



Community Bookkeeper Labor Standards Certificate Training

WELCOME to the Small Business Pilot!



Pilot Partners

- NDC -MN
- Minn, St Paul & State Labor
- WJL @ Rutgers University

Bookkeepers

- Labor Law Training
- Rountables
- Partial subsidized services

Client Support

- Message about importance
- Education about law
- Hands on assistance

Stronger Main St

- Less turn-over
- Less worry and trouble
- Stronger business practices

Introductions

- Your name
- Your business name & location
- Number of years in business
- Why you became a bookkeeper
(in just one sentence!)

Today's Agenda

Welcome & Introductions

Minimum Wage

Earned Sick and Safe time

Wage Theft

Break

Classification

Overtime

Tipping

Pilot

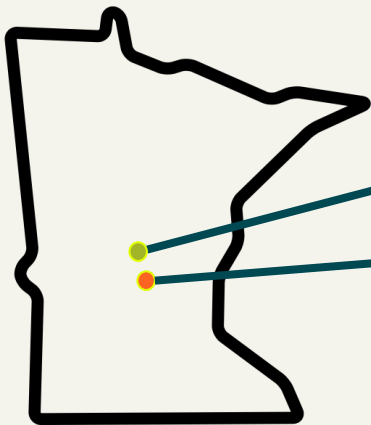
Lunch

Opening Exercise



Created by Design Circle
from Noun Project

Minimum Wage in MN



St Paul Minimum Wage

Minneapolis Minimum Wage

Created by Maria Darron
from Noun Project

***Employees in all other parts of
the state are paid the Minnesota
State Minimum wage**

Minneapolis Minimum Wage

All work conducted in the City*

No youth or training wages

Current 2025 min wage = **\$15.97**

Min wage rate increases slightly every Jan 1st

Updated wage rate announced in early fall

St Paul Minimum Wage

Minimum Wage Increase Update

Effective July 01, 2025, the Minimum Wage rate for businesses in the City of Saint Paul will increase according to the below schedule. Learn more at stpaul.gov/minimumwage.



SAINT PAUL
HUMAN RIGHTS & EQUAL
ECONOMIC OPPORTUNITY

	EFFECTIVE JAN. 1, 2025	EFFECTIVE JULY 1, 2025	EFFECTIVE JAN. 1, 2026
CITY RATE Includes Macro & Large (101+ employees)	\$15.97	\$15.97	TBD, Announced 09/01/25
SMALL (6-100 employees)	\$14.00	\$15.00	\$15.00
MICRO (5 or fewer employees)	\$12.25	\$13.25	\$13.25

Minnesota Minimum Wage

All areas of the state

Employers of all sizes

State minimum wage is **\$11.13/hour**

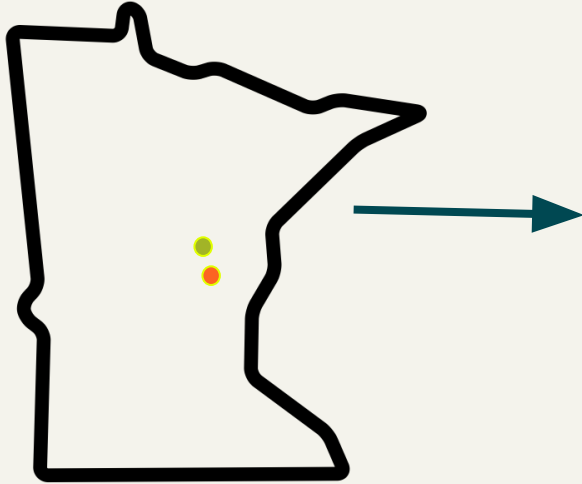


90 day training wage for those under 20 is \$9.08/hr

Is adjusted based on inflation

**Sick &
Safe Time**

Sick Time in Minnesota



In 2024 a state sick time law went into effect. All employers doing business in the state are covered by the state law, with the exception of federal employers.

Created by Maria Darron
from Noun Project

Sick and Safe Time (SST)

Coverage	<ul style="list-style-type: none">• All employees in state - no matter business size
Accrual Rate	<ul style="list-style-type: none">• 1 hour for every 30 hours worked
Maximum Accrual	<ul style="list-style-type: none">• 48 hours in a calendar year up to 80 hours banked
No Waiting Period	<ul style="list-style-type: none">• Accrual begins immediately upon hire and must be available to employees as it accrues
Carry-Over	<ul style="list-style-type: none">• 80 hours to the next year (or employer may frontload 80 every year)
Documentation	<ul style="list-style-type: none">• Update: Employers can now ask for documentation after 2 days use of sick time

Sick and Safe Time: Uses



Illness
Treatment
Recuperation
Preventative care



Time off for appointments to address domestic violence or sexual assault



Sick or Safe Time Care of a Family Member



Closure of employee's or covered family member's place of care or work



Handle funeral and related affairs after a family member's death.

Sick Time Do's

- ✓ **Have/follow a clearly communicated SST policy**
- ✓ **Allow employees to use SST whenever they need it**
- ✓ **Assume employees want to use their available hours**
- ✓ **Implement a straightforward process to use the policy (not overly burdensome)**
- ✓ **Ensure timely payment for SST**

Sick Time Don'ts

- ✗ **Ask for a doctor's note until 2nd missed shift**
- ✗ **Ask for details about their reason for requesting SST**
- ✗ **Require employees to find replacement workers**
- ✗ **Require employees to make up hrs**
- ✗ **Require more than 7 days' notice**
- ✗ **Assess attendance points/penalize employees for using SST**

Sick Time Exercise

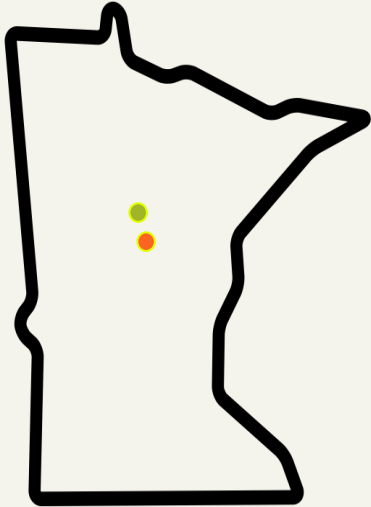


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from Noun Project

Turn to **pages 7-13** of your handbook

Wage Theft

Wage Theft in MN



Wage theft in the Twin Cities is estimated to total \$90 million per year -- this includes intentional and unintentional theft.

Wage Theft Requirements



Pay all wages earned by employees on a regularly scheduled payday



Wages include all types of earnings, shift differentials, tips, and commissions



Pay time and a half for overtime hours



Provide pay stubs, with SST data displayed



Written language appropriate pre-hire notice to all employees

Pre-Hire Notice Example

1. Employee: Anna Doe	Start Date: January 1, 2024
---------------------------------	---------------------------------------

Employee contact information: cell: 555-555-5555/ email: annadoe@minneapolis.gov

2. Legal name of employer: City of Minneapolis	Main office/principal place of business address: City Hall Suite 1000
Operating name of employer (if different): n/a	Mailing address (if different): n/a
Phone number: 444-444-4444	

3. Is Employee exempt (from protections under Minn. Stat. ch. 177)?

No, non-exempt (i.e. employee is entitled to overtime and other provisions of Minn. Stat. ch. 177)
 Yes, employee is exempt (from overtime min. wage other provisions of Minn. Stat. ch. 177)

If yes, exempt, identify legal basis for exemption:

4. Rate or rates of pay: \$15.57

Paid by: Hour Shift Day Week Salary Piece Commission Other method _____

(If applicable) Overtime is owed after: 40 hours per workweek Overtime rate(s) is calculated as \$23.36

(If applicable to the position) – **Tips are property of the employee(s). Sharing is voluntary. (Minn. Stat. ch. 177)**

Allowances claimed (if any): 0

\$ n/a per meal for meal allowance (max = 60% of 1 hour of State of MN adult minimum wage)

\$ n/a per day for lodging allowance (max = 75% of 1 hour of State of MN adult minimum wage) (or fair market value)

5. Leave benefits available (check all that apply): Sick and Safe Time/sick leave Other paid time off Paid vacation

How benefits are accrued (include all applicable types):

Sick and Safe Time: 1 hour accrues per 30 hours worked _____

Paid vacation: n/a hours/days per _____

Other paid time off: n/a hours/days per _____

Terms of Use: Employees accrue up to 48 hours of paid sick leave per year. Unused hours roll over into following year, up to a maximum bank of 80 hours. Employees must give notice as soon as practicable for unforeseeable absences and within 7 days for foreseeable absences. To request paid sick and safe time, please notify your supervisor via text or email. Paid sick and safe time may be used for your own sick or safe needs as well as for care for a family member. Please see the city's paid sick and safe time policy, which may be found on page 18 of the employee handbook.

A new year for Sick and Safe Time* accrual or frontloading begins on this date: Every January 1st

6. Deductions that may be made from employee's pay (and amounts if known): standard payroll deductions (i.e. state and federal taxes) and any relevant garnishments _____

7. Number of days in the pay period: 14 **Regularly scheduled payday:** Every other Friday

Date employee will receive first payment of wages earned: January 21, 2024

Paystubs Must Include

- ✓ Company Name
- ✓ Pay Period Dates
- ✓ Total hours worked
- ✓ Deductions
- ✓ Gross Wages
- ✓ Net wages
- ✓ SST Accrual & Use
- ✓ Employee Name

Direct Deposit Earnings Statement						
Company ABC		000000122468				
22	Start Period	End Period				
	5/2/2022	5/15/2022				
Earnings						
Description	Rate	Hours	Amount	YTD Amounts		
Overtime	\$35.82	46.50	\$1,665.63	\$16,603.27		
Regular	\$23.88	80.00	\$1,910.40	\$20,521.50		
Extra Pay	\$0.00	0.00	\$0.00	\$890.00		
Extra Pay	\$0.00	0.00	\$0.00	\$2,035.00		
Hazard Incentive 35	\$0.00	0.00	\$0.00	\$50.00		
Holiday	\$0.00	0.00	\$0.00	\$545.86		
Paid Time Off	\$0.00	0.00	\$0.00	\$4,411.56		
Total:		126.50	\$3,576.03	\$46,967.19		
Payroll Deductions			Taxes			
Description	Amount	Year To Date	Code	Amount	Year To Date	
403B Pension	\$357.60	\$8,783.85	FED	\$412.47	\$4,813.77	
Dental Insurance Flex Singl	\$10.25	\$102.50	SS	\$216.80	\$2,862.83	
Health Insurance Flex Singl	\$69.00	\$690.00	NET	\$50.70	\$669.53	
Specified Disease	\$14.06	\$140.60	MN	\$176.90	\$2,077.23	
Accident from Colonial	\$7.84	\$78.40				
Total:		\$458.75	\$9,795.35	Total:	\$856.87	\$10,423.36
Payroll Benefits			Net Wage Amounts			
Description	Amount	Year To Date	Net wages/period	Net wages YTD		
403B Pension	\$57.22	\$656.32		\$2,260.41		
Health Insurance Flex Singl	\$306.58	\$3,065.80				
Total:		\$363.80	\$3,722.12			
Direct Deposit Information			Miscellaneous			
Bank	Account	Amount	PTO	80.01		
		\$175.00	Used PTO this year	198.00		
		\$1,785.41	Used Sick this year	0.00		
		\$300.00				
Total:		\$2,260.41				

Employee Z

Criminal Wage Theft

On Feb. 27, 2025, the Labor Standards Division received a wage claim from a worker who had been denied their final commissions. The employer argued that the commissions were not earned due to the employee's termination.

A Labor Standards Division investigator took immediate action and **secured \$36,092.61 in back wages for the employee.**

Criminal wage theft occurs when an employer intentionally withholds wages from an employee.

If the amount stolen is significant, the employer can face felony charges, with penalties including up to 20 years in prison and fines up to \$100,000.

Pay Stub Exercise



Created by Gerald Wildmoser
from Noun Project

Open to **pages 18-27** of your handbook



BREAK

Employee Classification

Exempt vs NonExempt

THREE TESTS

1. Salary Level
2. Salary Basis (Guaranteed)
3. Job Duties (Primary Duty)

EXEMPT JOB DUTIES

- **Administrative:** *office or non-manual work directly related to the management or general business operations and including exercise of discretion and independent judgment with respect to matters of significance.*
- **Professional:** work requiring advanced knowledge, primarily intellectual in character, and including consistent exercise of discretion and judgment. Knowledge acquired by prolonged course of specialized intellectual instruction.
- **Executive:** managing some part of the business, 2+ FTEs, authority over: hiring, firing, promotions, advancement, etc.

Classification of Employees as Independent Contractors Under the Fair Labor Standards Act



Indicators of an Employee

Working for someone else's business

Generally, can only earn more by working additional hours

Typically uses the employer's materials, tools and equipment

Typically works for one employer or may be prohibited from working for others

Continuing or indefinite relationship with the employer

Employer decides how and when the work will be performed

Employer assigns the work to be performed

-OR-



Indicators of an Independent Contractor

In business for themselves

Can increase profit through business decisions

Typically provides their own materials, tools and equipment and uses them to extend market reach

Often works with multiple clients

Temporary relationship until project completed

Decides how and when they will perform the work

Decides what work or projects they will take on

Best practices DO's

- **Review Rules**
 - *MN Rules 3315.0555, 5224.0320-0340, 5224.0020-0312.*
- **Contract Details**
 - *Clearly describe relationship, responsibilities, and services.*
- **Control and Scope**
 - *Focus on end result, not work details.*
 - *Define scope and payment clearly.*
- **Classification**
 - *Avoid classifying as contractors if work is similar to employees.*
- **Compliance**
 - *Follow tax laws.*

Prohibited Activities **DON'TS**

- ✘ Failing to classify, represent, or treat an employee as an employee in accordance with the requirements of any law;
- ✘ Failing to report or disclose an employee to any government agency when required to do so under the applicable law; and
- ✘ Requiring or requesting an employee to enter into any agreement or complete any document that misclassifies, misrepresents, or treats the individual as an independent contractor, or otherwise does not reflect the individual is an employee.

Classification Exercise



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from Noun Project

Open page xx of your handbook

Classification Example #1

Maria needs wait staff in her new restaurant. She'd like to hire workers who've already shown a commitment to the work. A business mentor suggests hiring wait staff as independent contractors and trying them out for 30 days.

Is this good advice? Why or why not?



Classification Example #2

An accounting firm makes most of its money doing payroll for small businesses. All of their bookkeepers work remotely as they don't have a central office. The owner, Diana thinks the absence of a central office is enough of an indication that the workers should be independent contractors.

What would you tell Diana?



Classification Example # 3



Abdi is a drywall worker. He has a contract with a construction firm. The firm provides all of his work materials, and he is required to work set hours. Abdi does not have contracts with any other firms and is not looking for any. Once the current project is completed, Abdi expects to work with the same firm on a new project.

Is Abdi misclassified?

Classification Exercise

What, if anything, could be true about these examples that could make these workers legally classifiable as independent contractors?

Overtime

Overtime



Federal Requirement

Time and a half after 40 hours/week.

Applies to:

- ✓ Businesses with \$500k+ in gross sales.
- ✓ Employees engaged in interstate commerce.
- ✓ Hospitals, nursing homes, and schools.

State Requirement

Time and a half after 48 hours/week.

Applies to businesses not meeting federal requirements.

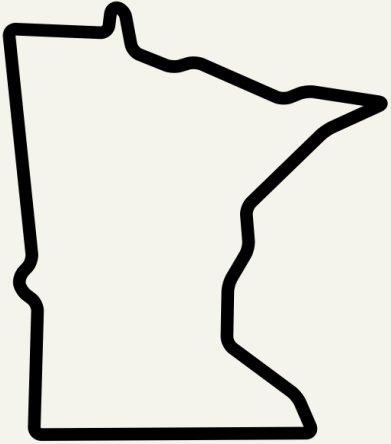
Exemptions

Overtime does not apply if the employee is exempt.

Tips

MN State Law: Employees' Rights to Tips

Tips



Minimum Wage - Employers cannot count tips towards minimum wage payment.

Gratuity Distribution - Tips received via debit, credit card, or electronic payment must be given to the employee by the next pay period.

Tip Sharing - Employers cannot require employees to share tips with the employer or other employees, except in specific circumstances:

- **Banquets:** Gratuities divided among direct service employees.
- **Tip Jars:** Tips divided among direct service employees working the same shift.

Tips ROLEPLAY!

Paycheck Frequency & Deductions

Paycheck frequency

How often are MN workers entitled to their wages?

- a. Every seven days**
- b. Every 14 days**
- c. Every 31 days**
- d. Every 60 days**

Paycheck frequency

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- d. Every 60 days

Paycheck deductions

Q - Manny dropped his work computer, damaging it beyond repair. The cost of a new computer is \$200. Can the employer deduct this amount from Manny's paycheck?

Q - Sylvie is a new worker at a cleaning company. She is required to wear a uniform. Can the employer deduct the cost of her uniform from her wages?

Paycheck deductions

A - Employers may not deduct wages for lost or damaged property unless:

- 1. *Manny voluntarily authorizes the deduction in writing after the damage occurred, or***
- 2. *A court finds Manny legally liable for the damage.***

A- Yes, Under Minnesota law, the employer can deduct up to \$50 from Sylvie's wages for the cost of a required uniform. The cost has to be reimbursed upon separation.

Allowable deductions under MN state law



Written Agreement to deduct insurance payments, union dues, retirement plans, organization or PAC contributions or savings plans



Uniforms & Equipment of up to \$50

Consumable supplies used to do your job **and travel expenses** for work

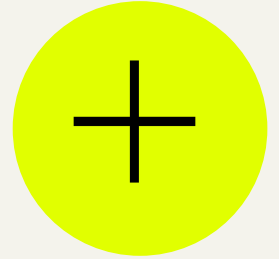


Meal credit: limited to 60% of one hour of state minimum wage a day

Lodging credit: limited to 75% of one hour of minimum wage a day



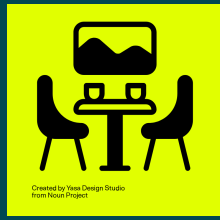
Purchase or loan: Authorization required, can be made prior to a purchase or loan.



Deductions cannot bring the employee below the minimum wage.

The employer must **reimburse deductions** upon separation.

Breaks



	CURRENT LAW	BEGINNING JAN 1, 2026
Bathroom Breaks	Every four hours worked: Adequate time to use the nearest restroom	Every four hours worked: a rest break of at least 15 minutes or enough time to utilize the nearest convenient restroom, whichever is longer,
Meal Breaks	At least eight hours worked: Sufficient time to eat a meal.	At least six hours worked: A meal break of at least 30 minutes
Payment	Any rest periods of less than 20 minutes is considered hours worked.	<i>In addition:</i> Employers are not required to pay the employee during meal breaks. Unless they violate the break law and can be liable for wages and damages

Final Pay

I fired an employee and then they gave me a letter asking to get paid.

How quickly do I need to pay them after receiving the letter?

		M /02	
Earnings Information		Current	Year to Date
Normal Gross		4,389.30	
Deductions		0.00	
Over-time		0.00	
EARNINGS TOTAL		4,389.30	5,277.30
Taxable Gross		351.14	418.18
Non-Taxable Gross		3,971.12	4,859.12

Statutory & Other Deductions	Current	Year to Date
General Withholding	311.17	311.17
Additional Federal Withholding	0.00	*****
State Withholding	135.96	135.96
Additional State Withholding	0.00	*****
SDI	0.00	55.06
Medicare	62.67	75.55
Medicare Buyout	0.00	0.00
State Disability Insurance	0.00	0.00
RS	351.14	351.14
RS	0.00	0.00
RS	0.00	0.00
Separate Retirement	67.04	0.00

Final wages upon separation of employment

- **Employees terminated, discharged or fired**
 - all wages due within 24 hours of a written demand for payment
- **Employees who voluntarily leave employment**
 - All wages due on next regularly scheduled payday
- **Penalties:**
 - Employer may be liable to pay average daily earnings for up to 15 days

Q&A



Closing Exercise



Created by Design Circle
from Noun Project

Pilot Core Bookkeepers

The Pilot is building partnerships with 20+ community bookkeepers to provide services to their clients including:

- Engage 10+ of their Twin City clients in our Pilot.
- Conduct assessments of clients' bookkeeping and labor law needs.
- Provide up to 14 hours of subsidized bookkeeper & labor law compliance services.
- Meet with Pilot staff and other core bookkeepers to discuss how to improve labor law compliance.
- Receive a stipend and reimbursement approved hourly work with clients.

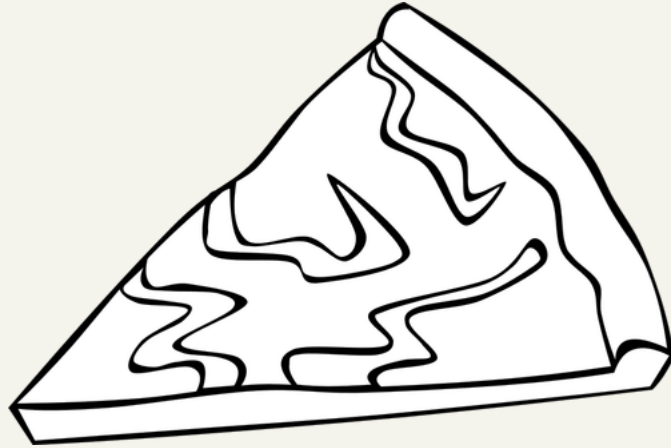
Stay in touch!

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LUNCH



Community Bookkeeper Labor Standards Certificate Training