

Introduction to Labor Requirements in Minneapolis

Welcome & Introductions



Why this session for bookkeepers?



Labor law compliance matters!

- 32,000 workers in Twin Cities lost an average of \$3,000 last year due to wage theft!
- Lost wages directly impact our community health and economic vitality
- Exploitative business practices lead to poor employee morale and high turnover
- Failure to comply leads to lost time responding, costly lawyer fees, and fines
- Some business are unable to get out from under and close

What Bookkeepers can do to help

- Be a resource
- Ask questions
- Check software
- Share what can happen
- Refer for additional support to BTAP

All of these will expand your practice!

Today's Agenda

- 1. Labor Standards in Minn**
 - *Wage Theft*
 - *Minimum Wage*
 - *Employee classification*
 - *Sick and Safe Time*
- 2. Q & A / Test your knowledge**
- 3. BTAP opportunity**
- 4. Additional resources!**

What is Wage Theft?



Wage Theft is underpayment or failure to pay all wages owed, including:

- Working off-the-clock
- Paying less than the promised wage
- Not receiving time and a half for overtime
- Misclassification
- Unlawful deductions from paychecks
- No payment at all
- Having hours shaved off paychecks

Wage Theft Requirements

Employers must

- Pay all wages earned by an employee (in the city) on a regularly scheduled payday
- Wages include all types of earnings, salaries, tips, and commissions
- Pay time and a half for overtime hours
- Provide pay stubs that display SST accrual and use data
- Written pre-hire notice to all employees

Pre-Hire Notice Example

minimunwage.minneapolis.mn.gov

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)? <input checked="" type="checkbox"/> No, non-exempt (i.e. employee is entitled to overtime and other provisions of Minn. Stat. ch. 177) <input type="checkbox"/> Yes, employee is exempt (from <input type="checkbox"/> overtime <input type="checkbox"/> min. wage <input type="checkbox"/> 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: <input checked="" type="checkbox"/> Hour <input type="checkbox"/> Shift <input type="checkbox"/> Day <input type="checkbox"/> Week <input type="checkbox"/> Salary <input type="checkbox"/> Piece <input type="checkbox"/> Commission <input checked="" type="checkbox"/> Other method _____ (If applicable) Overtime is owed after: <u>40</u> hours per workweek Overtime rate(s) is calculated as: <u>\$23.36</u> (If applicable to the position) – Tips are property of the employee(s). Sharing is voluntary. (Minn. Stat. ch. 177) Allowances claimed (if any): 0 \$ <u>n/a</u> per meal for meal allowance (max = 60% of 1 hour of State of MN adult minimum wage) \$ <u>n/a</u> 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): <input checked="" type="checkbox"/> Sick and Safe Time/sick leave <input type="checkbox"/> Other paid time off <input type="checkbox"/> Paid vacation How benefits are accrued (include all applicable types): Sick and Safe Time: <u>1</u> hour accrues per <u>30</u> hours worked Paid vacation: <u>n/a</u> hours/days per _____ Other paid time off: <u>n/a</u> 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: <u>Every January 1st</u>	
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: <u>14</u> Regularly scheduled payday: <u>Every other Friday</u> Date employee will receive first payment of wages earned: <u>January 21, 2024</u>	
I, the employee, have received a copy of this notice: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Minimum Wage & Overtime



Minneapolis Minimum Wage

- All employees working in the city
- Regardless of employee's age
- No training wage
- Starting July 1, 2024, only one minimum wage of \$15.57. Until then, small business minimum wage is \$14.50.
- Tips do not count towards the minimum wage.
- Increases every January 1st

Rules re Tipping & Service Charges

TIPS

- **Tips are the sole property of waitstaff**
- Employers have no role in determining how tips are distributed.
- Tip pooling is voluntary and must be requested by all employees
- Employers may report tips for proper taxation.

SERVICE CHARGES

- **Service Charges are the property of the business.**
- Food service businesses may use a service charge model, if customers are told that the service charge is not a gratuity.
- Must be in writing in 18 point type in menus and 9 point on receipts.
- Suggest they seek advice from a BTAP provider!!

Overtime Requirements

- **Most businesses are subject to federal requirement of time and a half after 40 hours worked in a week** including those with \$500k in gross sales, employees engaged in interstate commerce and/or hospitals, nursing homes & schools.
- **Businesses not meeting these requirements, are subject to state requirement of time and a half after 48 hours worked in a week.**
- **Overtime does not apply if employee is exempt.**

Q&A



Employee Classification





EMPLOYEE

OR

INDEPENDENT CONTRACTOR

Working for someone else's business



Running their own business



Paid hourly, salary, or by piece rate



Paid upon completion of project

Uses employer's materials, tools and equipment



Provides own materials, tools and equipment



Typically works for one employer



Works with multiple clients

Continuing relationship with the employer



Temporary relationship until project completed



Employer decides when and how the work will be performed



Decides when and how they will perform the work

Employer assigns the work to be performed



Decides what work they will do

Exempt versus Nonexempt

- **Federal law allows certain employees to be exempt from overtime pay**
- **Main categories of exempt employees:**
 - Administrative
 - Executive
 - Professional
 - Computer Employee
 - Outside Sales
- **Non-exempt employees are generally paid hourly and must be paid overtime**

Compliance Best Practices

- 1. Ensure new employees are set up correctly!!!**
- 2. Give employee a pre-hire notice**
- 3. Have timekeeping and payroll software**
- 4. Know what payroll does and does not do automatically**
- 5. Review each employee annually**
- 6. If you have questions - reach out to BTAP!!**

More information in our Minn Labor Law Overview

Q&A



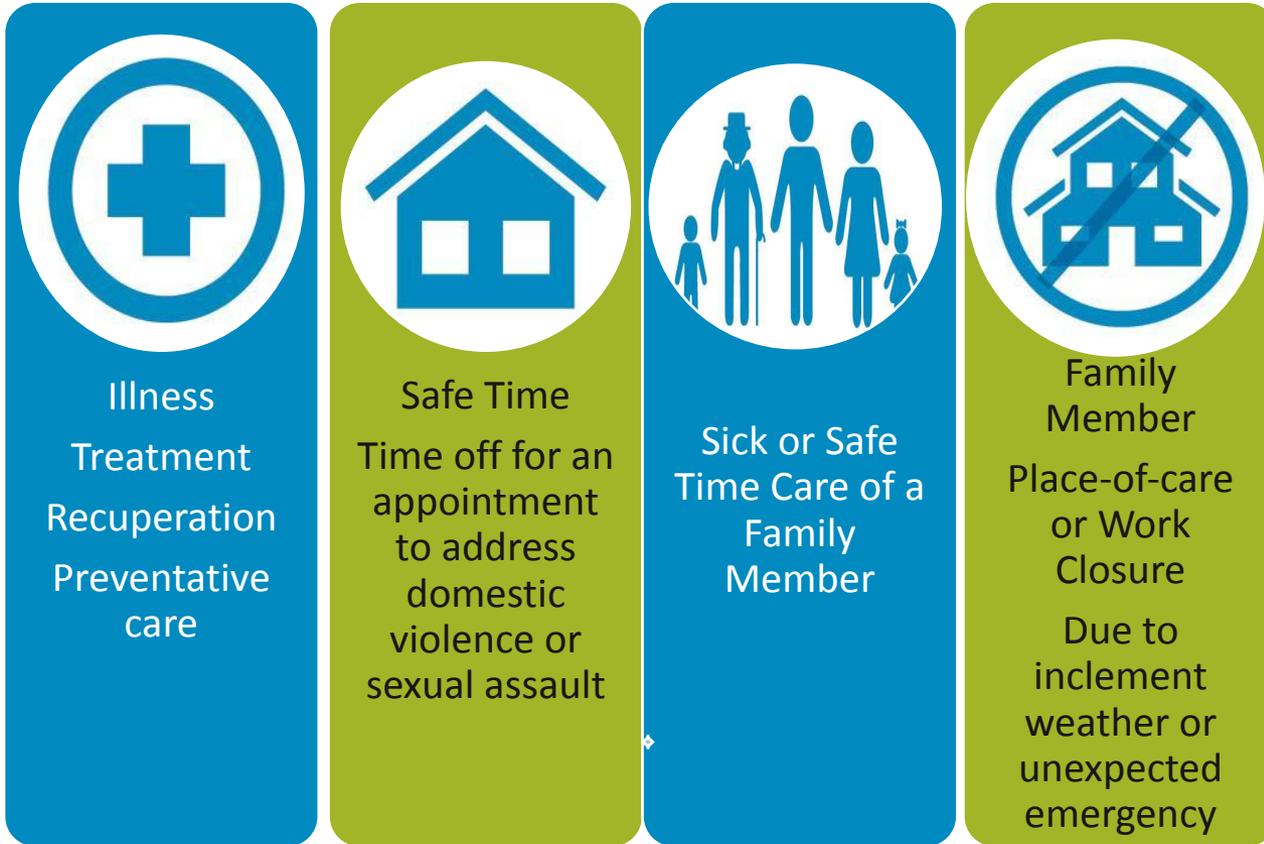
Paid Time Off



SICK AND SAFE TIME (SST & ESST)

- Minneapolis has had SST for some time
- Statewide ESST went into effect on Jan 1, 2024
- All employees in state now covered
- Key updates for Minneapolis businesses
 - businesses of all sizes must offer paid sick leave
 - Accrued sick time can be used without waiting period

Sick and Safe Time: Uses



Sick and Safe Time

Accrual

Accrual Rate:

1 hour for every 30 hours worked

Maximum Accrual:

48 additional hours in a calendar year
up to 80 overall accrued

Carry-over:

80 hours to the next year (or employer
may front-load 80 every year)

Accrual begins immediately upon hire
and must be available to employees
as it accrues

SST Do's and Don'ts

- Do:
 - Have a clearly communicated SST policy
 - Allow employees to use SST whenever they need it
 - Pay employees for SST hours used
- Don't:
 - Ask for a doctor's note until 4th missed shift
 - Ask employee for details about their reason for requesting SST
 - Require employees to find replacement workers
 - Require employees to make up hours
 - Assess attendance points for using SST

Basic Requirements Recap

- ❖ Paid Sick Leave
- ❖ Accrual and Use Displayed on Paystubs
- ❖ Accurate Payment for All Work Time
- ❖ Pre-hire Notices
- ❖ Labor Standards Poster
- ❖ minneapolis.mn.gov/laborenforcement

Heads up re....

PAID FAMILY & MEDICAL LEAVE

- **New program launching for Minnesotans in 2026**
- Paid time off when serious health condition prevent you from working, or when you need time to care for a family member or a new child,
- Small payroll tax jointly paid by employer and employees
- Keep updated on information for employers
- May be asking businesses to begin sharing wage detail reports later this year

Q&A



**test your
knowledge**



Can this employee use ESST?

Example 1

Zuhur works downtown, and her shift starts in two hours, but there is a snowstorm making the driving conditions hazardous.

Can this employee use SST?

Example 2

While at work, Sylvie's daughter's preschool calls and says the preschool is shutting down for the day, due to a loss of power caused by a major storm, so Sylvie's daughter needs to be picked up from the school.

Can this employee use ESST?

Example 3:

Guled is scheduled to start his shift in half an hour, but he has unexpectedly begun to feel sick.

City of Minneapolis
City Hall

Employee Pay Stub

Check number: XXXXX

Pay Date: 01/21/24

Employee

Anna Doe 2424 Smith Ave S, Minneapolis, MN 55419

Earnings and Hours	Qty	Rate	Current	YTD Amount
Hourly	60	15.57	934.20	934.20
Taxes			Current	YTD Amount
Medicare Employee Addl Tax			0.00	0.00
Federal Withholding			0.00	0.00
Social Security Employee			-XXX	-XXX
Medicare Employee			-XXXX	-XXXX
MN - Withholding			0.00	0.00
			-XXXX	-XXXX
Net Pay			\$XXXXXX	\$XXXXXX



City of Minneapolis
City Hall

Employee Pay Stub

Check number: XXXXX

Pay Date: 01/21/24

Employee

Anna Doe 2424 Smith Ave S, Minneapolis, MN 55419

Earnings and Hours	Qty	Rate	Current	YTD Amount
Hourly	90	15.57	1,401.30	1,401.30
Taxes			Current	YTD Amount
Medicare Employee Addl Tax			0.00	0.00
Federal Withholding			0.00	0.00
Social Security Employee			-XXX	-XXX
Medicare Employee			-XXXX	-XXXX
MN - Withholding			0.00	0.00
			-XXXX	-XXXX
Net Pay			\$XXXXX	\$XXXXX

Benefits: Sick Time

Accrued: 2
Used: 0
Balance: 2

City of Minneapolis
City Hall

Employee Pay Stub

Check number: XXXXX

Pay Date: 01/21/24

Employee

Anna Doe 2424 Smith Ave S, Minneapolis, MN 55419

Earnings and Hours	Qty	Rate	Current	YTD Amount
Hourly	60	15.57	934.20	934.20
Taxes			Current	YTD Amount
Medicare Employee Addl Tax			0.00	0.00
Federal Withholding			0.00	0.00
Social Security Employee			-XXX	-XXX
Medicare Employee			-XXXX	-XXXX
MN - Withholding			0.00	0.00
			-XXXX	-XXXX
Net Pay			\$XXXXXX	\$XXXXXX

Benefits: Sick Time

Accrued: 2
Used: 0
Balance: 2

City of Minneapolis
City Hall

Employee Pay Stub

Check number: XXXXX

Pay Date: 01/21/24

Employee

Anna Doe 2424 Smith Ave S, Minneapolis, MN 55419

Earnings and Hours	Qty	Rate	Current	YTD Amount
Hourly	80	13.50	1,080	1,080
Taxes			Current	YTD Amount
Medicare Employee Addl Tax			0.00	0.00
Federal Withholding			0.00	0.00
Social Security Employee			-XXX	-XXX
Medicare Employee			-XXXX	-XXXX
MN - Withholding			0.00	0.00
			-XXXX	-XXXX
Net Pay			\$XXXXXX	\$XXXXXX

Benefits: Sick Time

Accrued: 1
Used: 0
Balance: 1

Minneapolis Business Technical Assistance Program - BTAP

Who we are

What we do

New application for TA providers - including bookkeepers & accountants!

- Applications available **Now**
- Information Session **February 27, 2024** from 12-1 p.m.
- Applications Due **Friday, March 15, 2024** at 4pm

For more information & the application:

<https://www2.minneapolismn.gov/business-services/doing-business-with-the-city/community-planning-development-rfps/btap/>.

Additional Resources

Participants will receive by email:

- Slides
- 12 page 2024 Labor Law Update
- Certificate of completion of our Introductory Training

City of Minn Labor Standards Enforcement Division

- <https://www2.minneapolismn.gov/government/departments/civil-rights/labor-standards-enforcement/>

Small Business Pilot Program Review

- Zuhur - Zuhur.Ahmed@Rutgers.edu
- Sylvie - gueze002@umn.edu

Davis Law Office - <https://davismeanbusiness.com/>



Thank You!

