



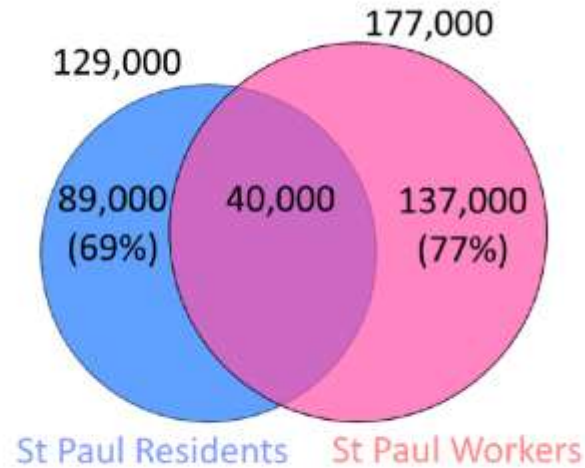
Recap of Learnings

Saint Paul Minimum Wage Study Committee

Meetings #1-#10

Findings

St Paul Residents \neq St Paul Workers



Takeaways

Overall, St Paul residents who work :

- are working somewhere else
- are getting older
- earn over \$ 1,250

Overall, St Paul workers :

- are commuting from out of town
 - Especially those earning above \$ 3,333

May 10: Week One Background

Exemptions

Phase-In

Tips

Rate

Minneapolis Study Findings

Our main results:

- Employment effects range from 0% through -3% (restaurants)
- Earnings effects range from 0% to 28% (restaurants)
- Effects are more drastic for recent immigrants and by race/ethnicity
- Food insecurity decreases (overall)

Why the large range of results?

- Geography Model
- Youth Model

Additional Concepts: - Trade offs

May 10: Week One
Background

Exemptions

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Hourly Wages (for non-salary workers)

Year	Area	Average	25%	50%	75%
2015	Ramsey County	\$15.68	\$10.00	\$13.00	\$17.50
	Hennepin County	\$16.61	\$10.00	\$13.50	\$19.00
2016	Ramsey County	\$16.88	\$12.00	\$14.50	\$20.00
	Hennepin County	\$18.52	\$10.40	\$15.00	\$21.25

Wage = Hourwage, removed N/A

Home = Hennepin/Ramsey County, Workplace = Any

Source: IPUMS-CPS, University of Minnesota, www.ipums.org

DEED Department of Employment and Economic Development

- Unemployment Rate

- $$U = \frac{\text{Looking for a Job}}{\text{Looking for a Job} + \text{Has a Job}}$$

- Hennepin County U = 2.9%
- Minneapolis City U = 2.9%
- Ramsey County U = 3.1%
- St Paul City U = 3.2%

- Mn.gov/deed/data

May 17: Week Two Research

Exemptions

Phase-In

Tips

Rate



Survey Results: Goal of the Minimum Wage
5/17/18
17 Participants

1. In your opinion, what is the goal of the minimum wage?

- Equality and fairness for both employee and employer
- Several: Provide minimum standard of living without needing public assistance
- Protects employees from exploitation
- To circulate more money in local economy
- Increase power of workers
- Several: Reduce economic disparities, especially for women and people of color
- Help maintain and attract talented workers and employers

May 17: Week Two
Survey on Goals

Exemptions

Phase-In

Tips

Rate



Economic Stability Indicator (ESI)

- Demonstrate the interactions between wages, work support programs, tax credits and tax liability and how they can and can't fill the gap between low-wages and basic expenses and make work pay.
- Educate policymakers and legislators on how current and proposed legislation and tax policies create “cliff effects” and other unintended consequences.
- Illustrate the difficult decisions low-income families must make to make ends meet and stress the importance of fully funding programs.
- Educate families about wage and program interaction so they can make informed choices about employment and program use.



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Interactions between wages, work support benefits and tax liability are complicated and vary by family composition and situations.**
 - Cash in a family's wallet is more flexible and goes further than benefits like SNAP and Energy Assistance that have to be spent on specific expenses.
 - For many families, access to health care, housing and child care are invaluable based on the tremendous immediate and long-term impact on families and children.

May 17: Week Two
Benefits Cliffs

Exemptions

Phase-In

Tips

Rate



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Single adults without children are always better off with an increase to \$15**
 - One thing to consider with this population is the importance of MinnesotaCare, a program that currently is in jeopardy of losing funding.
- **Overall families are better off, meaning they have more leftover each month after expenses**
 - However, with phase-ins, there will likely be some wages on the path to \$15 that make certain families worse off.



Key Takeaways from ESI Analysis on \$15 Min. Wage

- **Families with children fare better but their margin of improvement is lower and additional factors should be considered with these families:**
 - Loss of access to MFIP at higher wages could affect their access to Child Care Assistance at higher wages because Basic Sliding Fee is not fully funded
 - Job and wage instability is rampant in the types of work that pay at or near minimum wage. Supporting stable, affordable housing, child care and health care that is not tied to employment is critical for these workers on their often windy path to economic stability.

May 17: Week Two
Benefits Cliffs

Exemptions

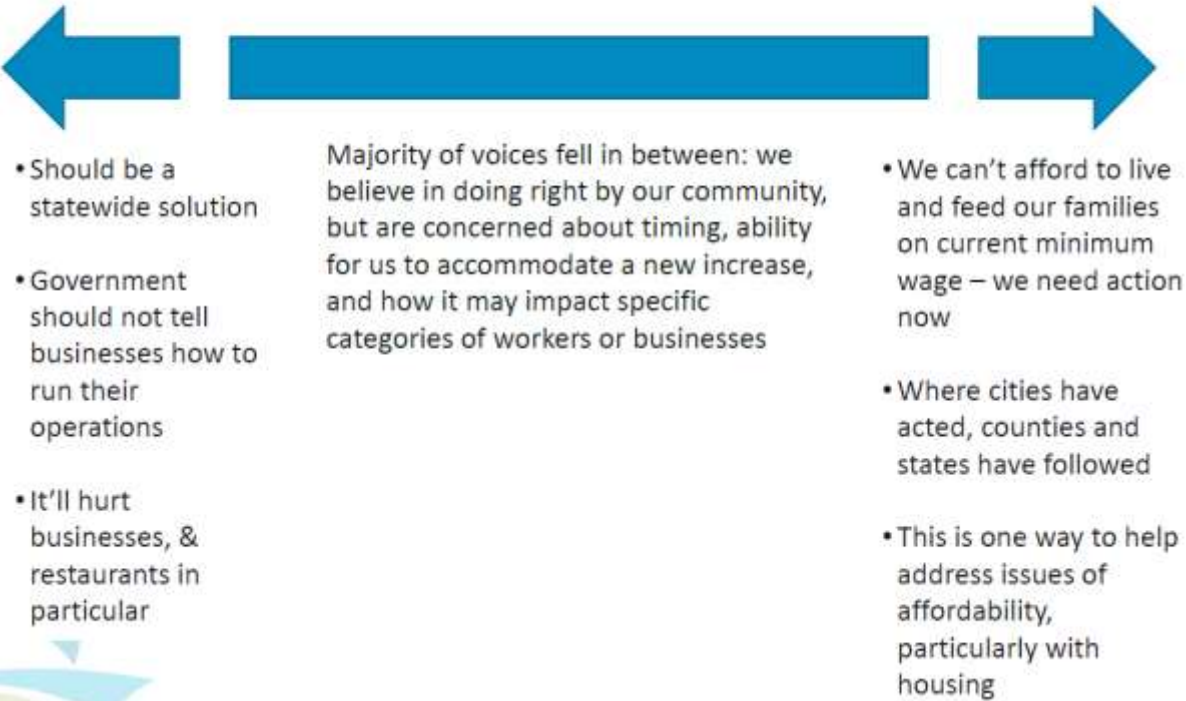
Phase-In

Tips

Rate

What We Heard: listening sessions

What We Learned: other jurisdictions



<u>Max wage:</u> <\$10: 6 \$10-\$12: 12 \$12-<15: 11 \$15: 21 >\$15: 1	<u>Indexed to inflation:</u> 47 Yes 4 No	<u>Phase in periods:</u> <3 yrs: 10 3-5 yrs: 31 6-8 yrs: 10 Longer times based on size, type of employee or industry
<u>Tips as part of wage:</u> 24 Yes 27 No	<u>Carve out for business size:</u> 13 Yes (but 9 are extended phase in periods) 38 No	<u>Carve out for youth:</u> 26 Yes (but 10 are extended phase in periods) 25 No

Fed MW: \$7.25/hr (tipped employees = \$2.13/hr; youth <20 = \$4.25/hr for first 90 days of employment)
MN State: \$9.50/hr (large)/\$7.75/hr (small) (\$7.75 youth (<18) and training wage (<20 and expires after first 90 days of employment))

May 24: Week Three
Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

In Summary...

- An increase in minimum wage will likely impact many of our low wage workers, particularly low wage workers of color.
- Peer cities and topical studies have been illustrative, but not conclusive: implementation is too early to really know impacts of a minimum wage increase.
- Businesses, particularly restaurants, have expressed great concern about moving forward with a municipal minimum wage policy and have urged us to think about particular considerations that would make implantation easier.
- While understanding that adopting a municipal wage policy will result in spreading additional costs to employers and customers, the continuing gap between the current state minimum wage and the actual cost of living and raising a family in the City is a significant ongoing_economic stressor to local workers and to our community that has a real social and public cost.

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Recommendations: scope

Applies to:

- Employee: anyone who works in Minneapolis for any amount of time consistent with state law
- Employer: pending review from the City Attorney's Office, any business regardless of business location

Additional considerations may be adding clarifying language as in Oregon or adhering to exemptions in state law re min. wage that include casual babysitters, independent contractors, bona fide executive/administrative/professional personnel, independent state or federal employers etc.

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May 24: Week Three Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

Recommendations: wage level

Adoption of a universal or absolute wage level to be indexed to inflation after we've reached the initial target wage, with a range between \$12.49 (peer region index approach) - \$15 (current national trend)

For any wage level selected we also recommend a multi-year phased-in approach to allow for businesses of all sizes to accommodate and adjust to new minimum wage increases



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Recommendations: phase-in period

Tiered phase-in at no less than 4 years, with longer phase-in for smaller businesses

Peer city research:

- 26 other jurisdictions phased in their policies between 3 and 4 years
- Additional 10 jurisdictions extended implementation timelines to 6-8 years for specific groups/ industries (tipped vs. non-tipped, small businesses vs. large, nonprofits and youth workers)
- Of the 15 jurisdictions that phased in their policies with an eye towards establishing a universal or absolute wage level
 - 3 (New York, Seattle and Oregon) allowed for a 3-tiered approach
 - 7 (all in CA) included a 2-tiered phase-in for smaller businesses
 - 6 allowed included a 2-tiered phase-in for non-tipped employees, youth or nonprofits

In our survey, 73% of respondents preferred a phase-in period of at least 2+ years

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May 24: Week Three Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

Recommendations: tipped wage level

One of our hardest decisions as we struggled with the issue: jurisdictions are split (27 or 53% opting not to include tips), community voices were split and it's a policy choice that has no "right" answer.

There is no consensus on the issue

- MN Restaurant Association did a sample survey that include 83 locations around the City based on October earnings – that showed average earnings of \$28.56/hour.
 - BUT: with over 830 restaurants, cafes, and bars in the area, this reflects only 10% of industry and perhaps not the entire range (high end to low end, pricewise)
- Bureau of Labor Statistics looked at data spanning almost 3 years (Nov 2012-May 2015). Results state median wage = \$8.98 and average wage = \$10.29.
 - BUT: this takes into account all restaurants in Minneapolis-St. Paul-Bloomington area, not just Minneapolis so wage numbers could be underrepresented
- Calculations from the Restaurant Opportunities Centers based on 2015 US Census Bureau data for food preparation and serving-related occupations estimate \$12/hour in Minneapolis as a median.

Additional considerations that make pinpointing an average wage difficult:

- Wages can vary from week to week and shift to shift so not everyone is able to make the same "minimum" amount
- Not all tips are recorded. Even credit card tips are hard to determine as they can be "cashed out" (distributed to servers at end of shift and may or may not end up in wage records filed)

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Recommendations: tipped wage level

Ultimately persuaded by:

- Studies that spoke to uneven and difficult enforcement that put the onus on employees to claim lost wages
- Fact that our state legislature opted for a single wage system in 1984

Recommend tips not be included as wages for purposes of minimum wage



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May 24: Week Three Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

Recommendations: youth workers

- Also split down pretty even amongst jurisdictions
- Minneapolis youth labor force – any resident 16-19 years old working or looking for work is ≈22,000
- The estimated unemployment rate for this demographic is considerably higher than other age demographic groups at about 27%
- Businesses often mentioned the need to include a training wage

We recommend following state guidelines and establish a training wage that may be paid to youth up to ages 20 years for no more than 90 days – most jurisdictions set this subminimum wage to 85% of the minimum wage

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Recommendations: small business

Extend implementation for smaller and micro businesses, with and additional 1-2 years to reach the targeted minimum wage

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May 24: Week Three
Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

Supplemental Recommendations

- Recommend housing enforcement with Civil Rights Department
- Annual evaluation of implementation results and monitoring of impacts on businesses and workers to ensure increases can be sustained by local economy and that we address any unintended consequences in a timely manner.
- Continue to provide small and entrepreneurial businesses with support so they remain economic drivers to our local economy.



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Additional Concepts:

- Enforcement
 - Adequate # of investigators and \$\$
- Outreach & engagement
- Partner w/comm. orgs
- Complaint based vs. annual certification

May 24: Week Three
Minneapolis Ordinance

Exemptions

Phase-In

Tips

Rate

Of all min. wage earners nationally:

- 20.6% are 16-19 years old
- 61.6% are women
- Average age increase:
 - 32.3 yrs in 1979
 - 35 in 2015
- Rate that attended/completed college increase:
 - 25% in 1979
 - 43% in 2011
- 2/3 in service occupations
- 1/2 in food-related service occupations

May 31: Week Four
History of Min. Wage

Minnesota's tiered system of minimum wages:

- Large employers (gross sales over \$500k): \$9.65/hr
- Small employers: \$7.87/hr
- Training Wage: \$7.87/hr
- Youth Wage: \$7.87/hr

Starting in 2018, the Minnesota's minimum wage is indexed to inflation.

Mixed opinions on:

- Workforce effects
- Economic effects

Exemptions

Phase-In

Tips

Rate

- 200 participants
- What questions/concerns do community/stakeholders have?

KEY QUESTIONS BY INDUSTRY/SECTOR (LISTED IN ALPHABETICAL ORDER)..... 12

1.	DAY TRAINING AND EMPLOYMENT SERVICES FOR PEOPLE WITH DISABILITIES	12
2.	FRANCHISEES, LOCALLY-OWNED, MICRO AND SMALL BUSINESSES.....	14
3.	HOME HEALTH CARE, NURSING HOMES, AND SENIOR HOUSING	16
4.	LARGE EMPLOYERS	19
5.	LOW-WAGE WORKER ADVOCATES	19
6.	MANUFACTURING	21
7.	PRIVATE EDUCATIONAL INSTITUTIONS	22
8.	RESTAURANT AND HOSPITALITY – ONE WAGE, NO TIP CREDIT	23
9.	RESTAURANT AND HOSPITALITY – FOR TIP CREDIT.....	25
10.	YOUTH-TRAINING WAGE, IN SUPPORT OF	27
11.	YOUTH-TRAINING WAGE, A CASE AGAINST	29

May 31: Week Four
Phase 1 Study

Exemptions	Phase-In
Tips	Rate

Race: What groups will be affected by a \$15 minimum wage?

Count (Race's share of workforce)							
Race (1/2)	Above \$15	Below \$15	Overall	Race (2/2)	Above \$15	Below \$15	Overall
White	187,000 (85)	68,000 (71)	255,000 (81)	Other Asian / Pac. Island	14,000 (6)	10,000 (10)	24,000 (8)
Black / African Am...	12,000 (5)	11,000 (11)	23,000 (7)	Other Race (singular)	2,000 < 1%	3,000 (3)	4,000 (1)
Am. Indian / Alaska Nat.	1,000 < 1%	1,000 (1)	2,000 < 1%	Two Races	3,000 (1)	3,000 (3)	6,000 (2)
Chinese	1,000 < 1%	< 1,000 < 1%	1,000 < 1%	Three or More Races	< 1,000 < 1%	< 1,000 < 1%	1,000 < 1%
Japanese	< 1,000 < 1%	< 1,000 < 1%	< 1,000 < 1%	Total	220,000 (100)	96,000 (100)	316,000 (100)

Citation: 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>

June 7: Week Five
Research

Exemptions

Phase-In

Tips

Rate

Citizenship: What groups will be affected by a \$15 minimum wage?

Count (Cit's share of workforce)			
	Above \$15	Below \$15	Overall
Natural Born	195,000 (88)	78,000 (81)	273,000 (86)
Born Abroad of Am. Parents	2,000 < 1%	1,000 (1)	3,000 (1)
Naturalized Citizen	16,000 (7)	9,000 (9)	24,000 (8)
Not a Citizen	7,000 (3)	9,000 (9)	16,000 (5)
Total	220,000 (100)	96,000 (100)	316,000 (100)

June 7: Week Five
Research

Exemptions

Phase-In

Tips

Rate

Ethnicity: What groups will be affected by a \$15 minimum wage?

Count
(Eth's share of workforce)

	Above \$15	Below \$15	Overall
Non Hispanic	213,000 (97)	88,000 (91)	301,000 (95)
Mexican	4,000 (2)	6,000 (6)	10,000 (3)
Puerto Rican	< 1,000 < 1%	1,000 < 1%	1,000 < 1%
Cuban	< 1,000 < 1%	< 1,000 < 1%	< 1,000 < 1%
Other	2,000 < 1%	2,000 (2)	4,000 (1)
Total	220,000 (100)	94,000 (100)	316,000 (100)

Additional learnings:

- Small business panel
- Viability concerns
- Price increases
- Job cuts
- Hour cuts
- Business relocation
- Business sale/closure

June 7: Week Five
Research & Small Businesses

Exemptions

Phase-In

Tips

Rate

1. Ordinance Passage

- Min. 4 weeks
- Public hearing in week 3
- Mayor decision w/in 5 days
 - No line-item veto

3. Enforcement: ESST Example

- Complaint-based
- Tracking database
- Online/in person methods to file

2. Implementation: Educate

- Website
- Know Your Rights posters, FAQs, marketing strategies
- Ads on light rail & transit stops
- Press releases
- Community radio ads

June 14: Week Six
City of Saint Paul

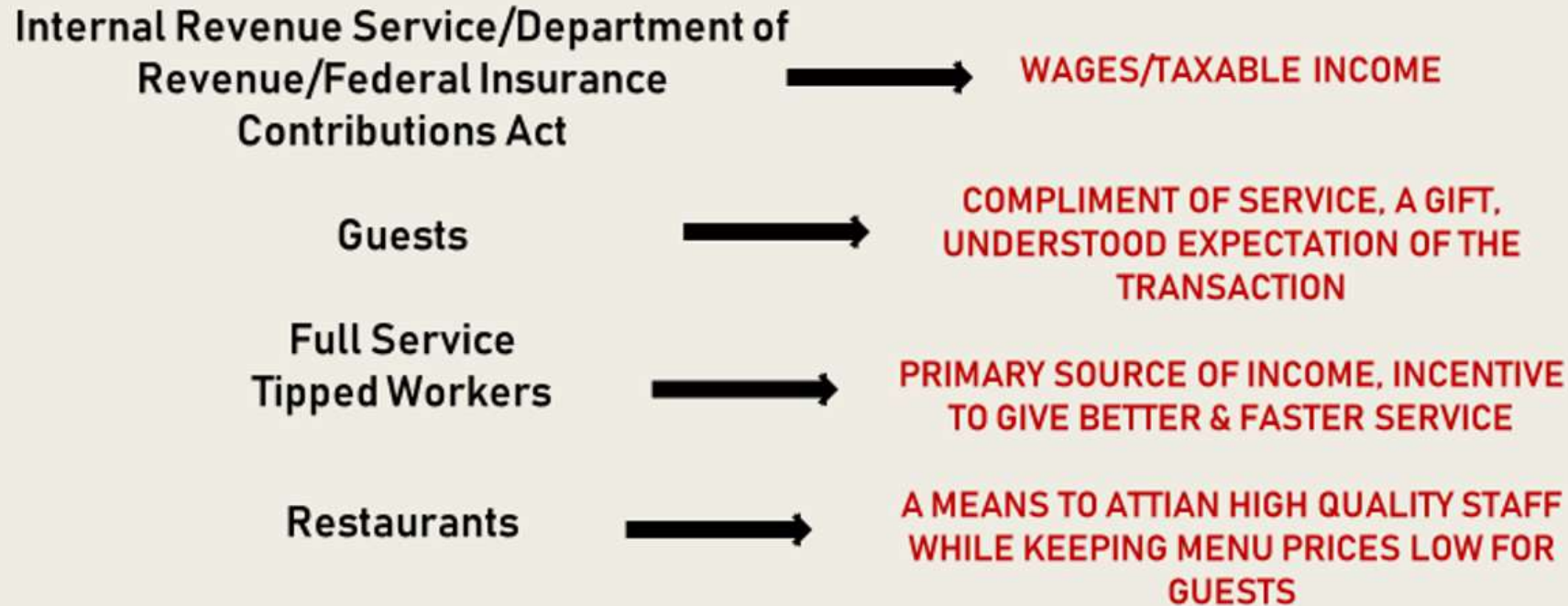
Exemptions

Phase-In

Tips

Rate

WHAT IS A TIP?



A tip credit guarantees full minimum wage

- If base wage + tips does not equal min. wage, employer makes up difference
- Service charges are not tips, but can make up min. wage pay

June 21: Week Seven
Tip Credit

Exemptions

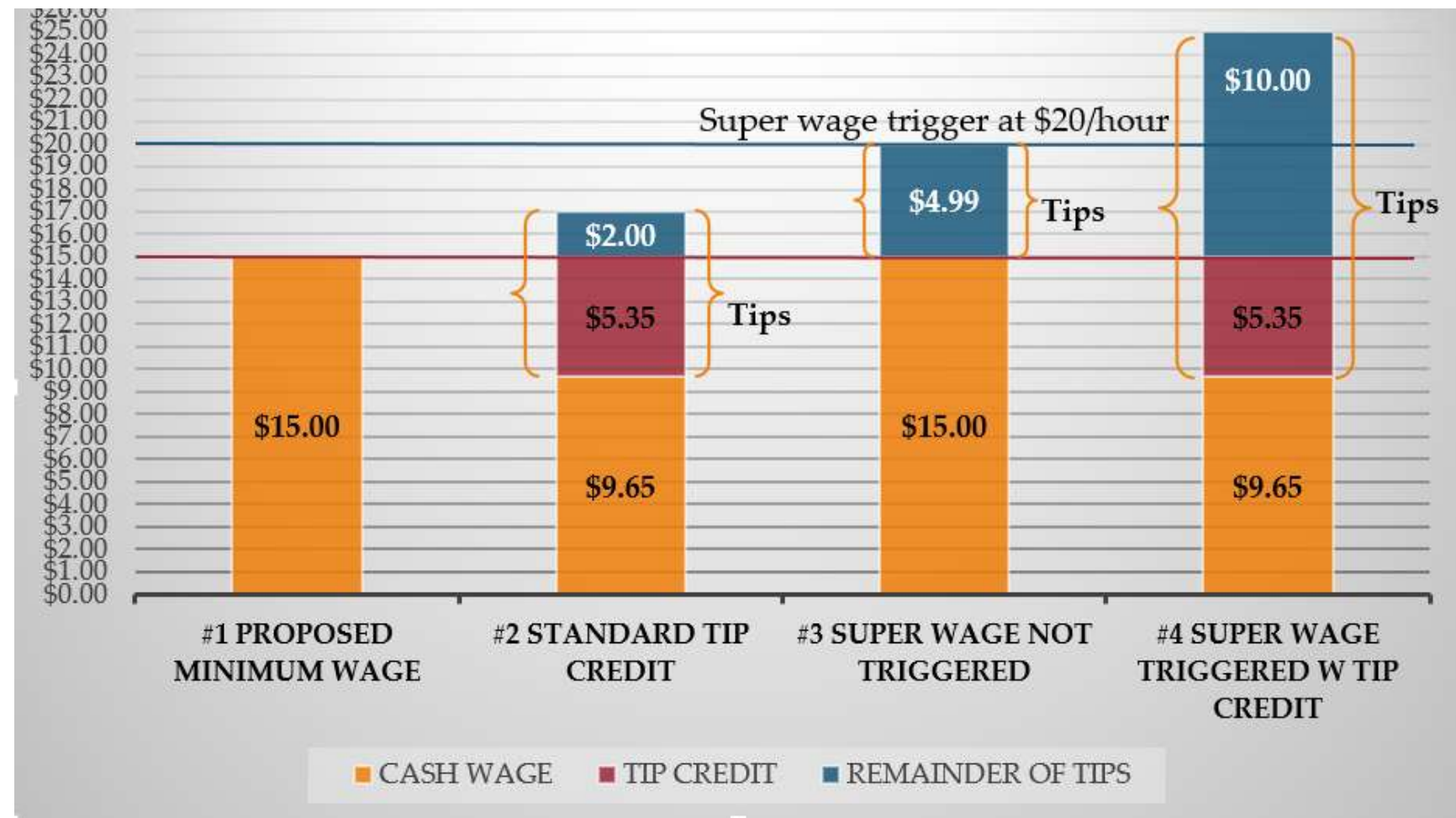
Phase-In

Tips

Rate

A tip credit:

- Alleviates higher labor cost pressures for owner
- Addresses disparities for front and back of house staff



June 21: Week Seven
Tip Credit

Exemptions

Phase-In

Tips

Rate

Who earns min wage in Saint Paul?

- 31% of workers earn \$15 or less
- Most retail, food service, and administrative waste industry jobs earn less than \$15

Compared to Mpls, St. Paul has:

- More jobs under \$15
- Fewer jobs over \$15

Who pays min wage in Saint Paul?

- Most jobs above \$9.65 are with large firms
- Most jobs at or below \$9.65 are with small firms
- Retail, admin, health, and food-service = 3/4 of jobs below \$15
- Public admin, health, education, and finance = 1/2 of jobs above \$15

June 28: Week Eight
Research

Exemptions

Phase-In

Tips

Rate

Experiences heard:

- Earning low wages with no health benefits
- Living in poverty
- Providing for family while still in high school
- Working full time and still not having resources to invest in education
- 90+ hours weekly, still must rely on food stamps

Barriers to attaining higher-paying work

- Immigration status
- Age
- Medical responsibilities at home
- Immediate financial needs prohibit big moves

June 28: Week Eight Hourly Workers

Quality of life changes at \$15:

- Learn to speak English
- Spend time with family
- Go to church
- Volunteer in community
- Save for a house
- Start a family
- Hire medical support staff

Exemptions

Phase-In

Tips

Rate

Table 6 : Pay and Race/Ethnicity in Ramsey County ³

Count (Row%) (Column%)							
Race	\$7.76 or Less	\$7.77 - \$9.65	\$9.66 - \$12.00	\$12.01 - \$15.00	\$15.01 - \$17.25	\$17.26+	Total
White Non Hispanic	19,483 (8) (65)	8893 (4) (60)	14,240 (6) (67)	20,084 (8) (67)	16,365 (7) (74)	166,066 (68) (84)	245,131 (100) (77)
Black/African American Non Hispanic	3,196 (14) (11)	1,524 (7) (10)	2,314 (10) (11)	3,609 (16) (12)	1,931 (9) (9)	9,634 (43) (5)	22,208 (100) (7)
Am. Indian/ Alaska Native Non Hispanic	250 (15) (1)	29 (2) (0)	114 (7) (1)	435 (27) (1)	154 (9) (1)	654 (40) (0)	1,636 (100) (1)
Asian Non Hispanic	3,731 (15) (12)	2,357 (9) (16)	1,782 (7) (8)	2,394 (9) (8)	2,187 (9) (10)	12,918 (51) (7)	25,369 (100) (8)
Other Race Non Hispanic	43 (14) (0)	25 (8) (0)	0 (0) (0)	24 (8) (0)	0 (0) (0)	224 (71) (0)	316 (100) (0)
White Hispanic	1,435 (14) (5)	893 (9) (6)	1,562 (15) (7)	1,483 (15) (5)	880 (9) (4)	3,890 (38) (2)	10,143 (100) (3)
Non White Hispanic	953 (20) (3)	488 (10) (3)	518 (11) (2)	1,161 (24) (4)	365 (8) (2)	1,362 (28) (1)	4,847 (100) (2)
Multiracial	1,040 (15) (3)	561 (8) (4)	720 (11) (3)	988 (15) (3)	177 (3) (1)	3,305 (49) (2)	6,791 (100) (2)
Total	30,131 (10) (100)	14,770 (5) (100)	21,250 (7) (100)	30,178 (10) (100)	22,059 (7) (100)	198,053 (63) (100)	314,805 (100) (100)

July 12: Week Nine Research

Exemptions

Phase-In

Tips

Rate

- A tip penalty asks workers and customers to subsidize min. wage with tips.
- Tip penalty abolished in MN in 1984
- Tipped workers are more likely to
 - Live in poverty
 - Experience sexual harassment at a higher rate
 - Be prone to wage theft
- Most tipped workers
 - Make under \$15/hour
 - Are women, many raising children
- Compliance violations are rampant
 - Back pay and wage theft
 - 25.9% of all min wage violations are in food/drink service– more than any other industry
 - More complex= harder to enforce

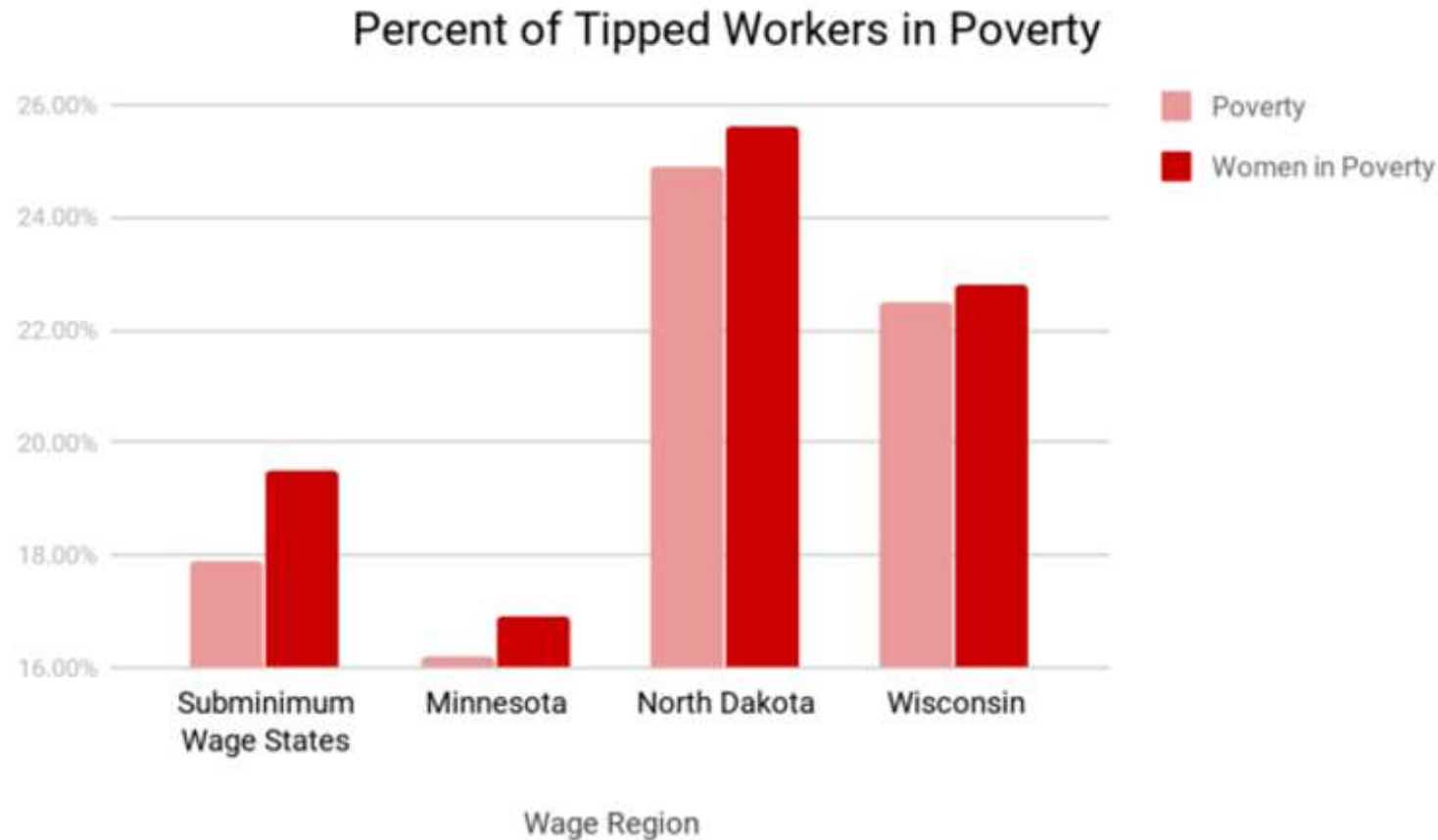
June 12: Week Nine

Tip Penalty

Exemptions	Phase-In
Tips	Rate

Tipped Workers and Poverty

June 12: Week Nine
Tip Penalty



American Community Survey (2012-2015). Ruggles, Steven, Alexander J. Trent, Genadek Katie, Goeken Ronald, Schroeder Matthew B., and Soebek Matthew, Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database], (Minneapolis: Minnesota Population Center, 2010).

Exemptions

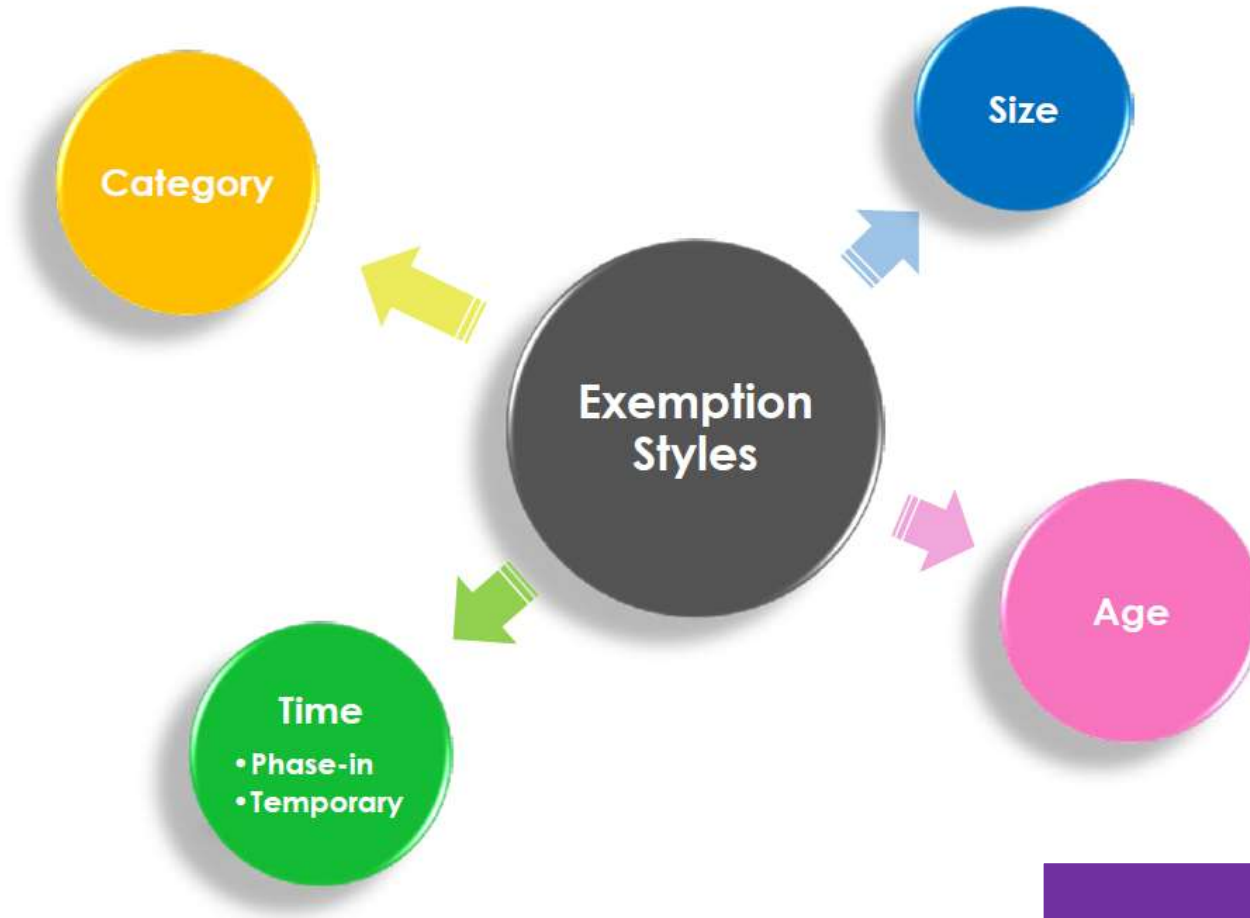
Phase-In

Tips

Rate

Exemptions

Specific employer-employee relationships that are released from the requirement to pay the full-minimum wage.



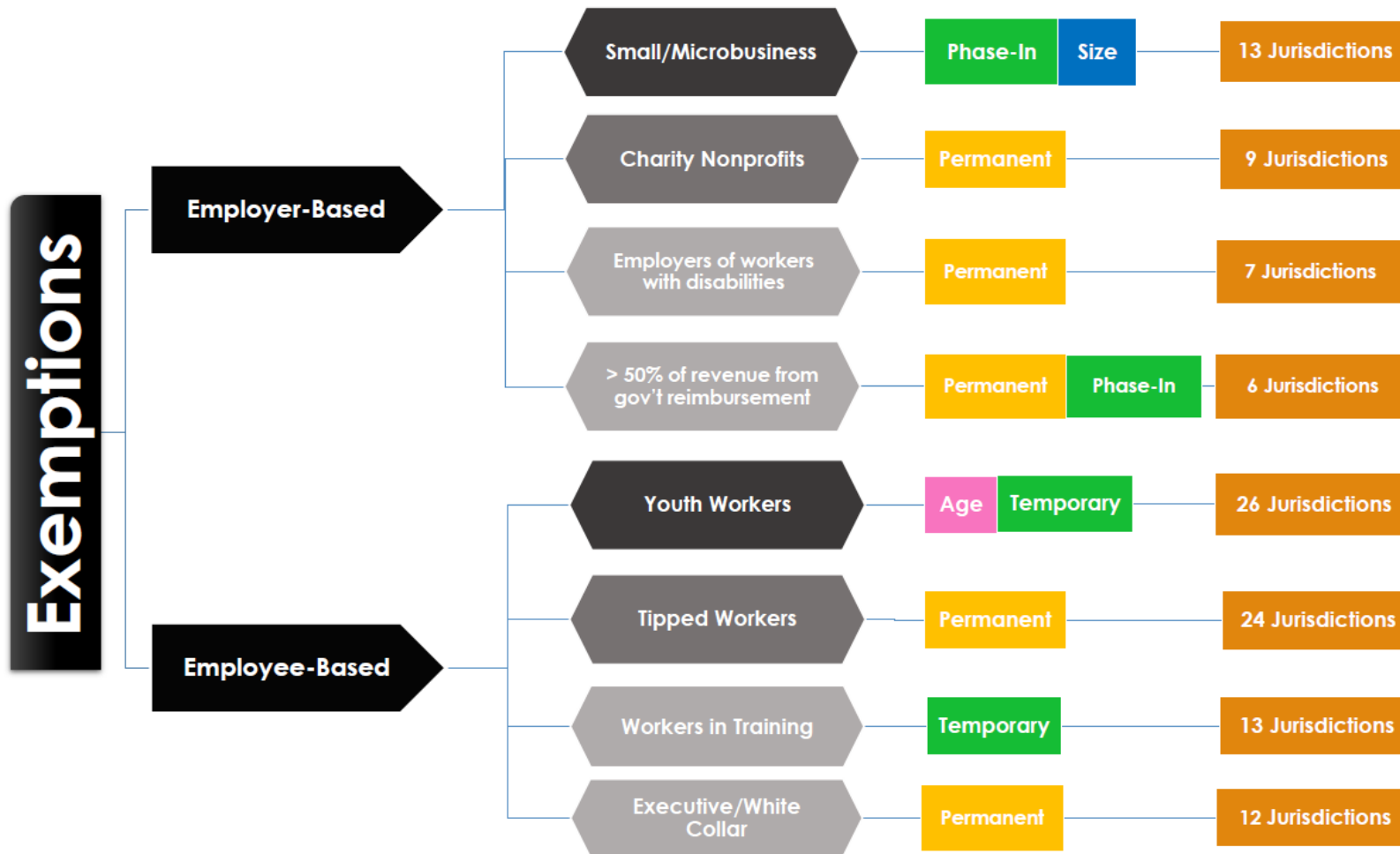
June 19: Week Ten
Exemptions

Exemptions

Phase-In

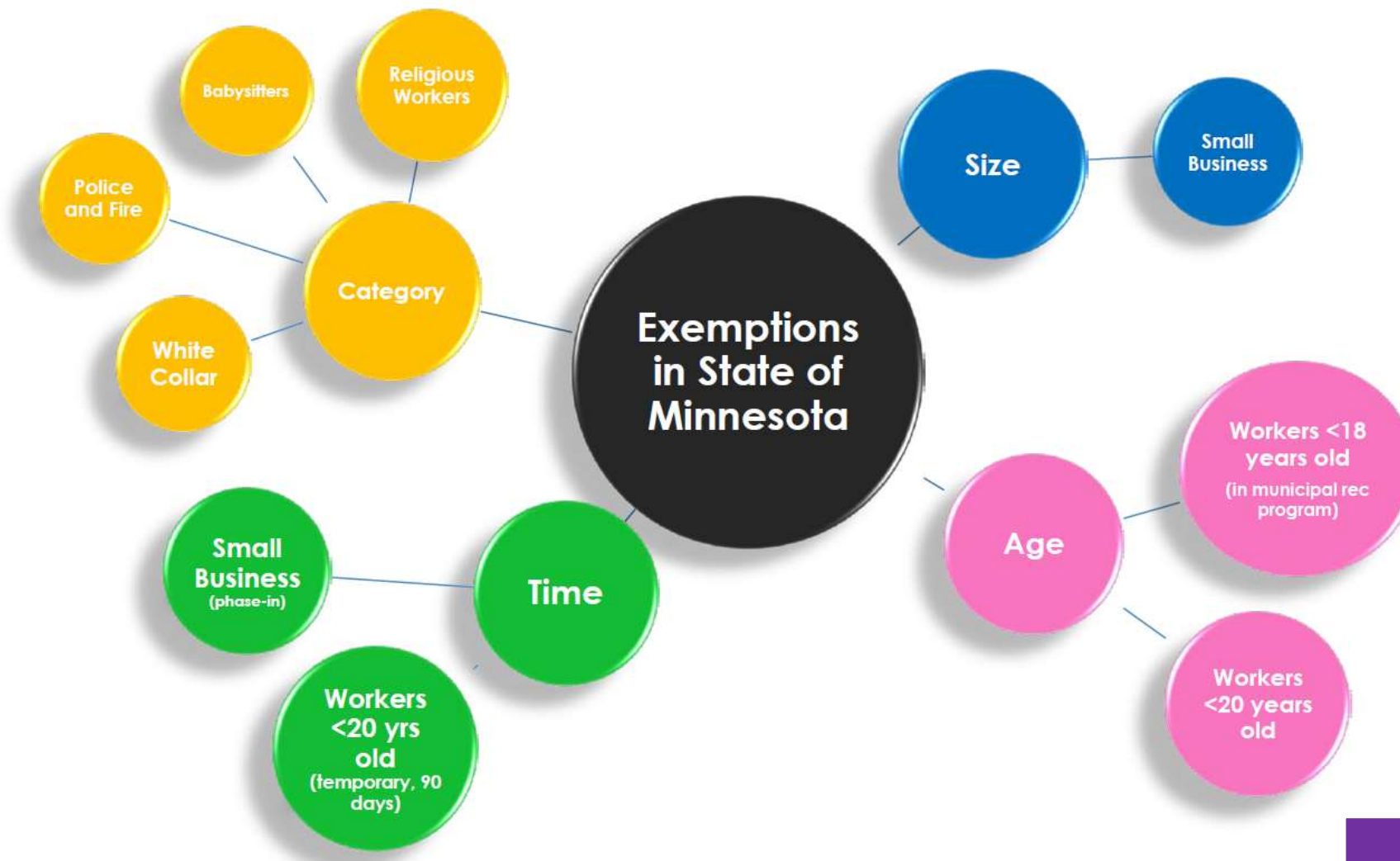
Tips

Rate



June 19: Week Ten
Exemptions

Exemptions	Phase-In
Tips	Rate



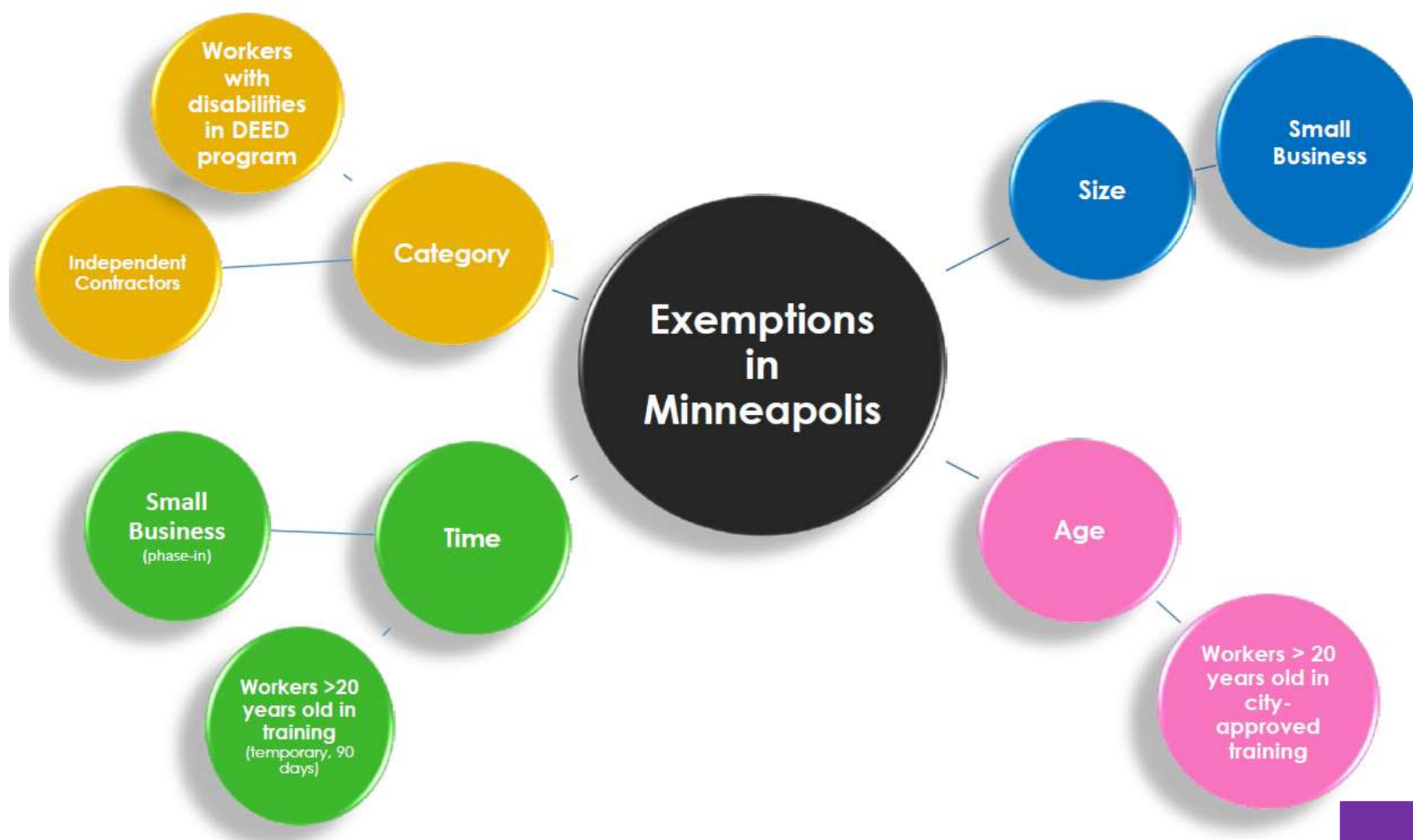
June 19: Week Ten Exemptions

Exemptions

Phase-In

Tips

Rate



June 19: Week Ten Exemptions

Exemptions	Phase-In
Tips	Rate

Panel perspectives:

- Day Training & Rehabilitation services
 - Providers depend on Medicare reimbursement for revenue
 - Impact to providers outside St. Paul who sent workers into city
 - Impact to people with disabilities who lobby in St. Paul
- Disability rights activist/lobbyist
 - Move workers with disabilities from contract to full time positions
 - State should raise reimbursement rates
- Youth training wages
 - Raising wages impacts ability to serve
 - Different pay affects youth employment choices

June 19: Week Ten
Exemptions

Exemptions

Phase-In

Tips

Rate