



Bridging Small Business and Labor Compliance:

A Minneapolis Case Study

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workplace justice lab@RU
School of Management and Labor Relations

Today's Speakers

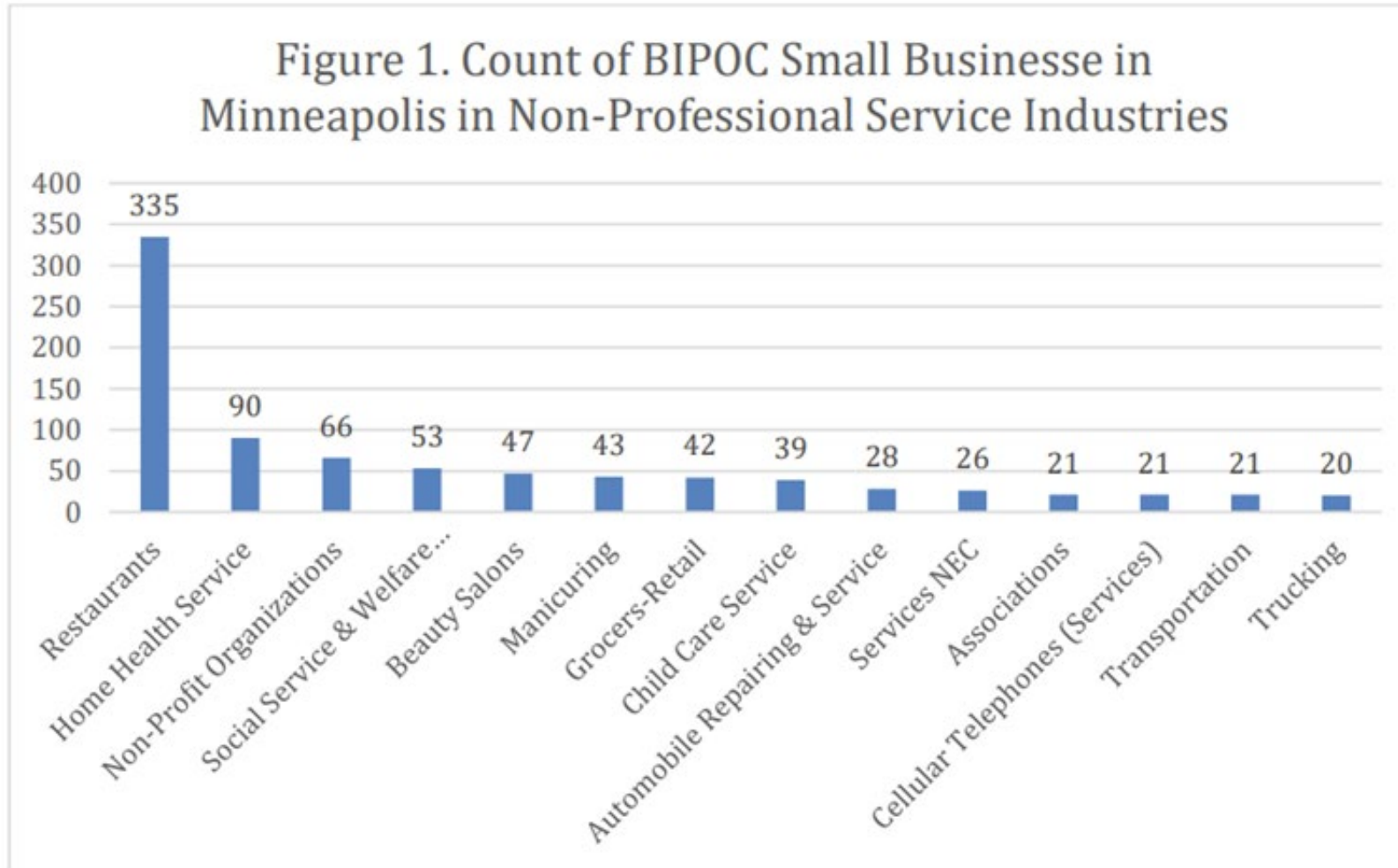
Brian Walsh, JD, is the Director of Labor Standards Enforcement Division for the City of Minneapolis.

Andrew Wolf & Zuhur Ahmed, affiliated scholars with the workplace justice lab@Rutgers University

Mel Koe, Minnesota Organizer for Main Street Alliance

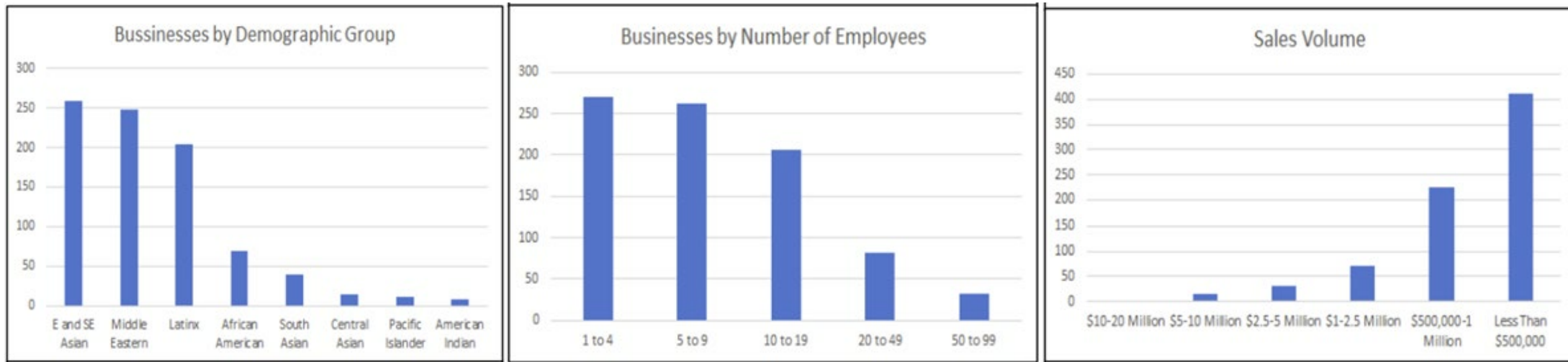
Tyler Hilsabeck & Zamzam Mohammed, from the Metropolitan Consortium of Community Developers.

Industry Concentration for Minneapolis BIPOC Businesses



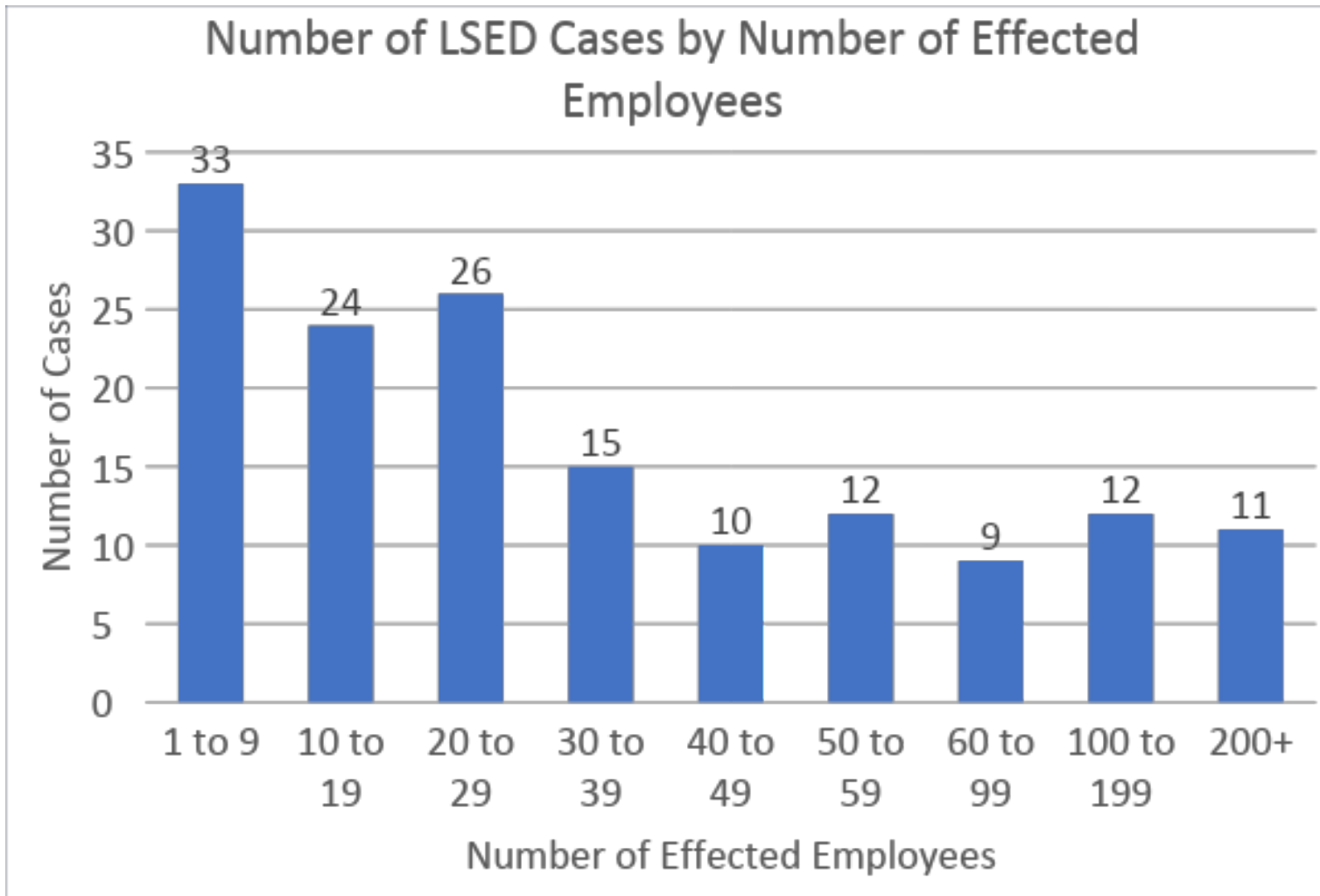
Source: Workplace Justice Lab Analysis of Axel Database

Demographics of Minneapolis Small BIPOC Businesses



Source: Workplace Justice Lab Analysis of Axel Database

Small Businesses in Minneapolis Dominate Labor Violations



In Minneapolis 55% of violations affected less than 30 employees and 38% affected less than 20 employees.

Violations Patterns in Minneapolis

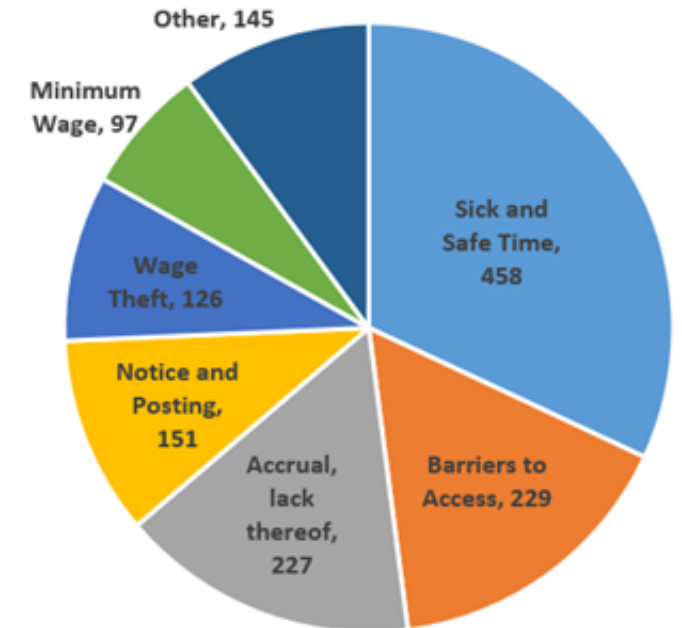
- Geographic concentration of violations overlaps with areas of disadvantage and IBIPOC business ownership in Minneapolis
- Targets Industries with greatest levels of violations and high concentration of IBIPOC ownership
- Payroll and bookkeeping directly help combat highest violation laws

Table 1. Industries with most complaints submitted to Minneapolis LSED

Industry	Complaints	Workers Effected	Remedies
Accommodation and Food Services	199	3695	\$275,801
Health Care and Social Assistance	80	920	\$143,656
Transportation and Warehousing	56	2089	\$11,212
Retail Trade	43	839	\$42,431
Manufacturing	27	232	\$173
Other Services (except Public Administration)	21	807	\$10,500
Educational Services	18	399	0
Administrative and Support and Waste Management and Remediation Services	18	123	\$18,000
Professional, Scientific, and Technical Services	18	219	\$5,430
Arts, Entertainment, and Recreation	14	93	\$771.11

Source: Workplace Justice Lab Analysis of Mpls Data

Figure 6. Complaints submitted to Minneapolis LSED by violation type



NOTE: Each complaint may include more than one type of alleged violation

Program Outline

- **Roundtable**
- **Pilot**
 - Payroll
 - Compliance ready subsidized support
 - Bookkeeping
 - Group Classes
 - Ongoing One-On-One Support
 - Training & Mentoring
 - Labor Law Compliance Classes
 - Assigned Mentor
- **Evaluation**

CLICK HERE TO APPLY

MINNEAPOLIS IS PROVIDING SMALL BUSINESSES

FREE PAYROLL SERVICES

100% PAYROLL SERVICES ASSISTANCE

Minneapolis' Payroll Subsidy Pilot Program will assist small business owners with 100% of the total cost of payroll services for their business for at least 1 year. Payroll provider services assists business owners in tracking their employees' compensation and helps businesses comply with the City's Labor Standards.

 Minneapolis
City of Lakes

Back-Office Systems Pilot Project

Progress

- City seed funding: \$125,000; sponsored by CM Koski, unanimously approved
- RFP for program administration issued in August
- Program administration contract just awarded in Oct.
- Pilot program launch: early 2023
- Small Business roundtable convening since August 2022

How do we address the IBIPOC Small Business Labor Problem?

- How do we strive for equity?
- How do we balance the carrot and the stick?
- How do we actually improve standards?



The Nature of IBIPOC Self-Employment

- Historical and systemic racism complicate the operation of IBIPOC small businesses
- Turn to self-employment due to racism
- Opportunities are often marginal
- This history hints that enforcement must be balanced with support

The Barriers and Opportunities Encouraging IBIPOC Entrepreneurship

- Barriers to Traditional Employment that Encourage Entrepreneurship
 - Racial discrimination.
 - Lack of language proficiency.
 - Exploitation at poor quality jobs.
 - Weak Networks.
 - Home country skills/edu devalued in U.S..
- Opportunities Which Motivate Entrepreneurship
 - Niche cultural goods.
 - Opening in abandoned areas.
 - Open in marginal segments
 - Community support.



What has worked elsewhere?: Breaking Down Silos

- The classic distinction in labor policy is between two approaches to government administration:
 - A general system
 - A specialized system

The Limits of a Specialized System

- Silos
- Redundancy, overlap, repeated visits to the same shop
 - Competition among agencies for jurisdiction
- Most importantly:
 - Failure to perceive the relationship among different violations
 - Failure to identify the root cause



**What could a joint
structure look like
in the U.S.
Context?**

- Map what exists
- Facilitate coordination:
 - Interagency task force
 - Engage the community
- Staffing to facilitate coordination
- Understand the politics of coordination (e.g. agency structure & authority)

Office of Labor Standards & Small Business Development Coordination

- 1. Joint business outreach/service provider referral program**
 - Dedicated staff and/or funding for community partnership
- 2. Integrate labor standards into B-TAP services**
 - All B-TAP providers and staff participate in labor law & job quality training
 - B-TAP providers integrate compliance into services and give out labor law info to all clients
 - B-TAP incorporates job quality metrics into evaluation
 - Create data sharing process & prohibit employers outstanding LSED cases/violations from receiving B-TAP services

Office of Labor Standards & Small Business Development Coordination (continued)

3. Coordination on cases

- LSED would refer small businesses when they appear to need basic business support to be able to comply with labor regulation
- LSED and small business team would coordinate on what services are needed to get into compliance/stabilize biz

3. Process requirements such as

- Interagency planning retreat
- Required reporting to Mayor/City Council on Task Force program implementation

What has worked elsewhere?: Engaging Small Businesses

Design with IBIPOC Businesses in mind (SF Entrepreneurs of Color Fund)

- On-going support not one-and-done
- “Not yet” instead of “no” model of service delivery

Involve the Community

- Large employers have HR departments and lawyers
- Small businesses have their community
- Community intermediaries help set norms on how to conduct business and follow the law

What we know so far?



- Small businesses need a voice
- Support must be ongoing
- Government/Non-profit models cannot be one size fits all
- Enforcement must be holistic and include support
- Community intermediaries must be involved

Involving Community Intermediaries

- Media Outreach
 - Flyer and application link posts to private community social media pages
 - Locus
 - SNABPI
 - Minnesota Business Networking
 - Tusmo Times
 - Minnesota Muslim Community
 - Press releases sent to community media outlets
 - KFAI-community radio
 - KMOJ-African American community radio
 - Somali TV of Minnesota
 - Tusmo Times
 - Minnesota Public Radio
 - Sahan Journal
 - Interview at KFAI Radio (Somali Community Link show)
 - Council members recording segments urging small business owners to apply Ormo TV (three pieces recorded in Somali, Spanish, and Oromo)
- Direct outreach to small business owners

Thank you and Questions



Where the small business voice comes in:

- Grassroots small business movement
- Connected to existing members, and did outreach to small businesses and community organizations that work with small businesses
- Mapped out geography of areas to focus on given the knowledge of the communities we want to serve
- Main Street Alliance leaders stepped up to canvass and connect with community members where other barriers exist

the
MAIN STREET
alliance



Theory to Practice: How we got to the pilot project

- Convened a roundtable with small business owners, community partners, and decision makers like City Councilmembers.
- Capital came up as the core issue during the roundtable discussions, both as a general need and a barrier to compliance (electronic back office systems)
- We knew we needed a new strategy focused on accessing these tools - MCCD will elaborate more on how they went about setting up the pilot project
- High need for relationship-based organizing to get folks to apply for the pilot project.
- We ended with 93 applications total!

City of Minneapolis Pilot Project

Timeline

- Application Process: Complete
- Pilot Business Selection: Complete
- Intake Interviews: March 2023
- Bookkeeping Group Learning: March 2023
- Grant Distribution: March-December 2023



City of Minneapolis Pilot Project

Pre-Grant Process

- Intake Interviews for Pilot Businesses
- Selecting and Implementing a Payroll Provider
- Bookkeeping Support – Provide bookkeeping support with group learning sessions and optional one-on-one sessions with local bookkeeping professionals.



City of Minneapolis Pilot Project

Grant Disbursement and Tracking

- Grant Funding and Tracking
 - Act as the Escrow Agent of the Funds
 - Disperse 40-60 grants to eligible business participants for eligible purposes, including contracting of payroll provider services for one year.



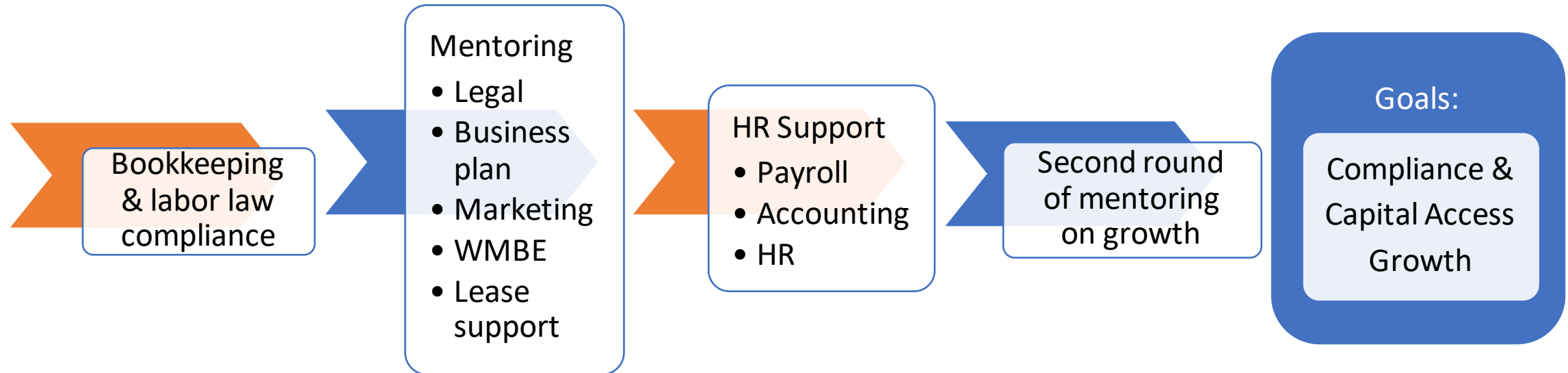
City of Minneapolis Pilot Project

Technical Assistance and Support

- Bookkeeping Support - Ongoing
- Ongoing check-in's from MCCD business advisors
- Technical assistance with other partners depending on client needs



Our Intervention: The Life Cycle of Support



Provided through the pilot program

Provided by other programs in Minneapolis

Where we go from here in Minneapolis

- Seeking ongoing City funding in Minneapolis
- Pursuing additional private funding
- Expand to more businesses and additional services
 - Time tracking
 - Point-of-sale
 - HR 2.0



Conduct Rigorous Evaluation

In-depth Qualitative evaluation of first cohort

- Interviews at intake & end of the pilot
- Sitting in on payroll onboarding & bookkeeping training
- Job quality & metrics: wages, providing ESST, showing ESST on paystubs
- Business stability metrics: revenue, employees, employee hours


Randomized control trial planned for year 2 cohort

- Test group assigned to back-offices services pilot program
- Control group assigned to traditional outreach/education (webinar, etc.)

Cross-agency coordination

- Integrate focus on enforcement on job quality and compliance into City infrastructure
- Enroll Mayor and City Council in requiring economic development programs to include a labor compliance focus.
- Partner with Small Business Team and Business Technical Assistance Providers (B-TAP) to coordinate on moving small businesses toward compliance





Share what we learn!



We'll be back! Plan to disseminate results of evaluation studies



Create space for sharing pilot project lessons and other models

Thank you and Questions

