



Wage and hour requirements for small businesses

Labor Standards Division
Thursday, Sept. 24, 2026

dli.mn.gov

Labor and Industry business areas

- Apprenticeship Minnesota
- Youth Skills Training
- Construction Codes and Licensing Division
- Labor Standards
- Minnesota OSHA (MNOSHA) Compliance
- MNOSHA Workplace Safety Consultation
- Projects and planning
- Workers' Compensation Division



Labor standards enforced by DLI

- Minnesota Fair Labor Standards Act
- Women's Economic Security Act
- Earned Sick and Safe Time Act
- Child Labor Standards Act
- Minnesota Prevailing Wage Act
- Wage Theft Prevention Act
- Other laws related to employment, wages, conditions, hours.



Think about it (warm-up)

What is the Minnesota state tree?

Agenda

Key labor standards for small businesses:

- Minimum wage
- Overtime pay
- Rest and meal breaks
- Pregnant and new parent protections
- Earned sick and safe time (ESST)
- Misclassification
- Retaliation
- Other employer responsibilities:
 - Employee notice, earning statements, recordkeeping, final wages, deductions, , child labor and misclassification
- How to connect



Minnesota minimum wage



Large and small employers

2026: \$11.41/hour

2027: \$11.87/hour



90-day training wage (under 20 years of age)

2026: \$9.31/hour

2027: \$9.68/hour



St. Paul and Minneapolis have minimum wage ordinances that require a higher rate of pay.



The state minimum wage is higher than the federal minimum wage. Employees must be paid the highest applicable minimum wage

Think about it

Our company policy states, “overtime must be approved before being worked. Hours worked beyond the authorized limit will not be paid.” An employee submitted a timesheet with 50 hours worked in pay week without receiving authorization first. Can the employer withhold overtime pay?

A. Yes

B. No

Overtime rules

- **Minnesota law: Over 48 hours**
- The Minnesota Fair Labor Standards Act requires employers to pay overtime for all hours worked over 48 per workweek, unless the employee is exempt under [Minnesota Statutes 177.23, subdivision 7](#).
- **Federal law: Over 40 hours**
- The [federal Fair Labor Standards Act](#) requires most employers to pay overtime for all hours worked in excess of 40 per workweek.



Overtime is
1.5x regular rate



Keep accurate
records of
employees' hours
worked

Think about it

How often must a rest break be allowed
under Minnesota law?

- A. Within each six consecutive hours worked
- B. Within each four consecutive hours worked
- C. Within each two consecutive hours worked



Rest break

- Time: At least 15 minutes (may be longer)
- Frequency: Within each four consecutive hours worked
- Purpose: To use the restroom and more

Rest and meal breaks



Meal break

Time: At least 30 minutes

Frequency: When working six or more consecutive hours

Purpose: To eat a meal

Think about it

The Women's Economic Security Act (WESA) includes provisions to help pregnant employees in Minnesota.

Which of the following is a provision of WESA?

- A. The right to request reasonable workplace accommodations for health conditions related to pregnancy
- B. Free prenatal care for all pregnant employees
- C. Automatic promotion after returning from maternity leave

Pregnancy and parental leave

The Women's Economic Security Act enhances workplace protections for pregnant and lactating employees.

Up to 12 weeks of unpaid leave during or following pregnancy for prenatal care, pregnancy or related health conditions, childbirth or adoption, or bonding time by a birthing or non-birthing parent.

Eligibility regardless of employer size or employee tenure.



Pregnancy accommodations



- More frequent food, water and bathroom breaks
- Seating accommodations
- Limits on lifting over 20 pounds
- Any other reasonable accommodation requested, such as transfer to a less strenuous or demanding position

Lactating workers

Employers who employ **at least one person** must:

- provide reasonable break time for nursing mothers to express milk; and
- make reasonable efforts to provide space other than a bathroom that is shielded from view and free from intrusion **that includes access to an electrical outlet.**



Minnesota Paid Leave

- Administered by Department of Employment and Economic Development
- DLI enforces employment protections and retaliation provisions.
- Passed in 2023 legislative session.



Paid Leave: DLI responsibilities

DLI enforces Paid Leave program employment protections, including:

- employee right to reinstatement after leave;
- employers may not retaliate against an employee for requesting or obtaining benefits;
- employee right to continued insurance during leave; and
- agreements to waive paid family and medical leave rights are void.



Paid Leave resources

- Review Paid Leave program
FAQs: paidleave.mn.gov
- [Sign up for the Minnesota Paid Leave newsletter](#)
- DLI's [Paid Leave job protections page](#)
- 651-556-7777 or 844-556-0444



Think about it

My employee called in with the flu this morning. Our policy requires seven days notice for schedule changes. Can I deny the employee's sick time request?

A. Yes

B. No

Earned sick and safe time (ESST) eligibility



- Effective Jan. 1, 2024
- Employee **anticipated by the employer** to work at least 80 hours in a year
- Temporary and part-time employees
- Employees earn one hour of ESST for every 30 hours worked, up to 48 hours a year

Required notices (all employers)

- ESST
- Nursing Mothers, Lactating employees, and Pregnancy Accommodations
- Employee wage
- Paid Leave

Employee wage notice

The employee notice must include details about:

- exemptions from wage and hour laws;
- pay period length, scheduled paydays;
- the first payment date;
- It must also specify the rate(s) of pay;
- provisions for PTO;
- permissible deductions;
- employer's legal and operating names; and
- contact information including physical and mailing addresses and telephone number.



Employee notice

1. Employee:		Address:	
Phone number:		Email address:	
Date employment began:			
2. Legal name of employer:		Main office/principal place of business address:	
Phone number:		Email address:	
Operating name of employer (if different):			
Mailing address (if different):			
3. Employment status (exempt or non-exempt):			
☐ Employee is exempt from: ☐ minimum wage ☐ overtime ☐ other provisions of Minnesota Statutes 177			
Legal basis for exemption:			
☐ Employee is non-exempt (entitled to overtime, minimum wage, other protections under Minn. Stat. 177)			
4. Rate or rates of pay			
Paid by: Hour ☐ Shift ☐ Day ☐ Week ☐ Salary ☐ Piece ☐ Commission ☐ Other method ☐			

Required posters (all employers)

- Age discrimination
- Employer-sponsored meetings or communications
- Minimum-wage rates
- Safety and health protections on the job
- Unemployed?
- Workers' compensation
- Paid Leave
- *50+ employees: Veterans benefits and services
- [Visit Workplace notices and posters](#)

Earnings statement requirements

Earnings Information		Current	
Normal Gross		4,389.30	
Deductions		0.00	
Contributions		0.00	
Overtime		0.00	
EARNINGS TOTAL		4,389.30	5,277.30
Non-Taxable Gross		351.14	418.18
Taxable Gross		3,971.12	4,859.12

Statutory & Other Deductions	Current	Year to Date
Federal 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	0.00	75.55
Medicare Buyout	62.67	0.00
State Disability Insurance	0.00	0.00
RS	0.00	351.14
RS	351.14	0.00
Deferred Retirement	0.00	
	67.04	0.00

- Name of the employee
- Total hours worked by the employee in the pay period
- Total amount of gross pay earned by the employee in the pay period
- Net amount of pay after all deductions are made
- List of deductions made from the employee's pay
- Date pay period ended
- Employer's legal and operating name

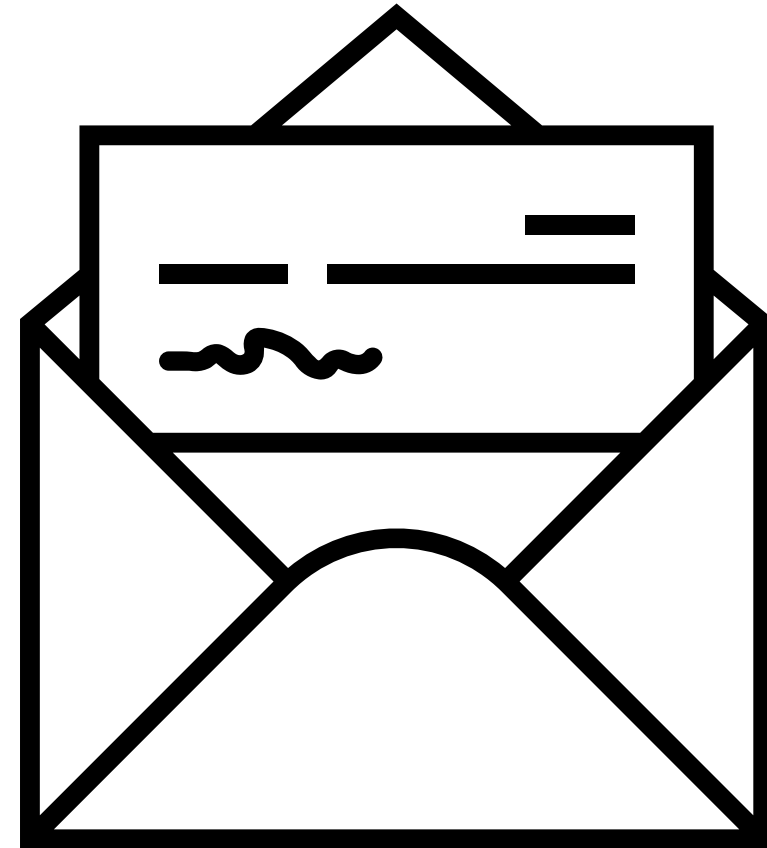
Recordkeeping

Employers must maintain records of:

- Employees' names, addresses, occupations, pay rates, wages paid, hours worked.
- Employers must keep copies of employee earnings statements for three years from the time they are issued.
- These records must be available for inspection upon request from DLI and stored either on-site or in a manner allowing compliance within 72 hours.
- [Visit our videos page](#)

Final wages upon separation of employment

- Employees **terminated, discharged or fired** are due all wages and commissions within 24 hours of a written demand for payment.
- For employees who **voluntarily leave employment**, wages and commissions are due on the next regularly scheduled payday. If the payday is within five days of the last day of work, the employer has up to 20 days to make final payment.
- **Penalties:** The employer may be liable to pay their former employee's average daily earnings for up to 15 days if the employer is late paying wages.



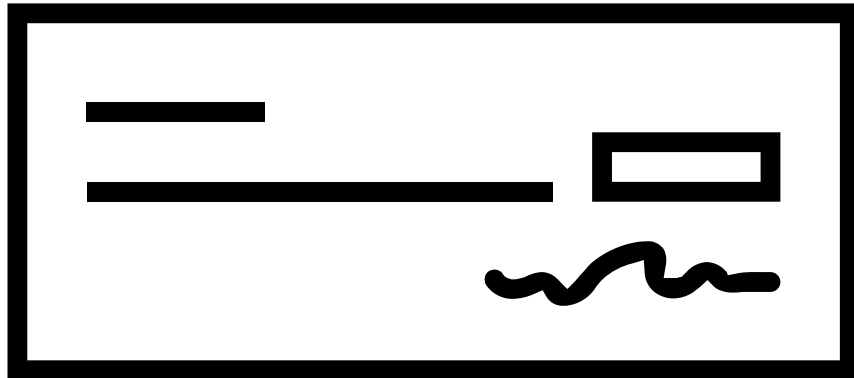
Think about it

If an employer-owned cell phone is dropped by the employee it is assigned to, can the employer simply decide to deduct the cost to repair the broken screen from the employee's paycheck?

A. Yes

B. No

Deductions from wages



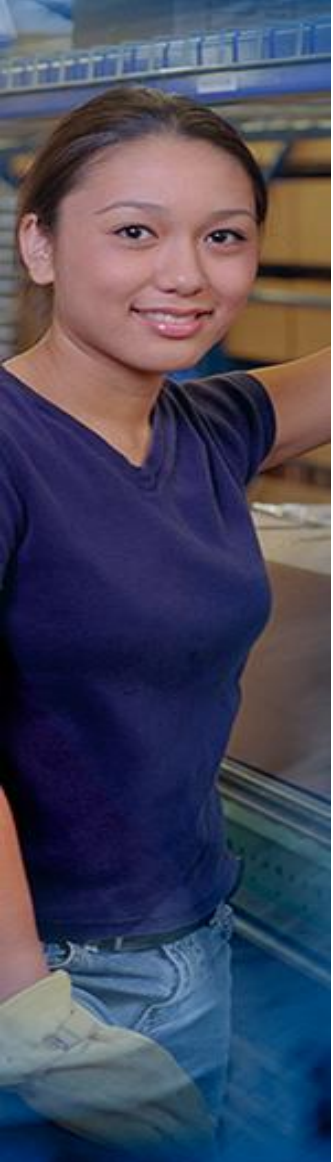
- Insurance payments, union dues, retirement plans, organizations, PAC or savings plan contributions
- Up to \$50 for uniforms, equipment (must be returned when the employee leaves employment)
- Deductions for uniforms, equipment, consumables and travel expenses cannot bring an employee's wages below applicable minimum wage (must be returned when the employee leaves employment)
- Must be voluntarily authorized in writing in advance, or ordered by a court

Tips



- Tips cannot be counted toward minimum wage payments; employees must receive minimum wage plus tips.
- Employers cannot require tip pooling or sharing unless direct service employees agree, such as for banquets or shared among shift workers.
- Employers may store and disburse them, report for tax purposes, and must pay the full amount of received via credit card or e-payment (effective Aug. 1, 2024, without deductions for swipe fees).
- Gratuities paid via credit cards or electronic methods must be given to employees in the next pay period.

Minnesota's child labor laws



- Minimum age 14 (there are limited exceptions)
- Under 18 restrictions apply to hours worked, start and end times, equipment used and work environment.
- Cannot use power driven equipment
- Restrictions for 14- and 15-year-olds:
 - Not before 7 a.m. or after 9 p.m. (7 p.m. federal)
 - No more than eight hours per day or more than 40 hours per week
- Hours of work for 16- and 17-year-olds:
 - Not before 5 a.m. or after 11 p.m. on school days.
 - May work as early as 4:30 a.m. and as late as 11:30 p.m. with written permission from a parent or guardian. Copy of permission should be kept in employee file.

Misclassification of workers

- Independent contractors versus employees
- Misclassification can lead to fines and legal consequences
- DLI offers tools to help determine classification



for compliance

- Stay up to date with changes in state and federal labor laws
- Keep written policies and procedures
- Train staff
- Ask DLI for help when unsure



Learn more

- Stay up to date with the Labor Standards by signing up for the “Wage and Hour Bulletin.”
- To sign up, visit dli.mn.gov/bulletin or scan the QR code.
- Contact Labor Standards at 651-284-5075 or dli.laborstandards@state.mn.us.



Wage and Hour Bulletin

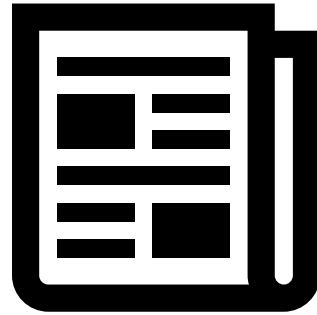


Thank you for your participation

Scan the QR code or [fill out our post-webinar feedback form.](#)



October webinar



Oct. 14, from 2-3 p.m.:
Earned sick and safe time
basics and rules update



To register, visit
dli.mn.gov/events.

Thank you

Contact Labor Standards at 651-284-5075 or dli.laborstandards@state.mn.us.