



## Minutes

### Citizens League Saint Paul Minimum Wage Study Committee

Thursday May 10th 8:30am-12:30pm  
Mt. Zion Temple  
1300 Summit Ave, St Paul, MN 55105

**Committee Members Present:** Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Samuel Callahan, Mr. Dillon Donnelly, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Mr. Doug Hennes, Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Mr. Oscar Murcia, Mr. Sam Peterson, Ms. Pang Vang.

**Members not present:** Ms. Kera Peterson, Ms. Analita Silva.

**Special guests:** Mayor Melvin Carter, Council Member Chris Tolbert, and Citizens League Board Chair Cyndi Leshner.

**Staff & staff support present:** Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne, Jacob Taintor

**Citizens League members: None.**

#### Proposed outcomes for this meeting

- State study committee charge and proposed goals.
- Introduce members, presenters, staff, and other participants.
- Receive Citizens League principles and process.
- Hear from presenter on previous minimum wage study in Minneapolis.
- Discuss information received and confirm additional information needed.
- Agree on next steps.

#### Minutes

Co-Chair Kyle called the meeting to order at 8:30am.

#### Welcome and Introductions

Co-Chair Kyle welcomed and thanked the committee, as well as Councilmember Tolbert and Cyndi Leshner for their participation. She noted that the committee meetings will start on time out of respect for member's time and asked that those present keep phones and other electronics off during the meeting. Social media is not allowed during meetings of the Citizens League. Every meeting begins with proposed outcomes, as well as the committee's charge. Co-Chair Kyle identified the goals for the day's agenda, the City of Saint Paul's resolution, and scope of

work for the committee. She noted that the committee will be meeting for four months in order to provide guidance on Saint Paul's minimum wage ordinance, particularly on issues related to the appropriate rate of the minimum wage, exemptions and carve outs, tip credit/penalty, and phase in times.

Co-Chair Varco began introductions. He explained the Citizens League principle of members bringing their biases and putting them on the table as opposed to "checking them at the door". Co-Chair Varco asked members for their background and further asked each member to identify why they were interested in the Saint Paul minimum wage.

Citizens League Board Chair Cyndi Leshner discussed her role at the Citizens League and what she appreciates about the Citizens League's work. She said that the Citizens League is neutral and creates a fair working process. She explained that members are hand-selected and that she was honored to see their participation. She noted that the issue at hand is charged, and thanked members for their time and expertise. She mentioned that any questions or concerns about the process could be addressed to her directly or through Hoffman. Leshner also thanked the Chairs for their talent, expertise, passion, and commitment. She finally noted that this work is owned by and attributed to the committee, and as such, the Citizens League will honor whatever decisions are made.

Co-Chair Varco introduced himself as the Political Director for the Service Employees International Union (SEIU) Healthcare Minnesota. He said they are advocates for \$15/hour minimum wage. Co-Chair Varco described his work on the minimum wage issue in Minneapolis and his work on the sick and safe time task force. He said his biggest questions revolve around how to balance the value of simplicity in doing what Minneapolis did for uniformity while tailoring the ordinance to the special features of Saint Paul. Concurrent with that was a desire to make accommodations for Saint Paul that were sensible and enhanced the effectiveness of the proposed ordinance.

Co-Chair Kyle introduced herself as the President/CEO of the Saint Paul Area Chamber of Commerce. She explained that due to the support by the Saint Paul Mayor and City Council the minimum wage issue is not a question of if but how. She stated further that we should take care to ensure that the policy work for Saint Paul avoids unintentional consequences. She noted that she tries to bring the employer perspective, but that it can sometimes be difficult to do so given the diversity of opinions in the business community.

Co-Chair Kyle introduced Mayor Melvin Carter.

Mayor Carter expressed his appreciation of the committee's work. He said he was committed to redefining community member engagement and making sure that city hall has a community voice. Mayor Carter announced that Saint Paul was going to have their first ever State of Our City Summit. He said it was important to remind ourselves that this is *our* city and that it is easy to forget that everyone is invested in this city. The goal of having a community voice is the creation of three-dimensional engagement utilizing an "I tell, you tell, we share" framework. Mayor Carter commented that the entire city leadership is listening and dependent on this body for recommendations, and hopes that members speak not just on behalf of themselves, but intentionally speak for others not present as well. He acknowledged that there won't be

agreement on everything, but that he anticipated many similarities in the group's visions for Saint Paul. He again noted his appreciation for the Citizens League, citing their ability to create connections between people and change the norm of insular city politics.

Co-Chair Varco introduced Councilmember Chris Tolbert.

Councilmember Tolbert welcomed and thanked the committee on behalf of City Council. He explained that the council passed the resolution in order to have experts and community voices guide the city. He noted that the guidance needs to be done thoughtfully, collaboratively, and not antagonistic so that we understand nuances to consider in the ordinance. He expressed appreciation for the committee members taking the time to do this work.

Co-Chair Varco continued with committee member introductions.

A committee member introduced themselves and said that they work two full time jobs because it's hard to take care of their daughter with one job. They noted that they are also standing in for single parents. Multiple jobs takes a lot of time away from kids. They added that if the minimum wage increased to \$15/hour, they would have that time back to spend with family.

A committee member introduced themselves and said that they work for ALLY People Solutions, a nonprofit that provides training for people with intellectual and mental health disabilities. They employ around 70 people some of whom work in Saint Paul. The organization is primarily funded by Medicare dollars which are determined by the State. Because they are stated funded, they do not have the ability to increase rates. They mentioned that the organization is committed to having their clients earn minimum or prevailing wages and noted concern about unintended consequences regarding potential loss of employment opportunities, as minimum wage has increased over the last few years. The member added that as a nonprofit executive who has limited opportunities to increase revenues, it may be difficult to cope with increases.

A committee member introduced themselves as a Citizens League member and CFO of the Science Museum of MN. They noted that they have many workers who work part time and that they appreciate the need for living wages, but also noted that nonprofits have limitations in financial resources. They commented that diversity and inclusion are important to consider alongside financial needs.

A committee member introduced themselves as a server from WA Frost and that they come from a restaurant family. The member described experience working in both front and back of the house in restaurants. After realizing the income potential as a server in the service industry, they decided to pursue a career in the same. The member noted that statewide increases in the minimum wage have resulted in a thin margin of profit for restaurants. Unintended consequences are a major issue and to increase the cost of labor by 55% is going to completely change the service industry business model and have a negative impact on employees. The member said they were in support of a tip-credit for tipped employees in Saint Paul as a majority of tipped employees are already making \$15 an hour and in many cases much more. Tips are 73 percent of annual income. The member said they were concerned with switching the majority

of that income to the domain of business owners, as opposed to patrons who decide to tip based on service received.

A committee member introduced themselves as owner of Rainbow Health Kare, a personal care attendant (PCA) agency in Saint Paul for last 15 years that employs 150 people. They expressed concern over minimum wage increases due to Medicare funding being a flat rate. They said that a shortage in the workforce is already stretching their employees. Many employees are working even after they are done with their job. The member explained that they would love to pay \$15/hour in order to attract employees and fill positions, but they are concerned that might exclude less qualified potential employees. They also noted concern around the potential impact on free and reduced lunch, daycare, and housing programs.

A committee member introduced themselves as a server at Pizza Luce in Saint Paul. They mentioned that they worked at various shops through college and want a strong service industry where employees can make enough to live. They said they were for a \$15/hour minimum wage but that it is complicated and they appreciate the nuance.

A committee member introduced themselves as Vice President of Government Relations with University of St. Thomas as well as a participant in various planning boards and the PILOT task force. They noted that St. Thomas does not have a position on exactly how much the minimum wage should be but is interested in the debate. The 2,000 employees of St. Thomas mostly already make \$15/hour but there are over 2,000 undergraduate students who make around \$10.50/hour who would be impacted, which would constitute a large financial hit for St. Thomas. The member commented that the Minneapolis minimum wage process felt like it was rushed and that the decision was already made before they started and that this will be a better decision due to the quality of the Citizens League process.

A committee member introduced themselves as Co-Director of Centro De Trabajadores Unidos en la Lucha (CTUL), a nonprofit that organizes in order to expand rights for workers. The member said they were in support of a \$15/hour minimum wage without a tip penalty and that Saint Paul should follow Minneapolis's lead on the issue. The member noted that despite arguments about the tip penalty, statewide in Minnesota restaurants have grown despite increases in the minimum wage without the tip penalty. The member commented that many of the committee members are here as paid workers and have benefits like vacations and that many in this room will not be impacted. The committee should keep in mind those who will be impacted directly. The member explained that CTUL fought wage theft and that it (wage theft) most often occurs at the lowest wage-rung, which has been experienced by an estimated 74% of workers. The committee member noted that a higher minimum wage represents a practical solution to wage theft.

A committee member introduced themselves as a Saint Paul resident interested in learning about the minimum wage. They said they have previous experience in development and know company owners as well as employees who are making minimum wage. The member expressed concern about the impact of a low wage on families and communities.

Thomas Durfee introduced himself as a researcher at the Roy Wilkins Center, a nonpartisan policy group, and a PhD student in Applied Economics at the University of Minnesota. He

explained that he was part of a research team that simulated the economic effects of a minimum wage increase in Minneapolis under different scenarios. He noted that his role on the task force is to be an informer on what reports actually say, what the assumptions are, and how they are relevant to the minimum wage discussion.

A committee member introduced themselves as the Executive Director of Cookie Cart, a nonprofit that trains and employs youth in order to teach life and employment skills. The member commented that they are a Saint Paul resident and worker and that they are attending this committee as a representative of youth training programs. They noted that they are for a living wage and that it is critical to reduce inequalities. However, they were unsure of the correct course of action, noting that any policy issue must address unique and often unseen needs in order to be successful.

A committee member introduced themselves as the Public Policy Director for the Minnesota Council of Nonprofits. The member noted that they are passionate about employment issues and navigating the relationships between workers and employers, especially in communities of people of color (POC). They commented that it is important to understand that nonprofits operate differently from for-profit organizations, and that it was important to center thinking on community impact. The member mentioned that in their experience, listening sessions on the minimum wage resulted in valuing higher wages but also teased out nuance, particularly with government reimbursement rates. The committee member further noted that these nuances were usually addressable and solvable. They added that it is important to work collaboratively and not in a vacuum and that they were excited to work through these problems as a committee.

A committee member introduced themselves as a restaurant owner and President of the Warehouse District Business Association. The member explained that they were active in the minimum wage debate in Minneapolis and that in the process it was clear that the City Council had already made up their mind. The member said that many questions were never answered and that this committee is an opportunity here to do it better. The member appreciated that this process is driven by citizens and that a wide scope of issues is being considered, because there is not a one-size-fits-all policy. The member gave an example where First Avenue, a bar with 100 employees, had costs increase \$700,000 from the minimum wage increase due to increasing wages for those who already made above minimum wage. That impact hasn't been looked at. The member noted that other policies in Minneapolis have been good, for example, sick time and paid leave. Minimum wage is different, and the impact in Saint Paul would be different.

Angelica Klebsch introduced herself as the Policy Director at Citizens League. She thanked committee members for their participation, especially members who haven't taken part in this kind of work before. She expressed hope that this process makes members feel empowered to bring perspectives to the table. Klebsch noted that the Citizens League was very intentional about including a variety of perspectives in order to capture the complexity of the issue. Klebsch explained that she started at the Citizens League two months ago because the work aligned with her inner value system of including community in policy change and that she looks forward to listening to community members.

A committee member introduced themselves as a co-owner of a coffee shop in Saint Paul with 10 employees. The member described how three years ago the shop got rid of tips and increased wages towards \$15/hour and two years ago implemented sick and safe time. The member commented that they make it a priority to collaborate with employees as co-workers. The member noted that they have gone through listening sessions with employees and regulars and that sales dropped when prices were increased to pay for wage increase. The member believes this is the right policy but is unsure how to accomplish it without hurting profits or alienating customers who were accustomed to different prices. They do not have a strong opinion on tips. The member expressed interest in talking about different ways of reducing poverty and that business success is about being able to pay a livable wage.

A committee member introduced themselves as a Saint Paul resident who works in a family business in manufacturing that operates outside of Saint Paul. The member said that their first job was working second shift and knows what it is like to make payroll. The member commented that they see their role as a sounding board for many different perspectives. The member mentioned they have a B.A. in Political Science, as well as an MBA.

A committee member introduced themselves as the owner of Kyatchi, a full service restaurant, and a lifelong bartender and manager in the service industry. The member commented that it was obvious to them that \$15/hour minimum wage was coming and so instead of fighting it, they focused on getting ready for it. All of their employees are at \$15/hour and they plan on gradually raising prices to pay for wages. Despite these changes they were able to open a second shop, which is as of this writing successful.

A committee member introduced themselves as a Saint Paul resident and business owner originally from Central America. They said that they currently pay workers between \$12-13/hour and expressed concern about who was going to pay for the increase in the wage.

A committee member introduced themselves as the Political Action Director of American Federation of State, County and Municipal Employees (AFSCME) Council 5, a union of 43,000 public and private non-profit workers in Minnesota. The member explained that there were two personal perspectives that inform his work. One is that when their mother needed to pick up a job due to unplanned expenses, she was able to work a minimum wage job, pay for college, and rent an apartment. They noted that the purchasing power of the minimum wage has gone way down and that the minimum wage debate is about fighting for the freedom to live a life with dignity. The member recalled a story of a workplace dynamic where due to racism and disinvestment, workers died on the job. The member explained that these are the perspectives that brought the member to this task force.

### **Citizens League Process**

Pahoua Hoffman introduced herself as Executive Director of the Citizens League. Hoffman thanked the committee members for their participation. Hoffman explained that the Citizens League is a unique institution that sits between community and government to help solve public policy issues. When you hear that Citizens League has a position on an issue, it is based on community recommendations like this one. She noted that this committee is now a part of the Citizens League legacy, and expressed her appreciation.

Hoffman explained that the committee member binder is available as a resource for the Citizens League process and that members should bring the binder to every meeting. The Citizens League would like to include members' contact information in the binder, assuming that members are comfortable sharing the same. Hoffman referred to the phase one report which informs the questions for the committee and noted that Durfee's presentation is in tab 4. Hoffman described the Study Committee Handbook in tab 5 and noted that it remains surprisingly relevant despite its age. Hoffman expanded on the values discussed in the handbook including a belief in the human capacity to enact change and personal agency, democracy, good governance, civic leadership, and active citizenship. She commented that the quality of ideas depend on the quality of participation, and expressed hope that for this reason committee members attend every meeting. It is rare to see spaces like these where communities come together to solve a pressing issue, even as individual members of that community have different opinions. Hoffman explained that sometimes committees determine the scope of work but in this case the City of Saint Paul determined the scope. She noted that the committee work is done in three phases starting with discovery. Hoffman emphasized that there will be time for debate but the first phase is about learning together and you cannot defend and learn at the same time. She noted that there will be very little work to be done outside of the meetings because the schedule is rigorous. Hoffman commented that if a point of view is not represented around the table, there will be time to suggest names of presenters to hear from. Staff have provided speakers for the first two meetings. Hoffman emphasized that staff are in service to the committee and that there will be a transition to where staff will simply take direction from the committee about what is needed next.

Hoffman explained that the second phase of the work is to build consensus while the third stage entails the development of recommendations. There are different ways of reaching recommendations: majority/minority report, scenarios with different vote tallying, among others. Hoffman emphasized that the members were hand-chosen, but that there are still many voices not included on the committee. As such, part of the role of a committee member is to be a conduit for those voices. Hoffman noted that all committee materials will be available online on the Citizens League website.

She asked that members contribute their time, best self, and leadership. She further implored each member to network with one another and with other community members who could supplement pre-existing voices. Hoffman said that the goal is to look at solutions that are implementable, not necessarily blue sky ideas, and emphasized the importance of asking questions that are open ended, listening, and free of judgment, especially while in the discovery phase. She noted that there would plenty of time for debate and creative tension.

Hoffman described the meeting norms, including using Roberts's rules while remaining casual. Members are to raise their hands for comments/questions and staff keep a list and take them in the order that they are raised. A recorder will be present at each meeting and will take minutes, which are similar to transcriptions. In order to encourage free speaking, comments will not be attributed to any one person. However, if and when the press is in attendance, there are no guarantees that they will follow these norms. Hoffman explained that staff have asked that the press let members/co-chairs know if they are getting quoted. Hoffman noted that staff are also considering different ways of engaging those not in the room, including an online comment

section on the website. There will be a dedicated email and voicemail. At the top of every meeting, staff will present a community engagement report that will feed into the committee. Hoffman said there is also a City engagement process. There are two community meetings that will happen while this committee is active which will involve presentations by staff and/or co-chairs. These meetings will occur on June 7<sup>th</sup> and August 4<sup>th</sup>. After the committee work, there will be two additional engagement events to allow the public an opportunity to discuss the report.

Staff added that minutes will be approved by the committee before they are published online.

A committee member asked if there was talk about having an engagement strategy included as part of the committee's work. Hoffman replied that we can still decide to have additional engagement. A member followed up and said that media will be present, especially towards the end and to be aware that you may be quoted by media. The member noted that while they are not officially representing five private colleges they are the touchpoint person and will be communicating with other colleges. Colleges are the 4<sup>th</sup> largest employer in Saint Paul collectively and so they are very interested in this issue.

Hoffman reiterated that staff are here to be of service to the study committee and that Durfee will also be available. If committee members need anything, reach out. Hoffman relayed a story about a past study committee where staff helped a committee member improve on and articulate a viewpoint, despite it being unpopular, as an example of the role of the staff, which is to empower members.

A committee member asked about the composition of the group and said that they had heard criticism and wondered if there is anything to share with the group. The member also asked if the City had made commitments regarding the recommendations. Hoffman replied that staff had interviewed many people not in the room and that there was a real balance struck between perspectives. She added that if nobody is happy, then it is probably about a good balance. The committees tend to get unwieldy if they have more than 21 members. Some voices not in the room include micro businesses as well as many advocacy groups, and so we ask that members act as a conduit to those groups. In regards to City expectations, the ordinance will be informed by the community and this group. The City is particularly interested in those four elements being identified in the scope of work.

Co-Chair Kyle noted that the meeting schedule is on the back of the member binder and that there is no room for alternates. Staff added that the map for St. Thomas is on the back of the schedule sheet. A member explained that there is ample parking, permits not required. Staff commented that the next meeting is May 17 at McNeely Hall, University of St. Thomas, Saint Paul.

Co-Chair Kyle explained that Durfee will be the embedded researcher for the study committee and welcomed Durfee to begin his presentation.

### **Durfee Presentation**



Durfee introduced himself as a researcher at the Roy Wilkins Center for Human Relations and Social Justice at the Humphrey School of Public Affairs as well as a PHD student in Applied Economics at the University of Minnesota. Durfee explained his presentation will provide a personal background, a description of the memo written for the phase one report, and a discussion about the Minneapolis minimum wage. Durfee noted that the minimum wage is an interesting issue because each state/city is different and each approach makes a difference. Phase 1 identifies interesting questions, such as who are affected and in what ways. Durfee expressed an interest in running quantitative analysis and produced census data focused on where Saint Paul residents tend to work and where Saint Paul workers come from. He did this in order to help the committee and himself better understand the population and demographics present within the Saint Paul workforce. He further noted that whatever data was publicly available also determined the nature of analysis, as privacy concerns meant that some data were by necessity concealed.

Durfee noted that an annual wage of \$40,000 was roughly accurate for both Saint Paul workers and residents. He inquired as to the classification of individuals who were not Saint Paul residents and specified that there will be a ripple effect from other cities, as many individuals who work in Saint Paul do not live in the city proper. Durfee observed growth in Saint Paul residents who work somewhere else, older residents, and those earning over \$1,250/month. Overall, workers are commuting from out of town, especially those earning more than \$3,333/month. Durfee noted that he had to make some assumptions about the number of hours worked every month in order to generate his numbers.

A committee member asked if Durfee was able to break his data down into further categories such as race and gender. Durfee responded that this was not possible due to geographic specificity. Further categories are possible but only within broader geographic data sets.

A committee member asked if there was any data on hourly wages for people who earn different hourly wages from jobs not in Saint Paul. Durfee clarified that this would exist in a separate data set.

A committee member asked if there was any hourly wage data for people who earn different hourly wages in Saint Paul. Durfee responded that there is in a different data set. The reason why the commuter information was used in this data set is because it was important in shaping the policy and it was a unique contribution. Durfee relayed that he is currently waiting for a data set that will have more detailed wage categories with less geographic specificity.

A committee member asked what we include when we reference minimum wage workers. Durfee replied that it includes workers at minimum wage or below. One can't tell the number of hours worked, only total earnings per quarter, and supplementary data is needed to address assumptions.

A committee member asked if Durfee had observed any trends around the sorts of jobs held at various earning levels. Durfee responded that the data set could not show that due to privacy controls.

A committee member asked if Durfee identified any patterns that led to the trends he referenced previously. Durfee responded that age, geographic mobility, and income had a strong correlation which suggests that they were occurring at the same time. A committee member asked why Durfee was excited about bringing this data set as opposed to different data sets. Durfee elaborated, stating that in the Minneapolis study they were asked to simulate the effects of an increased minimum wage at under different conditions. This included a minimum wage of either \$12 or \$15 per hour, if only Minneapolis increased, and if Hennepin and/or Ramsey County both increased.

Durfee provided a brief overview of the Minneapolis report. He explained that researchers had flexibility to define the policy in terms of timeline and exceptions. The report used the current statewide two tiers for minimum wage increases which is based on earnings more or less than \$500,000. If the firm made less than \$500,000, they have to pay \$7.75/hour, over is \$9.50/hour. He explained the report relied heavily on census data, particularly the American Community Survey which is randomly asked of 1% of the population every year. Durfee introduced a key term, food security, which refers to whether or not a family is able to meet their food needs. The report was the first minimum wage study to include food security as an estimation. This was added to the study to investigate the food effects of the minimum wage. Additionally, an extra piece of analysis was given to see if there were any differences in the effect of increasing the minimum wage on recent immigrants as compared to the general Minneapolis population.

Durfee emphasized that the Roy Wilkins Center does not endorse policy, they only provide research. The research provided a range of estimates on the minimum wage impacts because of disagreement among economists on how to accurately simulate minimum wage impacts. Instead of taking sides, the report included both predominant peer-reviewed models in their estimations. The study found a zero to negative three percent change in employment in the restaurant industry and that recent immigrants were more “sensitive” to changes, both positive and negative.

A committee member asked if employment is when people lose their jobs because there are fewer jobs, whereas you may keep a job but have less in earnings due to hours being cut. Durfee responded that this is correct, and could occur.

A committee member asked to clarify that employment is the number of people with a job, not the total number of compensated hours. Durfee confirmed that was the case and added that the statistic is not based on full time equivalent. A committee member asked about the size of the pools of employment that the study used to estimate minimum wage impacts. Durfee responded that they studied how many people in Minneapolis are earning \$15/hour or less and found 74,000 out of the total Minneapolis workforce estimated at mid-200,000 workers were impacted, but clarified that he would check to be sure.

A committee member asked about median earnings. Durfee replied he didn't remember but it is in the report and he said he would email it.

A committee member commented that the models are using static data and a lot has changed since this data was collected. Durfee agreed and added that the Metropolitan Council does quality population forecasting that can help. A committee member asked if there are more jobs

today. Durfee responded that there is a lag in the access to that data and that he would be interested in that data when it became available next year.

Staff asked the committee if they needed to pause and have anything explained further. Durfee added that he will be available every meeting to further clarify issues or if the committee wants to know other questions.

Durfee continued and noted the report's results on food security. The report considered where food is bought and how many days participants felt hungry or skipped meals. Researchers looked at benefit programs that provide food access. One concern was the benefit cliff related to the impact from raising the minimum wage. The report found that numbers of people who reported food insecurity stayed roughly the same; however, the severity of food insecurity decreased.

Durfee reiterated that the report used a range of assumptions and models in order to maintain neutrality. He mentioned that one model tends to find that the minimum wage doesn't change employment that much and tends to increase earnings. This model looks at neighboring cities as the basis for their analysis. Another model finds that it decreases employment and earnings stay flat, and primarily looks at teenagers for the basis of the research.

Durfee noted that one of the lessons learned from his research is that tradeoffs are everywhere. For example, it is better to be specific with data but privacy concerns, geographic specificity, and categories of relevant information are often mutually exclusive within data sets.

A committee member asked whether Durfee looked at the cost of living versus earning potential in the city and the suburbs. Durfee replied that they did not go into suburban costs of living but used a cost of living calculator, identified a line, and counted how many people were above/below the line. The largest takeaway in the policy simulation was that different assumptions lead to different results.

Co-Chair Varco asked about the quality of data in phase 1, and asked specifically about the overlap of people who both live and work in Saint Paul compared to those who work in Saint Paul and live elsewhere. He also asked how precise the data was regarding where people lived. Durfee responded that the data was good and that zip code was the most precise geography available. Co-Chair Varco asked how many Saint Paul residents are working in Minneapolis and vice versa. Durfee replied that an estimated 30% of Saint Paul residents also work in Saint Paul, and 20% of Saint Paul residents work in Minneapolis. In Minneapolis the same is true, with 30% of Minneapolis residents working in Minneapolis and 20% working in Saint Paul.

A committee member asked if it was out of the scope of the committee to think about workforce participation and the minimum wage. The member added that regardless of the minimum wage there is a lot of work to do for Saint Paul. Durfee responded by speaking about labor participation and clarifying the difference between participation and employment. Participation means that you either have a job or are looking – it does not necessarily point to employment. The term “outside of labor force” means that you are neither working nor looking for a job. Making a policy assumption about workforce participation was not part of the Minneapolis study. Durfee stated further that it was taken for granted that there would be no impact on labor

participation based on the minimum wage, but that said assumption was based on relatively young literature. It is possible to explore further, but it was out of the scope of the current Minneapolis study.

A committee member asked if there was any info on what would happen if Saint Paul does not undergo a minimum wage increase and Minneapolis does. Durfee replied it depends on who you ask. One economic model says that the neighborhood model is based on this question. The problem is determining what is due to change in the minimum wage vs. other changes in the area. Changes in things like lending policy, industry changes, etc. can be difficult to control for and can skew the data.

A committee member asked if there was economic literature on the demand side of minimum wage. For example, if the minimum wage goes up, people will have more money to spend which effects the economy. Durfee responded that there was a small increase in prices in a county-wide study of a minimum wage increase. The member followed up and asked if there were more jobs due to more people having more resources to spread. Durfee responded that there was a study that minimum wage increases tend to make people stay in jobs longer and is less expensive for employers due to reduced turnover. A committee member asked about aggregate demand side impacts. Durfee replied that there are some but the impacts are not unique to the minimum wage; there are assumptions that ask what it looks like when wealth goes up. There is not a unique discussion on minimum wage earners and the kind of economy that creates. Staff pointed out that in p.3 in the packet, in addition to the four main questions, there are questions of interest that have been shared with Durfee. Staff suggested a discussion on what questions are possible to include in the scope. Durfee began responding to each question directly beginning with indexing the minimum wage to inflation.

Durfee explained that the Minneapolis model assumed big and small firms pay different minimum wages based on whether they had \$500k or more in sales. Not just minimum wage is indexed in this case, but sales are also indexed. Minneapolis decided to go with a headcount of 99 employees versus 100, which changes the timeline, but they are both eventually indexed. He elaborated that the advantage of the headcount is it is easier to track because it does not need to be indexed to inflation whereas profits do.

Co-Chair Kyle asked how indexing works. Durfee responded that the Minneapolis ordinance eventually requires \$15/hour over a few years. To ensure that the buying power of the \$15/hour stays the same, the rate is automatically tied to other economic indicators. Some indexes track basic goods, total economy, targeted goods, etc. However, sometimes prices don't go up. For example, there was deflation in the 1970s. In those cases, it is an open question whether indexing only follows upwards trends. A committee member asked when the Minnesota minimum wage went up if it indexed to CPI [the Consumer Price Index] or if it's a decision that has to be made. Durfee responded that it is the CPI unless the appointed commissioner says different.

Staff noted that Minneapolis staff will be available to ask follow up questions next week.

Durfee mentioned that the Minneapolis law made an exemption for firms that apply for disability services and there are different timelines for compliance based on franchising rules. Further,

there are minimum wage exemptions based on age and student status. The issue was studied in the 1990s and there is some literature available. Durfee commented that if the committee needed, he could investigate further. For instance, with seasonal workers, timing of the model matters. Similarly with training wages, data sets would be available but not for Saint Paul specifically.

Durfee explained that tracking disability research is difficult due to a lack of great data. Employers file forms to state or federal institutions that don't necessarily talk to each other or keep track well over time. If you wanted to look into the scope of how large an issue this is, there are some data sets to see how prevalent this is but it is not well discussed and may be difficult to plug into a larger state context due to poor data sharing.

Durfee commented that the tip credit/penalty is odd. Minnesota used to have it but got rid of it. If you are able to meet the minimum wage after tips then the employer does not have to contribute more than the lower tiered minimum wage. Or in other words, a tip credit/penalty dictates whether consumers' tips contribute towards the minimum wage.

A committee member asked if there was comparable data for what people are being paid in tips and what the quality of the data is. Durfee responded that the data is messy. There may not be a lot of respondents to a survey who fit that description. Even if you assume that it isn't about the employee being honest, you still only end up with a handful of people, and not enough people who fit the description. The state of Minnesota used to have a tip credit and so we would have to go back into the 1980s and 1990s with different models. It would be the most time intensive research and would cut capacity to answer other questions.

A committee member asked if there are any cities where restaurants guarantee \$15/hour and keep the lower minimum wage \$10/hour so the restaurant has to make up whatever tips don't cover. Durfee clarified that that is how the tip credit/penalty operates. The member followed up and asked if Minneapolis has a tip credit/penalty. Durfee responded that they didn't, Minneapolis went straight to \$15/hour, no tip credit/penalty. The member asked if there were any municipalities that did higher than the state minimum wage with a different tip credit/penalty policy than the state. Durfee responded that he would get that answer by next week. A committee member commented that there were comparisons available, such as Duluth and Superior, Fargo and Moorhead, and the Dakotas and Wisconsin, which both had a \$3/hour minimum wage for servers. Durfee responded that Fargo/Moorhead was difficult because North Dakota doesn't have a state minimum wage, so it can be difficult to know if changes are due to a minimum wage or a minimum wage plus tip credit. It is important to be careful with those comparisons. The member followed up and asked if the same difficulties arise with Wisconsin and Superior. Durfee responded that the question was outside of the Minneapolis study, which looked at border counties of Minneapolis. He said he was unsure if he will have good enough data to answer that question directly, but it is worth exploring further.

A committee member asked if the research used any of the data from the MN Restaurant Association survey. Durfee responded that they did not. The member asked for a description of the survey. Durfee explained that it was a survey to 75 different restaurants that asked to list number of workers and differentiate between tips and non-tipped income to see the income of servers on average and what the income is made up of. Durfee emphasized the survey was not

random and that there was overlap between the funders of the study and the participating restaurants.

A committee member commented that Point of Service (POS) systems currently track credit card purchases including tips around 75 percent of the time. Employers pay taxes on those tips. When you break it down restaurant by restaurant you can tell how much servers are making. There are additional cash tips that may or may not be accurately reported. Durfee added that the survey also made the assumption that tips aren't being pooled, and whoever receives the tip records the tip. Co-Chair Kyle asked what the survey said. Durfee responded that servers were found on average to make \$28/hour, which seems high to him.

A committee member asked if researchers have access to POS info. Durfee responded that POS data would come from the Department of Revenue and can provide summary statistics.

Co-Chair Kyle asked how to best utilize speakers, how many questions to ask them, and how to ensure the committee stays on track.

Staff replied that one of the reasons to start with Durfee is that he will be with us every week. There is modeling that may take time and Durfee wanted to get everyone thinking about what was done previously, what was not done, and the questions built into the scope. Today the goal was to keep it free flowing. In the future with panels/speakers we will be targeting with time and topics.

Co-Chair Kyle asked if Durfee had any conclusions from his own thoughts to learn from. Durfee replied that headcounts make things interesting, and food security and commuter information is important. Durfee emphasized that he is a resource to the committee to decide what is important and not, and that it is not up to him. Durfee also mentioned that he is currently a part of a National Institute of Health study looking at health outcomes for Minneapolis minimum wage earners. Durfee noted that figuring out who benefits from the minimum wage is a great place to start.

A committee member commented that 25% of the key questions from the first phase are about benefits if the minimum wage goes up and 75% are about how it could be bad, which is concerning. The member said they want to see as many studies on how the minimum wage increases could be good for the economy as well as more reliable studies on the impact of the tip penalty. Durfee responded that there were studies on hotel turnover and the effect of increasing minimum wage. They estimated that it was a few thousand dollars to deal with turnover and the minimum wage increase reduces turnover. Another study was done on whether prices increased at restaurants after the minimum wage increased and they found that it did go up by a small amount. They didn't find out if that made up for the entire wage increase. A lot of the literature is on earnings defined in a 3-month basis. Additionally, employment is usually studied as opposed to labor force participation. Closures and opening of business are discussed. A committee member asked if the studies referenced include the money that goes back into the economy that otherwise wouldn't be. Durfee clarified if the question was about whether the outcomes for the community ripple effect after the minimum wage increase. The member responded that they are thinking about how more money would be spent according to studies, and the impact of that increase in spending. Another member added that perhaps the

question is whether raising wage in one geographic area tends to spur economic benefits in that area or if it is spent elsewhere. Durfee responded that that kind of economic effect is not thoroughly studied and most of the literature is concerned with employment/earnings questions.

A committee member asked how to prepare before next meeting. Staff responded by asking the committee which speakers they want to see and what questions they have. Staff noted that in two weeks Minneapolis staff will go over their study in more detail and there will be a deeper dive into phase 1.

Co-Chair Kyle said she was interested in information on other cities and outcomes, not necessarily just local. She asked about Seattle as an example, and wondered what the carve-outs were. Staff replied that they can provide a presentation on different scenarios and reports that have covered the topic.

Co-Chair Varco noted that there was early documentation on earned sick and safe time that other municipal governments have implemented. Staff replied that they will email out a few documents that summarize where they landed on various questions.

A committee member said that in addition to the quantitative data it would be great to ask cities that are similar to Saint Paul that have gone through this process what they would do differently. A committee member asked what other cities have done a \$15/hour minimum wage. Staff replied that Seattle has been the longest. Durfee noted that some California counties had also implemented a \$15 minimum wage. A committee member added that Boston might be a useful resource for qualitative and quantitative data.

A committee member commented that there is a lot of evidence that shows that data is only one way to learn and that the committee should think about other learning styles, like interactive games. The member said that they would return to the committee with ideas.

A committee member suggested that someone from the Economic Policy Institute may have some of the data on previous questions regarding impact of spending increases, and also requested that a panel of workers impacted by the minimum wage be included. A committee member added that another group impacted by the minimum wage is business owners who are making less than \$15 and that the committee should ask about people struggling, not necessarily whether they are worker or employer.

Co-Chair Kyle asked if this chart will include the wide variety of issues, like federal contracts benefits cliff, tips, part-time workers, etc. We should be as inclusive as possible. Staff responded that the chart is very high level, and so not all issues are included but some are.

A committee member asked if Minneapolis was able to raise the minimum wage to \$15/hour why is it that we don't think Saint Paul people work as hard. Co-Chair Kyle responded that this was a good question because it asks what the message really is and what the resistance is around the minimum wage. She asked if it is the case that we think that people don't work hard enough.

Staff commented that one of the questions on Durfee's slide is what the issue we are trying to solve is. Durfee added that there may be different ways of solving the problem depending on the question. For example, Universal Basic Income (UBI), asks what happens when government gives you set amount of dollars and it is government-run rather than business-run. They are answers to different questions: workplace norms versus government norms on livable income. Part of the way the committee defines this policy is in deciding the questions we are answering. Minimum wage could be an answer, but it depends on the questions.

A committee member said they would advocate for a narrow scope. This is guidance for an ordinance. We aren't going to be able to solve poverty in this timeframe. Co-Chair Kyle said that the group should both be efficient and come together for a reason beyond efficiency. The goal is to look at the unintended consequences, what is positive outside of the ordinance, what the scope of the impact is, and what the experience as a community is even outside the ordinance.

Co-Chair Varco noted that the committee has a very specific assigned task, and it is important to focus on that. The broader implications are about what kind of ordinance we want to pass, and many here have different views on how a minimum wage would impact the economy and quality of life and because we have those differing views, we will want the ordinance to look one way or the other.

A committee member asked if there could be time set aside to talk about the goal of the minimum wage and common interests. They added that the more you talk about goals, the more common ground there is, and the more you talk about tactics, the more tension there is.

Staff commented that the committee would send a survey with the question around goals. The survey would be anonymous, with the goal of just seeing where everyone is.

A committee member expressed concern about getting the survey. Staff replied that they would make sure it is accessible.

A committee member commented that they see an ordinance as a reflection of community values. They added that there is a disconnected feeling because the committee went right into numbers without knowing where we are going and why. Staff agreed and said it was a good opportunity to level set values.

Staff explained that the Citizens League rates meetings 1-5. 5 is a productive meeting that meets all outcomes, 1 is unproductive and doesn't meet outcomes. Please be honest. We use these evaluations to adjust to make meetings better.

Members scored: 4, 4, 4, 4, 4, 3.5, 4, 4, 4, 4, 4, 4, 4, 4, 5, 4, 4, 3, 5. Average score: 4.0

The meeting adjourned at 12:35 p.m.