

# Who Earns \$15 in St Paul?

## Committee Question Supplement

### **1 SHORT ANSWER:**

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In the City of St Paul, 31 percent of workers earn \$15 an hour or less, with 69 percent of workers earning more than \$15 an hour. For comparison, in Ramsey County as a whole, 31 percent of workers earning \$15 an hour or less.

Note: My previous estimate of the share of sub \$15 workers was based on the American Community Survey for workers throughout Ramsey County was 96,000 out of 316,000 (30.4%)<sup>1</sup>. The new data included in this memo is based on administrative data from the state of Minnesota's Department of Employment and Economic Development (DEED) and measures the number of jobs throughout the City of St. Paul<sup>2</sup>.

### **2 LONG ANSWER:**

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#### **2.1 DATA:**

The Department of Employment and Economic Development (DEED) is a Minnesota state agency tasked with tracking economic trends in Minnesota, and collecting data about Minnesota workers in correspondence with federal statistical agencies, like the Bureau of Labor Statistics. DEED requires all firms that apply for unemployment insurance in Minnesota submit summary data of the earnings characteristics of their employees. DEED has agreed to produce aggregated estimates of the characteristics of the entire workforce of Minnesota, with special focus for the City of St Paul. These estimates reflect an average job count during the period from October 2016 through September 2017.

#### **2.2 VARIABLES:**

DEED identifies the number of jobs within a geographic area according to hourly pay. Geography is determined on a location by location basis, so one firm may represent multiple

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<sup>1</sup> Steven Ruggles, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. Integrated Public Use Microdata Series: Version 7.0 [dataset]. Minneapolis: University of Minnesota, 2017. <https://doi.org/10.18128/D010.V7.0>.

<sup>2</sup> MN DEED (2018), Labor Market Information from Unemployment Insurance wage records

locations. Hourly pay includes the hourly wage rate, as well as tips and commissions and that are reported to DEED. Hourly pay reflects labor earnings for workers who are paid by the hour and workers who are paid with a salary. If a worker is paid with a salary, total pay is divided by the number of hours worked in the pay period.

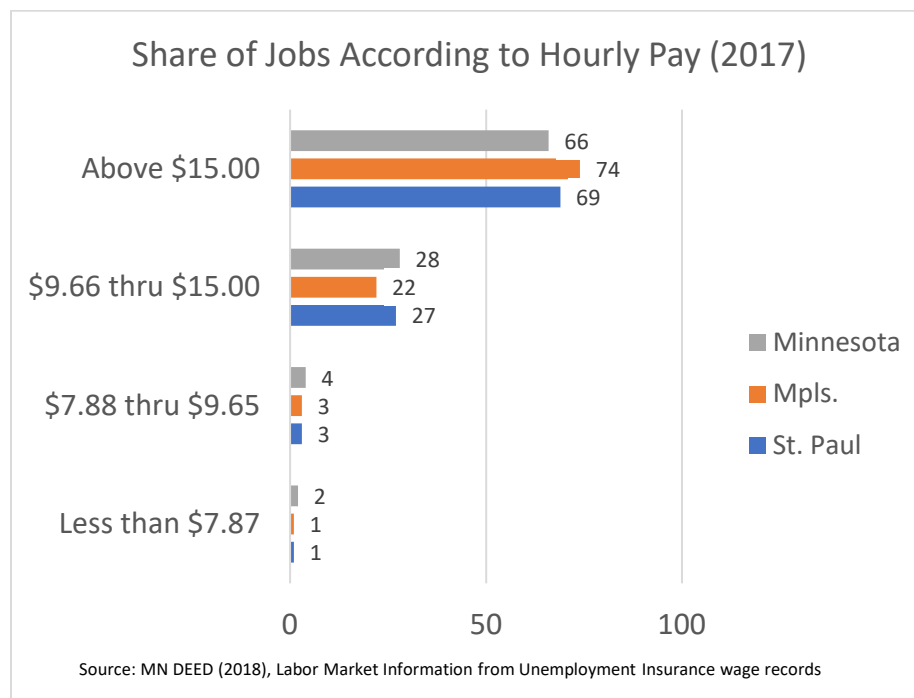
Jobs are grouped together by hourly pay, if that job pays more than \$15 an hour, between \$15 and \$9.66 (the current Minnesota minimum wage for firms with \$500,000 in annual sales), between \$9.65 and \$7.88 (the current Minnesota minimum wage for firms with less than \$500,000 in annual sales), and below \$7.88 (a subminimum wage for select workers).

### 2.3 CAVEATS:

These job counts represent averages over a period time. These numbers fluctuate from time to time. Because hourly pay includes tips, these numbers do not always reflect the wage rate that is paid by the employer. Furthermore, these numbers represent the number of jobs associated with a given wage, not the number of persons. If someone has two jobs, they will be included twice. There are 14,950 jobs for which hourly wage information is not available or missing, out of a total 194,826 jobs in DEED’s data. Jobs with missing data are excluded from this memo.

### 2.4 RESULTS:

Figure 1 :



The sum total of jobs paying \$15 or less in St Paul is 31 percent. This is a larger share of jobs than in Minneapolis, but less than Minnesota as a whole.

# Who Pays \$15 in St Paul?

## Committee Questions Sheet

### **1 SHORT ANSWER:**

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In the City of St Paul, 37 percent of jobs at small firms (those with 100 jobs or fewer at their location) pay \$15 or less, compared to 27 percent of jobs at large firms (those with over 100 jobs at their location). There are over 7,500 jobs in St Paul associated with a minimum wage below \$9.65, Minnesota's rate for firms with \$500,000 in annual sales.

### **2 LONG ANSWER:**

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#### **2.1 DATA:**

The Department of Employment and Economic Development (DEED) is a Minnesota state agency tasked with tracking economic trends in Minnesota, and collecting data about Minnesota workers in correspondence with federal statistical agencies, like the Bureau of Labor Statistics. DEED requires all firms that apply for unemployment insurance in Minnesota submit summary data of the earnings characteristics of their employees. DEED has agreed to produce aggregated estimates of the characteristics of the entire workforce of Minnesota, with special focus for the City of St Paul. These estimates reflect an average job count during the period from October 2016 through September 2017<sup>1</sup>.

#### **2.2 VARIABLES:**

DEED identifies the number of jobs within a geographic area according to hourly pay. Geography is determined on a location by location basis, so one firm may represent multiple locations. Hourly pay includes the hourly wage rate, as well as tips and commissions and that are reported to DEED. Hourly pay reflects labor earnings for workers who are paid by the hour and workers who are paid with a salary. If a worker is paid with a salary, total pay is divided by the number of hours worked in the pay period.

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<sup>1</sup> Source: MN DEED (2018), Labor Market Information from Unemployment Insurance wage records

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These job counts represent averages over a period time. These numbers fluctuate from time to time. Because hourly pay includes tips, these numbers do not always reflect the wage rate that is paid by the employer. Furthermore, these numbers represent the number of jobs associated with a given wage, not the number of persons. If someone has two jobs, they will be included twice. There are 14,950 jobs for which hourly wage information is not available or missing, out of a total 194,826 jobs in DEED’s data. Jobs with missing data are excluded from this memo. Finally, job counts are reflective of jobs located in St Paul. Minneapolis’ wage tier based on job counts reflect the number of jobs throughout the business, even those outside city limits.

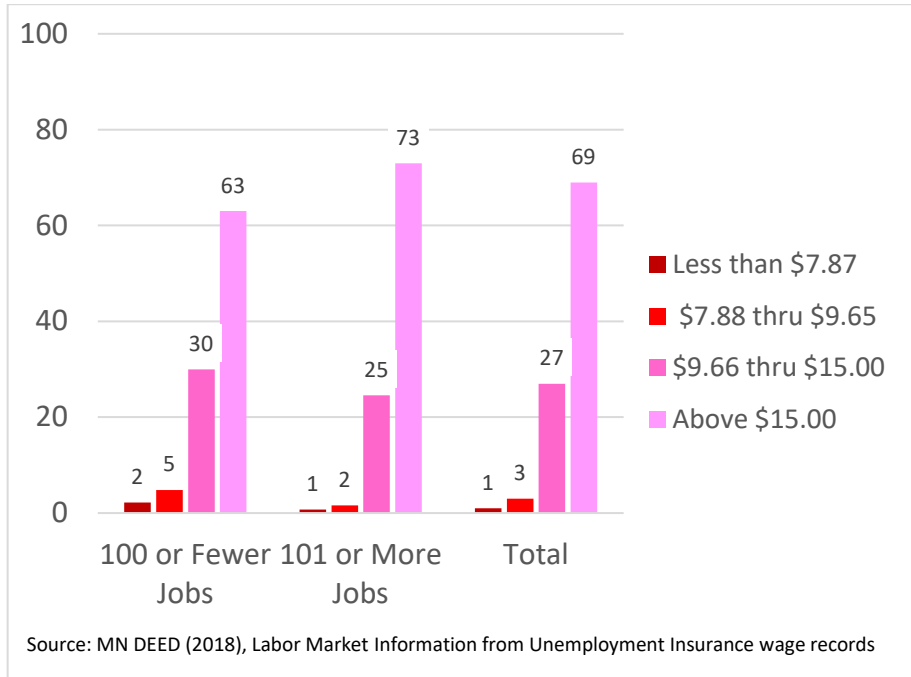
### 2.4 RESULTS:

*Table 1: Job Counts and Shares by Pay Rates and Firm Size for St Paul Firms (2017)*

Hourly Pay	Count		Total	
	(Row%)	(Column%)		
	100 or Fewer	101 of More		
Less than \$7.87	1,601 (67) (2)	781 (33) (1)	2,382 (100) (1)	Although the largest share of workers have jobs at large firms and earn above \$15, the lowest wage rates are paid most often by firms with 100 employees or less.
\$7.88 thru \$9.65	3,460 (66) (5)	1,759 (34) (2)	5,219 (100) (3)	
\$9.66 thru \$15.00	21,789 (45) (30)	26,348 (55) (25)	48,137 (100) (27)	
Above \$15.00	45,718 (37) (63)	78,130 (63) (73)	123,848 (100) (69)	
<b>Total</b>	<b>72,568</b> <b>(40) (100)</b>	<b>107,018</b> <b>(60) (100)</b>	<b>179,586</b> <b>(100) (100)</b>	

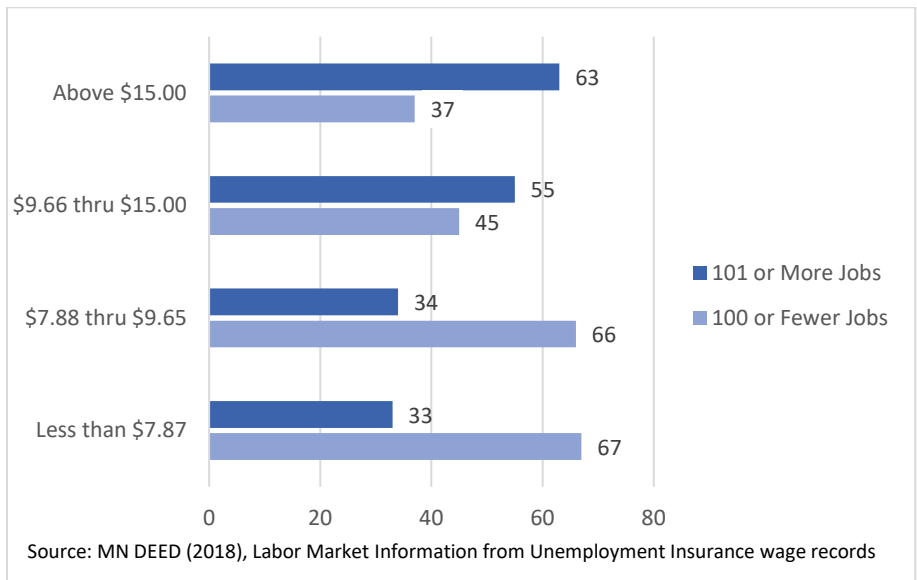
Source: MN DEED (2018), Labor Market Information from Unemployment Insurance wage records

Figure 1 : Share of Jobs in Pay Bracket by Firm Size (2017)



Small firms may be more likely to pay below \$15 than their large firm counterparts, but the majority of small firms still pay above \$15

Figure 2 : Share of Jobs in Firm Size by Pay Bracket (2017)



Jobs that pay less than the current Minnesota minimum wage (\$9.65) are most often housed in small firms. Jobs that pay above \$15 are most often housed at large firms.

# Which Industries Pay \$15 in St Paul?

## Committee Questions Sheet

### **1 SHORT ANSWER:**

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In the City of St Paul, most retail, food service, and administrative waste service, jobs earn less than \$15 an hour. These industries also reflect a large share of sub \$15 an hour jobs. In contrast, even though most health care and social services jobs pay above \$15, the number of jobs in this industry is so large that a disproportionate share of sub \$15 jobs are housed in this industry.

### **2 LONG ANSWER:**

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#### **2.1 DATA:**

The Department of Employment and Economic Development (DEED) is a Minnesota state agency tasked with tracking economic trends in Minnesota, and collecting data about Minnesota workers in correspondence with federal statistical agencies, like the Bureau of Labor Statistics. DEED requires all firms that apply for unemployment insurance in Minnesota submit summary data of the earnings characteristics of their employees. DEED has agreed to produce aggregated estimates of the characteristics of the entire workforce of Minnesota, with special focus for the City of St Paul. These estimates reflect an average job count during the period from October 2016 through September 2017<sup>1</sup>.

#### **2.2 VARIABLES:**

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<sup>1</sup> MN DEED (2018), Labor Market Information from Unemployment Insurance wage records

### **2.3 CAVEATS:**

These job counts represent averages over a period time. These numbers fluctuate from time to time. Because hourly pay includes tips, these numbers do not always reflect the wage rate that is paid by the employer. Furthermore, these numbers represent the number of jobs associated with a given wage, not the number of persons. If someone has two jobs, they will be included twice. There are 14,950 jobs for which hourly wage information is not available or missing, out of a total 194,826 jobs in DEED's data. Jobs with missing data are excluded from this memo.

### **2.4 RESULTS:**

See next pages for tables and graphs reporting results.

Figure 1: Share of Jobs in Pay Bracket by Industry (2017)

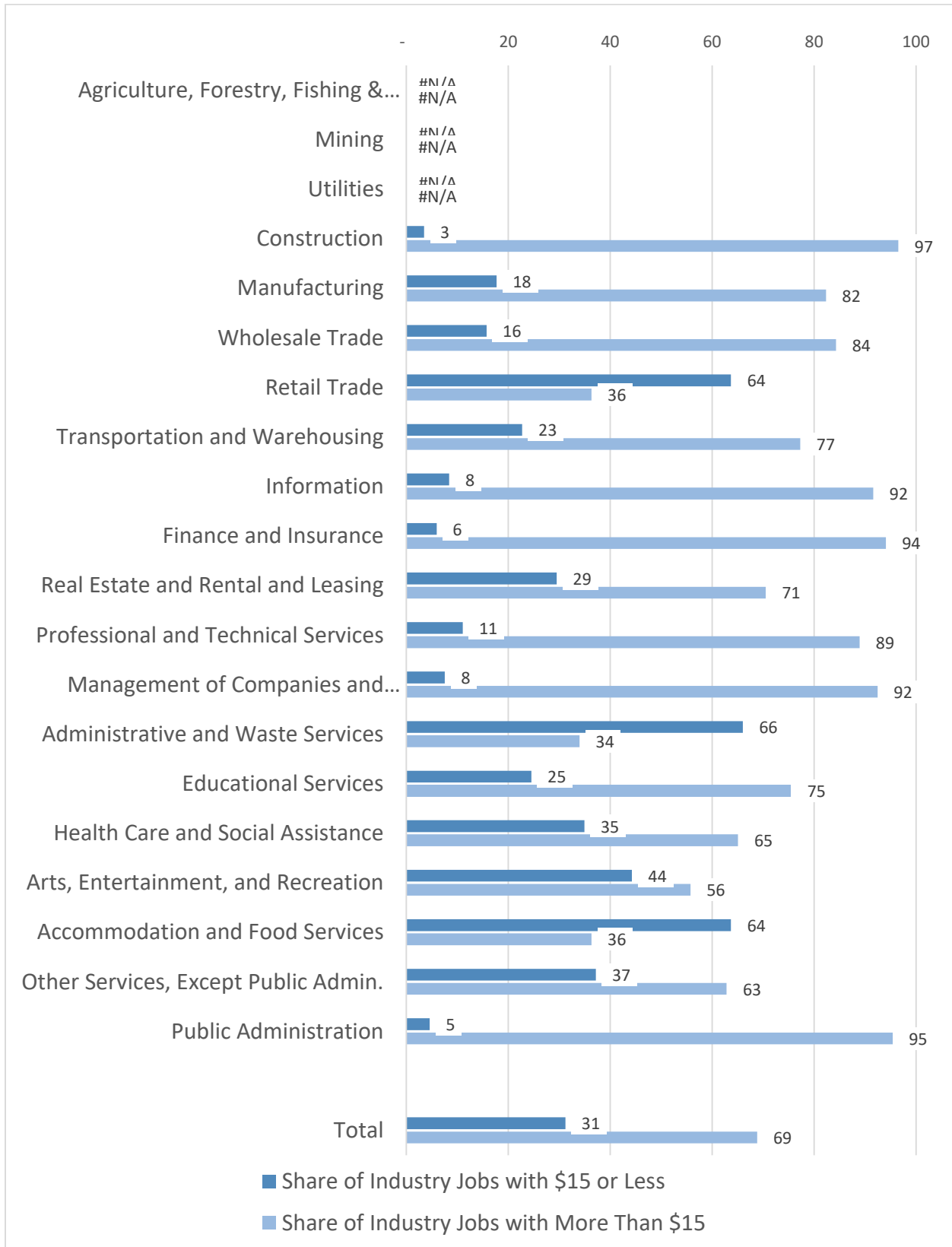
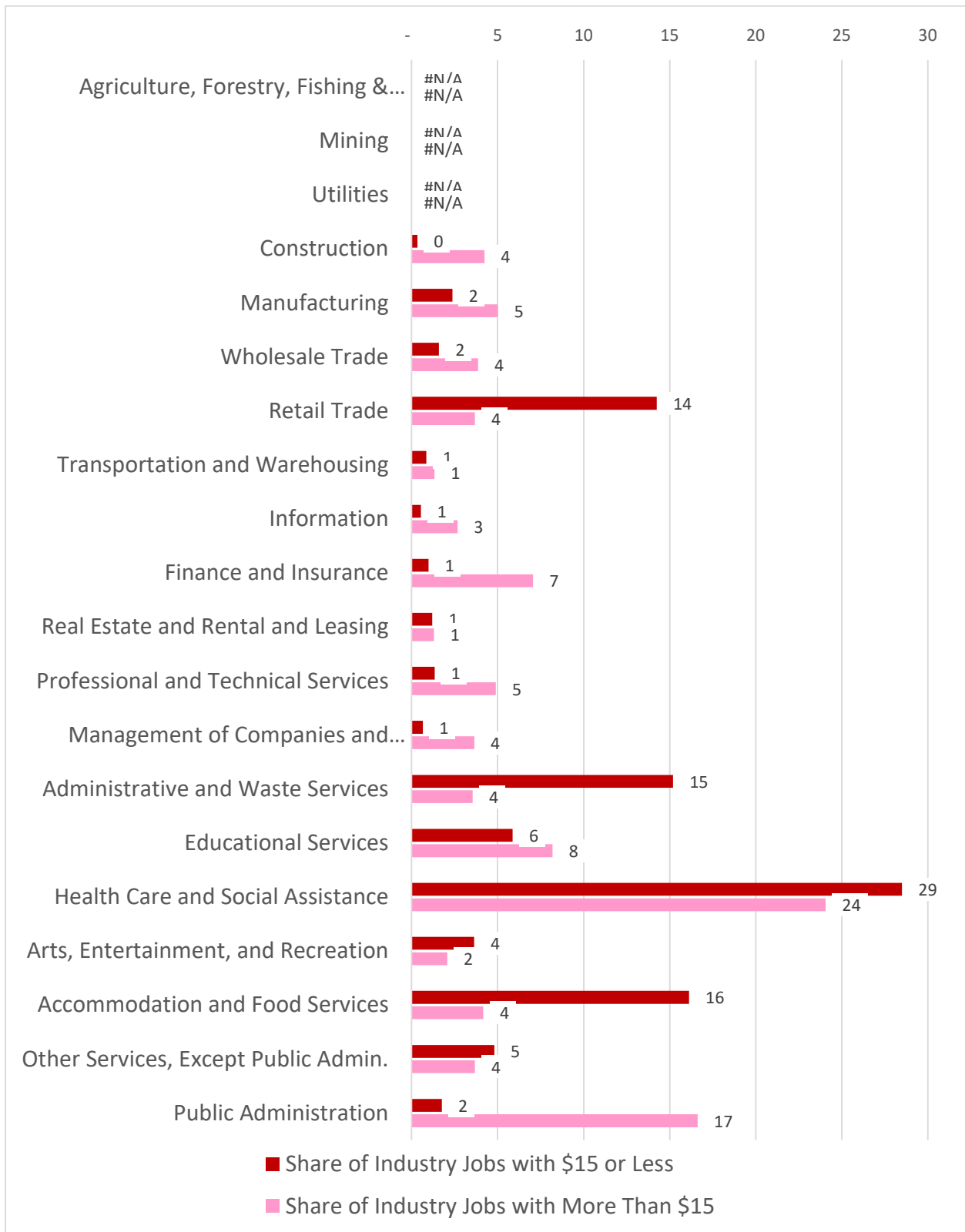




Figure 2: Share of Jobs in Industry According to Industry (2017)



*Table 1/2: Job Counts by Pay Bracket and Industry*

1/2 NAICS	Industry	Jobs with \$15 Pay or Less		Jobs with More Than \$15 Pay		Total
11	Agriculture, Forestry, Fishing & Hunting	N/A		N/A		N/A
21	Mining	N/A		N/A		N/A
22	Utilities	N/A		N/A		N/A
23	Construction	187 (3)	(0)	5,233 (97)	(4)	5,420 (3)
31 - 33	Manufacturing	1,327 (18)	(2)	6,181 (82)	(5)	7,508 (4)
42	Wholesale Trade	888 (16)	(2)	4,763 (84)	(4)	5,651 (3)
44 - 45	Retail Trade	7,972 (64)	(14)	4,543 (36)	(4)	12,515 (7)
48 - 49	Transportation and Warehousing	480 (23)	(1)	1,633 (77)	(1)	2,113 (1)
51	Information	302 (8)	(1)	3,299 (92)	(3)	3,601 (2)
52	Finance and Insurance	549 (6)	(1)	8,716 (94)	(7)	9,265 (5)
53	Real Estate and Rental and Leasing	672 (29)	(1)	1,606 (71)	(1)	2,278 (1)
54	Professional and Technical Services	752 (11)	(1)	6,040 (89)	(5)	6,792 (4)

(Blue Row Percentages Reflect the Pattern of Pay within Industry)

(Red Column Percentages Reflect Which Industries Are Responsible for Pay)

*Table 2/2: Job Counts by Pay Bracket and Industry*

2/2 NAICS	Industry	Jobs with \$15 or Less		Jobs with More Than		Total	
55	Management of Companies	366		4,497		4,863	
		(8)	(1)	(92)	(4)	(100)	(3)
56	Administrative and Waste Services	8,505		4,376		12,881	
		(66)	(15)	(34)	(4)	(100)	(7)
61	Educational Services	3,285		10,111		13,396	
		(25)	(6)	(75)	(8)	(100)	(7)
62	Health Care and Social	15,953		29,721		45,674	
		(35)	(29)	(65)	(24)	(100)	(25)
71	Arts, Entertainment, and Recreation	2,031		2,557		4,588	
		(44)	(4)	(56)	(2)	(100)	(3)
72	Accommodation and Food Services	9,028		5,145		14,173	
		(64)	(16)	(36)	(4)	(100)	(8)
81	Other Services, Except Public Admin.	2,689		4,546		7,235	
		(37)	(5)	(63)	(4)	(100)	(4)
92	Public Administration	982		20,531		21,513	
		(5)	(2)	(95)	(17)	(100)	(12)
	<b>Total</b>	<b>55,968</b>		<b>123,498</b>		<b>179,466</b>	
		(31)	(100)	(69)	(100)	(100)	(100)

(Blue Row Percentages Reflect the Pattern of Pay within Industry)

(Red Column Percentages Reflect Which Industries Are Responsible for Pay)