

Wage and hour requirements for small businesses

Wages, overtime rules and employee labor standards protections

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Agenda

Topic	Speaker
Welcome and introduction	Melissa Parra-Huizar (facilitator)
Department of Labor and Industry	Karen Bugar
Department of Labor and Industry	David Skovholt
Question-and-answer session	
Closing	Melissa Parra-Huizar

Workplace Rights Week (Sept. 21-27, 2025)

- Aims to educate and inform workers and employers of their rights and responsibilities in the workplace
- Visit dli.mn.gov/rights-week to learn more.



Labor standards presentation

- Who we are
- 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)
- Other employer responsibilities:
 - Employee notice, earning statements, recordkeeping, final wages, deductions, tips, child labor and misclassification
- How to connect



Labor Standards

**We ensure workers are paid fairly,
enforce workplace rights and
help employers prevent
employment law violations.**

We provide education, outreach
and enforcement of labor
standards, including:

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

Minnesota minimum wage (2025)



Large and small employers:
\$11.13/hour (2025)
\$11.41/hour (2026)



90-day training wage (under
20 years of age):
\$9.08/hour (2025)
\$9.31/hour (2026)



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 higher
applicable minimum wage.

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

Rest and meal breaks, changes coming Jan. 1, 2026

Break type	Time	Frequency	Purpose
Rest break	Current: Adequate time	Current: Within each four consecutive hours worked	Current: To use the restroom
	2026: At least 15 minutes (may be longer)	2026: Within each four consecutive hours worked	2026: To use the restroom and more
Meal break	Current: Sufficient time	Current: When working eight or more consecutive hours	Current: To eat a meal
	2026: At least 30 minutes	2026: When working six or more consecutive hours	2026: To eat a meal

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.

2023 and 2024 session updates

- 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

Nursing mothers

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.**



Paid Leave resources



- Review Paid Leave program FAQs: paidleave.mn.gov
- [Sign up for the Minnesota Paid Leave newsletter](#)
- Submit direct questions to the Paid Leave contact center via the [Paid Family and Medical Leave question form](#)
- [Learn more about Paid Leave events](#)

Paid leave, DLI responsibilities

DLI will enforce 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.



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/year

ESST uses

ESST is paid time off from work that eligible employees in Minnesota can use for certain reasons, including:

- the employee's **mental or physical illness, treatment, or preventive care**;
- a family member's mental or physical illness, treatment, or preventive care;
- absence due to **domestic abuse, sexual assault or stalking** of the employee or a family member;
- bereavement leave;
- closure of the employee's workplace due to **weather or public emergency** or closure of a family member's school or care facility due to weather or public emergency; and
- when determined by a health authority or health care professional that the employee or a family member is at **risk of infecting others with a communicable disease**.

2025 Changes: Notice of Use

- For unforeseeable uses of ESST, the employee must give notice as “reasonably required by the employer”



2025 changes: documentation

- Employees must provide reasonable documentation after missing more than two consecutive scheduled workdays



2025 changes: replacement workers

- Employees may voluntarily seek or trade shifts with a replacement worker to cover for ESST absences



2026 changes: advancing ESST

- Employers may advance ESST to an employee based on the anticipated hours worked
- If the advanced amount is less than what the employee would have accrued based on actual hours worked,
 - → the employer must grant additional ESST to make up the difference.

2025: Advancing ESST example

Anticipated hours	Advanced ESST	Actual Hours Worked	Accrued ESST	Action required
600	20 hours	660	22 hours	Add 2 hours of ESST
600	20 hours	570	19 hours	No action needed

Required notices (all employers)

ESST

Nursing Mothers, Lactating
employees, and Pregnancy
Accommodations

Employee wage notice

Employee wage notice

The employee notice must include details on:

- 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):			
<input type="checkbox"/> Employee is exempt from: <input type="checkbox"/> minimum wage <input type="checkbox"/> overtime <input type="checkbox"/> other provisions of Minnesota Statutes 177			
Legal basis for exemption:			
<input type="checkbox"/> Employee is non-exempt (entitled to overtime, minimum wage, other protections under Minn. Stat. 177)			
4. Rate or rates of pay			
Paid by: 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 type="checkbox"/> Other method <input type="checkbox"/>			

Required posters (all employers)

Age discrimination

Employer-sponsored meetings or communications

Minimum-wage rates

Safety and health protections on the job

Unemployed?

Workers' compensation

*50+ employees: Veterans benefits and services

*2026: Paid Leave

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
Healthcare	0.00	75.55
Healthcare 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.

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.
- **Exception:** If an employee collected, disbursed or handled money or property, the employer has 10 days after termination to audit and adjust the accounts before paying all final wages.

Paycheck deductions

Brochures and fact sheets about labor standards

Child labor laws

Contact Labor Standards

Employment termination

FAQs about labor standards

FAQs: Nursing home workers

Guidance for employees on Minnesota's wage theft law

Labor Standards videos

Making a demand for final wages

Meat and poultry processing industry


Minimum wage in Minnesota

Minimum wage, overtime exemptions

Overtime laws

Paycheck deductions

Payment for hours worked

Watch on  YouTube

View this video in [Hmong](#), [Somali](#) and [Spanish](#).

Can my employer deduct money from my wages?

Your employer may deduct money from your wages if:

- you are covered by a union collective bargaining agreement that allows for deductions;
- you are a commissioned salesperson with rules regarding deductions for performance issues;
- before you made a purchase or took out a loan from your employer you voluntarily agreed in writing to have the cost of that loan or purchase taken out of your wages; or
- there is a court order requiring that deductions be taken.

EMAIL US ►

CALL US ►

Your employer cannot deduct from your wages for broken equipment, lost money or other employer losses unless:

- after the loss occurs, you give the employer your voluntary written authorization to deduct from your wages; or
- you have been found liable for the loss by a court.

See Minnesota Statutes [181.79](#).

Can uniforms, equipment, consumables and travel expenses be deducted?

Your employer may deduct up to \$50 total from your wages for:

- purchased or rented uniforms required for your job; and

Tips



Minnesota tip laws: Key points

- 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 tips among shift workers.
- Employers may store tips and disburse them, report tips for tax purposes, and must pay the full amount of tips 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.
- Restrictions for 14- and 15-year-olds:
 - Not before 7 a.m. or after 9 p.m.
 - No more that eight hours per day or more than 40 hours per week
 - Cannot use power driven equipment
- 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



Stay up to date with the Labor Standards unit by signing up for the “Wage and Hour Bulletin”:

dli.mn.gov/bulletin

Posters and educational materials

Speakers available – Request a speaker



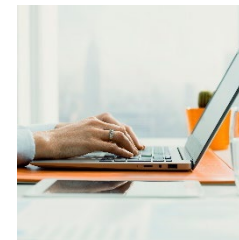
dli.mn.gov/laborlaw

651-284-5075 or 800-342-5354

dli.laborstandards@state.mn.us

Sign up for additional Labor Standards webinars:

dli.mn.gov/events



Tips 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



Thank you!

Karen Bugar

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David Skovholt