MINUTES

Citizens League
Saint Paul Minimum Wage Study Committee
Thursday, July 19, 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. Barry Gisser, Mr. Matt Gray, Mr. Matt Halley, Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez-Moore, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Pang Vang.

Members Not Present: Mr. Paris Dunning, Mr. Jon Grebner, Mr. Doug Hennes, Mr. Cardell McKizzie, Mr. Oscar Murcia.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Man Xu, Snowden Stieber, Ben Gleekel, Kalia Xiong.

Observers Present: Paul Cerkvenik, Jonito Dock, Somaya Farah, Owyn Ferguson, Kip Hedges, Natalia Madryga, Council Member Rebecca Noecker, Celeste Robinson, Tom Vang, Yingya Vang, Chuckong Phang Xiong.

Citizens League Members Present: Pat Mingo, Gertrude Mingo.

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 surrounding youth training exemptions and organizations supporting people with disabilities.
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Kyle opened the meeting at 8:30 a.m. She explained to the Study Committee that the day's schedule was very full, so she would do her best to keep the group on schedule. She reviewed the proposed outcomes for the meeting, and welcomed guests and observers to the room. Co-Chair Kyle reminded everyone to silence their phones and refrain from using social media during the meeting. She reviewed the charge given to the Study Committee by the City of Saint Paul.

Co-Chair Kyle asked committee members to review the minutes from last week's meeting. She asked if there were any comments or proposed amendments to the minutes, and none were offered. There was a motion to approve the minutes, it was seconded, and the motion passed.

DEBRIEF

Committee members were given time to discuss and reflect on last week's panel of people opposed to a tip penalty. A committee member said the fact that businesses currently have a 25% failure rate for complying with already-existent wage & hour rules and regulations was a very high number. They wondered if the high failure rate was a result of poor education and outreach or deliberate noncompliance. The committee member said they were concerned that creating more rules for businesses might not be pragmatic, given the poor compliance with the rules already on the books. They also felt that the Study Committee had not adequately distinguished between franchises, who have larger amounts of resources, and true small businesses, who often have fewer resources. They said that the two different groups should have different responsibilities.

Another committee member pointed out that the federal enforcement official from last week's panel was responsible for monitoring both Minnesota and Wisconsin, so perhaps the 25% number was reflecting a problem in both states, and not just Saint Paul.

Co-Chair Kyle said that the committee might consider further discussing how to define a small business, whether it would simply be defined by the number of workers at one location, or whether it could be a more detailed or expansive definition.

A committee member said that, between the two panels of restaurant workers, the member had heard a similar point of agreement on the fact that a wage increase without the recognition of tipped income would result in the reduction of earnings for tipped employees. Another committee member said that they had not heard such agreement between the panels.

Co-Chair Varco said that his takeaway was that, in pursuit of raising wages for back-of-the-house workers, some wage compression for front-of-the-house workers was a desired goal by some people. He also said that there was a separate point regarding the question of whether raising wages would reduce overall tipping.

A committee member observed that among last week's panelists there was a server from a fine-dining restaurant who made almost $30/hour, another server who made $20/hour, and a worker in a coffee shop who made about $13/hour. The committee member further noted that Sam Peterson's plans for his restaurants include potential reductions in pay for front-of-house staff. The committee member said that the Study Committee was responsible for getting people to $15/hour, and these panelists were already at or above that rate, so passing policies that take money away from them seemed counterproductive to the goals of the group.

Presentation

Mr. Stieber gave a presentation on how exemptions work and on how they were being implemented on the, national, state, and local level. He defined exemptions as particular employer-employee relationships that are released from the obligation to pay the fullest minimum wage. He grouped exemptions into 4 styles: those based on a category of labor (such as babysitters), those based on the size of an employer (either by revenue or headcount), those based on the age of an employee, and those based on periods of time (such as allowing 90 days for training wages).

Mr. Stieber presented a diagram that broke exemptions down by those that are employer-based, and those that are employee-based, and tracked how many jurisdictions had implemented said exemptions. Mr. Durfee clarified that, since some of these jurisdictions were at the state level, and therefore covering more people, Mr. Stieber's breakdown was more accurately an analysis of the legislative process than of economic impact.

For employer-based exemptions, Mr. Stieber explained that most small business exemptions were ones based on a phase-in period, with a different timeframe to adjust to the new minimum wage. He highlighted exemptions for charity nonprofits and for businesses that receive more than 50% of their revenue in the form of government reimbursement. A committee member clarified that "charity nonprofits" were explicitly a 501(c)(3) as determined by the IRS, and most nonprofits were not included in that designation.

For employee-based exemptions, Mr. Stieber pointed to the most-common exemption of youth workers. A committee member asked if there was a typical age used as the cutoff across the jurisdictions. Mr. Stieber said that there was a variety of numbers, but 18 was the most common age. He said that the exemption for tipped workers was the second-most common employee-based exemption. Mr. Stieber also emphasized that, although youth workers and workers-in-training are often mixed together, they are distinct categories.

He then reviewed exemptions at the state level in Minnesota and how they related to the various styles of exemption he had previously described. Mr. Stieber also reviewed the City of Minneapolis's exemptions. He stated that the City of Minneapolis took the definition of an employee from state law and added additional exemptions on top of that. A committee member asked Mr. Stieber what the difference was between a babysitter and a childcare worker. Mr. Stieber said that the distinction was that the state law considered a babysitter to be someone who was self-employed rather than part of an employer-employee relationship. Mr. Durfee added that the language in the statute described babysitters as individual contractors rather than professional careworkers.

Mr. Stieber pointed out that Minneapolis has a 90-day exemption for employees who were under 20 years old and were participating in a City-approved training program. A committee member asked if that related to the Step Up program. Mr. Stieber said he believed it did. A Citizens League staff member said they had reached out to Minneapolis, and that the City told them there was no permanent exemption for Step Up. Mr. Stieber said there was a different phase-in time for small businesses in Minneapolis. Mr. Durfee said that he had talked to Minneapolis officials about other groups exempt from the minimum wage ordinance, and it included: federal officials, workers on waterways, and state fair employees. Co-Chair Varco said he believed that the state fair presented a unique legal entity that would possibly be beyond the authority of a city ordinance.

Mr. Stieber closed by reiterating that the Study Committee was not tasked with being lawyers and developing the specific legal structure of a minimum wage ordinance, but with crafting recommendations from the community. He said that as the Study Committee moved into the next phase of the project, it would be helpful for members to use the language in his report to help compile the various shapes and methods of exemptions they might want to recommend.

Mr. Durfee said he had done some statistical analysis of the various phase-in times in jurisdictions across the country, and that the median rate at which the minimum wage was increased was around $1/hour per year.

PANEL

Co-Chair Kyle welcomed the panel of people to discuss exemptions, Mr. Kevin Goodno, Mr. Rick Cardenas, Ms. Kristy Snyder, and Mr. Matt Halley.

Mr. Cardenas introduced himself as a long-time advocate at Advocating for Change Together, a trainer for self-advocacy, and a former employee of Senator Wellstone. He said that, while he realizes the topic is complicated, he is for raising the minimum wage with a phase-in.

Mr. Goodno introduced himself as the head of government relations for Fredrikson & Byron who represents service providers for people with disabilities. He was previously the Commissioner of Human Services and also formerly served in the Minnesota state legislature as a representative from Moorhead. He clarified that he was not representing any specific group while on the panel, nor was he expressing any belief on behalf of any of the groups he represents.

Ms. Snyder introduced herself as the director of LEAP (Learn and Earn to Achieve Potential), a Hennepin County initiative to work with young people experiencing homelessness, in foster care, in the juvenile justice system, and those with excessive truancies. LEAP aims to work with these youth to help them develop their own paths to achieving a living wage. Currently LEAP works with 191 young people, but many more youth also benefit from the programs. Ms. Snyder said that she was very supportive of programs like Cookie Cart and other youth employment initiatives, but that she was hesitant to support any carve-out for youth nonprofit training programs. Ms. Snyder also helped Step Up Minneapolis redesign their curriculum to include work-based learning credits.

Mr. Halley, a study committee member, introduced himself and his work as Executive Director of Cookie Cart. He has been working in youth services for 25 years, including working as an LGBT case manager and street outreach worker with YouthLink, where he worked with young people who did not have the opportunity to return to their homes. That experience informed his work at Cookie Cart, where he can do work that is more upstream and solve more issues.

Mr. Goodno gave a presentation on day training & habilitation services (DT&H), the complexity of those services, and how a raise in the minimum wage would potentially impact those services. He explained that DT&H referred to day services for people with physical and/or intellectual disabilities, including employment services, community support, and other integration services. Historically, DT&H used to be center-based, where people with disabilities were dropped off during the day. Due to changes in expectations from the government, society, and the people being served, DT&H has moved to integration within the communities themselves. Mr. Goodno said that subsequently there are now a number of nonprofit DT&H providers throughout the Twin Cities, and potential services can include transporting people into and out of Saint Paul for activities including recreational field trips and lobbying at the state capitol. He said that the amount of time that a DT&H worker might be in Saint Paul could fluctuate greatly from month to month, and that one concern for the groups he represents is that a minimum wage ordinance which included a certain threshold of hours worked in the city could impact how services are provided to people with disabilities.

Co-Chair Varco asked if Mr. Goodno was talking about the payment of employees within DT&H service providers, or the payment to people who are receiving the services. Mr. Goodno said he was referring to the direct care workers who were paid to work with the people with disabilities and added that the consumers of the service were not paid to partake in social activities. Mr. Goodno said that in cases where a person with disabilities is participating in employment activities, however, that person is also receiving pay, either from directly working for the DT&H service provider, or from an outside employer. In any case, all work has to comply with the relevant state and federal requirements.

Mr. Goodno said that he represents the Minnesota Organization for Habilitation and Rehabilitation, which is the trade association of DT&H nonprofits. He said the organization as a whole does not have a position on the raise in the minimum wage, but that there were members both in favor and in opposition to the wage being raised.

Co-Chair Kyle asked Mr. Goodno about DT&H service providers that were located outside Saint Paul, and if any of them were concerned that their employees might be subject to a higher minimum wage inside the city. Mr. Goodno said that each service provider faced a wide range of potential circumstances surrounding direct care -- some clients would be in Saint Paul on a daily basis, others might only visit Saint Paul episodically, but in any case, each provider from outside the city would have to be cognizant of whatever requirements the City might create for determining if an employee was covered by a minimum wage ordinance. Mr. Goodno highlighted the particular issue of people with disabilities and their trips to the state Capital to lobby, and he stated that he hoped that the minimum wage would not impact the ability to send workers to support people with disabilities as they visited and lobbied at the state capital.

Mr. Goodno talked about the relatively unique revenue structures of the DT&H nonprofits he represented. He said that 95-100% of the revenue comes from medical assistance, which typically comes through allocations made to the individual receiving DT&H services. He said that while it used to be that counties determined the wage paid for direct care workers, the federal government stepped in and created a more uniform system of wage structures, removing the ability from the counties. Mr. Goodno said that certain metropolitan areas are granted small increases (+2%) based on cost of living, but that there is no distinction made between service providers in Saint Paul and in surrounding Twin Cities towns like Vadnais Heights.

Mr. Durfee asked Mr. Goodno to clarify some terminology as it relates to the groups of people in the DT&H space -- there are consumers of the particular DT&H services, and there are support staff without disabilities, and both groups of people might be performing a variety of jobs within a given day.

A committee member who has professional experience in DT&H explained that there are two constituencies in question: employees and support staff in the organizations, and program participants, who work with job coaches at various businesses. Another committee member directed the Study Committee to reference a letter they had submitted at last week's meeting on the matter.

Mr. Cardenas said that he appreciated the complexity of the minimum wage issue and the charge of the Study Committee. He said that, in the end, his goal would be to have the contracted employees with disabilities become fully-employed by the companies they are contracted to. He said that the City of Saint Paul contracts with a number of employees to provide office services, but none are actually employees of the City and none receive the employee benefits that come with the union jobs. Mr. Cardenas said that, in the end, the State of Minnesota is the entity dictating the standards for DT&H employment services, and he believes that the State should then raise the wages of these regulated employees so that they can achieve full dignity.

Co-Chair Varco asked the panel if the workers they had in mind were under federal or state exemptions for disabled employees. Mr. Goodno said some were exempt at those levels, and some were not. He also said that some providers would pay above the exempt wage because of philosophical beliefs in the organizations.

Co-Chair Kyle, in the interest of Mr. Cardenas's time, asked the Study Committee to offer any final questions they might have for him at this time.

Mr. Durfee asked Mr. Cardenas, who, in his opinion, had gotten DT&H pay right. Mr. Cardenas said that he thought many organizations were doing the right thing and attempting to pay higher wages to all workers. The issue, however, is the reimbursement rate from the state has not been able to help these organizations with successfully raising a wage.

Co-Chair Kyle asked Mr. Cardenas why he thought companies were currently choosing to contract with employees rather than hire them as full-time, and she asked him what he thought the impact of a $15/hour wage with benefits would have on current DT&H providing organizations. Mr. Cardenas said it would be whole new model of employment, a step above the current arrangement. Co-Chair Kyle said that she was concerned with the interruptions and costs associated with accommodating workers with disabilities in the workplace environment, and she wondered if Mr. Cardenas had any ideas on how to help employers do the necessary work. Mr. Cardenas said that it was very complicated question, and that he did not have an answer for the panel at this time.

A committee member asked the panel about differing reimbursement rates. Mr. Goodno said that there are varying levels of work and reimbursement rates within the service provider's workday, and that there was also a variety of reimbursement rates for program participants, depending on capabilities, who were contracted workers. The change in wage requirements would potentially have impact on all the various rates.

Co-Chair Varco asked Mr. Cardenas if he would object to the City of Saint Paul including the exemptions that are currently in the Minneapolis minimum wage ordinance. He said he would not object. Co-Chair Varco asked if there was anything else the panel would wish to be included beyond what was put in the Minneapolis ordinance? Mr. Goodno said that the organizations he represented did not have a position on the matter. He also said that the impact of the Minneapolis ordinance had not been felt yet, since the wage raise was only beginning to phase in. He said that once a wage disparity actually happened between Minneapolis and the outer cities, there could be actual change in the industry.

A committee member asked Mr. Cardenas if he felt the exemptions in question might undermine the philosophical idea behind a minimum wage, since it would be treating a certain class of workers as beneath the basic wage. Mr. Cardenas said that he thought the wage for workers with disabilities should be raised to be more equitable in comparison with others, and that doing so would be a change to the overall model. He said that adjusting the local business model while the State policy remained the same would require thoughtful work.

Co-Chair Kyle thanked Mr. Cardenas for his time and his thoughts. Mr. Cardenas left the panel.

Mr. Halley opened by reiterating he was only speaking about the specific group of workers that were youth in employment training programs, not about other age-based or blanket exemptions. He said that he thought youth-in-training discussions were in fact different than wage exemptions, since providing a living wage is a separate issue from the question of training young people. He said that while he will focus on Cookie Cart's perspective, he has worked with about 25 other youth social enterprises in the Twin Cities on the matter of wages. Cookie Cart's particular mission is to provide life, leadership, and employment skills in an urban bakery setting. The primary program is an earn-to-learn model which has people punch in to do 1 of 3 jobs: bakery jobs, education in various curricula, and national certification training. The average amount of time a participant is in the program is one and a half years. Cookie Cart has 30 year history in North Minneapolis; they are new to Saint Paul.

Mr. Halley said that for next year Cookie Cart are projecting to hire 100 youth workers in Saint Paul to work 15,000 hours at a pay of $10.50/hour. He said that every youth works 4-12 hours a week while in school. He said that, for every dollar increase in the minimum wage, the cost to Cookie Cart is $15,000. Cookie Cart is designed to be an on-ramp to a full-time job, but it is not designed to provide full-time employment. He said that some of his youth were anxious about getting a higher minimum wage, but some of them were also able to articulate the worth of their training and acknowledge that the higher wage did not reflect the value they experienced in their jobs at Cookie Cart. Mr. Halley said that there was no chance that Cookie Cart was going to disappear if the wage is increased, but he said he was not sure what changes might happen to the organization as the wage goes up. He said that they are already working to raise more money, but that that was a difficult process. He also said that simply selling more cookies would not be an adequate solution. Selling more cookies will be difficult because Cookie Cart aren't designed to be competitive.

Mr. Halley said he understands and feels the concerns in the Saint Paul community about exemptions. He understood the fear that exemptions were a slippery slope, that they were an added challenge for enforcement, and the urgent necessity of changing public policy that perpetuates cycles of poverty. He said that Cookie Cart was part of the solution to the problem, but also that increasing costs to nonprofit organizations would possibly be short-sighted and impact the ability of the organizations to provide service to the communities they all cared about.

A committee member asked Mr. Halley what was the typical amount of time a youth spent in each of the three jobs -- baking, learning, and certification. Mr. Halley said that about 65% of the work is in the bakery.

A committee member asked Mr. Halley what Cookie Cart's budget was for the next year. He said Saint Paul's budget was $800,000, and Minneapolis's was about $1.2 million.

Ms. Snyder opened by saying that she, too, was only going to be speaking to the matter of youth training programs. She said that organizations like Cookie Cart were core and critical to the communities they serve. Ms. Snyder said that she did not take the decision lightly to oppose an exemption for youth training programs, because she so respects and supports their work, but there is a huge issue of inequity that must be addressed. She said that her work was helping youth experiencing homelessness, in foster care, or in the juvenile justice system get into programs of development that will help them grow. Ms. Snyder that many of the youth have no problem getting jobs in today's market, and that she sees young people in her program choosing dead-end retail jobs with more money instead of the youth training programs. She said that her young people need the services of Cookie Cart, but that they won't get those services if there continues to be a wage disparity because short-term needs would always win out.

Ms. Snyder said if there was a carve-out for youth training programs, then the only people that would be able to participate in the programs were those who had their life a little more together. Her fear is that those young people who need the programs the most would be the ones left out. She said that she believes the cities of Minneapolis and Saint Paul have an obligation to support youth training programs, to help them pay a higher wage so that more young people would be able to take advantage of the services and gain the important skills. Ms. Snyder said that the average age of participants in Hennepin County's career pathways initiative is 39 years old. She said that the lost years with no wealth building are deeply damaging to the community, and that the City has an interest in helping the wealth be built, including the building up of a tax base.

She applauded the Study Committee for including youth voices in the conversation, but she also encouraged the committee members to recognize that the group might be intimidating to young people, and that it should therefore explore other ways to empower young people to communicate their experiences to the Study Committee. She said in her own organization they had a youth governing board that was involved in all of the decision-making processes.

Ms. Snyder discussed Minneapolis's Step Up program. She said it was a great example of a high-quality employment program, and that they were choosing to forego the youth training exemption and pay the young people a full minimum wage. She also said that she liked how the Minneapolis ordinance designed their 90-day training wage to be clearly aligned with workplace-learning credits, where workers get paid not only in money, but also in credits that can contribute toward the young person's high school graduation. She said that as a community, Saint Paul and Minneapolis are on the hook to make sure that Cookie Cart and similar organizations can thrive, because the youth in her program deserve a program like Cookie Cart.

A committee member clarified with Mr. Halley and Ms. Snyder that they were talking about a potential exemption for program participants, and not for the other workers and staff in their respective organizations. The committee member said that some documents had been submitted for today's meeting that conflated the roles of participants and other staff.

A committee member asked Ms. Snyder how Step Up could afford to forego the exemption. Ms. Snyder said that Step Up was working with employers to ensure the higher wage for their participants, and that they were also planning to reduce the number of participants in the discovery program targeting younger students.

Co-Chair Kyle asked the panel if they opposed a temporary training wage for non-youth workers. The organizations had no opinion on the matter. Co-Chair Kyle said that she understood the need to invest in the future by developing the youth, but she was struggling with how to solve the problem and who would pay. She asked the panel if they had any ideas on how to solve the problem. Ms. Snyder cited a Pohlad Family Foundation report which showed that communities lost large amounts of wealth when they did not start young people on a career path early in their lives. She said that if Saint Paul could chip in and help support Cookie Cart, that the City would save money in the long run, and that a young person who does not have an early path to a career will lose around $260,000 in lost wages over their lifetime and consume more City services. A committee member asked Ms. Snider to clarify what she meant by "chip in." She said that Cookie Cart has a real financial need, and that any money given to the organization will only benefit the City of Saint Paul, that the City will either pay now or pay more later.

A committee member asked the panel if reducing the exemption would narrow the number of businesses that would participate in a program like Saint Paul's Right Track. The member was concerned that only big employers would be able to afford to pay the higher wage. Ms. Snyder agreed that that was an issue, but said that she had also sat on some workforce panels that are concerned about an impending labor shortage and lack of talented labor. She thought the economy needed to shift to a model that might have a smaller scope, but a deeper involvement in ensuring workers are directed to career opportunities.

A committee member expressed concern at the prospect of reducing the availability of services. They recalled the statistic that 30% of black workers in Saint Paul are making less than $9.65, while 12% of white workers make less than $9.65. The member said that the disparate impacts to the different communities would force the young workers of color to not pick the best career path, but instead choose the one that best help their family afford food. The committee member recognized that a higher wage might force the number of participants to shrink a little, but they also thought that the cost fears were overblown. The member said they ran a nonprofit with a budget over a million dollars, and the prospect of costs going up $15,000 did not seem to be a huge deal for the organization.

Mr. Halley agreed, but also said that the $15,000 increase would occur every time the wage went up $1/hour. He said that Cookie Cart's plan is to raise additional funds, but it would definitely be a challenge. He also contested the idea that some young people were more or less deserving than other ones. The overwhelming majority of Cookie Cart's participants are young people of color, and the programs at Cookie Cart are often the only jobs available to them.

Ms. Snyder agreed with Mr. Halley that these gateway training programs are essential to their communities. She said that to qualify for Step Up, participants had to be on free or reduced lunch, so it was hardly a group of privileged youth. Ms. Snyder said that the Twin Cities didn't need less Cookie Carts, but 25 more Cookie Cart-style programs. She said she was advocating for the young people with the most barriers, including those who can't currently qualify for the gateway programs.

A committee member said that unemployment is currently so low that almost anyone can go out and get a job paying above minimum wage. The member expressed concern that when the economy slows down, the will be a lack of workers who are properly trained for career employment. They asked Ms. Snyder if the benefits of training are good in the long-term, shouldn't the community allow for a lower wage in the short term? Ms. Snider said she did not think that a youth training carveout should include young people working in for-profit industries, that it was important to tie the work to earning high school credits or another certification. She agreed with the committee member that there were definite challenges if the unemployment rose, especially since it was currently so easy to find work.

The committee member then asked Mr. Goodno if he was concerned that some DT&H service providers would choose to avoid bringing participants to Saint Paul if the City adopted a higher minimum wage than the surrounding towns. Mr. Goodno said that there will be DT&H service providers within Saint Paul who are philosophically committed to servicing the disabled community, no matter what the wage may be. He also said that many of the organizations he represented supported a higher minimum, but simply opposed a local ordinance since they can't find the revenue to comply. But if the wage does increase, the organizations don't want their employees to be excluded. He said that issue of payment for program participants, however, is a bigger challenge. While Mr. Goodno did not have a particular solution, he told the panel that the more Saint Paul could be consistent with other neighboring cities, the better it would be for his organizations, since compliance would be more uniform.

Mr. Goodno said that he had appreciated the other conversation about investing in youth workers and building future wealth. He said that in contrast, the program participants his organizations work with are often limited in their ability to improve by certain circumstances. He said that it didn't mean that the jobs the participants had were meaningless, but that the productive limitations on some workers with disabilities might mean that the total workforce shrinks, and they are directed to social activities instead of employment.

He also said that while the minimum wage was a concern for the DT&H services, the industry was currently facing chaos in about ten other arenas, so compliance was always going to be a struggle, no matter what.

A committee member said they were impressed by the amount of work being done in Minnesota by nonprofit organizations. They told the Study Committee that it was important to consider that no two nonprofit organizations are the same, and that each one has different funding structures.

The committee member said they were concerned that the discussion around youth training wages was in fact coded language for a general exemption for youth workers or for general training workers, and asked if any committee members had opinions on the matter. The member then asked Mr. Goodno if he could explain what a typical reimbursement rate was at the moment, and what efforts were being made to negotiate higher reimbursement rates. He said the rate would depend on the services that are being provided. Another committee member who works in DT&H services said that the average daily reimbursement was $75. Mr. Goodno said that new rates structures allowed for inflationary adjustments every five years, but that there had been a vetoed proposal in the last state legislative session to add 7% on top of the inflation. Mr. Goodno said that there were simply structural problems that would potentially lead to some reduction in DT&H services. He said that most of the organizations he represented were supportive of a $15/hour wage because it would make them more attractive to prospective employees, but that they simply did not have the revenue to make such a wage happen.

Co-Chair Varco asked the panel if they were okay with the way that Minneapolis carved out the correct group of youth training workers, and if they approved of the 90-day modified wage of 85% of the full minimum wage. Ms. Snyder said that she was fine with Minneapolis arrangement, but that she preferred it was not in at all. Mr. Halley said he did not think it was feasible to train a young employee in only 90 days. He said he was not sure how much longer it needed to be.

Co-Chair Varco asked Mr. Goodno if he would change the way that the Minneapolis ordinance covered employees. Mr. Goodno said that if Saint Paul was going to join Minneapolis in having a different wage from the state minimum wage, it would be preferable, for logistics reasons, if Saint Paul and Minneapolis could be similar rather than different.

A committee member asked if there were other ways besides a minimum wage exemption for the City of Saint Paul to help the youth social enterprises. Mr. Halley said that Cookie Cart faces the same issues as many small businesses, but otherwise they felt well-supported.

CLOSING DISCUSSION

Mr. Durfee explained several ways that the City Council could address what happens when an economy has a turndown -- legislative, legislative with triggers during a recession, a commissioner, and a commissioner with limitations.

A committee member expressed admiration for the congeniality of today's panel, and how the people from opposing perspectives were generous to each other. The member said it was a refreshing change from some previous panels. The committee member said that they worked for a nonprofit science center that had a training program similar to Cookie Cart. They said that all of the program was funded by grants from government and private donations, and that they agreed with Ms. Snyder that the City of Saint Paul should chip in for the youth training programs. The committee member asked Ms. Snyder if she thought there was a reasonable chance that would actually happen. Ms. Snyder said she did not know what would happen in Saint Paul, but that the youth social enterprises were entities that deserved to be part of the social fabric, so they should be supported to meet whatever the wage may be. She said that organizations in Minneapolis were being creative in addressing the challenges, but that there was no guaranteed answer yet.

Co-Chair Kyle talked to the committee members about her fundamental concern about the pragmatic challenges of raising the minimum wage - where would the money come from, how would the books get balanced, etc. She appreciated the conversations about "why there should be a minimum wage increase?" but that she was also interested in the question of "how do we raise the minimum wage?"

A committee member said that the conversation at today's panel was an extremely narrow issue pertaining to youth employees in training, and they were concerned that the debate was being used by other people to advocate for a broader exemption, and that they thought it would be better to have a separate discussion for those ideas. The committee member said that there were many ways that nonprofits were addressing the "How?" question. They said that there were increased corporate donations, since many corporations just received an enormous tax break and were giving more to nonprofits. The committee member said that there would likely be changes to how nonprofits were run, but that organizations were already getting ready for the challenge, and making proactive decisions in anticipation of the change.

Co-Chair Varco said that if any committee members wanted to discuss a broader exemption than the one discussed by the panel today, they should contact the Citizens League staff so that it could include it in future agendas.

A committee member asked if the Study Committee was required to have a panel on an issue in order to include it in their recommendations. Ms. Hoffman said there was no requirement for a panel in order to discuss an issue, but that all issues must come from committee members.

Co-Chair Kyle said that she was interested in a general training exemption.

A committee member said they, too, were concerned with the "How?" question in their particular industry of home health care. For organizations in the Medicaid space, each provider has a unique reimbursement structure, so it's harder to have a general discussion on what to do. The committee member said that each of the providers' reimbursement schemes, however, was fixed, so it made adapting to changes very difficult. The member said that even if the home health care industry was carved out, a higher minimum wage for everyone else would make home health care uncompetitive with large retail corporations.

A committee member agreed with the consensus that the issue was very complicated. The committee member said that many employers were deciding to make contracted employees with disabilities into full-time staff with benefits. They said that the exemptions in Minneapolis only applied to some of the programs that work with people with disabilities. The committee member said they had done research and there were a number of little-known DT&H providers that had not been covered by the Minneapolis ordinance. The committee member said that Minneapolis's cutoff of 80 hours per year inside the city limits was an unnecessarily strict amount and it made it hard for organizations to comply.

A committee member asked Mr. Stieber how the majority of the jurisdictions in the report had handled businesses reliant on government reimbursement. Mr. Stieber said that the report only addressed minimum wage ordinances, and that it was likely that most jurisdictions addressed it in a different ordinance or agency.

The committee member said that many committee members had their particular exemptions or issues in mind when they joined the Study Committee, and that they appreciated the urgency each had brought to their respective matters. The committee member said, however, that it was only realistic for the Study Committee to accept that there will be higher costs. The member said that the current model was not working, so changes were necessary. The committee member said that it was not possible to solve every problem with their recommendations, but that fact should not prevent the Study Committee from moving forward on the particular work of the minimum wage.

Co-Chair Kyle asked if any committee members had other potential exemptions they wished to discuss in the future. A committee member said they were concerned with small businesses in Saint Paul that might not be able to handle a big change to costs, even though the businesses are still popular in their neighborhoods. The member thought that slower phase-in could help the small businesses make the change.

Another committee member said that the key consideration for small businesses would not be a broad exemption from a minimum wage, but about how quickly the wage rises for small businesses. They said that a slower timeline would be preferable.

A committee member said that today's panel had briefly touched on several different relationships and organization styles within the one meeting, but that they had not had time to learn in-depth the details about any particular issue. Another committee member said that they did not feel prepared to talk about many particular exemptions besides the ones that had been previously raised in the Study Committee. Co-Chair Varco said that the discussions would likely be taken up in later committee meetings.

Mr. Durfee reminded the Study Committee that private universities and their employment of students were also a potential exemption to consider.

A Citizens League staff member said they had received materials from the Saint Paul Saints on a minimum wage ordinance, and that each committee member would receive a copy of the information.

Another committee member said that they wanted to further discuss the nuances of a potential nonprofit exemption.

A committee member said that they were uncomfortable with the framing of the conversation, that it was too focused on potential exemptions, and not more focused on solutions and how to make a minimum wage ordinance work.

Another committee member said that they felt there had not been enough opportunities for people who believed in no exemptions to bring those perspectives forward.

A committee member asked if a private school exemption included charter schools. Co-Chair Varco said he believed they were covered by a different category, but that it could be discussed at future meetings.

Co-Chair Kyle told the Study Committee that this week's Community Report was included in their packets, and that next week's meeting would instead be on the 3rd floor of the Anderson Center and would focus on synthesizing all the information that has been gathered to date.

Ratings: 4, 4, 4, 4.5, 4, 2, 3, 4, 4, 4, 4, 4.5, 4, 4, 4, 4, 5, 4.5. Average = 3.75