



**Citizens League Project Outline:  
Saint Paul Minimum Wage Implementation Project, Phase 2**

### **Convening a Minimum Wage (Phase 2) Study Committee**

The City of Saint Paul plans to pass a minimum wage ordinance. To inform the creation of a minimum wage ordinance, the City of Saint Paul will have the Citizens League lead an independent Study Committee to answer the key questions that were identified in the Minimum Wage Implementation Scoping Project (Phase 1) completed by the organization in February 2018. The Study Committee, whose members were selected by the Citizens League, represent different perspectives on this issue. Their charge is to review the previous Phase 1 work, review other relevant research, agree on findings and conclusions from this effort, and finally, develop and put forward recommendations for a minimum wage ordinance to the City.

The scope of work, which was determined by the City of St. Paul, outlines that the Study Committee **evaluate and provide feedback (specifically the pros and cons) on options for the following four ordinance components.**

- 1) **The Minimum Wage Rate and Indexing to Inflation.** What is the appropriate wage rate for the City of Saint Paul? Does this include other benefits like health insurance? What are the benefits and/or drawbacks to indexing to inflation? Does indexing to inflation help workers keep up with cost of living increases?
- 2) **Exemptions.** What, if any, exemptions will be included in the ordinance? What are the various exemptions? Are there groups for whom a longer phase-in time could be a better option than a total exemption? Will there be different considerations for different groups? Example groups that may be considered:
  - a. Youth workers
  - b. Student workers (including those employed outright and those receiving work study tuition aid)
  - c. Seasonal workers
  - d. Workers paid by stipends (such as AmeriCorps workers)
  - e. Training wages
  - f. Different businesses (and sizes of businesses)
  - g. Employment for people with disabilities
- 3) **Tip penalty/credit.** What is the likely impact on tipped workers of a tip credit/penalty based on evidence from other states and/or research? Will and how might a wage increase without a tip credit/penalty lower servers' wages by shifting restaurants toward service charges?
- 4) **Phase-In Time.** What is the appropriate phase-in time? What are the pros/cons of different phase-in times?

In addition, the Citizens League Study Committee **will consider the following questions:**

- What are the economic impacts on specific industries (i.e., manufacturing, restaurant, etc.) and populations (youth, disability, hard-to-employ, low-skill/experience, etc.) in Saint Paul in response to a minimum wage increase? For example, jobs/hours lost, increased buying power, etc.

- How can wages be tied to cost of living while accounting for regional differences in that cost?
- What can Saint Paul learn from the experiences of other cities in terms of an ordinance's impact on the city's ability to attract and retain employers and to create jobs? What about wage compression effects?
- To what extent will the labor market shortage address these issues through market forces instead of mandated minimum wage?
- What can the City do or what needs to be done to ameliorate potential negative consequences of a minimum wage increase? And/or what action needs to happen at other levels of government to ameliorate the effects? Examples: public benefits cliff, Medicare/Medicaid reimbursement gap.
- How will a minimum wage increase impact Saint Paul's poverty rate?
- Given that Saint Paul has the highest poverty rate in the metro area, is the minimum wage ordinance the best strategy to address it? Or could it have the opposite effect of reducing low-wage worker hours as well as fiscal cliff consequences?
  - Of the 31 percent of people who live and work in Saint Paul, of whom 8,000 are low-wage workers who will benefit, is the minimum wage ordinance the best way to improve their economic status?
- What can the City do to ameliorate the impact on small businesses? Example: What are things that other cities have done that have been successful?
- How does the Minneapolis minimum wage ordinance impact Saint Paul and its minimum wage discussion?
  - Is there a benefit of weighing the impact of the Minneapolis implementation before we move forward with an ordinance in Saint Paul?
  - How is Minneapolis addressing the Medicaid reimbursement issue as it applies to jobs in home health care, nursing homes, and senior housing?

The project will be independent of the City of Saint Paul and will use Citizens League staff and contractors.

### **Proposed Process**

**Timeline: 5 months.** The process will use the Citizens League's staged approach: discovery, development, and recommendations. This process will follow the Citizens League's operating guidelines as stated in the organization's Governing Document (see page 5).

#### Recruitment of Members and Leadership: March – April 2018

- Recruit Co-Chairs and 19 Study Committee members. Participation should include a diversity of perspectives on the minimum wage and represent the community from a variety of backgrounds.
- The Citizens League will consult with the Mayor's Office, the Saint Paul City Council, and key stakeholders, but the recruitment process will be independent of the City.
- Final approval of Study Committee members by Citizens League Board.

#### Discovery: Review of Background Information: May – June 2018

- A charge is established by the Study Committee.
- Review and analyze available information on the minimum wage. Maximize the use of existing sources and partners in this effort.
- Request new research to be conducted as needed.
- Invite speakers to present to Study Committee in order to understand issues/concerns.

Development: July 2018

- Study Committee reviews findings, agrees on conclusions, revises charge, if needed, and discusses course of action for recommendations.
- Scenario planning.

Preparation of Final Recommendations: August 2018

- Study Committee works on final recommendations.
- Citizens League delivers final report by August 31, 2018.

**Citizens League Phase 2 Timeline**

<b>March</b>	<b>April - June</b>	<b>July-August</b>	<b>August</b>
Agree on scope of work for Phase 2.  Recruit Study Committee Members based on Scope of Work.	Meeting with Study Committee begins.  Study Committee reviews previous phase efforts.  Reviews research and commissions new if required.  Study Committee invites special speakers.	Study Committee reviews findings, agrees on conclusions, revises charge, if needed, and discusses course of action for recommendations.  Begins working on recommendations.	Study Committee works on final recommendations.  Final Report delivered by August 31, 2018.
Discovery		Development	Recommendations

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