also navigating frustration with "ghost jobs," which are postings that appear active but may not be tied to an immediate hiring need. According to Greenhouse's 2024 State of Job Hunting report[2], three in five candidates say they suspect they have encountered a ghost job. Greenhouse data also found that, in any given quarter, **18–22% of jobs posted on its platform were classified as ghost jobs.** These postings may not always be intentionally misleading. In some cases, employers may be building a candidate pipeline, keeping a posting open for future needs, or failing to remove outdated listings. However, from the applicant's perspective, the result can feel like wasted time spent applying for an opportunity that never moves forward.

On the other side of the process, employers are facing their own challenges. AI tools have made it easier than ever for candidates to create resumes, tailor cover letters, and apply to large numbers of jobs quickly. Greenhouse also reported that **38% of job seekers are mass applying to roles**, which can flood employers with resumes from candidates who may have little connection to or interest in the specific position. Recent reporting from Business Insider[3] has suggested that applications per open role in the U.S. have doubled since 2022, adding pressure to already strained recruiting processes.

This may help explain why many employers are seeing more applicant ghosting. When candidates apply broadly, an application may no longer be a strong signal of genuine interest. By the time an employer reaches out, the applicant may not remember applying, may have accepted another opportunity, or may simply be prioritizing roles that move faster.

At the same time, applicants who experience long delays or no communication from employers may become less responsive themselves, creating a cycle of disengagement. The issue does not come solely from one side being at fault, but rather a noisier, faster, more automated, and less personal hiring process as a whole. Fake job scams, ghost jobs, AI-generated applications, and applicant ghosting are all symptoms of a labor market where both employers and candidates are trying to manage uncertainty.

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Recommendations

For employers, the best response is to protect the credibility of the hiring process:
- Keep job postings current
- Remove roles that are no longer active
- Be clear when a posting is intended for future pipeline-building rather than immediate hiring
- Move quickly when strong candidates apply
- Communicate hiring timelines early

Employers may also consider adding thoughtful, role-specific screening questions that help identify genuine interest and fit.

In a hiring environment where trust is harder to earn, small and mid-sized employers can stand out by being clear, responsive, and human. A transparent process will not eliminate every challenge, but it can help employers attract more serious candidates, protect their reputation, and create a better experience for everyone involved.

[1] Bill Lukitsch, "Minnesotans and businesses navigate rise in AI-fueled fake job postings," The Minnesota Star Tribune, June 24, 2026.
[2] Greenhouse Software, "Ghosting, ghost jobs and bots: Candidates reveal their top challenges in the Greenhouse 2024 State of Job Hunting report," December 10, 2024; updated May 7, 2026.
[3] Thibault Spirlet, "The best way to stand out in an AI hiring market may be surprisingly old-fashioned, a recruitment CEO says," Business Insider, June 26, 2026.

ESST Adopted Rules

Key Clarifications for Employers

The Minnesota Department of Labor and Industry has adopted administrative rules for Earned Sick and Safe Time (ESST), which took effect July 6, 2026. These rules provide additional clarification on how certain parts of the law should be applied. A few key clarifications for employers include:

- **Local ordinances still matter.** Minnesota's ESST rules do not override local sick and safe time ordinances, such as those in Duluth, Minneapolis, and St. Paul. Employers must follow whichever standard provides the greater protection or benefit to employees.
- **Accrual years must be clearly communicated.** Employers may select a regular 12-month accrual year, but it must be clearly communicated to employees. If no accrual year is designated and communicated, the default accrual year is the calendar year.
- **Accrued ESST must be credited each pay period.** For employers using the accrual method, ESST must be credited based on hours worked no later than the regular payday after the end of each pay period. Employees may use ESST as it accrues.
- **Documentation rules are clarified.** Employers may require reasonable documentation when an employee uses ESST for more than two consecutive scheduled workdays, as long as the requirement is clearly communicated and the employee is given a reasonable amount of time to respond.
- **Suspected misuse may allow earlier documentation requests.** Employers may request reasonable documentation when there is a pattern or clear instance of suspected ESST misuse, even if the employee has not been absent for more than two consecutive scheduled workdays. However, employers may not deny future ESST use for a qualifying reason based solely on prior misuse or suspicion of misuse.

ESST Fact Sheet Link.

A Note From Terch & Associates

Team Update

Before we close, we would also like to share a team update. After seven successful years with Terch & Associates, David Huntley, Senior HR Consultant, has accepted an opportunity to move into an in-house HR leadership role. While we will miss David greatly, we are proud of him and grateful for the impact he has had on our clients, our firm, and the broader business community.

Faith Wickenhauser, HR Consultant, and Justin Terch will assume responsibility for David's client portfolio. Faith has worked closely alongside David and Justin over the past three years and has been actively involved behind the scenes with many of our clients. Our team has been planning this transition carefully to ensure continuity, responsiveness, and the same high-quality support clients have come to expect from Terch & Associates.

We are grateful for your continued trust and partnership, and we look forward to continuing to support your organizations through this transition and beyond.

Thank you for taking the time to read our newsletter and stay engaged with the issues shaping Minnesota workplaces. From evolving compliance obligations to workforce trends, new technology, and changing employee expectations, employers continue to navigate a complex and fast-moving environment.

At Terch & Associates, we remain committed to helping organizations understand these changes and respond with practical, thoughtful, and compliant solutions. We are grateful for the trust our clients and community partners continue to place in our team, and we look forward to continuing to support your organizations in the months ahead.

If you need assistance with any human resource issues or would like to discuss how these changes may impact your organization, please contact our team at info@terchandassociates.com or by calling (218) 213-7162.

With appreciation,

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Justin
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