

BUSINESS

Minneapolis offers accounting help to small businesses trying to comply with worker rules

In a test program, the city will use federal funds to equip businesses with software and professional advice.

By Evan Ramstad (<https://www.startribune.com/evan-ramstad/6370513/>) Star Tribune |

DECEMBER 15, 2022 — 3:14PM

The city of Minneapolis on Thursday rolled out a test program to subsidize some of the accounting costs small businesses face to comply with labor rules.

With about \$125,000 in pandemic-related federal stimulus funds, the city over the next few months will pay for software and professional accounting help to businesses chosen through an application process.

Mayor Jacob Frey said the funds will give a lift to small businesses that are still trying to recover from the 2020 downturn and build compliance with complex labor rules.

"We're not going back to the old normal," Frey said in an announcement event at Los Andes Latin Bistro, a recently expanded restaurant on the city's South Side. "As we recover as a city, we want to help small businesses value their workers and value their customers."

The Metropolitan Consortium of Community Developers, a nonprofit organization, will administer the application process on its website (<https://mccdmn.org/news/205-2023-payroll-and-bookkeeping-pilot-project>). The deadline is Jan. 20, with the first round of recipients to be selected on Jan. 27.

The assistance could turn into a regular city program if the pilot goes well, Frey and other city officials said. For businesses, the funding would be a one-time thing.



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Guillermo Quito, co-owner of Los Andes Latin Bistro in Minneapolis, described how a city-sponsored pilot program for accounting

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Minneapolis Mayor Jacob Frey on Thursday explained the expected effects of a test program to cover accounting costs for small businesses.

Alyshia Jackson, owner of 1st Class Cleaning Services, said she may apply for a grant to create a better payroll system for her company.

"Even if it's something that does not end up being long term, it will be a piece of education," Jackson said. "We have the craft of the service we're providing but not all of us have the craft of what it takes to run your business to meet the standards at the city, state or federal level."

About five years ago, both Minneapolis and St. Paul passed rules to ensure that workers in all businesses are given paid time off when they are sick or need safety after crime or domestic violence.

But many business owners don't know about the rules or find it costly to maintain the records needed to show compliance. That has led to spotty enforcement and conflict between officials and businesses.

"We want to create a relationship where we're not just coming down on people," Frey said. "We want to work with them."

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Emily Koski, a former small-business owner and Target Corp. employee who was elected to the City Council this year, said she has encountered small-business owners who simply didn't know about time-off requirements, known as earned sick and safe

time. Personnel management software can cost several thousand dollars, an expense that some small businesses may not be able to afford, she said.

"You have to feel there's a return on investment when you see an expense like that," Koski said. "But it can pay off for a business through employee morale and retention."

At Los Andes Latin Bistro, keeping track of employee benefits became much more complex after it moved two years ago to a 120-seat location in Uptown, said Guillermo Quito, one of three brothers who own the restaurant. He now spends much of his day on administrative work for 32 employees rather than hosting patrons.

"At first I did it all, but little by little, I added accounting and payroll programs," Quito said. "I know how hard it is to go from scratch to dealing with more people and employees."

The pilot program will likely be able to provide funds to around 50 businesses, city officials said. They said the city will measure its success in part by how big the demand is during the application process over the next month.

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Evan Ramstad is a team leader in business news, working with reporters who cover the food industry from field to fork. He also writes about technology, banking and the economy.

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