



MINUTES

Citizens League
Saint Paul Minimum Wage Study Committee
Thursday, July 12, 2018, 8:30am-11:00 am
University of St. Thomas, McNeely Hall, Room 100
2060 Summit Ave, St. Paul, MN 55105

Committee Members Present: Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Dillon Donnelly, Mr. Paris Dunning (over phone), 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, Mr. Cardell McKizzie, Ms. Veronica Mendez-Moore, Ms. Kera Peterson, Mr. Sam Peterson.

Members Not Present: Mr. Oscar Murcia, Ms. Pang Vang.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Snowden Stieber, Alexis Solheid, Ben Gleekel.

Citizens League Members Present: Board Chair Cyndi Leshner.

Observers Present: Natalia Madryga, David Berry, Jeff Peterson, Kip Hedges, L.L. Sewell, Desiree King, Eliza Swanson, Jennifer Schellenberg, Sumaya Farah, Yingya Vang, Celeste Robinson, Martha Kopp-Reddy, Abby Kopp-Reddy, Catherine Olsen, Rachel Orville, Tom Vang, Emily White, Kaohly Her, Wade Luneburg, Beverly Turner, Daniel Yang.

Proposed outcomes for this meeting

- Review Study Committee charge and proposed goals
- Review the Study Committee process
- Receive follow up on research questions
- Hear perspectives from a panel opposing a tip penalty
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Varco opened the meeting at 8:32 a.m. He welcomed committee members and guests, and reminded everyone to silence their cellphones and avoid the use of social media during the meeting. He reviewed the proposed outcomes for the meeting (see above) and the charge of the Study Committee.

Co-Chair Varco offered committee members a moment to review the minutes from the last meeting. A committee member made a motion to approve the minutes, and the motion was seconded. Motion unanimously passed.

Co-Chair Varco introduced a new committee member, who introduced themselves as a worker at the Midway McDonalds. The committee member believes that \$15/hour should be implemented and that youth workers should not be excluded from the wage, since youth worked as hard as everyone else, and since they were the majority of fast food and low-wage workers.

A Citizens League staff member notified the committee that one of the members was unable to make the meeting, but would be listening to the meeting over the phone.

DEBRIEF

A committee member clarified their comments from last week surrounding the Seattle small business owner's statement that "people asking for carve-outs are the ones that can afford them". The member had previously said they agreed with that statement, but upon further reflection, the member felt that people asking for carve-outs couldn't necessarily afford them, and that the people who actually could afford increases often framed their concerns using the language of carve-outs. The member said there was frustration from small business owners that by the time carve-outs reach them, larger solutions and opportunities have already been taken by groups with more money, but that the frustration had made the member's comments sound like they thought everyone asking for carve-outs already had money, which the member thought was inaccurate in their experience.

A committee member said they were confused why the small business owner from Seattle was on last week's panel, since the focus was supposed to be on the community of Saint Paul. The member appreciated other members and staff chose to ask questions of the panelists who lived in Saint Paul, which improved the conversation.

Another committee member agreed, and felt that the Seattle business owner was out-of-place on the panel. The member said they would have liked to hear from her and other Seattle business owners in another setting, but that her message took away from the low-wage workers' stories.

A committee member said they were hoping for more conversation on enforcement. They said there seemed to be assumptions that there would be some kind of enforcement of a higher minimum wage, but the member felt it was important for the committee to think about what was needed to ensure that the new minimum wage would actually be effective, including outreach and education for small businesses and workers.

A staff member said that other committee members previously stated that enforcement was beyond the scope of the Study Committee, inviting further discussion.

Another committee member said they felt outreach, education, and enforcement were essential parts of the conversation and that every other city's success or failure with new minimum wages depended on outreach and education with small businesses and workers. The member said that to not consider these issues would be a missed opportunity, and they looked forward to discussing the matter with committee members who felt differently.

A committee member identified themselves as one of the committee members who previously disagreed with crafting enforcement recommendations. They said that, while they agreed that the issue of enforcement and education was essential, to add enforcement on top of the Study Committee's work around determining the policy felt like too much to ask of the group. The member felt like the Study Committee should focus on what the community wanted, and that the

conversation around support and enforcement could happen at a later time. They expressed a hope that the final report to the City could include a strong statement on the importance of enforcement without getting into the brass tacks of what enforcement looked like.

Co-Chair Kyle added that she was unsure that the committee had time to fully address enforcement.

A committee member asked if there was a middle ground where the Study Committee could include a statement in support of robust enforcement without getting into the details.

Ms. Hoffman said there could be a middle ground, where the Final Report could make a statement about the importance of a topic that the Study Committee did not have time to fully explore. Co-Chair Varco asked if prior Study Committee's had ever made recommendations for policies but also included caveats about other related issues. Ms. Hoffman said that that had happened, and that this Study Committee would likely have to make such a statement about enforcement.

A committee member said that, regardless of how the committee framed their comments around enforcement, it was important to include perspectives outside of the City of Saint Paul's staff and agencies. The member had talked with small businesses and low-wage workers, and they felt that those voices would help the City determine the best tools around enforcement.

Co-Chair Varco said he felt that the phase-in rate was going to be one of the most critical issues, and an area where the committee had a large amount of space to offer recommendations to the City. He said that, since phase-ins were likely the largest single variable to come out of their recommendations, the Study Committee would need to have more conversations around the issue going forward.

Mr. Durfee said that there would be a presentation on firm-birth and firm-death in the Twin Cities next week.

ECONOMIC PRESENTATION

Mr. Durfee presented a breakdown of the low-wage workers in Ramsey County by race and ethnicity. He prefaced his presentation with the caveat that his research, in order to account for ripple effects and compression, focused on people earning \$17.26/hour and lower. Mr. Durfee also made the caveat that he was using data from the American Community Survey, which would underreport on specific ethnic groups more prevalent to Saint Paul, including Hmong and Somali, and would not identify certain Latinx groups.

Mr. Durfee said that his primary takeaway was that, while most workers earn above the minimum wage, Hispanic workers of any race are proportionally more likely to be earning the minimum wage. He also said that in general, non-white workers are disproportionately more likely to earn the minimum wage or a subminimum wage.

A committee member asked Mr. Durfee if he could provide any takeaways on non-Hispanic groups. He noted that there were some shortcomings on how the ACS surveyed Hispanic groups. The committee member asked if Mr. Durfee had any takeaways on African-American workers. He said that African-American workers are proportionally more likely to earn a minimum/subminimum wage than the general population.

A committee member asked Mr. Durfee why so many workers make less than minimum wage in his report. He said that the way that ACS collects information is to take a person's annual income and divide it by the total number of hours worked, which could lead to a number lower than the minimum wage. He also said that there were several kinds of workers who were legally allowed to receive a subminimum wage, including J-1 visas and commensurate workers with disabilities. Co-Chair Varco asked if it was possible that the survey also included people who were being paid an illegally low wage. Mr. Durfee said it was a possibility.

A committee member asked Mr. Durfee if he could break down the specific race and ethnicity of minimum wage workers in Saint Paul rather than Ramsey County. Mr. Durfee said that he would have to use different data to make that analysis.

Co-Chair Kyle said that she felt that the ACS survey honestly reflected situations where a person was working more than full-time but only receiving a full-time wage. Mr. Durfee said that the survey included people who might be working off the books, and also workers who receive a flat salary but work so much they do not meet the hourly minimum wage.

A community member noted that the enormous percentage of people making less than minimum wage (30% of non-white Hispanics, 24% of Asians, 21% of African-Americans) was horrifying, and that the distribution by race was further reason to focus on enforcement.

PANEL

Co-Chair Varco introduced the panel, and reviewed the timeline for committee members and their questions. One hour would be reserved for panel presentations, allowing for clarifying questions, 30 minutes for more engaging questions, and then 30 minutes for committee members to discuss among themselves.

Mr. Sam Peterson, a Study Committee member joined the panel. Co-Chair Varco said that the Citizens League's prior practice on having committee members participate in panels varied, and that it usually was left up to the decision of the particular member if they wanted to participate. Mr. Peterson owns Kyatchi, a full-service restaurant with two locations, one in Minneapolis and one in Saint Paul.

Ms. Kristin Tout is the Assistant District Director of the U.S. Department of Labor's Wage and Hour Division. She said that she was appearing on the panel to talk about enforcement of the federal minimum wage, and that as a neutral party she held no position on tip penalties or on adjusting the minimum wage.

Mr. Ken Peterson is the Commissioner of the Minnesota Department of Labor & Industry, which enforces the state minimum wage and other wage and hour matters. He said that his department has opposed the repeal of the tip credit at the state level, but the department had no position as to Saint Paul's policies, nor did it have a position on the minimum wage ordinance.

Mr. Sean Iredale is a lead line cook at Ngon Bistro, and he supported a higher minimum wage to help alleviate the struggles felt by low-wage workers.

Ms. Allison Diffendal is a server who has worked at Bakers Square for 15 years, and she supported an increase in the minimum wage.

Mr. Eli Edleson-Stein is a server at St. Genevieve, a full-service fine dining restaurant in Minneapolis, and an organizer with the Restaurant Opportunities Center.

Ms. Evann Zuckerman is a server in Saint Paul and a Saint Paul resident, and she has also served in Oregon and California. She said that she opposes the tip credit and that she supports raising the minimum wage.

Mr. Edelson-Stein gave a presentation. He said that he came into his work as an ROC organizer because he was first a restaurant worker. He said that he had seen a lot of misinformation when Minneapolis was considering raising the minimum wage, and he heard people say that his tips would go away if the wage went up. As someone who relied on tips, he was initially scared, but after looking more into the issue, he thought there was a lot of manipulation of people's fears to create an opposition to a wage raise.

Mr. Edelson-Stein defined a tip penalty. He said that in states where tipped workers are paid less than minimum wage, restaurants are legally required to make up the difference, but that the restaurant industry was notoriously bad industry for enforcing wage and hour laws. He said that there are a lot of different ways to describe a tip penalty (tip credit, subminimum wage, two-tiered system), but that they chose to use the term "tip penalty" because that language is from the perspective of a tipped worker. Mr. Edelson-Stein said that the popular term "tip credit" was used by people who did not have the tipped worker's interest in mind.

Mr. Edelson-Stein said that a tip penalty required workers and customers themselves to pay the minimum wage with tips, which effectively required workers to rely on supplementary income and made tipped workers more vulnerable to multiple issues. He said that tipped workers were more prone to poverty, sexual harassment, and wage theft. Mr. Edelson-Stein said that he had provided a number of resources to the committee members, which were included in their packets.

He reviewed who was affected by a tip penalty. Mr. Edelson-Stein said that while most of the conversation had revolved around servers and bartenders, they only represented about 50% of tipped workers. He said that in Minnesota 19% of tipped workers were working outside of the restaurant industry. He said while some servers do make \$26/hour, many tipped workers do not earn close to that amount. Mr. Edelson-Stein cited evidence that 74% of tipped workers are women, and 32% of tipped workers in Minnesota are mothers. He said that the restaurant industry has some of the highest levels of sexual harassment and wage theft in the country, and cited an Equal Employment Opportunity Commission 20-year study of sexual harassment had over 10,000 claims within full-service restaurants alone. Mr. Edelson-Stein said that tipped workers access benefits like healthcare and retirement at half the normal rate. Regarding the claim that restaurants cannot sustain higher wages, he said that the Bureau of Labor Statistics data has shown growth in Minnesota in the restaurant industry even as the wage has risen.

Mr. Edelson-Stein said that Saint Paul stands out as a beacon to restaurant workers that are looking to get out of states that have tip-penalties. He cited a March 2018 Harvard study that stated there was no robust evidence that higher wages led to higher restaurants exit rates. He presented a chart showing Minnesota had a higher rate of restaurant growth compared to surrounding states with lower minimum wages and tip penalties.

A committee member asked how the restaurant growth rate related to overall economic growth. Mr. Edelson-Stein said he did not have that information.

Mr. Edelson-Stein said that much of the opposition to raising the minimum wage and implementing a tip penalty was from restaurant industry lobbyists. He said that the Minnesota Restaurant Association had lobbied at the state level to preempt municipal ordinances and to implement a tip penalty.

He showed a slide from the Economic Policy Institute showing 25.9% of all minimum wage violations in the country were in food and drink service, the largest of any industry. Mr. Edelson-Stein said that enforcement of what was already in place was so difficult, and that adding another potential loophole like a tip penalty scared him as a tipped worker. He cited a 2010-2012 U.S. Department of Labor survey of 9,000 restaurants that showed 83.8% were in some form of noncompliance with wage and hour laws, and over 1,000 of the infractions were tip penalty violations amounting to over \$5 million in lost wages.

Mr. Edelson-Stein talked about sexual harassment of tipped workers, and about his personal experience of unwanted contact from customers. He said it forced him to make the decision to stand up for himself or to placate the customer in order to receive the tip. He said that a tip penalty forces tipped workers to rely more on their tips for income, which makes that decision even harder.

Mr. Edelson-Stein reviewed data showing higher poverty rates for tipped workers in surrounding states that had tip penalties. Co-Chair Varco asked if all the states had the same number for determining poverty rates. Mr. Ken Peterson said the poverty rates are all determined at the federal level, so it would be the same.

A committee member asked Mr. Edelson-Stein what did his manager say when he experienced sexual harassment. He said that the manager saw the harassment, and knew it was bad, but that the manager didn't know what to do. The harassing customer was allowed to finish their tab, and the restaurant later sent the customer an email prohibiting them from returning. Mr. Edelson-Stein said it was a deep-seated cultural problem within the industry.

He disputed what he called the false choice of a city supporting either small businesses or workers. Mr. Edleson-Stein said that he thought it was possible to do both at the same time, and reviewed possible ways, including: technical support, low interest loans/grants, healthcare pools, and payroll tax assistance.

He closed by asking the Study Committee to not give them a tip penalty and to protect the wages of tipped workers in Saint Paul.

Mr. Sam Peterson said he felt that there was a lot of misinformation about potential closings of restaurants. He shared some of his restaurants' financial numbers for June, and outlined some potential ways for him to raise his prices to cover higher wages in the future. He said that the restaurant industry would have to change, and front-of-house servers would likely earn less, but said that the perception that restaurants were going to go out of business was simply not true. He said that, as an owner, there was a big discrepancy between back of house and front of house workers, and that he wanted everyone to make a liveable wage.

A committee member thanked Mr. Sam Peterson for providing his numbers, which helped the member better understand the business, and that these numbers would help workers better understand what might happen with a higher minimum wage.

Mr. Sam Peterson agreed with Mr. Edelson-Stein's claim that there are needs for municipal support of both workers and small businesses. He said that the City could help workers by raising the minimum wage and eliminating carve-outs, and the City could help businesses by doing things like providing advice, a business hotline, and insurance pooling.

A committee member said that the number one concern for tipped workers if the minimum wage increases without a tip credit would be a reduction in income. They said that the numbers Mr. Sam Peterson provided showed that his servers could have a 20% reduction in earnings. The member reminded the Study Committee that one of its charges was considering how raising a minimum wage without a tip credit might lower servers' wages as restaurants resort to service charges.

Co-Chair Varco reminded the committee members to save their questions and comments for the later segment.

Mr. Sam Peterson said that it was clear to him that his servers were going to make less money, but that they were not going to lose their hours or their jobs, and that the restaurants would not close.

A committee member asked Mr. Edelson-Stein about sexual harassment in the workplace. He said that it was absolutely an issue, and that when workers rely more on tips and on working the more lucrative shifts, it leaves the workers more vulnerable to power dynamics from coworkers and management.

Ms. Tout talked about federal enforcement of wage and hour laws. She said that her district covered both Minnesota and Wisconsin, which allowed for a good contrast between states with different treatment of tips. She talked about a recent enforcement in Madison, WI, where they did investigations of around 30 restaurants and hotels that revealed over \$800,000 in back wages were owed. She said her experience showed there were many problems arising with tip pooling and wage theft in restaurants. For instance, Ms. Tout talked about tipped workers performing other classes of work that are not covered by a tipped wage, where they should be paid a higher minimum wage and often are not paid that way. She said that the U.S. Department of Labor has been working to enforce tipped wages for decades, and that it is a very complex area of enforcement. She said many employers are paying the wrong rate at times, as any hours of overtime work must be paid the full minimum wage, not the lower tipped wage. She said that her department was partnering with Minneapolis with enforcement of overtime wages, and that they would be available for outreach, training, and enforcement in Saint Paul as well.

Ms. Tout said there were significant differences with back wages between Minnesota and Wisconsin, and her department can enforce a full minimum wage if the tip credit violations are bad enough.

Mr. Ken Peterson said that restaurants are among the chief problems that the state Department of Labor and Industry has to focus on. He said that part of the reason is that it is very difficult to comply with all the various laws, and very difficult to enforce the laws. He said one of the problems of a tip credit is it would add another layer of enforcement to an already complex issue.

Mr. Ken Peterson disputed the claim that a higher minimum wage without a tip credit would lead to restaurants having fewer employees. He reviewed various U.S. states and their relative amount of restaurant workers. Nevada, which does not have a tip credit, has the highest percentage of restaurant workers. Utah, which has the lowest minimum wage and a tip credit, has the lowest percentage of restaurant workers. Mr. Ken Peterson said that he didn't think that the pay rates had much to do with either state's level of restaurant employment, that cultural issues were likely the reason for the difference. He said that he thought there was little-to-no correlation between rate of pay and the number of people employed by restaurants. He said that if the City of Saint Paul raised the wage to \$15/hour tomorrow, some people would lose their jobs, but that with an appropriate phase-in period there was little evidence that restaurants would employ less people.

Mr. Iredale spoke about his experience as a lead line cook, and his experience as a back of house worker. He said that many people in the back of the house are intimidated by the front of the house staff, but that in his opinion most people in the back of the house did not focus enough on fighting for a higher base pay for themselves. He said that when he talks about a \$15 wage with back of house people, their eyes light up and there's a pep in their step, because they feel like they would be getting compensated appropriately for the work they do. Mr. Iredale said he liked having a non-tipped job that gave him a consistent paycheck, and that the back-of-house work he did was a craft he was proud of.

Mr. Iredale said that every cook he knew has a roommate, and that many of his cooks live with half of their crews. He said that it is very hard to live these days, as the cost of living has increased. He said that \$15/hour is enough for him to eat a Snickers bar, ride public transit, eat food that isn't from his restaurant, and pay his rent. He didn't think \$15/hour was enough to pay his insurance, but it was a good starting point. He said that the minimum wage has not kept up with inflation.

Ms. Diffendal talked her experience over the past 15 years at Bakers Square. She said that the employee benefits had shrunk over that time. She said that it used to be that once an employee had worked 1500 hours they would receive vacation time and a bonus check, but now an employee has to work 1800 hours to get the time off, and the paid time off is only at a minimum wage. Meanwhile, she said, her rent has gone up twice in the past four years, and the bills she accrues while raising her son are expensive. Ms. Diffendal said that a \$15/hour wage would enable her to spend more time with her son.

Ms. Zuckerman said that the panel was talking about their experiences, and that no amount of data could argue against their experiences. She said that a \$15/hour wage would not solve problems with sexual harassment and gender discrimination, but that a tip penalty would magnify the problems. She said that allowing customers to hold a worker's pay above their head made customers treat workers differently, and changes dynamics with managers. Ms. Zuckerman said that while she had good managers, even the managers, who were women, would get poor treatment from customers. She also said that there are many times where managers aren't around to help when harassment occurs. She said that she gets treated worse by customers because she is a woman.

Ms. Zuckerman said if someone had too many problems with customers, the worker would get worse shifts, and therefore worse tips. She also said that a \$15/hour wage would help her

coworkers who have children and therefore are unable to work the lucrative tip shifts on the weekend. She reiterated that enforcing a tip penalty would be very difficult.

CONVERSATION

A committee member asked what the role of service charges would be in replacing tips. Mr. Edelson-Stein said that there wasn't statistical evidence that service charges had completely replaced tips. He said that the rate of tipping had remained relatively stable in places like California that did not have a tip penalty. He pointed out a Santa Monica ordinance (included in their packets) that ensured that owners distributed service charges back to workers. Mr. Sam Peterson said that he preferred to raise his prices instead of instituting a service charge, as a charge would just be another thing to track.

A committee member asked Mr. Iredale about his wages, whether they had remained stagnant or gone up over the past few years. Mr. Iredale said his experiences were up-and-down, and that different workers had different strategies. He said that there were more mercenary-like kitchen workers, but that he thought if the wage was \$15, many of his workers would remain at the restaurant, and that work cooperation would improve, since people work as hard as they are paid. The committee member asked if Mr. Iredale thought his wages as a line manager would also increase above the minimum wage. He said he anticipated his wage would probably raise to about \$17/hour.

Another committee member asked Mr. Iredale if he was saying that a \$15/hour minimum wage would lead to less turn over in the back of the house. He said that he was.

A committee member asked the servers if they could tell the Study Committee an estimate of what they made per hour. Ms. Zuckerman said that a good week was \$15-\$16/hour, but much of the time it was \$13/hour. She said that her pay was very dependent on the season. Mr. Edelson-Stein said that he averaged about \$25/hour. Ms. Diffendal said she could average \$20 on a good shift, depending on the shift and the weather. She said that several times over the winter they would close the restaurant and she would make little to no money at all.

A committee member asked Mr. Ken Peterson to explain why there hadn't been any net job reductions in the restaurant industry given that prices has risen and top earners were making less. He said that behavior economics would be the best way to explain it, and that strong economic growth in certain regions had probably helped allowing people to go out to eat, as well as the minimum wage gradually rising. The committee member said that the proposed wage would represent a radical increase in prices, and would have a wage compression effect and a subsequent effect on jobs. Mr. Ken Peterson agreed that the increase from \$9.50 to \$15 would be much more radical than the increase from \$7.25 to \$9.50, but that his department had not seen a negative effect so far from the increase in the state-wide minimum wage.

Co-Chair Kyle asked the three servers on the panel for their opinions about the potential superwage proposed by the pro-tip credit panel at a previous meeting, which seemed to Co-Chair Kyle like a win-win for the servers. Ms. Diffendal and Ms. Zuckerman said they had never heard of the superwage. Mr. Edelson-Stein explained the concept to the panel, and said that he felt it was confusing and would be difficult to enforce. He said that if there was one violation of the superwage, it would cause an employer to be on the hook for even greater amounts of back

wages. Co-Chair Kyle asked them to consider it aside from issues of enforcement. Mr. Edelson-Stein said that enforcement was important to him as a worker. Ms. Zuckerman said that if a superwage made it more complicated for a worker to understand what to ask for from their employers, then it would be a concern for her, as it would affect enforcement.

A committee member asked the panel how there could be people that have diametrically opposed views in the same industry. Ms. Diffendal thought that proponents of a tip credit were likely scared that if the minimum wage goes up they would get less in tips. Ms. Zuckerman said that there was a lot of misinformation that contributed to the fears, and that servers in certain restaurants who looked a certain way were more likely to benefit from high tips. The committee member asked Ms. Zuckerman to elaborate. She said that not every server could work in high-end fine dining restaurants, and that in several fine dining establishments in the Twin Cities, all the servers are attractive white people, and that not every server would have access to those spaces.

A committee member asked the panel if, as a way to help transition to a better-paying restaurant model, they thought tipped workers could get a slower phase-in time toward a higher minimum wage. Mr. Iredale recognized that any wage increase would take time, but that seven years would be too long.

A committee member said that a concern about lost tips is a concern about speculative money, and that a higher minimum wage would be real and guaranteed money.

A committee member asked Ms. Tout about Wisconsin's minimum wage. She said that Wisconsin has tipped wage of \$2.33/hour, along with a tip credit up to \$7.25. She said that many of the employers fail to correctly pay employees for overtime, which requires the full non-tipped minimum wage. She also said that employees are supposed to be paid a full wage when they are doing jobs that are not based on tips, and that there is a federal limit on how much of a tipped worker's job can be spent on non-tipped labor like brewing coffee, cleaning bathrooms, or rolling silverware, and the limit is 20% of their total hours. Ms. Tout said that tracking all of this required a large amount of paperwork by employers, that there are a lot of employers who can't comply with all of the tracking requirements.

Co-Chair Varco asked Ms. Zuckerman what are the most common kinds of behavior that she referred to as "trouble." She said that it varies, but that all of them included sexist attitudes towards women. She talked about a customer who tried to force her to give him free food. She said it was not so much sexual harassment as gender discrimination.

Co-Chair Varco thanked the panelists for their time and for sharing their thoughts and experiences with the Study Committee.

STUDY COMMITTEE DISCUSSION

A committee member said that they were confused by some of the discussion around enforcement, the three-tiered enforcement mechanism, and where the state and federal enforcement mechanisms were distinguished.

A committee member said that they sensed a large amount of outside influences were involved in this discussion, and they wanted more information on where the money was coming from.

They said that, setting aside all those influences, they wondered if there was a particular line of opinion or interest that divided the groups of tipped workers who supported and opposed a tip credit. Co-Chair Kyle asked servers on the Study Committee if they had any opinion on the matter.

A committee member said that in their experience there was a variety of people at different food establishments in support of a tip credit.

Another committee member agreed that there people in all kinds of restaurants on both sides of the matter.

Another committee member said that they thought it was interesting to see how much administrative tracking was required by employers to ensure that workers qualified for tipped wages. The member said that such administrative requirements would likely be more manageable for national chains like Olive Garden, but much more difficult for a small restaurant in Saint Paul.

A committee member said that they used to be a server in a small restaurant, and that they were required to fill a wide variety of roles during each shift. The member thought it unlikely that the husband and wife who were the owners of the restaurant and often worked in the kitchen themselves would be able to comply with the complex wage and hour laws.

Co-Chair Kyle asked committee members if the burden of complying with the wage laws was outweighed by the win-win structure of the superwage.

A committee member commented that the two different panels about the tipped wage had different compositions. The member thought the pro-tip credit panel included interesting insight from business owners, and the tip penalty panel included more perspective from tipped workers.

Another committee member said that they heard the first panel differently. They said that each panel was relatively balanced, and that the panels showed there were strongly felt positions on each side.

A committee member said they were totally confused by the dichotomy shown by the two panels. The member also said they were confused by the opposing data, with one group showing average tips being somewhere between \$1-\$4/hour, while another set of data suggested tips could be much higher, up to \$25/hour.

A committee member said that the data reflected a wide variety of food industry positions, ranging from counter service to fine dining establishments. The committee member said that in a full-service position, it was unlikely that a server was only making \$11/hour or only \$1/hour in tips.

Another committee member said that they thought the two panels were in agreement that the economy was based on low wages. The minimum wage ordinance was going to change that model, and some people were worried about the change, while others were excited about the change. The committee member said that both panels were clear that the industry was not working, and that the people in the back of the house were not getting paid enough.

Mr. Durfee told the committee that the variety of data results showed that the manner in which the polling was executed could have a deep impact on what the results were. He encouraged

committee members to consider the exact questions they were hoping to have answered, which could help lead to better analysis.

A committee member said they did not want the committee to get too bogged down, because both sides of the tip issue had deep feelings and plenty of resources to support their position. The member encouraged the committee to consider the impacts of other recommendations like phase-in times or different requirements based on the size of the employer, rather than try to determine which panel was more correct. Another committee member said that they weren't confused, but they were struck by the vast distance between the two panels.

Co-Chair Varco asked Mr. Durfee to research if a small business phase-in would capture most of the restaurant industry in Saint Paul, and who would be affected by a small business phase-in.

A committee member said that the panel presented numbers from the Bureau of Labor Statistics, which included a much wider geographic area than just Saint Paul. The member also said they felt there was no conflict with raising the back of house wages and including a tip credit. They also said that Ms. Diffendal's experience with weaker benefits sounded like a business trying to offset higher labor costs.

A committee member said that the accounting of wages was possible, and that tracking what a tipped worker earns in pay period is very accessible. They said that their own restaurant's experience with Earned Sick and Safe Time showed that it was possible to track all the issues the panel raised, that restaurants could capably implement a tip credit. The committee member said that sexual harassment was very important, and the consequences would be severe for a restaurant that did not adequately address sexual harassment. They said harassment was unfortunately common across industries, and a worker can get a lawyer and the restaurant will be in trouble. The #MeToo movement has raised the stakes, and restaurants must support their workers.

Another committee member encouraged the other members to be pragmatic about implementing a tipped wage. In the member's opinion, they believe the likelihood there will be a tip credit is fairly low, given the state law, Minneapolis's ordinance, and the statements of the Mayor and City Council. Co-Chair Kyle said that, although the Mayor had expressed a strong preference regarding tipped wages, he had confirmed to Co-Chair Kyle that he respected the work and recommendations of the Study Committee, and wanted the group to give their own counsel. Another committee member also pointed out that the City Council would have to pass any ordinance, and that they hadn't expressed the same opinions as Mayor Carter.

Co-Chair Varco pointed out the Community Response included in the members' packets, and encouraged the members to respond to the Citizens League poll about next week's meeting about exemptions. He also highlighted that the Theater of Public Policy would be doing a sketch improv show about the Minimum Wage, and encouraged committee members to reach out to the Citizens League if they were interested in tickets.

Ratings: 5, 5, 1, 4, 3, 3, 3, 4, 3.5, 4, 4, 4, 4, 4, 4.5, 3.5, 4.5, 4. Average = 3.78