

Citizens League Report

Saint Paul Minimum Wage Study Committee

**Phase 2
August 2018**

Prepared by
Citizens League

Funded by
The Saint Paul Foundation, the F.R. Bigelow Foundation, and the City of Saint Paul

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Introduction

In November of 2017, Melvin Carter III was elected to be Mayor of Saint Paul after receiving 50.86% of first choice votes in Saint Paul's ranked choice voting system. Central to Mayor Carter's platform was increasing Saint Paul's minimum wage rate to \$15 per hour, a figure that has received mounting popular support across the United States in recent years among hourly workers and advocacy groups as federal and state wage laws maintain slow growth.

When neighboring Minneapolis passed its own \$15 minimum wage ordinance in June 2017, it was not only met with fanfare from workers—it faced lawsuits from the Minnesota Chamber of Commerce and members of the business community. Their concern was that adhering to minimum wages that differed from city to city was burdensome for employers, and that an increase generally would threaten the vitality of business communities in Minneapolis.

Members of the Saint Paul City Council similarly expressed publicly a variety of questions about how a municipal ordinance that would increase the minimum wage in Saint Paul could be designed in a way that maximizes worker benefits while minimizing unintended consequences in the business community that employs those very workers. In fall 2017, The Saint Paul Foundation commissioned Citizens League to conduct a scoping project to identify key questions, resources, and stakeholders that would need to be part of a larger effort in 2018 to help inform a carefully planned municipal ordinance.

Citizens League published its Phase 1 Scoping Project¹ report in February 2018 after consulting with over 200 members of the Saint Paul community, gathering qualitative data from individual interviews, group discussions/listening sessions, email submissions, and an anonymous online survey tool. The report provided insights on multiple issues and questions surrounding the minimum wage, assessed data and research availability, and identified key stakeholders whose voices should be included for credible development of a new ordinance. The Phase 1 report also offered recommendations for further areas of study and consideration, including gathering additional feedback from immigrant communities, indigenous populations, communities of color, and industry sectors not included in the Phase 1 study, such as hotel and retail industries.

Based on the findings of the Phase 1 study, the City of Saint Paul developed a larger body of questions to be explored by an independent study committee that would bring Saint Paul residents, workers, and employers from a variety of backgrounds—and with a variety of political leanings and personal interests—together in one space. Once again, with additional support from The Saint Paul Foundation and the F.R. Bigelow Foundation, the City of Saint Paul commissioned Citizens League to lead a Phase 2 Study Committee project.

The 21 members of the Study Committee represented a wide range of the Saint Paul community, from small, large, immigrant, and family owned business, to labor representatives from the healthcare, public, nonprofit, and trades sectors. There were hourly workers from restaurant chains, fine dining, and full service establishments, and restaurant owners experiencing the immediate effects of the increased minimum wage in Minneapolis. Committee members volunteered for in-person weekly meetings and extensive time reading and preparing themselves for each week's topic, showing tremendous dedication and approaching their charge with the highest degree of gravity, integrity, and commitment. They engaged with even more stakeholders in Saint Paul, researching questions first-hand and bringing those additional voices into discussions. They fielded media questions and lobbying efforts from advocacy groups on all sides of the issue. In short, they made every effort to inform themselves to provide the very best possible recommendations to the Mayor and City Council of Saint Paul.

Those recommendations, based on hours of intense deliberations and immersive study, are respectfully submitted here as evidence that people with different perspectives can come together to engage in meaningful discussion and find common ground to solve contentious public issues in their own community.

¹ Appendix A contains the full Phase 1 report.

Acknowledgements

Citizens League wishes to thank and acknowledge many people and organizations for their contributions that made this report possible:

- The Saint Paul Foundation, F.R. Bigelow Foundation, and the City of Saint Paul
- The members of the Saint Paul Minimum Wage Study Committee
- The University of St. Thomas for providing meeting space and technological support.
- Panelists and presenters that provided information to the Study Committee, individually listed within the report.
- Community organizations that partnered with Citizens League to find presenters, panelists, and resources as requested by the Study Committee:
 - Centro de Trabajadores Unidos en la Lucha (CTUL)
 - Capital City Strategies
 - Minnesota Council on Disability
 - Restaurant Workers of America
 - Restaurant Opportunities Centers United
 - 15 Now Minnesota
- The Roy Wilkins Center for Human Relations and Social Justice, especially Thomas Durfee.
- The City of Minneapolis, especially Nuria Rivera-Vandermyde and Jeff Schneider.
- Members of the Saint Paul community that provided input during our process.
- Minnesota Housing Partnership for resource information on housing costs in Saint Paul.

Executive Summary

From May to August 2018, Citizens League convened 21 members of the Saint Paul residential, academic, nonprofit, and business communities to learn together with the goal of making recommendations to the City of Saint Paul as it considers a new municipal minimum wage ordinance. The charge of the Study Committee was concentrated around four specific ordinance components: the appropriate wage level, exempted industries or job categories, the role of tips in calculating wages, and phase-in times for implementation.

Understanding that designing public policy around the minimum wage must include an awareness of its effects and related components, the Study Committee dedicated its meetings to examining and discussing research from peer-reviewed sources and contemporary popular literature, subject matter expert presentations, advocate testimonials, community commentary, and research conducted each week by University of Minnesota academics as committee members developed new questions unearthed by its growing base of knowledge.

After 14 weeks of study and deliberations, committee members found two common ground points that informed their final recommendations:

- An increase in the minimum wage affects businesses/organizations differently based on their size, industry, and respective business model.
- Implementation (including community education/outreach) and enforcement efforts are critical to the viability of and adherence to a new minimum wage ordinance.

While the Study Committee did not find unanimous consensus on one minimum wage ordinance scenario, it did find 100% agreement in forwarding three scenarios (see Table 1) to the City of Saint Paul for consideration with percentages indicating the level of support each scenario found within the Study Committee.

- All three scenarios include a recommendation of a \$15 per hour minimum wage indexed to inflation
- All three scenarios include exemptions for City-approved youth training programs and disability employment programs
- Two scenarios recommend no tip adjustment in the calculation of wages
- One scenario includes a tip credit model that applies to full-service restaurants only, with a probationary period and annual reevaluation for effectiveness by the City of Saint Paul
- Phase-in time ranges include 6-7 years for small businesses and 4-6 years for large businesses
- Support levels range from 43% to 77% of committee members

In all, committee members considered 21 scenarios. They also addressed two related elements outside of its scope of work

- Definitions of firm size
- Recommendations on implementation start time

Finally, several points are included as additional considerations for further study by the City of Saint Paul as it designs its new ordinance:

- Education, outreach, and enforcement needs
- Joint employer liability language
- Time spent working in Saint Paul for ordinance coverage
- Implications for Medicaid-funded businesses
- Support for micro business
- The position of professional sports teams in Saint Paul
- Work-study implications

- Slope of annual wage increases post-implementation
- Adjusting the final wage increase to align with Minneapolis

Sections are included on the methodology of the Study Committee process, including summaries of meetings and full minutes, as well as all feedback received from the Saint Paul Community.

Table 1: Minimum Wage Scenarios for Consideration (see page 23 for more detail)

	Scenario 1	Scenario 2	Scenario 3
Wage	\$15 Indexed to Inflation	\$15 Indexed to Inflation	\$15 Indexed to Inflation
Exemptions	City-approved youth training programs: 180 days Disability employment programs	City-approved youth training programs: 365 days Disability employment programs	City-approved youth training programs: 180 days Disability employment programs
Tip Adjustment¹⁵	No tip adjustment	No tip adjustment	Tip credit <ul style="list-style-type: none"> • Only for full service restaurants • For a probationary/trial period • City evaluates effectiveness annually
Phase-In Times	Small businesses: 7 years Large businesses: 5 years	Small businesses: 6 years Large businesses: 4 years	Small businesses: 7 years Large businesses: 6 years
Study Committee Support Level¹⁶	77%	62%	43%

The Work of the Study Committee

Scope of Work²

Based on the findings of the Phase 1 Scoping Project, the City of Saint Paul requested that the Citizens League lead an independent Study Committee to inform the creation of a municipal minimum wage ordinance. The Study Committee was charged with answering key questions identified in the Phase 1 analysis, reviewing relevant research, and developing recommendations for four specific ordinance components:

- 1) **The Minimum Wage Rate and Indexing to Inflation.** What is the appropriate wage rate for the City of Saint Paul? Does this include other benefits like health insurance? What are the benefits and/or drawbacks to indexing to inflation? Does indexing to inflation help workers keep up with cost of living increases?
- 2) **Exemptions.** What, if any, exemptions will be included in the ordinance? What are the various exemptions? Are there groups for whom a longer phase-in time could be a better option than a total exemption? Will there be different considerations for different groups? Example groups that may be considered:
 - a. Youth workers
 - b. Student workers (including those employed outright and those receiving work study tuition aid)
 - c. Seasonal workers
 - d. Workers paid by stipends (such as AmeriCorps workers)
 - e. Training wages
 - f. Different businesses (and sizes of businesses)
 - g. Employment for people with disabilities
- 3) **Tip penalty/credit.** What is the likely impact on tipped workers of a tip credit/penalty based on evidence from other states and/or research? Will and how might a wage increase without a tip credit/penalty lower servers' wages by shifting restaurants toward service charges?
- 4) **Phase-In Time.** What is the appropriate phase-in time? What are the pros/cons of different phase-in times?

The City of Saint Paul posed additional questions for the consideration of the Study Committee, which, by their relation to the main ordinance components, were studied tangentially during the course of the Phase 2 process. No formal recommendations were prescribed for those questions individually:

- What are the economic impacts on specific industries (i.e., manufacturing, restaurant, etc.) and populations (youth, disability, hard-to-employ, low-skill/experience, etc.) in Saint Paul in response to a minimum wage increase? For example, jobs/hours lost, increased buying power, etc.
- How can wages be tied to cost of living while accounting for regional differences in that cost?
- What can Saint Paul learn from the experiences of other cities in terms of an ordinance's impact on the city's ability to attract and retain employers and to create jobs? What about wage compression effects?
- To what extent will the labor market shortage address these issues through market forces instead of mandated minimum wage?
- What can the City do or what needs to be done to ameliorate potential negative consequences of a minimum wage increase? And/or what action needs to happen at other levels of government to ameliorate the effects? Examples: public benefits cliff, Medicare/Medicaid reimbursement gap.
- How will a minimum wage increase impact Saint Paul's poverty rate?

² Appendix B

- Given that Saint Paul has the highest poverty rate in the metro area, is the minimum wage ordinance the best strategy to address it? Or could it have the opposite effect of reducing low-wage worker hours as well as fiscal cliff consequences?
 - Of the 31 percent of people who live and work in Saint Paul, of whom 8,000 are low-wage workers who will benefit, is the minimum wage ordinance the best way to improve their economic status?
- What can the City do to ameliorate the impact on small businesses? Example: What are things that other cities have done that have been successful?
- How does the Minneapolis minimum wage ordinance impact Saint Paul and its minimum wage discussion?
 - Is there a benefit of weighing the impact of the Minneapolis implementation before we move forward with an ordinance in Saint Paul?
 - How is Minneapolis addressing the Medicaid reimbursement issue as it applies to jobs in home health care, nursing homes, and senior housing?

Study Committee Membership

Members of the Study Committee were selected by the Citizens League based on the stakeholder analysis detailed in the Phase 1 report to represent different perspectives on the shared policy issue of an increased minimum wage. Among the perspectives sought were those of labor unions, business owners, private colleges, low wage workers, restaurant owners and servers, nonprofits (particularly those that offer youth training programming), manufacturers, small employers, and organizations which receive significant funding from government programs. Where possible, perspectives were sought from like-organizations holding contrary positions to bring first-person experience that could aid exploration of the merits of both stances. For instance, two restaurateurs served on the Study Committee holding differing views on the role of a tip adjustment in calculating minimum wage payment required by restaurant employers.

Citizens League paid notice to the composition of the Study Committee to include people of color, immigrants, and gender and age representation. Additionally, staff limited the number of Study Committee members that served on municipal task forces in the recent past to increase participation from a broader segment of community members. Preference was also given to Saint Paul residents, workers, and employers. Because Study Committee members were sought whose income reflected the current minimum wage, stipends and/or honorariums were offered to all committee members and most panelists for travel, missed wages, and childcare. Language interpretation was also provided as needed.

Two seats were reserved for Citizens League members in keeping with precedent and organizational standards. Interested members followed an application process that screened for area of residence, interest, background, and opinions on the issue of increasing the minimum wage generally to maintain balance on the study committee.

Citizens League consulted with the Mayor's Office, the Saint Paul City Council, and key stakeholders on potential Study Committee members. However, the recruitment and selection process was independent of the City. In total, Citizens League interviewed 55 Saint Paul community members for potential Study Committee membership; 21 were selected and accepted the request to serve, including two co-chairs. The Citizens League Board of Directors approved the final slate of Study Committee members on April 25, 2018. They were³:

1. Mr. Bob Brick, President/CEO, Ally People Solutions
2. Mr. Samuel Callahan, Cook, McDonald's and Taco Bell restaurants
3. **Mr. Dillon Donnelly, Director of Business Development, Donnelly Custom Manufacturing**
4. **Mr. Paris Dunning, Director, East Side Area Business Association (ESABA)**

³ Appendix E provides short biographies of Study Committee members.

5. Mr. Barry Gisser, Chief Financial Officer, Science Museum of Minnesota *
6. Mr. Matt Gray, Server, W.A. Frost Restaurant
7. **Mr. Jon Grebner, Political Action Director, AFSCME Council 5**
8. **Mr. Matt Halley, Executive Director, Cookie Cart**
9. Mr. Doug Hennes, Vice President, Government Relations & Special Projects, University of St. Thomas
10. **Ms. Mary Hicks, Principal Gifts Officer, University of Minnesota ***
11. **Ms. Sarah Kopp-Reddy, Server, Pizza Luce**
12. **Mr. Andrew Kopplin, Owner, Kopplins Coffee Shops**
13. Ms. B Kyle, President/CEO, Saint Paul Area Chamber of Commerce (Co-Chair)
14. Ms. Rebecca Lucero, Public Policy Director, Minnesota Council of Nonprofits
15. **Mr. Tim Mahoney, Owner, The Loon Café**
16. Ms. Veronica Mendez Moore, Co-Director, Centro de Trabajadores Unidos en la Lucha (CTUL)
17. **Mr. Oscar Murcia, Owner, El Guanaco Bakery Y Café**
18. Ms. Kera Peterson, Political Director/Campaign Manager, Saint Paul Regional Labor Federation
19. Mr. Sam Peterson, Owner, Kyatchi Restaurant
20. Ms. Pang Vang, Owner, Rainbow Health Kare, Inc.
21. **Mr. Rick Varco, Political Director, SEIU Healthcare MN (Co-Chair)**

(Residents of Saint Paul are indicated in bold, all others work or employ in Saint Paul.)

Over the course of the Study Committee's work, Mr. Callahan, representing one hourly worker perspective, withdrew his participation from the Study Committee citing personal difficulties. The Study Committee also tragically lost Mr. Hennes close to the end of its work after his untimely passing. Mr. Hennes represented the private college system. Two new members joined the Study Committee to offer continuity for the two represented points of view:

1. Mr. Cardell McKizzie, Team Member, McDonald's
2. **Dr. Eric LaMott, Provost and Chief Operating Officer, Concordia University**

Study Committee Process

The Phase 2 Study Committee process also operated independently of the City of Saint Paul. The Study Committee was supported by Citizens League executive director Pahoua Yang Hoffman, policy director Angelica Klebsch, policy program manager Matt Byrne, interns Snowden Stieber (University of Minnesota) and Alexis Solheid (College of Saint Benedict), and extern Ben Gleekel. Technical economic research was provided by the Roy Wilkins Center for Human Relations and Social Justice at the University of Minnesota's Humphrey School of Public Affairs. The Roy Wilkins Center was directed by Dr. Samuel L. Myers, Jr., and research was conducted by Thomas Durfee, Man Xu, and Yufeng Lai.

The Study Committee spent 14 weeks meeting in Saint Paul from May 10, 2018 through August 16, 2018. The weekly meetings, held for 2 to 2 ½ hours in the morning based on the majority of the committee members' availability, were hosted at locations determined to be accessible for committee members that relied on public transportation or who resided in Minneapolis—the first week at Mount Zion Temple and remaining meetings at the University of St. Thomas. Meetings were open to the public and were consistently attended by a variety of community members, advocacy groups, media outlets, and City of Saint Paul staff, all of whom observed without participating. Details of meetings—including location, time, and all presentation and research materials offered to

* Indicates Study Committee members with Citizens League membership.

the Study Committee—were made available to the public on the Citizens League website, where a webpage⁴ was dedicated entirely to the study.

Discovery Stage: Weeks 1-10

The Study Committee process used Citizens League’s staged approach⁵: discovery, development, and recommendations. During the discovery stage, committee members learned together each week about a selection of topics associated with the minimum wage⁶. Citizens League chose the first two topics based on the findings of the Phase 1 scoping project: demographic background information and a presentation on benefits cliffs. The Study Committee directed staff on topics it wished to explore thereafter.

To better understand issues and concerns related to the minimum wage, the Study Committee heard presentations from resource persons: topical experts beyond those that formed part of the committee itself, and panelist testimonials. Those resource persons, listed in the order in which they appeared before the Study Committee, were:

- Stephanie Hogenson, Outreach Director, Children’s Defense Fund-Minnesota
- Jeff Schneider, Strategic Management Team, City Coordinator’s Office, City of Minneapolis
- Brian Walsh, Supervisor, Labor Standards Enforcement, Department of Civil Rights, City of Minneapolis
- Tony Chesak, Executive Director, Minnesota Licensed Beverage Association
- Jerry Blakey, President/Owner, Lowertown Wine & Spirits
- Alinda Suarez, Owner, Taquería Los Paisanos
- Melanie McMahon, Legislative Aide, Councilmember Chris Tolbert—Ward 3
- Jessi Kingston, Director of Human Rights and Equal Economic Opportunity (HREEO), City of Saint Paul
- Siobhan Tolar, Assistant City Attorney, City of Saint Paul
- Jeff Crandall, Bartender, Eagle Street Grille
- Robert Crew, Director of Food & Beverage Operations, Commonwealth Properties
- Torrence Beavers, Executive Chef, Brunson’s Pub
- Jamie Robinson, Majority Owner/President, Northbound Smokehouse & Pub
- Jennifer Schellenberg, Server, Northbound Smokehouse & Pub, and President, Restaurant Workers of America
- Antonia Sanchez, Hourly Worker, cleaning industry
- Marquis Tatum, Hourly Worker, Urban Roots MN
- Shirley Henderson, Owner, Squirrel Chops
- Jessa Manthe, Hourly Worker, retail industry
- Sumer Spika, Homecare Worker and Organizer
- Alison Diffendal, Server, Bakers Square
- Sean Iredare, Lead Line Cook, Ngon Bistro
- Eli Edleson-Stein, Server, St. Genevieve, and Organizer, Restaurant Opportunities Centers United
- Ken Peterson, Commissioner, Minnesota Department of Labor and Industry
- Kristin Tout, Assistant District Director, U.S. Department of Labor, Wage & Hourly Division
- Kevin Goodno, Chair, Government Relations Practice, Fredrikson & Byron, P.A.
- Rick Cardenas, Disability Advocacy Consultant, Akcess Associates
- Kristy Snyder, LEAP Director, Project for Pride in Living

⁴ <http://www.citizensleague.org/minwage>

⁵ This process follows Citizens League’s operating guidelines as stated in the organization’s Governing Document (Appendix F).

⁶ See *Summary of Study Committee Meetings* beginning on page 13.

Committee members also reviewed and analyzed available information on the minimum wage, including formal peer-reviewed research and popular literature and news articles. Committee members requested new research to be conducted by the Roy Wilkins team each week as questions arose on topics covered and topics less directly, but still importantly, related. The City of Minneapolis also generously provided a variety of resources collected during the design of their own municipal minimum wage ordinance, most notably a compilation of data from 51 jurisdictions⁷ cataloging treatment of ordinance components including those studied by our Study Committee.

In addition to topical content discussions during meeting times, Study Committee members participated in the discovery stage through email, phone, in-person, and even text message discussions with staff. These platforms were made available to foster participation from committee members with different styles and preferences of learning and communication, such that all committee members would feel included, valued, and respected. Three surveys⁸ issued to committee members also provided anonymous avenues for thought contributions or feedback on necessary (or conversely, undesired) resources or topical expert presentations.

Community Input

The Citizens League's Study Committee best practices standards provide guidance on optimal committee sizes for efficient collective policy creation. The issue of the minimum wage, however, has a degree of urgency and immediate impact felt by thousands of community members of all backgrounds and economic participation levels. It was determined prior to the first meeting of the Study Committee that a feedback loop system would be created, breaking with Citizens League precedent, to allow for community voices to enter the discussion space and provide another critical layer of information for committee members.

Community members who wished to provide input were offered three channels from Citizens League:

- 1) A comment box on our minimum wage webpage
- 2) A dedicated email for longer commentary
- 3) A voicemail box for those with limited access to online resources or for non-English speakers. The voicemail greeting was recorded in English, Spanish, and Hmong, and responses were received in all three languages.

Input was recorded each week and presented to the Study Committee in the form of a Community Report⁹. Citizens League redacted personal information (names, addresses, and phone numbers) from comments before sharing the weekly reports with committee members and the public via our website. Meeting time was dedicated for committee members to discuss input received, which included statements of personal experience, support for various positions, reactions to the committee's work, and links or attachments containing additional resources for committee members to consider. Besides redacting personal details, Citizens League limited filtering of community input to including parenthetical notes identifying repeat commenters and withholding one comment that solely contained a link to an opinion-based source without research references.

In all, 209 comments were received from the Citizens League community input channels between May 10, 2018 and August 15, 2018. Citizens League did not respond to community input, with two exceptions: comments that asked logistical questions, such as how to find meeting materials or locations; and comments on Citizens League projects or events that were distinct from the work of the Study Committee.

The City of Saint Paul held two listening sessions concurrent with the work of the Study Committee to include an even greater swath of community input. Those sessions were attended by Citizens League staff and committee members. Community members learned about Citizens League, its process, and the Study Committee's work, and

⁷ Appendix K

⁸ Appendix J

⁹ Appendix H: Community Input Reports—Citizens League Input Channels

with help from trained facilitators, offered opinions¹⁰ that aligned with the themes seen in Community Report contributions.

Development and Recommendation Stages: Weeks 11-14

The development stage began with a week by week recapitulation of what was covered during the discovery stage. Staff condensed meeting minutes—amended, if necessary, and approved weekly using formal motions and votes as outlined in Robert’s Rules of Order—into summaries¹¹, and distilled expert presentations and research contributions from the Roy Wilkins Center to provide a high-level overview for committee members. This review allowed the Study Committee to digest key learnings and identify remaining knowledge gaps to be addressed prior to entering ordinance recommendations discussions.

To aid the design of ordinance recommendations, the Study Committee was led through several facilitated, focused conversations covering common ground points, deeper analysis of the Minneapolis municipal minimum wage ordinance, and experimenting with various possible ordinance scenarios. Committee members also participated in a fourth survey with extensive questions on ordinance components to gauge levels of potential support and flexibility across a variety of elements¹². Unlike the surveys deployed during the discovery stage, the final survey was semi-anonymous—responder identities were visible only to staff to provide insights into individual stances in search of scenarios likely to garner the highest levels of committee member support.

In the end, the Study Committee considered 21 scenarios, of which three are respectfully presented here as formal recommendations for consideration by the Mayor and City Council of Saint Paul.

¹⁰ Appendix H: Community Input Reports: City of Saint Paul Listening Sessions

¹¹ See *Summary of Study Committee Meetings* beginning on page 13.

¹² See *Minimum Wage Scenarios for Consideration* on page 24 for scenario creation methodology.

Summary of Study Committee Meetings

Week 1: Introductions and Project Framing

Mount Zion Temple

May 10, 2018

The first meeting of the Citizens League Minimum Wage Study Committee began with a round of introductions and an overview of the project to date. Co-Chairs B Kyle and Rick Varco welcomed and thanked the Study Committee for serving. The Study Committee discussed the City of Saint Paul's support resolution and the Scope of Work for the committee. Over fourteen weeks, committee members are to meet to learn together with the goal of providing guidance on Saint Paul's new minimum wage ordinance. Guidance will focus on issues related to the appropriate rate of the minimum wage, exemptions, the role of tipped income, and phase in times. Mayor Melvin Carter and Councilmember Chris Tolbert thanked committee members and spoke to how they are engaging the community of Saint Paul in the crafting of a minimum wage ordinance. Committee members and staff then introduced themselves, each sharing a bit about their thoughts and concerns on minimum wage, as well as their role as a member on the committee.

Pahoua Hoffman, Executive Director of the Citizens League, thanked committee members for their participation, spoke to the place of the Citizens League in the realm of policy-making, and explained the Citizens League process.

Thomas Durfee, economic researcher at the Roy Wilkins Center for Human Relations and Social Justice at the Humphrey School of Public Affairs, and a PhD student in Applied Economics at the University of Minnesota, presented to the committee. His presentation provided a description of the Phase 1 report (specifically, demographic information on the population that would be most affected in Saint Paul), a discussion about the Minneapolis minimum wage, the concept of trade-offs, and a summary of current findings on minimum wage issues nationally.

Week 2: Benefits Cliffs

Presenter: Stephanie Hogenson, Outreach Director, Children's Defense Fund MN

University of St. Thomas

May 17, 2018

Thomas Durfee, in his recurring role as technical researcher, presented updates on how summary statistics on the minimum wage from two data sets – the American Community Survey (ACS) by the US Census Bureau and the Current Population Survey – are used. Data from those two sources includes hourly wages and weekly earnings for non-salary workers, which, when distinguished between Ramsey and Hennepin counties, presents average wages and earnings. Mr. Durfee illustrated what pools of 25%, 50%, and 75% of worker wages and earnings looked like and discussed Saint Paul's unemployment rate and Labor Force Participation Rate according to data from the Minnesota Department of Employment and Economic Development (DEED).

Committee members received a packet containing a high-level comparison of minimum wage ordinances in 51 jurisdictions in the United States¹³. The packet was compiled by City of Minneapolis staff during the research phase of their own municipal minimum wage ordinance. Committee members also discussed a survey they completed on their perceptions of the goal of a minimum wage generally. The discussion gave an overview of the diverse

¹³ Appendix K

perspectives represented on the committee, allowing committee members to better understand their colleagues, and framed the motivation for the remainder of the project.

Stephanie Hogenson, Outreach Director at the Children’s Defense Fund Minnesota (CDF-MN) presented to the committee on the ways in which public benefits relate to the minimum wage. The committee learned about benefits cliffs, which refers to the way that income-based public assistance programs can become jeopardized when an individual’s income increases. The Economic Stability Indicator (ESI) tool CDF-MN provides helps families plan around eligibilities for public assistance programs such as Child Care Assistance, Working Family Credit, and Energy Assistance, among a number of others. The ESI demonstrates interactions between wages, work support programs, and tax credits and liabilities to educate policymakers how legislation can create a potential benefits cliff. The ESI also illustrates the difficult decisions low-income families must make and stresses the importance of fully funding public programs. The greatest takeaway for committee members was that single adults without children are always better off with an increase in their wages, and while families are also better off with wage increases, the improvement is marginal with an increase to \$15/hour.

Week 3: Minneapolis Minimum Wage Ordinance

Panel: City of Minneapolis Staff—Jeff Schneider, Strategic Management Team, City Coordinators Office; Brian Walsh, Supervisor, Labor Standards Enforcement, Dept. of Civil Rights
University of St. Thomas
May 24, 2018

Committee members discussed a comment from the week’s community report asking whether businesses would be forced to raise the wage of experienced employees who had worked their way to \$15/hour over the years in response to the ordinance. Business members shared their thoughts and personal experiences with this wage compression concept.

Thomas Durfee reported on research from the previous week’s requests. Specific data on firm births and firm deaths in the metropolitan area since the passing of the minimum wage ordinance in Minneapolis was unavailable; but surveys of recently fired employees that tracked why the employee had lost their job – whether it was voluntary or due to firm closure – were readily available. Mr. Durfee and the committee agreed that the more data that could be collected addressing the actual experience of wage change, the better.

Jeff Schneider, a member of the Strategic Management Team in the City Coordinator’s Office of Minneapolis, presented on the crafting of the Minneapolis minimum wage ordinance. The City of Minneapolis took a number of reports similar to the Citizens League Phase 1 report, interviewed several other Cities, pursued extensive research, and held sixteen public meetings. Officials recognized all of the competing public policies at play in the minimum wage debate, leaving many details – such as small-large threshold and phase-in times – to be negotiated as political decisions by the City Council. After only being in place for a year, no concrete results from the Minneapolis ordinance existed; only estimates based on little research and evidence.

Brian Walsh, an Enforcement Supervisor with the Labor Standards division of the Minneapolis Department of Civil Rights, presented on the enforcement aspect of the Minneapolis ordinance. Including Mr. Walsh, the enforcement staff had two other members and a \$50,000 budget for outreach and engagement. Mr. Walsh said that the enforcement team could have done better work in its first year with an adequate number of investigators and additional dollars for outreach, communications, and assistance to small businesses. Besides increasing resources, he said an important additional enforcement practice is to partner with existent community organizations, cultivate those relationships, and use them for outreach and education. In the field of enforcement, there are two broad camps: requiring workers to file complaints, and requiring employers to annually certify that they are in compliance.

Annually certifying compliance is very expensive and unwieldy. If designed well, a complaint-based system can work; but if there were widespread underreporting amongst low-wage workers, the fear is that certain actors in specific industries would take advantage of the system.

Week 4: Historical Overview of Minimum Wage Laws, Phase 1 Study

Presenters: Citizens League Staff—Snowden Stieber, Intern; Pahoua Hoffman, Executive Director
University of St. Thomas
May 31, 2018

Snowden Stieber, Citizens League Intern and Legal Researcher, presented on the history of the minimum wage law in Minnesota. Minnesota first attempted to pass a minimum wage law in 1913, but the law, which only applied to women and children, was deemed unconstitutional and economically infeasible. Eventually, the Fair Labor Standards Act of 1938 would become the model for Minnesota’s own legislation decades later. It was in 1973 when the state legislature passed the Minnesota Fair Labor Standards Act, establishing a minimum wage of \$1.80/hour (the equivalent of \$10.15/hour in 2018). Mr. Stieber also presented on who is impacted by the modern minimum wage law and discussion, as well as what is known about the demographics of minimum wage workers. Committee members learned that a larger percentage of nonmetropolitan workers are paid the minimum wage than metropolitan workers; the average age and education level of minimum wage workers has increased in the past few decades; that roughly two-thirds of minimum wage workers are in service occupations; and that half of all minimum wage workers are in food-related occupations. Among economists, there was little-to-no consensus about the impact of a minimum wage increase on employment, and that there is little consensus on whether an increase would have a stimulatory effect on the broader economy.

Pahoua Hoffman presented a survey of the results of the Phase 1 study. A primary purpose of the Scoping Phase was to be sure about the questions and concerns of community members and stakeholders around the minimum wage increase. Of the two hundred individuals interviewed in the process, employers of people with disabilities, franchises, small and microbusiness owners, home healthcare, and large employers were represented. Low wage workers wanted to talk with her more than any group other than restaurant servers, whose debate over tip adjustment was where the most back and forth was found. Low wage workers were the most eager to partake because they knew the minimum wage had not kept up with the cost of living, and that the wage increase was only one part of what they needed; that although \$15/hour was not enough, it was a step in the right direction.

Week 5: Small Businesses

Panel: Tony Chesak, Executive Director, Minnesota Licenses Beverage Association; Jerry Blakey, Owner, Lowertown Wine & Spirits; Elinda Suarez, Owner, Taqueria Los Paisanos
University of St. Thomas
June 7, 2018

Thomas Durfee addressed the question of who earns the minimum wage using data from the American Community Survey (ACS). Since the ACS does not provide specific details of residence, the analysis used “place of work” at the county level. The question on the survey is designed to ask about yearlong earnings, so Mr. Durfee determined hourly wages by taking the total earnings and dividing them by the self-reported number of hours worked in a given year. Mr. Durfee also presented on current trends in prices for comparable metropolitan areas—comparing Saint Paul to other cities—using the Consumer Expenditure Survey (CES), which tracks major metropolitan areas and asks respondents how much they make and how much they spend for a specific basket of goods and services. The Minneapolis-Saint Paul area is, on average, in the top half of earners and also in the top half of expenses. There is no concrete evidence on if a price increase is caused by a minimum wage increase or if the wage increase is itself a

response to rising prices. There is a relationship, however, between prices and wages; but it is unclear which is affecting which.

Tony Chesak, Executive Director of the Minnesota License Beverage Association (MLBA); Jerry Blakey, owner of Lowertown Wine & Spirits; and Elinda Suarez, owner of Taqueria Los Paisanos, spoke to the challenges of a minimum wage increase on small businesses. The panel emphasized to the committee their concern about the viability of their businesses continuing in Saint Paul with a wage increase. Wage increases could very well lead to even lower profit margins in the restaurant industry; cause drastic price increases; or force employers to employ fewer people or provide their employees with fewer hours. Such prospects would force small business owners to consider cutting costs, relocating, or selling their business.

Week 6: City of Saint Paul Ordinance Process

Panel: City of Saint Paul Staff—Melanie McMahon, Legislative Aide, Office of Councilmember Chris Tolbert; Jessie Kingston, Director, Human Rights and Equal Economic Opportunity Department; Siobhan Tolar, Assistant City Attorney

University of St. Thomas

June 14, 2018

The Study Committee began its meeting with an exercise facilitated by Ms. Klebsch, which was designed to create interactive space for committee members to get to know each other better, as they previously requested. Committee members spent time discussing the underlying values that framed how they dedicated their paid and personal time and learned that, despite differences in perspectives on minimum wage elements, there was tremendous overlap in their operational values.

Melanie McMahon, Legislative Aide to Councilmember Christ Tolbert, and Jessie Kingston, Director of the Human Rights and Equal Economic Opportunity Department of Saint Paul, presented to the committee on ordinance passage, implementation, and enforcement. In Saint Paul, it takes a minimum of four weeks for an ordinance to be passed by the City Council. A Councilmember must first sponsor an ordinance. Then, a second reading of the ordinance happens a minimum of one week later. The third reading is a public hearing with public input. If no amendments have been made at that point, then the ordinance moves to a fourth and final hearing before the Council. Once the ordinance passes the City Council, the Mayor has five days to decide to sign the ordinance or to veto it. The Mayor does not have line-veto authority; he must sign or veto the ordinance in its entirety.

In discussing how Ms. Kingston's department would implement a new minimum wage ordinance, the example of her office's experience with implementing the Earned Sick and Safe Time (ESST) ordinance was used. Following passage of the ESST ordinance, the City created a website to educate employers and employees on the new legislation. To engage and notify the community on the new ordinance, Ms. Kingston's office prepared Know Your Rights posters, FAQs, and marketing strategies. The City also placed advertisements on light rail and transit stops, issued press releases, and placed community radio advertisements.

The panel noted that the City of Saint Paul would have to design specific enforcement strategies in order for a minimum wage ordinance to be effective. For the ESST ordinance, the City implemented a complaint-tracking database for compliance, as well as multiple methods to file complaints to the City, both online and in person.

Week 7: Restaurant Industry Favoring a Tip Credit

Panel: Jeff Crandall, Bartender, Eagle Street Grille; Robert Crew, Director of Food & Beverage, Commonwealth Properties; Torrance Beavers, Executive Chef, Brunson's Pub; Jamie Robinsons, Owner, Northbound Smokehouse and Pub; Jennifer Schellenberg, Server, Northbound Smokehouse and Pub
University of St. Thomas
June 21, 2018

Jeff Crandall, bartender at the Eagle Street Grille; Robert Crew, Director of Food & Beverage at Commonwealth Properties; Torrance Beavers, Executive Chef at Brunson's Pub; Jamie Robinson, owner and President of Northbound Smokehouse and Pub; and Jennifer Schellenberg, server at Northbound, presented to the committee as restaurant industry representatives in favor of a tip credit. The panel presented three different models of the minimum wage: a prevailing minimum wage of \$15/hour without any credits or tiers, a minimum wage with a tip credit, and a tip credit with a superwage (also known as a guaranteed wage). The superwage would require a tipped worker to earn a certain amount in tips before qualifying for a tip credit, while ensuring that workers who make lower amounts in tips do not have the tips absorbed into their wage. The panel emphasized that the tip credit addresses disparities between front and back of house workers, as a tip credit model guarantees all workers in the restaurant will receive the minimum wage at all times. In many full service restaurants, tipped servers are the only workers earning minimum wage. The tip credit, then, would alleviate pressure on owners to both pay back of house workers minimum wage and to keep their restaurants afloat in an industry with extremely thin profit margins.

Week 8: Hourly Workers

Panel: Antonia Sanchez, cleaning industry worker; Marquis Tatum, Urban Roots worker; Shirley Henderson, Seattle small business owner; Jessa Manthe, retail worker; Sumer Spika, homecare worker and organizer
University of St. Thomas
June 28, 2018

Thomas Durfee presented research on industry breakdowns of wages in Saint Paul. He addressed questions of who earns \$15/hour, who pays \$15/hour by size of employer, and who pays \$15/hour by industry. According to data from the Minnesota Department of Employment and Economic Development (DEED), 31% of workers earn \$15/hour or less, while 69% of workers earns more than \$15/hour. Most retail, food service, and administrative waste service industry jobs earn less than \$15/hour. In comparison to Minneapolis, Saint Paul has more jobs under \$15/hour and fewer jobs above \$15/hour—highlighting that a greater share of jobs would be affected by a \$15/hour minimum wage in Saint Paul than in Minneapolis.

Antonia Sanchez, who has been cleaning commercial workplaces for fourteen years; Marquise Tatum, a high school student who works at Urban Roots; Shirley Henderson, a small business owner from Seattle; Jessa Manthe, who has worked in the retail industry for ten years; and Sumer Spika, a full-time homecare worker and union organizer, spoke to the committee about their lives as low wage workers. Panelists shared experiences of earning a low wage and receiving no benefits at all; living in poverty and having to provide for a family while in high school; working full-time and still not being able to have the tools to invest in an education; and working 90-hour weeks doing important homecare work, but still living on food stamps.

Panelists shared their reasons for not finding other, more supportive jobs. Their reasons ranged from being undocumented, to having medical responsibilities at home, to being too young, or to being in a financial situation where it was hard to think about a move as big as finding a new job when much more immediate decisions needed to be made. Although studies suggest that the minimum wage would have to be \$19/hour to afford food and housing, panelists said that \$15/hour would be still be a good start in helping to improve their lives. One panelist

said that a higher wage would give her time to learn English, spend time with her grandchildren, go to church, and volunteer at hospitals—something she'd always wanted to do. Another panelist said she could start to save for a house and maybe start a family. Another said that with a \$15/hour wage, she could offer a home health care worker to take care of her husband, a position she and her family had been seeking for months.

Week 9: Restaurant Industry Opposing a Tip Penalty

Panel: Sam Peterson, Owner, Kyatchi; Kristin Tout, Assistant Director, U.S. Department of Labor, Wage and Hour Division; Ken Peterson, Commissioner, Minnesota Department of Labor and Industry; Sean Iredare, Lead Line Cook, Ngon Bistro; Alison Diffendal, Server, Bakers Square; Eli Edleson-Stein, Server, St. Genevieve; Evann Zuckerman, Server, Groundswell Midway
University of St. Thomas
July 12, 2018

Thomas Durfee presented a breakdown of low wage workers in Ramsey County by race and ethnicity using the American Community Survey (ACS). The ACS underreports on specific ethnic groups, including Hmong and Somali, which are more prevalent in the Twin Cities. Primary takeaways from the data revealed that while most workers earn above the minimum wage, Hispanic workers of any race are proportionally more likely to be earning the minimum wage. In general, non-white workers are disproportionately more likely to earn the minimum wage or a subminimum wage.

Sam Peterson, owner of Kyatchi restaurants; Kristin Tout, Assistant Director, U.S. Department of Labor, Wage and Hour Division; Ken Peterson, Commissioner, Minnesota Department of Labor and Industry; Sean Iredare, lead line cook at Ngon Bistro; Alison Diffendal, server, Bakers Square; Eli Edleson-Stein, server, St. Genevieve; and Evan Zuckerman, server, Groundswell Midway, presented to the committee as restaurant industry representatives opposing a tip penalty, and federal staff who spoke to enforcement of labor laws in the restaurant industry.

A tip penalty would require workers and customers to subsidize the minimum wage with tips, effectively requiring workers to rely on supplementary income. This would make tipped workers more vulnerable to multiple issues—whether that be being subject to harassment by customers who are aware of the importance of their tip, or a sense of confusion around how wages are calculated under a more nuanced system. Already the restaurant industry is notoriously egregious for enforcing wage and hour laws. According to the Economic Policy Institute, 25.9% of all minimum wage violations in the country were in the food and drink service—more than any other industry. The restaurant industry is among the most challenging industries for the U.S. Department of Labor and Industry to enforce ordinances. There already exists an immense amount of back wages owed and wage theft; without a tip penalty, enforcing tipped wages is a complex area of enforcement. A problem with adding a tip penalty is that it would only further complicate enforcing within the industry.

Week 10: Disability Service Providers and Youth Training Programs

Panel: Kevin Goodno, Chair, Government Relations Practice, Fredrikson & Byron, P.A.; Rick Cardenas, Advocating for Change Together; Kristy Snyder, LEAP Director, Project for Pride in Living; Matt Halley, Executive Director, Cookie Cart
University of St. Thomas
July 19, 2018

Snowden Stieber presented a breakdown of how Study Committee members could think of exemptions: categorical, temporary, age-based, and those based on employer size. He reviewed some of the more commonly used

exemptions in various jurisdictions across the United States. He also provided an overview of how exemptions were treated in Minnesota State law and in the City of Minneapolis minimum wage ordinance.

The Study Committee heard from a panel that focused on day training and habilitation (DT&H) services and youth training programs. Mr. Goodno, a lobbyist who represents DT&H nonprofits at the State Capital, commented that his organization does not have a formal position on increasing the minimum wage. Mr. Goodno did, however, give an overview of concerns held by various organizations on the matter. He said that there were service providers outside Saint Paul that could be impacted, since DT&H staff often traveled into Saint Paul while assisting clients and when people with disabilities visit the Capital for lobbying purposes. Mr. Goodno also talked about how DT&H providers are dependent on Medicaid reimbursement rates for their revenue, so there will have to be changes at the state level in order to help organizations pay a higher wage.

Mr. Cardenas, a disability rights activist and lobbyist, talked about his ultimate goal of having workers with disabilities move from contracted positions to full time employees of the companies where they work. He pointed out that the City of Saint Paul has contracted with DT&H organizations to hire workers with disabilities to work for the City, but none of those workers enjoy the benefits that would come from full time employment. He said that, ultimately, it was up to the State of Minnesota to raise the pay of workers with disabilities and give more financial support to funding services for people with disabilities.

Mr. Halley talked about his organization, Cookie Cart, and about the dozens of other youth social enterprises that pay young people to learn skills that would put them on early career paths. He gave an overview of the budgets for his programs both in Minneapolis and Saint Paul, and showed the impacts of raising the minimum wage on the organization's ability to provide services to young people in need.

Ms. Snyder was very complimentary of Cookie Cart and other such organizations, but she opposed an exemption for youth training programs. She said that, in her work with young people experiencing homelessness and truancy, she had seen many young people choose dead-end jobs that paid more over training programs that paid less. She said that, for Saint Paul to invest in its future and build a talent base for an incoming labor shortage, it should help organizations like Cookie Cart pay the full minimum wage to its participants.

Week 11: Review Week

University of St. Thomas

July 26, 2018

Thomas Durfee, along with his research team, previewed upcoming research on benefits cliffs and how families of different sizes would be affected. His fellow presenter, Ms. Man Xu, then presented her research on industrial growth rates in Saint Paul. One finding was that businesses with high number of jobs with wages under \$15/hour had a higher level of firm growth than those with a high number of jobs with wages over \$15/hour. Her research used DEED data that broke down Saint Paul firm creations and wage rates. A takeaway from the researchers was that with their data, the City could consider whether there are net births or net deaths in particular industries.

Angelica Klebsch, of the Citizens League, proceeded by presenting an overview of the first ten Study Committee meetings. She went through each week, pausing for comments and discussion from committee members.

- **Week One:** Introductory work, the report on demographics of Saint Paul and how much people were earning, and the discussion on tradeoffs

- **Week Two:** Wage profiles in the Twin Cities, and clarifying the City's own reasons for having a minimum wage. Received a report on 51 jurisdictions and their minimum wage ordinances, and heard a presentation on benefits cliffs.
- **Week Three:** Presentation from Minneapolis City officials about their ordinance and enforcement efforts.
- **Week Four:** Looked at the history of the minimum wage in Minnesota, and how the State of Minnesota exempted certain jobs from the minimum wage.
- **Week Five:** Looked at a breakdown of the Ramsey County workforce based on race, ethnicity, and citizenship. Heard from a panel of small business owners, who expressed concern about having to raise prices, cut shifts, or close their business altogether.
- **Week Six:** Values exercise that highlighted the shared beliefs among committee members. Heard from officials from the City of Saint Paul about how ordinances are passed and how the City approaches enforcement.
- **Week Seven:** Heard from a panel that supported a tip credit, with various reasons why a credit would help restaurants pay a higher minimum wage.
- **Week Eight:** Learned who earned and who paid the minimum wage in Saint Paul.
- **Week Nine:** Learned about breakdowns of the race and ethnicity of workers in Saint Paul earning the minimum wage. Heard from a panel who opposed any tip penalty for servers that presented arguments against treating tipped workers differently than non-tipped workers, and how complex ordinances are harder to enforce.
- **Week Ten:** Considered exemptions, how they were designed, and what common exemptions exist in other jurisdictions.

Week 12: Facilitated Group Discussion

University of St. Thomas

August 2, 2018

Thomas Durfee began by presenting a report on the historical context of the minimum wage. He discussed the difference between nominal minimum wage and real minimum wage; presented charts showing changes in the federal and state minimum wages over the past few decades; presented a chart showing the impact of inflation on non-indexed minimum wages; and discussed the terminology used in unemployment discussions. Mr. Durfee also presented charts on labor force participation and employment in the Twin Cities and in the City of Saint Paul. He shared a number of findings, one of which was that over the past decade, participation has been generally increasing and unemployment has been relatively low.

Snowden Stieber, Citizen's League intern, presented an overview of a report from the University of California regarding various methods of wage enforcement. The report focused mainly on outreach and education. Mr. Stieber highlighted the amounts of staffing for wage enforcement in other cities. For example, San Francisco had one enforcer for every 25,000 low-wage workers, while Los Angeles had one for every 30,000. He noted that because

raising minimum wage to \$15/hour was a new movement, the best practices for enforcement were still being determined.

Pahoua Hoffman presented to the Study Committee on how to ground itself in the specific problems it wished to solve and what goals it wished to accomplish. She explained what a problem statement was, and told the committee that they would be working together to come up with problem statements that accurately defined the problems the committee wanted to tackle. Angelica Klebsch then moved into a facilitated discussion about the Minneapolis minimum wage ordinance. Committee members discussed their likes and dislikes of the ordinance in small groups, before the discussion opened up to the whole group.

Week 13: Non-Binding Votes

University of St. Thomas

August 9, 2018

Thomas Durfee presented to the Study Committee on wage compression, the benefits cliff, and firm size. In the case of wage compressions, Mr. Durfee wanted to determine how much confidence the committee had to say that there would be wage compression; and if there was, how extensive it would be. He presented a number of studies on wage compression, and then moved to benefits cliffs. Mr. Durfee reminded the Study Committee about the presentation given by the Children's Defense Fund, and reviewed the organization's tool that determined a family's eligibility for certain benefits and whether they would be better off with an increase in their income or not. Using a number of simulations for different family compositions, Mr. Durfee showed the committee where benefits cliffs would possibly come into effect with a rise in the minimum wage. His biggest takeaway was that childcare costs were where families found themselves most susceptible to being affected by the benefits cliff.

Pahoua Hoffman spoke to the idea of problem statements, presenting five that the Citizen's League staff came up with after looking back through what had been said by committee members throughout the process. Ms. Hoffman then moved into non-binding voting on fourteen scenarios that committee members had submitted to Citizens League staff throughout the previous week. The committee then went through the fourteen scenarios, did a round of non-binding votes, and then moved into a discussion about the results. The remainder of the meeting was dedicated to discussion, debate, and conversation about how the committee should go forward.

Week 14: Voting and Conclusion

University of St. Thomas

August 16, 2018

Thomas Durfee presented briefly on what the economics community had to say about student minimum wage and provisions addressing workers with disabilities. Mr. Durfee then presented on two studies that treated the question of a tipped minimum wage differently than a single, headline minimum wage. The discussion was to determine the effects on employment and earnings in the full-service restaurant industry based off of such a wage distinction.

Angelica Klebsch presented an in-depth analysis of data collected from a survey that committee members took throughout the previous week. Ms. Klebsch showed how committee members favored two common ground statements out of five and then described how she thoroughly broke down the data in order to create six scenarios that would have high rates of support amongst committee members. From the original six scenarios that Ms. Klebsch presented to the Study Committee, the committee decided to vote on three. After voting on the three scenarios, committee members discussed the results and how to use them going forward in the crafting of the final

proposal. Pahoua Hoffman briefed the committee on their roles going forward with the writing of the proposal and concluded the final Study Committee meeting.

Minimum Wage Scenarios for Consideration

The Study Committee centered its recommendations on the charge laid by the City of Saint Paul in the Scope of Work agreement and on two statements of common ground:

- An increase in the minimum wage affects businesses/organizations differently based on their size, industry, and respective business model.
- Implementation (including community education/outreach) and enforcement efforts are critical to the viability of and adherence to a new minimum wage ordinance.

Committee members explored 21 ordinance scenarios altogether¹⁴ over the course of their meetings. No scenario found unanimous support from committee members; however, there *was* unanimous support to advance the three following scenarios for consideration that directly address the ordinance components posed by the City.

	Scenario 1	Scenario 2	Scenario 3
Wage	\$15 Indexed to Inflation	\$15 Indexed to Inflation	\$15 Indexed to Inflation
Exemptions	City-approved youth training programs: 180 days Disability employment programs	City-approved youth training programs: 365 days Disability employment programs	City-approved youth training programs: 180 days Disability employment programs
Tip Adjustment¹⁵	No tip adjustment	No tip adjustment	Tip credit <ul style="list-style-type: none"> • Only for full service restaurants • For a probationary/trial period • City evaluates effectiveness annually
Phase-In Times	Small businesses: 7 years Large businesses: 5 years	Small businesses: 6 years Large businesses: 4 years	Small businesses: 7 years Large businesses: 6 years
Study Committee Support Level¹⁶	77%	62%	43%

¹⁴ Appendix J contains all scenarios considered with respective levels of support.

¹⁵ The terms ‘tip credit’ and ‘tip penalty’ have been employed over the course of the Phase 2 study by advocacy groups on various sides of the issue. In an effort to maintain neutral language where possible, Citizens League relies on ‘tip adjustment’ to describe the same policy element.

¹⁶ Positive votes (“strongly support” and “somewhat support” options) were added together to provide an overall support levels for each scenario.

Exemption Descriptions:

- *Youth training programs:* The majority of the Study Committee recognizes the unique role of youth training programs in developing soft and technical skills for Saint Paul’s future workforce. This exemption would be applicable only to participants in City-approved youth-training programs with a focus on nurturing soft skills, social and emotional job skills, and building career competence, mirroring language in the City of Minneapolis’ minimum wage ordinance. Intent of this exemption does not extend to all “youth wages”—that is, youth workers employed in a peer capacity with adult workers, where there is little or no difference in work responsibilities, should be paid at the full minimum wage rate. For example, youth training wages would apply while a 16-year-old participates in a City-approved program for youth development, but they would not apply if the same 16-year-old worked in a commercial retail setting with the same work duties and responsibilities as an adult worker.
- *Disability employment programs:* With an additional recommendation to gather greater input from the disability services community, this exemption intends to mirror the City of Minneapolis’ minimum wage ordinance for disabled program participants who are receiving day training and habilitation, pre-vocational, job exploration, job development or job support services licensed by the Minnesota Department of Human Services that will ensure disabled program participants are paid at least the state minimum wage (instead of a subminimum wage).

Methodology

Study Committee members were offered an opportunity to create their own preferred scenarios individually or in self-selected groups. Citizens League received 15 scenarios from which staff began identifying patterns where high levels of support might be found. The Study Committee held a non-binding vote on 14 of the 15 scenarios on Week 13, which showed that support was substantially polarized, partly depending on the perception of political leanings in a given scenario. Committee members were asked elaborate on their support for each scenario over a semi-anonymous survey by answering three questions offered with a screenshot of the scenario at hand:

- What is your level of support? (Strongly support, somewhat support, somewhat do not support, strongly do not support)
- Why did you feel that way?
- What would you change in order to support this scenario?

Instructions for this portion of the survey explained that offering commentary was the committee members opportunity to “negotiate” semi-anonymously on paper—that is, only Citizens League staff would know what set of answers corresponded with a committee member in order to understand where each member might be willing to be flexible to get closer to their preferred outcome. In this way, Citizens League staff were also aware of each member’s “deal breakers,” areas they would not be flexible and were not willing to “negotiate.”

A separate portion of the same survey grouped items that appeared in committee-designed scenarios and offered those items for individual consideration. For example, only three hourly wage levels were seen in the committee-designed scenarios: \$15 for all, \$20 for all, or State minimum for tipped servers at full service restaurants and \$15 for everyone else. Question 23 in the survey, then, asked committee members to indicate any/all wage levels they would support and included a space for comments or additional options. Because elements were broken down into various shapes—such as the multiple ways a tip adjustment element could be designed (only restaurant industry, only with a probationary period, etc.)—committee members could demonstrate their support with more nuance.

Data gathered was coded to see individual response trends across ordinance element possibilities while maintaining a degree of anonymity beyond staff internal analysis. Asking about scenarios and individual elements provided a

degree of redundancy that permitted staff to “test” potential scenarios for support based on compositions that would garner highest levels and comparing to committee-designed scenarios containing similar elements. For example, Table 1¹⁷ shows support levels for three hourly wage levels. Person A indicated fixed support exclusively for \$15 per hour in the survey. Person F indicated support for \$15 or \$20. Person J indicated favor for a tiered minimum wage, but expressed flexibility in written comments if a different element was included in a scenario. It would seem, then, that a scenario based on a \$15 hourly wage would generate support from a minimum of 14 committee members. However, committee members demonstrated various degrees of fixed and flexible support for other scenario elements, such as tip adjustment. The key to developing unbiased scenarios, therefore, was to find the highest levels of projected support combining those elements with care to balance fixed and flexible support preferences. In other words, a strong scenario would seek to include fixed support, exclude elements outside of that fixed support, and include elements critical for flexible supporters to the greatest extent possible.

In this manner, projected levels of support for the three Citizens League-designed scenarios was:

- Scenario 1: 67% (±9%)
- Scenario 2: 62% (±9%)
- Scenario 3: 52% (±9%)

Table 1: Excerpt of survey data supporting scenario creation			
<i>Ordinance Element—Hourly Wage</i>			
	\$15	\$20	\$9.65 for tipped servers of full service restaurants, \$15 for everyone else
A			
B			
C	C		
D			
E			
F	F		
G			G
			H
I			
			J
			K
			L
N	N		
O	O		
			P
Q	Q		
R	R		
S			S
			T
U	U		
Total	14	7	8
Fixed support	4	0	3

¹⁷ Table 1 contains an excerpt of coded data. Appendix J contains the full coded data set.

All 21 Study Committee members completed the survey. There was a wide range in the time spent on the survey, with 26 minutes as the shortest time and several committee members working on it intermittently over a few days. Committee members accessed the survey via unique links that allowed only that person to participate. Interestingly, committee members occasionally demonstrated a range of support for ordinance elements that differed from their public and verbalized range stance. This behavior supports the approach of Citizens League of providing multiple channels for anonymous (or semi-anonymous) participation that minimizes pressure from external groups for committee members to vote based on specific political parameters.

Committee members received the Citizens League-designed scenarios in advance of their binding vote and were offered assistance to explain or clarify terms, which was declined. Discussion time was allotted immediately prior to the binding vote for last comments or clarifying questions. The binding vote was then held using TurningPoint polling software, which uses individual voting clickers to register support anonymously. Positive votes (“strongly support” and “somewhat support” options) were added together to provide an overall support levels for each scenario. Study Committee members voted unanimously to advance all three scenarios for consideration by the City of Saint Paul with respective support levels.

Related Elements

The Study Committee discussed and provided feedback on elements related to the four ordinance components analyzed. While a binding vote was not held on these elements, the Study Committee demonstrated support levels for these elements that may be useful for the City of Saint Paul as it designs its final ordinance:

- *Firm size*—76% of the Study Committee supports using headcount as a metric to determine whether a business is classified as small or large, compared to 33% for number of full time employees (FTE) and 10% for revenue. It is worth noting that discussions on this element were limited and may not have developed strong understanding on the benefits of each.
- *Implementation Dates*—62% of the Study Committee supports implementing the new ordinance on July 1, 2019, followed by 52% for July 1, 2020, 43% for January 1, 2020, and 29% on January 1, 2019. July was favored over January implementation for alignment with the federal fiscal calendar and with the Minneapolis ordinance’s wage increase schedule. Additionally, several committee experiencing the Minneapolis ordinance wage adjustments expressed that Saint Paul should increase wages only once yearly, and not twice in one year as seen in Minneapolis during its first implementation year.

Additional Considerations for Further Study

With only 33.5 hours of total meeting time, the Study Committee limited areas of in-depth exploration and discussion to the main ordinance elements outlined in the Scope of Work (wage rate, exemptions, tip adjustment, and phase-in schedule) and the two most related elements of firm size and implementation start date. However, many other critical themes were identified during the process of their work that the Study Committee recommends be further studied by the City of Saint Paul to inform its final ordinance creation.

- *Education, outreach, & enforcement*
The Study Committee collectively recommends a robust implementation plan founded on employer and community education and outreach strategies that include partnerships with existent community organizations. Cultivating trust within community will be vital for an effective complaint-based enforcement approach that is dependent on individuals reporting ordinance violations. Additionally, enforcement funding must be sufficient to sustain a given ratio of investigators to employers, the exact figure of which should be researched among jurisdictions nationally with a minimum wage ordinance that differs from the state and

surrounding municipalities. Further recommendations for strong enforcement include proactive strategic investigations, tough penalties and fines for repeat violations, and aggressive enforcement against retaliation.

- *Joint employer liability*

The Study Committee recommends that the Saint Paul minimum wage ordinance contain language on mutual accountability for ensuring the municipal minimum wage is adhered to where two or more businesses share control over a worker's hours, wages, work locations, etc. The intent of this language is to safeguard worker wages where contractor/subcontractor relationships exist, such as within the cleaning industry where a main employer may be in Saint Paul and its contracted business may be elsewhere with its workers carrying out duties in Saint Paul.

- *Ordinance coverage for occasional work in Saint Paul*

Workers in many industries may spend time working in a variety of cities with occasional work in Saint Paul. One example is an employee whose main duties may be outside of Saint Paul, but who might spend four hours within city limits in a given month to attend a training. While the Study Committee did not dedicate time to this question, the City of Saint Paul should give consideration to the amount of hours worked in Saint Paul that will trigger ordinance coverage.

- *Medicaid*

Businesses that receive at least 50% of their funding (directly or through reimbursements) from Medicaid will be in a particularly difficult position when Saint Paul implements its new minimum wage ordinance. Medicaid funding levels are set by state and federal governments and are unlikely to rise in response to municipal minimum wage ordinances without substantial lobbying efforts. Business owners affected by this dynamic who served on the Study Committee did not seek an exemption to the new wage rate; such an exemption was seen as irrelevant as these businesses must pay competitive wages to attract workers who could opt for higher paying work in retail or restaurant industries, for example. Instead, these business owners sought to be included in the small business phase-in schedule to allow for as much time as possible to work with legislative bodies to increase Medicaid funding and reimbursement rates. Opponents of this option cautioned that a blanket phase-in inclusion could be problematic because it would also cover major institutions with a large workforce, such as public hospitals. The Study Committee as a whole did not dedicate time to this topic and did not feel informed enough to offer a formal recommendation to the City of Saint Paul.

- *Micro Businesses*

Small and micro businesses will require prioritized attention from the City of Saint Paul to support both their ongoing survival as entities and their adherence to the new minimum wage ordinance. The Study Committee recommends that the City of Saint Paul plan for providing technical assistance directly or through partnerships with business-serving organizations.

- *Professional sports teams*

Citizens League provided a memo to the Study Committee on July 19, 2018 that outlined the position held by the Saint Paul Saints in regards to the new minimum wage ordinance. The Study Committee briefly discussed the memo but did not move to include the Saint Paul Saints in its exemption or phase-in discussions. Several committee members saw athletes in Saint Paul as bound by contractual commitments that would not be affected by a minimum wage ordinance, as is the case with contractors and salaried, exempt workers.

- *Work study programs*¹⁸— *Nonprofit Private Colleges*

Five private, nonprofit institutions of higher education are located with the City of St. Paul: Concordia University, Hamline University, University of St. Catherine, University of St. Thomas, and Macalester College. Collectively, these five institutions have major positive economic, educational, and cultural impacts on St. Paul, including but not limited to the following:

- Over 18,000 undergraduate students, including 1,500 students who grew up in St. Paul, are enrolled in St. Paul's private colleges. In addition, over 13,000 graduate students are enrolled.
- Twenty-four percent (24%) are students of color, and more than one-third come from lower income families (incomes below \$50,000).
- Collectively, St. Paul private colleges are the city's fourth largest employer.

The educational mission of these institutions produces economic prosperity and social and economic mobility for young people through the high-quality educational opportunities these institutions provide.

The five colleges' missions include a strong commitment to social justice. The \$15 minimum wage aligns with their strong commitment to social justice and therefore they support a \$15 minimum wage for their regular employees.

The colleges do not oppose an increase in the minimum wage for student work-study employees. Currently work-study employees work about 7.5 hours per week and earn on average about \$10.40 per hour. Colleges recognize the benefit that would accrue to student workers from an increase in the minimum wage. However, the implications of an increase in the minimum wage in the context of work-study employment are complex.

Work-study employment is funded partially by federal and state work study programs and partially by institutional resources. Funding from these federal and state programs is unlikely to increase much, if at all, in the foreseeable future, and certainly not in amounts that would offset significant increases in the minimum wage. As a result, resources to cover the cost of increases in the minimum wage would have to come almost entirely from institutional resources. These cost increases could range from hundreds of thousands of dollars to more than \$2.0 million per institution annually. Nonprofit higher education institutions are principally dependent on student tuition revenue for their own resources. Thus, increases in work-study wage costs, if fully funded, would be paid for through tuition paid by students. To the extent that wage increases put upward pressure on tuition rates, students would be not only the beneficiaries of wage increases, but also bear the burden of those increases. Alternatively and more likely, because the institutions are committed to minimizing tuition increases, any wage increases affecting student employment would potentially need to be offset by a reduction in student work hours, student employment positions, or both.

In addition, a wage increase affecting student employment would present other economic and educational impacts. A minimum wage increase in the City of St. Paul would apply to private nonprofit colleges, but not public colleges who already receive taxpayer subsidies through state appropriations that are not provided to private colleges. An increase in cost burdens that would only apply to private colleges in St. Paul would impose further unfairness and increase the economic disadvantage for private colleges in a competitive student marketplace. An increase in the minimum wage will also put additional strain on institutional resources and budgets from increasing overall salary compression while colleges are working strenuously to minimize net tuition growth in order to maintain affordability for students. Finally, and most importantly,

¹⁸ This consideration is offered by and was crafted in consortium from all of the private colleges and universities in Saint Paul.

work-study by design has an important educational component. Work-study positions provide internship, research, lab, and other important job-training experiences. A reduction in hours or positions will result in lost learning opportunities for students.

Because of the complexities of the impact of an increased minimum wage on student work-study employment, the colleges believe a longer phase-in of minimum wage increases related to part-time student work-study employment would be good public policy, especially if a longer phase-in period is established for small employers, job training programs, and other nonprofits.

- *Slope of implementation*

While many jurisdictions have opted for wage level increases in \$1 increments for simplicity, one study committee member suggests that the City examine the possibility of a curved increase scale to mirror economies of scale encountered by industries such as manufacturing. This approach complements the type of years-out financial planning found in such larger industries, making it easier for them to accommodate the phase-in schedule selected by the City.

- *Wage level Increase in the final year*

Should the City of Saint Paul decide to set \$15 per hour as its new municipal minimum wage, several Study Committee members recommend that the City consider setting the final year's increase to a level that matches that year's minimum wage in Minneapolis for alignment between the two cities. That is to say that if, for example, the small business phase-in time is 7 years and the first increase is seen in 2019, the final increase in 2026 should not be to \$15, but rather to \$15 + inflation following the final increase in Minneapolis. In that example, if the minimum wage in Minneapolis in 2026 is \$15.91—given that the Minneapolis increases will have ended in 2024 and wages may have increased by 2026 again because of inflation indexing—the final wage increase in Saint Paul should also be to \$15.91 so the two cities have the same minimum wage hourly rate.

Further research into these additional considerations is essential to the success and viability of the new minimum wage ordinance.

Study Committee Member Comments

Study Committee members were encouraged to submit additional thoughts in their own words on the study committee process, discussions, and/or final recommendations. Below are the statements that were submitted for inclusion in the final report, listed alphabetically by name.

1. Statement of Bob Brick

I am grateful that the Study Committee recognized the need to exempt a small number of individuals with intellectual and mental health disabilities whom receive employment support services from providers which are licensed by the Minnesota Department of Human Services. These support services enable program participants to obtain jobs, learn and keep them, while contributing to the success of Saint Paul businesses. Experience tells us that when the minimum wage increases, these individuals are among the first to lose jobs or to have work hours reduced, thus affecting their quality of life. The committee recommendation will allow them to continue earning the state minimum wage or more, while receiving licensed support services. The support services referenced in the recommendation are identified in Minnesota Statutes 252.41, 245D.03 (c)(4)(5)(6) and (7).

An important issue that was minimally discussed by the Study Committee is the number of hours an employee must work within Saint Paul, in order to be affected by this ordinance. In the disability support services industry, it is common for non-residents with disabilities to come into the City to attend community assets like the Science Museum of Minnesota, Como Park and Conservatory and the Minnesota State Capitol. They also attend games and events at the Excel Center, CHS Field or the Ordway Theatre and take advantage of the City's cultural activities and dining opportunities. Without a thoughtful, clear standard, support staff whom accompany people with disabilities may be covered by the ordinance, even if they accompany a non-resident with disabilities to a limited number of such activities. Replication of the language in the Minneapolis ordinance could be interpreted as covering support staff who work two hours in one week in the City, over the course of a year. This standard is too restrictive and may have the impact of limiting the number of times non-residents with disabilities can take advantage of the events, activities, and resources in Saint Paul, because their support staff earn less than the Saint Paul minimum wage and only occasionally perform their duties in the City.

2. Statement of Dillon Donnelly

Thank you to the Citizen's League, my fellow study committee members, and all the participants in this process. It was my privilege.

Implementing this ordinance will be challenging for the City of St. Paul. For many small businesses, compliance will be challenging.

Providing sufficient resources and time for all stakeholders will be critical to effectively implement this ordinance. A hurried approach won't help low-wage workers.

Throughout this process I was consistently encouraged to hear many different people, passionately discuss ideas related to upward income mobility and poverty reduction. Let's keep those conversations going.

3. Statement of Paris Dunning

I was honored to be a part of this conversation with the Citizen's League and colleagues from many different perspectives. As a person who works on the East Side of St. Paul where many people are living in dense poverty census tracts, it's encouraging that working people may be getting a raise. It was clear from this

process that they need that raise now to afford housing without slipping deeper into poverty. This will also mean more money spent in local businesses, good news for the members I represent. That said, I have had many conversations with small businesses which account for a sizable amount of minimum wage jobs who voice a concern about how their operation will adjust to pay those higher wages. Many support the city they have invested in and support their workers and neighbors making more but can't see the path to solvency. Others fear that all prices will go up and workers will not be that much better off, especially if housing and childcare remain so expensive.

This is a strong economy with record profits in some sectors. Wealth inequality continues to increase. I would like to see my City focus on ways to tax that wealth and create incentives for small businesses to be able to better pay their workers. Talking to small businesses on the East Side has made me more convinced that a path like this is advisable.

Margins are thin for small and medium sized businesses in hospitality and service industries. Raising prices can only account for so much at one time. "Phase-In" was universally supported and the City should consider a separate "phase-in" for micro-businesses as well.

The CEO at Hmong Village suggested a definition of micro-business as 1-25 employees with a 10 year "phase in." He also supported the \$500,000 yearly revenue as a threshold for classifying micro-businesses. This would distinguish micro-businesses from many of the small restaurants and cafes who have fewer than 20 FTEs but have more than \$500,000 in annual revenue and who felt they could "phase in" in 5-8 years.

I have asked small businesses to consider what they would need from the city to be able to do this. What would help create the conditions for them to emerge stronger? Some ideas include that the city should work on affordable housing, provide a path to property tax relief or other tax credits, work on access to capital which is acutely needed, create access to health insurance pooling which could allow businesses to offer these benefits, and take on commercial rent control. The City should explore these and other ideas.

Of the businesses I've spoken with, many prefer a tip adjustment as a part of the ordinance. It makes the path to 15 for the rest of their employees much clearer. I asked them what they would do without a tip adjustment – what would be the shortest "phase in" they would consider doable. They all preferred 7, 8 or 10 years and many said even that does not include a clear path. One of my best conversations was with a small business owner who said, "I am not sure what I will do. I am not sure what I will need from the city. But what I hope is that the city will be ready to listen to me and help me when I figure out what it is that I need."

For all these reasons, I strongly support the city investing in substantial business technical assistance and outreach to accompany this ordinance. This must be a chance for small businesses - and the city - to learn how small operations can function, tools they can work with, and incentives and additional solutions to support them, given the priority to pay people closer to a living wage.

4. Statement of Barry Gisser

I fully support the task force recommendations relating to the St. Paul minimum wage. It was an honor to be included as a representative from the Citizens League membership base.

Improving the standard of living for those dealing with poverty is an incredibly important and complicated matter that goes well beyond the minimum wage. Building a vibrant and competitive employer base in St.

Paul is also a complicated matter that is in the best interest of our community. Increasing the minimum wage can help support each of these objectives if implemented in a balanced thoughtful manner.

I was very impressed by the way in which the Citizens League and task force members engaged on these topics. My hope is that our elected officials take the time to develop an understanding of the issues and trade-offs so they implement changes that avoid oversimplifying complicated matters into “bumper sticker slogans”. If they do take the time to fully understand the implications, our community will move in the right direction. If not, we risk making changes that create unintended consequences that could ultimately hurt those we intend to most help.

5. Statement of Matt Gray

I strongly recommend the City consider Scenario 3 and the corresponding components. The data, materials, and testimonies presented to this committee strongly support the need for a tip credit to maintain the Restaurant Industry and the incomes of tipped workers in St. Paul.

Tipped workers currently earn over \$15 per hour. We heard from six panelists who work in the Restaurant Industry, including tipped workers and employers. Each panelist stated the average hourly wage (including tips) for their self or their employees. For these panelists, the average hourly wage was \$24.91 per hour. Thomas Durfee presented St. Paul economic data, broken down by industry, indicating the share of jobs paying over and under \$15 per hour. According to this data, 36% of industry jobs within the Accommodations and Food Services Group make over \$15 per hour. I used this information to present the committee with the occupations within the Accommodations and Food Services Group that traditionally receive gratuities. In this exercise, I found the percentage of occupations receiving gratuities was 34%. This is a direct correlation to the share of industry jobs making more than \$15 per hour (36%). These similarities suggest St. Paul tipped workers are currently making at least \$15 per hour.

Restaurant operating costs are high, profit margins are low. Bob Crew, Director of Operations, Commonwealth Properties, presented operational costs for a full-service restaurant and explained that restaurants operate on thin profit margins. Our June 25th community input report provided the committee two pie-charts comparing current operating costs to future operating costs (\$15 per hour, no tip credit). These charts show, without making any changes to business models, labor costs will increase by 55% leaving very little left for other operating expenses.

Tipped workers will lose income as restaurants shift to service charges models. Two restauranteurs (one for and the other against a tip credit) presented potential business model changes to offset the high increase to labor costs. Jaime Robinson, Northbound Smokehouse and Brewpub, presented a service charge scenario that reduced his tipped worker’s earnings from \$31 to \$23 per hour. Sam Peterson, Kyatchi, presented a written statement including a service charge scenario that reduced his tipped worker’s earnings from \$32.65 to \$26 per hour. Both scenarios result in a 20-25% reduction in tipped workers’ income.

These scenarios provide insight into one of the key questions from our charge: “Will and how might a wage increase without a tip credit/penalty lower servers’ wages by shifting restaurants towards service charges?” The answer: Without a tip credit, restaurants may likely have to shift to service charges and tipped workers will lose income under this system.

Many workers within the Restaurant Industry want a tip credit. Over the 14 weeks the committee received 54 comments from individuals that specifically stated that they work in the Restaurant Industry, 45 were in favor of a tip credit (83%).

I presented additional Restaurant Industry feedback to the committee:

- Poll results from restaurant workers in support of a tip credit, 93% of respondents were in favor of a tip credit.
- An online petition in support of a tip credit in St. Paul, with 730 supporters. As of August 27, 2018 the petition has 900 supporters and continues to grow rapidly.

I strongly recommend the City considers the negative affects a wage ordinance, with the absence of a tip credit, will have on tipped workers in St. Paul full-service restaurants.

6. Statement of Mary Hicks

First let me express my gratitude for being selected to serve on the Citizens League study committee. It was a tremendous learning experience and in a time of great national distrust and bitter debates, it was energizing and reassuring to be part of civil and thoughtful discussion about a critical problem facing the St. Paul community.

The question of a \$15 wage and its implementation is complex with many tentacles and countless opportunities for unintended consequences. I don't recall a single unanimous committee vote as we discussed options. The work of the City Council will be challenging and most likely under appreciated. But the opportunity to be of invaluable help to the underpaid of St. Paul will have a far reaching and valuable impact. Perhaps the two most persuasive points I heard through weeks of meeting were: 1) this will improve the life of families and 2) from restaurant owners- "we can make this work".

I would like to underscore the importance of the City's thorough preparation and planning for the implementation. It became very apparent that much of the employee community will need special assistance in fully understanding and implementing whatever policies you set in motion. The City needs to be fully committed, as demonstrated by budget allocations, in the success of this new policy. Small businesses are often overwhelmed by the wide variety of rules and regulations at the city and state level.

It was disappointing to hear the testimonies regarding the lack of success in the enforcement area of employment law. I hope the City continues to put pressure on the state and federal officials who are charged with implementation. The City shouldn't have to shoulder all of this alone.

7. Statement of Sarah Kopp-Reddy

I strongly support the two recommendations with no tip penalty that we, the panel on the minimum wage, put together for the report. The numbers show that the members of the panel overwhelmingly agree with me - the recommendation with the most support, with a super majority of 3 to 1 support for this specific variation of the ordinance, stood against instating a tip penalty.

I would like to use this opportunity to restate and reinforce my position against instating a tip penalty in Saint Paul. Minnesota has been a One Fair Wage state for over 30 years and over in those years the restaurant industry has thrived! I have seen so many comments from the opposition asking for the city council and the mayor to 'save the tip credit/penalty' - these folks are confused. The system in which they are living in, prospering under, and trying to protect is a One Fair Wage system. As a server and bartender in Saint Paul I believe we need to be working to preserve the parts of the system that are working and continue to make the other parts better. We should be talking about what we can do about harassment (sexual and otherwise) in our industry. We should be talking about what we can do about wage theft in our industry. We should be talking about what we can do to support workers health in our industry. We

shouldn't be talking about dismantling one of the positive things in our industry - One Fair Wage is a form of protection in an industry of unknowns.

Please take the recommendations with the strongest support to heart - this panel put in a lot of time and effort in to learning about the minimum wage and how people are affected by poverty level wages. The strongest support is AGAINST a tip penalty, which for the ongoing health, safety, and prosperity of our industry is where support should be.

8. Statement of Andrew Kopplin

Raising the minimum wage is an important action for our community.

However, the process will come with challenges. After weeks of hearing from those that will be impacted by an ordinance to raise the minimum wage in Saint Paul, it became clear to me how much our current policy of allowing low wages permeates our lives. Everyone will experience change, across a broad spectrum of roles: employers, workers, consumers, neighbors. The vast implications of this policy underscore the extent to which the community will need to work together (city, businesses, residents...all members of our community) to make this ordinance as successful as possible.

Implementing a minimum wage increase will likely reveal many more issues that have become enmeshed with low wages over the decades. The community will need to engage rather than throw up our hands assuming a lack of resources. While the exact form of this support needed may not be known until we are well into the process, the community can and should be thinking big. Ideas to consider could include:

- incentivized certification programs for ethical business practices,
- health care resources for businesses,
- enhanced funding for public support programs to decrease benefits cliffs,
- investment in social programs that train youth,
- addressing Medicaid reimbursement rates that don't reflect a competitive wage for some of the most important work done in our community, and
- incorporating consumer education to help the community know how important it is to support Saint Paul businesses that will be meeting a higher labor standard than their suburban counterparts.

Perhaps most importantly, the conversation must continue beyond the passage of an ordinance and foster continued community engagement.

While the majority of the committee did eventually support an ordinance that reflected Minneapolis' - with few and narrow exemptions - this was not a rejection of the difficult challenges that many in our community will have implementing these recommendations. Rather, I believe, it was a rejection of the use of exemptions as the exclusive tool with which to offer support.

If we want to truly move towards a model that is not dependent on some in our community working for very low wages, then the solutions need to be found outside of simply allowing some employers to continue paying those very low wages. To put it more succinctly, we don't move forward together when we allow some to stay behind.

While our scope of work for this committee was limited to looking at exemptions, I think it will now be important for us - as the Saint Paul community - to come together, look at these scenarios and fill in the gap between merely passing an ordinance and truly supporting it.

9. Statement of B Kyle, Co-Chair

The Mayor asks us to remember that Saint Paul should work for all of us. We cannot ignore that too many of our community – over 22% – live below the poverty line. I submit to you that the best path out of poverty is a good paying job. Below are my strongest recommendations that will allow for an increased minimum wage while allowing for the fewest negative impacts to the commercial tax base:

1. **Indexed increases to minimum wage - I recommend a “right of review”:** I recommend the City allow herself the power to revisit that automatic annual adjustment and course-correct if needed. In the event of some extraordinary economic event (like a Great Recession no one predicted!), the City should ensure she is not at the mercy of an ordinance she has imposed upon herself.
2. **6-month to 1-year in-house training programs – I recommend companies providing such programs be allowed to pay a % below minimum wage during the training period to help pay for the training costs to prepare the employees for work (similar to Seattle):** This is especially relevant for manufacturers, but it can apply to any company that provides internal training for potential employees to qualify them to hold positions within the company. The costs of internal training programs are borne by the companies, as a cost of doing business, and should be encouraged. These companies can be required to secure a letter of approval from the City.
3. **College Work Study Programs – I recommend colleges be allowed to pay a % below minimum wage for work study students:** Students who participate in college work study programs should be given special consideration. Those wages are paid directly to the college which, in turn, puts that money towards the student’s tuition. It is a closed loop that, if reflecting a higher minimum wage, would translate directly into higher tuition to raise money to pay that wage and, unintentionally, more student loan debt.
4. **Micro Businesses – I recommend a longer ramp-up period:** For the poorest among us, \$15 could make all the difference – for better or worse. Small, family-run start-up operations have the most to lose, their operations are less likely to be able to shoulder increases in labor costs, and their opportunity to grow should be protected from the unintended consequence of forcing them out of business and relegating them to a worse economic situation. And their employees, faced with lost jobs or trimmed hours, are inordinately challenged to find jobs elsewhere.
5. **Employees based outside of the City and work in the City on an occasional basis – I recommend allowing for 49% hours of work/year within the City prior to that employee being covered (similar to Seattle).**
6. **Tip Credit – I recommend that full service restaurants be allowed to recognize tips as wages for a 5-year “trial period”:** allow for review and final determination at that time. This is a conservative approach to a significant change in this sector, is very strongly supported among the full-service server community, and would provide some relief for the employers in this niche sector.

7. Organizations that receive at least 50% of their funding from Medicaid – I recommend a longer ramp-up period: these organizations do not propose an exemption; rather, they are requesting additional time to lobby for an increase in Medicaid funding and reimbursement rates.

Additional points to consider:

1. Allow small businesses who pay towards an individual employee's medical plan to raise wages at a slower rate (similar to Seattle). That benefit can translate to as much as \$3.65-\$4/hour in additional costs to the employer.
2. How to determine large vs small employers: I recommend you use Full Time Equivalent (FTE) rather than headcount to determine company size. An employer should not be penalized should they need more part time employees to address situations like: an industry based on part time work; current employees who seek to reduce hours to avoid the benefits cliff; overtime restrictions that require the hiring of more staff to cover shifts.

10. Statement of Tim Mahoney

The last four months we have discussed the very complex issue of raising the minimum wage. What concerns me is that certain minds were already made up entering the process. Because of this they didn't fully consider the effect a minimum wage increase would have on the workforce – good or bad—and we will end up like Minneapolis, dealing with the consequences at a later time. I have a business in Minneapolis, but live in St. Paul. I don't want my city property taxes to increase to help pay for the consequences of the loss of public subsidies. St. Paul and Minneapolis are very different cities with completely different business demographics. Small businesses make up a large portion of the wage workers in St. Paul but there was a lack of time dedicated to small businesses during this process.

Also concerning was the amount of committee members that do not live in St. Paul. When Minneapolis raised their minimum wage, I had a business at stake but was not a Minneapolis resident and was unable to vote on the issue. The amount of union representation and organized labor that was paid to attend meetings with an agenda was also at times, discouraging.

The City Council in Minneapolis didn't want to hear about the consequences that raising the minimum wage would have on people with special services (subsidies). The information about the cliff effect is real. The data supports this. How will the city deal with this issue?

People with disabilities: I have learned so much in the committee about this issue and its effect on business. Minneapolis did not do a thorough job on this subject and now are dealing with the fallout.

Youth workers learning how to be an employee: again, the information from our committee members was very valuable. Do youth workers under 17 with no job experience or zero skills need to be making \$25,000 to \$30,000 a year? What will happen to the youth workforce when you hire someone?

Tipped employees: what to do? The restaurant business is made up of very different business models including coffee shops, counter service restaurants, and full-service restaurants. Full-service restaurant front of the house employees make their living off of tips. A tip credit would be extremely beneficial not only for them but also for back of the house employees who will make much more with a tip credit. It is my opinion that the statistics we heard from those against a tip credit were biased and misleading.

Another concern is how we are going to implement the ordinance and pay for enforcement? I propose a tip credit for full service restaurants for the next 5 years. During that period, we will reevaluate the minimum

wage which would be tied to Minnesota's wage plus inflation index. The restaurant community would in return accept an increased food and beverage sales tax of 1.5% that would go directly to the department regulating and enforcing the wage increase. Tying full service restaurants to a licensing fee would create revenue and distinguish full service restaurants from other business models.

The most important aspects of this ordinance for me are: disability, youth wages, and the restaurant industry. By implementing my plan, we've created a source of income to help offset any consequences of raising the minimum wage to \$15.00 per hour. The phase-in period could be greatly accelerated in the restaurant industry by using a tip credit to entice the industry to increase the minimum wage in a 3 year period to \$15.00 per hour for both front and back of the house employees. In addition this would create a revenue stream the city can rely on to help offset the huge debt it has created. Thanks to the committee for their hard work on a very difficult subject. I'm set to open another restaurant in St. Paul if the city decides to do what's right.

11. Statement of Kera Peterson

Thank you for the opportunity to participate in the Saint Paul Minimum Wage Study Committee. Over fourteen weeks, the study committee was provided with data sets and testimony related to a many topics. As a result, we were able to evaluate a variety of scenarios and, ultimately, find majority support for two minimum wage scenarios that did not contain a tip adjustment. Although community outreach related to, and enforcement of, a municipal wage were not included in the scope of work that the study committee was asked to consider, it is clear that the City of Saint Paul will need to dedicate adequate resources towards these efforts if a municipal wage ordinance is to be effective. I look forward to being a resource for the Saint Paul City Council and Mayor's Office during the ordinance crafting process.

12. Statement of Samuel Peterson

I want to start by saying that I am thrilled and excited to have been a part of this process. I think there are a lot of members of our society that do not get the opportunity to have their voices heard and I am honored and privileged that my voice was chosen to be included in the discussion. I feel there is a lot of unfounded hysteria and false narratives surrounding the minimum wage issue. I tried to counter that hysteria with pragmatic and down to earth observations about how a minimum wage increase would affect my business and my industry.

I think the two biggest problems facing our society today are economic inequalities and racial inequalities. I think they both go hand in hand and we can't fix one without also fixing the other.

I think a robust minimum wage law is one step in addressing the economic and racial inequalities in this country. I think it is a very important step, but it is not going to fix this problem on its own. I would ask the Mayor and his office to please continue to push progressive policies and continue to address the inequalities in our society. Education, housing and transportation are some of the biggest obstacles that I see to lifting people out of poverty. If the Mayor and his team can continue to address these issues in addition to the minimum wage law, we can make definite progress towards our goals of more equality. This will probably never be solved in my lifetime, but I would love to see progress and I would love to see it start to happen close to home.

Yes, St Paul is a small city in the grand scale of America. But, I do know that if St Paul passes a robust minimum wage law, many other cities will be watching us very, very closely over the next few years. If our Twin Cities can prove that our economy can thrive with robust minimum wage laws, it will be much easier for other cities to follow our example. Then we can truly say we made a difference.

13. Statement of Pang Vang

I appreciate the St. Paul City Council for giving the citizens of this city the opportunity to weigh in on the discussions about raising the minimum wage.

During the final voting in the study committee I asked that Medicaid funded businesses to not be excluded from the minimum wage increase. These businesses would have a difficult time trying to compete for employees if they were to be excluded. The only way for Medicaid funded businesses to be able pay the increased wage would be for the State of MN to legislatively approve an increase in reimbursement rate. I am asking that the City of St. Paul give these businesses enough time to go to legislation to ask for the rate increase. For this reason, I am asking that businesses who are 100% Medicaid funded be included in the slower phase in schedule no matter what their business size. It is a large sum of money to ask the state for. We would need at least 5 years to ask for the additional funding or at least two full budget sessions.

Appendix

Citizens League Report

**Gathering Community Input on a
Possible Minimum Wage Increase in St. Paul**

**Scoping Project, Phase 1
February 2018**

Prepared by
Citizens League

Funded by
The Saint Paul Foundation

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Introduction and Scope of Work

Citizens League Scope of Work and Methodology

The Citizens League was commissioned by The Saint Paul Foundation to help the City of St. Paul, its employers and employees, and residents explore questions related to and potential impacts of raising the minimum wage. Although the St. Paul City Council passed a resolution in support of the project on November 8, 2017, the project was led by the Citizens League staff and was independent of the city of St. Paul.

The goals of this pre-work or scoping project were to identify the key questions, resources, and stakeholders that would need to be part of a larger *potential* effort in 2018 to answer these questions and propose an implementation plan for the city of St. Paul on this issue. This scoping project was exploratory and qualitative. *While there are some technical information provided herein, this is not a technical report.* This exploratory phase was intended to gain an understanding of underlying opinions and concerns around a possible minimum wage increase in St. Paul. Further, it was designed to gather insights on the issues surrounding the minimum wage in order to begin to develop ideas or hypotheses for a potential second phase that would require significant quantitative research and technical economic modeling.

The Citizens League's method for collecting qualitative data included individual interviews, group discussions/listening sessions, email submissions, and an anonymous online survey tool. Data collection began in late November 2017 and continued through early February 2018.

This scoping project had three main objectives:

- 5) **Identify key questions.** What are the critical questions that would need to be answered related to implementing a \$15/hour minimum wage in St. Paul? What are the key questions that each of the important stakeholder groups' needs to have answered? For example:
 - a. Would the wage increase impact the benefits that people on public assistance receive?
 - b. How many low-income people in St. Paul who work elsewhere would not benefit?
 - c. How many people who live elsewhere but work in St. Paul would benefit?

- 6) **Assess data and research availability.** What data and research currently exist to support an implementation study, and what is the potential for new research (cost, timeliness, etc.) that is specific to St. Paul?

Examples:

 - a. Could the University of Minnesota expand the research it conducted for Minneapolis to include the impact on St. Paul low-income residents and small businesses?
 - b. Does the state labor economist or policy groups have additional information that can inform policy makers and other stakeholders in St. Paul and the East Metro Region?
 - c. What can we learn from other regions?

- 7) **Identify stakeholders.** Who are the key stakeholders who would need to be part of a larger effort in 2018 to help answer these questions? How do we make sure the appropriate voices are included so that the effort and resulting recommendations are seen as credible?

The presumption is that this background pre-work would be prepared for all stakeholders who would be part of developing a strategy for implementing a potential minimum wage increase: St. Paul Mayor Melvin Carter, the St. Paul City Council, businesses, employers, organizations, residents, workers in St. Paul, etc. Depending on the outcome of the pre-work, a study committee or task force could be assembled in 2018 to begin to provide answers to these questions.

Overview of the City of St. Paul

Employment, Resident, Industry, and Cost of Living Data

Employment

The following is an overview of workforce data in select industry sectors in Minnesota, the metro region, and St. Paul. Using third quarter 2017 data from the Department of Employment and Economic Development (DEED), the total employment in Minnesota is 2,866,669 of which the metro region (St. Paul, Minneapolis, and Bloomington) make up 2,019,121; St. Paul alone has 182,532¹⁹.

St. Paul Residents

The total population of St. Paul as of 2016 is 304,442, representing 116,656 households²⁰. The number of St. Paul residents employed is 146,314²¹. The unemployment rate for the state, region, and St. Paul is 3.3%, 2.4%, and 3.1% respectively.

Industry Data

Within industries selected based on their average weekly wage (less than \$800/week for full-time equivalent), in St. Paul 8,873 work in Administrative and Support and Waste Management and Remediation Services, 11,938 in Accommodation and Food Services, and 9,878 work in Retail Trade, bringing the total employed in these industries to 30,689, or 16.8% of the total number of employed in St. Paul¹. Across the state, these same industries account for 23.6% of the total employment, and in Minneapolis and Bloomington they account for 10.5% of total employment in those regions¹.

Cost of living

The Cost of Living Tool on DEED's website provides a yearly estimate of the basic-needs cost of living in Minnesota by county, region, and statewide. Unfortunately, city data is not available, but since St. Paul is Ramsey County's largest city, we still found this data valuable to present.

Annual Costs Chart Comparison (assumes household with 1 full-time, 1 part-time, and 1 child)²²

State of Minnesota	Ramsey County	Ramsey Comparison
Child Care - \$5,616	Child Care - \$7,152	+\$1,536
Food - \$9,156	Food - \$9,504	+\$348
Health Care - \$5,664	Health Care - \$6,252	+\$588
Housing \$11,232	Housing - \$12,600	+\$1,368
Transport \$9,456	Transport - \$9,192	-\$264
Other - \$5,952	Other - \$6,456	+\$504
Taxes \$8,124	Taxes - \$9,636	+\$1,512
Total Cost – \$55,200	Total Cost - \$60,790	+\$5,590
Hourly wage for average household to meet cost: \$17.69	Hourly wage for average household to meet cost: \$19.48	+\$1.79 per hour

In assessing available data and existing research on the minimum wage in Minnesota, the Citizens League reviewed a number of reports including the report [Evaluation of a Minimum Wage Increase in Minneapolis and](#)

¹⁹ [Quarterly Census of Employment and Wages \(QCEW\) Data Tool](#)

²⁰ <https://www.stpaul.gov/books/population>

²¹ [St. Paul Market Watch](#)

⁴ <https://mn.gov/deed/data/data-tools/col/>

Hennepin/Ramsey County completed by the Roy Wilkins Center for Human Relations and Social Justice in 2016. (See Appendix for full list of articles and reports the Citizens League reviewed.)

In order to provide additional data as background in this report, we made a request to Thomas Durfee, PhD student at the University of Minnesota Department of Applied Economics, and he agreed to supply the following policy memo, found below on pages 5-11. This memo provides nonpartisan policy analysis and does not endorse or reject any proposed minimum wage policy.

Commuting and the St. Paul Job Market

Policy Memo from the Roy Wilkins Center for Human Relations and Social Justice
Thomas Durfee, January 2018

1. Motivation

Since the 1970s, Congress has increased the federal minimum wage every decade. Likewise, the Minnesota legislature increased the minimum wage at the same speed. Although there has been a recent increase in Minnesota's minimum wage, the effective full minimum wage rate in Minnesota is still not as high as the minimum wage in 1968, when controlled for the cost of living (Roy Wilkins Center, 2016). This motivated the city of Minneapolis to adopt its own minimum wage regime in the summer of 2017.

In response to this new policy, the neighboring city of St. Paul has a vested interest in understanding the relationship between its own workforce and the surrounding area. To explore this relationship, this memo will highlight some of the key findings about labor market commuting using data from the US Census Bureau.

Section 2 will detail the underlying data source for this analysis. Section 3 will identify some limitations of this data and caveats for using this memo for further analysis. Section 4 will display the highlights of trends in commuting to work from St. Paul residents from 2010 through 2015 using publicly available data from the U.S. Census Bureau. Section 5 will display the highlights of trends of commuting into St. Paul to work regardless of residence. Section 6 will provide a brief summary of the results of sections 4 and 5.

2. Data

2.1 Source

The U.S. Census Bureau collects data from each state to generate nationwide economic and demographic descriptive data. To express trends in the distribution of workers throughout the country, the Census has produced the *On The Map* data tool. *On The Map* is a web tool that reports employment information from the Longitudinal Employer Household Dynamics (LEHD) Program at the geographic level. This program matches workplace data with residence data. This matching allows the research team to count the zip code for the primary place of work for St. Paul residents, and likewise, the zip code of residence for St. Paul workers. This measurement takes place at the first day of the second quarter of each calendar year.

The goal of the *On the Map* tool is to provide economic data with geographic specificity. The LEHD limits the level of demographic specificity available to the public to protect the privacy of LEHD respondents. This allows the research team to count the places of work of St. Paul residents according to income group, industry group, and age group (U.S. Census Bureau, 2018)

2.2 Detailed Source

The three income groups divide the St. Paul workforce by their average monthly income: those earning less than \$1,250 a month, those earning between \$1,251 and \$3,333 a month, and those earning \$3,334 or more a month.

The three age groups divide the St. Paul workforce by their age: those age 29 or younger, those between 30 and 54, and those age 55 or above.

The three industry groups divide the St. Paul workforce by North American Industry Classification System (NAICS) coding: those in goods providing industries (11, 21, 23, 33, & 34), those in trade, utilities, and transportation services (22, 42, 44, 45, 48, & 49), and those in service industries (51 – 56, 61, 62, 71, 72, 81, & 92). To protect the anonymity of respondents, only one demographic, industry, or income grouping may be expressed at a time, and cross sectional estimates of these groupings are not currently available.

3. Limitations

The LEHD Origin-Destination Employment Statistics (LODES) data from the U.S. Census Bureau includes demography, economic, and industry categories that are intentionally general to protect the privacy of respondents. Although more detailed geographic analysis is possible, this data is not able to provide a detailed demographic description of the St. Paul resident and worker populations. Furthermore, LODES data is collected at the beginning of the second quarter of every year. This does not represent seasonality of employment or the seasonality of residence.

The data for this memo is limited to the jobs identified by respondents as their primary job. If someone holds multiple jobs, only one of their jobs is counted for the purposes of this memo. Finally, LODES does not track the same workers or residents from one period to the next. This implies that workers may turn over from one job to another very quickly, or residents may relocate and be replaced from year to year, and this analysis would not be able to capture those changes.

4. St. Paul Residents

Although there are many St. Paul residents who commute to work in Minneapolis and Bloomington, the largest share of St. Paul residents work in St. Paul as well. This pattern remains true regardless of age group, industry group, or income group. This is especially noteworthy when considering the share of St. Paul residents that are in service sector jobs.

4.1 St. Paul Residents Overall (Table 1)

According to LODES, there were 129,000 St. Paul residents working in 2015. Compared to 2010, when there were 112,000 St. Paul residents working, this represents a 15 percent increase over a six-year period. Over 40,000 St. Paul residents (around 31% of residents) also worked in St. Paul. This relationship was consistent over the six-year period. Over 70,000 St. Paul residents worked in the tri-city area (St. Paul, Minneapolis, or Bloomington). This suggests that 55 percent of St. Paul residents work in the tri-city area. This relationship was also consistent over the six-year period.

4.2 Age

According to the Roy Wilkins Center report on the simulated economic effects a proposed minimum wage policy in Minneapolis, although a large share of young workers are likely to earn the minimum wage or close to the minimum wage, the typical low-wage worker is just as likely to be young as middle aged or old (Roy Wilkins Center, 2016). Because low-wage workers may come from any age group, we find it useful to discuss the trends in commuting according to age.

4.2.1 Young (Table 2)

There were 36,000 St. Paul residents under the age of thirty working in 2015. Compared to 2010, when there were 33,000 St. Paul residents working, this represents a 9 percent increase over the six-year period. About 11,000 St. Paul residents under the age of thirty also worked in St. Paul (around 30% of young residents). This relationship was consistent in the six-year period. Over 18,000 St. Paul residents under the age of thirty worked in the tri-city area (around 51% of young residents). This relationship was also consistent in the six-year period.

4.2.2 Middle Aged (Table 3)

There were almost 69,000 St. Paul residents between ages 30 and 54 working in 2015. Compared to 2010, when there were almost 61,000 St. Paul residents working, this represents a 14 percent increase over a six year period. Over 21,000 St. Paul residents (around 31% of middle aged residents) also worked in St. Paul. This relationship was relatively consistent over the six year period. Over 38,000 St. Paul residents between the ages of 30 and 54 worked in the tri-city area (around 56% of middle aged St. Paul residents).

Table 1

St. Paul Residents' Primary Place of Work			
	2010	2015	Growth (%)
Total Primary Jobs	111,962	129,232	15.4
Top Five Cities			
St. Paul	36,054	40,465	12.2
Minneapolis	21,414	25,461	18.9

Table 2

St. Paul Residents' Primary Place of Work: Under 30			
	2010	2015	Growth (%)
Total Primary Jobs	32,957	35,951	9.1
Top Five Cities			
St. Paul	9,792	10,661	8.9
Minneapolis	5,423	6,183	14.0
Bloomington	1,545	1,572	1.7
Roseville	1,149	1,309	13.9
Eagan	888	1,082	21.8

Table 3

St. Paul Residents' Primary Place of Work: Age 30 - 54			
	2010	2015	Growth (%)
Total Primary Jobs	60,510	68,947	13.9
Top Five Cities			
St. Paul	19,230	21,113	9.8
Minneapolis	12,460	14,438	15.9
Bloomington	2,282	2,712	18.8

Table 4

St. Paul Residents' Primary Place of Work: Over 55			
	2010	2015	Growth (%)
Total Primary Jobs	18,495	24,334	31.6
Top Five Cities			
St. Paul	7,032	8,691	23.6

4.2.3 Older (Table 4)

There were over 24,000 St. Paul residents over the age of 54 working in 2015. Compared to 2010, when over 18,000 such residents were working, this represents a 32 percent increase over the six year period. Almost 9,000 of St. Paul residents over age 54 also worked in St. Paul. This represents around 36 percent of older residents, a 3 percentage point drop in the share of older St. Paul residents who work in St. Paul, from a high of 39 percent in 2013, although the absolute number of St. Paul residents working in St. Paul is generally increasing over the six year period. Around 14,000 St. Paul residents over age 54 who worked (around 60% of such workers) in the tri-city Area. This was relatively consistent over the six-year period.

Minneapolis	3,531	4,840	37.1
Bloomington	627	903	44.0
Roseville	500	684	36.8
Eagan	421	681	61.8

4.3 Income (Table 5)

Section 4.1 of this memo discussed the overall trends in commuting for St. Paul residents, this section will focus on the trends in commuting for low-income residents. This is defined as workers earning less than \$1,250 per month. To protect respondent anonymity, this income measure does not allow us to observe wage rates directly, and inferences on the wage rate of these workers would require further assumptions. If one assumes the typical worker works eight hours a day and 22 days in the month, this suggests a wage of \$7.10 an hour. If one assumes this worker works eight hours a day, but only for 15 days in the month, this suggests a wage of \$10.42. There is no way to test these assumptions using the publicly available LODES data, and other data sources are required. This measure is independent of existing disposable wealth, or earnings from investments.

Table 5

St. Paul Residents' Primary Place of Work: Earning Under \$1,250			
	2010	2015	Growth (%)
Total Primary Jobs	23,177	25,156	8.5
Top Five Cities			
St. Paul	7,977	8,271	3.7
Minneapolis	3,182	3,580	12.5
Bloomington	930	1,118	20.2
Roseville	988	1,094	10.7
Maplewood	740	817	10.4

There were 25,000 St. Paul residents with low earnings working in 2015. Compared to 2010, when 23,000 such residents were working, this represents a 9% increase over the six year period. Over 8,000 such residents from St. Paul also worked in St. Paul (33% of such working residents). Almost 13,000 of such working residents worked in the tri-city area, accounting for 52% of the workplaces of low earning St. Paul residents.

4.4 Industry (Table 6)

Table 6

St. Paul Residents' Primary Place of Work: Service Workers			
	2010	2015	Growth (%)
Total Primary Jobs	82,396	94,935	15.2

There were almost 95,000 St. Paul residents in 2015 working in the general services industry. Compared to 2010, when there were 82,000 such workers, this represents a 15% increase over the six year period. Of such residents, 34,000 also worked in St. Paul (36% of such workers). This is consistent over the six year period. Around 62% of St. Paul residents working in service industries worked in the tri-city area.

Top Five Cities			
St. Paul	30,065	34,056	13.3
Minneapolis	18,178	21,633	19.0
Bloomington	3,052	3,580	17.3
Eagan	2,060	2,805	36.2
Roseville	2,091	2,560	22.4

5. St. Paul Workers

The St. Paul workforce tends to come from four cities, St. Paul, Minneapolis, Woodbury, and Maplewood. Although there has been overall increase in the total size of the St. Paul workforce, there have been a decrease in low-earnings workers, medium-earnings workers, young workers, and good-producing workers.

5.1 St. Paul Workers Overall (Table 7)

There were 177,000 St. Paul workers in 2015. Compared to 2010, when there were 159,000 workers, this represents an 11 percent increase over the six year period. Over 40,000 St. Paul residents (around 23% of workers) also worked in St. Paul. This relationship was consistent over the six-year period. A large share of St. Paul's workforce (40%) reside in the quad-city area (St. Paul, Minneapolis, Woodbury, Maplewood). This share has increased by two percentage points over the last six years.

Table 7

St. Paul Workers' Residence			
	2010	2015	Growth (%)
Total Primary Jobs	159,286	176,636	10.9
Top Five Cities			
St. Paul	36,054	40,465	12.2
Minneapolis	14,532	16,978	16.8
Woodbury	5,804	7,927	36.6
Maplewood	4,032	4,544	12.7
Eagan	3,702	4,314	16.5

5.2 Age (Table 8)

In 2015, there were 34,623 workers under the age of 30. Compared to 2010, when there were 35,310 such workers, this represents a 2 percent decrease over the six year period. Almost 11,000 of such workers also reside in St. Paul. Compared to 2010, when there were almost 10,000 such workers, this represents a 9 percent increase over the six year period. Although the number of young workers decreased over the six year period, middle aged workers in St. Paul increased from 92,000 in 2010 to almost 100,000 in 2015 (an increase of over 8%). The number of older workers increased at an even larger rate over the same period (a 32% increase), however this represented a smaller share of the St. Paul workforce. In 2015, there were 42,000 older workers in St. Paul, compared to almost 32,000 in 2010.

Table 8

St. Paul Workers' Residence: Under 30			
	2010	2015	Growth (%)
Total Primary Jobs	35,310	34,623	-1.9
Top Five Cities			
St. Paul	9,792	10,661	8.9
Minneapolis	3,980	4,274	7.4
Woodbury	950	876	-7.8
Maplewood	821	807	-1.7
Eagan	692	729	5.3

5.3 Income (Table 9)

In 2015, there were 25,000 workers earning less than \$1,250 a month. Compared to 2010, when there were almost 27,000 such workers, this represents a 7 percent decrease over a six year period. St. Paul residents comprised of 8,000 (33%) of these workers. There was an even faster decrease in workers earning between \$1,251 and \$3,333 a month. In 2015, there were almost 43,000 workers with medium earnings, compared to almost 51,000 such workers in 2010. This represents a 16 percent decrease in the number of such workers. St. Paul residents represented almost 14,000 of these workers (around 32%). Despite a decrease in the number St. Paul workers of low earning and middle earning, there was a sizable increase in the number of high earning St. Paul workers. In 2015, there were almost 109,000 St. Paul workers earning over \$3,333 a month. Compared to 2010, when there were 81,000 such workers, this represents a 34 percent increase over a six-year period. St. Paul residents represented over 18,000 of these workers (17%).

Table 9

St. Paul Workers' Residence: Earning Over \$3,333			
	2010	2015	Growth (%)
Total Primary Jobs	81,410	108,899	33.8
Top Five Cities			
St. Paul	14,101	18,470	31.0
Minneapolis	6,714	9,580	42.7
Woodbury	3,747	6,387	70.5
Eagan	2,342	3,106	32.6
Cottage Grove	1,950	2,845	45.9

5.4 Industry (Table 10)

In 2015, there were almost 13,000 good producing workers in St. Paul. Compared to 2010, when there were over 13,000 such workers, this represents a 3 percent decrease over a six year period. Of these workers, 2,000 (16%) were also St. Paul residents. Over the same period, the number of St. Paul workers in the Trade, Transportation, or Utilities industries increased from almost 16,000 to almost 17,000 (an increase of 6%). St. Paul residents represented 4,000 (26%) of such workers. In 2015, there were 147,000 service sector employees in St. Paul. Compared to 2010, when there were 130,000 such employees, this represents an almost 13 percent increase over a six-year period. Of these workers, 34,000 (23%) were also St. Paul residents.

Table 10

St. Paul Workers' Residence: Service Sectors			
	2010	2015	Growth (%)
Total Primary Jobs	130,185	147,003	12.9
Top Five Cities			
St. Paul	30,065	34,056	13.3
Minneapolis	12,436	14,623	17.6
Woodbury	4,988	7,142	43.2
Maplewood	3,359	3,849	14.6
Eagan	3,144	3,663	16.5

6. Workplace / Residence Comparisons

Although many St. Paul workers reside in a handful of cities, this does not describe all St. Paul workers. Many St. Paul workers reside in cities throughout Minnesota. This implies that the earnings effects of a St. Paul minimum wage policy are likely to spread outside of the city, rather than remain concentrated within St. Paul. Similarly, many St. Paul residents work in Minneapolis, and are likely to see an earnings effect due to its recent minimum wage policy.

Although there has been an increase of young residents from 2010 to 2015, those same ages represent a decreasing number of St. Paul workers. Likewise, although there is an increase in the number of St. Paul residents with low and middle earnings, this group sees a notable decrease in the numbers among St. Paul workers. This publicly available data suggests that there are ongoing changes in the St. Paul labor market, and a possible minimum wage policy would have dispersed economic effects. Although such modeling such effects might be fruitful, it is outside of the purview of this memo to provide such modeling.

7. Sources

- U.S. Census Bureau. (2018). LEHD Origin-Destination Employment Statistics Data (2002-2015) [On the Map 6.5]. Washington, DC: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program, accessed on January 2018 at <https://lehd.ces.census.gov/data/#lodes>. LODES 7.3 [20160219]
- Roy Wilkins Center for Human Relations and Social Justice. (2016). Evaluation of a Minimum Wage Increase in Minneapolis and in Hennepin/Ramsey County. University of Minnesota, Economic Policy Institute, Rutgers University, Howard University, St. Cloud State. Presented to the City of Minneapolis Council of the Whole in October 2016.

Community Input on Key Questions

From November 2017 through early February 2018, the Citizens League met with 227 individuals through interviews and listening sessions. Over 100 responses were also received through an anonymous online survey in addition to several emailed submissions.

The main objective of this data collection was to collect key questions from various individuals, groups, and stakeholders. This exploratory phase was intended to gain an understanding of underlying opinions and concerns around a possible minimum wage increase in St. Paul.

When the Citizens League met with community members, we framed the discussion around a possible minimum wage increase and asked open-ended questions similar to the questions in our anonymous online survey:

- When you hear that the minimum wage may be increased in St. Paul, what excites you the most?
- When you hear that the minimum wage may be increased in St. Paul, what concerns you the most?
- What are your main questions concerning a potential minimum wage increase in St. Paul?

In the interviews and listening sessions, we did not mention the figure of \$15 to see how participants would respond. That said, the majority of participants did assume a \$15 minimum wage in their responses. All were aware that St. Paul has yet to adopt an ordinance which could have various phases, tiers, and exemptions.

Since many assumed \$15, questions of **how much for whom, who should pay** for the increases in wages, and **how and how quickly an ordinance should be implemented** were the main items discussed. Below are summaries of the various perspectives organized by industry and/or sector.

Key Questions by Industry/Sector (listed in alphabetical order)

1. DAY TRAINING AND EMPLOYMENT SERVICES FOR PEOPLE WITH DISABILITIES

There are nonprofits that provide a variety of center- and community-based employment opportunities and job training services to people who have intellectual disabilities, physical disabilities and/or mental health conditions. Providers of these day training and employment service programs are licensed under Minnesota State Statute 245D. These services are procured on behalf of program participants by Ramsey County or other counties in Minnesota.

The common industry practice for these nonprofits is to use a United States Department of Labor (DOL) special minimum wage certificate that enables people with disabilities to be paid based on their productivity levels, as opposed to someone who does not have a disability. Section 14(c) of the Fair Labor Standards Act (FLSA) authorizes employers, after receiving a certificate from the DOL's Wage and Hour Division to pay special minimum wages—less than the Federal minimum wage—to workers who have disabilities for the work being performed.

According to the DOL website, “a worker who has disabilities for the job being performed is one whose earning or productive capacity is impaired by a physical or mental disability, including those relating to age or injury. Disabilities which may affect productive capacity include blindness, mental illness, developmental disabilities, cerebral palsy, alcoholism, and drug addiction.” Section 14(c) does not apply unless the disability actually impairs the worker's earning or productive capacity for the work being performed.

However, some providers of these services claim that program participants with disabilities earn anywhere from the state's minimum wage to prevailing wages regardless of productivity levels or where they work. They and others have benefitted from a phased increase in the state minimum wage from \$7.25 per hour on July 31, 2014 to \$9.65 per hour on Jan. 1, 2018 (for those working for large employers). While some people with disabilities working for

private businesses are earning the state minimum wage or more, typically co-workers without disabilities in similar jobs are earning higher wages. There are also individuals with disabilities who work in St. Paul on contracts with state or other government agencies that require payment of the state minimum wage. Providers for these contracts are unable to routinely adjust billing rates when the minimum wage increases.

Many area businesses are experiencing a workforce shortage, particularly for entry level jobs. People who have disabilities are an underutilized resource with significantly higher unemployment or underemployment rates than the general population. Some businesses are consciously hiring people with disabilities as a strategy for dealing with their workforce shortage.

The Citizens League met with nonprofits who provide program participants—people with qualified disabilities—with opportunities to work for a variety of businesses and government agencies in St. Paul and other locations. Below are their concerns and questions.

Key Questions

Availability of Jobs for People with Disabilities

- For those currently earning the state minimum wage will there continue to be jobs available for people with disabilities or will they be among the first to lose jobs if businesses use a layoff strategy to reduce payroll or contract costs?
- What is an employer's incentive to hire a person with a disability when he/she can hire someone without a disability who can do the job faster for the same rate?
- What opportunities for people with disabilities would go away with another significant increase to the minimum wage?
- If there is a contractual conflict between paying the state minimum wage and a city minimum wage, which standard would apply?

State Reimbursement Rates and Staff Requirements

Nonprofit providers who provide employment services and job training to people with disabilities are reimbursed by the state. Since reimbursement rates are regulated and set by the state, if the minimum wage were to increase, these nonprofits argue that they would not be able to raise their revenue rates nor cover the increased cost.

In addition, unlike businesses which can lay off employees to cut expenses in order to pay other employees the increased wage rate, these nonprofit providers cannot lay off employees because of the requirement to meet “staff to client ratios” governed by the state through its licensing rules. One such nonprofit provider informed the Citizens League that it would need to maintain the current staff levels in order to meet these staff-to-client ratios.

These nonprofits would need to rely on action from the state to increase reimbursement rates.

- How would these nonprofit providers continue to provide needed employment and job training services to people with disabilities if the state reimbursement does not increase?

2. FRANCHISEES, LOCALLY-OWNED, MICRO AND SMALL BUSINESSES

Starting 2014, the Affordable Care Act required employers defined by federal regulations as "applicable large employers" (ALEs) to make insurance available to their employees or pay a penalty. The federal government defined ALEs as any company or organization that has an average of at least 50 full-time employees. For this purpose, a full-time employee is someone who works at least 30 hours a week.

Also in 2014, the Minnesota legislature increased the state minimum wage. Effective in August 2014, it was phased in through 2016:

- Large employers: \$8.00 per hour starting on August 1, 2014; \$9.00 on August 1, 2015; and \$9.50 on August 1, 2016.
- Small employers: \$6.50 per hour starting on August 1, 2014; \$7.25 on August 1, 2015; and \$7.75 on August 1, 2016.

On January 1, 2018, the state minimum wage increased again, \$9.65 for large employers and \$7.87 for small employers. Effective also on January 1, 2018, the city of St. Paul required all employers with employees working in St. Paul to provide earned sick and safe time (ESST) to their employees.

In addition to this, some business owners saw dramatic increases in their property taxes. Some businesses noted other city expenses such as city code compliance.

Since franchisee and small businesses operating in St. Paul are still adjusting to these changes—federal, state, and city level changes—in a relatively short amount of time, many are disappointed that the city is considering passing a city ordinance to increase the minimum wage, possibly to \$15. Many view these changes as not only harmful to their current business but that these changes are creating a climate that is not welcoming to new businesses.

Franchisees

Two franchise owners shared that while they are associated with a widely-known national brand, what most people do not know is that their prices are set at the national level, which prevents them from adjusting prices locally to offset new expenses like an increase to the minimum wage. They can only reduce staff and/or staff hours to find savings to cover the increased cost in labor. Because some franchisees operate in multiple locations with different rules, one owner noted how he can no longer hire a local bookkeeper to manage new administrative and financial requirements. He now has to hire a savvy but more expensive outside firm to keep track of operations across his multiple locations.

Locally-owned small businesses

Other small businesses like locally-owned bookstores in St. Paul cannot adjust the price of books since these are set by the publisher. Like franchise owners, these bookstores can only reduce staff and/or staff hours to find savings to cover the increased cost in labor.

A small business that operates in an industrial area of St. Paul currently employs 35 people, many of whom are individuals that have gone through the criminal justice system and/or are in recovery looking to rebuild their work experience. The owner is concerned that if the minimum wage were to increase to \$15, he could no longer afford to take a chance on these individuals, although this is his preference. Instead, he will need to hire someone with a solid work history for higher levels of productivity and reliability.

A small family-run restaurant mentioned that with an increase to the minimum wage, it would no longer be able to provide young people summer part-time jobs. It would have to hire fewer people who could handle more responsibilities.

Many small businesses operate on very thin margins and do not have room for increased payroll. Even for businesses that are paying some employees near or at \$15 now are concerned they will not be able to provide pay increases moving forward.

Immigrant- and minority-owned micro/small businesses

Some immigrant-owned businesses were very insistent that they did not want a \$15 minimum wage increase because they cannot financially support the increase in labor costs. Like most small businesses, many immigrant-owned businesses mentioned that they cannot afford to hire someone to figure out new policy changes in order to comply with them. Some immigrant business owners were concerned that not all immigrant-owned businesses were aware of the potential minimum wage increase and may not be prepared to accommodate it when it happens.

While some small businesses talked about how it would be easy to relocate to a nearby city to remain profitable, a minority-owned business on the West Side was noted as being a community anchor in its neighborhood. It would be difficult to move since the owners live and operate their business within the community they serve.

Key Questions

- Some small businesses offer health insurance and other benefits that they know their employees value more than a few more dollars per hour. How can this be taken into consideration?
- If the minimum wage increases to \$15, why would a small business take a chance on younger, less experienced workers or low-skilled adults with little to no work history?
- If small businesses are expected to shoulder these costs, what can the city do to help offset these new expenses? Lower property taxes?
- Since the city is one of the largest employers, how does it plan to accommodate for an increase in the minimum wage? Increase taxes?
- Instead of penalizing those who can't, can the city offer incentives to get those who can pay more to do so?
- How will the increase in the minimum wage affect small immigrant-owned and minority-owned businesses?
- How will an increase in the minimum wage affect co-op micro business spaces like Hmong Village?
- Would an exemption be possible for micro businesses that hire 9 people or fewer?
- What do we know of the effects of sub-contract work within micro businesses in cities that have passed \$15?
- What is the number of low-wage or minority workers that would see benefits?
- How does an increase in the minimum wage affect families who are on public assistance?
- How will an increase in the minimum wage impact health insurance for individuals or small businesses?
- How will business sizes be determined?
- What is the maximum phase-in time to allow small business to adjust including time for attrition before possible layoffs?

3. HOME HEALTH CARE, NURSING HOMES, AND SENIOR HOUSING

Home Health Care

Transitioning the fast-growing home care industry to a more stable, higher-wage staffing model is essential if our nation is to meet the long-term needs of both the caregiving workforce and Minnesota's aging population. Since hospitals provide the most expensive delivery of care, a strong network of home health providers who can deliver care in the home is essential to reducing costs overall. In a continuing effort to keep people in their homes and out of these higher-cost facilities, there has been a growth in small, licensed home care agencies in Minnesota.

However, the impact of new minimum wage increases at the state and city level along with the overall increase in costs to do business is creating a very difficult business climate for providers of home and community-based services such as personal care and home health aides.

Since home care providers are reimbursed at the current Medicaid rate per hour, which is \$17.40, they argue that a minimum wage increase to \$15 does not allow them to remain financially sustainable given other costs associated with this business.

Medicaid: Medicaid is a joint federal and state program that helps low-income individuals and families pay for the costs associated with medical and long-term custodial care.

Personal care assistants, also known as caregivers, home health or personal care aides, give assistance to people who are sick, injured, mentally or physically disabled, or the elderly and fragile. They work in the home and help their clients with daily activities, such as bathing and bathroom functions, feeding, grooming, taking medication, and some housework. Hours can be long and the work can be emotionally, mentally, and physically challenging, which contribute to the high turnover that some providers experience. One provider noted the financial and opportunity cost to train new employees on a regular basis.

Because the job duties of a home health care worker can be difficult or undesirable, home care providers would like to see this industry become a higher-wage model because it has been extremely difficult to attract and retain high-quality employees. Currently, there are more home health care job openings than there are workers to fill them and even when they are filled, workers leave these positions when they find easier work or work that is held in higher regard. Providers are also concerned about the client side since they know a stable high quality workforce would increase client satisfaction.

The only way home health care providers can stay in business to meet the growing needs of an aging population is for the Medicaid reimbursement to increase as the minimum wage increases. Unfortunately, providers do not anticipate the Medicaid reimbursement rate to increase soon.

Key Questions

- How can home health care providers continue to operate in the St. Paul if the minimum wage increases to \$15 when Medicaid reimbursement remains at \$17?
- What administrative relief, if any, will be given to home health care providers who operate across the state when there are different minimum wage levels to account for?
- Raising the minimum wage to \$15 would make some personal care assistants (PCAs) ineligible for Medical Assistance, MinnesotaCare, Supplemental Nutrition Assistance Program (SNAP), Energy Assistance, and Free/Reduced Lunch for their kids at school. Currently, personal care attendants (PCAs) are paid about \$12.00/ hour. Will an increase in the minimum wage be enough to risk the loss of these benefits?

Nursing Home and Senior Housing

Investments in our nation's nursing home workforce are ever more critical as we face a looming care crisis: the number of adults who will need long-term care is ballooning, but the pool of people to provide it remains stagnant.

While many older adults express a preference for home and community-based settings, for those who cannot be cared for safely at home, nursing homes remain the best option. We need to ensure that all nursing homes provide their residents a high quality living environment along with quality care. That requires a well-trained, compassionate, and stable nursing home workforce.

According to the 2017 salary survey of long-term care providers by Care Providers of Minnesota, LeadingAge, and Healthcare Human Resources Association of Minnesota, Inc., the Citizens League was provided with a list of the largest volume positions—for both nursing facilities and senior housing—in St. Paul that would be subject to the minimum wage. For nursing facilities, these included nursing assistants, dietary aides, and housekeeping and laundry aides. The majority of these positions make less than \$15, with the lowest-paid nursing assistant making around \$12.75 an hour, the lowest-paid dietary aide making \$10 an hour, and the lowest paid housekeeping and laundry aide making \$11.

Medicare: Medicare is a federal program attached to Social Security. It is available to all U.S. citizens 65 years of age or older and it also covers people with certain disabilities. It is available regardless of income.

In senior housing—facilities that do not require a skilled nursing staff—this list included personal care providers, housekeeping and laundry workers, and dietary staff (servers). Again, the majority of these positions make less than \$15, with the lowest-paid personal care provider making \$11, the lowest-paid housekeeping and laundry worker hourly making \$10.37 and the lowest-paid dietary staff hourly wage making \$9.73.

Since these are just the largest volume positions, there are other positions not included that earn \$15 or less.

Key Questions

Reimbursement by Medical Assistance

Nursing homes are highly regulated. All nursing facilities in Minnesota must be licensed by the Minnesota Department of Human Services (DHS). Qualifications for licensure are listed in Minnesota Statutes chapter 144A. These include meeting minimum health, sanitation, safety, and comfort standards. MDH is also the state agency charged with certifying that nursing facilities meet federal standards for participation in the Medical Assistance (MA) program and the federal Medicare program. The Minnesota Department of Human Services (DHS) is responsible for administering the MA reimbursement system for nursing facilities and for establishing the reimbursement rates for each facility.

Although DHS sets facility reimbursement rates based on the cost of providing care to residents, there is a limit on care-related costs. That is, if a facility's care-related costs are greater than its limit, the facility's rate would not reflect the portion of the costs in excess of the limit. The reimbursement of care-related costs is further complicated because DHS sets rates using facilities' historical cost reports. Because it is backward-looking, there is at least a 15-month to two-year lag between when a facility accrues a cost and when the cost is reflected in the facility's rate. That is, it is possible that today's costs of care may be reimbursed at rates that are two years behind.

Rate Equalization Law

In addition, Minnesota's rate equalization law prohibits nursing facilities that participate in the MA program from charging private pay residents rates higher than the rates of residents with MA. Nursing facilities are only allowed to charge private-pay residents a higher rate for a single room and for special services that are not included in the daily rate if MA residents are charged separately at the same rate for the same services in addition to the daily rate paid by DHS. Due to this, private-pay rates are set at the level of the MA rate.

While some nursing facilities may be able to increase wages of employees who are making less than \$15, this will create pressure to increase wages for those working above them who are in supervisory roles.

- Given the reimbursement constraints that nursing facilities have—reimbursement limits, inability to recoup current costs, and rate-equalization law—what relief, if any, can be provided to nursing facilities?

Staff Requirement

Finally, a nursing and senior home facilities must meet staff requirements dictated by the federal government and the state. For example, a nursing home must have on duty at all times a sufficient number of qualified nursing personnel, including registered nurses, licensed practical nurses, and nursing assistants to meet the needs of the residents at all nurses' stations, on all floors, and in all buildings if more than one building is involved. This includes relief duty, weekends, and vacation replacements.

- Unlike other businesses that can lay off workers or reduce employee hours to find cost savings to put towards wage increases, these facilities cannot. How can nursing and senior home facilities continue to meet staff requirements as wages and other costs go up when they are not getting reimbursed at current costs?

4. LARGE EMPLOYERS

Large employers (500 employees or more) that we spoke to had few employees that were making less than \$15 an hour. This included Allina Health, Ecolab, HealthPartners, Securian, US Bank, and Wells Fargo. Both US Bank²³ and Wells Fargo²⁴ recently announced that each will be raising the minimum wage to \$15 for all hourly employees.

One business mentioned that financial impact could result if/when suppliers/vendors who have a larger employee base of minimum wage earners pass along price increases. An issue that will need to be resolved is wage compression: pay inequities that arise when newer employees get higher wages than those who have been there longer.

While a possible minimum wage increase to \$15 would not greatly impact most large employers in St. Paul, they did express concern how it would impact small and mid-size business, which could create an unfriendly business environment in St. Paul. Some believe that St. Paul has done a very good job creating a more livable city with an emphasis on the arts, entertainment, and other amenities. Large employers feel the city now needs to focus on attracting employers. This starts with retaining current businesses.

5. LOW-WAGE WORKER ADVOCATES

Just this month, the Metropolitan Council released a report entitled, “[The Twin Cities Region's Areas of Concentrated Poverty Endure](#).” The report’s main focus is on areas of concentrated poverty, defined as census tracts where at least 40% of residents live with incomes below 185% of the federal poverty threshold (a family of four with income below \$44,875 or a single adult with income below \$22,352, for example). It cites research that concentrated poverty may have an overarching impact on residents, even if they may not be low-income, such as reducing potential economic mobility and negatively affecting their overall health and well-being. Availability and choices of jobs and schools are also tied to where one lives. Because people of color face race-specific barriers that can limit their housing choices, the report finds that people of color are more likely to live in areas of concentrated poverty than white residents, regardless of income. According to the report, “the cities with the highest shares of residents in poverty were St. Paul (40.8%), Brooklyn Center (39.5%), Columbia Heights (39.1%), Minneapolis (37.9%), and Anoka (37.3%).” What’s more, the report adds that “St. Paul added six new census tracts identified as Areas of Concentrated Poverty, going from 32 in 2006-2010 to 38 in 2011-2015.”

The Citizens League heard from many low-wage work advocates ranging from advocacy organizations to community organizations to labor unions. One organization that the Citizens League met with was the worker-led organization Centro de Trabajadores Unidos en Lucha, known as CTUL. CTUL organizes low-wage workers from across the metro to advocate for fair wages and better working conditions.

Fair wages: Wage levels and wage-fixing mechanisms that provide a living wage floor for workers.

Through an interpreter, the Citizens League interviewed a low-wage worker who provides cleaning for a large retailer in St. Paul. When she started this job there 14 years ago, her starting hourly rate was \$7.25. Her current rate is \$10.75. She does not receive any benefits. She was initially given four hours a day but now she works five hours a day, seven days a week. She does not get an opportunity to work overtime. Some of her co-workers work fewer hours. She likes her job because she can walk to work. The worker informed me that she does not work directly for the retailer but for a cleaning company that has been contracted to provide cleaning services. Because cleaning companies often get selected based on cost, it is to

²³ <https://www.usbank.com/newsroom/news/us-bank-to-invest-in-employees-community-and-customers-as-a-result-of-tax-reform-package.html>

²⁴ <https://www.nasdaq.com/article/wells-fargo-to-raise-minimum-wage-to-15-in-2018-20171220-01117>

their advantage to hire workers for as little as possible. She added that since the cleaning company is not based in St. Paul, she does not have earned sick and safe time.

This worker, like all the low-wage workers we met with, and the organizations that support them, are advocating for a minimum wage increase to \$15 with the shortest phase-in time as possible. Some did not think \$15 was enough but agreed it was a good place to start. They also felt strongly that no one should be exempted including youth workers, believing teens should be able to make the same as adults, knowing that some support their families.

Many low-wage workers are trying to get out of poverty and wondered how anyone can do this without a better functioning transit system and more affordable housing. They see the increase in the minimum wage as just one piece of a much larger problem that they face. While the question of how a wage increase could impact the benefits that people on public assistance receive is asked below, it should be noted that some low-wage workers took offense to this question. They interpreted the question as “dangling a safety net over our heads” wanting to keep them in poverty and on public support.

Key Questions

- How can someone live and support a family on \$10? Or even at \$15?
- Even if the minimum wage were to increase, how do we think about transportation and affordable housing as other tools to lift people out of poverty?
- How can working conditions be improved for workers in St. Paul when the companies that hire them are not located in St. Paul?
- Would the wage increase impact the benefits that people on public assistance receive?
- How many low-income people in St. Paul who work elsewhere would not benefit?
- How many people who live elsewhere but work in St. Paul would benefit?

6. MANUFACTURING

Of the 7,600 manufacturing companies in Minnesota, about 5,800 have fewer than 50 employees. Some manufacturers in the metro area pay near or even above \$15 an hour for a fully-trained employee. But all manufacturers—even smaller contract manufacturers—provide stable employment, benefits, and training with opportunities for upward income mobility.

In recent years, manufacturers have found it increasingly difficult to hire enough employees who already have required skills. As a result, manufacturers today hire candidates and provide their own in-house training programs. Some even send new employees to school (like Saint Paul College, Hennepin Technical College, etc.) at the company's expense so that employees get the training they need. Once fully trained, an employee will be on a path to making a living wage. The development of the needed skills may take time so some manufacturers are seeking a training period.

Those in the manufacturing industry believe that St. Paul can and should try to attract more small manufacturers as a way to provide living-wage jobs to those who are underemployed or unemployed.

Living wage: A living wage is the minimum income necessary for a worker to meet basic needs.

who

It should be noted that some manufacturers do not support a minimum wage increase as a standalone policy. They believe addressing poverty should be the primary focus. They do not feel that it can be effectively addressed by a minimum wage increase alone.

Although unemployment in Minnesota is at its lowest since 2000²⁵, labor participation in St. Paul could be higher.²⁶ Hiring has been such a challenge that some manufacturing companies are using multiple staffing agencies to find candidates for open positions. With this comes additional costs. A manufacturer that pays an employee \$12 an hour may also have to pay \$6 to the staffing agency for a total of \$18 an hour to fill just one position.

If lifting people out of poverty is the goal, some employers think the city should improve collaborative efforts among the government, businesses, and industries—especially manufacturers—who hire critical groups of people (disabled, underemployed, unemployed, returning from correctional institutions, single mothers, etc.). This ought to include comprehensive workforce development programs coupled with specific support to small industry employers. Raising the minimum wage alone may contribute to the “cliff effect” and may not help the people who need it the most.

Cliff effect: This phenomenon occurs when people begin to earn above the limits set by the state and becomes ineligible for subsidies for food, housing, child care and other benefits. For low-income families, this means earning more could actually put them in a worse place financially.

Key Questions

- Should a \$15 minimum wage ordinance be proposed, would St. Paul consider a carve-out for manufacturing trainees such as a 12-month ramp-up period?
- If someone is not currently in the workforce now and relies on public assistance, how much of a minimum wage increase is necessary to convince her/him to return to work?
- If someone is not currently in the workforce now, what are other barriers—such as childcare, disabilities, health and addiction, transportation, etc.—that are preventing her/him from returning to work?

²⁵ <https://www.twincities.com/2017/12/21/minnesota-unemployment-rate-drops-to-3-1-percent/>

²⁶ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

7. PRIVATE EDUCATIONAL INSTITUTIONS

There are five private colleges and universities (Concordia, Hamline, Macalester, St. Catherine and St. Thomas) in St. Paul. In Minneapolis, there are two. Because Minnesota State students are considered state employees and the University of Minnesota is not within the jurisdiction of the city, private colleges in St. Paul would be uniquely impacted by a minimum wage ordinance, and they raise this public/private discrepancy as a fairness issue.

Most regular full-time and part-time workers at the private colleges and universities are at or near \$15 an hour, and consequently the institutions support the concept of a \$15 minimum wage for these employees. Their concern is mainly with part-time undergraduate student workers who, on average at one university, work 7.5 hours a week and make \$10.40 an hour. Depending on the school and the time of year, there can be as many as 6,000 undergraduate part-time workers on these five campuses. Private colleges also noted the need to increase pay for supervisors if student wages are increased. It is worth noting that the five private colleges collectively are St. Paul's fourth-largest employer.

Since private colleges would rather not increase tuition to meet a minimum wage increase, they are concerned that they will have to reduce the number of jobs, number of hours, or both. This could mean lost opportunities for learning, especially in cases where these jobs are internships and lab positions. Because work-study amounts are awarded to students as part of a financial aid package as a lump sum, it is important to assess the true impact to a student of a minimum wage. Students would not necessarily receive more money. Instead, their hours could be limited.

There is a perception that private colleges have large endowments on which they can draw to meet student wage increases, but the colleges say most of their endowment funds are restricted to specific kinds of expenses and spending.

Recently, private colleges participated in a city-related project on payment in lieu of taxes (PILOT) that explored the possibility of a program in which tax-exempt properties would make voluntary contributions to the city. If the city enacts a minimum wage ordinance that includes part-time undergraduate student workers, the colleges may not be able also to make a voluntary contribution to the city.

Private colleges and universities are aware that they will have to review food service contractors who may employ workers at minimum wage.

Key Questions

- Can all colleges and universities operating in St. Paul be treated the same, when it comes to the minimum wage, regardless of public or private?
- Is there an openness on the part of the city to consider a different minimum wage structure (e.g., up to \$13 an hour) for part-time student employment on college campuses?

8. RESTAURANT AND HOSPITALITY – ONE WAGE, NO TIP CREDIT/PENALTY

Many of the restaurant workers we met with who support a single wage increase without a tip penalty identified themselves as being part of the [Restaurant Opportunities Centers United \(ROC\)](#). The mission of ROC is to improve wages and working conditions for the nation's restaurant workforce. ROC members are leading the national [One Fair Wage](#) campaign to abolish the subminimum wage for tipped workers. Minnesota is one of seven states without a subminimum wage for tipped workers. In Minnesota, tipped workers are subject to the same minimum wage standards as non-tipped employees (some states have a subminimum wage as low as \$2.13 before tips are added in.) While the restaurant industry is one of the fastest growing industries in the country, it has some of the lowest wage jobs. One Fair Wage proponents argue that since St. Paul does not currently have a two-tiered system—where some people are paid a subminimum wage relying on tips or their employers to make up the difference to get to the full minimum wage—it would be unwise for St. Paul to create a tip penalty, which would create a two-tiered system that necessitates substantial enforcement by the city.

By supporting a single minimum wage increase for all restaurant workers, proponents believe this will have lasting long-term impacts on worker retention, mobility, industry productivity, and go a long way to closing gender pay gaps as well as increasing the purchasing power of workers in this industry by providing them with more stable, equitable pay.

Key Questions

Financial Security and Discrimination

There are many kinds of low-wage tipped workers in St. Paul including baristas, bussers, counter service workers, restaurant support staff and non-contract delivery people that will be impacted by a minimum wage ordinance. Not all tipped workers make a consistent income. Because of these concerns, One Fair Wage proponents expressed the following for consideration:

- How can restaurant workers—both front and back of house—who only make the current minimum wage (\$7.87 for small employers and \$9.65 for large employers) keep up with the cost of living if St. Paul does not pass an increase?
- As the cost of living continues to increase, how will a minimum wage increase impact the financial wellbeing of tipped workers in the long run?
- How would a subminimum wage for tipped workers impact tipped wages relative to the minimum wage?

Enforcement and Wage Theft

- Since some restaurants have multiple locations across the metro area, how will St. Paul accommodate businesses who may have additional administrative work to comply with different city ordinances?
- While employers are legally required to make up the pay of an employee if their tips plus base wage do not arrive at the full minimum wage, how will St. Paul enforce this to prevent wage theft—the illegal practice of not paying workers for all of their work?
- How would St. Paul enforce a two-tiered wage system? Tip tracking and reporting?
- How will St. Paul protect workers from employer retaliation for reporting possible employer misconduct?

Tip credit/tip penalty: An employer can include an employee's tip earnings toward its minimum wage obligation for tipped employees equal to the difference between the required cash wage and any proposed minimum wage increase. Those who support this system refer to it as a tip credit. Proponents of a One Fair Wage refer to this as a tip penalty.

Service Charges

The U.S. Department of Labor states that service charges, a compulsory charge for service (for example, 15 percent of the bill) is not a tip. Such charges are part of the employer's gross receipts. Sums distributed to employees from service charges cannot be counted as tips received, but may be used to satisfy the employer's minimum wage and overtime obligations under the Fair Labor Standards Act (FLSA).

- How will St. Paul guarantee transparent use of service charges and protect workers right to compensation for their services?

Sexual Harassment

One Fair Wage proponents cite that since 70% of people who work in the restaurant industry are women, states that have a subminimum wage for tipped workers have higher incidents of sexual harassment reported from tipped workers. Tipped workers are likelier to experience and put up with sexual harassment and other kinds of discrimination if they depend more on tips and less on enforceable wages.

- If St. Paul does enact a tip penalty, how will they protect service industry from or at the very least, monitor any increases in sexual harassment?

9. RESTAURANT AND HOSPITALITY – FOR TIP CREDIT

Various reports indicate that 60 percent of restaurants fail within three years or fewer. There are many variables that contribute to a restaurant's failure but with labor accounting for more than one third of overall expenses, this is an area that most restaurants, regardless of size, worry about. A key to success is to maintain acceptable profit margins year after year. The range for restaurant profit margins span anywhere from 0-15%, with the most common range falling between a 3-5%.

Due to thin profit margins, many restaurant owners and restaurants workers are concerned that an increase in the minimum wage would result in reduced staffing or a restaurant's closure. Owners are concerned about being able to operate a profitable business and workers are concerned about their jobs, especially those who have made service a career. In other cities, some owners are experimenting with eliminating tipping entirely in response to increases in the minimum wage and substituting with service charges that owners can share with other employees. Some servers fear that this will happen in St. Paul. (Minnesota law states that tips are the sole property of the direct service employee and employers cannot require employees to share their tips with indirect service employees.)

Minnesota is one of seven states where tipped workers are subject to the same minimum wage standards as non-tipped employees. (Some states have a subminimum wage as low as \$2.13 before tips are added in.) In our listening sessions, we learned that tipped employees are some of the highest-paid hourly employees in table-service restaurants, earning at least \$18 per hour with minimum wage and tips, and in some examples earning more than \$40 per hour. Although many kitchen employees earn the minimum wage or more, average pay in the kitchen may be substantially lower than what tipped employees earn with their wage and tips combined.

By increasing wages for minimum wage employees who earn tips—likely the highest-earning employees in the restaurant—some argue that this may leave an owner little money to raise the wages for other workers. This labor increase may force some owners to raise menu prices to levels that guests may be unwilling to pay. Some noted that this has resulted in restaurant closures and a “no tip” business model in some cities that have passed a minimum wage increase without a tip credit, resulting in less income for restaurant staff. Therefore, some restaurant owners and workers are asking for a “tip credit.” By allowing a tip credit, an employer can include an employee's tip earnings toward its minimum wage obligation for tipped employees equal to the difference between the required cash wage (for a small employer in Minnesota, it would be \$7.87) and the proposed minimum wage of \$15 an hour. Opponents of this idea call this a “tip penalty.”

The Citizens League heard from more service workers than restaurant owners who demanded a tip credit. A top reason for not wanting a wage increase was so their employers could better pay kitchen staff.

Because it is customary practice to tip as a percentage of the total dining bill, tipped employees may earn more money if an owner chooses to increase menu prices to accommodate a wage increase. This may further increase the disparity and the inequity between wages in the kitchen and the total earnings in the front of the house. Practically speaking, many restaurant owners did not think they could or would increase prices due to the competitive pressures.

Key Questions

- If the minimum wage is increased to \$15, is there willingness to reduce the tip credit wage to say \$5.00? (Federal is \$2.13 and Wisconsin is \$2.33)
- Will sexual harassment really change with a higher minimum wage for tipped workers since some studies show that most harassment reported comes from coworkers within the restaurant—rather than customers who are leaving a tip?
- Has anyone against a tip credit presented a proforma based on a yearly profit and loss for a full-service restaurant (not a counter service model) that proves that a large increase in labor costs would not be destructive to the business as a whole?

- How much does the restaurant community provide to the city in tax revenue?
- If St. Paul chooses to acknowledge taxable tipped income in the way of a tip credit, do they anticipate that more restaurants would likely open in St. Paul or Minneapolis?
- Are people aware that a tip credit guarantees each worker the minimum wage at all times?
- If the goal is to make sure each individual is making minimum wage at all times and there is proof that full-service workers are making that and more, why would the city force a change in that industry?
- If the goal is to increase the income of the lowest-paid worker, who are the lowest-paid workers in the full-service restaurant community based on tax information?
- Has St. Paul ever heard of another instance where affected workers are fighting *against* a wage increase?
- Why should we force restaurants to change from a model in which servers are able to collect wages directly from customers in favor of a more traditional hourly pay system in which employers collect all of the money and pay servers as little as possible?
- Has the city surveyed Minneapolis restaurant owners to see how many would consider moving to or opening a second location in St. Paul if there were a tip credit?
- Has the city considered doing a scientific study of full-service restaurant workers aggregate income (W2 income) and hours worked?
- Quick Service Restaurants (QSRs) or counter service/fast food have completely different business models than full-service restaurants. Will St. Paul treat them differently in the minimum wage debate?
- Has the city thought about how increasing minimum wage without considering tip income would exacerbate the already wide earnings gap between the front-of-house (FOH) and back-of-house (BOH) in full service restaurants?

10. YOUTH-TRAINING WAGE, IN SUPPORT OF

Proponents of a youth-training wage—those who would like to see young workers who participate in a training/work program exempt from the minimum wage requirements—aim to avoid creating disincentives for hiring such workers. This includes nonprofit programs that provide paid youth-training experiences that serve disadvantaged teens who are unprepared for the traditional workforce. These nonprofit programs believe youth employment training is essential for teens living in low-income areas or teens of color who may not have access to a variety of local options. Proponents state that these teens are facing double digit-unemployment when statewide unemployment figures are in the low single digits.

Without a youth-training wage, nonprofit programs argue that higher minimum wages could also reduce the incentive for employers to hire less-skilled workers, thus further disadvantaging teens. Cities like Seattle and Chicago that have implemented a higher minimum wage, have generally seen a training wage as beneficial for youth workers. Regulations ensure that businesses are not hiring only youth employees in order to avoid paying the new minimum wage.

On January 25, 2018, the Citizens League attended a listening session with a number of organizations that conduct youth-training programs and/or hire teenagers at their organization.

One organization—a nonprofit—shared that in 2017 alone, the organization employed 225 teenagers, which is their key service population. While the logged hours totaled 30,000, the representative explained that those hours consisted of both “traditional work time” as well as “classroom time” where teenagers were getting paid to learn soft skills such as team building, fiscal literacy, leadership, and time management. For every dollar wage increase, the nonprofit’s expenses will increase by \$30,000. The nonprofit is concerned it may not be able to increase revenue and fundraising to meet the increased demand. They will have to either reduce the number of teens hired or reduce the quantity and quality of the training programs to remain financially sustainable. Reducing the number of jobs goes against the nonprofit’s overall mission to provide jobs for teens in a youth-focused learning environment.

Key Questions

Administrative Burden of Adhering to Different Rules

Some organizations work across the entire metropolitan area. The passage of the Minneapolis minimum wage ordinance created a second set of rules for organizations to understand and with which to comply. Many are already straddling the age and wage differences between federal and state schedules. If St. Paul passes its own minimum wage ordinance, this will likely create a third set of rules. The administrative burden to comply with federal, state and different municipal ordinances is not unique to nonprofit youth employment training programs—it is a concern for all organizations that hire youth in multiple municipalities.

- How will St. Paul ease the administrative burden on nonprofits, organizations and businesses, especially smaller employers, given new and different minimum wage ordinances across the metro?

Availability of Jobs for Teenagers

Proponents of a youth-training wage believe there are limited number of jobs for young people particularly in low-income neighborhoods. They are concerned that without a youth-training wage, there will be few incentives to hire teenagers with limited skills or no employment histories.

- Are there going to be jobs available for young people?
- What is an employer’s incentive to hire a 15- or 16-year-old if it can hire a 21- or 22-year-old for the same rate?
- What youth opportunities would go away with an increase to the minimum wage?

City and State Language for Youth-training Wage

Some organizations noted that the Minneapolis minimum wage ordinance creates confusion about eligibility for a youth wage. Employers referred to the [Application to be an Approved Training or Apprenticeship Program](#) found on Minneapolis' minimum wage website. This document states that employers must meet criteria for qualifying quality internship/apprenticeship program components. In order to receive a 15% training wage reduction for no more than 90 days, training programs are required to include a host of components.

Programs that receive local/state/federal grants or direct appropriations for youth workforce development will automatically be included in the approved programs. Programs not receiving government sources are then subjected to a comprehensive review. Foundation funders believe they fall into the latter category and are not automatically included in the approved programs.

To be eligible for the approved training or apprenticeship wage in Minneapolis, youth employees must work a minimum of 15 hours a week for 6 weeks if not in school, and a minimum of 10 hours a week when actively enrolled in classes. Using this criteria, a quality program that hires a youth for less than 15 hours a week during the summer or less than 10 hours a week during the winter cannot qualify for the 90-day minimum wage.

Nonprofits that employ disadvantaged teens believe that 90-day limitation is an insufficient amount of time to train youth workers. This reference to standards that are not in the ordinance, and the use of a qualifier that does not allow flexibility to nonprofits challenges the youth, their family life, and the training programs.

- If St. Paul plans to have a youth-training wage, how will it consider different existing eligibility language to minimize confusion?
- If St. Paul plans to have a youth-training wage, how will the city involve foundations—which often are aware of the best practices—to help draft the youth-training wage eligibility language?
- Most nonprofit youth-training programs will need more than 90 days to train a teen. Would St. Paul consider a longer timeline?

Other Financial Burdens

Youth programs and foundation representatives noted a declining trend in charitable resources for youth programming. An example given was the dramatic cuts in United Way funding for out-of-school time programs. The proposed federal budget would cut all out-of-school funding. Additional wage issues on top of already strapped youth programs can have a big impact. In addition to the financial burden of paying youth wages, an increase in the minimum wage would create the expectation and pressure to pay supervisors more.

- How can local government engage charitable funders of youth employment programs in the minimum wage discussion and how will foundations, private and individual funders respond to the impact of a higher minimum wage on youth employment programs?

11. YOUTH-TRAINING WAGE, A CASE AGAINST

Opponents of a youth-training wage are concerned that if a training wage is implemented, this will increase inequality. If young people can get a better paying job in the retail or another sector, those who might uniquely need these youth employment/training opportunities (with coaching and skill development), which could lead to a career ladder, will avoid these opportunities. Those who can afford to take a pay cut will be those that do not need the funds to support their household. These types of training opportunities help young people see themselves in higher positions, so any action that make these training opportunities less attractive is a risk.

Some community leaders who work with young people in foster care, young people in juvenile justice, and young people experiencing homelessness expressed that this population may benefit the most from these youth employment/job training opportunities, but they may not seek these out at a lesser wage or would initially get in but transition to a higher wage position at the first opportunity. Many of these young people are heads of households or significantly contributing to their families. Opponents of a youth-training are concerned that by not first considering these concerns, programs may run the risk of alienating this population from participating in these critical job training programs.

As most youth employment/job training programs are built on metrics that explore completion, if young people start off in these training wage opportunities and realize they can get a position elsewhere for a higher hourly wage, program leaders may need to account for any attrition in order to report back to program funders.

Opponents of a youth-training wage understand that there is likely little or no competition for different workplaces for young people under age 16. For this age group, a lower training wage could make sense. For those age 16 and older, there may be more competing job opportunities, so a stronger case may need to be made about the impact of youth employment/training programs.

Key Questions

- How can a youth-training wage be broken down by age?
- How can youth-training wage criteria better align with work-based learning, tying jobs to graduation?
- How can a training wage be tied to the economy? For example, if the economy doesn't perform, extending a training wage could be possible.

Recommendations for Possible Phase Two

Additional Community Input

1. ADDITIONAL INPUT FROM IMMIGRANT COMMUNITIES, INDIGENOUS POPULATIONS, AND COMMUNITIES OF COLOR

The compressed timeline for this scoping phase did not allow for the needed time to earn trust with certain communities to get their feedback on the minimum wage discussion. Efforts should also be made to collect information in languages other than English. In the time allotted, the Citizens League worked with trusted community organizers and advocates to get feedback from various communities, but more information is needed. The Citizens League also recommends having community representatives on a task force should there be a second phase.

2. ADDITIONAL INPUT FROM INDUSTRIES AND SECTORS

The Citizens League recommends gathering more input from other industry/sectors including but not limited to administrative and support, hotel and other accommodations, retail, waste management, and retail.

Further Research

3. ADDITIONAL AND NEW RESEARCH

The Citizens League recommends reviewing additional existing research as well commissioning new work by retaining a researcher who can provide quantitative research and technical economic modeling data for St. Paul.

Stakeholders for Possible Phase Two Study Committee

4. IDENTIFICATION OF STAKEHOLDERS

A goal of this scoping phase was to identify key stakeholders that would need to be part of a larger effort in 2018 to help answer the questions that have been gathered. We asked participants to help identify individuals that would need to be included so that the effort of phase two and the resulting recommendations would be seen as credible. Most of the participants were willing to serve in this capacity if asked.

Appendix

List of Contributors, Interviewees, and Listening Sessions

- Jeff Bostic, LeadingAge
- Bob Brick, Ally People Solutions
- St. Paul Mayor Melvin Carter
- Chris Conry, TakeAction Minnesota
- Connie DeLage, Grand Avenue Business Association
- Niles Deneen, Deneen Pottery
- Dillon Donnelly, Donnelly Manufacturing
- Thomas Durfee, PhD student, Department of Applied Economics, University of Minnesota
- Eli Jonathan Edleson-Stein, Restaurant Opportunities Centers United meeting, four people attended
- Brian Elliott, SEIU
- David Enyeart, Common Good Books
- Nick Faber, St. Paul Teachers Federation
- Scott Fares, Wet Paint
- Jim Fritz, The Wedding Shoppe
- John Fure, Capitol River Council
- Kerri Gordon and Kristen McHenry, Allina Health
- Matt Halley, Cookie Cart
- Chris Hanson, The Data Bank and Metropolitan Independent Business Alliance
- Bahieh Hartshorn, Community Organizer, West Side Community Organization
- Lyth Hartz, Midwest Special Services
- Kip Hedges, 15 NOW
- Doug Hennes, University of St. Thomas
- Courtney Henry, franchise owner, McDonald's
- Scott Hietpas, Ecolab
- Steve Hines, Department of Employment and Economic Development (DEED)
- Chase Huffman, Grand Ole Creamery and Grand Pizza
- Kate Kelly, Ally People Solutions
- B. Kyle, St. Paul Area Chamber of Commerce
- Angela Marlow, representing immigrant-owned micro and small businesses
- Midway Chamber of Commerce
 - Chris Ferguson
 - Chad Kulas
 - John Young
- Minnesota Private College Council
- Jeff Otto, Otto Packaging Midwest
- Pro-tip credit listening session (held at Sweeney's Saloon, 75 people)
- Restaurant Opportunities Center event, 30 people attended
- John Regal, Securian
- Nuria Rivera-Vandermyde, City of Minneapolis
- Jeffrey Schneider, City of Minneapolis
- Celeste Robinson, 15 NOW
- Stephanie and John Rupp, Owners of the Commodore, University Club, and W.A. Frost
- A. Sanchez and Taylor Shevey, Centro de Trabajadores Unidos en Lucha (CTUL)
- Jennifer Schellenberg, President, Restaurant Workers of America and bartender/career server in the Twin Cities
- St. Paul City Council Members
 - Amy Brendmoen

- Rebecca Noecker
- Jane Prince
- Russ Stark
- Dai Thao
- St. Paul Area Chamber of Commerce
- Eliza M. Swanson, former career server
- Peg Thomas, Sundance Family Foundation
- Kari Thurlow, LeadingAge
- Ujamaa Place, listening session, 10 people attended
- Holly Weinkauff, Red Balloon Bookstore
- Pang Vang, Rainbow Health Care
- Brad Vinton, franchise owner, Toppers Pizza
- PaSee Yang, Minnesota Hmong Chamber of Commerce
- Youth Social Enterprises, listening session, 31 people attended

Online Survey: 102 responses.

List of Articles and Reports

1. **A Substantial Minimum Wage Hike for Minnesota: Benefits, Costs and Economic and Political Consequences**, Ann Markusen, Jennifer Ebert, Martina Cameron, Project on Regional and Industrial Economics, The Humphrey Institute of Public Affairs, University of Minnesota, September 2003
2. **Confronting Exploitation: The Face of Low-Wage Work in the Twin Cities**, Centro de Trabajadores Unidos en la Lucha
3. **Evaluation of a Minimum Wage Increase in Minneapolis and Hennepin/Ramsey County**, Roy Wilkins Center for Human Relations and Social Justice, University of Minnesota, September 2016
4. **Making the Minimum Wage Work: An Examination of the Economic Impact of the Minimum Wage**, Steve P. Calandrillo and Taylor Halperin
5. **Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle**, Ekaterina Jardim Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, Hilary Wething, June 2017
6. **Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania**, David Card and Alan Krueger
7. **Seattle's Minimum Wage Experience 2015-16**, Michael Reich, Sylvia Allegretto, and Anna Godoey, June 2017
8. **Staff Report on a Minimum Wage Policy**, City of Minneapolis, May 2017

Acknowledgements

Thank you to University of St. Thomas interns Nicholas S. Bruno and Josephine Franco, Sean Kershaw, and Matt Byrne for contributing to this report. Thank you to the Saint Paul Foundation for making this report possible.

END OF REPORT

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Citizens League Project Outline:

Saint Paul Minimum Wage Implementation Project, Phase 2

Convening a Minimum Wage (Phase 2) Study Committee

The City of Saint Paul plans to pass a minimum wage ordinance. To inform the creation of a minimum wage ordinance, the City of Saint Paul will have the Citizens League lead an independent Study Committee to answer the key questions that were identified in the Minimum Wage Implementation Scoping Project (Phase 1) completed by the organization in February 2018. The Study Committee, whose members were selected by the Citizens League, represent different perspectives on this issue. Their charge is to review the previous Phase 1 work, review other relevant research, agree on findings and conclusions from this effort, and finally, develop and put forward recommendations for a minimum wage ordinance to the City.

The scope of work, which was determined by the City of Saint Paul, outlines that the Study Committee **evaluate and provide feedback (specifically the pros and cons) on options for the following four ordinance components.**

- 8) **The Minimum Wage Rate and Indexing to Inflation.** What is the appropriate wage rate for the City of Saint Paul? Does this include other benefits like health insurance? What are the benefits and/or drawbacks to indexing to inflation? Does indexing to inflation help workers keep up with cost of living increases?
- 9) **Exemptions.** What, if any, exemptions will be included in the ordinance? What are the various exemptions? Are there groups for whom a longer phase-in time could be a better option than a total exemption? Will there be different considerations for different groups? Example groups that may be considered:
 - a. Youth workers
 - b. Student workers (including those employed outright and those receiving work study tuition aid)
 - c. Seasonal workers
 - d. Workers paid by stipends (such as AmeriCorps workers)
 - e. Training wages
 - f. Different businesses (and sizes of businesses)
 - g. Employment for people with disabilities
- 10) **Tip penalty/credit.** What is the likely impact on tipped workers of a tip credit/penalty based on evidence from other states and/or research? Will and how might a wage increase without a tip credit/penalty lower servers' wages by shifting restaurants toward service charges?
- 11) **Phase-In Time.** What is the appropriate phase-in time? What are the pros/cons of different phase-in times?

In addition, the Citizens League Study Committee **will consider the following questions:**

- What are the economic impacts on specific industries (i.e., manufacturing, restaurant, etc.) and populations (youth, disability, hard-to-employ, low-skill/experience, etc.) in Saint Paul in response to a minimum wage increase? For example, jobs/hours lost, increased buying power, etc.
- How can wages be tied to cost of living while accounting for regional differences in that cost?
- What can Saint Paul learn from the experiences of other cities in terms of an ordinance's impact on the city's ability to attract and retain employers and to create jobs? What about wage compression effects?
- To what extent will the labor market shortage address these issues through market forces instead of mandated minimum wage?

- What can the City do or what needs to be done to ameliorate potential negative consequences of a minimum wage increase? And/or what action needs to happen at other levels of government to ameliorate the effects? Examples: public benefits cliff, Medicare/Medicaid reimbursement gap.
- How will a minimum wage increase impact Saint Paul's poverty rate?
- Given that Saint Paul has the highest poverty rate in the metro area, is the minimum wage ordinance the best strategy to address it? Or could it have the opposite effect of reducing low-wage worker hours as well as fiscal cliff consequences?
 - Of the 31 percent of people who live and work in Saint Paul, of whom 8,000 are low-wage workers who will benefit, is the minimum wage ordinance the best way to improve their economic status?
- What can the City do to ameliorate the impact on small businesses? Example: What are things that other cities have done that have been successful?
- How does the Minneapolis minimum wage ordinance impact Saint Paul and its minimum wage discussion?
 - Is there a benefit of weighing the impact of the Minneapolis implementation before we move forward with an ordinance in Saint Paul?
 - How is Minneapolis addressing the Medicaid reimbursement issue as it applies to jobs in home health care, nursing homes, and senior housing?

The project will be independent of the City of Saint Paul and will use Citizens League staff and contractors.

Proposed Process

Timeline: 5 months. The process will use the Citizens League's staged approach: discovery, development, and recommendations. This process will follow the Citizens League's operating guidelines as stated in the organization's Governing Document (see page 5).

Recruitment of Members and Leadership: March – April 2018

- Recruit Co-Chairs and 19 Study Committee members. Participation should include a diversity of perspectives on the minimum wage and represent the community from a variety of backgrounds.
- The Citizens League will consult with the Mayor's Office, the Saint Paul City Council, and key stakeholders, but the recruitment process will be independent of the City.
- Final approval of Study Committee members by Citizens League Board.

Discovery: Review of Background Information: May – June 2018

- A charge is established by the Study Committee.
- Review and analyze available information on the minimum wage. Maximize the use of existing sources and partners in this effort.
- Request new research to be conducted as needed.
- Invite speakers to present to Study Committee in order to understand issues/concerns.

Development: July 2018

- Study Committee reviews findings, agrees on conclusions, revises charge, if needed, and discusses course of action for recommendations.
- Scenario planning.

Preparation of Final Recommendations: August 2018

- Study Committee works on final recommendations.
- Citizens League delivers final report by August 31, 2018.

Citizens League Phase 2 Timeline

March	April - June	July-August	August
<p>Agree on scope of work for Phase 2.</p> <p>Recruit Study Committee Members based on Scope of Work.</p>	<p>Meeting with Study Committee begins.</p> <p>Study Committee reviews previous phase efforts.</p> <p>Reviews research and commissions new if required.</p> <p>Study Committee invites special speakers.</p>	<p>Study Committee reviews findings, agrees on conclusions, revises charge, if needed, and discusses course of action for recommendations.</p> <p>Begins working on recommendations.</p>	<p>Study Committee works on final recommendations.</p> <p>Final Report delivered by August 31, 2018.</p>
Discovery		Development	Recommendations

For more information, contact:

Pahoua Yang Hoffman, phoffman@citizensleague.org

Appendix C: Funding resolution



City of Saint Paul

City Hall and Court House
15 West Kellogg Boulevard
Phone: 651-266-8560

Legislation Details (With Text)

File #:	RES PH 18-117	Version: 1	Name:	Supporting the request for further funding to study the potential impacts of raising the minimum wage.
Type:	Resolution-Public Hearing	Status:	Agenda Ready	
		In control:	City Council	
		Final action:		
Title:	Supporting the request for further funding to study the potential impacts of raising the minimum wage.			
Sponsors:	Chris Tolbert, Dan Bostrom, Samantha Henningson, Amy Brendmoen, Rebecca Noecker, Dai Thao			
Indexes:				
Code sections:				
Attachments:	1. RES PH 18-117 Financial Analysis			

Date	Ver.	Action By	Action	Result
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Supporting the request for further funding to study the potential impacts of raising the minimum wage.

Whereas, the Citizens League completed its Phase I project, a project approved by the Saint Paul City Council on November 8, 2017 as RES 17-1779, in February 2018; and

Whereas, the Citizens League secured the full Phase I project budget of \$25,000 from the Saint Paul and Minnesota Community Foundations; and

Whereas, the Phase I report recommended a Phase II to include a Study Committee and further technical research; and

Whereas, the Phase II Study Committee would be an independent body convened by the Citizens League to answer key questions that were identified in the Phase I project; and

Whereas, the Phase II Study Committee scope of work would include evaluation and feedback, specifically the pros and cons, on four components: minimum wage rate and indexing to inflation, exemptions, tip penalty/credit, and phase in time; and

Whereas, the Phase II technical research will include an economic analysis specific to the City of Saint Paul; and

Whereas, the total cost for the scope of the Phase II project through Citizens League is \$95,000; and

Whereas, the Citizens League has secured \$35,000 of the total budget from the Saint Paul and Minnesota Community Foundations to fund Phase II of the project, bringing their total contribution for this project to \$60,000; and

Whereas, the City of Saint Paul will contribute up to \$60,000 in matching funds towards Phase II of the project; and

Whereas, the Citizens League is a highly respected, nonpartisan nonprofit organization that works to assist governments and communities in grappling with difficult public policy questions; and

Whereas, the Mayor and Saint Paul City Council desire to create a fact-based, fair, and balanced understanding by policymakers and the public of the complex issues surrounding an increase in the minimum wage before taking any action; and

Whereas, the Mayor, pursuant to Section 10.07.04 of the Charter of the City of Saint Paul, does certify that there are funds available for reallocation for the above stated purpose; now, therefore, be it

Resolved, that upon the recommendation of the Mayor, the City Council adopts these changes to the 2018 budget to fund the Citizens League Phase II project purpose, as noted in the attached Financial Analysis Form, and looks forward to working with the League and Mayor Carter on this vitally important topic.

Appendix D: Citizens League Press release

**CONTACT:**

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aklebsch@citizensleague.org
 651-289-1080

FOR IMMEDIATE RELEASE:

April 26, 2018

CITIZENS LEAGUE ANNOUNCES SAINT PAUL MINIMUM WAGE STUDY COMMITTEE

After an initial scoping project completed this year, an independent study committee will convene to answer key questions that were identified.

SAINT PAUL, MN – The Citizens League is convening an independent study committee to answer key questions surrounding a minimum wage ordinance in the City of Saint Paul. The study committee, whose members have been selected by the Citizens League, will represent a balance of different perspectives on this issue. Their charge will be to review previous scoping work, review other relevant research, agree on findings and conclusions from this effort, and finally, develop and put forward recommendations for a minimum wage ordinance to the City.

Earlier this year, the Citizens League [published the findings of a scoping project](#) surrounding a minimum wage ordinance in Saint Paul. Commissioned by the Saint Paul Foundation, work on this project began in November 2017 and ended in February 2018. [The report](#) identified key questions, assessed data and research, and identified key stakeholders surrounding this potential effort. This exploratory phase was intended to gain an understanding of underlying opinions and concerns around a possible minimum wage increase in Saint Paul.

The results of the scoping project were presented to the Saint Paul City Council and Mayor's office in February. Upon learning the results, the City expressed interest in having the Citizens League lead an independent study committee to answer the key questions that were identified, given the city's intentions to pass a minimum wage ordinance.

"We found through the first phase of this work that a minimum wage ordinance has the potential to have big effects on employees and employers alike, some of which may be unintended," said Pahoua Hoffman, executive director of the Citizens League. "It's important that we convene different perspectives using the Citizens League approach to review the available data and find areas of common ground on the way to final recommendations."

Yesterday, the Saint Paul City Council passed [a resolution](#) supporting further funding to study the potential impacts of raising the minimum wage. The City of Saint Paul will contribute up to \$60,000 in funds towards Phase 2, matching \$60,000 in grants from the Saint Paul and F.R. Bigelow Foundations supporting both phases of the minimum wage study. Funding agreements with all organizations include a commitment that the study committee will take on its charge as an autonomous body independent of the City of Saint Paul.

"As St. Paul weighs what the minimum wage of our city should be, it is essential that we have a meaningful and fact based discussion with those affected by it," said Councilmember Chris Tolbert. "This continued work from the Citizens League is an important component as it will include facts, research and a meaningful exchange of unique and differing views."

"I look forward to moving Saint Paul forward towards our goal of passing a \$15 minimum wage ordinance by the end of this year," said Mayor Melvin Carter. "This Citizens League study committee will help us answer vital questions about how we structure a policy that works for all of us."

The scope of work as agreed to by the Citizens League and the City of Saint Paul will ask the study committee to evaluate and provide feedback on four key ordinance components:

1. What is the appropriate wage rate for the City of Saint Paul, and should this include other benefits like health insurance?
2. What, if any, exemptions should be included in the ordinance?
3. What is the likely impact on tipped workers of a tip credit based on evidence from other states and/or research?
4. What is the appropriate phase-in time?

The study committee, listed below, will meet regularly from May 2018 to August 2018, with final recommendations delivered by the end of August. Committee meetings are open to be observed by the public. Meeting location, times, materials, minutes, and other documents will be made public on our website at <https://citizensleague.org/minwage>.

The study committee will include the following members:

Co-Chairs

1. **Ms. B. Kyle**, President/CEO, Saint Paul Area Chamber of Commerce
2. **Mr. Rick Varco**, Political Director, SEIU Healthcare

(In alphabetical order)

3. **Mr. Bob Brick**, President/CEO, Ally People Solutions
4. **Mr. Samuel Callahan**, Cook, McDonald's and Taco Bell
5. **Mr. Dillon Donnelly**, Saint Paul resident & Director of Business Development, Donnelly Custom Manufacturing
6. **Mr. Matt Gray**, Server, WA Frost Restaurant
7. **Mr. Jon Grebner**, Political Action Director, AFSCME Council 5
8. **Mr. Matt Halley**, Executive Director, Cookie Cart
9. **Mr. Doug Hennes**, VP, Government Relations and Special Projects, University of St. Thomas
10. **Ms. Sarah Kopp-Reddy**, Server, Pizza Luce
11. **Mr. Andrew Kopplin**, Owner, Kopplins Coffee Shops
12. **Ms. Rebecca Lucero**, Public Policy Director, Minnesota Council of Nonprofits
13. **Mr. Tim Mahoney**, Saint Paul resident and Owner of The Loon Cafe
14. **Ms. Veronica Mendez Moore**, Co-Director, Centro de Trabajadores Unidos en la Lucha (CTUL)
15. **Mr. Oscar Murcia**, Owner, El Guanaco Bakery Y Cafe
16. **Ms. Kera Peterson**, Political Director/Campaign Manager, Saint Paul Regional Labor Federation
17. **Mr. Sam Peterson**, Owner, Kyatchi
18. **Ms. Analita Silva**, Co-Owner, Saint Paul Small Business²⁷
19. **Ms. Pang Vang**, Owner, Rainbow Health Kare, Inc.
20. **Citizens League member** (*reviewing applications now, to be named on Monday, April 30*)²⁸
21. **Citizens League member** (*reviewing applications now, to be named on Monday, April 30*)

About Citizens League: The Citizens League brings Minnesotans together across backgrounds, parties and ideologies to create and advance policy solutions. As a 66 year-old membership organization, we have led the development and implementation of Minnesota's most innovative policy solutions from the Minnesota Miracle to charter schools. For more information, you can go to www.citizensleague.org.

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²⁷ Ms. Silva withdrew from the Study Committee and did not participate in any of its meetings. Mr. Paris Dunning provided perspectives from small, largely ethnically-owned businesses in her place.

²⁸ Mary Hicks and Barry Gisser were the Citizens League members who served on the Study Committee.

Appendix E: Study Committee Bios



Citizens League
Saint Paul Minimum Wage Project
Study Committee Member Bios
 (Listed in alphabetical order)

1. **Mr. Bob Brick**, President/CEO, Ally People Solutions

Bob works with a dedicated board of directors, talented leadership, and nearly 70 hard-working staff to establish and implement the strategic vision of ALLY. Prior to joining ALLY in 2007, he worked at PACER Center, The Arc Minnesota, The Arc Anoka County, and Lakes and Pines Community Action Council in Director and Executive Director positions.

ALLY People Solutions is a nonprofit that provides employment services and life skills training to people with intellectual and mental health disabilities. ALLY has been providing services in Saint Paul for over fifty years. All ALLY program participants who choose to work earn minimum to prevailing wages regardless of disability, employer, position, or productivity, a unique approach for organizations that provide employment services to people with intellectual and mental health disabilities.

About 80% of ALLY's annual budget comes from the State and Counties through individual service agreements, which are mostly funded by Federal and State Medicaid funds (Medical Assistance in Minnesota). The State or Counties set rates, which change based on federal/state policy decisions.

2. **Mr. Samuel Callahan**, Cook, Taco Bell Restaurant

Samuel is 54 years old and has been a resident of Minnesota since 1995. He is a father of six daughters and one son. Samuel worked at McDonald's for a year and a half and has also been a cook at Taco Bell for last five years. Both restaurants are on Snelling and University Avenues in Saint Paul. Sam considers himself to be an all-around people person.

3. **Mr. Dillon Donnelly**, St. Paul resident & Director of Business Development, Donnelly Custom Manufacturing
 Dillon is the Director of Business Development at Donnelly Custom Manufacturing Company, an industry leading injection molding and manufacturing company. In his current role, Dillon utilizes his production and operations experience to create long-term customer relationships.

Previously, Dillon worked in different functional areas including production management, training and continuous improvement, customer service, and started at his career working as a press operator. In addition to his professional experience, Dillon earned a B.A. in Political Science from the University of St. Thomas and an MBA from Hamline University. Dillon is a Saint Paul resident.

4. **Mr. Paris Dunning**, Director of the East Side Area Business Association (ESABA)

Paris is the Director of the East Side Area Business Association (ESABA) which is committed to advocating success for the diverse East Side Saint Paul Business Community.

The Association has 116 members from many industries, many different backgrounds and experiences. Many small businesses have started on the East Side rekindling an economic engine that is vital and yet still emerging. His interest in this issue is how it can be implemented to benefit workers and businesses on the East Side.

Paris is a graduate of Drake University in Des Moines, has worked on numerous non-profit projects as well

as social enterprises and cooperatives, and looks forward to our conversations that will inform ESABA members as they build voice and power around this issue.

5. **Mr. Barry Gisser**, CFO, Science Museum of Minnesota

As Chief Financial Officer of The Science Museum of Minnesota, Barry leads the Finance & Accounting, IT, and Risk Management teams in supporting and advancing the Science Museum's mission to inspire learning, inform policy, and improve lives. He joined the museum in 2017 after spending more than 25 years in leadership positions at both publicly and privately held firms including Procter & Gamble, Ecolab, and ConAgra Foods. Barry's areas of expertise include finance and accounting, mergers and acquisitions, enterprise growth strategies, general management, organizational development, and change management.

Barry is a Certified Management Accountant (CMA) with a bachelor's degree from Kenyon College and an MBA from The Kenan Flagler School at The University of North Carolina - Chapel Hill. Barry currently serves on the Board of Directors for Twin Cities in Motion and the James J. Hill Center. He also serves as a judge for MN Cup, the largest statewide start-up competition in the country.

6. **Mr. Matt Gray**, Server, W.A. Frost Restaurant

Since 2004, Matt has been a Server at W.A. Frost and Company. He was born in Saint Paul and raised in a low-income household on the East Side.

Matt comes from a restaurant family. His grandparents, aunt, and mother all worked at various times in their lives in the industry. His first job at 15 was a dishwasher. From ages 17 to 19, he worked at Old Country Buffet and Perkins. At 19 he started his employment at W.A. Frost as a bus-person. Matt aspired to attend college; however, when he realized the income potential as a server in the full-service industry, he found his career path. Due to the cause and effect of increases to minimum wage in his industry, Matt has made it a mission to help preserve and maintain livable incomes for himself and others within the industry.

7. **Mr. Jon Grebner**, Political Action Director, AFSCME Council 5

Jon is the Political Action Director of AFSCME Council 5, a union of 43,000 public and private non-profit workers in Minnesota. Jon believes in worker's rights and that all workers should have a voice in their workplace. Through his role at AFSCME Council 5, Jon organizes members to participate in the electoral process by supporting candidates that support progressive public policy.

Jon moved to Minnesota from Milwaukee to attend the University of Minnesota. While working toward his bachelor's in political science and economic history, he developed his love for Juicy Lucy's, Post-its, and a good pan of bars. He never left. Jon lives in the West 7th neighborhood of Saint Paul. When he is not working he likes to ride bikes, visit breweries, and take his dog for long walks along the Mississippi River.

8. **Mr. Matt Halley**, Executive Director, Cookie Cart

Matt joined Cookie Cart as its Executive Director in 2004. Under his leadership Cookie Cart has grown from a grass roots organization in North Minneapolis to one of the largest youth employment training program in the Twin Cities, with a new Saint Paul location. Matt holds a Master's Degree in Social Work from Augsburg College. He has worked in a variety of direct service and leadership roles at Twin Cities youth-serving organizations. Prior to Cookie Cart, Matt had a 10 year career at YouthLink where he began as a case manager for homeless teens and left as the Executive Director. His areas of expertise include crisis intervention, GLBTQ youth, "learn to earn" training, and youth social enterprise.

9. **Mr. Doug Hennes**, VP, Government Relations & Special Projects, University of St. Thomas

Doug oversees the University of St. Thomas's activities in the Saint Paul and Minneapolis City Halls, at the State Capitol, and in Washington, D.C., and is a registered lobbyist in Minnesota.

Doug is a 1977 journalism graduate of St. Thomas. He was a reporter and editor at the Saint Paul Pioneer

Press from 1976 to 1990, when he returned to St. Thomas to oversee the University Relations department until 2016. He is the author of *That Great Heart*, a 2014 biography of the late I.A. O'Shaughnessy, a longtime St. Thomas trustee and Saint Paul philanthropist.

Doug's recent community activities have included Minneapolis Downtown Council board (present), Central Corridor Anchor Partnership board (present), Citizens League PILOT task force (2017), Saint Paul Chamber of Commerce board (2011-16), Mendota Heights Planning Commission (2007-18), and ThreeSixty Journalism board (2005-2017).

10. **Ms. Mary Hicks**, Principal Gift Officer, University of Minnesota

Mary, a Saint Paul resident, learned the joy and rewards of hard work growing up on an Iowa family farm. She moved to Minnesota after college and never seriously considered leaving. Her volunteer service has been mostly in early childhood education. Mary holds a BA from Simpson College and did her graduate work at Saint Cloud State. She began working at the University of Minnesota in student activities before building a career in advancement, largely in the College of Liberal Arts.

Mary's interest in minimum wage issues stems partly from working through college when a degree was more affordable. Now she sees students graduating with a great deal of debt and struggling to map their futures, working for a period in multiple low paying jobs. In her volunteer work, Mary sees families struggling to make ends meet, with some holding down multiple jobs while their children are often left at risk because of inadequate support structures. Mary also knows several restaurateurs struggling to make professional dreams come true and provide top notch products while surviving on very narrow margins, folks who want to give their employees livable wages but are looking for creative solutions.

11. **Ms. Sarah Kopp-Reddy**, Server, Pizza Luce

Sarah is from Saint Paul, Minnesota. She went to Saint Paul Central High School and then to the University of Minnesota Twin Cities. Sarah works as a server at Pizza Luce in Saint Paul and loves the fast paced and ever changing environment. Working in the service industry in a variety of positions for the last ten years has given Sarah the opportunity to see firsthand how important the 15 dollar wage discussion is for the future of the industry in the Twin Cities and nation.

12. **Mr. Andrew Kopplin**, Owner, Kopplins Coffee Shops

Andrew is a resident of the Merriam Park neighborhood of Saint Paul where he and his wife Amanda co-own Kopplin's, a coffee shop. He has two kids that are 5 and 2 years old. In the last 3 years at the shop, Andrew and Amanda have experimented with labor practices that push towards a livable wage for their employees, such as eliminating the uncertainty of tipped wages and including a higher wage in their pricing. They are looking forward to participating in the conversation about our community's values.

13. **Ms. B Kyle**, President/CEO, Saint Paul Area Chamber of Commerce (**Co-chair**)

As President/CEO of the Saint Paul Area Chamber of Commerce, B represents over 1,200 Twin Cities companies of all sizes and industries, as well as non-profit and government organizations. The Saint Paul Area Chamber of Commerce is a dynamic network of businesses and individuals, and is known for its strong advocacy both at a regional and state level on behalf of the employer community.

Within the community, B is a Midway Chamber of Commerce board member. She also is the 2015-17 President of the Minnesota Precision Manufacturing Association (MPMA), and for 12 years was editor-in-chief of its bi-monthly trade journal, *Precision Manufacturing*.

B graduated from the College of Saint Benedict and is a veteran U.S. Army officer. Prior to her work at the Chamber, she spent 11 years at the Saint Paul Port Authority, ultimately co-leading its development work in Saint Paul on projects such as the Treasure Island Center, CHS Field, the Saint Paul Police Department's

Public Safety Training Facility, and Major League Soccer.

14. **Ms. Rebecca Lucero**, Public Policy Director, Minnesota Council of Nonprofits (MCN)

Rebecca serves on the leadership team at MCN, a non-profit based in Saint Paul, where she is responsible for developing and implementing MCN's policy agenda, educating nonprofits on key policy issues, lobbying on behalf of Minnesota's nonprofit sector, and developing and implementing MCN's inclusion and equity strategic framework.

Rebecca has more than a decade of policy, legal, and nonprofit leadership experience including organizing, building coalitions, and fostering meaningful, change-oriented relationships. Prior to joining MCN, Rebecca served as policy & advocacy manager and global village leader for Twin Cities Habitat for Humanity, as the Senior Community Representative for Representative Keith Ellison, as an unemployment law judge with the Minnesota Department of Employment and Economic Development (DEED), and as an attorney with a civil rights firm and with the Legal Aid Society of Minneapolis. Rebecca has a B.A. from Grinnell College (Iowa) and a law degree from the University of Minnesota Law School.

15. **Dr. Eric E. LaMott**, Provost and Chief Operating Officer, Concordia University

Eric serves as COO and chief information officer of Concordia and is responsible for executing the strategic plan through the day to day operation, leading the strategic planning team, budget task force, enrollment management leadership team, and campus master plan.

Eric is especially experienced in higher education administration, enrollment, and pricing models. Based on his team's work, Concordia became the first university in the nation to announce a "tuition reset," stepping back tuition cost for all students by \$10,000 in 2013-14. This move led to a 33% growth in inquiries and applications and brought Concordia two years of record-breaking enrollment as surrounding markets saw substantial losses. This implementation model has since been used by universities throughout the U.S.

16. **Mr. Tim Mahoney**, Saint Paul resident and Owner, The Loon Café

Tim has been a home owner in Saint Paul for 33 years. He has owned and operated the Loon Café in Minneapolis for 30 years. He is also the owner of Mahoney's Bar and Grill and President of the Warehouse District Business Association. Tim serves on the boards of the Minnesota Licensed Beverage Association, the Minneapolis Downtown Council, and the Minneapolis Downtown Improvement District (DID).

17. **Mr. Cardell McKizzie**, Team Member, McDonald's

Cardell works in Saint Paul and resides in Minneapolis, where he recently graduated from Patrick Henry High School. As a student, Cardell was an activist that supported ongoing efforts to rename the school. Cardell plans to continue studying to accomplish his goal of becoming a medical doctor.

18. **Ms. Veronica Mendez Moore**, Co-Director, Centro de Trabajadores Unidos en la Lucha (CTUL; Center of Workers United in Struggle)

For over 10 years, Veronica has organized and developed leadership with low-wage workers to fight for fair wages, working conditions, and a voice on the job in different industries in Saint Paul and across the Twin Cities, working to shift the balance of power between low-wage workers of color and large corporations. CTUL plays a crucial role in the labor movement, creating innovative, new models of organizing that re-organize the economy to build more power with and for workers. Most recently, CTUL organized with retail janitors across the Metro Area resulting in Target implementing a Responsible Contractor Policy with its cleaning contractors as well as industry-wide wage increases. This policy is the first of its kind in this industry nation-wide and ensures organizing rights for janitors who clean Target.

19. **Mr. Oscar Murcia**, Owner, El Guanaco Bakery Y Cafe

Oscar is from El Salvador and has been living in Saint Paul for more than 20 years. He has two businesses,

Oscar's Cleaning Services, Inc. and El Guanaco Bakery and Café. Oscar has had the cleaning business for 15 years and has 7 employees, including his wife and himself. He has had the bakery for 12 years and has 15 employees. He runs the bakery with the help of his family since it's a family business. It has been a dream of Oscar's to share a piece of his country with the people of Minnesota and that's what he does with the bakery.

20. **Ms. Kera Peterson**, Political Director/Campaign Manager, Saint Paul Regional Labor Federation
Kera has worked with labor unions in the East Metro since 2002 and has been a union member since 1997. She holds a Master of Advocacy and Political Leadership from the University of Minnesota Duluth as well as undergraduate degrees in psychology and urban studies. Kera is an active member of the International Association of Machinists and Aerospace Workers. She chairs the Minnesota Fair Trade Coalition Steering Committee and the Witness for Peace Midwest Board of Directors. She also serves as Treasurer for the North Star Policy Institute.
21. **Mr. Sam Peterson**, Owner, Kyatchi Restaurant
Sam is 43 years old and was born and raised in South Minneapolis. He spent his entire life in the service industry starting at age 14 working at the State Fair and the Uptown Art Fair. He spent 14 years working at First Avenue in Downtown Minneapolis, including 4 years as the General Manager. He has been managing in the service industry since he was 21 and it had been his lifelong dream to own his own establishment. About 5 years ago, he and his sister decided to put their dreams into action and opened their first Kyatchi in 2014. Their second location just opened up in December in Lowertown Saint Paul.
22. **Ms. Pang Vang**, Owner, Rainbow Health Kare, Inc.
Pang and her dad started Rainbow Health Kare, Inc. together in 2003. Located in Saint Paul, Rainbow Health Kare is a personal care agency that provides non-medical home care support to elderly and disabled individuals. Pang has a background in business and will be starting her nursing degree in fall of 2018. She currently serves on the MN First Provider Alliance Board, the Minnesota Board of Aging, the Saint Paul Area Chamber of Commerce PAC Board, and the MN Hmong Chamber of Commerce. She is married and has three children, two of whom swim with the St. Croix Swim Club in Stillwater. She enjoys hiking, biking, reading, and eating. Her goal this year is to travel to Japan.
23. **Mr. Rick Varco**, Political Director, SEIU Healthcare MN (**Co-chair**)
Rick has served as the Political Director of SEIU Healthcare Minnesota since 2002. Prior to that he served as the Executive Director of the Lexington-Hamline Community Council. In 2016, he was a member of the Saint Paul Earned Sick and Safe Time Task Force. He currently serves as a member of the Saint Paul Charter Commission.

Appendix F: Citizens League Governing Document

Citizens League's Governing Document

An internal document for Citizens League Board, staff, members and key partners that describes who we are, how we do our work, and how we measure success.

Mission. The Citizens League is a member-supported nonpartisan nonprofit organization that champions the role of all Minnesotans to govern for the common good and promote democracy.

Vision Statement. Through our work:

- Minnesotans of all backgrounds, parties and ideologies are engaged, inspired and empowered to see the role they play in public policy and act on it, reigniting Minnesota's ability to implement innovative and effective policy solutions for the 21st Century; and
- The Citizens League is a relevant and respected policy resource, leveraging the strength of our 60-year legacy with a focus on solving tomorrow's problems, and earning the ongoing support of our members, board, leadership and staff.

Operating Guidelines. We are unique in our ability to address how policy happens. We do this by:

- **Bringing diverse perspectives and people together.** We serve as a rare neutral convener – true “common ground for the common good” – in a fractured political and policy landscape.
 - Standard: People impacted by a problem should help to define it in light of their own self-interest and the common interest of all Minnesotans. Bringing people together across boundaries of ideology, backgrounds, race/ethnicity, geography, sectors and parties produces a better definition of the problem. Ideally, this process should help clarify the role that individuals and organizations can and should play in policy questions.
- **Advancing policy solutions in collaboration with a broad base of support.** Engaging diverse stakeholders creates the breadth of resources necessary to impact policy.
 - Standard: Transparency and good governance are critical to building trust between all parties involved in the process, and evaluation is critical at every stage. If people trust the process, they are more likely to trust the outcome.
- **Reframing the conversation.** People look to the Citizens League for objectivity: weighing short-term self-interests of all parties involved and long-term needs of Minnesota. We work with all types of Minnesotans to understand important public policy issues and the role citizens can play in contributing to solutions.
 - Standard: *Data and evidence-based research should be the foundation for decision-making, and policy statements of all types must be accessible and connect the larger systemic policy issues to the real stories of Minnesotans impacted by these policies.*
- **Considering political pragmatism along with policy idealism.** The goal is not just to promote a set of ideas or proposals, but to have a real and sustained impact on the policies and systems that impact the quality of life and economic health of Minnesotans.
 - Standard: *Our proposals should be politically achievable and plausible inside a variety of organizations and sectors, including but not limited to government, without sacrificing the long-term interests of Minnesotans.*



Minutes

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, May 10, 2018, 8:30am-12:30pm

Mt. Zion Temple

1300 Summit Ave, St. Paul, MN 55105

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

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

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

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

Citizens League members: None.

Proposed outcomes for this meeting

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

Minutes

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

Welcome and Introductions

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

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

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

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

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

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

Co-Chair Kyle introduced Mayor Melvin Carter.

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

Co-Chair Varco introduced Councilmember Chris Tolbert.

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

Co-Chair Varco continued with committee member introductions.

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

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

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

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

A committee member introduced themselves as owner of Rainbow Health Kare, a personal care attendant (PCA) agency in Saint Paul for last 15 years that employs 150 people. They expressed concern over minimum wage increases due to Medicare funding being a flat rate. They said that a shortage in the workforce is already stretching their employees. Many employees are working even after they are done with their job. The member explained that they would love to pay \$15/hour in order to attract employees

and fill positions, but they are concerned that might exclude less qualified potential employees. They also noted concern around the potential impact on free and reduced lunch, daycare, and housing programs.

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

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

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

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

Thomas Durfee introduced himself as a researcher at the Roy Wilkins Center, a nonpartisan policy group, and a PhD student in Applied Economics at the University of Minnesota. He explained that he was part of a research team that simulated the economic effects of a minimum wage increase in Minneapolis under different scenarios. He noted that his role on the task force is to be an informer on what reports actually say, what the assumptions are, and how they are relevant to the minimum wage discussion.

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

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

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

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

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

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

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

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

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

Citizens League Process

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

Hoffman explained that the committee member binder is available as a resource for the Citizens League process and that members should bring the binder to every meeting. The Citizens League would like to include members' contact information in the binder, assuming that members are comfortable sharing the same. Hoffman referred to the Phase 1 report which informs the questions for the committee and noted that Durfee's presentation is in tab 4. Hoffman described the Study Committee Handbook in tab 5 and noted that it remains surprisingly relevant despite its age. Hoffman expanded on the values discussed in the handbook including a belief in the human capacity to enact change and personal agency, democracy, good governance, civic leadership, and active citizenship. She commented that the quality of ideas depend on the quality of participation, and expressed hope that for this reason committee members attend every meeting. It is rare to see spaces like these where communities come together to solve a pressing issue, even as individual members of that community have different opinions. Hoffman explained that sometimes committees determine the scope of work but in this case the City of Saint Paul determined the scope. She noted that the committee work is done in three phases starting with discovery. Hoffman emphasized that there will be time for debate but the first phase is about learning together and you cannot defend and learn at the same time. She noted that there will be very little work to be done outside of the meetings because the schedule is rigorous. Hoffman commented that if a point of view is not represented around the table, there will be time to suggest names of presenters to hear from. Staff have provided speakers for the first two meetings. Hoffman emphasized that staff are in service to the committee and

that there will be a transition to where staff will simply take direction from the committee about what is needed next.

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

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

Hoffman described the meeting norms, including using Roberts's rules while remaining casual. Members are to raise their hands for comments/questions and staff keep a list and take them in the order that they are raised. A recorder will be present at each meeting and will take minutes, which are similar to transcriptions. In order to encourage free speaking, comments will not be attributed to any one person. However, if and when the press is in attendance, there are no guarantees that they will follow these norms. Hoffman explained that staff have asked that the press let members/co-chairs know if they are getting quoted. Hoffman noted that staff are also considering different ways of engaging those not in the room, including an online comment section on the website. There will be a dedicated email and voicemail. At the top of every meeting, staff will present a community engagement report that will feed into the committee. Hoffman said there is also a City engagement process. There are two community meetings that will happen while this committee is active which will involve presentations by staff and/or co-chairs. These meetings will occur on June 7th and August 4th. After the committee work, there will be two additional engagement events to allow the public an opportunity to discuss the report.

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

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

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

A committee member asked about the composition of the group and said that they had heard criticism and wondered if there is anything to share with the group. The member also asked if the City had made

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

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

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

Durfee Presentation

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

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

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

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

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

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

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

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

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

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

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

A committee member asked to clarify that employment is the number of people with a job, not the total number of compensated hours. Durfee confirmed that was the case and added that the statistic is not based on full time equivalent. A committee member asked about the size of the pools of employment that the study used to estimate minimum wage impacts. Durfee responded that they studied how many people

in Minneapolis are earning \$15/hour or less and found 74,000 out of the total Minneapolis workforce estimated at mid-200,000 workers were impacted, but clarified that he would check to be sure.

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

A committee member commented that the models are using static data and a lot has changed since this data was collected. Durfee agreed and added that the Metropolitan Council does quality population forecasting that can help. A committee member asked if there are more jobs today. Durfee responded that there is a lag in the access to that data and that he would be interested in that data when it became available next year.

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

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

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

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

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

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

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

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

A committee member asked if there was economic literature on the demand side of minimum wage. For example, if the minimum wage goes up, people will have more money to spend which effects the economy. Durfee responded that there was a small increase in prices in a county-wide study of a minimum wage increase. The member followed up and asked if there were more jobs due to more people having more resources to spend. Durfee responded that there was a study that minimum wage increases tend to make people stay in jobs longer and is less expensive for employers due to reduced turnover. A committee member asked about aggregate demand side impacts. Durfee replied that there are some but the impacts are not unique to the minimum wage; there are assumptions that ask what it looks like when wealth goes up. There is not a unique discussion on minimum wage earners and the kind of economy that creates.

Ms. Hoffman pointed out that in p.3 in the packet, in addition to the four main questions, there are questions of interest that have been shared with Durfee. Ms. Hoffman suggested a discussion on what questions are possible to include in the scope. Durfee began responding to each question directly beginning with indexing the minimum wage to inflation.

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

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

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

Durfee mentioned that the Minneapolis law made an exemption for firms that apply for disability services and there are different timelines for compliance based on franchising rules. Further, there are minimum wage exemptions based on age and student status. The issue was studied in the 1990s and there is some literature available. Durfee commented that if the committee needed, he could investigate further. For instance, with seasonal workers, timing of the model matters. Similarly with training wages, data sets would be available but not for Saint Paul specifically.

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

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

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

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

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

income is made up of. Durfee emphasized the survey was not random and that there was overlap between the funders of the study and the participating restaurants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The meeting adjourned at 12:35 p.m.



Minutes

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, May 17, 2018, 8:30 a.m.—10:30 a.m.

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. Samuel Callahan, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Mr. Doug Hennes, Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Pang Vang.

Members not present: Mr. Dillon Donnelly, Mr. Oscar Murcia, Ms. Analita Silva.

Staff & staff support present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne.

Citizens League members present: None.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals.
- Receive community input, if any.
- Receive follow up on research questions posed last week.
- Discuss committee survey results.
- Hear from presenters on benefits cliff.
- Discuss information received and confirm additional information needed.
- Agree on next steps.

Minutes

Co-Chair Varco called the meeting to order at 8:38 a.m.

Welcome and Introductions

Co-Chair Varco welcomed members and guests and reiterated the rules with cell phone use. He explained that the co-chairs take turns leading meetings and he is running the meeting today while Co-Chair Kyle tracks comments and questions. Co-Chair Varco stated the proposed outcomes for the meeting and reminded the committee that evaluations are based on meeting these outcomes.

Co-Chair Varco asked staff to provide a brief primer on Roberts Rules of Order.

Ms. Klebsch explained that Roberts Rules of Order is a way of keeping meetings running smoothly and ensuring participation. They can be very formal but for Citizens League meetings they are used mostly for approving minutes, which are the formal record of the work. Ms. Klebsch noted that minutes are approved by “motions,” which includes a chance to propose changes. Motions are put forward by any committee

member, followed by a “second” member who agrees with the motion, followed by a vote. She asked for any questions.

Co-Chair Varco asked for changes to the minutes. A committee member noted that on page 3 Medicare should be changed to Medicaid and business owner should be changed to nonprofit executive. Ms. Klebsch noted corrections. Co-Chair Varco asked for motion to approve corrected minutes. Gisser made the motion, Mahoney seconded, and the motion passed unanimously.

Co-Chair Varco reminded the committee that a community report is given at every meeting at this point. There were no comments submitted this week but staff will continue to monitor for them. Ms. Klebsch noted the process of comment submission: the public may access the Citizens League website, where the dedicated project page will house all documents and a comment form. Citizens League has also set up a dedicated email address and voicemail (minwage@citizensleague.org, (651) 401-2474). Ms. Klebsch explained that language translation was available as needed.

Co-Chair Varco referenced the minimum wage comparison grid provided to the committee. Ms. Hoffman explained that there was a request to hear from other minimum wage discussions and seeing comparisons in terms of rate, exemptions, and phase in times. The chart provided summarizes those differences and includes a state-by-state comparison. It is a resource document to refer to and was used in the Minneapolis process as well.

A committee member asked if the grid has been updated since the Minneapolis process. Ms. Hoffman replied that it was not.

Co-Chair Varco noted that last week the committee heard a presentation from Durfee. Members had questions and Durfee was here to present on a few answers.

Durfee clarified before starting that the head count exemption that Minneapolis adopted is new and his previous presentation was not meant to provide economic analysis of the policy. Durfee mentioned that the policy is easier to administer because number of employees is public data.

Durfee commented that two data sets are being used, but more will be added. First is the American Community Survey by the US Census Bureau, which randomly surveys 1 percent of the US population every year. The goal of the survey is to estimate the makeup of the population and fill the gaps in the census taken every 10 years. The survey asks more demographic and workplace questions, but it is not as detailed as other sources. Durfee added that there is a way to break down place of work versus residents that he can provide next week.

Resident Population in 2016:

- Minnesota: 5,451,000
- Metro Area: 3,551,000
- Ramsey County: 548,000
- St Paul City: 297,000

Durfee said the second source is the Current Population Survey (CPS), which is conducted by the US Census Bureau and the Bureau of Labor Statistics. It surveys around 60,000 households every month. He explained that the survey has more detailed questions because the purpose is to see what the workforce looks like, where income comes from, where it is earned, and number of hours worked. It doesn't include people under 16, active military, those in corrections, long term care facility inhabitants, or homeless people.

Durfee added that the committee shouldn't read too closely into differences between the two years because there is not enough data for a trend.

Hourly Wages (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

Weekly Earnings (non-salary workers)

Year	Area	Average	25%	50%	75%
2015	Ramsey County	\$567	\$380	\$480	\$688
	Hennepin County	\$611	\$300	\$480	\$769
2016	Ramsey County	\$650	\$450	\$570	\$858
	Hennepin County	\$712	\$300	\$600	\$887

Co-Chair Varco asked what percentage of workers are salaried. Durfee responded around half and that salary workers tend to make more money, especially in Hennepin County. A committee member asked if it was surprising for average wages to jump so much year to year. Durfee responded that he wouldn't read too far into it because wages can be volatile over such a short period of time.

A committee member asked when 2017 data will be available to see if it's a trend. Durfee responded that the first quarter of 2017 is available at the Bureau of Labor Statistics, so about another year. He added that larger geographic data is available earlier, but if the interest is in county level data it can take longer.

Ms. Klebsch added that a printed copy of Durfee's presentation will be available next week.

A committee member noted that 25 percent of the population is making less than \$15 an hour according to previous slide. Durfee added that in Minneapolis, an estimated 72,000 people are impacted, which is a comparable ratio. Co-Chair Kyle asked what the 25 percent referred to. Durfee responded it was bottom quarter of hourly wage earners.

A committee member asked if it was possible to use the combination of sources from the first and second slide to get to average hours worked per week. Durfee responded that it was not too difficult. Durfee noted

that he would have to take into consideration those who both earn more and work more hours per week than average.

Durfee discussed that the Department of Employment and Economic Development (DEED) uses firm level data that Durfee doesn't have access to. According to that data, Saint Paul has a 3.2 percent unemployment rate. Durfee added the Labor Force Participation Rate (LFP) includes those looking for a job and those who have a job divided by those looking for a job, have a job, and those not looking for a job. Minnesota has a 70 percent LFP. Durfee noted that it was worth considering if a higher wage would bring more people into looking for a job.

A committee member asked what the average threshold for full employment was. Durfee responded that there is debate about what counts as full employment, and it is especially tricky coming from a recession. However, usually some unemployment is okay and 4 percent is close to full capacity.

Durfee noted some ongoing questions and said he can't tell the difference between tips and rental income as they are both recorded as "other nonwage income." However, paystub compared to all other sources of income is doable. National estimates suggest tips equal 10 percent of sales. Durfee commented he will have estimates next week.

Durfee mentioned that including salaried workers is possible but may not be valuable. He also noted that unemployment doesn't count those not looking for work and it is worth considering if the minimum wage increase would motivate more people to look for work that weren't before.

Durfee commented that the rest of the slides that are going to be available include a glossary of terminology and that he was happy to answer any questions.

Co-Chair Varco began discussion on the survey that was sent out by Citizens League staff on the goals of the minimum wage. Ms. Klebsch summarized feedback and distributed copies of the summary. She thanked members for participating in the survey and noted that the full results are available around the room. She asked what stood out.

A committee member commented that they were struck by the tone of some responses. They seem to be framing the minimum wage question as balancing the right thing to do with business owners' needs as though we may not have enough to do the right thing for everyone. The member questioned if that is the best way to think about it. We could agree that it is the right thing and instead ask how we are going to do it. We are in a great city with a lot of resources, we can do this. The member added that they hate the idea that it is me versus them. Co-Chair Kyle asked what the member thought. Ms. Klebsch noted the question for future consideration to manage time.

A committee member said considering how much it costs to run a successful and profitable business, it can't be done without the workers. They wondered how an employer could look at their workers and think that this is all they deserve.

A committee member commented that data is missing in this story. For example, one survey response noted the comparative transparency of how much people make. There is an average pay ratio of 339 to 1 between a CEO and an hourly employee. The member said they want to focus back on values and the history of the minimum wage. The whole point was children and others working crazy amounts of hours to survive.

A committee member said their salary is available publicly. The member noted that committee members are all over the board, which is why this group exists. A committee member added that this is positive.

A committee member was fascinated by whether there should be exemptions.

A committee member commented that the conversation should be broader than exemptions. Exemptions seem to frame the issue as not having to pay. It could be variable pay structures depending on the sectors. A survey comment raised a good point about state contracts having a ceiling.

Co-Chair Varco said he was surprised by the radical difference between the general 10,000 foot concerns, which are easy to imagine having conversation around compared to very specific concerns. He said it was important to not confuse the scope of the questions because they are very different kinds of comments.

A committee member commented that they were surprised by how many ways to measure came up, like school performance. They added that they don't think the committee is all over the map, as we are all concerned about community and goals.

A committee member said they were surprised someone wrote \$15 is too high and unfair to small businesses and employers, but they are not surprised that feeling exists. The member commented that with as many weeks as the committee has left with more information, we should wait to decide that. Ms. Klebsch added that the survey is a good base perspective, and asked if anything has shifted the needle in member's opinions.

A committee member said considering how much wage theft occurs, enforcement is a missing component of measuring ordinance success.

Ms. Klebsch responded to a survey comment about missing research on positive impacts of minimum wage increases and noted that the committee is in its early stages and that if members know research to introduce to start directing staff now.

Co-Chair Kyle commented that tracking business closures could ease fear of consequences.

Co-Chair Varco noted a new member and let them introduce themselves.

A committee member introduced themselves and said they have worked for the Regional Labor Federation in Saint Paul for 13 years, which represents more than 100 local unions and 50,000 union members in the four county metro area.

Co-Chair Varco introduced and thanked presenter Stephanie Hogenson from the Children's Defense Fund (CDF). Hogenson is presenting on public benefits as they relate to the minimum wage.

Hogenson thanked the committee and asked to consider her a resource. She said that the CDF has lobbied on behalf of children and families for 40 years in health care, early education, child care, child wellbeing, and economic security. She said it was important to look at research regarding improving wages because children do better with higher income families in social, emotional, and health outcomes.

Hogenson described the Bridge to Benefits program as a website that connects families to benefit programs and aids in navigation. Programs include health care (Medical Assistance, MinnesotaCare, and Advanced Premium Tax Credits [APTC]), Supplemental Nutrition Assistance Program (SNAP), School Meal Program, Energy Assistance Program, Child Care Assistance Program, Women, Infants, and Children (WIC) Program, and tax credits (Earned Income Tax Credit and Working Families Credit).

Hogenson explained that eligibility for these programs is income based. As income goes up, benefits go down, and they cease at certain levels. These levels vary by program and are administered by different agencies. She noted that it is easy to overlook that programs interact within themselves.

Hogenson described the Economic Stability Indicator (ESI) as a tool CDF provides that helps families plan around eligibilities. The ESI demonstrates how these interactions are happening and can be used to educate on how proposed policy changes can create unintended consequences. She noted that it is a

public tool to play with, but to be careful in interpreting the results. CDL provides additional analysis at request and can change program guidelines and eligibility in the ESI tool.

Programs included in the ESI are: Supplemental Nutrition Assistance Program (SNAP), Medical Assistance, MinnesotaCare and APTC, School Meal Program, Child Care Assistance, Energy Assistance, WIC, Earned Income Tax Credit, Working Family Credit, Child Tax Credit, Federal and State Child Care Tax Credits, Minnesota Family Investment Program (MFIP), and Section 8 Housing.

Expenses included in ESI are a very bare bones Basic Needs Budget: rent and energy (HUD Fair Market Rent), food (USDA Low-cost Food Budget), health care (Medical Expenditure Panel Survey), child care (Kids COUNT Data Book by county), transportation (National Travel Household Survey), and other necessities (Consumer Expenditure Survey). Important to note that the following expenses are not included: utilities besides electricity, diapers and formula, entertainment, vacations, debt payments, school expenses, and child care for school-age children.

Hogenson explained that the “cliff effect” is when income increases lead to a family being worse off. It is not only bottom line for families, but also what it means to lose health care when you have health needs. It could be worth more money than a few hundred dollars more per month. Wage increases are important to consider in a broader context. She added that influx of cash can promote work, good health, and education outcomes. Recent research shows recipients of these credits earn more college degrees.

Hogenson added that programs don’t always work as intended due to lack of funding and some waits could be as long as 2-3 years. Further, not all eligible families access the benefits due to lack of awareness.

Hogenson described key takeaways from ESI analysis of a \$15/hour minimum wage based on Ramsey County. She said that single adults without children are always better off with an increase, particularly with MinnesotaCare, which she noted is up for debate at the legislature. Overall, families are better off, but it is a more marginal improvement. A single mother working full time with two children would have a marginal increase of \$100 per month after benefits are calculated.

Hogenson added that when considering phase-ins the committee should consider that some wage levels are hit harder by the cliff effect. She reiterated that at \$15/hour families are better off.

Co-Chair Kyle asked what better off means. Hogenson replied it means what’s left over at the end of the month is more. Hogenson proceeded to demonstrate the Economic Stability Indicator.

Co-Chair Varco asked about the relationship between qualifying and being enrolled in Minnesota Family Investment Program (MFIP) and getting to the head of a waitlist for childcare. Hogenson responded that there are three different childcare programs in Minnesota. One is MFIP, which is fully funded and if you qualify, you get the benefit without a waitlist. To qualify families have to be enrolled in MFIP. She noted that 1/3 of children in poverty are enrolled, not even the majority. Families have to meet work requirements. Once families exit MFIP due to making more, opting out, or 5-year time limit, they get what is called Transition Your Child Care where they can stay on without hitting the waitlist. The third is a basic sliding fee waitlist, which is not fully funded.

Hogenson commented that an increase to \$15/hour puts a family at 150 percent of poverty guidelines. Some costs go up due to loss of eligibility. Fully enrolled, they have \$125 left over at the end of the month, which is \$100 more than at \$9.50/hour. The extra \$100 goes to real necessities. Reducing the few benefits that are often not accessed for a variety of reasons leaves the family still \$610 dollars in the hole.

Ms. Klebsch noted that the MinnPost article in the packets has a link to this tool. Hogenson said to feel free to reach out for questions and that she can provide multiple scenarios to look through.

A committee member asked about the increase in cost of goods that can result, as it seems to have in Seattle, and whether that is included in the ESI. The member also asked how the increase to \$15 impacts benefits and whether there is a line where it is worth it to a person to not work more. Hogenson responded that ESI just looks at family scenarios, not funding. The majority of these programs have federal funding and some have state level matches, which is different than medical assistance where there is a fee for service. If you are eligible, you don't pay anything, so it depends on the program. Hogenson added that in Seattle there was an issue with reimbursement rates and childcare providers. She noted that there is current legislation being debated to increase reimbursement rates because currently they are at 25 percent of the 2011 market rate. Co-Chair Varco clarified that this is not a benefits cliff issue, this is about increases in the labor cost of these programs.

A committee member asked how many families are on these programs. Hogenson responded that CDF has data that they can compile for Ramsey County. She added that statewide, 1 in 5 families use SNAP and 1 in 3 use medical assistance, including for nearly half of births.

A committee member commented that in the personal care assistant world, 100 percent are on Medical Assistance (MA). This conversation is important to make sure MA eligibility isn't lost in tradeoffs. The member added that employees know exactly where the cliff is. Ms. Hoffman added that they will get the data on Saint Paul next week.

Hogenson added to her response to the comment prior, saying that in her experience the choices are not about whether to work, they are about "What is best for my family?" She said the stereotype of not feeling like working was very rarely the reality.

A committee member asked at what hourly rate federal benefits go away. Hogenson replied that it changes by program and there is no consistency, but that she will provide a chart.

Durfee asked if the tool can be used see changes in housing (for example, going from a two bedroom dwelling to a three bedroom dwelling). Hogenson replied that with Section 8, it is reported by bedroom, but you can edit the rent expense and there is a rent chart. Durfee asked if you could use the tool to incorporate different kinds of debt. Hogenson responded that when editing expenses, you can put debt in the *other* category. Durfee clarified that this would have to be done monthly and would change how much money is left over.

A committee member asked about indexing and how that affects stability for families. Hogenson responded that it's important because research shows increasing family incomes improves child outcomes. She added that ESI can be used to evaluate different minimum wage numbers, as some numbers between \$9.50 and \$15 have greater cliff effects. The political environment at the time CDF was advocating for minimum wage increases was different than it is in Saint Paul now. Indexing to inflation is important because every year costs go up and many low wage workers don't get yearly raises like salaried workers often do.

Co-Chair Varco commented that ESI seems to look like the impact on a specific family and wondered if it is the case that even if an individual family may not see a dramatic improvement, when they are no longer taking some services, another family may have better access to those services. Co-Chair Varco added that \$15/hour minimum wage could have ripple effects as an indirect benefit. Hogenson responded the \$100 dollar/month increase alone is worth it and the ripple effect is real. Co-Chair Varco asked what tool captures the indirect benefits. Hogenson replied that she was not sure at this point.

A committee member asked about the hourly wage needed to meet family expenses without any support. Hogenson responded that living wage is different than bare bones budgeting, which is used in ESI. It does depend on the family. Hogenson provided a net resources line graph that demonstrates a break-even point with income and with/without tax credits.

Durfee clarified that tax credits are based on a generic month. Hogenson added that CDL divides the yearly number over months and added that in her experience that money goes away quickly by paying past bills and repairs. However, there is influx in the economy and low income wages go directly into the economy.

A committee member commented that it sounded like programs are not keeping up with current needs (for example, benefits with waiting lists). At the same time, there is a diminishing purchasing power with minimum wage. The member asked how long this has been happening and what impact that has had on economic growth. Hogenson replied that one thing about medical reimbursement rates is that they don't impact benefits—they affect access. Lower reimbursement rates mean that fewer providers will accept the programs. Child care assistance providers can ask families to pay the difference, but families will find it difficult to pay. Further, these eligibility guidelines are tied to poverty levels created in 1960 based on a food budget that was 1/3 of a family's income at the time; food is now 1/7th of a family's budget. Every aspect of these programs and wages is not keeping up. Anything we can do to modify that is going to benefit the families.

Co-Chair Varco thanked Hogenson and noted that next week the committee will be hearing from Minneapolis staff about their ordinance and process. He asked for evaluations based on the meeting outcomes set at the beginning of the meeting.

Members scored: 4.5, 4, 4, 5, 4, 5, 5, 5, 3, 5, 4, 4, 5, 4.5, 4, 4, 4, 4. Average score: 4.3

The meeting adjourned at 10:26 a.m.



Minutes

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, May 24, 2018, 8:30 a.m.—10:30 a.m.

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, Mr. Barry Gisser, Mr. Matt Gray, Mr. Doug Hennes, Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Mr. Andrew Kopplin, Mr. Tim Mahoney, Ms. Kera Peterson, Mr. Sam Peterson.

Members Not Present: Mr. Samuel Callahan, Mr. Matt Halley, Mr. Jon Grebner, Ms. Veronica Mendez Moore, Ms. Rebecca Lucero, Mr. Oscar Murcia, Ms. Pang Vang.

Special Guests: Minneapolis Minimum Wage Ordinance experts

- Jeff Schneider, Strategic Management Team, City Coordinator's Office, City of Minneapolis
- Brian Walsh, Supervisor, Labor Standards Enforcement, Dept. of Civil Rights, City of Minneapolis

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne, Jacob Taintor, Snowden Stieber.

Citizens League Members: None.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive community input, if any
- Receive follow-up on research questions posed last week
- Hear from presenters on Minneapolis minimum wage ordinance
- Discuss information received and confirm additional information needed
- Agree on next steps

Minutes

Co-Chair Kyle called the meeting to order at 8:33 a.m.

Welcome & Introductions

Co-Chair Kyle welcomed the committee to the meeting, and thanked UST and Doug Hennes for the accommodations and the University's ongoing commitment to the community.

A committee member highlighted that next week's meeting will meet in another room on UST campus, the directions to which can be found in the packet each member received this morning.

Co-Chair Kyle welcomed all guests who are observing the proceedings, and asked everyone present to forego the use of phones during the meeting, and to refrain from spreading the content of the meeting through social media. Co-Chair Kyle reviewed the proposed outcomes for the day's meeting, and then reviewed the study committee's charge.

Co-Chair Kyle offered the minutes of the previous week's meeting. No amendments or comments proposed. A member moved to accept the minutes, and was seconded. Motion passed.

Co-Chair Kyle introduced a new member to the committee as a replacement to a member whose business elsewhere will not allow them to continue to participate on the Study Committee. The new committee member introduced themselves as director of the East Side Area Business Association, representing an area including 90,000 residents and over 100 small and medium-sized business. The member stated that there is a diversity of opinion about the minimum wage ordinance within the group they represent. The committee member is interested in learning about how businesses get informed on the measure and how they can implement it best. Much of the area they represent is considered “concentrated poverty” by the census, and the committee member said that all of them have an interest in a path to prosperity and stability, and it’s of interest to the businesses to manage that.

The community report was then brought to the floor, and committee members were given time to review the copy of the community report, found in their packets. Co-Chair Kyle summarized the report, with its questions relating to employees who have worked for years and been promoted up to a \$15/hour wage. Will businesses be forced to raise the wage of the experienced employees in response to the ordinance?

A committee member said that such a scenario has happened at their own restaurants. When they raised the wages of the dishwashers, some other employees initially noticed that they were paid almost equal to the dishwasher. The member said that the new wages made their staff more unified and willing to pick up the slack if they were missing a dishwasher, since they were all getting paid roughly the same now. Co-Chair Kyle asked if the member’s restaurants are unionized, the member said that the staff of roughly 48 is not unionized. Co-Chair Kyle asked how many of the member’s staff were affected by the Minneapolis ordinance, and the member explained that almost everyone was affected by the wage increase, since everyone besides the chefs was previously making less than the new minimum wage. Despite the changes, the member said that they never saw any resentment or bitterness from the staff with the change.

Another committee member testified that they have had the complete opposite experience with their own restaurants. They have just reached a plateau with a cook at around \$17/hour, when no one in the kitchen makes less than \$13.50/hour. The member said that much of the staff is Ecuadoran, and in their culture there is a large amount of pride in having wages reflect seniority, even if it is only a small amount. The new minimum wage has, and would, upset the scale that has been established, and the member knows of many other restaurants that have had similar issues.

Co-Chair Varco explained that, for most union contracts, there are few connections between the union pay rate and whatever the minimum wage may be. Given this, it is not clear what effect the phase-in of a higher minimum wage would have on union contracts. There is a choice between “maintaining the differential” between the minimum wage and union rates and allowing the two rates to float, which might lead to some wage compression.

Co-Chair Kyle requested more information on understanding the legal obligations and rules around how a union addresses a minimum wage increase coming in at a city level, and what challenges it may create. A member asked for information on how minimum wage standards affect all labor negotiations, including organized negotiations. The member wonders if the new minimum wage changes where the starting point of negotiations is for other contracts.

Co-Chair Kyle asked Mr. Durfee if he has any knowledge of economic reports or studies that observe what happens to workers who make just above minimum wage when the minimum wage increases. Mr. Durfee recalled from memory a study that suggests there are ripple effects out to about 15% above what the new wage rate is. Mr. Durfee said that there might be greater ripples to higher wages, but that it would be too hard to track. He suggested that this means there are not payroll-wide effects from a new wage, but that most of the effects are localized to the bottom of the scale. Mr. Durfee also recalled a study that examined exempt businesses, universities and those with teenaged workers, who had a different phase-in calendar for the higher wages. The study found that, even though the businesses were not required to raise wages, the broader industry’s non-exempt businesses’ higher wage effectively normalized the

exempt businesses to pay higher than their legally-mandated minimum wage. Mr. Durfee promised to research further for the committee for the next meeting, in particular the topics of (i) who sees an earnings increase outside the group at the minimum wage, and (ii) are there any effects from minimum wage increases on wages that, either through exemption or negotiation, are indexed to the minimum wage.

A committee member asked the Minneapolis presenters about wage compression. Jeff Schneider stated he will address the issue in his allotted time.

Co-Chair Kyle reminded the committee that further requests for information and data are going to be essential for future meetings and discussions, and encouraged any committee member with ideas for information requests to bring them forward.

Mr. Durfee reported on research from requests at last week's meetings. Firstly, information on firm births and firm deaths in the metropolitan area. Mr. Durfee hasn't found the specific data that was requested, but he has found surveys of recently-fired employees, which tracked why the employee had lost their job, whether it was voluntary or firm closure. Mr. Durfee asked if the committee would like for him to collect this data. Co-Chair Kyle said the data could be helpful, and requests it for next week. Another member asked Mr. Durfee if the data can show why the firm closed, which he says it cannot. The member said that there could be a number of reasons besides wages causing a firm to close. Mr. Durfee said that restaurant workers tend to be less responsive to political policy, but that the member's concern is well-founded. Co-Chair Kyle said that there is fear around the minimum wage law, similar to fear with businesses about the installation of the green line. She stated that the more data we can collect that can address or affirm the actual experiences of the wage change, the better it will be. Mr. Durfee promised to further research.

Guest Presentations

Jeff Schneider spoke first, and introduced himself as more focused on the policy, research, and front-end matters of the minimum wage, while his colleague Brian Walsh is more concerned with implementation and enforcement. Mr. Schneider is also the liaison with the Federal Reserve counterparts, and is excited to work with Saint Paul in their methodical approach to the minimum wage issue. He briefly wished to address the aforementioned wage compression question. Wage compression is one of about 25 metrics that the Minneapolis research team is currently tracking and being analyzed. While there is a lot of interest, the data is still "very fresh" and still being looked at. Mr. Schneider also said that, in relation to firm survival rate, he had seen numbers suggesting the average length of firm life was about 5 years, but that there were differences within industries. Mr. Schneider said that there is a lot of data on the issue on the Greater MSP website.

Mr. Schneider recapped the political landscape in Minneapolis in 2015. Then-mayor Betsy Hodges and City Council passed a Working Families Agenda: sick and safe time, fair scheduling, and wage theft. Minimum wage increases was added later. The sick time ordinance passed, the scheduling ordinance died after facing opposition, and wage theft was folded in to the minimum wage increase. While much of the research in his report is either online or has been worked on by Mr. Durfee in other studies, Mr. Schneider summarized the bottom line of the reports: Out of 311,000 workers total, a \$12/hour wage would increase the pay of 47,000 workers, while a \$15/hour minimum wage would increase the pay of 71,000 workers, and a significant number of those workers would be people of color. The City took these reports, interviewed other several other Cities, pursued extensive research, and held 16 public meetings, all leading to a \$15/hour minimum wage ordinance. All of the policy and research documents are up online. An interesting feature of the ordinance was that, while there was a unanimous vote by the City Council, "Unanimous has a range," and a number of concerns are embedded inside that unanimous vote. Given these concerns, the City Council also included a requirement of an annual economic impact report, with agencies reporting to the council every year for the first seven years of the wage increase and its impacts on small and large companies.

A committee member asked how Minneapolis determined whether a company was small or large. Mr. Schneider said the number they landed on was 100 employees, that 100 and under was considered small. This standard differs from the State standard, which is \$500,000 in annual revenue. Mr. Schneider said that the State threshold includes much smaller companies than Minneapolis's. The 100 person was a compromise between parties (Seattle, for example, has a threshold of 500).

The Federal Reserve won the RFP from Minneapolis to track and publish these phase-in reports for the first 4 years of the process. Their first report, a "baseline report," is due at the end of summer 2018, and it will serve as a base from which to analyze future annual reports. Mr. Schneider included the staff charge from the ordinance in the included PowerPoint slides, showing the requirement for the Coordinator's Office to seek public engagement, and Mr. Schneider emphasized, the public was ready, and did, engage, often vocally. Minnesota DEED Cost of Living Calculator is a great resource to show how much it costs to make ends meet in any county in the state. For a 3-person family in Minneapolis with one full-time worker and one part-time worker, a wage of \$19.81 is needed to meet that threshold. "Many, many people" are not making that standard, and this is not a phenomenon limited to Minnesota, but is a nationwide problem. The Federal Reserve took on the tracking project as part of President Kashkari's "Opportunity and Inclusive Growth Institute" which is in pursuit with the Federal Reserve's Congressional mandate to both maximize employment and keep inflation low. President Kashkari has noticed that there is a growing wage gap between races, and that the federal wage floor has dropped from a peak buying power in 1968. At a conference last week held by President Kashkari, a member of President Obama's Council of Economic Advisors compared the federal minimum wage to the rest of 20 OECD (Organization for Economic Co-Operation and Development) countries, with the US wage as the lowest.

Co-Chair Varco, in the interest of time, asked Mr. Schneider to fast forward through his coverage of the engagement process and talk about the summaries of the results. Mr. Schneider stated that the majority of the studies, including the one from the Wilkins Center and those from Seattle and Berkeley, were prospective estimates. The Wilkins Study projected a minimal employment impact, using the models they were using. The reports from other jurisdictions, around 50 in total, that had passed local ordinances, showed that there was a range of phase-in timelines, and that there was a range of carve-outs for youth and people with disabilities. All of the reports were included in the committee members' packets. All of the research is about a year old, which is about the most recent evidence available. The City also did sector-specific analysis (included in the packet), of food service, retail, and non-hospital residential care.

A committee member asked if the food service data is just Minneapolis, or a broader sample. Mr. Schneider confirmed it is just for Minneapolis.

Mr. Schneider concluded by reiterating that there was a variety of phase-in times, a variety of exclusions, and that his office's job was to bring the breadth of policy options to the City Council for a decision. The economy is a very complicated mechanism, and the impacts are very hard to determine, and that his office is excited to study the impacts through the Federal Reserve's reports. He knows of a report from Seattle showing that there might have been a small reduction in the number of low-wage jobs, but that there is a report from Berkeley that says just the opposite, that there was no impact on low-wage growths.

Mr. Schneider said that a few years ago the Minnesota State Health Department issued a study about the health impact of wage increases across the state, and his office made a Minneapolis-specific survey using that study. The core message of their survey shows that higher wages are associated with better health. Professor Caitlin Caspi from University of Minnesota's Department of Family Medicine received an NIH grant for a 5 year study of the health impact of Minneapolis's minimum wage, involving 450 low-wage workers and a control group in Raleigh, N.C.

In summary, there are competing public policies at play in the minimum wage debate. We want people to prosper and make their own way, but we also want businesses, the lifeblood of our city, to thrive. All of the details, like the small-large threshold, or the phase-in times, were negotiated as political decisions by the

Council. The Minneapolis wage increase, when considered with cost-of-living, was one of the largest wage increases in the nation, making a bigger real difference in lives than the same \$15/hour wage in San Francisco or Seattle. There was also a lot of controversy around the tip credit and youth wage carve-outs, but in the end the politicians in Minneapolis decided to follow State law on both measures, with no tip credit being included.

Mr. Schneider is currently deep in the weeds with the Federal Reserve research team, going over the data and approaching other City offices to bring their data in for further clarity. Businesses said that they will close or move away from Minneapolis if the ordinance passed, or that service in restaurants would change, and Mr. Schneider wants to see what the data shows has actually happened and what will happen in subsequent years.

Mr. Brian Walsh introduced himself. He does not create policy or sit around tables like this, but he has sat against the wall, because his job is to give life to policy and to implement it after the policy has been created. He has been watching the debate for years, since he knew that it would eventually end up on his plate. In his estimation, the question for the Study Committee is how to maximize the benefit of a policy like this, while minimizing the harm. Oftentimes this debate is framed as a moral argument or an economic argument, but in Mr. Walsh's mind this is over simplistic. There are moral and economic arguments on each side. Whenever the government regulates the economy, there are going to be winners and losers. There is consensus around that reality. So on one side the supporters of a rising minimum wage point out consensus that a wage increase will have benefits to the economy and to society. On the other side are business owners, small business owners, restaurant owners, who say that on an individual basis my livelihood is now threatened, the thing I have poured blood, sweat, and tears into, is threatened. Both of these messages are true. Mr. Walsh does not have a solution, but just observes that both sides often talk past each other, and recognizing that the net benefit does exist, and that increased wages will come back into the economy. He also points out that some businesses will not adapt, or not be able to adapt to the new arrangement. There might be fine dining establishments with high-level table service that fail to survive. He does not have data to support that idea, but anecdotally it is the case. The committee should not lose track of the broader net benefit in the face of these individual stories, but also look to mitigate the short-term pain.

While he does not have any answers as to mitigating the short-term pain, Mr. Walsh does have ideas on how to maximize the long-term benefits, specifically investing in the enforcement of these policies, both the enforcement mechanisms and in the community outreach needed after the ordinance passes. Mr. Walsh has statistics related to enforcement thus far, but much of the data is related to the Sick & Safe Time enforcement, since the wage increase has not hit the small businesses yet. This July is when the wage increase will first hit small businesses, and when the rubber will likely begin to hit the road.

The policy rationale of the ordinance was to lift up low wage workers, under the broader argument that "we all do better when we all do better." Unfortunately, just because a law was passed, and just because we often read the Star Tribune and the New York Times, we forget that many small business owners and workers are too busy to follow politics, and have no idea that things have changed. Even now, there are thousands of workers in Minneapolis that do not earn minimum wage today. Across the country, there are huge amounts of wage and hour abuses, and in most cases Mr. Walsh believes that the action is not intentional. Seeing some looks from the committee, Mr. Walsh clarified that "wage and hour abuses," broadly speaking covers a number of issues related to payroll, so not all of it is related to minimum wage. The broader point is that, just because a minimum wage ordinance passes, it doesn't mean that the law is immediately complied with by businesses across the city. Minimum wage ordinances have a leg up on other laws, since it is relatively simple and it is a concept that already exists in the marketplace. These laws, however, are built with complaint-based mechanisms of enforcement, which creates a paradox, namely that it requires the workers filing complaints. A law designed to lift up disempowered low-wage workers is requiring the very population least likely to have the wherewithal, the social capital, and the

confidence in the system to go and report their employer to the government. It is a risky thing to do, and most low-wage workers don't calculate the choice as one where they can afford the risk. The result, therefore, in most complaint-based systems, is that the law effectively relies on public reporting, but if there is not careful and strategic investing, there will be underreporting. If there is underreporting, certain actors in specific industries will take advantage of the underreporting, which in turn hurts everyone, since the majority of business owners who are responsible, doing the right thing, taking care of their employees, are at an economic disadvantage to those actors exploiting the underreporting.

Mr. Walsh left for the committee, as a final thought, the question of how much does a city invest in active, community-based enforcement, which is fully resourced. This is a community-policing model, not criminal law. His office is working on outreach for the communities. There are small businesses without HR or compliance departments that are going to need handholding, which will cost money. Partnering with community-based organizations that have trust and confidence with low-wage workers is essential. These organizations know where the high rates of violation are occurring – the employers, the specific industries – not where the violations are simply being reported, but where they are occurring. These are the kinds of outreach actions and resources that must be contemplated for effective enforcement.

Mr. Walsh showed the enforcement websites for Minneapolis. He also explained that his labor standards enforcement division is now 3 full-time employees, including himself. He said that this is enough to meet the needs of Sick and Safe Time enforcement, but it's not enough to provide the full complement of strategic enforcement that they think they can provide.

A committee member asked Mr. Schneider why Minneapolis settled on the specific headcount number of 100 employees. Mr. Schneider said that it was simply a political compromise, the specific number. The State uses a threshold of \$500,000 revenue, which they reminded the Minneapolis City Council of. Another committee member asked why they went from revenue to headcount. Mr. Schneider said that headcount is easier to enforce—revenue is private, and fluctuates, and headcount is easily assessed by payroll. The original asking committee member said that the ultimate point is that, in their opinion, the issues of enforcement and education are critical, and the committee should strongly support a recommendation to the City Council of headcount as an easier implementation mechanism.

A committee member noted that the Minneapolis ordinance excludes a subset of people with disabilities from the definition of "employees." Mr. Schneider confirmed that the ordinance shares the same language as the State statute, that there was no change from the State carve-out for people with disabilities. The lawyers at the time advised the Minneapolis City Council that, to the extent that they could reflect State law, businesses would be better able to comply with the matter.

Mr. Walsh said that City lawyers do not have the authority to pre-empt State law on wage levels for certain programs as defined by the State. So, legally speaking, they could not interfere in those relationships.

A committee member asked Mr. Walsh if, in hindsight, there were specific policies or ideas that would have improved enforcement in the first year in Minneapolis. Mr. Walsh, first acknowledging that it is the nature of government is always to do more with less, and budgets are always tight, suggested that (i) an adequate number of investigators. Politicians are worried of starting with too many investigators, since they don't want to commit too many government jobs that can't be taken away easily, but Mr. Walsh said it is important to not start with too few of them. The initial enforcement sets a big tone—people are paying attention, seeing if they have to take the new law seriously, how it's affecting their peers, and (ii) additional dollars for outreach, communications, and assistance to small businesses. It takes real investment and expertise to market these ideas to communities, and asking lawyers to do it is not the best use of resources. Additionally, partnering with community organizations is essential, and they both have incredible expertise in communities and often operate with little money. Relationships with those organizations need to be cultivated and funded.

A committee member asked Mr. Walsh for the amount of specific funding for enforcement in Minneapolis for Year 1, and Mr. Schneider for an explanation of the treatment of nonprofits in the Minneapolis ordinance. Mr. Walsh said that he has a staff of 3, including himself, and \$50,000 for outreach and engagement. While both the staffing and the money are stretched tight, the money in particular feels like it is not going far enough to meet the needs. Mr. Schneider said that nonprofit stakeholder groups contacted Minneapolis, and the City hosted a private meeting with the stakeholders to go over the issue (in particular, the problem of organizations that are reimbursed at State rates that differed from the City wage rate). While the City of Minneapolis listened to the nonprofits, in the end the City made the political decision to not include a carve-out for nonprofits. There are State carve-outs for youth employees and for workers with disabilities, but there is no State carve-out for nonprofits.

Mr. Schneider said that there is a huge shortage of personal care attendants in Minnesota, and referenced a recent Star Tribune feature on the matter. The reason for the shortage is that the resources for that occupation are so low that PCAs can go to Target and make more money. This is a public policy issue that has to be addressed.

A committee member asked Mr. Walsh about the complaint-based mechanism of enforcement, and if there were any other models besides complaints that could be implemented. Mr. Walsh said that there are two broad camps in enforcement: requiring workers to file complaints, and requiring employers to annually certify that they are in compliance. The latter option is extremely costly and unwieldy, and complaint-based mechanisms can work, if designed well.

The committee member followed up with a question about whether either Mr. Walsh or Mr. Schneider had any regrets about the process so far. Mr. Walsh said that he didn't want to paint too negative a picture, and that basically the ordinance is being implemented effectively, but greater funding would have been appreciated. Mr. Schneider stressed that he was a policy position, presenting the options to the Council Members to make the decisions. He felt like they heard from a number of voices in the run up to the law, and that they understood the options. Zooming out, Mr. Schneider explained the three ways a minimum wage can possibly affect an economy: the company pays more in labor, the customer pays more in costs, and the worker gets less. Research so far suggests that a mixture of all three happens when the minimum wage increases, but the Federal Reserve reports will give them a better picture.

Mr. Byrne asked Mr. Schneider if the wages on the slide he's included, on slide 15, are wages that include tips. Mr. Schneider said the numbers reflect wages without tips. Mr. Byrne asked if the wages can be separated, based on the particular positions at the place employment. Mr. Schneider said he did not have them, but that he could find them. Mr. Byrne asked Mr. Walsh about Minneapolis's choice to go with a single tier for wages, rather than one with credit for tips. Mr. Walsh said, from a selfish perspective, he breathed a sigh of relief when the City passed a single tier, since a two-tiered system would be much harder to enforce and certify. Mr. Schneider said they heard intense arguments from both sides on the matter of tip treatment, both from workers and restaurant owners, and that the Minneapolis City Council ultimately made the call to go with the State law, which does not provide for a tip-credit. Mr. Byrne asked Mr. Walsh if he feels his office is adequately equipped to address wage theft. Mr. Walsh said that wage theft takes many forms, and his particular office does not have jurisdiction over all the various forms it can take. He said that community expectations were such that they anticipated his office would become a Fair Labor enforcement office, instead of simply a minimum wage enforcement.

Co-Chair Kyle asked about the preemptive nature of city-wide ordinances, which create a double-whammy of an ordinance both impacting an employer and not impacting their competitor in the next town over. Co-Chair Kyle also pointed out that the mixed nature of political realms, with different capacities to make change at a city as opposed to a state government, creates different incentives and experiences for business. She asked if either expert had an opinion on the matter.

Mr. Schneider said that this argument is better made to the politicians, but that, regardless of politics, there are political, moral, economic, legal, and legislative levels to the conversation. The former mayor and Minneapolis City Council would have preferred the state legislature to pass a higher minimum wage law, but it was not going to happen. Meanwhile, people in Minneapolis were not making enough money to pay for basic services. The US pays the lowest minimum wage relative to median income of any of the 20 OECD Countries. In the end, however, the question is one of policy. Last year four entities: the State Chamber of Commerce, the Twin West Chamber of Commerce, a temp staffing agency, and Graco, a Northeast Minneapolis manufacturer, sued the City of Minneapolis for an injunction against implementing the ordinance. The district court struck down the suit, upholding the ordinance. Three of the four plaintiffs dropped off after district court, and only Graco has appealed, with a decision forthcoming. There have also been efforts at the state level to address preemption, but neither has passed in the recent failed omnibus bills.

Co-Chair Kyle asked the experts to clarify some questions regarding the treatment of government and university employers. Both are large employers in Saint Paul, but both are exempt from any City ordinance. Was there any conversation with the universities about buy-in or participation from universities or government employers?

Mr. Schneider said that there didn't appear to be conversations, since the law was very clear, and there wasn't anything that can be done by the cities. He also pointed out that, for the most part, there are very few government employees making minimum wage. He said that the Parks Department said that they would need to increase their budget \$2 million to comply with the new wage, and the City Council heard the message but still passed the law.

Mr. Durfee asked Mr. Walsh what other departments he would work with in a case where minimum wage violations were occurring. Mr. Walsh said that he would work with the MN Dept. of Labor on any enforcement action, but that the State does not have any authority to enforce a local ordinance, and a local government does not have the authority to enforce a State ordinance. Mr. Durfee asked hypothetically, if a person pursued a minimum wage claim and won through State court, would that mean their award would be calculated on State wage scales? Mr. Walsh confirmed this to be the case.

A committee member asked Mr. Walsh what the cost of Seattle's labor enforcement was in implementing the new minimum wage. Mr. Walsh could not recall the exact number, but recalled that Seattle has already spent \$1 million this year in outreach and co-enforcement with community organizations, completely distinct from the staffing of enforcement. The committee member asked what Mr. Walsh thought would be a budget that would make Minneapolis a world-class enforcement division. Mr. Walsh recognized he'd always like a little more funding, but he thinks that Seattle is the gold standard, and he would like to have something close to what they enjoy. Mr. Walsh estimates the Seattle budget is "several million dollars"

A committee member asked about a phase-in for Saint Paul given its proximity to Minneapolis. Would a longer phase-in time be difficult for businesses, if the Twin Cities had different schedules? Mr. Walsh said that having a disparity would be a serious impediment to compliance. In his expertise, Mr. Walsh believes that most businesses will simply peg their wage to which ever city is highest, if only to be safe. Having different rates would be a bigger problem for enforcement and for businesses.

A committee member asked the guests to discuss the relationship between tipped wages and sexual harassment, and have the offices dealt with the issue. Mr. Walsh said that the Dept. of Civil Rights already had authority over issues of sexual harassment, so there aren't too many changes to his office.

CLOSING

Ms. Klebsch reviewed the contents of the packet given to each committee member, including results of the survey of members about future meeting topics, a message from Stephanie Hogenson from the

Children's Defense Fund, and news articles recommended by committee members. She acknowledged that several resources relating to restaurants and tipping have been received, but that the Citizens League is holding on to those resources for when the restaurant topic is scheduled to be the focus of a meeting.

A committee member said that he feels like there needs to be time scheduled for discussing the results of the member survey. A conversation will help people clarify some issues, and help formulate questions as they proceed through the hearings. Ms. Klebsch acknowledged that there had been several requests for time to have discussion between committee members, and that there were going to be opportunities going forward to have those discussions, and some were being planned in the near future. Ms. Klebsch also reminded the committee to email any additional topics they want to explore that are not already on the list.

Co-Chair Kyle highlighted that next week will include a panel of small and micro-business owners whose interests are not represented on this committee. She asked for evaluations based on the meeting outcomes set at the beginning of the meeting.

Members scored: 3, 4, 5, 4, 4, 3.5, 3.5, 4, 4, 4, 4, 4, 4, 3. Average score: 3.9

The meeting adjourned at 10:30 a.m.



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, May 31, 2018, 8:30am-10:30am

University of St. Thomas, O'Shaughnessy-Frey Library, Room 108

2115 Summit Ave, St. Paul, MN 55105

Committee Members Present: Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Samuel Callahan, Mr. Dillon Donnelly, Mr. Paris Dunning, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Mr. Doug Hennes, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson

Members Not Present: Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Ms. Veronica Mendez Moore, Ms. Pang Vang.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne, Snowden Stieber, Dr. Samuel Myers, Man Tzu, Yufeng Lai

Citizens League Members: None

Community and Observers: Lyly Vang-Yang, Melanie McMahan, Owyn Ferguson, Shannon Watson, Natalia Madryga, Celeste Robinson, Yingya Vang, Jennifer Schellenberg, Elizabeth Dickinson

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive community input
- Receive follow up on research questions posed last week
- Hear from Citizens League presenters on brief historical overview of minimum wage laws, Phase I Study, and survey questions/requests for further meeting topics
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Varco called the meeting to order at 8:32 a.m. and welcomed committee members and guests. He reminded them to silence their cell phones and stay off social media. Co-Chair Varco then reviewed the proposed outcomes for the meeting and the charge of the study committee. He noted there would be time at the end of the meeting to review the committee charge and scope more thoroughly.

Co-Chair Varco gave the committee members time to review minutes from last week's meeting. He asked if there are any proposed amendments or changes. With no changes offered there was a motion to approve the minutes which was seconded and the motion passed.

A committee member briefly reviewed the history of the O'Shaughnessy Library. Co-Chair Varco extended thanks to the University of St. Thomas for hosting the committee.

COMMUNITY REPORT

The committee reviewed the Community Report including 5 submissions. A submission was made in support of a gradual increase to the minimum wage with tip credits for the restaurant industry. A submission stated support for the minimum wage increase but with exemptions for youth training employers. A submission asked to include an exemption for the Saint Paul Saints. A submission noted the effect of Minneapolis's wage increase on a family member who requires 24-hour personal care. Finally, a submission supported a \$15 minimum wage with no tip penalty. Co-Chair Varco gave the committee time to review the submissions.

A committee member asked for more information about the situation with the Saint Paul Saints. Co-Chair Varco stated that he was present at the state legislature when the Saints asked that all minor league baseball be exempt from the \$9.65 state minimum wage. The proposed bill did not pass. Co-Chair Varco said that he did not hear the Saints say that they would close or move, but that the team was constrained by a salary cap. Co-Chair Varco noted that the Saints would probably be happy to inform the committee about its situation and related issues.

Mr. Durfee clarified that a 90-day exemption for the state minimum wage already exists for youth undergoing training. A committee member added that the exemption was also in the Minneapolis wage ordinance. Mr. Durfee said there is some research on the impact of exemptions, primarily in relation to workers at universities.

A committee member mentioned that there should be a distinction between paying youth in a training program and paying young people doing traditional work.

Co-Chair Kyle asked how the committee could learn more about the potential impacts to the Saint Paul Saints and how the wage relates to youth in training programs. Ms. Klebsch responded that these issues would be good to discuss in a future committee meeting that will focus on exemptions. She promised to work on including as much of this conversation as the Citizens League prepares for that meeting.

A committee member stated that some of the community report comments reminded them of an issue brought up by Mr. Schneider in his presentation at last week's meeting. Mr. Schneider said that he and his staff collected a lot of important data and gave it to the policymakers, but that the policymakers didn't necessarily look at the data when they made the policy. The committee member stated that this seemed particularly true when looking at minimum wage for entry-level workers, youth employment, and home healthcare workers. The member told the committee that the Independent League was established in a way where Saint Paul could not take advantage of revenue sources, and the League will not make an exemption for the Saints, and then the team might have to leave, which is a consequence that must be contemplated. The committee member said it seemed like the policymakers weren't really paying attention to the data, they were paying attention to their agenda, and that the Study Committee has a responsibility to make sure Saint Paul policymakers pay attention to the data, and not their personal agendas.

Another committee member reminded the group that there are many young people who are working to support their family, that it wasn't just young people earning pocket money.

A committee member asked the group to refrain from making attacks on people who are not in this room, whether they be policymakers or otherwise. The suggestion that some people might be focused on their agenda and not on the data is unfair to folks who are not here.

A committee member mentioned that there were no representatives from the Saints in the room, and the member suggested the committee reach out to the Saints for comment.

Co-chair Varco reminded the committee that the Community Report was about hearing from the public, and that committee members should weigh the comments in whatever manner the member feels appropriate.

Mr. Durfee introduced members of the Roy Wilkins Center research group who were in attendance: Dr. Samuel Myers, Yufeng Lai, and Man Tzu. Dr. Myers was the principal investigator for the Minneapolis minimum wage effort, and each of the researchers present was involved in Minneapolis's efforts.

Mr. Durfee reported back to the committee on his continuing research over the past week. He examined the issue of price sensitivity in Minneapolis after the minimum wage was implemented. Mr. Durfee ran some simulations based on how much of a firm's costs were related to labor. The results of the simulation showed an estimated 5.4% increase in total cost for the restaurant industry as a response to changes in payroll. Mr. Durfee also looked at a simulation from Berkeley showing full-service restaurants' menu prices changing a little bit, and that partial-service restaurants' prices changed more. He told the committee that the simulations were based on reported data from employees in the industries, not on data from restaurants.

Co-Chair Kyle asked Mr. Durfee if he had information on other industries besides restaurants. Mr. Durfee said he had the information, and that he could report back to the committee on those simulations.

A committee member said that they have data on wages in the non-profit sector, and that they would relay the data on to Mr. Durfee for his research.

Mr. Durfee told the committee that the data for the Minneapolis simulation study was from the American Community Survey conducted by the U.S. Census, where workers identified their employer and what industry they worked in.

Co-Chair Kyle asked staff if we could include data at future committee meetings that, instead of from the census, came from the employer's perspective, whether it be a manufacturer or a restaurant owner. Mr. Durfee said that he had begun to look at data from Greater MSP, which included data from the Bureau of Labor Statistics and from the Wilder Foundation, and that he planned on reaching out and gathering more data from those sources.

Co-Chair Varco pointed out to the committee that they had each received a copy of a follow-up email from Stephanie Hogenson at the Children's Defense Fund with data from Ramsey County. The data suggested there were about 4,000 adults and 8,000 children in Ramsey County that might be impacted by the benefits cliff issue.

PRESENTATIONS

Citizens League Legal Intern/Researcher Snowden Stieber presented slides on the history of the minimum wage law in Minnesota, copies of which were given to all committee members in their informational packet.

He stated that he had received questions from the committee through previous surveys related to the history of the minimum wage and trends in the minimum wage. Mr. Stieber clarified that he is not an economist, and that his research was focused on the law and on history. In looking at the history of the minimum wage law in Minnesota, Mr. Stieber stated that it is clear that many of the conversations happening in this committee have been happening since the 1920s.

Minnesota first attempted to pass a minimum wage law in 1913, creating a Minimum Wage Commission, which only applied to women and children. The first minimum wage was \$8.50 per week, which is equivalent to about \$210 in 2018. The minimum wage faced an immediate legal challenge, and was overturned. The judge believed the minimum wage law to be unconstitutional and economically infeasible. In 1923, the United States Supreme Court held that all minimum wage laws were unconstitutional, but later changed their stance after thinly-veiled threats made by FDR to pack the Supreme Court with additional justices more amenable to the legislation.

Mr. Stieber highlighted that the federal Fair Labor Standards Act of 1938 was the model for the state of Minnesota's own legislation several decades later, with one major distinction—the federal law allows for a tip credit, while Minnesota law does not. Meanwhile, in Minnesota, Governor Olson signed an executive order in 1931 which instituted a minimum wage for the state of 45 cents per hour, which is equivalent to more than \$11 per hour in 2018. In 1973, the state legislature passed the Minnesota Fair Labor Standards Act, enshrining a new minimum wage of \$1.80 per hour (~\$10.15 per hour in 2018).

A committee member asked if there was a tip penalty in the 1970s prior to the legislation. Mr. Stieber said he did not believe so, but was not sure. He stated that, since the prior minimum wage had been so low, it is not likely that the credit/penalty had even been contemplated, but when the new FLSA legislation was passed, it was concretely not included. A committee member corrected Mr. Stieber, stating that the tip credit was originally included, but was removed in 1984.

Mr. Stieber briefly reviewed the concept of tip credits/penalties, summarizing why supporters choose to describe it as a credit, and why detractors choose to describe it as a penalty.

Dr. Myers asked Mr. Stieber to investigate an answer to the question “Can the City of Saint Paul institute something that is not legal in the state of Minnesota?” Mr. Stieber said that the answer is “legally gray,” and that he will further research and report back to the committee about the relationship between cities and the state government as it relates to preemption. He broadly stated, though, that preemption is a serious concern for any city initiative.

Dr. Myers stated that the Wilkins researchers have been tasked with researching potential economic impacts of a tip credit for Saint Paul. He reported to the committee that the publicly available data does not include any information related to tip credits, which would make further research extremely expensive and difficult. If the legal answer prevents a tip credit, however, the researchers can spend their time on something else.

Co-Chair Varco clarified that the question facing the committee is, if Saint Paul's ordinance treats tips differently than the state law, is it more vulnerable to a preemption charge, and is the same true for other differences as well? Co-Chair Kyle asked Mr. Stieber to research whether the absence of comment from the state government on the matter is different from an outright prohibition on cities' efforts. She analogized to speed limits, where a city could issue a tighter speed limit, but cannot have a higher limit than the state law.

Mr. Stieber stated that there is a political element to local laws, that a state government more amenable to a city's legislation might be less likely to issue a preemption challenge. He promised to report back to the committee with more information.

A committee member commented that it seemed strange to them that, in a metropolitan area called the Twin Cities, that workers in Minneapolis would be treated differently from those in Saint Paul. They cannot understand why, given the current disparity, everyone in Saint Paul hasn't moved over to Minneapolis to work. Mr. Stieber agreed that, even though it is just a political distinction between the two cities, many workers distinctly feel the difference.

Ms. Klebsch informed the committee that the Citizens League is in the process of putting together two different panels on the issue of tip credits/penalties, one panel in support of tip credits, and one panel opposed to the tip penalty.

A committee member asked Mr. Stieber about the attempt at an injunction in Minneapolis last year, and whether the fact that the judge denied the injunction essentially states that a city has the capacity to establish its own minimum wage. Mr. Stieber stated that, while another judge might find that decision to be persuasive, it is not certain that all judges in other jurisdictions would treat another ordinance in the same way.

Mr. Stieber covered some basic facts about the modern minimum wage: who is impacted by the law and what we know about the demographics of minimum wage workers. MN Department of Labor & Industry reports show 15% of hourly wage workers in Minnesota were paid the effective minimum wage, or less. A larger percentage of nonmetropolitan workers are paid the minimum wage than metropolitan workers. The average age and education level of minimum wage workers has increased in the past few decades. Roughly two-thirds of minimum wage workers are in service occupations, and half of all minimum wage workers are in food-related occupations. 2018 is the first year where the Minnesota minimum wage is indexed to inflation.

Mr. Stieber stated that there is little-to-no consensus among economists about the impact of a minimum wage increase on employment, and there is little consensus among economists on whether an increase would have a stimulatory effect on the broader economy. Mr. Stieber stated that there economists on both sides of all of these issues.

In closing, Mr. Stieber shared a slide with results from a University of Chicago survey of economists on whether the distortionary effects of a minimum wage increase were outweighed by the benefits accrued to the individual worker who would see an increase in income. Mr. Stieber stated that while 43% of the economists thought the benefits outweighed the costs, that meant more than 50% of economists were uncertain or thought negatively.

A committee member stated that they read the survey results differently. They stated that, in their interpretation of the results, they see that 47% of economists agree that the minimum wage increase is a net benefit, while another 34% are uncertain on the measure, and the number of economists who disagree with the proposition is “remarkably low.” The member thinks the best way to summarize the results is that a “vast plurality” of those surveyed agreed with increasing the minimum wage, that about a third of economists were uncertain on the measure, and that not even 15% of economists registered disagreement.

Mr. Durfee clarified that “distortionary effects” is a blanket term for responses to minimum wage increases including: increases in prices, restaurants shutting down, migration, etc. A committee member added that “it’s like a negative impact.” The committee member stated that they thought the last slide was a very compelling slide.

Mr. Stieber said if any committee member has any further questions or comments or requests for research, he would be happy to talk to them.

Pahoua Hoffman presented a survey of the results of Phase 1. Each of the committee members has a copy of the findings from Phase 1 in their binders. Mr. Durfee’s demographic research is included in the Scoping Work. One of the primary purposes of the scoping was the Citizens League wanted to be clear on what the questions and concerns of community members and stakeholders were around the minimum wage increase. In the process of putting together Phase 1, Ms. Hoffman interviewed over 200 people. She compiled the questions that those people wished for the Study Committee to address, and they are found in the Phase 1 report. Ms. Hoffman noted that, in fact, some of those voices are members of the Committee.

Each section of the Community Input are formatted the same. Each section includes Key Questions that the group had raised and wished for the Study Committee to address. Ms. Hoffman stated that as the committee moved forward in the following weeks, it is likely that they would be hearing from some of the people included in these reports. She also stated that, after compiling a particular section of voices, she shared the reports with the people to ensure that she was accurately reflecting their views, and allowed them to edit the language she used.

Ms. Hoffman said that employers of people with disabilities, franchisees, small and microbusiness owners, home healthcare, and large employers were included in the report. Most of the large employers

were already paying their employees at least \$15 per hour, but they were concerned with wage compression and possible impacts to their vendors. Ms. Hoffman was able to hear from low-wage workers and engaged in several listening sessions with them and their advocates. She also pointed out that there had been some misquoting of the statistic stating 40% of Saint Paul lives in poverty. To clarify, the statistic mentioned on page 19 of the report states that 40% of residents earn less than 185% of the federal poverty level. At 100% of the federal poverty line, the number is 22.3% of residents. Ms. Hoffman asked the Metropolitan Council why they used the 185% threshold, and they said it captures more of the working poor and those who are eligible for certain government programs than the 100% definition does.

A committee member asked if the 185% threshold is the same as the level for eligibility for SNAP benefits. Ms. Klebsch responded that she will confirm if this is the case.

Ms. Hoffman distinguished between the treatment of workers at the University of Minnesota, who follow state wage laws, and workers at private institutions like St. Thomas, who are covered by city laws.

Co-Chair Varco asked if students who are covered by the federal work-study funding would be included. A committee member said that, for the school they represent, work-study covers about 20-25% of the payment to students. Co-Chair Varco asked if that meant that students who received work-study would be paid less than other student employees. The committee member said that the school was already giving a range of wages to students to more fairly reflect the work that they did and ensure relatively equal treatment.

Ms. Hoffman said that the issue of tip credits/penalties was where there was more “back and forth” between the sides than any other topic, and that she worked hard to ensure that all of their concerns and voices were reflected in the Phase 1 report.

Businesses with youth training wages were also included in the report. Everyone that Ms. Hoffman interviewed for the Phase 1 report is listed on page 31. She pointed out to the committee that Mr. Durfee’s extensive demographic research on Saint Paul is also included in the report, as well as research on how many people commute either into or out of the city.

A committee member asked if the committee was able to think outside the box about issues like exemptions, or if the committee was more concerned with offering a yea/nay to each issue. Ms. Klebsch said that the committee will review the scope of its work at the end of the meeting, and that there will be a future meeting focused on exemptions and what kind of exemptions were possible. Ms. Hoffman said that the committee was allowed to consider other options besides the one included in the Phase 1 report.

A committee member asked about the data used in the report, and in particular what number of people in Saint Paul earn a low wage. Mr. Durfee said that there were 8,270 people who lived and worked in Saint Paul who had monthly earnings of \$1250 or less.

A committee member asked if Ms. Hoffman could estimate the numbers in attendance at her listening sessions related to the tip credit/penalty. Ms. Hoffman said that about 75 to 80 people attended the pro-tip credit listening session, and it was primarily front-of-house restaurant workers, with a few restaurant owners. At the no-tip credit listening session, she heard from about the same number of people, and it was primarily restaurant workers. She said that there wasn’t too much of a demographic difference. Ms. Hoffman said that, from her perspective, restaurant workers who are against the tip-penalty did not feel as comfortable saying so publicly, which is why there was not a publicized listening session.

A committee member said that when they protested with CTUL, they were told by their employers that if they marched for the \$15 wage they would be terminated from their job. They added that it was a form of threatened retaliation.

Co-Chair Varco asked Ms. Hoffman if she had talked to large employers that had locations in both Minneapolis and Saint Paul whether they were interested in having similar laws in both cities, or if they

recognized that each city might need different treatment. Ms. Hoffman said that she talked to several restaurant chains that had business in both cities, and some of the owners told her that they wanted to have the same laws in both cities because the logistics of compliance with two sets of laws would be too difficult. She heard from other employers that wanted Saint Paul to be different, and more in line with their perspective, which would give them the leverage to go back to Minneapolis and ask for them to repeal their wage law.

A committee member stated that, while the scope of the research was impressive, the committee has a limited time window to address the issues, and they wondered if there were legal limitations to what Saint Paul could do. They said knowing the limitations would help the committee focus their work. Ms. Klebsch responded that they are collecting these kinds of questions from members, and that they will be sure to have a presentation in the future answering these legal questions.

A committee member asked Ms. Hoffman if she differentiated the voices from restaurants as full-service, counter-service, and fast food establishments. She responded that the Scoping Work focused on full-service restaurants, since most of the workers who came forward worked in full-service spaces. The committee member asked if Ms. Hoffman heard from back-of-the-house employees. Ms. Hoffman replied that she wanted to hear from those voices, but not many came forward. The committee member added that they had attended an event last fall that was primarily composed of back-of-the-house employees, and that they had stated their wages had become stagnant. Ms. Hoffman said that she had not heard those concerns, but that that did not mean they weren't out there. She added that it was likely that many back-of-house employees were uncomfortable coming to a public listening session, which would have impacted her ability to hear from those people.

Another committee member stated that they live in North Minneapolis and work in Saint Paul. While they love working in Saint Paul, they wondered if they are a fool for doing so, since they would make more in Minneapolis. They added that they aren't sure some committee members are aware of how difficult it is for a person to work two full-time jobs. If they were to get a job in Minneapolis, they could work only one job and have more time to spend with their family.

Ms. Hoffman said that low-wage workers had wanted to talk to her more than every group other than restaurant servers. She said low-wage workers knew the minimum wage had not kept up with cost of living, and that the wage increase was only one part of what they needed, and that \$15 is probably not even enough, but it is a step in the right direction. The lack of affordable housing, healthcare costs, and inefficient public transit were also concerns of low-wage workers.

Ms. Hoffman closed by reminding the committee of the number of hours that these various voices had contributed to the Scoping Work, and that all of that time had been invested with the hope that the Study Committee would consider them and let the voices inform their recommendation to the City of Saint Paul.

STAFF REPORTS

A committee member referenced the DEED report on job vacancies that had been included in every member's packet. The report stated that there were 75,000 job vacancies where the median wage being offered was below the \$15 wage. Mr. Durfee defined "job vacancies" for the committee. The committee member asked if there was any data on recent change in vacancies, and if the minimum wage increase had any impact on vacancies and on the median wage. Mr. Durfee said that vacancies are converging on a 1:1 ratio, and that wages have remained relatively low. The DEED report in question breaks the vacancies down into quadrants, but Mr. Durfee does not know of more detailed information. He told the committee he would research the matter, and see if DEED can share their information.

Co-Chair Varco asked Mr. Durfee to see if he could find a breakdown in vacancy rates for Minneapolis and Saint Paul in particular, and if there had been any change after the minimum wage had increased. Mr. Durfee said he would look into it.

A committee member said that they had questions about the impact on aggregate demand for jobs, and wondered if there was data on potential job creation with a higher minimum wage.

Another committee member said they felt it was important for the committee to consider the broader context of the economy and jobs. From the member's perspective, there is a shortage of labor that should inform how the wage ordinance is shaped.

Ms. Klebsch presented answers to several questions submitted by committee members. There is going to be a public listening session at Arlington Hills Community Center on June 7th from 5:30 to 8:30. Ms. Klebsch identified members of the Mayor's and Saint Paul City Councilmembers' offices that were in attendance. While the City Council and Mayor have probably heard a lot of feedback through informal channels, they are relying on the feedback and comments collected by this Study Committee to help inform the ordinance.

Ms. Hoffman gave a brief overview of the format of the listening session, and stated that she would be presenting the findings from Phase 1 at the session. Co-Chair Varco asked if there were further details on what methods of input would be at the listening session. A policy associate from Mayor Carter's team came forward and explained in detail the format of the public listening session. There will be a presentation by Mayor Carter, then a brief history of the minimum wage, then Ms. Hoffman's presentation on Phase 1. Next will be small group session facilitated by mediators, and finally there will be multiple methods of input, including a microphone, written input, and communication with the assistance of a mediator. This variety will ensure that all voices are able to be heard.

Ms. Klebsch reiterated Mayor Carter's public support for this Study Committee, and that even though he has publicly stated his idea of what the minimum wage will be, and his position on tip credits, he was relying on the Study Committee to help him with the implementation, with identifying possible exemptions, and phase-in timelines.

Committee members asked for more information on how ordinances worked. Ms. Klebsch responded that there would be a primer on ordinances at the June 7th committee meeting. There has also been some questions about implementation, which is part of the scope for this committee.

Ms. Klebsch reviewed the committee's Scope of Work. She reminded the committee that there is no uncertainty that the minimum wage will be increased. The question is about implementation and what shape the increase will take. The first question in the Scope is "What should the minimum wage be?" The second question is "What, if any, exemptions should be included in this ordinance?" The third question is about the role of tips in the wage ordinance. This is a nuanced conversation, and there will be two sequential panels on two separate days about the topic to help the committee understand the issue. The fourth question is about phase-in times.

Ms. Klebsch outlined the plan for the next few meetings. Next week will include a small business owner panel. The following week will be opponents to the tip penalty, and the week after will be proponents of the tip credit. Having two different panels will enable the committee to engage with the panels, rather than have differing views in the same room and engaging with each other. There will then be a low-wage worker panel. Staff is currently building an exemptions panel, and is including people that are recommended by committee members.

Ms. Hoffman said that the Study Committee's final report may take the form of a single recommendation, or it might be a collection of different scenarios that reflect multiple perspectives.

Ms. Klebsch directed the members' attention to news articles included in the members' packets. There is media interest in the committee, and the members are encouraged to respect the privacy of other members, and to avoid talking publicly about other members without their permission. One television network has asked if the committee would be willing to hold a meeting in the studio to be recorded. The

Citizens League defers to the committee's wishes on the matter, and will ask for its input over the next week.

Final Ratings from Committee Members: 3, 4, 4, 4, 4, 4, 4.5, 4, 3.5, 5, 4, 3, 4.5, 4, 4, 4

Average Score: 4

Co-Chair Varco closed the meeting at 10:32 a.m.



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, June 7, 2018, 8:30am-10:30am
 University of St. Thomas, 340 Anderson Student Center
 2115 Summit Ave, St. Paul, MN 55105

Committee Members Present: Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Samuel Callahan, Mr. Dillon Donnelly, Mr. Paris Dunning, Mr. Matt Gray, Mr. Doug Hennes, Ms. Mary Hicks, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Pang Vang.

Members Not Present: Mr. Barry Gisser, Mr. Jon Grebner, Mr. Matt Halley, Ms. Sarah Kopp-Reddy.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Thomas Durfee, Matt Byrne, Snowden Stieber.

Citizens League Members: None.

Community and Observers: Lyly Vang-Yang, Owyn Ferguson, Shannon Watson, Natalia Madryga, Celeste Robinson, Yingya Vang, Elizabeth Dickinson, Melanie McMahon.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive community input
- Receive follow up on research questions posed last week
- Hear from owners of small businesses.
- Discuss information received and confirm additional information needed
- Agree on next steps

MINUTES

Co-Chair Kyle called the meeting to order at 8:32 a.m.

WELCOME

Co-Chair Kyle opened the meeting, welcoming the guests and committee members, and directing guests to the sign-in sheets. She reminded the room to silence phones and avoid use of social media during the meeting, and then reviewed the proposed outcomes for the meeting (see above).

Co-Chair Kyle reviewed the charge for the Study Committee. She asked the committee if there were any questions related to the Committee's charge.

A committee member commented that issues of implementation (deadlines, consequences for noncompliance, enforcement), while not explicitly mentioned, should be part of the committee's charge. Ms. Klebsch told the committee that even though these matters might not be included in the original

scope given to them by the City of Saint Paul, the committee's recommendations on the matter could certainly be included in the final report.

The committee reviewed the minutes from the previous meeting. A committee member asked to amend the minutes and pointed out that in the portion where they had discussed a report on poverty rates, the minutes stated "22.3% of all Saint Paul workers" were at 100% of the federal poverty level. The member asked the minutes to show that 22.3% of all Saint Paul residents were at that poverty level, not just workers.

Another member asked the minutes to be amended to accurately show the time and date for the Community Engagement Session that occurred later that day.

Ms. Klebsch announced that WCCO would be sending a camera to film the meeting, and that the reporter asked if any members would like to be interviewed on camera after the meeting. She clarified that no one is required to be on camera and that Citizens League would ensure that the cameras respected the members' wishes. She also said that two members of the committee had already interviewed with WCCO.

A committee member asked if the Citizens League was actively inviting press to meetings. Ms. Klebsch said that they were not actively reaching out to anyone, but that the topic was attracting a lot of press attention.

Motion to approve the amended minutes, seconded. Motion passed.

COMMUNITY RESPONSE

There were 11 submissions from the community this week. Co-Chair Kyle asked the committee members to encourage their own communities to submit comments. Co-Chair Kyle clarified the meaning of some terms in one of the comments, including "precariat" (a social class made up of people without security or predictability) and "persiflage" (slightly contemptuous mockery and banter). The committee was given some time to review the comments.

Co-Chair Kyle asked Ms. Klebsch if there is a process for how the committee should respond to these Community Responses. Ms. Klebsch said that Citizens League was not planning on responding to any comment in particular, but if the committee wanted, Citizens League would be happy to issue responses. She said that the purpose of the Community Report was to inform the committee members in their work, and that responses were not necessary. Co-Chair Kyle thought the comments were asking really good questions, and were worthy of the members' time, and asked committee members to commit to reading and thoughtfully considering all the comments. Ms. Klebsch said that Citizens League will distribute the Community Report on Monday of the week, to allow the members to consider them before the next meeting. Ms. Hoffman said that staff will include a single-page summary of the inputs to accompany the verbatim comments.

A committee member said that they found comment #2 of the Community Report interesting, and hoped that the upcoming panel would highlight what the costs of running a restaurant are like.

Another committee member said that many of the comments were related to topics that this committee had previously discussed. They also found the comment related to workers with disabilities upsetting. The committee member felt like the City of Minneapolis did not consider these issues as fully as this committee and the City of Saint Paul are doing. They also said that they think there is a distinct trend of restaurants that are closing. They thought the comments all showed that carve-outs are important, and that painting with a single brush like Minneapolis did is not the best way forward.

Another committee member said that they too found the disability comment interesting, and they would like to learn more about the issue of discrepancy between federal funding and wages for certain jobs. They said that while they understand the general problem, there is a lot more to learn about the issue.

A committee member said that the committee has not considered unintended consequences. They point out that when employers reduce positions in the future to comply with new wage laws, workers with disabilities will likely be the first people to be let go. The committee member said that they feel that this issue has not been talked about enough.

A committee member said that it is dangerous to extrapolate too much about why restaurants are closing, as there are a number of reasons why they may close.

Another committee member said that they appreciate the comments that acknowledge the complexity of the issue. They said that there is a lot of complexity about running businesses, whether it be a restaurant or a Medicaid-supported business, and that workers are facing a number of complexities as well, including finding housing and services. The committee should balance and honor all of these complexities.

A committee member said one of the aforementioned closing restaurants had made clear on social media that they did not have to close because of an impending \$15 minimum wage. The member said that anecdotally, they had shifted their choices from bars to brewpubs, and that those kinds of changes can have a big impact on a food establishment. The committee member asked if the panel members today would be discussing the tip credit/penalty, or if that would be reserved for future meetings. Ms. Klebsch said that the panel would not be diving into that issue, but would focus on restaurant/business operation.

Another committee member said they thought that the owner of 14 McDonald's franchises in Saint Paul should recognize that the McDonald's workers are the reason for the owner's success. The committee member said that they work on a crew at a McDonald's and that it was sad that the owner felt he couldn't afford to help these workers out with a higher wage.

THOMAS DURFEE

Mr. Durfee addressed two questions: about who earns the minimum wage, and trends in prices.

Durfee said he used data from the American Community Survey, which has been previously used by the Roy Wilkins Center. It takes a random survey of people, which is useful for population level analysis. The most recent version of ACS data available is from 2016, and Mr. Durfee's analysis used "place of work" at the county level. Mr. Durfee said that these things are in flux, but as a general trend tool, the ACS is an "okay" tool. The question in the survey is designed to ask about year-long earnings, so Mr. Durfee took the total earnings and would divide by the self-reported number of hours worked to determine the hourly wage.

Race is self-reported by the heads of the household, and Mr. Durfee used the broadest racial categories available in his analysis. Mr. Durfee presented a chart of his research to the committee and included a paper copy in all of the members' packets.

Mr. Durfee said that, among his findings, white workers are a smaller share of workers earning under \$15 than their share of the broader population.

A committee member asked Mr. Durfee if his analysis includes workers who are currently out of the workforce. Mr. Durfee said the analysis is only of those who are currently working. The committee member then asked for clarification on what the "under \$15" metric really means. Mr. Durfee explained that it meant people who earned \$15/hour in 2016, and the wage is determined by dividing annual income by weeks worked and by hours worked, and that this data reflects workers who reported income in 2016, but does not include retired workers or children or nonworking people.

Co-Chair Kyle asked Mr. Durfee for a table that would show the percentage of workers in specific racial groups that earn under \$15. Mr. Durfee said he would be happy to do it.

A committee member said that it looked like the Latino people were being counted as white in the presentation. Mr. Durfee presented another slide related to ethnicity, which was distinct from race. The

data, included in the committee members' packets, showed the breakdown of Hispanic workers. Mr. Durfee said there were several groups with only a handful of respondents, so he made a cut off at those groups who were below 1%. Mr. Durfee then presented a slide analyzing minimum wage workers by citizenship.

The camera crew came in and Ms. Klebsch asked if people had objection to being on camera but not audibly recorded. No objections.

Mr. Durfee went into the trends of prices for comparable metropolitan areas and comparing Saint Paul to other cities. He used the Consumer Expenditure Survey (CES), which tracks major metropolitan areas and asked respondents how much they make and how much they spend for a specific basket of goods and services.

The Minneapolis-St Paul area is, on average, in the top half of earners and also in the top half of expenses. As a caveat, however, Mr. Durfee said the CES does not do a very careful job of comparing what certain expenditures mean in certain metropolitan areas. As an example, Mr. Durfee pointed out that there are a large number of lakes in the Twin Cities area, which could lead to higher amount of lakefront property, which in turn could lead to higher housing prices and expenditures. Another example is that Dallas buys more trucks and New York City buys more hybrid automobiles. None of these geographical qualities are captured by the CES. Given that caveat, Mr. Durfee said that the surveys show that areas with high minimum wages tend to be associated with areas that are higher in expenses and income.

When Mr. Durfee looked at the Consumer Price Index (CPI), he said that trend wise, if you look at changes in price, Minneapolis has had relatively stable prices, while Seattle and San Francisco have had increases in prices. Overall, however, it is a mixed bag, as other cities like Boston and New York City have also had stable prices. Mr. Durfee said it's hard to say if a price increase is caused by a minimum wage increase or if the wage increase is itself a response to rising prices. There is a relationship between prices and wages, but it is not clear which is affecting which.

Co-Chair Kyle asked, in the interest of time, for Mr. Durfee to provide the committee with any bottom-line observations or over-arching conclusions that he had drawn in his analysis. Mr. Durfee said that he had found recent immigrants and Latino workers are more sensitive to changes in the minimum wage. He said that not only were Latino workers more likely to earn less than the \$15 wage in Minneapolis, but that they also tended to be grouped closer to the bottom end of the wage range. He said that Saint Paul is similar to Minneapolis in this issue.

Mr. Durfee said that using the minimum wage to address racial concerns is a very sticky legal situation, and that there is a legal obligation that any effort by an entity to address past racial disparities must be narrowly tailored. Therefore, he is reluctant to offer any assessment on the usefulness of minimum wage increases to address racial inequality.

Ms. Klebsch said that one of the members of the small business panel had to leave in order to open up his business. The panelist, in fact, had already left.

Co-Chair Kyle said that the question is "what problem are we solving for?" Racial disparity solutions are difficult and might be beyond the scope of what is possible with a minimum wage. She asked if there were any observations from the data on cost-of-living comparisons and how they relate to setting a minimum wage. She said that while looking across the country is helpful, each community is different, so the solution may be different. Mr. Durfee agreed.

Mr. Durfee said he looked to the CPI for more insight, but he still found a mixed bag. He said that for Minneapolis it will be two years before he had their data, but that he's seen varied results nationwide: Seattle had an uptick in prices, Boston had no uptick.

PANEL

Co-Chair Kyle welcomed the panel to the committee meeting and asked them to introduce themselves.

Tony Chesak is Executive Director of the Minnesota Licensed Beverage Association (MLBA), a nonprofit trade association in existence since 1953. Their records show they are the largest hospitality trade association in the state, representing license holders at the local, state, and federal level. Mr. Chesak said he has worked for the MLBA for 17 years.

The next panel member is Jerry Blakey, owner of Lowertown Wine & Spirits, a full-service liquor store in downtown Saint Paul.

The last panel member is Elinda Suarez, owner of Taqueria Los Paisanos, a Mexican restaurant in Saint Paul near the Mexican consulate.

Ms. Klebsch said that there were a few other business owners, including some ethnic and immigrant owners, scheduled to appear on the panel who were unable to make it at the last minute. She asked the panel members to talk to their experiences as small business owners.

Mr. Chesak said that his presentation was incomplete, as he had relied on the now-absent small business owner's personal stories to dovetail with Mr. Chesak's statements. He said that the owner could return next week to complete the presentation. Co-Chair Kyle asked if Mr. Chesak would send a copy of his presentation to the committee. He said that he would be happy to send along his part, but he was unsure if the small business owner could, since his notes were hand-written.

Mr. Chesak read from a written statement, saying that microbusinesses represent 7-8% of small businesses in the United States, and that there were \$9.7 billion in estimated sales in the hospitality industry in Minnesota in 2017 and \$800 billion in restaurant sales nationwide. These are big numbers that affect our economy, fill up storefronts, and bring communities together. MLBA has been working with the 480 Saint Paul business owners they represent to comply with a possible minimum wage rate hike. There is a growing awareness of the issues across the state, and the City of Minneapolis's hike is already impacting businesses in the city. The only difference in treatment between small and large businesses in Minneapolis is the length of time to implement the \$15 per hour wage. Mr. Chesak said that exceptions are still being added to the Seattle minimum wage, because the City is realizing that additional carve-outs are needed. Saint Paul has an opportunity to attract the best chef-driven restaurants and the opportunity to attract businesses on a large scale. He said that the owner of the Loon Café has committed to opening up a new restaurant in Saint Paul once server pay is included in the ordinance. Mr. Chesak said that Saint Paul has an opportunity to be a hot-spot for new businesses if it handles the matter differently than Minneapolis.

Mr. Chesak mentioned several prominent Minneapolis restaurants that have already closed down due to added labor regulations and increases in the minimum wage. He quoted the owner of La Belle Vie, who stated that restaurants have been teetering ever since the minimum wage increased without tip credits. The owner's quote also stated that, due to the minimum wage increase, he was required to give raises to employees that were functionally making \$25 an hour.

Co-Chair Kyle told Mr. Chesak that the committee intends to have a separate discussion around the tip credit, and that today is about hearing his perspective on matters aside from the issue of tip credits.

Mr. Chesak mentioned that there were already several Saint Paul restaurants that had recently closed due to negative profits and that it was a myth that restaurants were raking in cash at the ownership level. He said that the Saint Paul minimum wage movement had largely the same people who were successful in passing the Minneapolis ordinance. Mr. Chesak said that while it was assumed that the movement would also be successful in Saint Paul, there was an opportunity, by working within the Citizens League and the Saint Paul City Council, to create exceptions and an ordinance that better suits the needs of small

businesses. It will also require small businesses to communicate with each other and with public officials to advocate for these exceptions.

He said that the MLBA had begun to create an overarching strategy to carve out exceptions that will help its members and small businesses. Mr. Chesak said the MLBA is gathering data on possible price increases and effects to the bottom-line from a proposed minimum wage increase. They also have an objective to collect, by numbers, what exactly is going to happen to liquor license holders.

Mr. Chesak talked about his experiences when the MLBA opposed Sunday sales and mentioned that many of the license holders the MLBA represented were afraid of sharing their views, since magazines would publish their locations in an attempt to deter shoppers from frequenting the stores. He fears that license holders are afraid to share their views now. Mr. Chesak said he does not know of a single restaurant that is making double-digit profit margins and that he thinks every liquor license holder makes well below 10% profit margins. A wage increase will increase the price of goods, which will affect the bottom line prices. Mr. Chesak said that while comparisons between cities can be important, each city is different, and he was glad that Mr. Durfee would be researching the specifics of Saint Paul.

He said that MLBA does not have greedy owners in its membership and that they wanted to employ as many people as possible. Mr. Chesak said that several establishments in Minneapolis have already gone to electronic versions of employees instead of having full staff, with cuts as large as 10-15%. These staff cuts are not what the hospitality industry is about, where they hope to employ as many people as possible.

Mr. Chesak thanked the committee for its time.

Mr. Blakey testified next. He said he employs five other people. He said he wouldn't be able to employ all five people at \$15 per hour, given his margins. Mr. Blakey said his profit margins are 7%, his rent increased 3%, and his insurance went up 30%. In order to address a \$15 per hour minimum wage, Mr. Blakey said he would either have to lay people off and make the remaining staff work longer or hire more people and give them fewer hours. Although he appreciates the goals of the minimum wage increase, Mr. Blakey said that it will not work in practicality. He said that, while he needs his employees, he does not think he has a job in his business that is worth \$15/hour. Mr. Blakey's employees have told him that affordable housing and health care need to be addressed more than the minimum wage. He said one of his employees didn't want \$15/hour because it would cause them to lose their benefits and that they would have to quit.²⁹ Mr. Blakey asked the committee to be sure to hear from business owners. As a person of color, Mr. Blakey has had to work from the bottom to where he is today. No one has given him anything and he has had to work for his success. His staff is currently two black employees, a white employee, and a Native American employee. If the minimum wage increases, Mr. Blakey thinks he would have to let go of the two last employees he hired. One of the two is an African-American male who has custody of his two children and loves working for Mr. Blakey and the second employee would be a Native American woman. Mr. Blakey closed by reiterating that the \$15/hour wage would not make his business viable.

Ms. Suarez spoke next. She said she opened her business almost 15 years ago. It started as a small business with family members, but soon they needed to hire people. At this time, there are 15 employees, including herself. Most of her employees have been with her for over 10 years. Over that time, none have been paid a \$15/hour wage. With the increase in Minneapolis, the workers are pushing her for more money, since they are a little more confident, and she has tried to answer their requests with some raises. She said that last year, however, labor costs became 35% of sales.

²⁹ This is an example of the "benefits cliff" that was discussed in the May 17, 2018 Study Committee meeting.

Ms. Suarez said that there are some immigrants who do not speak English or who were not able to come that share her feelings. Her small business cannot afford a \$15/hour minimum wage. She said that regulations for restaurants have also made expenses higher, as have taxes and insurance.

She said she does not believe that Saint Paul is comparable to Minneapolis. Minneapolis has a night life, while Saint Paul dies at 7 pm. There is a steep decline in sales of beverages and alcohol at that time.

She said it has been very hard for her to keep up with these changes. Ms. Suarez knows that people need the higher wage, but she still needs to find a way for her business to be open as well. Her business has a lot of immigrant customers, many who are seasonal workers in construction, and that her business attempts to keep prices low during the slow winter months in order to serve them. If the minimum wage increases, she does not know how she will be able to keep doing that.

Co-Chair Kyle thanked each of the panelists for coming and sharing their perspectives. She said that the committee was a receptive audience, but that the committee should be thankful that these panelists were bravely willing to sit in front of the committee and answer their questions. She assured the panel that no committee member would jump down their throat and that they wanted to hear the panelists' answers.

Mr. Chesak asked the committee how he could get more business owners in front of the committee. He said that it was a significant burden for license holders to take time out of their day and come to a meeting. Ms. Klebsch said that it has been a challenge getting people on all sides of the issue to testify in front the committee, given the reactive nature of the topic. She also said that there are several channels available for people to send input to the committee and that they will relay those channels on to Mr. Chesak so he could relay it to his membership.

Mr. Blakey asked the committee to consider a carve-out for small businesses like his, so that they would not be treated the same as Target, Costco, and Wal-Mart, which have greater resources than small businesses.

Mr. Durfee asked the panel if they think of themselves as small business owners because of their head count or because of their revenue.

Mr. Blakey answered that he considers himself a small business owner because he has a small employee base. He said that while his revenue might be over the threshold, it does not mean it is accessible to him or that it is liquid revenue.

Mr. Chesak said that the FLSA³⁰ cut off has not been updated in years. He said that, in the current system, a business with \$525,000 in revenue will be treated the same as one with \$3 million in revenue. Mr. Chesak said that the benchmark is out of date and while \$500,000 might have been a good number in the past, it is no longer realistic.

Ms. Suarez said that she went through the transition between small and large business statuses as her business grew. The move to the large business level was a struggle for her, as the regulations were more burdensome. It took her a while to get on her feet after that change, and the minimum wage increase would be a struggle.

A committee member asked Mr. Chesak for a breakdown on how many jobs in the restaurant industry are in Saint Paul, how many employers there were, and what percentage of the Saint Paul economy was from restaurants. Mr. Chesak said that his current membership was 480 licenses. Mr. Chesak said he did not have the percentages on hand. Co-Chair Kyle added that Mr. Durfee could investigate the matter.

³⁰ The Fair Labor Standards Act is a federal law that sets minimum wage, overtime pay, recordkeeping, and youth employment rules for workers in private businesses or government (<https://www.dol.gov/whd/flsa/>).

A committee member asked Mr. Blakey and Ms. Suarez if the wage increase happens and they kept the same number of hours for their employees, how much would they have to increase prices on a hypothetical \$15 meal or liquor purchase. The member also asked if customers would pay that new price. Mr. Blakey said he'd have to raise a 12-pack from \$15 to \$19-20 per pack. While people would grouse about the price, if everyone charged that amount, people would pay it.

Ms. Suarez said that she has not raised her prices in years in an attempt to keep attracting her customers. She estimated that she would have to increase her prices by about 30%.

Mr. Blakey said that another challenge his small business would have is large liquor retailers in places like Roseville, which he cannot compete with. He said the question would be if people were willing to drive to Roseville to save \$4 or \$5.

A committee member asked what it is like to be on the receiving end of an ordinance from the City of Saint Paul. Ms. Klebsch reminded the committee there will be Saint Paul City employees at next week's meeting to better understand the nature and implementation of ordinances. Ms. Suarez used, as an example, a new ordinance regarding compostable packaging requirement. She said that she cannot see a reason for the ordinance, as there are no sites in Saint Paul to deposit compostable trash, so requiring the packaging makes no sense. The increase in cost to her business was around 300% for packaging for apparently no reason.

Mr. Blakey said that, in his case, the prohibition of menthol cigarettes would have tremendous impact to his business. He said that he feels like dealing with the City of Saint Paul is like dealing with someone who does not have to deal with day-to-day business issues like paying bills. He said it seems like the City does not have a lot of people who seem to have practical experience. Mr. Blakey also talked about the construction of the light rail and how a last-minute decision to change where the line was built impacted his store, with little heads-up to save away some resources for the period. The parking and road around his business were torn up and 27 times people were unable to drive to his store. For close to 7 months, Mr. Blakey went home without a paycheck and his wife was asking if his business was even worth it. While there was a program available to businesses to receive some money, it would have required Mr. Blakey to share the inner details of not only his business, but also of his wife's financial information. He felt like the City did not understand the negative impacts of its actions.

A committee member asked the panelists if a carve-out will even work if places like Target are able to offer \$15/hour, which might effectively force businesses to raise the wage. They also asked that if the carve-out wouldn't work, were there other things that could help the panelists' businesses pay the new wage. Mr. Blakey said that he is proud of his business's work environment and the relationships with his staff, which are things that an employee cannot get at Target. He also said that he offers his staff discounts on products. He said that if his rent and insurance could be capped for a few years, there might be a way for him to afford it.

Ms. Suarez said that cutting costs and raising prices would be the only way to respond. She also has a close relationship with her staff. She does her best to treat her employees well, she doesn't charge them for meals, and even at some points did not pay her rent so that her staff could have their paychecks. Her staff knows about this, and it is part of why they have stayed for so long. They have stayed, not just because of the pay, but because of the good work environment.

A committee member asked Mr. Blakey if he currently paid his employees more than the minimum wage. Mr. Blakey said that he did. The committee member asked, if the minimum wage increased to \$15/hour, would Mr. Blakey have to raise his staff's wages above \$15/hour in order to retain them. Mr. Blakey said he hadn't yet decided how he would respond, whether he would cut staff or hours. He said that he did not fear that if he offered \$15 an hour and another establishment offered \$17 an hour that his staff would leave.

Mr. Blakey said if he hired two more people, every staff member's hours would be reduced to 15-20 hours a week. He said that not every job is made to take care of a family, that he didn't create the jobs to provide a living for a family of four. In order to do that, Mr. Blakey would have to turn his job into a charity. Mr. Blakey believed that if more people went to school and got an education, that is how people make more money. He believed that the government can't tell a business to pay people X amount of dollars. If the City of Saint Paul raised the minimum wage to \$15/hour but capped his rent and insurance costs, Mr. Blakey could possibly handle the wage.

Ms. Klebsch notified the committee that there were about 20 minutes remaining for questions, and encouraged committee members who didn't typically participate to come forward with their questions.

Ms. Hoffman reminded the committee that there are questions in their packets from the Phase 1 Scoping Project that would be good to ask the panel if they didn't already have one in mind.

A committee member asked Mr. Chesak how many people are employed by the 480 liquor license holders. Mr. Chesak said well over 10,000.

A committee member asked the panel about phase-in periods. Minneapolis' phase-in is \$15/hour by 2024. They asked how long the timeline would need to be for the panelists to attract and retain employees. Ms. Suarez said that she is concerned that, with a new wage, newer hires would be making as much as some of her longest-employed people. Older employees will not be comfortable making as much as a new hire. So the phase-in for her business would involve paying some older employees more than \$15. If an employee with a family is getting paid the same as a high-schooler, she would have to raise the wage³¹.

Mr. Blakey said that he had consulted with his tax advisor, and if the phase-in is 8 years, he would sell his business. The margins could not support an 8 year phase-in and he was already putting some plans in motion.

A committee member asked Mr. Blakey about his statement that if the minimum wage increased, he would be forced to fire a black person first. Mr. Blakey clarified that he was not making a decision about race, but that he would fire the person he hired last as a matter of seniority.

Co-Chair Varco asked if there is a possible phase-in time where things would be comfortable for the small business owners. Ms. Suarez said that she is not familiar enough with prices to project for the long term and that is not part of her daily job. She would look for other ways to save the business, including ways to increase sales. Mr. Blakey said that he hasn't considered this before, so it would be just a guess. If wages go up a dollar, he would have to spread the cost around to his different products. Mr. Blakey doesn't have a specific time in mind, but thinks that "the longer the better" is all he can say, and the prices in the rest of his business are still increasing as well.

Mr. Chesak said that costs of business are increasing yearly and sometimes multiple times per year. If the wage increase is coming, then longer phase-ins will be better, but even then, businesses would need to cut hours or staff. He described his membership as survivors and that their businesses are what they are relying on, so the longer the phase-in the more members who will survive.

A committee member asked the panel if there are ways that the City can help small business owners, if there are any possible options for assistance. Ms. Suarez said that Mr. Blakey's idea of capping rent would be helpful, but even when rent doesn't increase from the landlord, the City regulations and taxes are still driving up the cost of rent. Mr. Blakey said he lost his parking with the light rail and that now he has 3 parking spots at \$100 per stall per month. Mr. Blakey said the City should be more mindful of the impact of their ordinances. The ordinances seem little, but have a cumulative effect.

³¹ This is an example of "wage compression," where the wages of existing or long time employees may have to be raised if new employees enter at a higher minimum wage.

Mr. Chesak said that if the City can help with subsidizing the wage increase, that would be great, but he was concerned about where the money would come from. The subsidy would be a nice idea, but it is not likely to happen.

A committee member asked the panel if any of them had considered moving out of the city of Saint Paul. Ms. Suarez said that she had been looking. She said her east side business is not in the best part of town, that there are a lot of homeless people and drunks nearby. She said that moving her business could be a possibility.

Mr. Blakey said that he can only own one liquor store, unless it's a franchise. If the \$15 wage happens, he wouldn't consider opening a new location, but he would consider moving to West Saint Paul, because he cannot swing the \$15/hour wage rate.

Mr. Chesak said that there were a lot of knee-jerk reactions among restaurateurs about the minimum wage, with many people saying they would be shutting their doors, because it's such a scary end-game. Mr. Chesak said that business owners in Minneapolis would move to Saint Paul if they had a different scheme than Minneapolis. Mr. Chesak referenced the menthol tobacco ban in Minneapolis. The ordinance was supposed to stop purchases of flavored tobacco, but all it did was make people drive further to buy the products. Mr. Chesak said that communities outside the metro area would benefit from the wage ordinance.

Co-Chair Kyle again thanked the panel members for coming to the committee and said that if they had any other input to make, they could relay it to the Citizens League staff, who would direct it to the committee.

CITIZENS LEAGUE STAFF UPDATES

Ms. Klebsch said that they heard from a number of committee members that they did not wish to be filmed in a studio, so that will not happen.

She also said they had investigated the issue of SNAP benefits brought up at a previous meeting, and that they would forward the email to committee members with the answers.

WCCO interviewed Matt Halley and Oscar Murcia and the segment aired earlier in the day. Ms. Klebsch relayed along Matt Halley's comments about the interview. Mr. Halley's email stated that he had focused his comments on Cookie Cart's "earn to learn" model and on its youth-training wages. He had also emphasized a need for a living wage for workers and that Cookie Cart played an important role in training youth for traditional employment.

Ms. Klebsch previewed the schedule for future committee meetings.

Co-Chair Kyle said that she felt like last week's meeting was the first time she felt there was some tension among committee members and that she anticipated tension might increase in the weeks ahead. She said that people are brave to come into the room and talk with the committee, but that she saw eye-rolls and body language from some on the committee that indicated they thought the testimony was ridiculous. Co-Chair Kyle asked the members to adjust their responses and control their reactions, even if the member may disagree with the testimony. If half of the committee is unreceptive to testimony, it is very difficult for people to feel like they can share their perspectives. She insisted that members' faces reflect a willingness to listen to everyone and that every member should check how they are receiving the guests.

Ms. Hoffman reviewed the upcoming Community Engagement Session run by the City of Saint Paul, happening later that night at Arlington Hills Community Center. It will be the first of four sessions. Ms. Hoffman and the study committee co-chairs will be there to review the Phase 1 Scoping Report for the attendees. There will be a report from the event that will be sent to Citizens League, which will send it on to the committee. The list of the sessions is included in the members' packets. Co-Chair Varco said that if

a member wished to hear more direct testimony from the public, they should feel free to attend a session, but there is no need to feel like any member is required to attend.

A committee member echoed Co-Chair Kyle's comment that many of the members of the committee did not know much about each other. They expressed concern that there apparently exists a list that outlined which side each member was on in regards to the minimum wage, and the member felt like most of the committee was appreciative of the complexity around the issue. They said that members need to get to know each other better so that there can't be misunderstandings or assumptions made about each other, and the member asked that time be dedicated to becoming more familiar with each other. Ms. Klebsch said that they will make time in the next meeting to have more introductions.

Co-Chair Kyle thanked the University of St. Thomas for hosting the Study Committee and asked committee members to rate the day's meeting.

Members scored: 4,3.5,3.5,4,3,3.5,4.5,4.5,4,4,4,4,5,4,4,3. Average Score: 3.9

The meeting adjourned at 10:35 a.m.



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, June 14, 2018, 8:30am-10:30am

University of St. Thomas, Anderson Student Center, Room 340

2115 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, Mr. Matt Gray, Mr. Matt Halley, Mr. Doug Hennes, Ms. Mary Hicks, Ms. Sarah Kopp-Reddy, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Mr. Oscar Murcia, Mr. Sam Peterson.

Members Not Present: Mr. Samuel Callahan, Mr. Barry Gisser, Mr. Jon Grebner, Ms. Kera Peterson, Ms. Pang Vang.

Staff & Staff Support Present: Angelica Klebsch, Matt Byrne, Snowden Stieber, Alexis Solheid

Observers Present: LyLy Vang-Yang, Melanie McMahon, Owyn Ferguson, Natalia Madryga, Celeste Robinson, Yingya Vang, Jennifer Schellenberg, Yao Yang, Jeff Peterson, Colleen Nocerini, Kip Hedges, Daniel Yang.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive community input
- Receive follow up on research questions posed last week
- Participate in a values exercise
- Hear from City of Saint Paul staff on ordinance passage, implementation, and enforcement
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Varco opened the meeting at 8:30 am, and reminded guests and people that use of phones and social media during the Committee meeting was not allowed. He then reviewed the proposed outcomes for the meeting (see above), and reviewed the Study Committee's charge.

Co-Chair Varco then gave the Committee time to read the minutes from last week's meeting. No corrections were suggested. A motion was made to accept the minutes, and seconded. Motion passed.

Co-Chair Varco asked if any committee members had thoughts on the last week's meeting and the small business panel which occurred.

A committee member said they enjoyed the presentation by small business owners, but they wished that there had been more owners on the panel.

Co-Chair Kyle asked if any member who had evaluated the meeting lower for last week's meeting would like to explain why they scored it lower. A committee member said they wished there had been more small business owners, and that while the content was good, there was not enough of it. Another member

said they scored last week's meeting lower because the meeting had run late and had been procedurally confusing, and that several business owners were forced to leave before being allowed to proceed. The member thought that Mr. Durfee's economic report could have been more effectively summarized, which would have allowed for more Q & A time.

Another member thought the panel would include small businesses besides restaurants, which they thought were for another time. They were frustrated that the panel consisted of restaurants and an industry lobbyist. Another member agreed and said that a lot of small businesses' voices were missing from the panel. They said while the businesses usually shared the same struggles as the restaurants that were represented, the paradigm of bars/restaurants was not what was needed, and some nuances in the broader Saint Paul economy were missed.

A committee member enjoyed the restaurant owners, but questioned the presence of the MLBA lobbyist. The member felt that the lobbyist also represented some larger entities, instead of just small businesses.

A committee member said that the lobbyist represented state wide interests, and that the majority of the businesses he represents were smaller, outside the metro area, and most grossed less than \$1 million annually. The committee member agreed with the others who had said that the Committee should listen to more small business voices. They said they appreciated the liquor store owner, who was having to grapple with businesses moving to second and third-ring suburbs. The member said that they had seen in a Minneapolis survey that small hardware stores had struggled to adapt to the higher minimum wage, especially when they are competing with big national hardware retailers, and that small establishments have different dynamics that the committee should consider.

A committee member said that, upon reflection after the meeting, the restaurant owner who had contemplated moving to Oakdale had mentioned a number of reasons to move, and none of them were wage related. Instead, the owner emphasized lower crime, less poverty. These seemed to the committee member like things that the City of Saint Paul could address in ways besides the minimum wage.

A member asked for a breakdown on industry wages in Saint Paul. Ms. Klebsch responded that Mr. Durfee had developed a breakdown, and that he would report to the Committee next week on the matter.

Ms. Klebsch said that she appreciated all the feedback from the committee on the lack of small business owners. She said they had contacted at least 15 owners from a variety of industries to appear on the panel, but that there was a perfect storm of cancellations by potential panelists which limited the range of voices the committee heard. She said that if any committee member knew of voices that should be included in future meetings, they should feel free to contact staff and recommend them.

Co-Chair Kyle asked the committee if they would be open to receiving written statements from businesses, since many business owners are too busy to attend a committee meeting.

A committee member asked that all people providing written statements be asked the same series of questions, so as to make the comparison easier.

Another committee member said they were wary to opening the floodgates to an overwhelming number of responses.

Another committee member asked, if the written statements were submitted with contradictory claims, would committee members be allowed to respond with more clarifying questions. A committee member said that there would always be contradictory claims because businesses' experiences would vary. They said that there would always be winners and losers in these conversations, and the job of the committee was to put together a thoughtful report.

Co-Chair Kyle asked if the committee would be opening to receiving only written statements from business owners who had previously agreed to attend a panel, but who were unable to make the meeting.

A committee member said they believe that by accepting written statements, the method would be biased against those who couldn't participate in that fashion. They said they would be open to hosting another smaller meeting at a more accommodating time.

A committee member said that the Phase 1 Scoping Report already laid out a number of voices, and that more info is not necessarily going to add to the conversation. The report has plenty of information, and the member felt that the committee should move on to address the work ahead.

Co-Chair Varco asked if Citizens League staff had any openings at later Study Committee meetings, or whether adding additional small business voices cut into scheduled activities. Ms. Klebsch said that if the committee was interested in hearing from a few voices, like two or three small business owners, Citizens League would be able to fit them in at a later meeting.

Co-Chair Varco asked the Citizens League to put together a summary of the future meetings, along with a few possible options for when more small business voices could be included.

A committee member said they felt the committee should move on. Co-Chair Varco said that that might be what the committee does after better understanding what the possible options are for the remaining schedule.

Co-Chair Kyle said that she was concerned that the committee treated all panels fairly, and that she wanted to be sure that if future panelists were unable to make meetings due to work obligations, that their voice would still be included. She said she wanted to make sure that at the end of the Committee process, the members would feel like they heard from all the people they needed to.

Ms. Klebsch added that they could contact small businesses that had not been heard by the committee, and see if the owners were open to appearing in front of the committee. She could include those businesses in next week's report about the remaining schedule availability.

REPORTS

Co-Chair Varco said that the Community Report section would be tabled until the end of the meeting.

Snowden Stieber from the Citizens League staff reported on questions that the Study Committee had asked at a previous meeting.

Mr. Stieber had been asked about (i) potential vulnerability to a city ordinance, and (ii) what legal limitations were constraining the committee's recommendations. In regards to vulnerability, Mr. Stieber explained the legal concept of severability. If a judge finds part of an ordinance to be unlawful, the judge is able to remove the offending part while preserving the remainder of the legislation. This, Mr. Stieber said, meant that the committee would not have to worry about including a particular recommendation that might doom the entire process.

Regarding legal limitations, Mr. Stieber explained the legal concept of preemption. When a state law conflicts with a municipal ordinance, the state law will override the ordinance. There are three kinds of preemption in the law: express, implied, and conflict. As an example of implied preemption, Mr. Stieber talked about workers with disabilities. He said that, since the state is in charge of regulating wages for workers with disabilities, it is likely that the City of Saint Paul would not be able to regulate the same workers' wages.

In conclusion, Mr. Stieber said that cities were capable of expanding or complementing a state law, and that they could not pass ordinances that were in conflict with state law. As an example, he referenced the broader definition of "small business" included in the Minneapolis minimum wage ordinance. Since Minneapolis's definition included more businesses than the state's definition, Minneapolis would not be preempted. Mr. Stieber said that this committee should focus on what the members thought was most

important for the City of Saint Paul to consider, and to not worry as much about the legal limits. The City had attorneys who could hammer out the details, but the City is looking to hear what the committee members think. In the committee members' packets, Mr. Stieber included a list of the legal terms he discussed today, and a copy of the Minnesota statute listing the current exemptions from the definition of "employee."

Co-Chair Varco asked how Minneapolis treated the list of exemptions. Mr. Stieber said that Minneapolis took the definition from the Minnesota statute in their packet, with the exceptions for workers with disabilities in the DEED program, and independent contractors, each who were not covered by the Minneapolis ordinance.

GETTING TO KNOW EACH OTHER

Co-Chair Varco said that the co-chairs were contemplating a social event at an outside venue where committee members could talk and get to know each other better.

Ms. Klebsch facilitated a group exercise that asked committee members to write down a few sentences on why the members do what they do. She then asked the members to condense down the reason into a single word, and write down the word on a sheet of paper. The members were then asked to summarize what that single word meant to them. Ms. Klebsch then asked the members to meet in groups of two or three to discuss what they had written for about ten minutes. The final part of the exercise involved the members, one-by-one, sharing their single word answers with the rest of the committee, and placing them on the wall.

After sharing their words and seeing other members' answers, committee members were asked what they had learned from the exercise. Members noted that there were a large number of common interests and values, even though there was a large variety of backgrounds among the committee. Others noted that the exercise showed that all of the people in the room were interested in the common good, even though there were a number of opinions on the way to get to that point. Committee members said that they felt like they better understood each other and saw where each other was coming from.

CITY OF SAINT PAUL STAFF PRESENTATIONS

Melanie McMahon, Legislative Aide to Councilmember Chris Tolbert, Jessie Kingston, Director of the Human Rights and Equal Economic Opportunity Department, and Siobhan Tolar, Assistant City Attorney for the City of Saint Paul, all appeared before the committee.

Ms. McMahon began by presenting an overview of the ordinance creation process. She said that the Mayor and City Council appreciated this committee's work, and said that the City leadership wanted to hear the committee's in-depth analysis.

She explained that it takes a minimum of four weeks for an ordinance to be passed by City Council. First, a councilmember must sponsor an ordinance, with other councilmembers allowed to co-sponsor. The first reading of the ordinance is made at a City Council meeting. A second reading happens a week later. At either of the two readings, a councilmember can offer an amendment to the ordinance, and if the amendment passes a City Council vote, the amended version is the working version that is carried forward. The third reading is a publicly available hearing with public input. If there are any amendments made after the public hearing, it is possible that the ordinance might have to undergo another public hearing if there is a significant change in the amendment. The fourth reading is the final time before the council. Any time that an amendment is made, Ms. McMahon said that the new version must sit before the City Council for another week.

Once the ordinance has passed the City Council, the Mayor has five days to decide to sign the ordinance or to veto it. The City Council then has 30 days to attempt to override the veto. Ms. McMahon said that the

month-long time frame made sure that no ordinances were passed too quickly, that it gave time for the councilmembers to seriously consider ordinances.

A committee member asked for an approximate timeline for the passage of a minimum wage ordinance. Ms. McMahon said that after the Study Committee publishes its recommendations by August 31st, Ms. Hoffman from the Citizens League would brief the City Council on the recommendations, and that there would still be some time needed to consult with City attorneys and forming the ordinance. She was unable to give a specific timeline or date.

A committee member asked if the mayor could veto specific elements of an ordinance. The City of Saint Paul staff was not sure if the mayor could, but they said it was not likely³².

Co-Chair Varco asked if the third reading of an ordinance was the first time the public would be able to appear at a meeting. Ms. McMahon said that it would be.

Jessie Kingston from the Human Rights and Equal Economic Opportunity office spoke next. She outlined what her office would do when implementing an ordinance, and she used her office's experience with implementing the Earned Sick and Safe Time (ESST) ordinance as an example of what they were anticipating with a minimum wage ordinance.

Ms. Kingston said that the first step is an ordinance comparison, looking at similar ordinances from other jurisdictions around the country. Her office would look at enforcement, rules, exemptions, and would determine what was legally possible for the office to do. They would then make a list of important questions that the City would have to make decisions about. She said that some of those decisions would be influenced by the recommendations that came forward from the Study Committee's report.

The next step for the City would be determining what is needed to enforce an ordinance. Ms. Kingston said that the City is already having discussions about when and who might be hired, but that that would depend on when the ordinance is expected to become effective.

Ms. Kingston then talked about implementation. In addition to passing an ordinance, the City created an ESST website to educate employers and employees on the new ordinance. She showed the website to the committee, and highlighted its focus on in-depth rules analysis and broader education. Preparing Know Your Rights posters, FAQs, and marketing strategies were an intense work experience, but it was important to engage with the community and notify them that the new legislation is coming. Ads on light rail and at transit stops, press releases, and community radio advertisements were all used by the City of Saint Paul when implementing the ESST ordinance.

She said that working with the City of Minneapolis was important, as there were differences between the ESST ordinances in the Twin Cities.

A committee member asked if the City reached out to businesses. Jessie said they sent out a postcard to several employer databases, ones provided to the City by chambers of commerce.

Ms. Kingston said they implemented a complaint tracking database for compliance, as well as on-line and off-line ways to file complaints with the city.

Ms. Kingston showed the Study Committee the ESST Website, which included links to the direct legislation, information for employers and employees, and links to all the rules that were created. The website was also an important source of information for businesses that might not have their own HR departments, and for those that were unsure if their business was actually located in the jurisdiction and

³² Siobhan Tolar, Assistant City Attorney, confirmed via email after the meeting that the Mayor of Saint Paul does not have line veto privileges and must sign or veto an ordinance in full.

therefore covered by the ordinance. She said that this would be the model for a minimum wage ordinance website.

Ms. Kingston then talked about effective dates. She said that the Study Committee's recommendation could have an impact on the City's plan for deciding effective dates. The City included a delay for businesses to learn about the ESST ordinance and to ensure compliance. There was a 30 day comment period, which gave some citizens the chance to ask clarifying questions, which the City responded to in a detailed manner.

The original cutoff line was employers who had 24+ employees, and they went live first. Employers with 23 or fewer employees had an additional 6 months before they were required to comply with the ordinance. Ms. Kingston said that who goes live first, who is exempt, these are the kinds of questions this Study Committee could address. She said that there were differences between Minneapolis and Saint Paul on ESST, in particular defining what size businesses were covered by the ordinance. Minneapolis exempted businesses with less than 5 employees from the ordinance, while Saint Paul did not.

A committee member asked what kind of outreach had been effective in ESST, and what did they think they could have done better.

Ms. Kingston said they received a lot of feedback from the Hmong community, saying that they did not know much about the ESST ordinance. She said that it was important that the implementation and education should be culturally sensitive. The City learned to reach out on Hmong radio, which was an effective method of communicating. She said it's important to consider where these communities are getting their information from, and thinking outside the box about the way to reach them.

Ms. Kingston showed the Study Committee the ESST packet with the recommendations for enforcement from the ESST task force. She highlighted specific recommendations around size exemptions and notifications.

QUESTIONS FROM THE COMMITTEE

A committee member said that a well-intended ordinance with poor adherence will yield self-defeating outcomes. Officials from Minneapolis told the Study Committee to produce recommendations on implementation. The member asked about recommendations for effective implementation. The committee member also asked how the City measured conformity with a law, and if they use any data points.

Ms. Kingston said a budget would be needed for marketing and the City was looking at staffing options. She said that Minneapolis has a different model of enforcement than what the City of Saint Paul usually does. She said that Saint Paul focuses on education and outreach and complaint-based systems. They do not require audits or input from businesses.

A committee member asked how many investigators were added for ESST compliance. Ms. Kingston said they added one additional investigator. She said that in the beginning, most of the input they received was clarifying questions, and the City is only now beginning to receive complaints, so there hasn't been a need to add 5 or 6 additional investigators.

A committee member asked if the City had any analysis on how capable the City was at enforcing ESST, and if they had any concern about the enforcement. Ms. Kingston said that her office had not heard any serious concerns about enforcement, but asked the committee member to explain further. The member said they had heard that a complex ordinance made enforcement more difficult. Ms. Kingston replied that the type of exemptions could make things more complex, and could take more staff time, requiring a more in-depth role and greater education.

A committee member said that ESST was an additional benefit to employees, while a minimum wage ordinance would involve payroll, and was significantly more difficult. They said that a noncompliant business would put both compliant businesses and employees at a disadvantage.

Another committee member asked about small businesses without HR departments, and asked how effective the City's outreach had been to those businesses and how did size impact outreach efforts.

Ms. Kingston said that the roll-out of ESST brought a number of chambers of commerce to her office, asking her to come present to their members. She did not know how many businesses adopted the ordinance, however.

Regarding payroll, Ms. Kingston said that if the Study Committee wanted to regulate payroll, that it would not be simple, and that it would be a brand-new challenge for her office.

Co-Chair Varco asked Ms. McMahon if enforcement items with budgetary impacts can be included in an ordinance, or if that had to be included in a separate process.

Ms. Kingston said that the City of Saint Paul is already preparing a shell budget in anticipation of the minimum wage ordinance. She said that she did not know of any ordinance that comes with specific staffing requirements. The recommendation can outline what the vision of enforcement might be, but the staffing and budget will be handled by the City Council.

A committee member asked the staff about complaint-based models versus auditing styles of enforcement. While auditing would be significantly more expensive, it would be more effective.

Ms. Kingston said that complexity of legislation doesn't necessarily mean more staffing, just more time educating at roll out. She said that exceptions and complex enforcement required upfront resources, but not ongoing resources. Ms. Kingston said that the kind of complexity created by payroll monitoring would be different, and have much larger staffing requirements.

The committee member asked about the IRS model, putting the burden on the business to prove compliance instead of employees bringing complaints forward, and asked if that model was more expensive or effective.

Ms. Kingston said she had not studied whether that model would be more effective. She said that it would be a value judgment whether people believe that businesses are acting in bad faith. She said that her office had not taken that philosophy, and they have believed that businesses want to comply, and that that has driven her office to work on outreach and education. She said that Minneapolis has engaged with community organizations for outreach, but that Saint Paul has been different. She said that Saint Paul has told the community organizations to not be enforcers but to explain to their members how the law worked, and how to reach out to the City. Ms. Kingston said that most businesses have not been avoiding compliance, but have been asking about how they can comply. She said that small percentage of businesses are knowingly noncompliant, that most businesses, when educated, comply

Another committee member asked whether the City had considered on-the-ground accounting and compliance support for small businesses and nonprofits, as well as one-on-one workshops in the communities. Ms. Kingston said they had gone out and provided on-site presentations when the ESST ordinance rolled out. She said that her office was willing to do broader presentations or one-on-one conversations, whatever the businesses needed. She asked City staff in attendance at the meeting to address questions around technical support for businesses.

LyLy Vang-Yang from Mayor Carter's office said if the Study Committee felt strongly about education and technical support for businesses they should definitely include it in their recommendations. The mayor would then be able to consider it in his plans for implementing the ordinance.

Daniel Yang from Mayor Carter's office said that the mayor had already had discussions with several groups about technical support for the minimum wage ordinance, but he echoed Ms. Vang-Yang's comments, that the Study Committee's recommendations on the matter would bring more weight to the conversation.

A committee member said that there are a number of businesses and nonprofits that are afraid of talking to enforcers. The member was interested in knowing if there could be a separation of funding for outreach and enforcement. They said that they wanted the City to have strong and fully-funded enforcers, but that they hoped there could be inclusive partnerships between the City and the business community in the model. Ms. Kingston said that there are some community organizations that businesses might feel more comfortable working with, but some of those groups would lack the full expertise. She said that she did not want businesses to come to HERO only when they are in trouble. Her office had worked with Minneapolis's and the state's human rights offices to go out to businesses and explain what kinds of problems they had been seeing, as a way to encourage greater compliance without using enforcement. Ms. Kingston asked the Study Committee to provide recommendations about the roles of education and enforcement.

Co-Chair Varco said that the Study Committee could include recommendations about what is in the ordinance, but that it could also write recommendations that go directly to the mayor's office about outreach and enforcement and other non-ordinance issues.

COMMUNITY REPORTS

Co-Chair Varco asked if committee members have comments about Community Report.

A committee member highlighted comment #11, which stated that since Minnesota does not allow tip credits, that a city could not go against state law. They asked if the Study Committee was wasting time considering tip credits if it was not legally possible.

Mr. Stieber said that it is clear that a city could not allow for tip credits that go toward the state's minimum wage of \$9.65. He said it is unclear whether a tip credit can be included above that amount, and he pointed out that the Minneapolis ordinance explicitly prohibited a credit towards its own minimum wage. He said that this Study Committee would have to consider whether it could include a tip-credit for amounts above the state wage.

The committee member said that the debate over credits was not going to be resolved as it had been going for a long time. They said they are worried that the committee would be wasting its time if there was not a legal way to do this.

Ms. Klebsch said that Mr. Stieber had done research on the legality of tip-credits, but that the issue was going to be the focus of next week's committee meeting, and he could talk more about it then.

Ms. Klebsch reported that she had been in contact with the Saint Paul Saints, and that they would provide a handout to the committee next week on the franchise's position on the minimum wage. Ms. Klebsch highlighted an informational chart that was included in the Community Report. She then reviewed the remainder of the schedule for the committee, and asked committee members to direct any other voices they thought were important to include to Citizens League staff so that they could work to bring them in.

Co-Chair Varco asked staff to email the schedule to committee members.

A committee member asked about last week's Community Input Session. Ms. Klebsch said that staff was going over the raw data from that event, and that they would be sending all members a summary of the report.

Co-Chair Varco reminded committee members that next week's meeting would be back at McNeely Hall at the southwest corner of Cleveland and Summit.

Meeting adjourned at 10:29 a.m.

Ratings: 4.5, 4, 4, 3, 5, 4, 4, 4, 4, 4, 4, 4, 4, 4.5, 4. Average Rating: 4.06



MINUTES

Citizens League
Saint Paul Minimum Wage Study Committee
 Thursday, June 21, 2018, 8:30am-10:30am
 University of St. Thomas, 100 McNeely Hall
 2060 Summit Ave, St. Paul, MN 55105

Committee Members Present: Co-Chair B Kyle, Co-Chair Rick Varco, Mr. Bob Brick, Mr. Paris Dunning, 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. Oscar Murcia, Mr. Sam Peterson.

Members Not Present: Mr. Samuel Callahan, Mr. Dillon Donnelly, Ms. Veronica Mendez Moore, Ms. Kera Peterson, Ms. Pang Vang.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Snowden Stieber, Alexis Solheid.

Observers Present: LyLy Vang-Yang, Yufeng Lai, Natalia Madryga, Celeste Robinson, Yao Yang, Jeff Peterson, Colleen Nocerini, Daniel Yang, Ben Gleekel.

Proposed outcomes for this meeting

- Review study committee charge and proposed goals
- Receive follow up on research questions posed last week
- Hear perspectives from members of the restaurant industry favoring a tip credit.
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Kyle opened the seventh meeting at 8:32 a.m. She welcomed committee members and guests to the meeting. She reminded everyone to silence their phones and avoid the use of social media while the meeting is in progress.

She reviewed the proposed outcomes for the meeting (see above), and reviewed the Study Committee's charge.

DEBRIEFING

Co-Chair Kyle opened the floor to allow committee members to share their thoughts on last week's values exercise. Co-Chair Kyle began by stating that she, through talks with another committee member, had been convinced that some of her own rhetoric had been unintentionally divisive, and had reinforced the idea that there were two sides to the issue, when in fact there was a lot of complexity surrounding the minimum wage. Co-Chair Kyle thanked the committee member for the constructive comment, and she stated that she was grateful for the generous attitudes people brought to the table.

A committee member said they thought the exercise was a great demonstration of the shared values among committee members. The committee member thanked the Citizens League for arranging the exercise.

Another committee member said that they enjoyed the opportunity to meet with several members last week, and that they looked forward to the chance to meet other members at a later time.

Co-Chair Kyle encouraged the committee members to reach out, and if they so choose, meet with each other outside of the committees. She said that one-on-one meetings might be more comfortable for members, and a great way to learn more about each other.

A committee member said they enjoyed the exercise, and they wanted to further discuss with members about how they felt about all the information the committee members had been exposed to. They were unsure about when, in the process, there would be more time to further discuss the issues. The member also said that last week's meeting made them feel like the City of Saint Paul was not prepared for implementation. The member said that the Minneapolis attorneys told the committee that they had wished for more staff and resources for the implementation of their ordinance, but the staff from the City of Saint Paul did not seem aware that differences in staffing would be necessary for their own ordinance. The member wondered if other committee members felt similarly.

A committee member agreed, and said they thought the City had more work to do on getting ready for implementing the ordinance. The committee member felt that the complexity of enforcement was so great, that it might muddle the work of this committee in coming up with recommendations. The member wondered if this committee should focus on recommendations and then emphasize to the City of Saint Paul that implementation would be very important. The committee member also said that implementation might require a separate committee to address the issue.

A committee member said that the talks with Minneapolis attorneys had shown that they needed more staff and financial support for implementation than the City had anticipated. The member said that the same issue had arisen in Seattle, and that the City of Saint Paul should consider the financial consequences of a wage ordinance.

Another committee member said they felt frustrated that the Study Committee had focused on what the problems were, instead of what solutions are available. The committee member said they looked forward to the group shifting towards solutions, and that the member had a number of recommendations they hoped the committee would come together to support, in particular around issues of funding, staffing, outreach, technical assistance, and implementation. The member said they hoped the committee would take these matters up.

Ms. Klebsch said that she heard the committee members' wishes for more time to discuss issues with each other. She said the challenge was to pack all the administrative matters, the updates, and the expert panels into the two hours for each meeting. Ms. Klebsch said staff was having internal talks about how to incorporate five to ten more minutes of discussions in future meetings. She said that one of the upcoming meetings in July was being completely set aside to allow committee members to talk about what they had learned over the information sessions, and that meeting would be a good opportunity to start talking about solutions. She also said that staff would begin to track points where there was agreement among members, and that staff would publish those common ground points to guide the committee members as they craft their recommendations.

Ms. Klebsch reminded the committee that there were differences between how Minneapolis and Saint Paul approached the business community. Minneapolis has more oversight, while Saint Paul is more centered on education and outreach. She acknowledged that some committee members had concerns about complaint-based enforcement mechanisms.

A committee member asked the staff for a project plan to help members who are on their first Study Committee understand when the members would begin to converge on solutions. They appreciated that the Citizens League gave the members an opportunity to learn before beginning the recommendations, but that knowing when the discussions around solutions were scheduled would help people during the learning phase.

Ms. Hoffman offered to explain the arc of the process at next week's meeting. She said that, since it is hard to learn and defend at the same time, the discovery phase was all about gathering information. She said that the development phase was coming up quickly, which was when discussions, debates, and votes would occur.

Co-Chair Varco said that he thought there were less questions about the arc of the process, and more questions about what structures and procedures would be used on points of disagreement.

Ms. Hoffman said that she could use an example of a past project from the Citizens League to show what the development phase would look like, and show what tools and exercises the committee would use to create their recommendations.

A committee member reminded the committee that if a consensus was not reached, the committee could publish a majority report and a minority report to ensure all voices are represented.

Co-Chair Kyle encouraged each committee member to start putting together their own data and information related to their expertise and experiences, so that when the development phase begins, members will be prepared to share what they have been thinking. She asked if there were any proposed amendments to the minutes. A committee member offered an amendment on page 7. They had remembered that staff from the City of Saint Paul had said that exceptions and complex enforcement required upfront resources, not ongoing resources. Motion was made to approve the amended minutes, and seconded. Minutes approved.

PANEL

Co-Chair Kyle welcomed the panel of restaurant industry representatives in favor of a tip credit—Jeff Crandall, bartender at Eagle Street Grille; Robert Crew, director of food and beverage at Commonwealth Properties; Torrance Beavers, executive chef at Brunson's Pub; Jamie Robinson, owner and president of Northbound Smokehouse and Pub; and Jennifer Schellenberg, server at Northbound.

Ms. Schellenberg opened by saying that her normal presentation was usually about 2 hours, but she had trimmed it down to about 15 to 20 minutes for the meeting. She pointed out to the committee that she had included a large amount of additional info in the packets.

Ms. Schellenberg is the president of the Restaurant Workers of America. She said that she has been a tipped worker for 17 years, and she has always believed that back of the house workers deserved higher wages than front of the house workers. When Minneapolis's \$15 minimum wage movement was taking off, she said she got involved in the mission of RWA to help save the tip credits. The mission of RWA is to preserve and protect the freedom and flexibility of tipped income and jobs in the restaurant community.

Ms. Schellenberg addressed two of the previously mentioned concerns of the committee: reducing disparities, and providing a minimum standard of living without needing public assistance. She said that the purpose of the group assembled for today's meeting was to focus on the full service restaurant community. She asked the committee to consider where disparities were in the full service restaurants, and consider who in that community was not reaching a minimal standard of living. She presented different models of the minimum wage: a prevailing minimum wage without any credits or tiers, a minimum wage with a standard tip credit, and a tip credit with a superwage, or a guaranteed wage. Ms. Schellenberg said that the superwage was an attempt to bring nuance to the tip credit discussion, that

there were many workers in non-full service restaurants who were concerned that a tip credit did not work for them.

The superwage would essentially require a tipped worker to earn a certain amount in tips before they qualified for the tip credit. She said the worker would be guaranteed to make X amount in tips before the lower tipped wage would apply to them. Ms. Schellenberg suggested that deciding a superwage based on percentages of the full minimum wage would be the most thoughtful design.

A committee member asked Ms. Schellenberg for an example. She said that a barista that earned \$3/hour in tips, when added to a \$9.65 state minimum wage, would not meet the \$15/hour municipal minimum wage requirement. Therefore the barista would be paid \$15/hour, and be allowed to keep the tips.

Another committee member asked if the super wage would be difficult for the restaurants to track. Ms. Schellenberg said that the computers and payroll software used in full-service restaurants are were equipped to handle the issue. She said that there might be 1% of restaurants for whom the superwage would be difficult, but that the vast majority of restaurants were capable of implementing the superwage.

Co-Chair Kyle said that committee members should feel free to ask clarifying questions, but that any questions that were more challenging or debate-oriented should be held until the Q & A at the end.

A committee member asked for Ms. Schellenberg to explain again how a superwage works. Ms. Schellenberg said the superwage was designed for tipped workers who did not make as much in tips as others did and who worry that the tip credit would ensure the worker never makes more than \$15/hour. The superwage would ensure workers who make lower amounts of tips do not have the tips absorbed into their wage. She said that a worker who earned \$10/hour in tips would make more than the superwage, so they would be paid the \$9.65 minimum wage and receive a tip credit. A worker who earned \$3/hour in tips would not make more than the superwage, and therefore receive the full \$15/hour minimum wage and also retain their tips. Therefore a worker is not penalized for making lower tips.

A committee member asked if the superwage was supported by restaurant owners. Ms. Schellenberg said she had not heard any complaints from restaurant owners about the superwage, and had not heard any concerns about complexity.

Another committee member asked Ms. Schellenberg how someone who was paid \$9.65/hour and made \$25/hour in tips would be treated. The member also asked how the superwage would treat cash tips that were not registered in the computer system. She said the worker making \$25/hour in tips would qualify for the tiered wage, and she said that unreported cash tips are a violation of the law and would not be counted, which is a problem under any wage system.

A committee member asked how the tip credits would be calculated, whether it would be by the hour or another unit of time. Ms. Schellenberg said that the tip credit is usually calculated per hour over a pay period, but that other methods of calculation could be used.

A committee member asked if Ms. Schellenberg had read any studies on disparities among tipped workers based on gender or race. She said that she had read studies on both sides of the issue, that some reported people of color and women made less in a tipped model, and other reports suggesting that women make more in a tipped system. In her personal experience, Ms. Schellenberg had not seen vast disparities among tipped workers, but she had seen vast disparities between back of the house and front of the house workers.

Ms. Schellenberg heavily emphasized that a tip credit guarantees all workers receive the minimum wage at all times. She said the tip credit therefore answered the committee's aforementioned concern that disparities between workers be addressed. She then briefly presented slides about the federal Fair Labor Standards Act, and pointed out that tipped workers do not get a tip credit when they are performing jobs that are not eligible for tips.

Ms. Schellenberg then highlighted that there are differences between service fees and tips. By law, a service charge does not belong to a worker, but must first go to the owner. She then mentioned worker protections, but said that there was more information about the matter in the included materials in the members' packets.

Ms. Schellenberg reviewed the different ways that people think about the tip. She emphasized that the discussion today was around full-service tip workers, and that it was important to distinguish between full service, counter/quick service, and fast food restaurants. A full service restaurant involves a server who comes to the customer, takes their order, and delivers the food, and then the customer pays before leaving. A quick service restaurant is one where the customer goes to a counter to order the food, and pays before receiving the meal.

A committee member pointed out that counter service models generally require less staffing than a full service model. Ms. Schellenberg agreed, and said that full service models offer more jobs and more money, while quick service jobs offer less jobs which pay less.

She said that a common misconception about tips is that, for full-service workers, tips are only a part of their income. She said, for full service workers, tips are their income, and that many times her own actual paychecks are zero dollars. Ms. Schellenberg said that there is a symbiotic relationship between low menu prices, low wages, and tip culture, where each depends on the other. If one part of the trifecta is thrown off, like mandating higher wages, the other two will be affected as well.

Ms. Schellenberg explained that her paychecks are often zero dollars because the taxes on her reported income are taken out of her hourly wage, which enables her to retain all of her tips at the end of each night.

A committee member pointed out that the employer also pays taxes on the tips that the employee receives.

Ms. Schellenberg highlighted unintended consequences of a flat wage, including restaurants moving to no-tip and service fee models. The service fee is redistributed to the servers based on a predetermined arrangement, which has led to some servers seeing their income be cut in half. She said that when tipping is taken out of the equation, the most lucrative part of a front of house worker's earnings is removed.

A committee member asked Ms. Schellenberg if the service charge redistribution was a choice made by employers or if it was required by law. Ms. Schellenberg said that the owners had to figure out how to spread the increased cost between menu prices and wages, and putting the cost of the increase on the customer's end would lead to fewer visits to the restaurant. The committee member said that it sounds like the service fee is a choice, that it is not mandated by the law. Ms. Schellenberg said the law will never mandate taking away tips, but that she was focused on the cultural and structural changes that occur when labor costs are forced to increase. She said that not every restaurant will respond in the same way, but that they would all be forced to change, and that none of the changes would positively impact the worker.

Ms. Schellenberg then discussed other trends, including restaurant closings and automation. She said that, because of a higher wage, several Minneapolis full service restaurants are closing and quick service restaurants are taking their place. She said that the quick service restaurants both pay less and use less employees on a store-by-store comparison. Ms. Schellenberg said that automation was definitely coming to the restaurant industry as a response to higher wages, but the higher required wage is an incentive for employers to more quickly move to automation.

She said that tipped workers enjoy greater accessibility to high wage jobs. In other industries, workers have to wait for management to evaluate their work and give the workers raises, while full-service restaurant workers can immediately be rewarded for their hard work. Ms. Schellenberg said that, if there

is a flat hourly wage, tipped workers will be at the mercy of their bosses to receive increases in their income. She cited a study showing 97% of surveyed workers in full-service restaurants said that they preferred tips to a flat wage.

A committee member asked how the question had been phrased in the survey. Ms. Schellenberg said the survey was included in the informational packet. Ms. Klebsch clarified to the committee members that much of the data Jennifer was referencing in her presentation was included in the members' packets, along with additional resources.

Ms. Schellenberg discussed ways to ensure that tipped workers weren't left behind as the minimum wage rose, and then focused on the claim of sexual harassment being more prevalent among tipped employees. She said that it originated with an activist from the Restaurant Opportunities Center who used a skewed survey method to claim that workers in states without tip credits experience 50% less sexual harassment. Ms. Schellenberg said that the sampling method of that survey was biased and questionable and it did not accurately represent the industry. She referenced EEOC data which showed that, over the past 20 years, the restaurant industry was responsible for 5.9% of all sexual harassment claims. Ms. Schellenberg said it was irresponsible for someone to suggest that changing how she got paid would affect how people interacted with her. She said that she experienced sexual harassment everywhere she went, but at work she had recourse. She pointed out additional EEOC data that showed tipped workers in New York (a state with a tip credit) reported half the sexual harassment of workers in California (a state without a tip credit).

Ms. Schellenberg then addressed the concern that a tip credit could create more opportunities for wage theft. She said it was a valid concern, that she had been a victim of wage theft, and that the best way to address the matter would be through improved enforcement.

Ms. Schellenberg suggested that the City of Saint Paul consider an opt-in model for tip credits, where restaurants would apply for the opportunity to use a tip credit. She said that such an arrangement would let the City take away the tip credit from noncompliant restaurant owners or from owners that were skimming wages. Such an opt-in model could also create an opportunity for the city to gain revenue through the application process.

In regards to the claim that restaurant owners can afford to take a pay cut, Ms. Schellenberg said that full service restaurants ran on a model of 2-6% profit margins, which means that they could not handle a 55% increase in labor costs. She included a performance sheet from a successful local restaurant in the committee members' packets, which showed that it had earned ~2% profit margins last year.

Co-Chair Kyle told the panel that the committee was looking forward to hearing from the other panel members, who were other tipped workers in the restaurant industry. Panel member who had not yet spoken said they were prepared for a question-and-answer session, but that they were happy to let Ms. Schellenberg finish her presentation.

Ms. Schellenberg then addressed the claim that Minnesota's one wage had not hurt the local restaurant community over the past 34 years. She stated there was already a functional tiered system, including wages for youth workers and workers in training. She also pointed out that Minnesota had fewer restaurants per capita than any of the surrounding states. Ms. Schellenberg said that if the City of Saint Paul allowed for a tip credit, its tipped workers would have the highest tipped wage in the country, which would make it a progressive example to other cities.

A committee member said they were not sure that the City of Saint Paul would be able to create a tip-tiered system, given state law. Ms. Schellenberg said that a tipped worker in Saint Paul could still remain in compliance with the rising state minimum wage while allowing for a tip credit for the remaining part of the wage.

Ms. Schellenberg cautioned the committee to be wary of data that comes from activists at the Restaurant Opportunities Center, One Fair Wage, or the UC Berkeley Food & Labor Research Department. She provided quotes from activists, included in the committee members' packets. She said that the activists' goal was to get rid of tipping altogether. Ms. Schellenberg also said that the Bureau of Labor Statistics did not have accurate information as it relates to servers or bartenders, given a flaw in the sampling model.

Ms. Schellenberg closed by highlighting that the issue of tip credits enjoys bipartisan support across the country. She closed with the phrase, "First, we should do no harm." She said she believed that it was possible to raise the wages of those who need it in the back of the house, but to do so with nuance.

Mr. Robinson introduced himself. He emphasized the greater nuance that is provided for by tipping, that it is an alternative compensation model that is more lucrative than a base wage model. He clarified the idea of a super wage: in order for an employer to take advantage of a tip credit, the worker must already be earning a predetermined amount of tips.

A committee member said they were still confused, and that the description made it sound like the wage was being simultaneously controlled by both the worker and the owner. Ms. Schellenberg said that the worker still controlled the money, it just allowed the owner to take a credit. Mr. Robinson said that a tip credit allowed for owners to count the worker's tips toward the obligation to provide a minimum wage.

Mr. Crandall said that he had worked as a bartender for his whole life, and that he fully supported a lower wage for tipped workers. He said the last time the minimum wage was increased, he said "I don't need this raise," that he gets paid far more than anyone in the house because of his tips. He said he is willing to take less money from his employer if it means the doors stay open and he will have a job.

Mr. Crandall said that it would take more than three counter-service restaurants to replace the jobs lost from one full-service restaurant.

Several committee members expressed continuing confusion over the discussion of a superwage. Co-Chair Varco suggested, in the interest of time, that other topics be discussed. Ms. Hoffman said the Citizens League would work with Ms. Schellenberg to create some documents to clarify the issue for committee members.

Mr. Crandall said that 86% of the US already has a tip credit, and that the concerns about implementation and complexity were misplaced. He said that restaurant owners were willing to take on that burden if they were given the opportunity.

Mr. Robinson outlined the ways that his restaurant had responded to the last state-wide minimum wage increase. He said that the only workers in his restaurant who earned the minimum wage were servers, who already earned an average of \$21/hour in tips. The state increase in the minimum wage required his restaurant to raise menu prices by 33% over a period of three years. He said that for every 1% increase in price, he loses 2.3% in volume of purchases, which resulted in a \$15,000 decrease in net profits, which he mitigated by getting rid of a staff party and a few other amenities.

Mr. Robinson said that in 2014, his cooks were averaging around \$11/hour, while servers were averaging \$24/hour including tips. When the state minimum wage was implemented, cooks then earned \$12.65/hour, while workers have gone up to \$30.72/hour.

A committee member said they would like to hear from the chef, Mr. Beavers. He said that there had always been a disparity between the back of the house and the front of the house. He said, since there was only a limited amount of revenue, the tip credits would allow the back of the house to receive raises. He said if the minimum wage went up, he would be forced cut labor and work more hours himself, and that restaurants across the board would do the same.

Mr. Crandall said he has been in the restaurant industry for 20 years, in a number of positions. He observed that the full-service tipped employees were a unique voice in the minimum wage conversation, since they were the only ones asking to *not* have their wages raised. He said that forcing his wage to be raised would take money away from people who don't work for tips. Mr. Crandall said that he preferred the tipped income because it gave him the flexibility to pursue other endeavors, like a music career and education. He said that tip culture created a closeness between him and his co-workers, and that the tips were a big part of what drew them altogether.

Mr. Crew said that in the full-service restaurant model, profit margins are extremely thin, averaging between 2-8%. This slim margin, he said, was why many restaurants end up failing. He gave an overview of a restaurant's budget—it is divided between cost of goods, operating expenses, and labor costs. He said that restaurant owners have always wanted a tip credit, because tipped employees are not minimum wage employees. Mr. Crew said from a labor management perspective, tipped employees have historically not been a big concern, since their wages were such a small percent of the labor budget. He said that no one in his restaurant earned a minimum wage except for the tipped employees.

Mr. Crew reviewed the rise in labor costs in his restaurant. In 2010, total labor cost was 35%, and by 2015 it had risen to 38%. In 2017, the labor cost had risen to 41%. These rises in costs had reduced net profit to 1-2%. He said that a full-service restaurant cannot pay its tipped employees \$15/hour, that it would cause such a large rise in menu prices that customers would stop coming. Mr. Crew said that the number of full-service restaurants that had already closed in Saint Paul was a sign of what will happen in the future. He said that the tip credit would enable restaurants to remain open and viable.

A committee member asked the panel if they knew of any full-service restaurants in the Twin Cities that did not adequately pay their tipped workers. Ms. Schellenberg said that the City of Minneapolis had a survey³³ of 100 restaurants that showed the average tipped employee made \$28.56/hour, and that there were no restaurants in the survey where a tipped employee made less than \$20/hour with tips. Mr. Crew said that at his restaurant, the lowest paid server averages \$28/hour. Ms. Schellenberg said that restaurants adjust staffing so that workers take home a decent amount of money. Mr. Robinson reiterated that the tip credit ensured that every employee makes at least the minimum wage.

A committee member expressed concern that the superwage would encourage some people to manipulate the system so that they stay just below the cutoff, which would ensure they get both the tips and the full \$15/hour wage without a credit. Ms. Schellenberg said that compliance and enforcement would always be a concern, and that it won't be solved by any wage system. The committee member said that the superwage seemed to have a large amount of potential loopholes, since a server distributes a part of their tips to the support staff in cash. Mr. Crew said that 95% of all transactions at his restaurant are done by credit cards, so cash tips are usually not claimed, but make up a small percentage of the total tips. All credit card tips must be claimed, he said, and the systems that are already in place are capable of tracking tips for employees. He said that there are many more complex burdens for a restaurant owner than tracking tips, and that there were no loopholes or complications about tip credits.

Mr. Crandall said that more restaurants were distributing tips to employees through their paychecks, which meant that if a person wanted to tip-out other support staff, it had to be done through a computer system that would track all of the money and create a paper trail.

The committee member asked if any other state has implemented a superwage. Ms. Schellenberg said there are none.

Another committee member asked the panel how full-service restaurant workers and patrons would be impacted if a tip credit was not included in a minimum wage ordinance. Mr. Robinson said that for his

³³ This survey was discussed at the first Study Committee meeting on May 10, 2018. Discussion on the survey can be found in the meeting minutes, beginning with the last paragraph on page 13.

restaurant in Minneapolis, they were beginning to charge credit card fees to servers in order to process credit card tips. He had also cut 2,000 hours out of the labor schedule for his kitchen. Mr. Robinson said that at a certain point customers would not be willing to pay the higher prices that will be required by a higher minimum wage. He said that he had a plan to prepare for the higher minimum wage: he had paid down some of his debt in order to absorb some of the increases, but in 2021 he was planning on switching to a no-tipping model with a 20% service fee. At that point, Mr. Robinson said, he would pay his servers a flat \$18/hour wage, and distribute the rest of the service fee to the back of the house and support staff. He would also include a 50% paid health insurance for employees, which would make the servers' effective compensation be \$23/hour, which is a reduction from their current compensation of \$31/hour.

A committee member asked the panel to elaborate more on the disparity between back of house and front of house employees. Mr. Beavers said that in general, back of house employees make substantially less than front of house, but management does the best they can to give them a living wage. Ms. Schellenberg said that, while the state of Minnesota does not allow tip pooling, her restaurant and many others have taken on a tip culture that lets the front of house employees share tips with the back of house employees, and that this allows back of house make around \$20/hour. The committee member asked if the superwage would apply to back of house employees. Ms. Schellenberg said that front of the house employees are the ones that claim tips, so the superwage would only apply to them. The committee member asked if there was any interest in extending the superwage to back of the house employees to ensure they receive the proposed \$19/hour. Mr. Crandall said that front of house employees wanted their support staff to receive as high a wage as could be afforded.

A committee member observed that it was unlikely that women in California are harassed twice as much as women in New York. They said that the statistic showing New York reported half as many sexual harassment claims as California was an issue of reporting harassment, rather than harassment existing in smaller amounts. The committee member said that a New York worker making a subminimum wage would not feel comfortable reporting harassment because they would lose the opportunity to receive a tip, while a California worker would report the harassment because they were assured they would still get paid a wage. They said the fact that New York reports less harassment than California supports the idea that a subminimum wage encourages women to report less harassment.

Ms. Schellenberg said that, in general, reporting sexual harassment was not a common practice, and that the data from the Restaurant Opportunities Center surrounding sexual harassment suggests that the majority of harassment comes from co-workers, not the client. The committee member expressed disbelief at the idea that women in California are harassed more than women in New York. Ms. Schellenberg said that suggestion was very speculative. The committee member said that it wasn't speculative, and that women are harassed everywhere, and harassed a lot. They said if there was a discrepancy in the data, then that suggested the data was likely skewed.

A committee member noted that the Citizens League had provided members with a summary of minimum wage laws in 51 jurisdictions, and the issue of tip credits was split almost evenly between those that include a tip credit and those that did not. They said that the community input the committee had received was also evenly split, with messages both in support and against a tip credit. The committee member asked the panel why there was such a split, given the passion with which the panel members spoke about the issue. Mr. Robinson said that the difference between full-service restaurant and other models was large, and that the voices opposing the tip credit were likely not people in the full-service industry. Ms. Schellenberg encouraged committee members to ask their servers and bartenders about the tip credit when they go out to eat.

Mr. Crandall said that the full-service industry is not divided. He said that the ROC and 15 Now campaigns were being paid to advocate against the tip credit, and that the supporters of a tip credit were people working in the industry. He said that the term "tip penalty" does not exist in any legal documents.

Ms. Schellenberg said there were only 7 states that did not have a tip credit. She said that there was a split between states that had a \$2.13/hour tipped wage, and those with higher tipped wages. She said the Restaurant Workers of America were going to push for higher tipped wages in the states with a \$2.13/hour wage.

Ms. Klebsch reminded the committee that next week's panel would consist of workers, and that the following week would be a panel of people who oppose the tip adjustment. She also reminded the members that the committee included people on both sides of the issue, and she encouraged members to review the bio sheets and to reach out to those advocates on both sides if the members wished to learn more about the matter.

A committee member said, as a restaurant owner, they did not want a service fee model. They said that having the money run through the owner first is an opportunity for wage theft for bad owners, and it can prevent a good employee from receiving the wage they deserve. A tipped system gives the money to the employees who deserve the money and who work hard and represent the restaurant to customers. The committee member said they did not think it was right for the tips to be redirected away from the employees who earned them. They said in their own restaurants every week at least one or two employees would ask for a raise, and since there was a restaurant labor shortage, the member was obligated to give the raises. The committee member said that the natural economic forces were driving up the back of the house wages, and a service fee would disrupt this.

Mr. Crandall said that restaurants in Western states without a tip credit were using a service fee as one response to minimum wage ordinances, but other restaurants were moving to iPads and quick-service models. He said all of the ways that restaurants had responded meant less jobs with less hours for employees.

A committee member asked the panel if they thought that the tip model was the best model for restaurants, and if it wasn't, what other models were available.

Mr. Robinson said that in his restaurant, customers do not want to pay him more money, and that they would prefer to directly pay the server themselves. Even if the aggregate price remains the same, he said, the customer would prefer to give the money to the server instead of give it to him so that he can give it to the server. The committee member asked how Mr. Robinson knew this was the case. Mr. Robinson said he had seen less business as he raised his prices.

Ms. Schellenberg said that, without tipping, a full-service restaurant will never be able to pay the servers the amount of money they currently make.

Co-Chair Kyle thanked the panelists for giving the committee their time and their knowledge.

Mr. Stieber clarified the laws around a possible tip credit. He said that the City of Minneapolis explicitly prohibited a tip credit in their minimum wage ordinance, which indicated that it was a legal possibility. He said that he had talked with officials from the City of Saint Paul about the matter, however, and they encouraged the committee to not worry about the legal ramifications, but to focus on their recommendations and their perspectives as citizens.

Ms. Klebsch said that they would send out a survey to committee members in the following week, gauging whether the committee wished to have a future meeting centered on housing issues. She also reminded the members that there will be times when the process is messy, and she encouraged members to be patient.

Co-Chair Kyle closed the meeting at 10:33.

Ratings: 4, 2.5, 2, 4, 4, 2, 3, 4, 3.5, 3.5, 4, 4, 3, 4, 5, 2. Average = 3.4



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, June 28, 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, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Ms. Mary Hicks, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez Moore, Mr. Oscar Murcia, Mr. Sam Peterson.

Members Not Present: Mr. Barry Gisser, Mr. Doug Hennes, Ms. Sarah Kopp-Reddy, Ms. Kera Peterson, Ms. Pang Vang.

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

Observers Present: LyLy Vang-Yang, Melanie McMahon, Owyn Ferguson, Natalia Madryga, Celeste Robinson, Yingya Vang, Jennifer Schellenberg, Yao Yang, Jeff Peterson, Colleen Nocerini, Kip Hedges, 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 perspective from a panel of hourly workers.
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Varco opened the meeting at 8:31 a.m. He welcomed all committee members, panelists, and guests to the meeting, and reminded everyone to avoid the use of social media during the meeting. He reviewed proposed outcomes (see above). Co-Chair Varco then reviewed the charge of the committee, and then presented the minutes of last week's meeting. There were no proposed amendments. There was a motion to approve the minutes as read, and seconded. Motion passes.

REVIEW OF PROCESS

Ms. Hoffman gave a presentation on how the committee will begin transitioning to the development phase. She emphasized that each study committee has a different makeup and a different process, but she would show the committee members a previous Citizens League report, on reforms to the Metropolitan Council, as an example of what is possible. Each report would be defined by the scope of work, which in this committee involves the 4 charges given to it by the City of Saint Paul surrounding the minimum wage. The report would define terms and provide findings and conclusions. Ms. Hoffman said it

was the responsibility of the Citizens League staff to compile all the notes and observations made during the learning phase and to present them back to the committee members.

Ms. Hoffman then showed the committee the executive summary from another Citizens League report that focused on transit finance. The summary included two statements of problems that 100% of the committee agreed with. She said that, while committee members might hold different opinions on what the final minimum wage ordinance should be, she thought that every member was in agreement that the minimum wage has not kept up with the cost of living. Ms. Hoffman also said that the final report could take one of many different formats: some have had a majority-minority report, while others might present a menu of options to give to the mayor and the City Council. She said that the current minimum wage committee might present a variety of scenarios, each with their own set of recommendations, and that she had told the Mayor and City Council that this might happen. Ms. Hoffman said that the members should not feel the pressure to ensure that everyone is in agreement, that a final report can reflect a diversity of opinions.

DEBRIEF

Co-Chair Varco asked committee members to share their thoughts or comments on last week's meeting.

A committee member said they left last week's meeting feeling frustrated that they did not get the chance to gather the information they needed for the committee to accomplish its goals. They felt that active listening was not happening. The panel was there to share their experiences, but too often they ended up in arguments with the members. The panel, therefore, did not have adequate time to discuss their plans and worries for when the minimum wage ordinance is implemented. Additionally, there had been questions that weren't questions, but rather statements in support of the panel. The committee member said they thought the committee was still in the learning and listening phase, and that later in the process would be the time for members to express support and opinions. They also noted that the panel was allowed to talk longer than their allotted time, that the panel members seemed determined to give a presentation in a certain format rather than respond to the committee and its warnings about time limits. The committee member said, in their own conversations with fellow business owners, it took a while to get to the root of their fears and worries, and that last week's meeting did not get to those level of conversations. They said they did not want future panels to run into the same problems as last week's.

Another committee member said that last week, Mr. Robinson from the Smokehouse did describe the future plan for his restaurant, including going to counter service or installing a service fee. The member also said that Mr. Crew from W.A. Frost talked about the shrinking margins and loss of hours for back of the house workers at his establishments. The committee member said that in their own restaurant, they were cutting an hour off the end of the day for three workers as Minneapolis's higher wage began to kick in this July. They said that last week's panel got slowed by a number of questions that made tip credits seem unnecessarily complicated, when in reality restaurants can easily handle the system. They also said that the issue of tip credits is such a hot-button issue, that people tend to get off base very quickly. The member said that the proposal to extend conversations a half-hour would have been especially useful for last week's panel.

A committee member said that they agreed with the first committee member's comments. They said the members need to remember their roles as listeners at this point in the process, and that the time for making a case will come later.

Another committee member said they were frustrated that last week's meeting went over time, which in turn meant that the members weren't able to hear from each other. They were excited to have 30 extra minutes to discuss issues with fellow committee members, not to have longer presentations from panels.

A committee member, as the owner of two restaurants, said they understand the anxieties of restaurant owners. The member said they felt there were some inaccuracies in last week's presentation. Several

panelists mentioned price increases ranging from 33% to 50% for various food items. The committee member said in their own restaurant they raised their prices about 3% when the state minimum wage went from \$7.25 to \$9.50 per hour. The member said, in order to get their servers from \$9.50 to \$15 per hour, they planned on increases of 1% or 2% per year, for a total increase of about 7% over 5 years. Overall, the member said they are anticipating a 10% increase in prices. They also expressed skepticism at the counter service claim of some panelists. The committee member said if they could make more money in their restaurants by switching to a counter service model with less staff, they would not wait until 2021 to do it, they would do it tomorrow. The committee member also said they were not cutting any hours in their Minneapolis restaurant, but in fact were adding more staff, with an additional prep cook and chef.

Co-Chair Varco said that he and Co-Chair Kyle were still in discussions on how to better format and guide panel discussions at future meetings to ensure that there was adequate time for committee members to talk about the issues with each other.

PRESENTATIONS

Mr. Durfee presented his research on industry breakdowns of wages in Saint Paul: who earns \$15, who pays \$15 by size of employer, and who pays \$15 by industry. He explained the new sources from the MN Department of Employment and Economic Development that gave him unemployment insurance data for Saint Paul. While the data would not include workers like contractors or self-employed attorneys, over 90% of jobs are covered, and the data would focus on Saint Paul specifically, not Ramsey County at large. Mr. Durfee said that the pay he's referencing in the presentation includes tips. He said that this data would be the best that he could get his hands on, and that he trusts this data more than any other source he had seen.

Mr. Durfee presented information on who earns \$15/hour. He reminded the committee that firms earning over \$500,000 per year had a minimum wage of \$9.65 and firms earning under \$500,000 had a minimum wage of \$7.87. He said that most jobs in MN paid over \$15/hour, but many workers earned between the minimum wage and \$15/hour. Mr. Durfee said that Saint Paul had more jobs under \$15/hour than Minneapolis, and fewer jobs above \$15/hour than Minneapolis, and therefore a greater share of jobs would be affected by a \$15 wage in Saint Paul than in Minneapolis.

A committee member asked if these numbers reflected both vacant jobs and filled jobs. Mr. Durfee said the data only related to filled jobs. He said that he was still working on the job vacancy survey, which would show the profiles of vacant jobs.

Co-Chair Varco asked if it was possible to breakdown the group of jobs paying between the minimum wage and \$15/hour, which would help inform any phase-in for an ordinance. Mr. Durfee said he had not received that data from DEED, but that he would ask for it.

Mr. Durfee presented a breakdown of \$15+/hour jobs based on the size of employers. He said that, in general, \$15+/hour jobs tended to be at large firms (100+ jobs). He said that subminimum wage jobs tended to be with small firms. He said that a flat \$15/hour minimum wage would require greater catch-up for small firms.

A committee member asked how franchises are categorized. Mr. Durfee said that firm size was determined by the number of jobs at each location.

Co-Chair Varco said that the upshot of franchising is that, even though there are 30 or 40 McDonalds around the city, each one would qualify as a small employer because they have less than 100 workers. Mr. Durfee said he would double-check, but he believed that was the case.

Mr. Durfee then presented a breakdown of \$15/hour jobs by industry. He said that he included in his presentation the seven industries that form the largest share of the labor market for both jobs above and

below \$15/hour. He said one immediate takeaway was that for workers on either side of \$15, the health industry and social services are a large part of the story, that they are a large portion of the labor market however it is sliced.

Mr. Durfee clarified that the category of “administration and waste” included a variety of jobs, but that it was largely janitors and sanitation workers.

Co-Chair Kyle asked if the breakdown by industry had also included a further breakdown by firms with over or under 100 jobs. Mr. Durfee said he was not able to make size distinctions in his industry breakdown, but that he was looking at further data. Co-Chair Kyle asked for Mr. Durfee to try to make that breakdown if it was possible, and report back on the findings, or report back that he was unable to do it. Mr. Durfee said he would.

A committee member said that the categories of education services, health care, and arts/entertainment/recreation, are all likely covering the nonprofit sector, which make up 24% of jobs in Saint Paul. Co-Chair Kyle asked the committee member if Mr. Durfee’s data was a sufficient representation of the nonprofit sector, and the committee member said that it was.

A committee member asked for a clarification on reading the charts. Mr. Durfee said that he included a raw head count in the report which might be easier for some people to read. He also reiterated that, overall, more jobs paid over \$15/hour, so they would represent a larger portion of most industries.

Another committee member asked if Mr. Durfee had yet made a breakdown on race. Mr. Durfee said that the current data did not allow him to do that, but that he would be looking into the American Community Survey and that he was planning on presenting data on race at a later meeting.

PANEL

Co-Chair Varco outlined the structure of the panel and how the process would work. He said there will be 30 minutes with the panel giving testimony, which includes time for brief clarifying questions. After that, there will be a Q & A period, which will allow for open-ended or more pointed questions. Finally, there will be a 30 minute period for discussion between committee members. He also reiterated that it was important to assume everyone was engaging with good faith, and that everyone was bringing their best efforts to the table.

Ms. Antonia Sanchez introduced herself. She lives in Saint Paul and has been cleaning for 14 years. She has 10 years with the same company, and she gets no benefits. She does not qualify for Earned Sick and Safe Time because the company is based in Texas. She did not want the same problem to happen with a minimum wage. She said that there were a number of Hispanic workers at her job, and that they were all paid low wages and among the hardest workers. Ms. Sanchez said that many of her co-workers did not attend these meetings because they did not know about CTUL. She said that she hoped that the committee would hear their voices and that if it was in the committee’s hands, she asked them to help pass the \$15/hour ordinance. She thanked the committee for listening to her.

Mr. Marquise Tatum introduced himself. He is 16 years old, attends high school on the east side of Saint Paul, and he lives at home with his mother and one of his brothers. He said that poverty is about not being able to survive. He said that many times he would have to go to sleep in order to ignore his hunger. He said he did not think there should even be a conversation about poverty and that everybody should be on the side of fighting poverty. Mr. Tatum said that 40% of Saint Paul is living in poverty, and that you could not fight poverty by adding more jobs at poverty wages. He said that \$10/hour simply could not address a person’s needs. He did not think there was a need for any carve-outs, even for teen workers. He asked if teens are the future, why would we keep the future broke. He said that people who earn six-figures but opposed a higher minimum wage were very frustrating to him.

Ms. Shirley Henderson, a small business owner from Seattle spoke. She said that she came from Seattle to the panel because she had been part of the fight for \$15 in both in Seattle and Minneapolis, and she wanted to help explain the process. She said that Seattle and the Twin Cities were similar because they both housed some of the wealthiest corporations in the world. She said that wealth inequality is rampant in both cities. Shirley said her small business pays its employees \$15/hour today, even though there is a phase-in. She said, for a small business, the first interest is in having a vibrant community. Without a healthy community, the small business will not survive. She said she was here to debunk the fear mongering around higher minimum wages, which she felt had always been proven wrong by history.

Shirley said that she had built a \$15/hour wage into her model when opening her small business. She said that while some owners would react strongly to the idea of higher minimum wages, with creativity a small business can definitely manage it. She said that it was important to ask local government to help the small businesses, that large businesses receive a huge amount of handouts, but that the small businesses get huge burdens. In Seattle, a city council member had presented a plan for a municipal bank, commercial rent control, increasing public transit, and a civic 401(k) as ways to help small businesses and help workers in poverty.

Shirley said that the priority should be to make it work, because the poverty gap is immense. She said that the city should get creative on how to support small businesses do this. She said that President Trump was slashing infrastructure and support. A phase-in for smaller businesses is good, because the higher wages at large businesses will be spent at smaller businesses, enabling the small businesses to afford the increase. She said that exemptions go to those who can afford it the most, and that the people who can afford it the most are fighting against it the hardest.

Ms. Jessa Manthe said she has been working for 10 years in retail, both during and after her time in college. She worked full-time and still couldn't afford the tools to invest in her education, and she couldn't afford rent. In order to make ends meet, she said she had to take out more loans, which will now follow her around for the next 25 years. She said the loans have affected her ability to buy a house or choose to have kids. Now, as a manager, Jessa said she sees many on her staff struggling with stagnant wages and struggling to pay for basic necessities. She said that, as a manager, a \$15/hour wage would bring dignity to her staff, and they'd have greater engagement in work. She said that for a worker making less than \$15/hour, their entire existence is making it to next pay day. If workers could make more and have more dignity, they would be able to more fully participate in society and further contribute to their communities. Jessa said this is the kind of world she wished to live in, and said that was why she supported a \$15/hour wage.

Ms. Sumer Spika, a full-time homecare worker and union organizer, presented next. She has worked in home health care for about 11 years, and her husband has MS and requires a homecare worker for himself. They have four children, and her husband cannot work, so her income is all that her family receives. She said having a higher wage would allow her to not have to make choices between paying bills, and give her the freedom to take care of her family and herself. She said she was forced to go back to work 4 days after giving birth to two of her children. Sumer said that she was trying to find another homecare worker for her husband, but that it was almost impossible, since no one wanted to work for \$12/hour. She said that most people who worked as PCAs had to work multiple jobs, because the wages were so low. Sumer said at one point she was working 90 hours a week and still had to rely on food stamps and medical assistance. Sumer said that the work that she did was important, that helping people go to the bathroom, help with medicine, and help people engage with society and live their best lives. She said that home healthcare workers have been left out of the Fair Labor Standards Act, and that she thought that was wrong. She recognized that reimbursement rates did not make it easy for PCA workers to receive a higher wage, but that with a phase-in time and a change in state law, all workers could enjoy a higher standard of living. She also said that the cost of institutionalizing people receiving home healthcare would cost the state more than increasing the wage for home healthcare workers.

Ms. Sanchez said many of her coworkers, including herself, were single mothers. She said that if they were paid more fairly, that they would not have to leave their children at home. She said that she had been told “you’re in America, speak English,” and her response was that since she was in America, she should be paid like Americans. She said that she knows many Hispanic people who have to work two full-time jobs, which does not give them any time to learn English or better themselves. She thanked the committee for listening, and that she knew the committee members were people with feelings, and that they would make the best decision for Saint Paul and for the people who work in it, allowing them to have a life of dignity.

Shirley said that the common fear of businesses closing because of a higher wage was not true, that Seattle’s economy was in fact booming due to raising the standard of living by raising the minimum wage. She said the sky did not fall in Seattle.

Mr. Tatum said that he worked at a nonprofit organization called Urban Roots, and that he was a conservationist. He said that a 5 year phase-in time was too long, that he needed a \$15/hour wage now.

A committee member asked if Shirley lived in the Twin Cities, and what kind of business she owned. She said that she lived in Seattle, and that it was a coffee shop and hair salon. The committee member asked Sumer if she owned her home healthcare company, or if she was a worker. Sumer said she was a worker, that she did not own a business.

A committee member clarified that the poverty rate in the City of Saint Paul was 22.3%, and that the 40% statistic referred to was for people living below the threshold of 185% of the federal poverty line. Jessa said that, regardless of whether it was 22% or 40%, it was a question of values, and of what kind of city we want to live in.

The committee member thanked the panel for coming, and appreciated their courage. They agreed that the 22.3% was still egregious, but said that it was important to have accurate data to assess the situation. The member asked the panel, given there were 68,000 unfilled jobs in the Twin Cities that paid \$15+/hour plus benefits, what were the barriers to people transitioning to the jobs with higher pay, and what the committee could do to address the barriers.

Mr. Tatum said that for people who are underage, there wasn’t a lot that could be done, since companies refused to hire young people. Ms. Sanchez said that there are many workers who lack the documentation or status that would enable them to find a higher-paid job. Sumer said that if a worker is unable to make their ends meet, they might not have the transportation to get to the jobs.

Mr. Durfee asked Shirley about how geography affected a minimum wage. Shirley said that there had been a lot of fear in Seattle about jobs moving out of the city, but that the opposite had been true—Seattle was having such an economic boom, that more jobs were being created and filled. Mr. Durfee asked Sumer if the fact that Minneapolis paid more would make it more attractive, even if someone lacked transportation. Sumer said if a person in Saint Paul did not have reliable transit, they would look in Saint Paul, even if the wages were lower. She said that, in the home healthcare field, many people quit much higher-paying jobs in order to stay home and care for loved ones. She said that they could not look at moving to higher-paying jobs because it would mean that their loved ones would be institutionalized.

A committee member asked if the panel thought that exemptions/carve-outs were a good idea or if the committee should be looking for different solutions. Jessa said that it was about values, that the city should be looking for people-focused solutions. Shirley said that she thought that the firms fighting for exemptions and carve-outs were the ones that could most afford it. Mr. Tatum said that he did not want any carve outs at all. Ms. Sanchez said that it was important to ensure that keeping the cost of rent and food from rising, otherwise the workers would end up in the same place they are now.

Co-Chair Varco asked the panel how many hours they worked, and how much their incomes mattered to their families. Mr. Tatum said that he worked 38 hours a week and that money was going to cover both himself and his mother, who has disabilities and only receives \$400 a month. Ms. Sanchez said she is the sole breadwinner in her family, and she has one daughter still living at home. She works 90 hours a week, and does the work of three people. She makes \$11.50/hour, even though she's worked there for 10 years. Jess said she works 40 hours a week, and they are inconsistent, which makes it difficult to invest in much outside of work. She said that her husband makes more money than she does, which gives them some breathing room. Jess said that while she is in a good place, she had seen other low-paid workers stay in bad relationships because they did not make enough to support themselves. Sumer said that she works about 80 hours a week between her two jobs, but she only gets paid for 36 hours a week.

Co-Chair Kyle asked the four local members for their experience on rising cost of rent and groceries. Marquise said that if he had a higher wage, he would be able to pay for higher costs. Ms. Sanchez said her rent had recently increased \$50 per month, but her wages had remained the same. She said she did not receive any benefits, and no vacation time. Jess said that if prices rose 10%, but it meant a higher wage for everyone, she would be willing to pay it. Sumer agreed. Jess said that the values that shape our solutions will be very important.

A committee member asked Shirley about Seattle's credit for people who paid health insurance. Shirley confirmed that Seattle had such a credit, but that in her opinion it was an unfortunate carve-out, since it affected workers negatively during the phase-in.

The committee member asked the panel if they preferred a \$15/hour with no benefits or a smaller minimum wage with access to benefits. Everyone on the panel said that they didn't want either of those choices.

A committee member asked Sumer to explain what her typical day as a home health care worker. She said that she was also a union organizer, but when she did health care, it included helping her clients get out of bed, feeding them, helping them with toilet access, with getting people to and from their jobs and medical appointments.

A committee member thanked the panel for appearing, and told them that the member had learned a lot from their stories. The committee member asked the panel to talk about the cost of housing and how it had impacted how far their wages go. The committee member said they had seen numbers suggesting that the minimum wage would have to be \$19/hour to afford food and housing, and they wondered if \$15 would help the panelists actually meet their needs.

Ms. Sanchez said that \$15 would be a good start. She said that a higher wage would give her the time to learn English, to spend time with her three grandchildren, time to go to church. She said that she had always wanted to volunteer at hospitals and pray with the sick. She said that she liked Saint Paul, and loved living here.

Jess said that time, freedom, and dignity were important. She said that she wanted to save for a house and maybe start a family. She agreed that \$15 might not be enough, but it is a definite improvement.

Sumer said if she had a \$15/hour wage to offer a home health care worker to take care of her husband, she would be able to finally fill the role, because they have been looking for months. She said right now she is competing with places like Aldi that offer almost \$15/hour with benefits. She said Minnesota has a care crisis, and it is only going to worsen. With a carve-out for PCAs, she said she cannot imagine ever being able to find a home healthcare worker, which would mean that she might have to institutionalize her husband.

Jess said that there are adverse health impacts to living in poverty, including constant stress, inadequate nutrition, and lack of access to other health necessities.

Co-Chair Varco asked Jess to talk about how working at low wages prevented her from having the time to find the skills for a higher paying job. She said she didn't have time and tools to be successful in school, since she was working full-time to pay her bills. She took out loans, thinking she would find a good job and pay them off, but she ended up not having the time to search for a better job or develop the necessary skills, and was therefore stuck at her low-paying retail job.

Co-Chair Kyle asked the local panel members if they were concerned that the companies they worked for might close if the firms were unable to handle a higher minimum wage. Mr. Tatum said that the businesses would give them a heads up, and allow them to search for another job. Ms. Sanchez said, due to the contracts her employer had with national corporations, she didn't think her employer could close. Sumer said that phase-ins for home-health care workers could help mitigate closings, and also the state legislature needed to implement a higher reimbursement rate.

A committee member asked Shirley if there was a carve-out for tips in Seattle. She said there was. The committee member asked if she knew the difference in annual incomes between Seattle and the Twin Cities. She said she didn't know about Minneapolis and Saint Paul, but she knew Seattle's average annual income was \$80,000. The committee member asked if she was opening a business in the Twin Cities. Shirley said she was not planning on one and that she was on the panel to provide her experience from Seattle and as a small business owner, since the impacts on small businesses seemed to be a primary concern.

Co-Chair Varco closed the Q & A and thanked the panelists for their time and comments.

COMMITTEE DISCUSSION

Co-Chair Kyle asked committee members who owned small businesses what they thought about the statement that "people who push for carve-outs are the ones who can afford it, and the \$15/hour wage was good for small business."

One committee member said that while the statement about carve-outs was a generalization, in their experience, the member thought it was true. The committee member had received a Star Grant from the City of Saint Paul, and at the Star Grant meeting the large developers had everything ready to go while it took the committee member months to complete the application with the help of their spouse. The member said it was a process that was theoretically designed for small businesses, but the process seemed to work well for those who had deep pockets. The committee member said that they agreed that the higher wage would be good for their coffee shop. The median income in Saint Paul is \$52,000, which the member said meant that half the city could not afford their coffee. Strictly as a business statement, the higher poverty rate meant that his business had less customers.

Another committee member said that their small business would have to increase prices, but that it would be incremental. They said that their employees have seen the member on television, and wondered what they are doing on the committee. The employees did not know there was going to be a higher minimum wage in Saint Paul, and they were excited by the news. The committee member had told their employees that they would have to cut some hours. The member agreed with Ms. Sanchez, that a fairer wage was important, but that rising costs will affect prices in many places. The member had his rent increase \$100 per month recently, and they were also concerned with the cost of their wholesalers.

Mr. Durfee clarified that the determination of small/large firms was not based on jobs per location, but on total jobs from the employer. Therefore, even if a Best Buy location had 99 jobs, since Best Buy overall had more than 100 jobs, they were considered a large firm. Co-Chair Varco asked if that held true to franchises, if it was determined by how many jobs a franchise owner had, or how many McDonalds had overall. Mr. Durfee said he would look into it and get back to the committee.

A committee member said they had 52 employees, but they did not consider themselves a wealthy person. They consider themselves a “hundred-dollar-aire.” The committee member recalled that around 80% of businesses in Saint Paul were small business. A number of small business owners could not afford to participate in the study committee because they were not making enough money to take the time off to participate. The committee member felt that claim that businesses pushing for carve-outs were most able to afford paying the wage was an inaccurate generalization.

Another committee member said they thought the statement meant that the society and City of Saint Paul could afford to pay people, not that individual businesses all could afford the minimum wage. The committee member’s own business could not afford the wage, but they were hoping the committee could find creative solutions to make it possible

A committee member said the committee should make clear to the City Council and Mayor that there is a lot of work needed to combat poverty and improve conditions for upward income mobility. The member felt that it would be disingenuous for the Mayor and City Council to treat a minimum wage ordinance alone as the way to fight poverty. They said that workplace development was a crucial tool, that there was a large disconnect between the number of open jobs and the number of people wanting higher-paid positions. The member said that the committee could talk in a unified voice on the issue

A committee member said they were interested in the City providing a progressive slate of ways to help businesses move forward. The member thought Shirley’s discussion measures taken in Seattle were very inspiring, including the ideas of rent control and a municipal bank. The member was excited for the opportunity to recommend solutions to the City of Saint Paul that will help small businesses.

Another committee member said that workforce development is essential, and the fight for mobility is an important task, but there will also be some low-wage jobs that are always going to need to be done. The member thought it was important to ensure that even those workers received a good wage.

Co-Chair Kyle said that while she spends much of her own time at work thinking about workforce development, skills gaps, and vacant jobs, but she was struck by Sumer’s comments about her husband with MS. Regardless of the number of vacant jobs, there are current filled jobs that must be done, and no amount of training for upward mobility can remove the need for home healthcare workers or for employees at discount shopping stores.

Co-Chair Varco said that he was struck by the problem of low wages today can cause people to be unable to gain the skills or opportunities for better jobs tomorrow. He said that certain economic positions can become self-perpetuating, and the committee should remember that particular problem as they consider their recommendations and solutions.

A committee member felt challenged by the language that treated people who were for some exemptions as opponents to a broader living wage. They felt defensive when the framing suggested that if someone supports exemptions, their values must be different. They said that such language obscured the potential for nuance and for agreement among people on the committee. The member said they spend most of their time at their job raising money for their nonprofit which pays young people to learn. The member did not believe that there needed to be a youth exemption, but thought that it was different when a young person is being paid to learn. The member really appreciated Mr. Tatum’s contribution to the panel, and they said that their own nonprofit business was very similar to the one that Mr. Tatum worked for, Urban Roots. The member said that they knew the director of Urban Roots, and that the director had some of the same concerns as the committee member, that their nonprofits might not be able to afford a \$15/hour wage for paying the kids to learn.

Another committee member clarified that the member was not advocating for an exemption for the adult staff at the nonprofit, that the exemption would be for the program participants who were in job training.

A committee member said that they were grateful that they didn't have to solve every problem. The member said that the committee hadn't been asked to solve all the problems, such as the housing crisis or the increasing cost of food. They encouraged the committee to remember what they had been asked to look at, and to not spend time looking for problems, but to focus on solutions.

A committee member said that the committee had not spent much time yet discussing the issue of on-boarding. There are a number of people who are out of the workforce entirely, and a number of vacant jobs that are at the entry level. The committee member was astounded that the City of Saint Paul has not weighed in on Right Track, which was a partnership between the City, the schools, and local organizations to ensure youth employment opportunities. They encouraged the committee to keep youth training, workforce development, and on-boarding in mind as the recommendations are formed. Explained what right track was.

Mr. Durfee said that, as was highlighted by Ms. Sanchez's employer not granting her ESST, the committee should consider what recommendations might be needed to make sure employers play by the rules.

CLOSING

Co-Chair Varco said that they would forego reviewing the community response today in the interest of time.

Ms. Hoffman attempted to use voting clickers. It did not work.

Ratings: 5, 4, 4, 5, 3.5, 5, 4, 4.5, 5, 4.5, 4, 4.5, 5, 4.5, 4.5. Average = 4.46



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.

Ms. Klebsch 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.

Ms. Klebsch 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 Iredare 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. Alison 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. Edelson-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 livable 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. Iredare 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. Iredare 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. Iredare 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. Iredare about his wages, whether they had remained stagnant or gone up over the past few years. Mr. Iredare 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. Iredare 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. Iredare 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. Iredare 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



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. Ms. Klebsch said she 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 said 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, there 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 carve-out 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.

Ms. Klebsch said she 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



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, July 26, 2018, 8:30am-11:00 am

University of St. Thomas, Room 340, Anderson Student Center

2115 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, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Mr. Andrew Kopplin, Ms. Rebecca Lucero, Mr. Tim Mahoney, Mr. Cardell McKizzie, Ms. Veronica Mendez-Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Pang Vang.

Members Not Present: Ms. Mary Hicks, Ms. Sarah Kopp-Reddy.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Dr. Samuel Myers, Thomas Durfee, Man Xu, Snowden Stieber, Alexis Solheid.

Observers Present: Jonito Dock, Somaya Farah, Owyn Ferguson, Cyndi Leshner, John Manning, Amy McDonough, Gertrude Mingo, Pat Mingo, Celeste Robinson, Beverly Turner, Tom Vang, Yao Yang.

Proposed outcomes for this meeting

- Review Study Committee charge and proposed goals
- Review the Study Committee process
- Revisit main points from previous meetings and identify gaps to seek additional resources
- Receive follow up on research questions
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Varco called the meeting to order at 8:31 a.m. He welcomed the committee members and guest observers to the room, and reminded everyone to silence their phones and avoid the use of social media during the meeting. Co-Chair Varco updated the Study Committee on who would be replacing committee member Doug Hennes after Mr. Hennes's recent passing. John Manning, a representative from the Minnesota Council of Private Colleges, was in attendance to observe the meeting and help the new committee member quickly integrate into the process next week.

Co-Chair Varco reviewed the outcomes for the meeting and Study Committee's charge.

Co-Chair Varco presented a summary of the first ten week's meetings, as well as minutes from last week's meeting. He gave committee members a minute to review them. A committee member said that the summary for last week had an inaccuracy related to Kevin Goodno's position on exemptions, while last week's minutes had an accurate portrayal. Ms. Klebsch amended the summary to better reflect Mr. Goodno's stance. There was a motion to approve the minutes, which was seconded. The minutes passed.

DEBRIEF

Study Committee members were given time to discuss and reflect on last week's panel focused on services to people with disabilities and on youth training programs. A committee member said they appreciated that the panel clearly distinguished the roles of program participants from the employees of the service provider. They said that there was the issue of whether employees could be paid a higher wage, given government reimbursement rates, and the issue of whether program participants could be paid a higher wage, given the limitations on their productivity in a workplace.

There were no further comments on last week's panel. The floor was opened for discussion on last week's Community Report.

A committee member asked if there was any further information regarding an email distributed by 15 Now MN that criticized the Citizens League for holding a breakfast which included a presentation about minimum wage earners in Saint Paul. Ms. Klebsch clarified that 15 Now had not reached out to the Citizens League about the breakfast, which led to a number of inaccuracies in 15 Now's email.

Another committee member said that the email was extremely unfair to the work that was being done by committee members and staff to advance the minimum wage study. They said that they hoped the community would be grateful for the work being done here, and not assume the Study Committee and the Citizens League were acting in bad faith.

Co-Chair Kyle asked the Citizens League staff if they had reached out to people who had contacted the Study Committee's hotline because of the 15 Now email. Ms. Klebsch said she personally responded to eight specific messages related to the message, and that she spoke with five of the eight. She said that everyone she talked to was grateful for the clarification of the inaccuracies, and that each call had ended amiably.

Co-Chair Kyle said that it was important for everyone to respect the Study Committee's process and even more important to respect each other as committee members and not presume that anyone had hidden agendas. She said that everyone on the committee was a member of the Saint Paul community, and that everyone was interested in advancing the city's interests.

Another committee member said that they understood the sentiment of the email, since they thought that the Citizens League breakfast was presenting important information and was not accessible to everyone who might be interested.

Ms. Klebsch said that the League never claimed there was a \$60 breakfast, nor was there any exclusive information being presented at any breakfast. She clarified that the event in question was a monthly breakfast for Citizens League members to learn about current policy issues. She said that the information presented at the breakfast was the demographic background information the Study Committee learned in Week One, and that all of the slides were publicly available on the Citizens League's website.

A committee member said that there were a variety of interests involved in the committee process, and the member said they were proud of the hard work the Study Committee had put in so far.

PRESENTATION

Mr. Durfee previewed upcoming research on benefits cliffs and how families of differing sizes will be treated.

Ms. Xu presented her research on industrial growth rates in Saint Paul. She showed a table that, using DEED data, broke down Saint Paul firm creations and wage rates. Employers with multiple locations within a zip code all are counted as a single firm. Ms. Klebsch told the Study Committee that a copy of the slideshow would be sent to them.

A committee member clarified that this report did not include job vacancies.

Ms. Xu explained that the research grouped all of a business's multiple locations within a single zip code as a single entity, so there would be some underestimating of business creation.

A committee member asked Ms. Xu about the stagnant or negative growth rates in construction and manufacturing industries, both of which have jobs above \$15/hour. Ms. Xu said that the statistics were a snapshot businesses opening in the City, and that there was no way to study a particular business and determine if they had grown or shrunk. Co-Chair Varco clarified that Ms. Xu was tracking growth by number of firms, not by growth in revenue or employees within an already existent firm.

Ms. Xu said that businesses with a high number of jobs with wages under \$15/hour had a higher level of firm growth than those with a high number of jobs with wages over \$15/hour.

Dr. Myers said that the research was a measure of growth in firms, and did not outline the characteristics of a particular firm. Dr. Myers said that, broadly speaking, it was not prudent to raise minimum wages in industries where firms are dying, but that wages can be raised where firms are being created. He said that a takeaway could be that the City should consider whether there are net births or net deaths in a particular industry.

A committee member asked Dr. Myers if Saint Paul's growth rates were low. Ms. Xu said that, objectively speaking, the growth rates are low in particular industries, but the relative rate of growth was more important.

Co-Chair Varco clarified that the growth rate did not measure the churn within an industry, but the net change in total number of firms in an industry.

A committee member clarified that the retail, healthcare, and food service sectors had the highest relative firm growth rate, and a higher number of jobs that paid less than \$15/hour.

A committee member asked if there was research on Minneapolis. Ms. Xu said it was not in the presentation, but that she would be able to provide the Study Committee with the information.

Co-Chair Kyle asked Dr. Myers if there were any strong conclusions to take away about the impact of a \$15/hour wage on particular industries. Dr. Myers said that the data supports both positions in the argument for a higher wage for the food service industry. He added that Saint Paul is relatively rare in the US, that it is having a decent growth while nationwide it is relatively stagnant or negative.

A committee member asked if the researchers had uncovered any research on the impact of a higher minimum wage on workers making more than the state minimum wage but less than \$15/hour. Ms. Xu said that the data came from firm reporting their average hourly wage, so they were unable to look at individual workers.

Co-Chair Varco thanked the researchers for their time.

REVIEW

Ms. Klebsch began the overview of the preceding ten Study Committee meetings. She explained that this review would help committee members remember what information and ideas they wanted to include in the final report. She asked the committee members to jot down whatever takeaways and gaps in knowledge the members noticed during the review.

Ms. Klebsch reviewed **Week One**: the introductory work, the report on demographics of Saint Paul and how much people were earning, and the discussion on tradeoffs. She asked committee members to share takeaways or questions.

Co-Chair Kyle said that the minimum wage ordinance was one tool in the work to alleviate poverty in the City of Saint Paul. She asked Mr. Durfee if there was a way to precisely determine who was making less than \$15/hour, since that would help the Study Committee more precisely target the people who most need a higher wage. Mr. Durfee said that it was difficult to determine the wage rate of particular workers, so that it was not possible to ascertain who exactly was earning less than \$15/hour.

Another committee member said that their two main takeaways were (i) raising the minimum wage had the greatest impact on communities of color, and (ii) increasing the amount of money available to low-wage workers reduced food scarcity.

Ms. Klebsch reviewed **Week Two**: the Study Committee looked at wage profiles in Twin Cities, and clarified their own reasons for having a minimum wage. They received a report on 51 jurisdictions and their minimum wage ordinances, and heard a presentation on benefits cliffs. Ms. Klebsch asked committee members to share takeaways or questions on Week 2.

A committee member asked if anyone else had recalled someone recommending a quicker phase-in time in order to minimize benefits cliffs. The member also said that it was important to remember that families receiving benefits were often deciding between paying healthcare costs and paying for housing.

A committee member asked what percentage of minimum wage workers received government benefits, and how much a person must earn in order to receive no government benefits.

Co-Chair Varco said that a takeaway to remember was Children Defense Fund's analysis of families on the benefits cliffs was static, and that while an individual might feel a cut back on benefits, in the broader context people saw a general increase in welfare.

A committee member wondered what the precise number was for the benefits cliff, so that the Study Committee could avoid the problem of triggering it.

Another committee member said that one of the fastest growing populations experiencing homelessness was full-time workers.

Ms. Klebsch reviewed **Week Three**: the Study Committee heard a presentation from Minneapolis city officials about their ordinance and enforcement efforts. They heard that data on the impact of the higher wage are not yet available, and that spreading the cost of a higher wage was an important question to answer. They learned that Minneapolis did not include a tip credit in their ordinance, that they included an exemption for certain city-approved for youth training wages, and they included a slower phase-in time for smaller businesses. Mr. Durfee clarified that Minneapolis's ordinance, while creating a category of "microbusinesses," they did not treat them any differently than other small businesses. Ms. Klebsch asked committee members to share takeaways or questions on Week 3.

A committee member asked if Minneapolis had actually worked with community organizations, or if it was just a recommendation. Another committee member said that Minneapolis is working with around 15 community organizations.

A committee member said that Minneapolis officials' comments on investing in outreach were very insightful, and that it would be important to err on the side of investing too much in education and assisting businesses and employees. The member said that the City of Saint Paul did not seem ready to have the same conversation. They also said that they thought a head-count was a better method of determining business size, as opposed to revenue, and that head-count ensured higher adherence to a potential minimum wage ordinance.

Another committee member said that there was a lot of confusion in Minneapolis about businesses with multiple storefronts, since a single entity could have multiple locations and each would qualify as a small business. In particular, the committee member said that franchises were a primary source of confusion for

workers. A committee member said that there were a couple of carve-outs in the Minneapolis ordinance attempting to address the issue of franchises.

Mr. Durfee read from the Minneapolis ordinance that any establishment with 10 or more locations in the US was considered a large business, and that full-service restaurants with fewer than 10 locations could potentially qualify as small businesses.

Co-Chair Kyle said she found it compelling that a survey by the Minnesota Restaurant Association showed the average Minneapolis server earned \$28.56/hour, but that it only reflected about 10% of all servers in the metro area. She asked Mr. Durfee if this data matched his research. Mr. Durfee said he was unable to find out how the restaurant association arrived at their numbers, so he was not able to determine how they related to the broader research of Twin Cities food service employees. Ms. Klebsch said that there had also been evidence suggesting servers earned less than \$28.56. A committee member recalled that the City of Minneapolis also sent a survey out a few years ago to restaurant owners about how much their employees earned.

Ms. Klebsch reviewed **Week Four**: the Study Committee looked at the history of the minimum wage in Minnesota, and how the State of Minnesota exempted certain jobs from the minimum wage. They also heard that there was not a general consensus among economists on the impact of a minimum wage to the broader workforce and economy. The Study Committee also heard an overview of the Phase 1 study. Ms. Klebsch asked committee members to share takeaways or questions on Week 4.

A committee member said they were struck by the fact that 43% of people with college degrees earn minimum wage.

Co-Chair Kyle asked what the federal minimum wage from 1938 would be today, if it was adjusted for inflation.

Ms. Klebsch reviewed **Week Five**: the Study Committee looked at a breakdown of the Ramsey County workforce based on race, ethnicity, and citizenship. They also had heard from a panel of small business owners, who expressed concern about having to raise prices, cut shifts, or close their business altogether. Ms. Klebsch asked committee members to share takeaways or questions on Week 5.

A committee member said that they thought that the government will benefit from higher tax revenues, while customers will bear the cost of the higher minimum wage, and while workers will end up roughly the same as where they currently are. The member said that the small business will be the one that hurt the most. Another committee member replied that if workers are making more money, they will spend more money. The first committee member said that they might have more money, but the government will be the one to benefit. Another committee member said they thought that 40,000 workers making less than \$15/hour would also benefit.

A committee member said that while a higher minimum wage will impact people who are currently low-wage workers, it will do nothing to help transition these thousands of people to higher-paying jobs that are currently available.

Ms. Klebsch reviewed **Week Six**: the Study Committee participated in a values exercise that highlighted the shared beliefs among committee members. They also heard from officials from the City of Saint Paul about how ordinances are passed and how the City approaches enforcement. Ms. Klebsch asked committee members to share takeaways or questions on Week 6.

A committee member reminded the Study Committee that this week highlighted the importance of dedicating resources to enforcement. Another committee member thought it was more helpful to frame the issue as “adherence” rather than “enforcement.”

A committee member said that the Hmong community is still struggling to comply with current ordinances, so outreach to them would be very important for any minimum wage increase.

Another committee member said they hoped the Study Committee could express the importance of enforcement to the City of Saint Paul without feeling obligated to outline the details of the particular enforcement scheme. They said that examples from other jurisdictions would be helpful.

Mr. Stieber reminded committee members that a representative from Mayor Carter's office had told the Study Committee that if members felt strongly about enforcement, to include it in their recommendations so the Mayor could consider it in his plans for enforcement.

Co-Chair Varco said that the Study Committee's recommendations or ideas on enforcement would be extremely useful to City staff.

Another committee member said that Minneapolis's correspondence about minimum wage increases did not address the question of inflation adjustments, which made compliance difficult.

Co-Chair Varco said that, in order to properly phase-in a higher wage, it would be important to learn from the City of Saint Paul how soon they were planning on implementing the ordinance.

A committee member said they thought the City of Saint Paul was nowhere near ready to implement a minimum wage ordinance within six months, and that to suggest otherwise was disingenuous. The member was strongly critical of the City's lack of preparation.

Ms. Klebsch reviewed **Week Seven**: the Study Committee heard from a panel that supported a tip credit, with various reasons why a credit would help restaurants pay a higher minimum wage. The Study Committee also learned about a guaranteed wage, also known as a "superwage." Ms. Klebsch reviewed the details of the proposed superwage.

Dr. Myers said that the hypothetical superwage made two large assumptions—that employees were honest, and that employers were also honest. He said that the complexity of the superwage scheme would lead to higher compliance costs.

Co-Chair Kyle said she would like to hear opinions on the superwage from committee members who were servers and employers of servers.

Ms. Klebsch said that discussion on Week 7 would be tabled until the review of the tip penalty panel on Week 9.

Ms. Klebsch reviewed **Week Eight**: the Study Committee learned who earned, and who paid, the minimum wage in Saint Paul. They learned that most jobs that paid under minimum wage were in retail, food service, and administrative sectors. The Study Committee also heard from a panel of low-wage workers, and heard about their experiences as workers in poverty. Ms. Klebsch asked committee members to share takeaways or questions on Week 8.

A committee member said that hearing from the panel reminded them that, beyond raising the minimum wage, there were much larger systematic issues facing people in poverty.

A committee member said they wished the low-wage worker panel had been scheduled earlier in the process, since it would have reminded committee members of how important this issue was to many people in the community.

Another committee member said they were reminded that, even if the City helps people progress into careers and higher-earning jobs, there will still be people who need to do the low-earning work, and that those workers also deserved a living wage.

Co-Chair Kyle said she was concerned that the majority of low-wage workers were employed by businesses who were the least able to adjust to a higher wage.

Ms. Klebsch reviewed **Week Nine**: the Study Committee saw more breakdowns of the race and ethnicity of workers in Saint Paul earning the minimum wage. They also heard from a panel who opposed any tip penalty for servers, who presented arguments against treating tipped workers differently than non-tipped workers, and how complex ordinances are harder to enforce.

Ms. Klebsch reviewed **Week Ten**: the Study Committee considered exemptions, how they were designed, and what common exemptions were in other jurisdictions. Ms. Klebsch asked committee members to share takeaways or questions on Week 9 or Week 10.

Co-Chair Varco said that he assumed the majority of employers interested in a tip credit were likely eligible for a small business wage, but that he would like some confirmation from Mr. Durfee.

A committee member said that the low-wage worker panel from Week 8 showed there were different types of jobs in the healthcare industry—there are both low-wage workers who need higher wages, and there were multinational health insurers who had the money to afford higher wages. The member wondered if the Study Committee could discuss how to best allocate the money from those who have it to those who need it.

CLOSING DISCUSSION

Co-Chair Varco thanked the committee members for their hard work and patience. He directed members to read the Community Response and to start considering what issues were most important to the members, and which they would be more flexible about. He said that either the Co-Chairs or Citizens League staff would be reaching out to committee members over the following week to determine where each member stood on matters.

Ratings: 5, 5, 4.5, 5, 5, 4, 4, 2, 4.5, 4.5, 4, 4, 4, 4, 4, 4, 4.5, 5. Average = 4.28



MINUTES

Citizens League

Saint Paul Minimum Wage Study Committee

Thursday, August 2, 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, Mr. Bob Brick, Mr. Dillon Donnelly, Mr. Paris Dunning, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Ms. Mary Hicks, Mr. Andrew Kopplin, Dr. Eric LaMott, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez-Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson.

Members Not Present: Co-Chair Rick Varco, Ms. Sarah Kopp-Reddy, Mr. Cardell McKizzie, Ms. Pang Vang.

Staff & Staff Support Present: Pahoua Hoffman, Angelica Klebsch, Dr. Samuel Myers, Thomas Durfee, Man Xu, Snowden Stieber, Ben Gleekel, Sarah Stout-Miller.

Observers Present: Sumaya Farah, Celeste Robinson, Owyn Ferguson, Amy McDonough, Beverly Turner, Elizabeth Stevens.

Citizens League Members Present: Gertrude Mingo, Pat Mingo.

Proposed outcomes for this meeting

- Review Study Committee charge, proposed goals, and process
- Receive follow up on research questions
- Learn about minimum wage enforcement strategies
- Design problem statements
- Discuss Minneapolis ordinance further
- Discuss information received and confirm additional information needed
- Agree on next steps

WELCOME

Co-Chair Kyle opened the meeting at 8:31 a.m. She welcomed the committee members and guests, and reminded everyone to silence their phones and avoid the use of social media during the meeting. She reviewed the Study Committee's charge and the proposed outcomes for the meeting. Co-Chair Kyle introduced a new member of the Study Committee.

The new member introduced themselves to the rest of the Study Committee, and shared the thoughts of Minnesota private colleges on the minimum wage. They said that there were 18,000 students and 13,000 graduate students in the City of Saint Paul. The committee member said that the private colleges did not oppose a \$15/hour minimum wage, and that the colleges recognized the benefit to the student worker. They said that the colleges are nonprofits with small margins, however, and they are concerned that the higher wage may result in less hours for student workers, and they are concerned about wage compression. The committee member said that the private colleges are not looking to be exempt from a

minimum wage, but would like a longer implementation time. They said that most schools plan budgets 4 or 5 years into the future, so a longer phase-in will allow for schools to mitigate the impact.

DEBRIEF

A committee member thanked the staff of the Citizens League for putting together the packet which reviewed the past ten meetings.

Another committee member said they appreciated the opportunity at last week's meeting to discuss the issues with their fellow committee members. They said that the opportunity to process their thoughts was very helpful, and the committee member said they looked forward to further discussions.

PRESENTATION

Mr. Durfee presented a report on the historical context of the minimum wage, and he talked in further detail on employment and unfilled jobs. He differentiated between a nominal minimum wage (the legal definition of a wage) and the real minimum wage (the minimum wage figure that accounts for differences in locations/cities or time in history).

He presented charts showing the changes in the federal and state minimum wages over the past few decades, and showed the growth and decline of the real minimum wage over time. Mr. Durfee then presented a chart showing the impact of inflation on non-indexed minimum wages (meaning that they are not set to rise with inflation already).

A committee member asked how inflation adjustments were made. Mr. Durfee said that it varied between jurisdictions, with some using commissioners to decide on an inflation adjustment.

A committee member asked if Mr. Durfee had numbers on what a \$15/hour wage would look like in the future. Mr. Durfee said he had the numbers in his spreadsheet, and that he would send an update to the Study Committee.

Co-Chair Kyle asked Mr. Durfee what the minimum wage would be today if we were trying to match the minimum wage in 1968, when the real minimum wage was at its highest. Mr. Durfee said it would be about \$12/hour. Co-Chair Kyle asked if the \$12/hour wage would buy the same goods and services as 1968. Mr. Durfee said that healthcare costs have grown much more quickly than wages, so the money wouldn't go as far. Co-Chair Kyle asked about the cost of childcare. Mr. Durfee said that it would be difficult to assess childcare costs, because social safety nets and welfare support that were not around in 1968 make the cost comparison difficult. Co-Chair Kyle asked Mr. Durfee if it would be fair to say that the wage should be set higher than \$12/hour in order to achieve the same results as 1968. He agreed.

Mr. Durfee discussed the terminology used in unemployment discussions, including underemployment (when a worker does not get as many hours as they wish), and discouraged workers (people who used to be unemployed and looking for work, but have given up on searching).

He presented charts on labor force participation and employment in the Twin Cities and in the City of Saint Paul. Over the past decade, participation has been generally increasing and unemployment has been relatively low, currently at 2.3%.

Mr. Durfee discussed his analysis of data around initial filings for unemployment claims. He said that the median amount of time a person is unemployed is 9 weeks, but that people who are unemployed for longer than 9 weeks are often without work for much longer periods. Mr. Durfee said that unemployment tends to favor younger workers, and that the implication is that people who are older or who have been unemployed for a longer time are often struggling to reenter the workforce.

Mr. Durfee said that some key takeaways on labor force participation are:

1. Half of all unemployment benefits recipients have a high-school education or less;
2. Healthcare workers, although a large part of the economy, are a strikingly small amount of unemployment benefit recipients;
3. It is difficult to analyze the racial impact of unemployment.

Mr. Durfee then talked about job vacancies and broke down vacancies by job requirements and wage. He said that manufacturing and construction were disproportionately represented in job vacancies, a far larger amount than their general footprint in the economy. He said that construction jobs had fewer education requirements, while manufacturing and health care had fewer experience requirements. Mr. Durfee said that the largest share of sub-\$15/hour jobs were in food service and retail.

A committee member said they have a lot of data on the nonprofit sector and job vacancies, including research on why there are job vacancies, which shows that, beyond the usual churn, people cite various barriers to joining the workforce, including:

- Lack of adequate childcare
- Insufficient transportation
- Limited English proficiency
- Limited job training
- Limited education
- Criminal records.

A committee member said it was possible that healthcare workers had a relatively low level of churn because workers were receiving higher levels of non-wage benefits, including healthcare. Mr. Durfee said that he could provide information showing which jobs also include benefits in their compensation. Another committee member said it would be important to include the actual amount of benefits, rather than just a simple yes-or-no assessment. Mr. Durfee said that he would put the information together.

A committee member said that healthcare work requires high levels of training and skills, so employers want to hold on to the workers. They asked Mr. Durfee if the wage numbers reflected tips. Mr. Durfee said they did not.

A committee member asked if Mr. Durfee had done a breakdown on the ratio of job vacancies relative to the size of the overall industry. Mr. Durfee said he could create a disproportionality index. The committee member asked why wage inflation hadn't addressed the high number of sub-\$15/hour job vacancies in food service and retail. Mr. Durfee said that it could partly be explained by churn within the industry.

Co-Chair Kyle said that wage compression had been a confounding matter ever since the Great Recession, that low unemployment has not turned into higher wages. Mr. Durfee said that economists have called that problem the "stickiness" of jobs, measuring how long it takes for industries to update their compensation. He said he was most convinced by the critique that searching for a job is a difficult task, which impedes a worker moving to a better paying job.

Mr. Stieber gave an overview of a report from the University of California regarding various methods of wage enforcement. He reviewed the concept of a "private right of action," which allows a worker to hire an attorney to sue for wages. Mr. Stieber reviewed a table in the report that gave a summary of many jurisdictions' enforcement systems. The report also focused on outreach and education, emphasizing that it was important to use outreach, rather than punishment, in the first period of a new wage.

Mr. Stieber highlighted the amounts of staffing for wage enforcement in other cities. San Francisco had one enforcer for every 25,000 low-wage workers, Los Angeles had one for every 30,000. He said that since the push for a higher municipal minimum wage was a relatively new movement, best practices were still being determined.

A committee member pointed out that cities were allotting millions of dollars to enforcement and outreach. They reiterated that the Study Committee's recommendations to the City of Saint Paul must include an emphasis on outreach, education, and adherence. The committee member said that the City's staff did not yet seem prepared for the matter.

Mr. Stieber said that there was a trend among cities, that almost all of them underestimated the enormity of the challenge, and that most cities tended to understaff and underfund enforcement.

Mr. Durfee said that the majority of wage violations are not skimming a small amount, but rather when an employer asks a worker to work a few hours off the clock.

Mr. Stieber said that a private right of action would be a limited remedy to wage theft, since most cases did not involve a sufficient amount of money to attract an attorney to fight for the worker, and many low-wage workers did not have access to attorneys in their native languages. He also said there are routine issues between city and state governments about wage enforcement.

A committee member asked about funding an enforcement agency. Mr. Stieber said that funding an agency off fines and penalties was not considered an ultimately reliable source, but that there was not a general consensus on the best way to fund enforcement.

A committee member said that in Seattle their city officials had recently asked for an additional multimillion dollar increase in funding and additional staffing, and that it was larger than they had previously anticipated.

Another committee member said that Seattle at one point had 23 investigators and allotted \$2.3 million in community contracts, two-thirds of which was dedicated to outreach to workers and the other third to small businesses. The committee member said that Seattle officials had thought this was an effective strategy.

A committee member asked whether Saint Paul has a similar ratio as San Francisco and Los Angeles, and if so, whether the City anticipates having 1.5 employees dedicated to wage enforcement. Mr. Stieber said that the City of Saint Paul was a different landscape than the Californian cities, so he could not say whether it was a good number or not, but that the ratio was at least a good starting place for imagining the staffing requirements for Saint Paul.

PROBLEM STATEMENT FORMULATION

Ms. Hoffman gave a presentation on helping the Study Committee ground itself in the specific problems it wished to solve and what goals it wished to accomplish. She said that Citizens League staff would help committee members accurately communicate the problems they identified. She reviewed statements about the role of the minimum wage from a survey of the committee members that was held in the early weeks of the work. She said that more problem statements would arise as the recommendations would be discussed, and that other statement might need to be modified or clarified. Ms. Hoffman said that this exercise would be helpful to the committee members when they would be asked by other people to explain what, exactly, the Study Committee was trying to solve.

Co-Chair Kyle said she was uncomfortable with the idea that the minimum wage ordinance will solve all the problems listed on the survey. A committee member said that they thought this exercise was about developing the question, and that the solution will depend upon the question.

Another committee member said that, regardless of whatever solution the Study Committee reaches, there will be some negative consequences for some people. They said that it was important to acknowledge the challenges or pain that those people will feel.

Ms. Hoffman clarified that the statements they were reviewing were simply a starting point to the formulation of the problem statement, and were not binding in any way. A committee member said that

the purpose of the Study Committee was to address the minimum wage, and not to take on all of poverty, as one statement suggested. Co-Chair Kyle said that she agreed, and that she did not want to claim that a minimum wage would address all the issues raised in the survey.

FACILITATED CONVERSATION

Ms. Klebsch facilitated a discussion about the Minneapolis minimum wage, which was used as a starting point for discussing what the Saint Paul ordinance might look like. She explained that this week they would collect the committee members' likes and dislikes with the ordinance, and that next week would begin voting on recommendations.

Committee members were asked to each compile the aspects they agreed with in the Minneapolis ordinance. Committee members then discussed their list of aspects with another committee member, and the pairs of members reported their two top aspects to the entire Study Committee and posted them on a board. After every pair had shared their ideas, committee members were encouraged to add additional input if the member felt a particular positive aspect of the ordinance had not been mentioned.

Ms. Klebsch then repeated the exercise with the Study Committee, focusing on identifying aspects of the Minneapolis ordinance with which they disagreed. Committee members compiled their thoughts and put them on the board.

After brainstorming through positive and negative aspects of the ordinance, committee members were asked to examine the entire board of results and add any further ideas that they thought were worth including. They shared their ideas with the rest of the Study Committee. Ms. Klebsch thanked the committee members for sharing their thoughts and said she would send all of input to committee members in the next few days.

CLOSING DISCUSSION

A committee member said they were feeling nervous because they weren't sure what the role of this exercise was as it related to the final recommendations. Ms. Klebsch assured the committee member that this brainstorming session was not binding, and that the exercise was not going to be the outline for their final recommendations. She said that the goal was to encourage ideas and thinking about recommendations, and that in the next few weeks there would be a much more nuanced discussion around specific recommendations.

Another committee member asked the Citizens League if they could supply the Study Committee with results from the City of Saint Paul's public listening sessions. Ms. Klebsch said Citizens League had received a raw data from the session, but that the City had not yet provided a summary or report for them. She said she would be happy to share the raw data with interested committee members. Ms. Hoffman said that the Citizens League had recently had a meeting with Saint Paul city officials, and that the Citizens League would do their own summary of the raw data and provide it to the Study Committee before next week's meeting. Ms. Hoffman said that they would put the raw data on the website so that committee members could download it at their convenience.

Co-Chair Kyle reminded the Study Committee that next week's meeting would be at the O'Shaughnessy-Frey library.

Ratings: 4, 4, 4.5, 3, 4.5, 3, 3.5, 4, 4, 4, 4, 4, 3.5, 4, 4.5, 4, 4. Average = 3.91



MINUTES

Citizens League
Saint Paul Minimum Wage Study Committee
 Thursday, August 2, 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, Mr. Barry Gisser, Mr. Matt Gray, Mr. Jon Grebner, Mr. Matt Halley, Ms. Mary Hicks, Mr. Andrew Kopplin, Dr. Eric LaMott, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez-Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Sarah Kopp-Reddy, Mr. Cardell McKizzie, and Ms. Pang Vang.

Members Not Present: All members were present.

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

Observers Present: Eli Jonathan Edleson-Stein, Celeste Robinson, Gertrude Mingo, Pat Mingo, Beverly Turner, Adrian Benjamin, Daniel Yang, and Yao Yang.

Proposed outcomes for this meeting

- Review Study Committee charge, proposed goals, and process
- Receive follow up on research questions
- Develop problem statements
- Compare ordinance scenarios proposed by study committee members
- Discuss information received and confirm additional information needed
- Agree on next steps

Welcome

Co-Chair Varco began the meeting at 8:30am. He then reminded the Study Committee and guests to silence their cell phones and refrain from using social media during the meeting, before asking everyone to look over the proposed outcomes for the day's meeting. Co-Chair Varco reviewed the charge given to the Study Committee by the City of Saint Paul. He noted that this would be the meeting where the Study Committee would begin synthesizing their ideas into what would, in the coming weeks, become the final proposal.

Co-Chair Varco asked committee member to review the minutes from the previous week's meeting. No changes were offered. There was a motion to approve the minutes, a committee member seconded in, and the motion was passed.

Debrief of previous meeting

Committee members were asked to reflect on the exercise on the Minneapolis ordinance from last week's meeting, as well as the City of Saint Paul listening session from the past weekend.

Ms. Klebsch offered her reflections on the Saint Paul listening session. She said that some of the Study Committee members were also present, and that the session was based around four questions similar to those asked at the first session. She said she had floated around at the meeting and heard a lot of strong opinions; none of which, however, were new. Concern was expressed about there being little availability to the public in the process. In response, she told those present about what the Study Committee has covered, giving them a sense of what has been happening and how community engagement can play a role.

A committee member reflected that they heard a lot of people struggling with a lack of participation in the process, and that they found that strange. They feel that, yes, more worker in certain industries could have been reached out to more; but that when she heard restaurant owners and industry members expressing that they weren't represented enough, that didn't feel like a valid critique.

Research updates from Thomas Durfee

Mr. Durfee presented on wage compression, the benefits cliff, and firm size. First, in the case of wage compressions, he wanted to determine how much confidence we can say there will be wage compression, and if there is, how extensive it would be. The benefits cliff discussion would be based off the discussion earlier in the Study Committee process addressing how a raise in the minimum wage could negatively change their access to government benefits. Lastly, there was a question about tips and firm size – looking at the distribution of tipped employees between large firms and small firms.

Mr. Durfee reminded the Study Committee that wage compression is defined as when there is a tightening of the distribution of wages, where everyone is being paid more closely to a single rate. This can occur in three ways: low wages are brought higher up, high wages are brought lower, or both are occurring.

Wage compression matters for the sake of the minimum wage discussion because compression can be a good thing or a bad thing depending on one's point of view. If there is wage compression there is more wage equity, where everyone in their given industry is more aligned to one single wage.

Mr. Durfee reviewed a number of studies and offered their conclusions. One was a study on the homecare industry in the United Kingdom where there was some wage compression in the form of lower wages getting raised higher, and not higher wages getting brought down. A caveat of that study was that the health industry in the United Kingdom is a specific industry; so it may be inappropriate to compare it to other industries.

Another study took limited service restaurant franchises from the Georgia-Alabama area in order to understand end results of a wage increase. A couple caveats in this study were that the sample size was relatively small, and that a couple of the franchises were owned by the same owner. It found that prices on the most popular items at the given restaurants were increased 10-15% as a result of the wage increase. It also found that it was the case that high wage earners started to get lower wages, rather, the increase people were given at the end of the year became smaller and smaller at the top. In follow-up interviews to the study, business owners said that there was a reduction in turnovers over time. To wrap up the discussion of that study, Mr. Durfee noted that it was done between 2007-2009, which—because of the recession—can be a difficult period to draw economic conclusions.

Another study was about the Boston Livable Wage Ordinance. Mr. Durfee told the committee that he brought it up because it was an outlier from the other wage compression studies he looked over. Part of what was driving wage compression was an increase in turnover. The sample size for this study was around, or less than 100.

Another study was done in New Orleans in 2002 out of a phonebook. Mr. Durfee found similar trends. He brought it up because there was a question earlier on in the Study Committee about whether or not increasing wages increases neighborhood stability. This study looked at the concentration of low wage workers in different neighborhoods and then sales in those neighborhoods over time. They then

calculated that a 20% increase of minimum wage was associated with a 2.7% increase in sales in the area. Mr. Durfee noted that there could have been other explanations for the increase. He also noted that this was a 20% increase; the increase from \$9.65 to \$15 would be a 45% increase.

The last study was a wage compression study at the household level using the Current Population Survey (CPS). Mr. Durfee reiterated that he trusted the CPS. In this study the expression of income was changed from dollars to the percentage you are above the federal poverty line or below the federal poverty line. The takeaway from this study is that there are wage increases for the lowest 20% percent of workers, and there isn't much of an effect when you go higher than that 20%. For this study, Mr. Durfee said that it is important to remember that this is a national study across industries and households made up differently.

Next, Mr. Durfee moved into the benefits cliff discussion. Mr. Durfee reminded the Study Committee about the presentation given by the Children's Defense Fund earlier in the summer, along with their tool that can determine a family's eligibility for certain benefits and whether or not they will be better off with an increase in their income. It is meant to show what the trade-off is between wage increase and eligibility for government benefits. Mr. Durfee noted that going forward in his presentation, he was looking more at what directions lines were going – upward or downward – rather than dollar amounts when looking at increases or decreases in income.

Mr. Durfee further that explained that the Children's Defense Fund looked at family's eligibility every 12 months – meaning, they measure your income at month 1, and then they measure your income 12 months later.

A committee member asked how often the county changes the qualifications for benefits. Mr. Durfee responded that he believed those qualifications were determined at the state level. The country is then given a percentage of the state budget to allocate accordingly. The county is set with administering, but doesn't set the policy levels for the programs.

Mr. Durfee noted that another thing he would be considering is whether or not these benefits are perceived. Sometimes the county doesn't have the resources to meet everyone's needs. Sometimes you're eligible for Section 8 Housing, but you don't actually get the voucher. Sometimes you're eligible for childcare, but you don't actually receive it. Mr. Durfee stated that such scenarios would play an especially important role in his findings.

Mr. Durfee explained that the programs being considered in adjusting different cost levels in family structures were health, food, housing, and childcare. He further explained that the reasons one cannot take their money from one of those categories and spend it on the other is because of the way that programs are designed. In stressing how different programs worked differently, he mentioned how SNAP coverage decreases as income increases; whereas Medicaid is an entitlement, and although its income based, it has a higher cut-off than SNAP. Section 8 similarly is an enrollment program that you have to qualify for and receive a voucher. Childcare costs, again, has a waiting list.

A committee member asked when these programs look at eligibility whether or not they look at how many earners are in a given family. Mr. Durfee responded that benefits will be based on household income. So, for the sake of his presentation, a household with two adults with one child, where one adult is earning the household income, is similar to a household with one adult earner and two children.

A committee member commented that it's helpful to remember that the waiting lists don't reflect the actual need. The Section 8 waiting list is rarely open, so it's not always informative to look at the waiting list numbers. The committee member went on to explain that in an attempt to control the waiting list, they'll only open the waiting list for where you are for maybe a day. And that is your one day to sign up for a certain amount of time.

A committee member asked Mr. Durfee what he is taking household to mean in his conclusions. Mr. Durfee said that the tool he is using goes anywhere from 0-9 members of a household.

Mr. Durfee went on to say that his graphs only go up to two children in a household because after you get to 3 children, the results look relatively similar. The first couple children are where the difference really is.

A committee member asked how a youth worker plays into things. Mr. Durfee said that for the sake of this simulation, it does not.

Mr. Durfee began presenting his simulations. He explained that on the X-axis of his graphs was monthly income, which is determined by Wage x Hours Worked That Month. Mr. Durfee noted that his simulations assume everyone is working 40 hours a week. The graph was then marked with lines for each dollar the minimum wage goes up, starting with \$10, going up to \$15. The benefits cliff aspect of the graphs is determined on whether or not, as the minimum wage dollar markers increase, whether the trajectory of the lines go downward or upward.

The first simulation was a single household with no child. There was a comparison made of someone with, and someone without Section 8 Housing distinguished by two lines on the graph. Someone without Section 8 housing is worse off in terms of disposable income at the end of the month, however, for the benefits cliff portion, both lines go up. While someone with Section 8 housing is better off than someone without, there is no benefits cliff for someone with this kind of household.

Mr. Durfee explained that if one of the lines were going downward, that would reflect someone earning more money, but having actually higher costs in response to that because of a loss of eligibility for benefits; and then, subsequently, having less net wealth at the end of the month.

Mr. Durfee's second simulation took into consideration a household of two: a married couple with no child, one earner, with or without Section 8 housing. Without Section 8 housing, this household stays on an upward trajectory. With Section 8 housing, there is a change in some of your eligibility. Somewhere between \$13-\$15, the line flattens and starts to go down a little. This doesn't happen until late in the process. Overall, between \$9.65 and \$15, families would be better off at \$15 than they were at \$9.65; however, in an incremental phase-in approach, there would be a point between \$9.65 and \$15 where the household was at a highpoint - before losing some eligibility for benefits programs - and somewhere between \$13-\$15 start to decline from that highpoint.

Co-Chair Kyle asked why at the end of Mr. Durfee's graph, all lines start to have an upward trajectory – even the one where there is a benefits cliff. Mr. Durfee explained that at a certain point, after \$15/hour, the household will be accumulating enough wealth where they won't need to rely on programs and can support themselves.

A committee member asked how likely it is that requirements for benefits programs shift over time based on inflation. Mr. Durfee responded that it depends on the state legislature.

A committee member asked whether or not more vouchers for benefits programs would become available as the lines increased accordingly. Mr. Durfee said that he would be surprised if more vouchers became available faster than they were being used.

A committee member commented that housing has not kept up with inflation and asked for what a housing spike would look like in these graphs.

A committee member asked how far off the City of Saint Paul was in regards to being able to meet the need for Section 8 Housing. Other committee members said that the city was far from accommodating everyone in need of housing.

Mr. Durfee's third slide introduced childcare benefits. In this simulation, whether the family has Section 8 vouchers, childcare vouchers, or no vouchers, a rise in the minimum wage tends to make families relatively better off. Mr. Durfee explained that the reason his slide didn't go up to \$15 was because if you

have two earners, both working 40 hours a week, 4.4 weeks enough, then they learn considerably more than those families that benefits programs tend to serve – which are single earner households. Therefore, increasing the wage makes you better off if you're married with one child; if you're single with one child it's going to be a different. Costs start to become much more sensitive.

Mr. Durfee's first simulation, with childcare added, considered a single adult with one child. This simulation had a scenario of someone with the Section 8 voucher and without it, as well as with a child credit voucher and without that voucher. Mr. Durfee noted that with the addition of childcare, there was a notable change from previous simulations. If you have both the Section 8 voucher and childcare voucher, an increase in the minimum wage leaves you better off. There is not a benefits cliff. If your family has childcare benefits, but does not receive a Section 8 voucher, your family is worse off overall; however, increasing the minimum wage doesn't change the cliff. Increasing the minimum wage makes your family better off if you have the childcare credit, but don't have Section 8. Mr. Durfee said that the moral of the story is that if you have Section 8, increasing minimum wage does not make you worse off. Childcare costs are where the problem is laying. If your family has a Section 8 voucher, but doesn't have the childcare voucher, then an increase in the minimum wage decreases your family's overall wealth. This is because your family is earning more, leading to a reduction in benefits, putting your family on the hook for costs that you weren't on the hook for before. As wage is increased over time, the families with Section 8, but without a childcare voucher, dips below \$0 left over at the end of the month. Mr. Durfee explained that the takeaway from this simulation is that if a family is eligible for childcare subsidies, but still has to pay childcare expenses out of pocket, because the family did not get the voucher, then those costs are going to decrease the family's overall wealth.

Mr. Durfee said that one possible unintended consequence of raising the minimum wage is that people will ask to have their hours cut. One side effect is that workers will recognize that if they have their wages increased, and are working forty hours a week, that they will actually be where they were before, or possibly worse off. So, if they only worked 20 hours a week, they would, most likely, remain eligible for the benefits programs that they would otherwise lose if they worked full-time.

Mr. Durfee spoke to the difficulty of not only getting a voucher, but also losing it. It's possible to be at one income level, but if you keep earning more and more, so long as at the 12-month check mark you earn less than that, you are still eligible to continue receiving the voucher. More vouchers are not necessarily going to become available as the minimum wage increases because if the minimum wage increases many households are going to maintain their eligibility. New vouchers may not become available for childcare because some people were earn enough where they no longer need the vouchers, but that won't be a lot of people. It will be relatively small.

Co-Chair Varco summarized some thoughts from Mr. Durfee in the group. An issue being put forward isn't the people who are losing CCAP revenue; it's the people who are eligible for CCAP who aren't getting it and are also losing other benefits. Mr. Durfee agreed. He said that if you can move from a line where you have a benefits cliff to one where you do not by getting CCAP benefits, then you are good and the minimum wage doesn't leave you in the cliff.

A committee member recognized that raising wages does not solve the issues of opening up social benefits programs for people in need of them.

Co-Chair Varco interrupted, telling the group that they were running behind and needed to move out of Mr. Durfee's presentation.

Mr. Durfee told the committee that there was more information in the packet he had handed out and in his presentation. He shared that when he spoke to the Children's Defense Fund, they said that the easiest solution was to get more vouchers.

Discussion of Ordinance Scenarios (non-binding voting exercise)

Co-Chair Varco told the committee that Ms. Hoffman was going to go over some potential problem statements for the final proposal. He also shared that after Ms. Hoffman spoke, the group would do non-binding votes on the 14 scenarios that committee members submitted to Citizens League staff earlier in the week in order to see where everyone was at for going forward on where they could be some fine-tuning and where the most conflict was on given issues.

Ms. Hoffman explained how they would vote on each scenario and that after the non-binding votes, it would be up to the Study Committee to decide how the group should go forward in the process. She explained that when they got to the voting, everyone would use their electronic clickers and the voting would be in real-time on the screen. Voting would be anonymous.

Ms. Hoffman then spoke to the idea of problem statements. Citizens League staff came up with five “finding and conclusions” – or, problem statements – that were broad enough that everyone should, for the most part, agree with. They came through discussions with the group, and were not fabricated by staff.

The first was: *The minimum wage has not kept up with the cost of living.*

A committee member asked if that was the point of the minimum wage. Co-Chair Varco clarified that these were statements that one could agree with without necessarily wanting to raise the minimum wage.

Ms. Hoffman told the committee to take these statements alone, as they are.

The second was: *In 2011-2015, the City of Saint Paul had one of the highest shares of residents in poverty at 40.8% when using income less than 185% of the federal poverty threshold. It is 23% when using income less than 100% of the federal poverty threshold. (The 185% definition captures more of the working poor and those who are eligible for certain government programs than the 100% definition does.)*

A committee member disagreed with the second finding. They said that they didn’t agree with the concept of using the 185% of the federal poverty threshold.

Ms. Hoffman said they didn’t need to use that number if the group decided not to.

The third was: *An increase in the minimum wage is a step to addressing poverty in Saint Paul. The City of Saint Paul must also examine policies around housing, transportation, childcare, and career development pipelines to provide meaningful, enduring relief for families living in poverty.*

A committee member wanted to note that these were a examples of policies the city needed to examine, among a number of others. The member asked if and “etc.” or an “among others” could be added to the sentence.

The fourth was: *An increase in the minimum wage affects businesses/organizations differently based on their respective business models.*

A committee member wanted to add business/organization sizes. They also wanted to add industries.

And the fifth was: *Implementation (including community education/outreach) and enforcement efforts are critical to the adherence and viability of a new minimum wage ordinance.*

The committee was then asked to vote on whether they agreed with all of the above statements, some of them, or none of them.

Co-Chair Kyle said that she agreed with the statements, but would live to change the specifics of some of them.

Ms. Hoffman told the committee that if they agreed with all of them, staff would still do some word-smithing. If an overwhelming amount voted against all of them, then staff would know they needed to reconsider the statements completely.

57% of the committee agreed with of the statements; 24% agreed with most of the statements; 14% agreed with some of the statements; and 5% agreed with none of them.

Ms. Hoffman then moved into the fourteen scenarios. She told the committee that they would go through the fourteen first without voting. Then after they went through them, that they would go back through and vote on each one with a “strongly support,” “somewhat support,” “somewhat don’t support,” and “strongly don’t support.” Then, after the voting, the group would go through and discuss the scenarios and how to move forward.

Each scenario was split into five sections: Wage, Tips, Exemptions, Phase In, and Additional Considerations.

Scenario 1 called for a \$15 wage, a state minimum for tipped employees at full service restaurants, and that the wage be indexed to inflation. No tip credit. No exemptions, but an expansion of the definition of employees in the Minneapolis ordinance to include those who are disabled and receiving services under Minnesota Statutes, Section 252.41 and regulated under Minnesota Statutes 245D.03 (c) (4)(5)(6) and (7). For phase in: 6 years for large businesses (100+ employees), and 8 years for small businesses (fewer than 100 employees).

Additional considerations were 1) phase in should not include more than 1 wage increase per year 2) Employment in Saint Paul – An employee who is typically based outside of Saint Paul and performs work in the city at least 21 hours per week for more than twelve weeks in a calendar year is covered by the statue for the remainder of that calendar year, and 3) Financing and Technical Assistance and Enforcement – The city should consider levying a specific tax on all restaurants, bars, and hotels to finance the costs for technical assistance and enforcement.

24% strongly supported Scenario 1; 19% somewhat supported it; 19% somewhat didn’t support it; and 38% strongly didn’t support it.

Scenario 2 called for a \$15 wage tied to the same inflation rate as Minneapolis. No tip credit. Exemptions coordinated with the Minneapolis ordinance. For phase in: catch up with Minneapolis and support small businesses.

Additional considerations were 1) the more the Saint Paul ordinance follows the Minneapolis ordinance, the better things will be for simplicity within the Metro region, and 2) Include language on joint liability. It also stated that Community/Leadership of Saint Paul needed to know that businesses provided a social service such as Cookie Cart may not be able to serve as many without additional funds; that small businesses that cannot spread their costs out across areas outside of Saint Paul will have to charge more; and that restaurants (among other businesses) will need to change their model to operate in the new environment.

38% strongly supported Scenario 2; 19% somewhat supported it; 10% somewhat didn’t support it; and 33% strongly didn’t support it.

Scenario 3 called for a \$15 wage indexed to inflation. No tip credit. No exemptions. For phase in: catch up to Minneapolis or 7 years for small businesses and 5 years for large businesses.

Additional considerations were 1) index to inflation so we don’t have to go through this again, and 2) the more business classifications we have, the more complicated it gets. Simplicity is key.

38% strongly supported Scenario 3; 14% somewhat supported it; 10% somewhat didn't support it; 38% strongly didn't support it.

Scenario 4 called for a \$15 wage indexed to inflation. No tip credit. Exemptions for - 1) city-approved youth *and* apprenticeship programs, and 2) people with disabilities in MN DEED program. Phase in times called for a raise in wages every July 1 starting in 2020. For small business, it would be \$10 for 2020; \$10.50 for 2021; \$11.25 for 2022; \$12 for 2023; \$12.75 for 2024; \$13.75 for 2025; and \$15 for 2026. For large businesses, it would be \$10 for 2020; \$11 for 2021; \$12 for 2022; \$13 for 2023; \$14 for 2024; and \$15 for 2025. Business size would be based on headcount, not revenue, and aligned with Minneapolis's more or less than 100 distinguishing number.

Additional considerations were 1) many employers/employees don't know what inflation means 2) A lengthy implementation at a slower rate of wage increase is prudent due to the complexity of this issue (reimbursement rates, general outreach, providing employers time to figure out how they'll manage an increase in labor costs, etc.) 3) Allocate overwhelming resources and strategy towards education, outreach 4) Have the same date of implementation as Minneapolis (July 1), and 5) Set first increase for January 1, 2020, not 2019.

29% strongly supported Scenario 4; 38% somewhat supported it; 10% somewhat didn't support it; 24% strongly didn't support it.

Scenario 5 called for a \$15 wage indexed to inflation. It stated that tip credits should be preserved for full service restaurants with mechanism in place to ensure minimum hourly rate of \$15. Exemptions for – 1) youth training wage for under 18 in certified training program, and 2) workers with disabilities that are unlikely to work at full productivity. For phase in: Mirror Minneapolis to minimize administrative burden.

Additional considerations were 1) Policy should acknowledge critical nature of programs that prepare young people for the workforce and commit city resources to supporting these programs, and 2) The recommendation should include strong wording about the need for a robust enforcement program, with resources and lines of accountability to back it up.

24% strongly supported Scenario 5; 29% somewhat supported it; 33% somewhat didn't support it; and 14% strongly didn't support it.

Scenario 6 called for a \$15 wage indexed to inflation (using well-known visible benchmark, not human intervention). This scenario wanted a tip credit. For exemptions – 1) Qualified youth training programs for under 18 up to 24 months, and 2) Workers with disabilities that are unlikely to work at full productivity. For phase in: 5 years (100 employees or more), and 7 years (fewer than 100 or firms receiving more than XX% of total revenue from state and/or federal government sources).

Additional considerations were 1) Our poverty issue is way bigger than the minimum wage 2) Recognition of winners and losers 3) Recognition that studies are inconclusive, and 4) Focus on difficulty and taxpayer cost of enforcement.

29% strongly supported Scenario 6; 19% somewhat supported it; 19% somewhat didn't support it; and 33% strongly didn't support it.

Scenario 7 called for a \$15 wage indexed to inflation. No tip credit. No exemptions. For phase in: Match Minneapolis for simplicity.

Additional considerations were 1) Ensure adequate support for small businesses to make this change. Requires outreach/education & technical assistance. Should come from existing departments/budgets to support business, making sure to prioritize small businesses in this area. 2) Strong outreach & education to workers must be priority & must be budgeted for. Outreach should be done through community contracts to orgs that already have relationships in the community with most vulnerable populations that are the most likely to have their rights violated & the least likely to report to a city agency. And 3)

Enforcement on the back end must also be strong. Includes more funding for investigators, proactive strategic investigations - not just complaint based, stronger fines/penalties for repeat violators, & aggressive enforcement against retaliation.

43% strongly supported Scenario 7; 5% somewhat supported it; 14% somewhat didn't support it; and 38% strongly didn't support it.

Scenario 8 called for a \$20 wage indexed to inflation. No tip credit. No exemptions. For phase in: slightly faster phase in than Minneapolis so that Minneapolis and Saint Paul reach \$15 at the same time.

Additional considerations were that there should be an ordinance similar to what's used in Santa Monica about service charges so that owners remain above board should they replace tips.

29% strongly supported Scenario 8; 24% somewhat supported it; 0% somewhat didn't support it; and 48% strongly didn't support it.

Scenario 9 called for a \$15 wage indexed to inflation. No tip credit. Exemptions for Interns and Apprentices. For Phase in: 3-4 years maximum phase in – consistent date for all on January 1 of each year.

Additional considerations were 1) How do we address franchisee business? Do franchises like fast food places like Wendy's and McDonald provide any kind of benefit package? And 2) I think we must make some kind of strong recommendation about enforcement and the ramifications of non-compliance.

19% strongly supported Scenario 9; 19% somewhat supported it; 14% somewhat didn't support it; and 48% strongly didn't support it.

Scenario 10 called for a \$15 wage indexed to inflation. No tip credit. Exemptions same as Minneapolis: 85% subminimum wage for city-recognized programs for period of time. For phase in: Large Business (100+ employees) increase on same schedule as Minneapolis (i.e. \$12.25 on July 1, 2019) and Small Business (< 100) on a slower schedule than large businesses.

There were no additional considerations.

48% strongly supported Scenario 10; 10% somewhat supported it; 19% somewhat didn't support it; and 24% strongly didn't support it.

Scenario 11 called for a \$15 wage indexed to inflation. This scenario wanted a tip credit. Exemptions for tipped employees. For phase in: 5 years for large employers (100+) and tip credit employers, 8 years for small employers (21-100), and 11 years for micro employers (>20).

Additional considerations addressed treatment of tipped employees. It called for 1) Allow tip credit for a probationary/trial period 2) Tip credit available for 7 years; at 6th year, City evaluates if tip credit is permanent, additional trial period is necessary, or is eliminated. 3) If City eliminates tip credit, cash wage increases until matches prevailing minimum wage in phase-in as determined by the City, and 4) Cash wage will always match state minimum wage which is indexed to inflation. In regard to enforcement, the additional considerations recommended the following: 1) Opt-in licenses: For employer to apply the tip credit, must apply for specialized license, 2) Complaint based enforcement: every complaint will warrant an investigation 3) First violation: Sever monetary fine, and 4) Second violation: Tip credit license revoked.

14% strongly supported Scenario 11; 14% somewhat supported it; 14% somewhat didn't support it; and 57% strongly didn't support it.

Scenario 12 called for a \$15 wage indexed to inflation. No tip credit. Exemptions same as Minneapolis: 85% subminimum wage for city-recognized programs for period of time. For phase in: Large Business (100+ employees) increase on same schedule as Minneapolis (i.e. \$12.25 on July 1, 2019) and Small Business (< 100) on a slower schedule than large businesses.

Additional considerations asked for scaled FTE and community outreach plan to ensure that businesses have the info necessary to comply with the new rules.

43% strongly supported Scenario 12; 19% somewhat supported it; 0% somewhat didn't support it; and 38% strongly didn't support it.

Scenario 13 called for a \$15 wage indexed to inflation with language provided City government the right to intervene and adjust when/if something extraordinary happens economically. This scenario would offer a superwage opt-in (85% of Saint Paul minimum wage, \$19/hour in tips benchmark that is averaged over 2 weeks.) Exemptions for – 1) disabled workers 2) students in college work-study programs as part of financial aid, and 3) sports league salaries. For phase in: 5 years (2019-2023) for large companies (100+ FTES), 7 years (2019-2015) for small companies (under 100 FTES and organizations funded by state or federal programs/contracts), and 10 years (2019-2029) for micro business (under \$500K in annual revenue).

Additional considerations were 1) Threshold for employees based out of Saint Paul is 20 hours/week, averaged out over a month, and 2) Count FTES equaling 2080 hours/year instead of headcount.

19% strongly supported Scenario 13; 19% somewhat supported it; 10% somewhat didn't support it; and 52% strongly didn't support it.

Scenario 14 called for a \$15 wage indexed to inflation. This scenario wanted a tip credit. For exemptions – 1) disabled workers at state rate, and 2) youth age 17 or younger *and* training period of 180 days (rate is 11.50). For phase in: 4 years (2019-2023 for large companies (250 people or more), 6 years (2019-2025) for small companies (249-21) people; and 10 years (2019-2029) for micro businesses (20 or fewer people).

Additional considerations were 1) Business size determined by average number of persons working per week in prior year. New business determined by average number of persons working in first 90 days, and 2) Covers workers who meet hours worked within Saint Paul.

10% strongly supported Scenario 14; 19% somewhat supported it; 24% somewhat didn't support it; and 48% strongly didn't support it.

Post-Voting Discussion

A committee member asked if a staff member could calculate which scenarios had the most support when combining the “strongly support” and “somewhat support” options.

Ms. Hoffman told the Study Committee that this is where staff wanted direction from the committee on how to move forward.

Co-Chair Varco recommended that either he, Co-Chair Kyle and the staff come together and figure out how to go forward, or the discussion could be opened up to the whole committee going forward.

Ms. Hoffman said it was possible too for staff to send all of the scenarios and results to the committee members so that they could sit with them and go over them more.

A committee member commented that they were struggling to see where there was gray area and where there was consensus amongst the group, and asked if it was possible to go through category by category to see where there was unanimous support for certain issues and contentions around others.

Ms. Klebsch noted that almost all of them asked for a \$15 dollar wage with some sort of indexing tool.

A committee member reiterated the idea that it made sense to them to go through the four categories as opposed to continuing the conversation around the whole scenarios. More committee members agreed with that notion.

Co-Chair Varco expressed the concern that if each category was voted on serially, it may be hard for individuals to support their maximum demand. A conversation ensued about how some people might be willing to do some bargaining in order to support their main concerns. Co-Chair Varco also recommended going back through scenarios and discussing what people didn't like about certain scenarios that made them vote against them in order to see where the disagreements were.

Ms. Klebsch shared the percentages for the scenarios that had the most support. Four scenarios got less than 40% support. Seven scenarios got over 50% support. The remaining three fell between 40%-50%.

Co-Chair Kyle voiced support to go through categories one by one.

A committee member noted that not all categories held as much weight. They thought that the wage and tip credit were fairly similar across the board, so that discussing the specifics of the exemptions and phase-in times would be a more productive use of time.

Co-Chair Varco asked which scenarios were the ones with over 50% support. They were Scenarios 2 (57%), 3 (52%), 4 (67%), 5 (53%), 8 (53%), 10 (58%), and 12 (62%).

Co-Chair Kyle asked to get input from other committee members on how to go forward. Most members decided that they wanted to first look at the seven scenarios with the most support before going into individual categories.

When looking at Scenario 3, Co-Chair Varco noted that the fact that the scenario called for no exemptions was likely the most contended part. A committee member noted that its phase in options (catch up with Minneapolis or 5 years large business/7years small business) were very different from one another and mutually exclusive.

A committee member noted that Scenario 4 had the most support. Another committee member noted that the exemptions category in that scenario was the same as that of Minneapolis aside from the fact that Minneapolis has no apprenticeship program exemption. Co-Chair Varco noted that the difference between Scenarios 4 and 2 was that Scenario 4 had a more specific phase in. It also would put Saint Paul two years behind Minneapolis across the board.

Co-Chair Kyle commented that she didn't give her strong support for Scenario 5 because of the youth training wage exemption.

A committee member answered a question of Co-Chair Varco saying that Scenario 5's exemption of workers with disabilities is different than the exemption in the Minneapolis ordinance. It would be more than Minneapolis.

When discussing Scenario 10, a committee member noted that a common theme in the scenarios with strongest support was no tip credit.

Co-Chair Varco said that Scenarios 10 and 12 were very similar.

A committee member commented that most of the scenarios are basically the same as Minneapolis, save slight phase-in differences and a couple that asked for a tip credit, no exemptions, and a \$20 wage.

A committee member commented that the wage and tip categories were consistent, and the exemptions and phase in times had the differences. There was only one that wasn't asked for a \$15 wage, and only one in the seven scenarios with the most support that asked for a tip credit. The member asked if time could then be spent on exemptions and phase in times instead of debates on wages and tips. Co-Chair shared that Scenario 5 did advocate for a tip credit.

Co-Chair Varco shared that he thought that between Scenarios 4, 10, and 12, that the slower the phase-in, the more support that the scenario received, because the three were fairly similar aside from phase-in times.

Co-Chair Kyle asked whether the committee should, for the moment, settle on the wage and tip categories and move into a discussion on exemptions and phase-in times.

A committee member said that they were not comfortable doing so because the tip credit is an important decision to make.

A committee member that it would be smart to have each category documented in a vote to see what the group had to say, even for the \$15 wage.

A committee member said that they weren't opposed to discussion the tip credit, but that the committee had already spent a lot of time discussing the tip penalty through panels and discussion. They said that it didn't seem like a good use of time to go further into that discussion when members seemed to have all made up their minds.

A committee member remarked that every time there was a scenario advocating a tip credit, a certain percentage swung one way or another. The point being that there is a certain percentage that feels very strongly in favor of the tip credit and is voting on that issue specifically.

Ms. Hoffman offered to make a real-time slide to vote solely on tip credit.

A committee member expressed their confusion. They said that Scenario 5 had the highest percentage of support of scenarios with a tip credit – with the stipulation that the tip credit be for full service restaurants. To the committee member, this went to show that there was room for discussion around specificities of the tip credit – which members were more willing to vote in favor of a scenario with a limited tip credit.

Co-Chair Kyle shared that she felt inclined to turn to individuals in certain industries to represent that industry's voice. She shared that she felt someone in a restaurant industry knew more about the effect of the tip credit on their restaurant than she did, so that it made sense to have them be more in the lead of the conversation.

A committee member commented that the Study Committee had come as close to a consensus as a group as they had on the categories of wages and tip credits, and that while it should be noted that 24% feel strongly one way, that it's important to recognize more differences seemed to lay in the other categories.

A committee member said, in response to Co-Chair Kyle, that it didn't make sense to them to have one particular issue where a group could have more weight in the decision making process. By that approach, the only head of a youth worker program would be making a decision for everyone. Co-Chair Kyle responded that it doesn't mean those members should make the sole decision, but that she trusted their decision more than hers because it was their industry. Another committee member agreed that such a thought was relevant, but that the group heard from panels for that reason. Co-Chair Kyle pushed back.

Co-Chair Varco asked if it would be more efficient if it would be more efficient for those strongly invested in a tip credit to do an up or down vote on that in order to move on and allow those individuals to put their weight into other aspects of the proposal.

A committee member reminded the Study Committee that nothing at this meeting was binding yet.

A committee member noted that they appreciated the effort to amplify the voices of the communities most impacted by decisions, but wanted to recognize that there are strong voices on both sides of the tip credit debate within the committee. And that many members who aren't in the restaurant industry have worked tipped jobs. They wanted to make sure that the study notes where the decision on the tip credit came from, and that there were disagreements, but that the other two categories were fair more complicated and needed the committee's attention.

A committee member noted that they are mindful of how the proposal would be used in the future, and what is in the minutes. They advocated for a quick vote of yes and no on each of the four categories. They said they are aware of how future audiences look at such a proposal. And if there was a consensus – versus there not being a consensus – that would be documented.

A committee member said they wanted to move on, but honor in the report those who were excited about the tip credit.

The committee agreed to enter a non-binding vote just on the tip credit. The question was posed as 1. I favor a tip credit, and 2. I do not favor a tip credit. 35% of the committee voted in support of a tip credit, while 65% voted against.

Co-Chair Kyle again shared her thoughts on at the very least being advised by those members who were in a given industry.

A committee member noted that they agreed with what Co-Chair Kyle was saying, but that panels, from both side, and committee members, from both side, have been diametrically opposed. Because of that opposition, it makes it hard to synthesize the input from the experts and see the most well informed answer. They said that with all of the information given by the panels and committee members, and with their opposition, it should be time that the committee takes the issue into their hands and makes a decision.

A committee member shared that over the length of the study they learned a lot and changed their opinion on a number of things; but that coming from the restaurant industry, everyone needed to understand that the tip credit issue was a big economic decision. They said that these decisions have real, large impacts. And that if a decision is made, and there is a bad impact, there's no going back. They said that if the committee does a tip credit, and the industry fails, there's no going back. But if the committee does the tip credit, and the industry survives and thrives, it's good. If it goes bad though, there's no going back to change everything.

A committee member recommended moving on to the other categories.

A committee member noted that they were shocked to see scenarios advocating for a 2019 date to begin raising wages. They said that the committee had heard nothing but the degree of difficulty of implementing and enforcing wage increases, and that they don't see the City as being close to ready for beginning the process in 2019. The committee member shared that they though the best course of action was overwhelming outreach.

A committee member told the committee that they didn't see any sort of super-majorities in the voting so far.

Ms. Klebsch offered to make a table of the fourteen scenarios broken up in categories with data summarizing them all.

The committee discussed whether or not they should make the \$15 wage a binding decision.

Co-Chair Varco shared that he saw a broad consensus for a \$15 wage with indexing, and that there was a fairly decisive vote—albeit non-binding vote—against the tip penalty, and that there were three scenarios with the most support that were all fairly similar – noting that the exemptions from those were broadly based on Minneapolis and ranged from more to less aggressive phase-in times. He said that it seemed to him like that was where the discussion would come in. He asked whether the individuals who wanted the tip credit could support something with slower phase-in time, or if the tip credit is the deal breaker.

Ms. Hoffman said that she would load the fourteen scenarios, which the percentages of support, into a survey and send them to committee members for feedback.

A committee member asked for an idea of what would happen in the coming week and onward.

A committee member recommended adding another meeting for fear that the committee wouldn't get to where they needed to after only one more meeting.

A committee member said they were happy to see members discussing people with disabilities as a possible exemption. They said they saw a trend that people wanted to accept the Minneapolis statute, and wanted committee members to know that that statute ties exemptions to a program whose outcome is competitive based employment. What that statute does is essentially exempt people who have gone through a program, and who have become competitively employed. The committee member stated that if that's the inclination of the Study Committee that what the committee would do is basically not exempt people with disabilities.

Co-Chair Kyle asked if in the feedback, committee members could state what industry they are representing. She said that she respected certain individuals more than her own.

A committee member asked for clarity for the coming meeting. They agreed with Co-Chair Kyle, but noted that on the committee were two restaurant owners; and one was opposed to tip credit, and one was for it. The committee member wanted to note that there are important issues for people, but said that they didn't understand the logic for continuing to talk about certain issues.

A committee member asked what the threshold percentage was to determine what is considered a majority. Co-Chair Varco said that the committee hadn't yet finalized that. He noted that between the meeting and the next week's meeting there would need to be a lot of offline discussion.

Closing Discussion

Ms. Hoffman encouraged the committee to talk amongst themselves throughout the week. She said that next week they would want to land on a number of scenarios and decide on a threshold for what is a majority. She said that, for example, if a scenario had 0% agreement, it would be helpful to add that in the proposal so that the City would know that no one agreed about that given issue.

Ms. Hoffman explained that the report would include a recap of everything that the Study Committee has done, and then an agreement on findings and conclusions, followed by recommendations. She reassured that everyone would have a say in the final report. Next week would be a binding vote, the staff would then write the proposal, send it to the Study Committee, and the Study Committee would vote on the report before it got sent to the City.

Ms. Klebsch shared two messages from the City. Two dates had been set for public discussion that would be in response to the Citizens League Report. Also, Adrian Benjamin was a new policy associate at the Mayor's office working on minimum wage.

Ratings: 3, 3, 3.5, 3.5, 3, 3, 3, 3, 3.5, 3.5, 4, 4, 4, 3, 3, 3, 2, 3, 4. Average = 3.26



MINUTES

Citizens League
Saint Paul Minimum Wage Study Committee
 Thursday, August 16, 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, Mr. Matt Gray, Mr. Matt Halley, Ms. Mary Hicks, Mr. Andrew Kopplin, Dr. Eric LaMott, Ms. Rebecca Lucero, Mr. Tim Mahoney, Ms. Veronica Mendez-Moore, Mr. Oscar Murcia, Ms. Kera Peterson, Mr. Sam Peterson, Ms. Sarah Kopp-Reddy, Mr. Cardell McKizzie, and Ms. Pang Vang.

Members Not Present: Mr. Barry Gisser and Mr. Jon Grebner.

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

Proposed Outcomes for this Meeting:

- Review Study Committee charge, proposed goals, and process
- Receive follow up on research questions
- Review common ground statements
- Hold binding vote on new scenarios with discussion as/if needed
- Agree on next steps
- Conclude Study Committee Process

Welcome

Councilmember Chris Tolbert thanked the committee for its work on behalf of the City of St. Paul.

Co-Chair Kyle began the meeting at 8:30am. She then reminded the Study Committee and guests to silence their cell phones and refrain from using social media during the meeting, before asking everyone to look over the proposed outcomes for the day's meeting.

Co-Chair Kyle reviewed the charge given to the Study Committee by the City of St. Paul. She reminded the committee that although this was the final meeting, their work was not yet done. There would be reviewing and input needed over the coming weeks for the final proposal.

Co-Chair Kyle asked committee members to review the minutes from the previous week's meeting. No changes were offered. There was a motion to approve the minutes, a committee member seconded it, and the motion was passed.

Co-Chair Kyle then asked for comments from the previous week's meetings.

A committee member shared that they were disappointed by the non-binding vote on the tip credit a week earlier. They shared that they understood that there was the perception that the industry was split on the issue; but in an open letter this member had sent to the committee, they provided information that showed that there was overwhelming support for a tip-credit. The committee member felt like that information was overlooked, or ignored. They stated that from community input portals, there were 54 comments regarding tips where commenters identified themselves as part of the restaurant industry and that a majority of them were in favor of a tip-credit. They shared excerpts from some of the comments. The committee member also shared results from a petition in favor of a tip-credit that went from a little over 500 people a week earlier, to 730 at the time of the meeting. The member also submitted a Facebook poll from a restaurant industry forum that had 93% support for a tip-credit. The member asked for the committee to consider that information.

A committee member shared that they wrote a letter to the Citizen's League and the chair, and told the committee what they had written. They felt that there were concerning similarities between Minneapolis and the Study Committees' process of crafting minimum wage. They felt that the mission of the committee members was to listen to everyone on all sides of the issues, but that a lot of members came in with closed minds that were made up from the beginning. They also felt that certain topics deserved attention that weren't touched on. The committee member shared that they thought there should have been more on the conversation around disabilities, youth wages, and the tip-credit. They reiterated that the issue was complicated, and that the Study Committee was only a small step in the process; but the committee member felt that not everyone took seriously the gravity of the potential legislation on businesses and individual lives. They felt that there were certain consequences that the committee did not consider. Again, they expressed how important the disabilities aspect and youth wages aspect were to them in the process. They expressed their frustration that the committee hadn't discussed how small colleges in St. Paul would be considered.

A committee member claimed that the restaurant industry was in fact divided. They shared that they had over 200 signed petitions from workers that they and others went and got from workers around St. Paul who were against the idea of a tip credit. They said that the committee had heard voices on both sides, and everyone wanted the industry to thrive, but that at this point it needed to be left up to the committee to decide.

A committee member responded. They spoke to the downside of the service charge system, and how it would reduce server's pay. They said that one panel member in particular, who shared their business plan that included the implementation of a service charge, would cut server's pay by 25%. The committee member expressed that they were very nervous about the outcome of a proposal without a tip credit. They said the purpose of raising the minimum wage was to increase the earnings of workers, not to increase the earnings of certain workers while reducing the earnings of others. That's why, to them, the tip credit was a win-win – because it would ensure service workers to get to \$15, while ensuring other types of workers to stay at \$15.

A committee member wanted to remind the committee that in the research provided, some of the states that don't have a tip penalty, that tips were actually higher. They also reminded the committee to remember the women from the One Fair Wage panel who spoke to how sexual harassment can determine how much they make because the customer determines what tips they get; while under wages coming from employers, there are laws in place that make sure female workers get full wages.

Durfee Presentation

Co-Chair Kyle introduced Thomas Durfee and thanked him for all of his work throughout the process. Everyone gave him a round of applause.

Mr. Durfee thanked everyone for the opportunity to be a part of the process. Mr. Durfee made a couple corrections to the previous week's presentation. The caveats he needed to make were that the largest family benefits cliff simulation – the families who would be in a position where they'd want to reduce their hours if the minimum wage went up to \$15 – was a single income family (either one parent with a child, or two parents with a child, where only one is working). The reason was child expenses. The first correction was that if a family was on Minnesota Family Investment Program (MFIP) benefits, they are automatically in a group of people who have childcare expenses covered; however, there is a gap use in the MFIP program. If you have a child, and you wait four years to have a second child, and you're not using MFIP in between, you're not eligible to have your childcare expenses reimbursed the second time. Second, income of students under a certain age does not count toward the eligibility of certain programs.

Finally, Stephanie Hogenson from the Children's Defense Fund said through Mr. Durfee that if people are concerned about a potential benefits cliff, it is entirely possible that, even though cut-offs are designed at the state level, cities and counties may voluntarily contribute to their own funds and reduce the size of waiting lists if they so choose. Mr. Durfee reminded everyone that in the Phase I report, it was noted that 20% of St. Paul workers live in Minneapolis, so that conversation would have to be across county lines.

Mr. Durfee then moved into new material. He noted that from statistical basis, he didn't have any experiments to test the proposed \$20 minimum wage because it had never been done before. In the discussion around a \$15 wage, Mr. Durfee said that the studies he was using were not considering the start time or the speed at which the minimum wage was changed. So if the committee was to propose an increase to \$15 over one year, or an increase to \$15 over eight years, Mr. Durfee would say that the economics community had no stance on that. Other sources of information for speed of implantation would be better for that question.

Mr. Durfee said that there has not specifically been a study that looks at the minimum wage and looks at roots of earning subminimum wage based on provisions addressing workers with disabilities. He noted that the Fair Labor Standards Act said that if you are going to pay someone a commensurate wage, that there was a certification process you had to go through. He said, again, that there weren't case studies in the economics community around that discussion.

Mr. Durfee turned to student minimum wage. He noted that based off of the scenarios from the previous week that no one had brought up specifically a teen minimum wage. Because there wasn't much interest shown toward that topic, Mr. Durfee said that he was going to move on, but that he had citations he could share later on with those who were interested.

With respect to tips, Mr. Durfee referred to two papers that treated the question of tipped minimum wages differently from a single headline minimum wage. He explained that when looking at employment, which is the number of people who have a job in the full service industry at the county level, the Allegretto and Reich study looks at changes in the tipped minimum wage controlling for what the headline minimum wage was; and that when doing that, there is no statistically significant increase or decrease in employment. That suggests that other factors tend to drive employment. On the other hand, Mr. Durfee said, the Even and Macpherson use a different model while using the same data and time frame as the other study. They believe the

way to ask the question is different, and find a different answer. That study finds that there would be a decrease in the size of employment in the full service industry, but that the decrease would be smaller than the partial service industry. Mr. Durfee noted that the decreased in the study doesn't mean that the employees are becoming unemployed. They could also be moving on to the retail sector, or to a different industry. It's literally just a discussion on businesses that identify themselves as full service restaurants and the number of people who report being a part of that.

A committee member noted that Mr. Durfee was talking about the number of employees, but was curious about the number of employers. Mr. Durfee said that the study did not look at that.

Co-Chair Varco asked if the Even and Macpherson study looked at compensation. He asked if it was possible that overall global compensation might actually be higher. Mr. Durfee told him that a discussion of compensation was his next slide.

Mr. Durfee shared that there was one thing that surprised him in the studies. He picked the two studies because they represented two different methods within the economics community. Mr. Durfee noted a caveat that he once served on a panel with Sylvia Allegretto and almost worked with her once. He wanted to give full disclosure.

Mr. Durfee said that the thing that surprised him in the studies was that the earnings—the take home pay number—was pretty similar between the two of them. The difference was based off of who received it. The Even and Macpherson study believes the number ignores people who leave the industry or are fired from the industry. Their belief is that the change in earnings is similar, but it's getting more concentrated among people who remain in the industry. On the other hand, the other study, using the same date range, says there was no negative employment effect. Mr. Durfee said that both positions were reasonable to have – both were in peer review journals; both represented established perspectives in the economics community. Allegretto was focused on geographic details, while Even and Macpherson were more focused on changes over time.

A committee member commented that one way the industry would make up for losses would be to cut hours. Mr. Durfee said that that was true. That some may cut everyone by one hour; or some may fire a few people to free up hours for the rest. The committee member went on to say that there are a number of methods that a given industry may use to address the issue of accommodating all workers if the minimum wage were raised.

Co-Chair Varco commented that the numbers seemed to imply that the total compensation for hours worked would be significantly larger after the minimum wage increase. Mr. Durfee shared one note on the observation. If full service restaurants went to partial service, then the change would negatively affect those workers.

Mr. Durfee noted that the Allegretto study would look at Fargo and Moorhead. Fargo is in North Dakota, Moorhead is in Minnesota, they have different minimum wages, so they look at those counties and ignore the rest of the country; and then they do that for every bordering county in the country isolated from the others. For Even and Macpherson, they believe it's important to include the whole country and not only to make comparisons between Fargo and Moorhead, but Moorhead and Bemidji. Allegretto would not pick up Moorhead and Bemidji.

Staff Report

Angelica Klebsch presented to the Study Committee on the commentary and data that was accumulated from surveys that committee members completed throughout the prior week. She

noted that their data was used to craft the scenarios that they would, later on in the meeting, vote on. She first wanted to walk the committee through the data and how it was used.

Ms. Klebsch started with a discussion of the “common ground” statements that committee members decided on. She noted a glitch in the online survey for that question, but based on their written comments and additional input, a reasonable inference could be made on support. She also shared that a lot of people also provided comments about the statements themselves. After the voting and the commentary, she stated that there were two comments with near unanimous support – 4 and 5, which regarded business sizes and implementation details.

A committee member asked if they had all of the data in their packets, and Pahoua Hoffman responded that they did not, because the document was 70 pages. It was instead sent as an attachment via email to committee members.

Ms. Klebsch reminded the committee that statement #4 said that an increase in the minimum wage affects business differently, based on how they operate. Statement #5 regarded the implementation efforts that the committee wants to make sure the City takes into consideration.

Ms. Klebsch said that in the attachment committee members could see how questions were answered so that there was full transparency in how the data was put together to build the scenarios. She also told the committee that dozens of suggested common ground statements were received in the survey, but there was not enough time to filter through them all and run them all through the Study Committee.

A committee member asked Ms. Klebsch to explain the glitch in the common ground statement question on the survey. The committee member questioned whether there was higher support or alignment than they were seeing. Ms. Klebsch responded that they could see everyone’s individual answers. For each individual, she could look and see how the individual answered all of the other questions that did not have a glitch, see what qualifying statements they made, and infer into whether that individual was following the way the question was written under the glitch – which switched the 5 (for the strongest display of support) and the 0 (for the strongest display of disagreement).

A committee member asked if common ground statements 1, 2, and 3 would not be statements used going forward. Ms. Klebsch said that was correct.

A committee member asked about whether there was a way to look at the 100 or so suggested statements from the committee. Ms. Klebsch responded that she would definitely go through them, there just was not enough time to do so in preparation for today’s meeting. The committee member asked if there would be an opportunity to do so. Pahoua Hoffman said that there may be an opportunity in the coming week outside of the meetings for committee members to review them in the drafts of the report. The committee member expressed concern that there would not, then, be a chance for everyone to discuss and debate.

A committee member commented that they too were worried about adding any of the new statements later on because there would not be any discussion around the statements to find common ground.

A committee member commented that they saw statements 4 and 5 as much broader than the other proposed statements. So, it made sense that there was more of a common consensus

around those statements. That indicated to the committee member that common ground statements are from places of shared values, not necessarily points of policy.

A committee member shared that a year ago they had taken part in a Citizen's League program where they read through each statement together as a group so there could be many rounds of voting and discussion. They said that they were disappointed that they didn't get to that with this committee.

Ms. Klebsch continued, saying that they broke apart the four ordinance components in the survey (wage, tip adjustment, exemptions, and phase-in). She noted that because individual committee members were allowed to check more than one option of support for questions, she was able to pull out all of the answers and code them to conceal the identities of respondents. On the document of data being presented, a letter represented each individual committee member. The aggregate data showed where each individual, through their letters, placed their support for all of the questions from the survey. If a letter was highlighted in yellow, that meant that the category in discussion was a deal breaker for that committee member – meaning that, for example, if they were highlighted in yellow in support of no tip adjustment, they would likely not vote for any scenario that had a tip adjustment no matter what else was in it. The considerations also included the comments provided, which often expressed flexibility and room for negotiation.

Ms. Klebsch explained that with all of the collected data the committee could see where the broad support lay, without seeing where individual support was. She said that what this did was allow for the data to negotiate amongst itself. The document of aggregate data also included small notes, such as “person G will negotiate the tip adjustment in exchange for exemption X.” Looking for how much support there was for tip adjustment, Ms. Klebsch identified that there were 5 solid votes, 3-4 possible swing votes, and identified what would need to happen for those 3-4 to “swing.”

Ms. Klebsch stated that the goal was to design scenarios that had the highest levels of projected support. She admitted that the greatest limitation to the analysis was that the data negotiation was happening in a vacuum without discussion and negotiation, so she didn't expect that the scenarios would be perfect and that there would be a margin of error of $\pm 9\%$. The margin was high because with a study committee size of 21 voters, each committee member was a possible 5% shift in a vote tally.

Ms. Klebsch moved onto the tips category. That column displayed that 14 people absolutely did not want a tip adjustment and that for 11 of them it was a deal breaker. In the notes section, there were types of credits that individuals would consider supporting – for example, only at full-service restaurants, only with probationary period, any and all tipped industries, full-service and probationary period, and only bar and service employees. The data showed the highest possible support for a tip credit scenario was in the 8 individuals that would vote for a tip credit for full-service restaurants with a probationary period; meaning that if the committee were to vote on a tip credit scenario, they would want to start forming it around that data point. The committee then could step back and cross reference what those people would also want in the rest of the scenario in order generate the highest level of support possible for that tip credit scenario.

Ms. Klebsch shared that she wanted to walk the committee through the data to show that there was no hidden agenda and that everything was coming from a deep analysis of their data. She said that after she crafted scenarios based off of the data from the surveys, she then looked at how individuals voted on the previous week's fifteen committee member-designed scenarios to

see the consistency of what individuals voted on in the past and their answers to the survey questions, in order to strengthen the scenarios and where there would be levels of support.

A committee member noted that there were six or seven scenarios from the previous meeting that got over 50% support, and that of those scenarios most of them, when talking about youth wages, stated support for a similar exemption as in the Minneapolis ordinance, which is around 3 months. The scenarios being proposed at this meeting, she said, were all proposing 6 months to a year. The committee member asked how that came to be. Ms. Hoffman responded that staff worked with committee members and contacted them throughout the week, including members from the non-profit world to identify how exemptions could be designed. Additionally, Ms. Klebsch said that only one person commented in the survey in regards to the exemption time that they would have preferred a 3 month exemption—everyone else supported one or more of the options offered in the survey.

Ms. Klebsch noted that while a number of the previous week's scenarios crossed the 50% support threshold, that meant they also had 40% or more votes in opposition, meaning that there was very little middle ground and clear polarization. She noted that a two of the scenarios being proposed today would be projected to get 65% or higher.

Ms. Klebsch moved onto to the youth training wage column of the data, showing collective levels of support for all three exemption options (no exemption, 6 months, or 1 year). She said that when 15 people out of 21 support a particular exemption of 6 months for youth training wages, that was huge number for the group in generating any kind of consensus.

Ms. Hoffman noted that the reason Citizens League collects data outside of meetings and puts scenarios together is that not everyone is good at articulating their thoughts in a room full of people, and Citizens League wants to create another space to participate. It also gives individuals more time to reflect and show what is more representative of how they feel—especially at such a late stage in the process.

A committee member commented that there were things in the scenario package that were popping up for the first time and haven't been discussed much, or at all, in the group.

Ms. Klebsch acknowledged the committee members point, as it referenced Medicaid receiving organizations, but asked to hold the thought for a moment as she wrapped up the data discussion. She moved onto how firm size was being defined and how committee members felt about that topic. There was one person who said they would absolutely not do FTE's and another person who said they would absolutely not do revenue. Although there was strong support for a headcount measure, Ms. Klebsch indicated that it was not an item that was discussed in-depth during meetings, and so it was not being included in the scenarios, but rather as an "additional consideration" for the City. She also reminded the committee that all of the data before them would be in the final report.

She then moved to implementation dates. Most committee members felt that a January 1, 2019 start date for raising wages was impossible for the City to be prepared. Most support was around July implementation dates, because that would line up with the federal government's fiscal year and with the Minneapolis ordinance increase dates.

For phase-in times, the largest margin of support for small businesses was seven years (14 people).

A committee member commented that something that was missing for them in the process was that there was conversation about time of phase-in, but none about amounts. To them, the slope was much more important than the timing in many respects.

Mr. Durfee, in response, said that from an economic standpoint he couldn't speak one way or another on the topic of curvature and the effects of earnings and employment.

The committee member interjected saying that their single, biggest consideration is how to get to \$15 as quick as possible with the highest level of compliance. They went on to say that one thing the committee has heard time and time again was that it would take years to implement this wage raise and the degree of difficulty was high. So, to have a situation where there was a linear slope with low participation would be a self-defeating outcome of the entire ordinance. To them, what made the most sense was to have slower implementation to allow for higher levels of compliance.

Ms. Klebsch lamented that in 30 hours of meetings, only so much could be covered. To honor that, a list was being kept of topics that weren't included in the scope of work that needed to be considered by the City.

The committee member stated that their level of confidence that the City was going to effectively assess the slope implications was low. They said they had zero confidence that anyone there would look at slope effectively.

Co-Chair Varco said that he shared those concerns, but that looking at specifics of calendars for implementation and curvature of slopes didn't lend itself to agreeing on scenarios in this committee. Those aspects would come up as important elements later on in the process when the City Council would hash out fine details.

Ms. Klebsch reminded the committee City staff and officials were thinking about and actively planning around implementation wage levels and that the committee would pass on proposals for scenarios and see what the City would do with the final ordinance and its implementation.

Ms. Klebsch addressed questions of work study exemptions as something that didn't get talked about that would make it into the additional considerations for the City to look into further. The same went for joint-liability language, micro businesses, the Saint Paul Saints, and a number of other categories. Another consideration related to a number of comments addressing matching inflation to Minneapolis once a \$15 minimum wage is realized in Saint Paul.

Voting

Ms. Hoffman asked committee members whether they had questions about categories or terms to ask clarifying questions to fellow committee members or Citizen's League staff now. She asked committee members to look over the six scenarios that staff put together to vote on and see if any concepts or terms needed further clarification.

The scenarios appeared as follows. Every scenario called for a disability employment program exemption which was defined as, "With input from the disability services community, an exemption that mirrors the Minneapolis ordinance for disabled program participants who are receiving day training and habilitation, pre-vocational, job exploration, job development or job support services licensed by the Minnesota Department of Human Services that will ensure

disabled program participants are paid at least the state minimum wage (instead of a subminimum wage).”

Scenario 1

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: Tip Credit – 1) Only for full service restaurants 2) For a probationary/trial period, and 3) City evaluates effectiveness annually.

Phase-In: Small businesses + MA** - 7 years; Large businesses – 6 years

MA** indicates organizations that receive at least 50% of their funding from Medicaid. On the online survey it was suggested that organizations receiving 50% funding from Medicaid be recognized as a small business so that they can be granted a slower phase-in time.

Scenario 2

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: Tip credit only for Full Service Restaurants for a probationary period; City evaluates effectiveness annually

Phase-In: Small businesses – 7 years; Large businesses – 6 years

Scenarios 1 and 2 were identical except for the inclusion of Medicated-funded businesses in the small business phase-in timeline.

Scenario 3

Wage: \$15

Exemptions: Youth Training Program (365 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small businesses + MA** - 6 years; Large businesses – 4 years

Scenario 4

Wage: \$15

Exemptions: Youth Training Program (365 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small businesses – 6 years; Large businesses – 4 years

Scenarios 3 and 4 were identical except for the inclusion of Medicated-funded businesses in the small business phase-in timeline.

Scenario 5

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small businesses + MA** - 7 years; Large businesses – 6 years

Scenario 6

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small businesses – 7 years; Large businesses – 5 years

Scenarios 5 and 6 were identical except for the inclusion of Medicated-funded businesses in the small business phase-in timeline.

After reviewing the scenarios, a committee member moved that the committee not vote on Scenarios 1, 3, and 5 because of the Medicaid provision in the phase-in portion of those scenarios. They claimed that such a provision was a very complicated topic that the committee didn't cover. The committee member noted that they had asked repeatedly whether the committee would ask for an exemption for those organizations receiving 50% of their funding from Medicaid or for a longer phase in time, because if they were talking about Medicaid, they'd want to make sure to dive into what that means – due to different rates of reimbursement and other complicated aspects of such a provision. The committee member said that they didn't belong in these scenarios.

A committee member moved that those scenarios (1, 3, 5) not be voted on at all because they were too complicated and hadn't been covered adequately.

Co-Chair Kyle asked a committee member if they had an opinion on that motion because it would directly affect their community. That committee member agreed that there are different programs in Medicaid and that the funding is different. They said, in the PCA world, all that was asked for was as slower phase in time. What worried the committee member was their overtime people. Because they were on a limited budget, as the wages hit higher marks, they will have to cut people's overtime hours, which becomes a problem when there is already a worker shortage. The phase in for their industry, they said, is a very big deal, and they felt that they hadn't spent enough time on a provision like the one offered in 1, 3, and 5. The committee member said that it also would have been too complicated to bring in all of the different aspects of such a program to the Study Committee in the first place.

A committee member asked about the disability employment programs, if the language was an expanded version of the Minneapolis exemption. Another committee member, who helped craft the language of that section of the scenario, said that was correct. It would expand it to a population of individuals that Minneapolis did not cover.

Co-Chair Varco said that he wanted to make sure there was input from the disabled community to look at language in the final ordinance. There was not enough time for the committee to have more members from that community come and speak, but he wanted to note that the City should make sure to involve that community in the final ordinance.

Mrs. Hoffman said that was the idea of the language in the asterisk.

A committee member asked about how to similarly involve communities for youth training programs.

Co-Chair Varco noted that in Minneapolis there was a youth training program housed within the city. Saint Paul doesn't have that, so there would have to be a process of what a youth training program is going to look like in Saint Paul.

Ms. Klebsch reminded the committee that there would be two listening sessions held by the City in September for the public to react and provided more feedback for the proposals.

Co-Chair Kyle shared a thought on the committee member motion not to vote on Scenarios 1, 3, and 5. She didn't disagree with the suggestion, but did express concerns about making changes so late in the process in the case that the committee goes down the road of making too many last minute changes.

A committee member asked whether all six scenarios would be represented in the proposal, or just a couple.

Ms. Hoffman said that the City was prepared to receive a menu of scenarios. At the moment, she said, there were six, which was already far less than the amount from the previous week. She told the committee that it would be fine to give the City six scenarios, but noted that it would be better for everyone if there were fewer. It would be fewer for the City to have to go through.

A committee member asked a process question. They asked if they could have an option to abstain from those things that they don't understand.

Co-Chair Varco expressed concerns about the idea of abstaining. He said that by the nature of the idea of people proposing different treatment of a scenario, the people advocating for it are going to have strong opinions and the people who may not be familiar with it leave a favorable voting pool for a proposal. He said that he thought if committee members felt that they could recommend something, they vote for it, if they didn't have enough information, they were in the position of not being able to recommendation something and were in the position to vote no or "do not support."

Co-Chair Kyle expressed concern for the unintended consequence of voting against the scenarios with the Medicaid provision. By doing so, that may put organizations that would have benefited from the provision in the large business category, thus not giving them the extra year or two of phase in time.

Ms. Klebsch asked a committee member how Minneapolis treated a business like theirs (a PCA business that, by head count, would be a large business, but received 50% of funding from Medicaid). The committee member replied that they were under the impression that they were included in the small business category; but when they looked at ordinance, they couldn't find the language indicating that. All they were asking for, they said, was a slower phase in time. There are many PCAs who are one employee per one client. So if there were 100 clients, there are 100-150 employees under capped funding. Yet, they would still have to follow the large business phase in if they were over 100 (considering that is typically how large or small business size is determined).

Co-Chair Kyle summarized a number of comments that yes, for the said PCA business, the Medicaid provision would put the organization in the small business category and not have to give it an exemption. The concern, though, would be the question of who else then would fall into that category.

A committee member asked if the committee was going to vote on the motion to not vote on Scenarios 1, 3, and 5.

Co-Chair Kyle said that they were pausing to figure out the right move forward.

Ms. Hoffman asked Ms. Klebsch whether in the survey there was a question about what determined small vs. large firm size. The staff member said there was not a specific question, but there was a lot of commentary.

Ms. Hoffman suggested one way forward to define how small and large business were determined.

A committee member said that they thought the way forward was for the City to really dig into the question of Medicaid funded organizations.

Co-Chair Varco recapped where the committee was in its process. He said there was a choice between proceeding with the motion to not vote on Scenarios 1, 3, and 5, or to go forward and vote on them, with the reasons of not really understanding them being reasons to vote no.

Co-Chair Kyle reiterated her concerns about not voting on three of the scenarios, and suggested to move forward taking all discussed considerations into account.

A committee member stated that they didn't think it made any sense to vote on the scenarios involving Medicaid.

A committee member said that they agreed with the motion not to vote on Scenarios 1, 3, and 5. Because those three scenarios had identical counterparts, the only difference being that didn't include the Medicaid provision, that they vote on those and tell the City they didn't vote on them for the discussed reasons and leave it the City to decide. They felt that if they voted on Scenarios 1, 3, and 5, and a majority voted against those scenarios because they didn't understand the provision well enough, it may look like the committee overwhelmingly voted against that provision, when really that wasn't what happened.

A committee member formally stated the following motion: To remove Scenarios 1, 3, and 5 from consideration and only vote on Scenarios 2, 4, and 6. Two committee members voted against the motion, the rest voted in favor. The motion carried.

The committee moved to the voting. The two committee members not present and the committee member phone conferencing into the meeting had proxy voters. The votes would be binding this time.

The committee voted on Scenario 2.

Scenario 2

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: Tip credit only for Full Service Restaurants for a probationary period; City evaluates effectiveness annually

Phase-In: Small businesses— 7 years; Large businesses— 6 years

For Scenario 2, 29% strongly supported it; 14% somewhat supported it; 0% somewhat didn't support; and 57% strongly didn't support.

That left for Scenario 2, 43% in support and 57% not in support.

The committee voted on Scenario 4.

Scenario 4

Wage: \$15

Exemptions: Youth Training Program (365 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small businesses – 6 years; Large businesses – 4 years

For Scenario 4, 38% strongly supported it; 24% somewhat supported it; 19% somewhat didn't support; and 19% strongly didn't support.

That left for Scenario 4, 62% in support and 38% not in support.

The committee voted on Scenario 6.

Scenario 6

Wage: \$15

Exemptions: Youth Training Program (180 days) *and* Disability employment programs

Tip Adjustment: No tip adjustment

Phase-In: Small – 7 years; Large – 5 years

For Scenario 6, 48% strongly supported it; 29% somewhat supported it; 5% somewhat didn't support; and 19% strongly didn't support.

That left for Scenario 6, 77% in support and 24% not in support.

Discussion

Ms. Hoffman opened the floor for discussion on the Scenarios.

Mr. Durfee asked if there would also be a chance to alter scenarios for further voting after discussion. Ms. Hoffman said that where things went now was up to the committee.

A committee member commented that there was large agreement on having small and large business distinctions, but wanted to make a point for the record. As a microbusiness owner located on the border of Minneapolis and St. Paul, the committee member noted that they understood the intent of giving smaller businesses more time to reach \$15, but wanted the City to realize that for very small businesses, those distinctions are in a way a false benefit. They went on to explain that this was because if all of the large businesses in Saint Paul are paying \$15, and every business in Minneapolis is paying 15\$, that puts their business in a tough place, because everyone else is paying \$15 for two years but their business. And although the law says they don't have to, and such a consideration of smaller businesses is valid, in reality they will have to be paying \$15 in order to keep up with everyone else. This committee member was advocating for getting rid of the small/large business distinction because it was not actually helping a significant number of small businesses in reality.

Ms. Hoffman explained the personal statement section of the proposal that would be written in the coming weeks. Along with the body of the proposal and the minutes, Ms. Hoffman explained that everyone on the committee would have one page for a personal statement they could use in whatever way they pleased – to convey ideas, reflect on the process, comment on the scenarios, etc.

A committee member was wondering if there were ways for the City to incentivize small businesses to get to \$15 faster. The City would still give small business every bit of the seven years to get there, but there would be incentives of some sort available to promote businesses to get there faster.

Co-Chair Varco asked about what the “other considerations” section of the proposal would be, because he assumed that they would be different than personal statements.

Ms. Hoffman said they’d start to build to the “other considerations” section from the minutes, but then, in the editing process, would ask committee members what could be added to that section and what should be taken out.

A committee member asked if that process would give the opportunity to show support for ideas such as effective outreach that weren’t necessarily a part of the scenarios the committee voted on.

Mrs. Hoffman said that, yes, such ideas would be included. Ideas that were strongly supported by the committee, and brought up again and again, would be added to the proposal.

Co-Chair Kyle asked about microbusinesses. She wanted to address the concern of microbusiness owners with all sorts of different perspectives.

A committee member was wondering if the “other considerations” sections could get out soon so that individuals could start to work on their personal statements and avoid repetition of things that would be in the “other considerations.”

Co-Chair Varco asked if there would be a draft circulated to the committee before personal comments needed to be finished. Ms. Klebsch said that yes, before members submitted their comments they would see a draft.

A committee member asked how the report would capture the specific detailed feedback of people for the City. They felt that a lot of specific details were lost in the process. They said they had seen that the City included \$115,000 in its budget for implementation of the \$15 minimum wage raise, which they said was woefully insufficient and borderline offensive.

Co-Chair Kyle noted that the City was taking the raise in minimum wage very seriously, that they were preparing but not fully prepared, as the ordinance was not yet designed.

A committee member asked for clarification. Co-Chair Kyle said that in the 2020 budget there would likely be more money going towards this issue. The committee member said the word missing more them in the discussion around enforcement was the City’s *accountability* for enforcement. They thought that a theme in the committee was low confidence in the City’s ability to adequately enforce the raise in minimum wage. While they would not define how the City would enforce it, they could make sure to say that the City was accountable to do so.

Ms. Hoffman said that there would be an opportunity to insert specific language in the proposal, whether it was on behalf of the committee or simply an individual idea.

A committee member wanted to propose different language about the preparedness of the City. They said they felt that the entire community was unprepared. They said the small business

community was unprepared to implement \$15, they personally were unprepared, the City was unprepared. They noted that everyone was unprepared because everyone was indebted to the current low wage system that is currently in place. They wanted to expand the language to not just the City being unprepared, but the entire community.

Ms. Hoffman noted that the minutes were so in depth so that when the proposal was being crafted, everyone could be held accountable for things that were or were not said throughout the process.

A committee member said that when talking about enforcement, that an idea for paying for it would be a provision for an increase in the food and beverage tax. They could also raise the licensing fee a few years in. It was a way to say to the City, "Here's an idea for how to pay for the widespread enforcement we believe is necessary for adequate implementation."

A committee member commented that raising licensing fees could be a really good way to pay for enforcement, instead of raising property taxes. They were wondering if it could be raised on other business that weren't just restaurants. They also asked where in the conversation the committee was at the moment. The committee member felt they hadn't yet decided what they were going to do with the scenarios.

Co-Chair Kyle asked what the outcome should be going forward in the meeting.

Ms. Hoffman said that at the moment, there were three scenarios that could go into the report. Now, individuals needed to state if they felt comfortable with putting in all three and speak out if there was any commentary that should go in around the three scenarios for the minutes or the report.

Co-Chair Varco said he thought all of the results should be forwarded (the three scenarios) to the City regardless of the level of support so that the City would have them. He stated he was comfortable not cutting any of the scenarios from the report.

Co-Chair Kyle said were she the city, she would rather only see two scenarios. She commented that she'd like to make a tweak to Scenario 2 by bringing in the language of the food and beverage tax idea.

Co-Chair Varco asked if that change would materially change the voting results.

A committee member asked a clarifying question about the tax. Co-Chair Kyle said it was a food and beverage licensing fee, as opposed to a sales tax or fee. The committee member said that they thought across-the-board licensing fees needed to be considered for funding enforcement, not just the food and beverage industry.

A committee member stated that their biggest concern was how they were defining full-service—that there were many different models of how restaurants that call themselves full-service physically looked.

A committee member said they did not feel comfortable taking a binding vote on licensing fees because it's something that the committee had not dug into. They thought the City would be equipped to figure out the funding mechanisms.

Ms. Klebsch asked a clarifying question. She asked if suggestions for licensing fees and food and beverage taxes as possible ways for the City to fund enforcement felt representative of the committee for the “other considerations” section of the final report. Committee members responded that it didn’t have a lot of weight since the committee hadn’t discussed those ideas much, but that in the current discussion that was unfolding, yes, those ideas were represented.

A committee member said that the conversation about whether or not something was a fee or a tax is really complicated and that there are a lot of court cases around that question. They said that they were throwing the idea around casually, that the premise of the conversation is that they need money for implementation, but that the committee isn’t in a position to tackle how to impose a fee or a tax.

Co-Chair Varco summarized that one member had proposed a food and beverage tax, another member proposed an alternative, there was then the idea of considering it as part of a scenario, and then two members expressed skepticism of the committee’s ability to act on the idea.

Mr. Durfee said that it might be more constructive to have a conversation that doesn’t focus on where revenue will come from, but rather to think of benchmarks of what amount of money is enough.

A committee member asked if it was possible to make sure that the City still would know about the discussion around the Medicaid provision from Scenarios 1, 3, and 5. They didn’t want that discussion to get lost in the process. Ms. Hoffman reassured them that the discussion would not disappear in the report.

A committee member asked what the difference was between the “meeting summaries” section and the “other considerations” section. Mrs. Hoffman replied that the “meeting summaries” is literally a summary of who came to speak and what conversations occurred.

A committee member asked if Medicaid would then get a section in “other considerations.” Ms. Hoffman said that yes, it would.

A committee member asked if “other considerations” would be limited to things that the committee had talked about, rather than a free for all. Mrs. Hoffman said that if something was never discussed in a meeting, it would not come up in the proposal.

A committee member asked if now was a time to look at difference between giving youth training programs 365 days as opposed to 180 days.

Ms. Klebsch while there were countless possibilities for designing a scenario with different lengths of time for exemptions, the levels were selected based on what committee members said they favored.

A committee member commented that what they wanted reflected was that they were there to approve upon existing ordinances that were already in place, and that they wanted to see points where the committee could add their voices to improve upon past minimum wage ordinances. Co-Chair Kyle asked how that would look. The committee member responded that, for example, the committee was proposing to extend the exemption for disability employment programs, which was a huge point progress. They then said that items like the slope of the implementation or outreach strategies were things they hadn’t talked about that needed to be discussed. The

committee member said they had come up with four or five ideas on how there can be better outreach.

Ms. Hoffman said that outreach became a very important issue for the Study Committee, but wasn't a main part of the charge of the committee. If people had strong views on outreach, she said, there would be places in the report for them to express those.

A committee member asked which of the scenarios they were going to put forward. From their perspective, they would for sure want to advance the one with most support, but wanted to know, moving forward, what the committee thought about how many more would be added.

Ms. Hoffman said that, for example, the City wanted to know how the committee felt about the tip credit. So in thinking about which scenarios should be put forth, the committee should think about how giving X amount of scenarios will best display the committee's feelings to the City regarding certain categories.

Co-Chair Varco said the votes speak for themselves.

A committee member noted that with Scenario 6, there were 16 people were in favor and 5 against. To that committee member, in the grand scheme of politics, that was overwhelming support.

A committee member spoke to putting in all three in order to give the City a context of the broader conversation, rather than having to dig through the minutes.

Co-Chair Varco made a motion that in the draft, under "minimum wage scenarios for consideration," that the staff includes Scenarios 2, 4, and 6 with the resulting votes.

A committee member seconded the motion. Floor opened for comments.

A committee member said that there were only three scenarios, and that by taking out any of them the committee would be taking away from the transparency.

Co-Chair Kyle called for a vote on the motion. Co-Chair Varco restated the motion.

Everyone on the Study Committee was in favor of the motion. None were opposed. The motion to advance all three scenarios in the final report thus passed unanimously.

Conclusion

Co-Chair Kyle thanked the committee for their intentionality and sincerity in the conversation. She thanked all of the staff members.

Co-Chair Varco thanked all of the committee members, and said that he thought they were giving the City a lot to work with.

Kaohly Her, Policy Director in the Office of Mayor Carter, thanked the committee on behalf of the Mayor for their work.

Melanie McMahon, legislative aid to Councilmember Tolbert, also thanked the committee for their efforts and their time.

Ms. Hoffman thanked the committee on behalf of the Citizens League and its board of directors. She thanked Ms. Klebsch for all of her work on what was her first assignment as Citizens League staff. The committee applauded. She also thanked Thomas Durfee for all of his work and the committee applauded again.

Ms. Hoffman reminded the committee that there would be two listening sessions after the report was released. She told committee members that they would be circulating a draft and keeping everyone in the loop going forward.

A committee member asked for ample time to do a minority report. Ms. Hoffman said that this report would be scenario-based. Since there was no majority report, there wouldn't be a minority report. The committee member asked for ample time to write additional considerations and personal statements.

Co-Chair Kyle asked for a final evaluation of the day's meeting.

Committee member ratings: 2.5, 4, 4, 4, 4, 3, 3, 3, 3.5, 3, 3.5, 4, 4, 4, 2, 4, 3.5, 3, 4, 4. Average rating = 3.5

Co-Chair Kyle adjourned the final meeting of the Saint Paul Minimum Wage Study Committee at 11:05 a.m.

Appendix H: Community Input Reports

Citizens League Input Channels



St. Paul Minimum Wage Study Community Report

May 24, 2018

Summary

- 1) Interested in impact on those who worked hard to finally reach \$15/hour. Also important to consider wage compression.

Wage compression is when new employees are paid almost the same as more experienced and higher-level employees, creating pressure for wage increases above the minimum wage for everyone.

Full Comment

- 1) Hello - I appreciate this information on the minimum wage. I'm interested in learning more about the whole picture. I have a question/comment and I'm curious if there's information around this question. I'm very curious as to how workers within unions or workers who are already earning \$15/hour have been reacting or have reacted in other markets to the new minimum. While it's wonderful that a new worker can start at a stronger pay scale, what about those who have worked for years to work their way up the pay scale to finally reach \$15/hour? Especially with unions where there are existing steps that are very hard to climb (this stems from my observations at the U of MN). I have friends and family members, for example, who make just above the \$15 mark now, and it's not like their pay is going to go up exponentially due to a general minimum increase. Though I wish it would for their sake. The benefits for workers are there; but I can see the morale and the public opinion being an issue when faced with this point of interest. Thank you for taking the time to read this.



St. Paul Minimum Wage Study Community Report

May 31, 2018

Summary (5 comments)

- 1) It is important to raise the minimum wage gradually and to allow a tip credit.
- 2) Not against \$15/hour phased in over time, but add age limits or make exemption for youth training wages.
- 3) Minimum wage increase would be devastating to the Saint Paul Saints without an exemption.
- 4) Opinion on negative effect on restaurants and businesses if increased minimum wage is implemented with short or no phase in period. Includes anecdote on suddenly unaffordable homecare costs for a relative after Minneapolis passed \$15/hour ordinance.
- 5) Supports \$15/hour minimum wage without a tip penalty in order to reduce or eliminate poverty.

Full Comments

1. (Voicemail 5/29/18) My comment on minimum wage: I think it's fine to do it gradually, except in a restaurant environment where there's tipped employees. I think the tip credit should stay balanced so the minimum could raise but not up to the raised amount of everybody else. Take into account tip credit. Thank you.
2. (Voicemail 5/30/18) I have a business in St. Paul... on Payne Avenue in Saint Paul. We've been around 66 years. I've been hiring employees, between 30 and 50 employees, every year since we've been open. I hire quite a bit of younger people—15, 16, 17 year old kids every year. We're a very seasonal business. We have to hire 20-25 people usually for the summer months to help our business. We do school uniforms. In hiring 15, 16, 17 year olds it's usually their first job and it's usually a lot of training goes in to try to deliver a customer service for the level we want it to be but it's always been very rewarding for us. The \$15 an hour thing: I'm really not against it at all, but I definitely think that should be an age limit on it. There's not 15, 16, 17 year olds that are head of households that are trying to raise families. Eighteen-year-olds could possibly be in that environment. So I would say the age limit to this wage thing should be 18. I've expressed this to all the politicians in Saint Paul. They all seem to agree to it, but they don't seem to want to put it forward. I talked Melvin Carter, he won't even return my calls. I talked to his aide and I said have him call me, I want to talk to him about it. He's just never returned one call. I made 3 calls to him. So I don't know why they are against this or afraid of it, but it is very easy to implement the same with the policy they just put in with vacation time. Oh, you're hiring people for 3 months a year, the young kids, it's their first job. They're in school the rest of the year. Giving them sick leave— it's kind of just a burdensome thing on the employees. I have another new business on Payne Avenue-- the Cookie Cart, which all they hire is 15, 16, 17 year old kids because they tell them at 18 they got to go find another job, but they do a lot of training and this is been very valuable for many, many children and many kids through the years to get into the job field because of the training they received as 15, 16, 17 year olds. Putting a \$15 price tag on those, literally I wouldn't hire them anymore because they're usually not worth it at that age. I'd have to hire mature people only if that would be the situation, which would be a shame for a lot of young kids not getting that opportunity of first shots. So I think this is logical. This is not something radical or political. It just makes sense. So I apologize that I haven't been able to

talk to anybody personally about it, but I would welcome a return call and be happy to discuss with anybody. I don't know if I can make any of the meetings that you're going to put together, but I'll try to be there if I can. Literally, all I'm saying is that I'm not against the \$15 minimum wage being phased in over a few years. [*Message was cut off at 3 minute mark*]

3. (Voicemail 5/30/18) I live in Inver Grove Heights, but I grew up in Saint Paul. I'm calling on this wage proposal, my comments on this wage proposal. But you know, this can also have a devastating effect on the Saint Paul Saints baseball team, which if this minimum wage is passed, they may have to cease operations and a beautiful Ballpark and Lower Town could go right down the drain. So I just want you to keep that in mind. I know the Saint Paul Saints asked a state legislator for a tax exemption this year. I don't know if they got it. But I want Mayor Melvin Carter and the City Council to know, and the Ward 2 Councilwoman—I don't know her name—to just keep that in mind that the Saint Paul Saints operation of the Saint Paul Saints ball team could be in Jeopardy, too, and I want to pass that along. So is it, you know, going to be worth having a minimum wage increase in Saint Paul and lose a valuable part of the city, a baseball team? That's up for you to determine, but I think there is some urgency here with the Saints baseball team because that is a vital part of the downtown economy. Thank you very much. Bye-bye.
4. (Email 5/30/18) Since the St Paul city council is considering passing a minimum wage law, please make sure you do a thorough inquiry in how it will affect every segment of the populace. The attached [below] is a letter I sent to the Minneapolis city council regarding the effect of the fifteen dollar minimum wage they imposed. The first one dollar increase was effective July 1. The attached letter [*below*] states how it affected a member of my family. It will continue to have a devastating impact for the next five years.

May 28, 2018

The Minneapolis City Council needs to do more homework before they pass laws that impact the businesses and taxpayers as negatively as their recent too-rapid increase in the minimum wage. As reported in the Star Tribune 5/28/18, restauranteurs are finding it challenging to remain profitable and meet the wage increase requirement. The rapid wage increase has impacted a member of our family significantly. The family member, living at home, who requires 24 hour care, has seen a \$730.00 monthly increase in payment due. This increase of \$730.00 will repeat itself for the next five years. So in five years the monthly cost of 24 hour home care increases at least \$3650.00. The increase will be even more as home care businesses have other costs that increase. Taxpayers will be on the hook sooner to pay for costs of caring for the elderly, as private pay care recipients deplete their savings more quickly. The home care clients will be on Medicaid so much sooner as they find they have to enter nursing homes since they no longer have the funds for private pay. Perhaps the Minneapolis City Council should have made the annual wage increases smaller so businesses could absorb the increase gradually, or maybe the Minneapolis City Council should allow marketplace competition to determine wages. In today's labor shortage, wages would most likely increase as businesses compete for workers. Lisa Bender, a city council member, says: "The reason we raised the minimum wage in the city of Minneapolis was to help low income workers, who even though they work full time, are not making enough money to meet their basic needs. After hearing from everyone, we felt it was important to include all workers, and not leave anyone behind." The questions is how are their basic needs going to be met when they lose their jobs when the company they work for, closes. Perhaps, that will be the taxpayers again.

5. (Email 5/30/18) I'm writing in support of a \$15 minimum wage with no tip penalty. As a resident of St. Paul and a parent of three kids, it is important to me that St. Paul does everything possible to reduce or eliminate poverty. I believe a robust minimum wage, one that does not penalize tipped workers, will help significantly.

Summary (11 comments)

- 1) Take into account min. wage laws efforts across the US. Consider the min. wage next to the rising interest in Universal Basic Income.
- 2) Clarify economic projections about restaurants' ability to absorb labor costs increases with modest price increases. Projections offered seem unrealistic. Economic analysis coming from Economic Policy Institute and UC Berkeley are biased against tip credit. When receiving feedback from restaurant workers consider how many are actually full service tipped workers.
- 3) Consider exemptions for industries whose funding is based on Medicaid dollars which are set by the state legislature. Also, without exemptions, there will be fewer employers willing to hire people with disabilities.
- 4) Without a tip credit, server incomes will go down and restaurants will close.
- 5) St. Paul wages need to be competitive with Minneapolis because we share an economy. A tip penalty leads to workers relying on tips more and more vulnerability to harassment.
- 6) St. Paul min. wage increases are bad for St. Paul businesses, particularly local and small business because chain stores fare better due to their cost structure. Increases lead to cuts in hours and jobs. Suburban workers will replace St. Paul residents from local jobs. Additionally, MN min. wage is already higher than regional peers. Finally, city level wage mandates are an abuse of power, min. wage should be a statewide discussion.
- 7) The impending min. wage increases without a tip credit was probably a factor for recent St. Paul restaurant closures.
- 8) For \$15/hr. min. wage without carve-outs and no penalty. Minimum wage should reflect a living wage and would have a positive impact on health, transit, and childcare. Further, a higher wage leads to more effective workers.
- 9) For \$15/hr. min. wage without carve-outs or tip penalty to help address poverty in St. Paul.
- 10) For \$15/hr. min. wage without carve-outs or tip penalty. If you work you should not live in poverty. A wage increase disproportionately benefits People of Color. This is a moral issue.
- 11) For \$15/hr. min. wage to address poverty and all of its negative social impacts like shame and lack of dignity.

Universal Basic Income is a government program where citizens or permanent residents receive a regular, livable amount of money without conditions.

Full Comments

1. (Webpage submission 5/31/18. Please note the submission begins as written; there is no error in copying the comment onto this report.) currently in Kigali, Rwanda- back in July Mpls and StP are not the first to consider this. There must be summaries and details on these efforts across the US. What was proposed, put into action, reactions and assessments. The notes in this current posting are persiflage and basically say, after 3 meetings, we are nowhere. Next, minimum wage does not consider any of the issues that concern many, the near term prospects of technology and jobs and the rising precariat which include those with more than secondary or some advanced training. There is a sense that this is focused on the service sector and ignores the larger issue. We have gone beyond the "Walmart, McDonalds and domestics. Next, this needs to be consider in the context of the rising interest in a UBI, universal basic income and, as such, may be lagging if and when it materializes and the work starts all over.

2. (Webpage submission 5/31/18) When discussing the simulation done on Minneapolis projecting effects of the minimum wage increase, Durfee said a few things that I think need clarification or further analysis. Unless I misheard, at one point I thought he said that restaurant prices were projected to raise only 5%. With a 58% increase in labor, which is traditionally at least 30% of the cost of running a full service restaurant concept, I can't imagine how it is possible to come to that conclusion. Is that 5% reflective of yearly incremental increases? Is that 5% reflective of overarching consumer food costs (including cafeteria and QSR)? If that 5% is supposed to be reflective of the full service restaurant community, can the team of economists show in a proforma (or a few) of how specific full service business models can absorb a 58% labor cost increase with only a 5% increase in sales? Durfee also acknowledged working with the Economic Policy Institute on the formation of this simulation as well as having referenced data from UC Berkeley to come to their conclusions. Both of these institutions have shown significant bias against recognizing tips as income and have published several reports in favor of minimum wage increases without the recognition of tips as income. This causes great concern for the neutrality of the simulation used in Minneapolis' report that resulted in recommendations for their ordinance and the use of this simulation in hypothesizing the economic outcome in St. Paul. Lastly, Pahoua Hoffman discussed meetings and feedback with workers both for and against a tip credit. I would like to know of the workers for and against: How many were full service tipped workers, how many were full service support staff, how many worked in coffee shops or QSRs, how many worked in unrelated fields and if she had any general idea of the tenure from which these perspectives were coming from. This is one of several anti tip credit papers that Sylvia Allegretto and David Cooper contributed to. Theirs and their institution's influence on the Minneapolis simulation while remaining unbiased is very concerning:
<https://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>

3. (Webpage submission 6/1/18) The possibility of a \$15 minimum wage in the City of St. Paul is greatly concerning to us and anyone in our industry. We provide job training and supports for adults with developmental disabilities. Our funding is based on a per diem through Medicaid dollars. These dollars are determined by the legislature, and therefore, we are concerned as to how we would be able to pay for an increase in staff wages. In addition, this year's session failed to fix a 7% cut in funding effective 7/1/18 due to a miscommunication between DHS and CMS. We have been fighting for money to increase staff wages for years. We went from 2008 to 2014 without an increase. In 2014 we received a 5% increase (which helped us increase staff wages slightly), but are now facing a 7% decrease in funding with no increases in sight. In order to cover an increase to \$15.00/hr for our staff, we would need to come up with almost \$400,000/year. Many employers have been willing to carve out jobs to fit the skills of our clients, but we have already seen a loss of

employment due to increasing wages, automation, etc. We feel this will have a detrimental effect on the employment rates of people with disabilities as employers will be less willing to hire a disabled person at the much higher minimum wage. We have already struggled finding employers willing to take on enclaves (which is what provides those individuals with higher needs the ability to work as part of a crew with constant supervision).

4. (Email submission 6/2/18) A member of my family has been a server in the restaurant industry for his entire working life, working his way up from bussing tables as a teenager to becoming a top of the line server in his early thirties. Two other members of my family have spent significant portions of their working life as servers. I think that people who have dedicated themselves to restaurant service deserve the tips they currently get. It seems very likely that without a tip credit, their incomes would be severely depleted. As a person who also worked in the restaurant biz as a younger person, I have an understanding of the abundance of advanced skills involved in being an excellent server, and an appreciation for servers who have made a long term commitment to the profession. They should not have to lose income or consider changing their profession at this point. Restaurants should not have to close, change format, raise prices astronomically, add on service charges to survive, lose their best employees and hire high school kids in place of those servers who might feel forced to leave our favorite restaurants should a minimum wage be instituted without a tip credit. I urge you to please consider in detail the potential detrimental impacts on the restaurant business in St. Paul. St. Paul finally has a lot of wonderful restaurants, this has taken 30 years to establish. I am all for a minimum wage increase for those who want it. But if workers are telling you “we want our tips counted towards that minimum wage”, and if that will benefit restaurant owners as well, does a tip credit really hurt anyone? No one has addressed that question to my satisfaction. Thank you for listening.

5. (Voicemail submission 6/4/18) Hi, I have been working in Saint Paul for over the last year and I'm currently unemployed. I'm very concerned about raising the minimum wage to \$15 an hour. I think it's ridiculous for still arguing about it as I'm looking for jobs. I am not looking at Saint Paul. I'm looking in Minneapolis because the minimum wage there it's going to be \$2 higher. I'm really worried that if we do have some sort of bill or raise it in any way that it'll take so long to catch up, but it's going to put Saint Paul in a very like bad economic position when we really share an economy with Minneapolis, and we should be thinking about it that way. I think also like I worked as a server for a long time and I don't make enough on just my base which and relying on my tips is gross like it means that sometimes when an old man touches my butt I just have to like go along with it so I can get my kids when if I made more like I could easily like shut it down and not worry about having enough to get groceries that night. So yeah, I want to participate in this project, but it's just like really hard to be heard or joining anyway, so I hope you can figure out all this. Thanks.

6. (Email submission 6/5/18) Why I'm concerned about the \$15 Minimum Wage (As a St. Paul business owner) The proposed \$15 minimum wage for St. Paul would be bad for local small business. Here's why: Minnesota's \$9.65 minimum wage is already higher than that of every state in the region-- 33% higher than Iowa and Wisconsin. A \$15.00 minimum would put the City of St. Paul out of step with the region and neighboring suburbs. Imagine the St. Paul Central Minutemen starting a football game against Woodbury (or Roseville or Bloomington) down 10-0 before the game even starts. That's what this will feel like to many business owners. A wage mandate on the city level is a legal loophole. The idea that a few council members can mandate this whopping 50% increase upon thousands of business owners is an abuse of power. Of course, most people support the idea of higher wages. People would also support slashing health care premiums, mandating lower rents for apartments and cutting the cost of cable. Can the City cut these costs by a half or a third? Most

people would support it. This wage mandate is a classic case of the tyranny of the majority. Just because a lot of people want it doesn't make it fair or right or wise for the City. This should be a statewide discussion. This decision is too big for a handful of council members and should be debated and discussed statewide. I'm guessing state lawmakers never imagined this would happen. The idea that a city council would opt to create an unfair playing field for their own business community must have seemed implausible to state lawmakers a few years ago. So, what if it happens? From a business owner's perspective: Many jobs will disappear, hours trimmed, and flexibility reduced (see Seattle study). Suburban workers, lured by higher wages, will displace many St. Paulites from local jobs. Chain stores will fare better than independents because their costs are spread out. New business owners will think twice about St. Paul- so will their bankers. Some of your old favorite quirky little dives will go away. Some potential new little experimental places will never come into being. A night out will cost quite a bit more and it's already up there. Stroll down Grand Avenue or around downtown some late evening. It's pretty darn quiet. Business is okay, but it's not booming in good old St. Paul. Then hop online to see what a building on Grand Avenue is assessed in property taxes; you might be shocked. As a long-time small business owner in St. Paul, I may have to seriously consider whether this wage increase will tip the balance in favor of getting out. If I do, my business (and others) will be missed. I love St. Paul, but the combination of high taxes and this wage mandate will begin to strip some of the character, quaintness, and charm from this town. Signed: Anxious on Grand.

7. (Webpage submission 6/5/18) In the last week we lost three St. Paul restaurants - Ward 6, The Muddy Pig, and Fabulous Ferns. I understand that there are many factors to the closures. I can't help but think that the impending minimum wage increase was the nail in the coffin - especially if they weren't currently making a profit. For the sustainability of our restaurant industry, St. Paul, we need a tip credit!
8. (Email submission 6/6/18) Hello, I am a St. Paul resident and leader with ISAIAH. I live in the Summit-University neighborhood and attend Macalester Plymouth United Church. I support passing a \$15 minimum wage policy by December 2018--one that has no exceptions, no carveouts, and no tip penalty. As someone who is currently living on poverty-level wages, I can attest to the challenges that come with such a low income. While I am lucky to have found a subsidized housing program, health insurance, and a variety of supports through my work, I cannot imagine trying to support a family on the current minimum wage, especially not without the kinds of supports I have. Even with these supports, I struggle just to break even every month. And I certainly cannot sustain myself in this way long-term. A minimum wage should not be a poverty wage. A minimum wage should reflect an income someone can actually live on. While \$15 is still small, this wage would provide an extra \$10,000+ a year for those working full time at minimum wage (compared to the current state minimum). For me, that would mean rent would no longer be more than half my income. It would mean I could afford a much healthier diet beyond the cheapest essentials without having to use food stamps. It would allow me to make a dent in my student loans and help me afford the medications I depend on. And for others, a \$15 minimum wage could mean so much more. For a friend of mine who is currently raising six children while attempting to navigate U.S. culture and systems after arriving as a refugee, a \$15 minimum wage would make childcare and public transit affordable, which would allow her to work full-time and go to English classes to expand her work opportunities and support her family. I believe we should be creating policies that ensure a caring economy that benefits all people--not just a select few or wealthy corporations. While a higher minimum wage might at first seem daunting for employers, the long-term effects will be positive, since employees who have the resources they need to get by are undoubtedly more effective workers and community members as well. I believe this should be a city that supports everyone and invites both community members and businesses to care for those in their communities. We need to make bold steps

toward this goal, and a \$15 minimum wage is certainly a start. Thank you for this opportunity to share my thoughts on this issue!

9. (Email submission 6/6/18) To whom it may concern: I live in St. Paul; I attend St. Thomas More Catholic Church and am a leader with ISAIAH. I support passing a \$15 minimum wage policy by Dec 2018 with no exceptions, carveouts, nor tip penalties. A 40% poverty rate calls for action in our city -- including a \$15 minimum wage. This is part of a vision for an economically inclusive St. Paul; we can become the most livable city in America for everyone. Thank you for the opportunity to express my thoughts and concerns for Minnesotans' future.

10. (Email submission 6/6/18) To Whom It May Concern, I am a Presbyterian minister, a citizen involved in ISAIAH and a Saint Paul resident living in the Midway neighborhood. I am writing to support passing a \$15 minimum wage policy by this December. I believe this decision should be passed with no carve-outs or tip penalties. I believe if you work you should NOT be living in poverty. Raising the minimum wage to \$15 would help the 40% of Saint Paul residents currently living in poverty live a life where they have access to better food, child care and transportation. It would help lessen the huge gap between black residents who are working yet still living in poverty and the white populations. This policy awards hard-working individuals and encourages people to seek employment as they know it will give them a leg up economically as all jobs should. I think specifically about my neighborhood - raising the wage would help the small immigrant businesses along Snelling Avenue as their customers who work lower wage jobs would have more money to spend on the goods and services they offer. This is a moral issue - as a Christian I believe everyone is deserving of the necessities of life. As it says in James 2:15-16, "Suppose there are brothers or sisters who need clothes and don't have enough to eat. What good is there in your saying to them, "God bless you! Keep warm and eat well!" – if you don't give them the necessities of life?"

11. (Email submission 6/6/18) Hello Minimum Wage Study Committee of The Citizens League, Please consider this my public comment input for the minimum wage study group. I cannot attend tomorrow's public event so I am sending my thoughts via this e-mail. And firstly, thanks for all your hard work. I strongly support raising the wage to 15 because we need to hold all things equal in a society that often shames, disadvantages and oppresses the poor - by which I mean the abject manner through laws and policies a system denies all residents a dignified, living wage. I work in nonprofit, the same sector from which you come, which convenes this august body of study for our great city. I make about \$21 an hour, and it is both a privilege and a choice. I write in support of those who, limited by skills, education, access to training and immigration status or country of origin, etc., are discriminated from and hampered by the various barriers that make obtaining a \$20 or even \$15 job a major obstacle, and not a choice. I don't have a Ph.D in statistics, but that doesn't mean I don't know enough about federal poverty levels, laws and other arcane lexicon to know that those in power and systems who hold levers which decide the fates of the masses, can more easily fix the issue of poverty than you think, claim or will admit. My lack of a Ph.D in statistics does not negate the fact that I know that the mathematical definition of poverty has not changed in 30 years, while lawmakers in both houses of state and federal bodies vote THEMSELVES raises every 2 to 6 years. I have lived poverty. I know it first hand. My immigrant-refugee Hmong parents worked hard to put food on our table and a roof over our heads when I grew up in Fresno, California. As an American, as a refugee child, I came to this land at 1 year old and my first 10 years were blissful memories of poverty in a gang-infested neighborhood. Fresno County, along with Merced County next door were two of the poorest counties in this country during The Great Recession. I know the shame of picking up Food Stamp bills off the ground blowing in the wind because if someone slips one note out of their pocket, it looks like a random receipt on the ground, since back then, that bill was only printed on one face. As a child, I

remember in pre-school, we had a show-n-tell day. I had no family heirloom to pass around, and my family could barely afford the clothes on our backs...we got no birthday candles, birthday cakes or gifts, or Christmas gifts...if we got Christmas gifts, it was my parents who got it from local church Toys-4-Tots drives. So knowing that I could not, as a pre-schooler, go to show-n-tell day empty handed, I asked my father to take me to the dollar store and pick out a few rubber bath toys that were animal shapes. It was my show-n-tell pack of toy animals. I lied that I had them for a while and that they were my favorite toys. They were the only toys. At 4, I didn't want to seem, act, or look poor. Once, my father took my mother and I to a local church to get our Christmas toys. Father stayed in the car, and mother and I went to get in line for our toys. I said to mother "why isn't father coming?" Mother replied "Because he is shy." In Hmong, the word for shy "txaj muag" has other possible linguistic meanings, ergo the beauty of language - the same word can mean and imply shame as well as cowardice, as well as shyness. I did not challenge my mother's meaning until years later I realized why he was ashamed...he was ashamed of WHAT? He was ashamed of being poor. It took me many years to internalize and understand the depth of our poverty years later and reflect on this incident to understand...he did not get in line with us for toys because he was ashamed of being poor. I have made toy sailboats out of sardine cans, and dolls out of empty dish soap bottles as a child. When I hold a Dawn bottle or see/eat Sardines from a can, it still goes down my throat tasting like poverty. We need to address at the local levels what the state and federal lawmakers don't have the spine to do, in the name of what is right, in the name of equity, and in the name of true justice. This country is the most powerful and richest nation in the history of the world. As I type, we have nuclear submarines chasing Russian subs in the Arctic as we vie for ice melting pole military supremacy. We have ship-borne lasers that can fry planes and drones out of the sky in the oceans. I encourage this body to do what is right, and recommend a passage of a living wage at or above \$15/hour. Thank you for your work, your time, and your consideration. PS: we left Fresno for St. Paul in 1998 for the same reason you are convened for this study, to improve our lot in life as Americans. There are no such beings as "the deserving poor." That is an academic term created by false academics.



St. Paul Minimum Wage Study Community Report

June 11, 2018

Summary (11 comments)

1. A majority of St. Paul voters elected a Mayor based on a minimum wage increase without a tip penalty, so we should not be dragging out this process.
2. We should not tolerate that the minimum wage in today's dollars is \$1.74 less than what Minnesota's governor ordered 87 years ago.
3. Demands one fair wage without a tip penalty.
4. If the minimum wage goes up, it will affect a family's ability to afford more expensive day care, personal care attendants, and other necessary services. Includes attachments from the Minnesota Department of Human Services.
5. The minimum wage needs to be carefully implemented to balance the needs of employers, employees, and the community.
6. In favor of minimum wage increase with a tip credit to avoid losing opportunities for people of color as restaurants are forced to cut staff and hours, as labor statistics show that the service industry is particularly accessible for people of color.
7. In favor of tip credit or two-tiered system as it benefits everyone and hurts no one. Without tip credit, restaurants will close and jobs will be lost, and those who need the raise the most (back of house staff) will be hurt the most.
8. Challenges study committee to imagine surviving on \$10/hour wage rate and gives examples of how difficult it is to live on such a low income. Concerned about carve-outs.
9. Was present for input session on 6/7 and was offended by rudeness of attendees toward community members who voiced their opinions in front of everyone. Asks Citizens League to intervene next time so everyone can speak and not be shunned.
10. In favor of \$15/hour wage with a tip credit because it is not fair that wait staff get so much more than back of house staff. Chefs have to go to school to do what they do whereas wait staff do not.
11. The city has no authority to go against State Law, which does not allow for tips to be counted towards minimum wage

Full Comments

1. (Webpage submission 6/6/18) All of this research and drawn out process seems like extreme overkill. A plurality of St Paul voters elected a Mayor who ran publicly and forcefully to raise the minimum wage with no tip penalty. As an outsider this seems like privileged policy wonks stalling while workers desperately wait for a raise. People look to Minneapolis as this radical example. Workers don't get to \$15 until 2022. I don't understand why St. Paul is lagging so far behind. I appreciate all the hard work the staff and committee do and understand there are other perspectives out there but I wanted to voice my concern as a former Citizens

League staffperson about the corporatist direction the organization is taking. Again, I appreciate CL taking up this crucial issue, and am willing to be convinced that I'm off-base, but I felt moved to share my opinion. Happy to talk more.

2. (Email submission 6/6/18) Dear Committee: That the current minimum wage, even for "Large Employers," is \$1.74 *LESS* in current dollars than the minimum decreed by Govern Olson by executive order *eighty-seven years ago* speaks volumes about the corrosive influence of corporate economics and its associated suppression of wages. Low wages for trainees or for part-time workers under the age of 18 are regrettable, but may have to be tolerated to some degree. What should not be tolerated is a minimum wage of \$9.65 an hour at this time, in this place, that is 16% *LESS* than ordered by the state's Governor nearly a century ago as we slid into the Great Depression. No one in Minneapolis, St. Paul, Rochester, Duluth or any other Minnesota community can live for very long on what are, in practice, starvation wages. I'm of the belief that Franklin Roosevelt had this one right: "No business which depends for existence on paying less than living wages to its workers has any right to continue in this country".
3. (Webpage submission 6/7/18) One Fair Wage! No Tip Penalty!
4. (Email submission 6/7/18) I am writing to voice my concern over what may be unintended consequences of increasing the minimum wage in St. Paul to \$15 per hour. Specifically, I am concerned about the impact on families' ability to afford day care, personal care attendants, and other necessary services. Right now, the average hourly wage for a child care worker is in the \$10.50 range in Minnesota. Licensed child care providers are required to maintain very strict staffing levels. (See attached document.) Infants, those 6 weeks to 16 months old, require a minimum staffing ratio of 1 staff member for 4 children. If we assume a \$4.50 per hour increase in salary, without employer paid Social Security, etc., the employer incurs a \$180 per week increase or \$9,360 per year. Assuming that these costs are passed through to families, each family will see an increase of \$2,590 per year. Will they be able to afford that increase? Will government- assisted child care cover this increase or any portion of it? Will we create a situation in which some families will have to choose between continuing employment and quitting to care for their children? Is the city and/or county in a position to cover these costs? Personal care attendant salaries range between roughly \$10 and \$14.50. State law requires that they be paid 72.5% of the amount received by the PCA agency from the Minnesota Department of Human Services. If the State of Minnesota does not increase the amount paid to a PCA agency, what happens? Nurse aides' wages vary considerably, with the Metro average being roughly \$31,000 per year or \$14.90 per hour. The lowest paid aides make as little as \$11 per hour. Many aides work in nursing homes which derive their revenue from Medicaid payments, at levels set by the State. Again, what happens when costs increase by as much as 36% and the State decreed Medicaid payment won't cover it? Will more homes decline Medicaid patients? Will they reduce staffing ratios even further? I do not oppose a \$15 an hour minimum wage, per se. I write only to question the interplay between a locally mandated minimum and those employers whose revenue is derived in whole or in part from fixed government sources or from families who may see no wage increase themselves but will be forced to bear a substantial increase in the cost of necessary services as a result of such an increase. *[This comment includes attachments from the Minnesota Department of Human Services, found at https://mn.gov/dhs/assets/ratio-and-group-size-standards-for-licensed-child-care_tcm1053-340437.pdf]*
5. (Email submission 6/7/18) Hello, I agree with the concept of increasing the minimum wage, HOWEVER, it must be implemented to serve all parties, employees, employers, and the community. THE VERY LAST THING that can occur is increased wages, employers closing their businesses or relocating, and then have unemployed workers. While the labor market is tight, just increasing wages, means employers will either increase their prices or reduce other costs to make up the budgetary differences and/or gross margin gaps. Tread carefully, thoughtfully and do not rush to a conclusion that ultimately hurts our community in the long run. Balance the needs of all interested parties. Thank you

6. (Email submission 6/7/18) Hello, I am a lead bartender at [*establishment name removed*]. I've been in the industry for 25 years. 20 of those years as a tipped employee. My family has always been in the business of service. My brother was a G.M. for 10 years and my sister worked her way through law school as a server. My mother is the executive director at a [*shelter for homeless families in Ramsey County*]. She serves the needy. Her Father moved to MN from the Jim crow south in 1934 to work as waiter on the railroad a job he had for nearly 40 years. My grandfather had his master's Degree in chemistry but not many doors were open to Black men at that time. Even a well- educated man such as himself. He found a career in the service industry, one that allowed him to be home on the weekends to raise his four kids and even go to church on Sunday. He was a tipped employee. Like my Grandfather I've found a career that allows me and my wife, who is also an industry professional with 20 years of experience. to raise 3 children take them to and pick them up from school be home with them when they're sick. We are tipped employees. The opportunities and pay rates in this business are literally limitless. I want to state that I am unequivocally, undoubtedly for the greater good of our society. Raise the minimum wage please. But I fear that without a tip credit the opportunities for people of color in my industry to make significant life stabilizing money will begin to vanish, every restaurant that closes or is forced to cut staff and hours or freeze pay rates would diminish chances for people of color to succeed. According to the bureau of labor statistics our industry is #1 for Latinos in management and top 10 for African Americans and Asians, showing how truly accessible upward movement is in our industry. Thank you for your time and help in keeping this conversation going.

7. (Email submission 6/7/18) Hello! I'm a bartender at [*establishment name removed*] in Minneapolis, and I have been active with hundreds of other full service restaurant industry employees from the Twin Cities in an effort to save our industry, and protect our jobs. It is absolutely imperative to the sustainability of the restaurant community that we implement either some form of two tiered wage system or use the tip credit system. This is a progressive approach to raising the minimum wage that will benefit everyone, and hurt no one. Please, please, PLEASE listen to the restaurant industry on this topic, and be extra wary of the union forces that are challenging our movement's efforts. The restaurant industry has created a delicate ecosystem that demands a careful, nuanced plan to raising the wages of its employees. Without a tip credit or two tiered wage system moving forward, small businesses will shut their doors, and thousands of good jobs will be put in jeopardy. But before that happens, the very people that need a raise--the cooks, dishwashers, and bussers--will be hit FIRST. These are the same people that advocates of raising the minimum wage to something that is livable seek to help out. Implementing a tip credit or two tiered wage will SAVE them and the industry as a whole. Please save our jobs. Thank you for reading and listening.

P.S. I formally invite any and all to come sit at my bar and discuss this topic, and see firsthand why the system works.

8. (Webpage submission 6/7/18) Hello, I'm a Saint Paul citizen also work in Saint Paul working for a \$10 an hour and my question for the Citizens League is: If you had to live like us with only \$10 an hour. How would you manage to do it? At \$10 an hour I am barely able to make rent living with my roommate, struggling to pay for groceries, car insurance, gas, and day to day bills and expenses. And so when I'm hearing talk about certain carve outs or the idea that some people won't be getting \$15 at the minimum wage. I'm very curious to see how you would respond if you had to fill our shoes. I understand for a lot of you it's a game of playing politics, but there are thousands of citizens in Saint Paul who are very much depending on a higher minimum wage just to make ends meet. So I want to know if you all had live on \$10, how would you do it?

9. (Webpage submission 6/7/18) I was at the input session on 6/7. I was offended by the number of people who talked back and voiced negative opinions to the people who were brave enough to get up and speak in front of people. This was incredibly rude. I ask for further sessions the citizen's league ask people keep their comments to themselves during to the speaking input. And if someone is disruptive I they are asked to leave. Everyone has the right to have their voice heard and not be spoked to rudly or shunned for their opinion. Thank you.

10. (Voicemail submission 6/8/18) I just want to make a comment that I think that the tips should be included in the \$15 an hour. It's not fair that they should make that much more than the people in the back who do all the hard work, the people who are making all the food, plating the food, the dishwashers. The waitress, your waiter, all they do is say what would you like to eat or drink and then they bring all the completed dishes that everybody in the back sat there and did. And why they should make that much more than the people in the back, it's not right. And a lot of the cooks or chef's or whatever you want to call them have got tuition to pay that they've gone to school for it. Waiters and waitresses, they don't go to school, they just walk in off the street. If you have a half a personality and look decent, you know, you can get a job. Where not everybody can work in the back and it's not fair that the wait staff should make that much more than \$15 an hour should include tips and that's my opinion and hope it goes our way and for the sake of the business owners. Thank you. Bye.
11. (Email submission 6/9/18) I appreciated the opportunity to participate in the minimum wage session on June 7th. I am following up on the tip penalty/credit discussion. As a State Senate Committee Administrator and staff for the Senate chief author, I was intimately involved in the passage of worker wage protections that ensure gratuities received by an employee are the sole property of the employee. No employer may directly or indirectly, credit, apply or utilize gratuities towards the minimum wage. It seems needlessly unproductive and divisive to create fear among employees when the City of Saint Paul has no authority to usurp State Law and take tip protections away from employees. Hopefully, the Citizens League and City elected officials will take this red herring off the table. It should be made perfectly clear that Saint Paul elected officials support MN Fair Labor Standards. The protections on gratuities have been in place for over 30 years.

MN Statute 177.22 is the Statement of Purpose - MN Fair Labor Standards

MN Stat. 177.23 subd. 9 definition of gratuities

MN Stat. 177.24 subd. 2 includes: no employer may directly or indirectly, credit, apply, or utilize gratuities towards payment of the minimum wage

MN Stat. 177.24 subd. 3 includes: any gratuity received by an employee is the sole property of the employee

You can find MN Statutes at the Minnesota Legislature Revisors Office web site.

<https://www.revisor.mn.gov/search/>

At the MN Department of Labor and Industry web site you will find information on Fair Labor Standards.

Tip credit

- No employer may take a tip credit against minimum wages in Minnesota.
- An employee must be paid at least that minimum wage per hour plus any tips the employee might earn.

www.doli.state.mn.us/LS/MinWage.asp

I hope you find this helpful

Summary (14 comments)

- 1) In favor of tip credit. Tipped employees are still guaranteed full minimum wage while small businesses benefit from lower costs.
- 2) No comment, only submission of newspaper opinion piece in favor of \$15/hr. minimum wage to address poverty. Raising incomes for low wage families stimulates economic growth.
- 3) A higher minimum wage does not overly advantage big business over small business and it will help close the gap between cost of housing and current wages.
- 4) Small businesses will suffer from minimum wage increases and should be exempt from wage laws.
- 5) Raise the minimum wage to \$15/hr. without carve-outs and without the tip penalty to help address poverty and housing costs.
- 6) Please provide a tip credit, it is essential to tipped workers' livelihood.
- 7) Wage increases without a tip credit will hurt full service restaurant workers.
- 8) Tipped workers are asking to be exempt from wage increases because they know how the restaurant industry operates.
- 9) In favor of tip credit as a tipped worker.
- 10) Pro tip credit because tips are wages too. Otherwise in favor of minimum wage increase.
- 11) Supportive of a tip credit because, as surveys show, servers make most of their income from tips and prefer it that way.
- 12) Listen to those in the restaurant industry when they say a tip credit is essential.
- 13) Opposed to minimum wage increase because it negatively impacts working people with disabilities due to prices being regulated by the State.
- 14) The tip credit allows restaurants to provide higher income level jobs to anyone regardless of education, race, religion, or nationality.

Full Comments

1. (Webpage submission 6/12/18) Hello. I am a tipped employee in the service industry in St. Paul, and after reviewing the debate, I think there is some confusion about what a tip credit is/means. It is NOT a penalty,

despite how opponents are branding it. Every tipped employee will still be guaranteed \$15/hr, and employers will be required to cover that cost if an employee doesn't make at least that amount. What a tip credit does, however, is 1. Mitigate rising costs for small businesses. This is good for the businesses themselves, but also for hourly employees who are concerned about hours being cut to combat overhead. 2. Prevent restaurants from going to a service charge model. A service charge is a charge automatically applied to a bill to cover service. While this may seem like it benefits the server, it does NOT. Service charges legally belong to the business, and they do not have to give them to the server/bartender/other tipped employee. This model essentially allows the house to confiscate a server's tips to help pay the higher wage. This penalizes any tipped employee who makes more than \$15/hr. What is being packaged as pro labor actually hurts workers and devalues the experience and knowledge of long-lasting members of the service industry. It places a ceiling on how much we can earn that is lower than what many of us currently make. Please consider all of the repercussions of not having a tip credit before believing people (who may have a financial interest in all of the tip money that currently goes to workers going to businesses instead) who call it a "penalty." Without a tip credit, my personal livelihood is at risk. Thank you

2. (Email submission 6/12/18) <https://www.twincities.com/2018/06/10/eller-issacs-givens-spilker-heres-why-we-support-a-15-minimum-wage-in-st-paul/>
3. (Email submission 6/13/18) My view hasn't changed...and part of my view is that a fair wage ordinance does not necessarily put small business owners at a disadvantage in relation to big-box retailers and other large, corporate entities. If everyone is paying the same minimum, whether it's \$8 an hour or \$18 an hour, the playing field remains about as level as it's likely to ever be in a capitalist economy.

"No business which depends for existence on paying less than living wages to its workers has any right to continue in this country... By living wages, I mean more than the bare subsistence level – I mean the wages of a decent living."

...Franklin D. Roosevelt, on the occasion of signing the National Industrial Recovery Act, part of his New Deal, which included the nation's first minimum-wage.

Also from Roosevelt, there is this paragraph from an address he made to Congress in May, 1937:

"Allowing for a few exceptional trades and permitting longer hours on the payment of time and a half for overtime, it should not be difficult to define a general maximum working week. Allowing for appropriate qualifications and general classifications by administrative action, it should also be possible to put some floor below which the wage ought not to fall. There should be no difficulty in ruling out the products of the labor of children from any fair market. And there should also be little dispute when it comes to ruling out of the interstate markets products of employers who deny to their workers the right of self-organization and collective bargaining, whether through the fear of labor spies, the bait of company unions, or the use of strikebreakers."

The article linked below simply reinforces the necessity of a dramatic increase in the minimum wage – in St. Paul, in Minnesota, and across the nation:

https://www.huffingtonpost.com/entry/housing-affordability-gap-report_us_5b1f9c5ce4b0adfb826da691

4. (Webpage submission 6/14/18) I strongly encourage this committee to consider the (negative) impact that raising the minimum wage will have on small business. As a St. Paul resident and St. Paul small business owner (2 employees), I believe in fostering business growth without forcing business to abide by unrealistic rules. Small business simply cannot afford a dramatic increase in the minimum wage. With your recommendations, I encourage your to consider exempting small business from any wage mandates.

5. (Email submission 6/15/18) email: Thank you for taking my public comment concerning the \$15 minimum wage policy in St Paul.

My name is *[redacted]*. I am a pastor at House of Mercy, in the Midway neighborhood of St. Paul, and a leader with ISALAH. I support passing a \$15 minimum wage policy by December 2018 that has no exceptions, no carveouts and no tip penalty.

There is a crisis of poverty in St. Paul. This is evident both in my congregation and in our surrounding neighborhood. I can attest that the problem is not that people are unwilling to work, or even, in many cases, that they cannot find jobs. I know folks who work two or three jobs and still cannot afford basic expenses. Rent is a big part of this. Lack of affordable housing is one of the key issues in St. Paul. Raising the minimum wage to \$15 an hour would go a long way to alleviating the poverty I see around me.

One of our congregation members, from the Midway neighborhood, had been teaching art in a private elementary school for years. She attended art school and is a tremendous painter though she found it difficult to support herself through her art. When she began to experience difficulties in the work environment at her school, she decided to look for another job. She has pieced together work; as a home health care aid and occasionally selling her artwork. She is not making enough money to pay her mortgage. She cannot afford health care. Sometimes she cannot afford groceries. Not only does she not have time, she can't afford to participate in many leisure activities. She often can't make it to church, where she has always found a supportive community because she needs to put in more hours and still cannot make ends meet. Throughout this time she has been actively seeking better paying employment, but has not been able to find it. Her depression over the last year from economic stress has been disabling at times.

If there was a minimum wage of \$15 in St Paul, I'm confident the stress surrounding her economic hardship would be alleviated.

Though poverty affects all people, in St Paul is definitely a racial justice issue. 39% of the regions Black residents live in Areas of Concentrate Poverty, as compared with 6% of white residents. According to the Metropolitan Council, people of color face race-specific barriers that limit their housing choices and are those most likely to live in Areas of Concentrated Poverty.

A \$15 minimum wage is an economically sound policy with broad benefits for small businesses. More than that, however, it would be a crucial step in helping to make St Paul a livable city for all people.

As a Christian minister and person of faith, I envision an economy where caring for one another is the top priority—more important than the accumulation of material wealth or the production of goods. We need to work towards racial and economic justice. St Paul should be an affordable place for people to live, work, and find joy in life. I believe raising the minimum wage in St. Paul to \$15 would go a long way to making these goals realistic.

Thank you for taking public comments on this issue. I am grateful to have the opportunity to share my thoughts on such an important issue.

6. (Webpage submission 6/17/18) Please give us the tip credit if you don't you are taking away our livelihood
7. (Webpage submission 6/17/18) Hello Study Committee, I have been in full-service restaurant industry for 25 years in St. Paul and I am currently a Manager. From my experience I can tell you that an increase to the minimum wage without a tip credit will have very negative effects on restaurant workers. With profit margins being on average between 3-6%, increasing labor costs by 50%, I'm preparing for how I will continue to maintain those slim margins. Our restaurant can not absorb these increases without

completely changing our business models. Of course I will raise prices, I will have to. I will also have to minimize my operating costs. I will have to schedule less workers and expect more production. To offset the increases, I will most-likely have to transition my restaurant to a no-tipping model and go to a service charge. The FOH workers who are accustomed to making tips, will be converted to hourly employees. Servers and bartenders earn more with the current minimum wage and tips, then I can afford to pay them with just an hourly. I would hope to distribute the money from the service charge to the staff, however to maintain my margins, the house may need to retain it. Transferring gratuities from the workers to control of the restaurant may be the only way the restaurant can remain profitable. I strongly urge the committee to consider the negative effects an increase without a tip credit will have on full-service restaurant workers. Thank you.

8. (Webpage submission 6/17/18) I'm a bartender in St. Paul. With the minimum wage increase I'm in favor of tip credit. I would like to Study Committee to consider: Have you ever heard of impacted workers asking to be exempt from a wage increase? Why would we not want a raise? The answer: We make more than \$15/hr now, and we know how the restaurant industry operates. Currently in New York State the Governor is considering eliminating that state's tip credit. Tens of thousands of impacted workers are saying, "we want the tip credit" A change.org petition: Supporters of a Tip Credit in New York has 11,680 signatures. Because restaurant workers know that labor cost increases will change how we are paid. No tip/service charge models will be the future if no tip credit is implemented. We are in danger of losing income. Please listen to us. A wage increase with a tip credit stills ensures everyone \$15/hr without harming the restaurant community.
9. (Webpage submission 6/17/18) I support the tip credit as a tipped worker
10. (Webpage submission 6/17/18) I'm pro tip credit! Tips are wages too. I'm all for raising the minimum wage but small restaurants will have to make cuts in hours and/or positions if they have to pay servers and bartenders too. I make way more than 15/hr. Please consider the credit.
11. (Email submission 6/17/18) I am a former career server and a long-time St. Paul resident. I support a tip credit. Serving is a viable career option. Why? Because servers make the majority of their income from tips. Servers like making tips. A tip is a gift for a job well done. Tips are an incentive to give great service, learn about food, wine, and liquor. Increased labor costs will force restaurants to move to service charges and/or no-tipping models. Service charges are the property of the owner. Servers make more from tips than an employer can pay with just a flat hourly rate. Without a tip credit, workers are at extremely high risk of losing income.

Attached is two surveys from restaurant workers (**Appendix A**). I would like to point out a few key takeaways from these surveys:

1. The first survey was of 420 tipped workers and how their income was impacted by minimum wages increases. In this survey, 69% said tipping supplements their income more than any pay raise would and they would not accept a sustainable increase in hourly pay if it meant eliminating tips.
2. The second survey was of 1000 restaurant workers regarding tips. In this survey, 97% said tipping was their preferred payment method. More than 50% of the respondents said their average hourly income (including tips) was between \$20 to \$84 per hour.
3. See **Appendix B** for three other key takeaways.

The St. Paul Minimum Wage Study Committee also needs to know, according to the US Census Bureau "50% of the minimum-wage workforce is employed at businesses with fewer than 100 employees, and 40% percent are very small businesses with fewer than 50 employees." This shows the majority of the restaurant community cannot afford this high increase to labor costs. The solution is a tip credit. It is a win-win. A tip credit GUARANTEES a worker makes the minimum wage. Without a tip credit, workers lose income and our beloved restaurant community suffers.

Appendix A

<https://www.foodnewsfeed.com/fsr/employee-management/survey-restaurant-tips-down-minimum-wage-climbs>

<https://upserve.com/resources/infographic-staff-really-think-no-tipping/>

Appendix B

- 73% said their wages and tips have not gone up since minimum wage increased
 - 24% said their tips have decreased because of a minimum wage increase
 - 45% believe restaurant guests overestimate how much a minimum wage increase positivity impacts their take home pay
12. (Webpage submission 6/18/18) Please consider what this minimum wage hike will do to those of us who depend on a tipped wage. Look at the numbers. In a good restaurant or bar, a server/bartender makes on average \$20/40 an hour. That is NOT minimum wage. The only way we can make this money is because it comes from the customer end. Restaurants have thin margins, most owners would not be able to afford the staff they have if they have to pay them an increase from \$9.50-15. Its unsustainable. Meanwhile, tips decrease when you do this and we are left making your new minimum wage, which is significantly LESS than what we HAD been making with the tip system. I get what you are trying to do but it comes from a place of misplaced pity. We LOVE working in a tipped system. We do not need your "help." We all do it for different reasons but the point is that we are able to make a living working less hours than we would in most any other industry. WE ARE TELLING YOU THAT A MINIMUM WAGE INCREASE WITHOUT A TIP CREDIT WILL DESTROY OUR INDUSTRY AND COST US OUR LIVELIHOODS. Rather than try to tell us in the industry what is good for us, please just try to listen to those of us with experience. A tip credit is essential.
13. (Email submission 6/18/18) To whom it may Concern: I am opposed to the plan by the City of St. Paul to increase the minimum wage as it will negatively impact working people with disabilities and the Day Training and Habilitation Service providers who support them.

Day Training and Habilitation (DT&H) providers are service providers to adults with disabilities and are totally regulated by the State of Minnesota. Our revenue rates are regulated as well as the number of staff we need to employ to provide the proper staff to client ratios. Increasing the Minimum wage in St. Paul will hurt not only our clients who work in the community but also the DT&H Providers in several ways:

The Increase will likely hurt adults with disabilities: Adults with Disabilities are one of the most underemployed groups in our society. They are just now starting to work in community based settings and many are currently being paid the minimum wage. However, if the minimum wage increases, there will be increased pressure on our clients to work at a faster pace with the same level of quality. This is likely to cause them problems in keeping up with production demands and will likely cause many to lose their jobs.

This increase will hurt the providers of services to adults with disabilities:

Unlike other businesses, when our expenses go up we cannot simply raise the price of our services. Our prices are totally regulated by the State of Minnesota and unless the increase in the minimum wage would require the State of Minnesota to increase our service rates, we will be left with inadequate income to pay for increased prices.

Unlike other businesses, we will not be able to lay off some of our staff to pay the remaining staff the higher minimum wage. We are required to provide state regulated staff to client ratios to be compliant with our licensing. Cutting the number of staff who support our clients is not an option for us. Exempting DT&H providers from the requirements of the increased minimum wage will only force our staff members to find different jobs with other employers in order to make the higher wage. Presently, the DT&H providers are already in a staffing crisis and this will make the crisis worse. MSS is a DT&H Provider who has 6 Centers and only one is in the City of St. Paul. If we are required to pay our St. Paul Center Staff a higher minimum wage, we will also be forced to pay that higher wage to our

staff at other centers in order to maintain a proper staff morale for our agency. This will increase our staffing costs to an unsustainable level.

Lastly, I do not believe that raising the minimum wage will have the desired outcome that the City of St. Paul wants for its citizenry. I believe that raising the minimum wage is only raising the bottom and it will continue to be the bottom. The bottom is unusually never enough for most people to be satisfied with for their pay. As the bottom increases, so will prices of various goods and services leaving those who make the minimum wage in the same position that they currently find themselves. They will not be satisfied for long with the increased minimum wage.

I am opposed to the City of St. Paul raising the minimum wage for these reasons.

14. (Webpage submission 6/18/18) Having worked in the restaurant business for more than 50 years, where like most people I started at the bottom as a dishwasher and moved through the ranks to server and bartender I am bewildered to see the animosity to the "tip credit". The restaurant industry is one of the few places that anyone regardless of education, race, religion or nationality can get a job and move through the ranks to a higher income level. Often when reading the bio of a successful business person you will hear them state that they waited tables to get through college. Without a tip credit the job veers more toward servitude than without it. Thanks for your time. *[name redacted]*-w.a. frost.



St. Paul Minimum Wage Study Community Report
June 25, 2018

Summary (12 comments)

- 1) In favor of a tip credit as a server worried about losing income in a service charge model or flexibility if she has to seek a new career.
- 2) Supports a tip credit.
- 3) Advocates against an increase in minimum wage for employers of and service providers for persons with disabilities because their funding is fixed by federal and state agencies.
- 4) Requests that franchise businesses be treated the same way as non-franchise businesses of the same size.
- 5) A minimum wage should allow workers to purchase food and housing. Tips are earned and should not be included in wage calculation.
- 6) A living wage protects the most vulnerable and historically disadvantaged who shoulder the burden of an unlivable minimum wage. Creative solutions are needed to treat people with dignity.
- 7) In favor of a tip credit as a long-time owner of a Saint Paul restaurant that is struggling with increased labor costs and recent city ordinance changes, including Earned Sick and Safe Time.
- 8) Against a \$15 minimum wage as a small in-home business owner unable to cover increased labor costs and who cannot raise prices.
- 9) A tip credit will prevent restaurants from shifting to a mandatory service charge model, for which a definition is offered.
- 10) Paying poverty generating wages is a violation of internationally recognized human rights. Includes chart on \$15 minimum wage, "living wage," and housing affordability. Also includes Articles 4 and 23-25 of the Universal Declaration of Human Rights.
- 11) Advocates for a tip credit to prevent loss of jobs and income and to prevent restaurant business model changes. Points to San Francisco restaurant industry as an example.
- 12) A tip credit is imperative for the sustainability of the full-service restaurant industry. Includes pie charts on restaurant costs and a flow chart on how restaurants will offset increased labor costs.

Full Comments

1. (Webpage submission 6/18/18) I come from NY, a tip credit state. It works so well and makes such perfect sense. Until I moved here I never knew it could be any other way. I, as a server, believe it should not be otherwise. Please allow us a tip credit or we risk losing our income into the pockets of owners, in the form of service charges, any amount of which they would legally be able to keep. I would lose such a large percentage of my income that the restaurant industry would no longer provide me a viable income. I would be forced to seek new career, one which would undoubtedly lack the flexibility I have as a single mother. I would have less time with my child as well. Who would that help?
2. (Webpage submission 6/19/18) I support a tip credit.
3. (Webpage submission 6/19/18) MSS is a City of St. Paul based non-profit organization (501c3) providing Vocational Services, Jobs Placement and Day Program services for persons with disabilities living and working in the City of St. Paul. We would like to comment that a \$15.00 minimum wage represents an "unfunded mandate" for our organization and the people with disabilities we serve in the City of St. Paul. Furthermore, a \$15.00 per hour minimum wage increase, combined with the recently passed 7% state budget cut to funding for people with disabilities, will place a significant burden on provider program services and the ability to hire and retain professional staff qualified to serve people with disabilities within the City of St. Paul.

While increases in business labor costs associated with a \$15.00 minimum wage are in many cases, passed along to consumers in the form of higher prices, minimum wage increases and funding cuts cannot simply be "passed along" as higher costs of services to persons with disabilities, as their individual funding to seek services is fixed by federal and state agencies. Significant wage labor cost increases resulting from a \$15.00 minimum wage mandate (combined with a 7% decrease in revenues) will most likely result in program services cuts to the people served.

Please consider carefully, the negative effect a \$15.00 minimum wage would have on the non-profit community and the most vulnerable people served in the city of St. Paul. While the \$15.00 movement seems on the surface to be an immediate solution to closing income disparities, it is readily apparent that passing a \$15.00 minimum wage increase (combined with the 7% state funding cut) will have significant negative unforeseen consequences for the most vulnerable people served in the City of St. Paul.

4. (Email submission 6/21/18) *[This comment was submitted on letterhead from the International Franchise Association.]*
Dear St. Paul Minimum Wage Study Committee,
On behalf of the International Franchise Association (IFA), representing thousands of franchise establishments and thousands of jobs in the St. Paul area, I write to express our concerns and comments as the city contemplates a possible minimum wage ordinance.

The IFA respectfully requests all businesses, whether large or small, be treated equally. Unfortunately, Minneapolis elected to treat franchise businesses differently by expressly

categorizing them as large business for the purposes of a phase-in timeline.

Should the St. Paul City Council decide to move forward, we respectfully request franchise businesses be treated the same as non-franchise businesses of the same size. Local franchises are in fact locally owned and operated small businesses allowing hundreds of thousands of Americans to participate in the American dream. **Under the franchise model, it is the franchisees who own the stores, not the corporate entities, and as such, the employee count should be based on individual franchisees as opposed to including all independently owned locations across the country.**

As you may already be aware, your twin city, passed its own ordinance increasing the minimum wage. Unfortunately, the Minneapolis ordinance singles out franchises for different treatment than it treats non-franchise businesses of the same size. The Minneapolis law requires a significantly faster phase-in of the higher minimum wage for franchises than it does for non-franchise businesses of the same size. It does this for no other reason other than the fact that these businesses are part of a franchise system.

I would like to point out that Chicago also recently passed a minimum wage increase. However, unlike Minneapolis, it chose NOT to unfairly single out franchise businesses and treats all businesses of the same size equally. After discussions and education regarding the franchise model and its impact on the local economy, Chicago wisely decided to remove the section that would have treated franchise businesses differently than non-franchised businesses.

On behalf of franchise businesses, **we are not asking for special treatment; we are asking for the same treatment.**

The IFA respectfully requests you look to the Chicago model and not pick winners and losers among businesses. One of the goals of any new minimum wage policy should be to ensure a level playing field for all local business owners and not put some at an advantage at the expense of others.

We appreciate your consideration of our comments and would be happy to discuss further at your convenience.

5. (Webpage submission 6/21/18) Historically, minimum wage has been very low. The Question is, how to give a wage to people in these Necessary occupations a wage, that will allow them to purchase food and housing in our city. Tip Credits should not be a part of the question. TIPS are a customer's response to good service rendered. People, who earn this tip should not be punished and people, who don't earn it, should still earn a living wage. All resterants are more successful with excellent service.
6. (Webpage submission 6/21/18) It is absolutely time for a livable wage. Even for myself, as a well-educated white woman who is recently divorced and single parenting, I have found it difficult to keep economically afloat. I've been underemployed for some time, because life is complicated and women care-givers often bear the brunt of steadying the ship and sacrificing personal career and income for the greater good. I'm trying to transition from substitute teaching, using my active teaching license, into public sector or non-profit work, but even substitute teaching with no

benefits and no steady work through the summer and holidays is not enough. Teens are often supporting their families with their incomes; they deserve \$15 as well. Servers and other tipped employees deserve a livable base. I have done that work as well earlier on, and it's hard for that work to truly pay the bills for adult life, even when tips are good, when the base can be so low. Bottom line, we have to put protections in place for the most vulnerable and the most historically oppressed/disadvantaged among us, because THEY shoulder the burden of an unlivable minimum wage. When THEY work full-time, they deserve to not go into debt or additionally rely on public assistance for just living a reasonably modest life. Minimum wages have not kept up with inflation. It is time to make this adjustment. The people need our protections. The people need to be treated with dignity. We can find creative solutions to ensure this is the case.

7. (Email submission 6/22/18)

Hello,

My name is [redacted] and I own and operate the Keys Robert Street Café.

My mother [redacted] has owned the Keys on Raymond for 45 years. We have been family owned and run for 45 years. Our whole family is in the business and our children are starting to come into the business.

There have been so many government required changes that are severely impacting our bottom line.

Salaried employees at 48000.00, Safe and sick leave and now the minimum wage.

Where and how can I just add 1-3 dollars per item to pay for a jump to 15.00 per hour?

It is adding 15,000.00 per month to my payroll and I already pay 12-20 per hour for my employees.

The servers average 25-30 per hour and now to add another 5.00 is such a slight to all the other employees. Most of their wages will not go up as there is no room to go up.

How can you justify a server making more than your GM? Seriously?....

Do you think that the servers will tip the cooks as I cannot require them to by law?

Most of my employees have been here minimum 3-25 years and now someone walking in the door gets 15

an hour. Where is the benefit of doing a better job for more pay when you can do nothing and get 15?

I pay people well and give them more when a raise is due.

My 30 year employees will be losing their jobs as I will have to go to counter service as many full serve restaurants will due to this. A tip credit is not an insult, it is just a tip credit 9.65 plus tips. At some point closing may be our only option as I work this business and I work hard as does my mother.

If it costs more to run than we make it would be pointless to stay open. Pretty sad since we have employed so many good people for so many years.

I was hoping that Saint Paul would be smarter than Minneapolis and pass a Tip credit and businesses would come here and stay, now we will move to the suburbs. Welcome to chains taking over as you are helping to eliminate small owner run businesses.

8. (Email submission 6/24/18) The increase in payroll costs for small in home businesses' would be impossible to afford . We only have one employee and we would have to let that employee go

and downsize . We cannot charge anymore than we already do to our customers . There is no way to cover the additional wages . I am sure there are many small businesses like ours that could not absorb the increase . What are we to do ?

9. (Webpage submission 6/24/18) Every Business will offset increases to labor costs by raising prices and cutting workers hours, however, what is unique to the restaurant industry is the ability to shift to a service charge. Large labor costs increases will encourage restaurants to go to this model. How the law describes service charges listed below was copied and pasted from:
<https://www.nolo.com/legal-encyclopedia/minnesota-laws-tipped-employees.html>

Mandatory Service Charges

Some restaurants tack a “mandatory service charge” on to bills for large tables of diners, private parties, or catered events. Under federal law and in most states, this isn't considered a tip. Even if the customer thinks that money is going to you and doesn't leave anything extra on the table, your employer can keep any money designated as a "service charge." The law generally considers this part of the contract between the patron and the establishment, not a voluntary acknowledgment of good service by an employee. Many employers give at least part of these service charges to employees, but that's the employer's choice: Employees have no legal right to that money.

A tip credit will prevent restaurants from shifting to this model. Please consider how this ordinance with out a tip credit will encourage restaurants to make ends meet by taking control of the majority of workers income(tips).

10. (Email submission 6/24/18) What happens when an employer pays employees an hourly wage so low that, even when working full-time, the employees can't afford to go out into the marketplace to acquire even the most basic of human needs; like food, clothing, housing, transportation, health care, and personal care items like soap and toilet paper, etc. that are needed in order to live at least a modestly dignified life??

First, that employer, at the very least, is aiding and abetting in the generation of poverty of such an employee. That results in the undermining of the local economy. Then it generates an otherwise needless demand for additional, often costly and sometimes under financed compensatory public services and programs that are sometimes demeaning to service and program recipients. Not only do these publicly financed compensatory programs and services subsidize the impoverished employees; they also function to subsidize the bottom line of the poverty generating employer as well. Last, but certainly not least, employers paying such poverty generating hourly wages are aiding and abetting in the violation of the internationally recognized human rights of their impoverished employees. "What rights", you may justifiably ask?

These are the internationally recognized human rights that the United States played a key role in developing and in getting adopted by the UN General Assembly almost 70 years ago, on Dec. 10th, 1948. They are the same human rights that a succession of U.S. Presidents, and their Congressional colleagues have used to justify our participation in an almost continuous succession of costly and bloody undeclared wars throughout the world since Dec. 10th, 1948; giving those human rights de facto, if not de jure, recognition in our own homeland.

Unfortunately, our schools have done a very poor job of teaching several generations of Americans since 1948 about these specific human rights and of our responsibility to recognize, to implement and to protect them; and of their applicability in our lives; irrespective of the political or economic systems that we may embrace. With respect to the minimum wage, Articles 4, 23, 24 and 25 of the Universal Declaration of Human Rights are especially applicable (See the Articles attachment).

With respect to the minimum wage, there is a general agreement that low wage workers should pay no more than 30% of their wages in rent so that they might be able to afford acquiring the other basic goods and services needed to live at least a modestly dignified life; in compliance with these internationally recognized human rights.

With that in mind, I have developed a little chart that demonstrates the possible gap between a minimum wage and what it would take to afford renting apartments of various sizes in specific jurisdictions like St. Paul; while also affording an employee the ability to acquire most of the other basic needs for at least a minimally dignified life. In cases where the minimum wage is less than what is needed to afford renting apartments of various sizes in a given location, the chart also shows additional hourly wages and the additional working hours needed to afford renting apartments of various sizes in that jurisdiction at a given minimum wage, like \$15 per hour.

In the case of St. Paul, for example, you would have needed to earn at least \$18.06 per hour, working full-time, in order to afford renting even an efficiency apartment (defined as a bedroom, with bathing and cooking facilities), as of January 1, 2018. You would have needed to earn \$18.64 per hour, working full-time, in order to afford a one bedroom unit in St. Paul; \$22.58 to afford a two bedroom unit; and \$29.46 per hour to afford renting a three bedroom unit.

It is important to make it quite clear to the public, including the special interests that oppose an increase in the minimum wage, that your objective is to at least work toward freeing all impoverished workers from the bondage of involuntary poverty in a timely way. A \$15 minimum wage would be a partial step in moving toward that aim, after several decades of permitting employers, in all sectors of the economy, to continue their poverty generating compensation practices; which benefited employers, while demeaning their impoverished employees, in violation of their employees internationally recognized human rights. The time is long overdue to make it clear that before claiming profits or other benefits as employers; in a civilized society employers have the responsibility to clearly respect the human rights of those whom they employ, in compliance with Articles 4, 23, 24 and 25 of the Universal Declaration of Human Rights.

Having made those observations, I wish you well in taking on and carrying out your challenging task.

[This submission includes two attachments found at the end of this report.]

11. Without a tip credit, workers will lose income! The opposition is pushing an agenda that will result in lost jobs, lost income, and restaurant business model changes. The only businesses able to support this high increase to labor costs, without changes, will be huge corporations. Pushing \$15 without exceptions helps corporations and not small businesses. The restaurant industry we all know and love will not be the same. Please see the New York Times article from 6/25/2018. This article discusses the changes to the restaurant industry in San Francisco as the minimum wage has

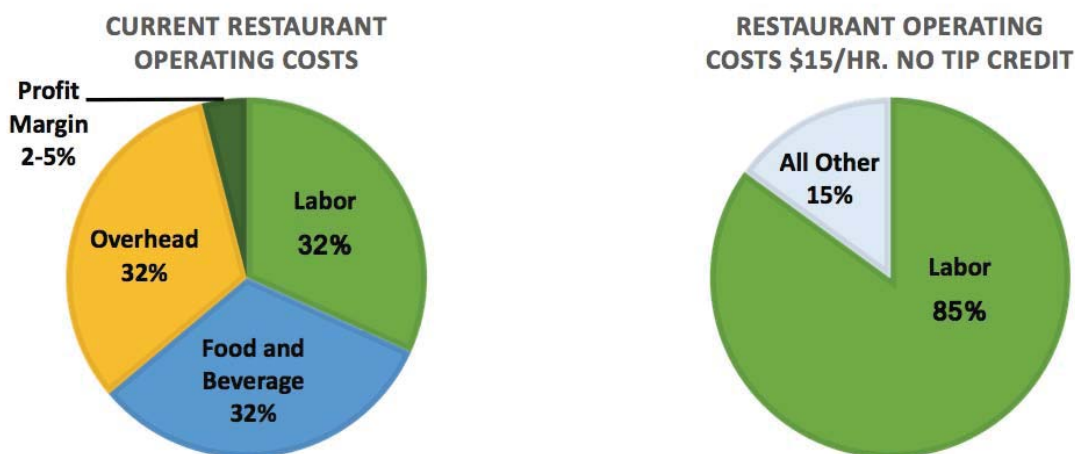
increased. <https://mobile.nytimes.com/2018/06/25/dining/san-francisco-restaurants-service.html>

12. (Email submission 6/25/18)

A Tip Credit is Imperative For the Sustainability of the Full-Service Restaurant Industry

Through all of the noise surrounding the tip credit issue, what it boils down to the economics of the full-service restaurant business model. Below are two pie-charts. The one on the left shows a breakdown of the current overall operating costs that full-service restaurants follow to remain viable and profitable. The one on the right shows how labor costs increase if the minimum wage is \$15 per hour without a tip credit and no business model changes.

Restaurant Operating Costs



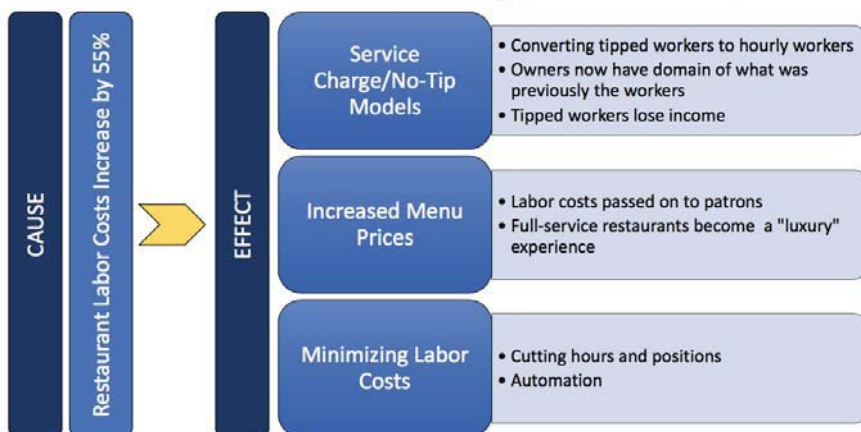
On average, restaurants spend about 95-98% on labor, food and beverage, and overhead costs.

Without making any changes to the business model, labor costs will increase by 55%.

Restaurant profit margins are slim. The national average is 2-5%.

To remain profitable business models must adapt to offset the 55% increase to labor costs. Below is a cause and effect flow chart that describes the measures available to restaurant owners to offset additional costs and to maintain their profit margins. These changes ultimately take income away from restaurant workers.

How Can a Restaurant Offset the High Increase to Labor Costs?



Listed below is a link to an article that explains the economics of operating a full-service restaurant.

https://pos.toasttab.com/blog/average-restaurant-profit-margin?utm_source=social&utm_campaign=addThis

This issue is complex with nuances that the study committee should consider. However, if you approach it in objective and logical lens, you will see that the issue is simply about the economics of the full-service business model. Full-Service restaurants cannot sustain this labor increase without altering business models that will ultimately impact restaurant workers and patrons in a negative way.

Community Report Comment #4 Email Submission Attachment 1 of 2, 6/24/18

THE GAP BETWEEN A \$15.00 MINIMUM WAGE AND A “LIVING WAGE” THAT ENABLES A FULLTIME WORKER TO AFFORD RENTING APARTMENTS OF VARIOUS SIZES IN THE CITY OF ST. PAUL, AS OF Jan. 1, 2018.(1)

<u>APARTMENT SIZE NEEDED BY A MINIMUM WAGE WORKER</u>	<u>EFFICIENCY</u>	<u>ONE BEDROOM</u>	<u>TWO BEDROOM</u>	<u>THREE BEDROOM</u>
<u>MONTHLY MARKET RATE RENT (As of Jan. 1, 2018)</u>	\$939.00	\$ 969.00	\$1,174	\$1,532
<u>FULLTIME HOURLY WAGE NEEDED TO AFFORD RENT</u>	\$18.06	\$18.64	\$22.58	\$29.46
<u>\$15 HOURLY MINIMUM WAGE</u>	\$15.00	\$15.00	\$15.00	\$15.00
<u>ADDITIONAL FULLTIME HOURLY WAGES NEEDED TO PAY RENT</u>	\$3.06	\$3.64	\$7.58	\$14.46
<u>YEARLY GAP BETWEEN \$15 PAY & PAY NEEDED FOR RENT</u>	\$6,365	\$7,571	\$15,664	\$30,077
<u>ADDITIONAL YEARLY \$15 WORK HOURS NEEDED TO PAY RENT</u>	424	505	1,044	2,005

NOTE 1. In order to afford not only housing; but also afford other basic needs, such as food, clothing, transportation, personal needs such as soap and toilet paper, etc.; it is recommended that low income households, especially, spend no more than 30% of their incomes on housing. That consideration has been built into these calculations.

NOTE 2. For a Section 8 rent subsidy to compensate for an inadequate hourly minimum wage, you may have to wait as long as 8 years to even try to get on a waiting list in some communities. Once that waiting list is open, your chances for getting on that waiting list may be as low as 1 out of 10 or more . If lucky enough to get on that waiting list, you may still have to wait for several more years before actually getting a voucher that would enable you to try to find a landlord willing to accept your voucher, thus making an apartment affordable. In the meantime, how are you expected to pay the rent for a safe, sound, sanitary place in which to live with even a modicum of human dignity; while also having the time for rest, leisure and a healthy, balanced life with family and friends; in accordance with internationally recognized human rights standards cited in Articles 4, 23, 24 and 25 of the Universal Declaration of Human Rights?

- (This table was prepared by Roland Westerlund, a retired sociologist, public policy analyst and planner, administrator and consultant

Community Report Comment #4 Email Submission Attachment 2 of 2, 6/24/18

ARTICLES 4, 23, 24 & 25

UNIVERSAL DECLARATION OF HUMAN RIGHTS

Article 4

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 23

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

2. Everyone, without any discrimination, has the right to equal pay for equal work.

3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

4. Everyone has the right to form and to join trade unions for the protection of his interests.

Article 24

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25

1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.



St. Paul Minimum Wage Study Community Report
July 2, 2018

Summary (8 comments)

- 1) Commenter thinks it is important for study committee to have context on the group that presented during the tip credit panel and provides a link to a journal article on the Restaurant Workers of America.
- 2) Organization that provides job training and supports for adults with developmental disabilities describes workforce crisis in their industry (over 9,000 job openings throughout the state). Carve out will not help because it will make jobs in their industry even less competitive. Asks City of Saint Paul and other legislative bodies to work with legislators and Governor to provide per diem increases of Medicaid dollars at state and county levels to cover the costs of these increases.
- 3) Restaurant owner in favor of tip credit to prevent server positions being eliminated entirely, restaurants going out of business, and food prices going up.
- 4) "Service oriented" business owner in favor of tip credit and gradual minimum wage increase to keep worker motivated, prevent pricing increases, and protect small businesses.
- 5) Comment submitted only a link to an opinion piece advocating for a tip credit. *[Note: This is the 3rd submission from this commenter.]*
- 6) In favor of a tip credit to avoid a reduction in pay as a \$27/hour earner and a move out of Saint Paul to a place that allows tip credit where they can afford to live.
- 7) Commenter is unhappy with low wage worker panel composition, stating that there should have been a server on it if they are living in poverty as 15 Now claims. *[Note: This is the 4th submission from this commenter.]*
- 8) In favor of a tip credit as someone watching the Minneapolis minimum wage slowly destroy restaurants and seeing large staffing cuts.

Full Comments

1. (Email submission 6/26/18) Wanted to send along this interesting piece on the group that presented last week that gives context important for the task force to understand the current tip debate.
<https://www.cjr.org/analysis/77-referendum-astroturf-tipping.php>
2. (Email submission 6/28/18) We provide job training and supports for adults with developmental disabilities primarily in Ramsey County. One of our four Community Resource Centers is located in St. Paul. This location employs 10 staff and provides supports for approximately 50 adults with developmental disabilities (persons served).

Our industry is currently in a workforce crisis with over 9,000 open positions in residential and day programs across the state. *[Name redacted]* is currently experiencing the highest turnover rates in over a decade (49.48% in 2017, compared to an average of around 25% in past years). Ongoing open positions have climbed from an average of 2 open at any given time, to 6. It takes us upwards of 6 months to fill one open position. That will be solved, we're told, by simply raising the minimum wage.

That being said, we are funded primarily through state and county levels through Medicaid dollars. In order to increase wages, we would need to get a per diem increase passed by state legislation. We are afraid of what a \$15/hour minimum wage rule will do to our industry. This year we had to go into defense mode in order to try and stop a 7% cut to our per diem. We had a bill in place that would have done this. However, it was included in the 1,000 page Omnibus Bill that was subsequently vetoed by the Governor. That means we will start seeing a 7% cut to unbanded rates as of 7/1/18, and a 7% cut to banded rates when banding ends in 2020. To add an increase in expenses due to a minimum wage increase would be unsustainable.

In addition, we need to be able to pay more than minimum wage in order to maintain competitiveness with other industries. Our staff have a lot of responsibility, are required by licensing to have specific training, and our industry is highly regulated. It is a stressful position, which includes the roles of supervisor, caregiver, co-worker (they have to fill in at job sites when persons served are unable to perform the job), confidant, advocate, nurse, and case worker to name a few. With an increase in minimum wage to \$15/hour, we would need to be able to pay at least \$17/hour in order to attract and retain qualified candidates. This means a revenue increase of at least \$100,000 just to cover our staff at our St. Paul location. In reality, we would likely have to increase all staff, which would mean at least \$500,000 of additional revenue needed. This doesn't include any of our drivers.

I understand a carve out was being considered, but unfortunately, this would make our current workforce crisis seem small as we would no longer be competitive with any other industry in St. Paul. We would be in situations where persons served are making more money per hour than the staff supervising them (we are already almost there in a few of our employment positions).

We are in support of a minimum wage increase if, and only if, the City of St. Paul and other legislative bodies will work with legislators and the Governor to provide per diem increases to cover the costs of these increases. We cannot be in a position where we are even less competitive in the job market than we are now.

3. (Voicemail submission 6/28/18) Hi, this is *[redacted]* over at *[redacted]* Saint Paul, Minnesota. We also own *[unclear]* on the same building. We have three restaurants out there with 87 employees. We would need, our industry needs to have some type of tip credit for our servers. I believe most of the you will not see another server again if you do not have tip credit involved and then we also have to, we need to come up with a longer phase for the \$15 an hour if that does come in. Most of my kitchen help does not even make \$15 already and so I see this with lot of the people in the industry already up and down on Grand Avenue. I can make my records available. I have for Mayor Carter and his committee. As far as what my servers make per hour, they average close to 24 hours— \$24 an hour compared to the regular people, the server— or I'm sorry, the workers in the kitchen. And so I need you to really consider that please and I am also on the BRC for the City of Saint Paul and also involved in the Liquor & Beverage Association.

We just need to have a longer phase in for that \$15 if it does come, we know it is coming. You need to— and then some kind of tip credit for our servers. Otherwise, you will see a third or maybe a quarter of the restaurants go out of business, I think in the first year, year and a half of this, two years that this goes into effect. And uh, puts us at a bad advantage with the rest of the cities around us to try and compete for help and stay in business. The age of a \$20 hamburger will be coming if this does come into effect and people are just not ready to pay that. Thank you. Once again, *[name redacted]* up at *[redacted]*, *[redacted]*, and also *[unclear]* up at *[address redacted]*. Be reached at *[phone number redacted]*. Thank you.

4. (Email submission 6/28/18) Citizens League~

I am writing to tell you how important a tip credit is for our minimum wage workers as a service oriented business. Our bartenders and servers work tirelessly trying to make the clients experience at the *[redacted]* a pleasant and memorable event. The incentive is the tips that help increase their pay for the evening. Like most people, incentive is motivation. If the minimum wage is increased to a sudden \$15./hr. then the pricing of events and liquor will have to increase to make up the additional wage, taxes, insurance, etc. that are involved. This will result in a decrease in business and probably a need for less service personnel. We are one of only 7 States that do not include tips as part of wages, and why is that? I believe in an increase in minimum wage on a gradual scale and with tip credit so that those who do not get tips will get the benefit of the increase and not those who are already making well over the minimum wage when tips are included. Believe me, after 25 years in business, the first 5-6 years are the hardest and you don't see a profit for at least that long. For a small business to start out now, we have made it almost impossible for them to succeed with all the changes and costs involved. Please don't push for this \$15./hr. minimum wage with no tip credit and no graduating scale. We want to encourage small business, not dig a bigger hole for them to try to get out of. Small business is the backbone of this country and needs your support and encouragement. Thank you for your attention to this matter~

5. (Webpage submission 6/29/18) *[Note: This is the 3rd comment from this contributor following two comments submitted on 5/31/18 and participation on the 6/21/18 study committee panel.]*
<http://www.sandiegomagazine.com/Blogs/SD-Food-News/Summer-2018/Stop-Killing-Chloes/>

6. (Webpage submission 6/29/18) I'm in favor of a tip credit. I average \$27.00 an hour. Getting rid of the tip credit would force me out of St.Paul and I would have to move to a place that allows a tip credit and a place I can afford to live. Taking away the tip credit would reduce my pay significantly forcing me out of city.

7. (Webpage submission 6/30/18) *[Note: This is the 4th comment from this contributor following two comments submitted on 5/31/18, one comment submitted on 6/29/18, and participation on the 6/21/18 study committee panel.]* If 15now claims that servers are living in poverty and are one of the largest populations of low wage workers, why wasn't there one server on the low wage worker panel? Who put together the low wage worker panel? There wasn't one worker on that panel that deviated from the narrative of 15now even though there are many low wage workers that advocate for specific exemptions. Why on earth was a business owner- who was flown in by Socialist Alternative- given space on a St. Paul low wage worker panel?! It seems to me that this panel was not put together to educate the committee about various perspectives, but was put together to belabor one particular perspective. Commenter is unhappy with low wage worker panel composition.

8. (Webpage submission 7/1/18) We need a tip credit. I am watching the Minneapolis minimum wage slowly destroy restaurants and see large staffing cuts. A tip credit is a no-brainer. Thank you



St. Paul Minimum Wage Study Community Report

July 10, 2018

Summary (7 comments)

- 1) Relative of many restaurant servers advocates for a tip credit, saying not having one is a wage reduction for servers at fine dining establishments and threatens the vibrant St. Paul restaurant scene.
- 2) Restaurant owner advocates for a tip credit, saying an increase in the minimum wage without a tip credit would make her business insolvent and would remove the incentive for servers to work hard.
- 3) Commenter shares link to news article (found at end of this report) suggesting getting rid of tips altogether as another possible model.
- 4) Bartender advocates in favor of a tip credit, saying not having one will result in job and hour cuts, higher prices, and business closures.
- 5) Server advocates for a tip credit, saying that without one, labor costs will spike dramatically, wages will stagnate, and employers could consider adding service charges, which lead to wage theft.
- 6) Restaurant owner advocates for tip credit, saying it is necessary to keep St. Paul's thriving restaurant business afloat and a lack of tip credit will force restaurants to cut hours.
- 7) Teacher who works in retail during the summer supports a \$15/hour wage, saying it is difficult to pay rent and living expenses with less. Also supports no tip penalty so restaurant industry friends can pay living expenses as well.

Full Comments

1. (Email submission 7/6/18) To the members of the Citizens League Minimum Wage Study Committee,

Thank you for taking your time to read my input regarding the \$15 minimum wage debate currently going on in St. Paul, where I live and work. I fully support raising the minimum wage and am excited to see my city moving towards a more equitable path. However, I am writing to you today to urge you to insist on a tip credit.

I was raised by a restaurant waitress. While my father worked a full-time union job, my mother was able to supplement his income working part-time pulling the lunch shift in downtown St. Paul. Making well over \$20 an hour, she was able to earn an income that not only put food on the table, but also paid for vacations and summer camps, alleviated college tuition, and bought new clothes for the whole family. Although she was paid minimum wage by her employer and only worked 20 to 30 hours a week, she made a livable wage.

Although I am now an adult, my mother is still a waitress, working part-time and now earning over \$30 an hour at a new restaurant in St. Paul. My sister is now also in the service industry, working at a fine dining restaurant in St. Paul. She can easily make more than \$40 an hour on a busy night. Her husband, also a server, pulls the same wage. My family is full of cousins and relations who are tipped employees, making well over \$15 an hour. In fact, they make more money than I do.

This is the story of many – but not all – restaurant employees. They make good wages, have flexibility, and are able to contribute meaningfully to the economy and to our city's culture. And the \$15 an hour minimum wage without a tip credit could put their livelihoods in jeopardy.

I love the vibrant restaurant scene here in the Twin Cities. Every year, we see many unique, chef-driven restaurants opening up or moving to St. Paul, thanks to the fact that the city of St. Paul makes opening a business simple. It would be a tragedy to see that all go away and have St. Paul fill with chain restaurants like that which we see in the suburbs. That isn't the vibrant culture we want in St. Paul – that isn't why people visit St. Paul or go out and spend money in St. Paul. But with the razor-thin margins of the restaurant industry, a \$15 minimum wage puts that at stake. I supported – and in fact, spoke at rallies and events about – the paid Sick & Safe time legislation that St. Paul passed a couple of years ago. I supported it because I wanted my mother, my sister, my family and friends, to be able to care for themselves. And I supported it because I know that the vast majority of business owners care more about making ends meet than they do about their employees. I knew that with the Sick & Safe Time, restaurants would find a way to make it work and employees wouldn't be penalized. It wouldn't significantly threaten their margins. However, the minimum wage increase is different. If a restaurant's profit margins are threatened, it's the employees that will suffer. Restaurants will raise prices, opt to do counter service, move out of the St. Paul, or make tipping optional, as ways to keep their businesses afloat.

This would lead to lost jobs – and lost revenue – to the city of St. Paul. If tipping is optional or restaurants switch to counter service, my family would not be able to sustain themselves with the massive loss of wages that would result.

The minimum wage without a tip credit is a wage reduction for many tipped workers. We need to make sure that that doesn't happen. We need St. Paul to stay on the map as a mecca for fine dining and chef-driven eateries. And yes, we also need to make sure that those who currently make less than \$15 an hour – whether tipped or not – boost their wages and live an equitable life in our city. A tip credit would do just that.

Please do not put my family and many of my friends out of work. Please do not cut their wages. They depend on the vibrancy of the restaurant industry, just as St. Paul does. They depend on tips. When you report to Mayor Carter, please insist on a minimum wage increase with a tip credit included.

Thank you.

2. (Voicemail submission 7/7/18) Hello, my name is [redacted]. I own a restaurant called the Finish Bistro on Como Avenue in Saint Paul. We are looking at the earned, the tip credit, the \$15

minimum wage. We definitely need a longer phase in and you know, as it is, I don't know where the additional \$200,000 a year is going to come from. I already only make [unclear] on the dollar. I mean this, this literally, I mean, if people are willing to pay 20 bucks for an omelet, I'm all for it. But I don't know, no matter how I crunch the numbers, there's, it's just not possible for a business my size and my type to even survive even if it was raised to \$13 an hour. Like it's, it's, once you hit, once you get over about \$12.05, I'm not, I can't be solvent, even with increasing costs and increasing the menu pricing 20%. It's just, no matter how we run the numbers, it's just, I have no idea how it's going to work. We definitely would have to institute some sort of, you know, 15-20% service fee, pass it on to the customers, and take away the tip line, and you know, what's nerve racking about that is that how are we going to ever have the ability to hire good help or taking away the incentive for, you know, we have servers here that people always want to work with—the other cashiers want to work with because they make the most tips. So we have pooled tips here. So then when they work with that one server, like, everyone wants to work with Michelle because she makes double the tips of everyone else because she's super awesome, accommodating, just, she works harder for the tips. It's like taking away the incentive, like why bother? You know, you're just doing this and then you just get what you get. I just, I don't understand why that choice has to be taken away from me when I'm willing to guarantee that somebody who makes \$15 an hour no matter what. And then that's the, I mean, it's like putting a putting a glass ceiling on what they're capable of making because we're not going to be able to afford to do both a service fee and still allow tips. I've looked at some of the business models that have done this and it doesn't look good. I'm just, this doesn't make sense to me. And if you have some secrets that you know of and that you can guarantee that this isn't going to put, you know, half the restaurants in Minnesota out of business, great. I would love to hear it. I haven't heard a compelling argument yet aside from—I'm a progressive, even. I was a social worker for 15 years, but wow, like, I'm also a person not just a business. Like, I am a small business that makes very little but I employ 22 people and I provide a great work environment and they love being here and this is devastating. You know, I am not, I see this need for regulation [Message ended after reaching 3 minute maximum limit. Caller left second message with name and contact information.].

3. (Webpage submission 7/7/18) Below is a link to a 3/5/18 Minn Post article by Peter Callahan. A well written peice that highlights details and under-lying nuances surrounding the minimum wage increase as it pertains to tips. An important read for anyone making disscions about this issue.

<https://www.minnpost.com/politics-policy/2018/03/amid-another-debate-over-local-minimum-wage-question-seldom-asked-why-not-ge>

4. (Webpage submission 7/8/18) I'm a bartender at Eagle Street Grille. I've been in the industry for over 20 years. 15 of those here in St.Paul. This is my chosen career. I love it. I also love this city. I want to see both continue to be the best they can be. That's why I support a tip credit. I want to see this raise in the minimum wage implemented in a way that will help the workers who need it most. Most of us in the bar and restaurant industry already make more than \$15/hr in tips alone. We don't need a raise. Forcing this raise on us would result in a nearly 60% increase in labor costs for the largest group of workers in these establishments. Businesses that are already running on razor thin margins. This will result in a combination of cut hours/jobs, higher prices, more work to be done by fewer employees. Many places will simply have to close or relocate. Here we've got two progressive cities side by side. Each striving to raise the standard of living for

all of it's citizens. This presents a unique opportunity to see what really works best for all. Minneapolis refused to listen to the bar and restaurant industry and forced through a minimum wage increase with no tip credit. St.Paul has a chance to get it right. I believe we can increase the minimum wage in a responsible and business friendly way while helping those who need it most. A tip credit does that. As a result, the already booming culinary scene here will flourish even more. Which means a healthy economy and more jobs. An increase in the minimum wage this significant, without a tip credit will mean less jobs, workers replaced with iPads, family owned local businesses disappearing from St.Paul and tips replaced with service fees which then become property of the restaurant. Which means workers like me who have always relied on tips to make a good living won't be able to make much more than \$15/hr. A tip credit helps these businesses to stay afloat and preserves the tip culture while insuring that all workers make at least \$15/hr

5. (Email submission 7/9/18) To The Citizen's League,

First, thank you all for working on this very important issue on behalf of all of us working folk. Your time is appreciated.

I have been in the restaurant industry for more than 40 years, hailing originally from Wisconsin, a tip credit state. My first tipped wage was \$1.12 1/2 per hour and, since 1977, only recently have I made the same minimum wage as everyone else. I have always made a good living as a tipped employee, well over minimum wage. It seems unlikely that anyone would make this industry a lifelong career if they were only making something hovering around minimum wage. I recognize that there are smaller restaurants in smaller communities than St Paul where this might be true and those individuals do deserve a raise but this is a tiny minority of servers and bartenders across our state. If you have been lead to believe that this is a pervasive problem, I can only think there is another agenda behind this claim.

I have read the assertions of the opposing point of view and it seems very hard to believe that these come from within the restaurants where tipped servers, server assistants, or bartenders actually work. I urge you to talk to those of us that will be profoundly affected by this law. We are already the highest paid workers in the industry. We do not need this raise but the back of the house does. If you force our employers to give us this raise, you will be severely limiting their ability to further raise the wages of anyone else. Labor costs will spike dramatically, wages will stagnate, and employers, especially small, independent, chef-driven restaurants, will be forced to get creative to absorb these costs.

The easiest way to raise revenue to try to stay afloat is moving to a service charge model where the house collects the service charge and distributes it as they see fit or keep it to offset higher labor costs. Or, put another way, wage theft. If I am forced to make \$15 an hour I will be taking more than a 50% cut in pay in a job that has been so generous my entire working life.

These are the reasons that I am so confused by, disappointed in, and suspicious of the opposition's claim they are fighting for workers. I've been very active in progressive politics and Labor my whole life and calling my income a "tip penalty" is counter-intuitive to a pro-worker position. I also know that the knee-jerk response that if a policy is good for owners it must then be bad for workers is ridiculous.

Semantics are important and motivation is also important. It's imperative to understand just what really motivates those who, under the guise of a pro-labor movement, would so dramatically harm real workers in such a vital industry. Please ask these questions.

Thank you for your thoughtful consideration,

[redacted]

Sever at WA Frost
Saint Paul

6. (Webpage submission 7/9/18) I feel that a tip credit is necessary to keep St. Paul's thriving restaurant business afloat. If this passes without a tip credit my restaurant The Happy Gnome, will be forced to cut hours from the back of the house and the front. First will be prep cooks and bussers, the very people your looking to protect.
7. (Voicemail submission 7/9/18) Hi there, my name is *[redacted]*. I'm a substitute teacher for Saint Paul schools, Minneapolis schools, and other districts during the school year, and during the summer I work a retail job and it is difficult to pay rent with the \$12 wage that I receive and I support a \$15 wage for myself for paying rent and other living expenses as a bare minimum, and I also support no tip penalty for that \$15 wage for my friends in the restaurant industry also trying to pay for their rent and other living expenses. Thank you.



St. Paul Minimum Wage Study Community Report
July 19, 2018

Summary (6 comments)

- 1) Mother of a child with a severe physical disability explains how her daughter is given a specific dollar amount by the State of Minnesota to cover all her medical needs. She asks for an exemption for workers who tend to people her daughter because they are already represented by a labor union and her daughter will see a reduction in services if she has to pay more for labor.
- 2) *The five comments listed as 2a through 2e were all submitted by the same person, who has submitted comments on 6/30/18, 6/29/18, 5/31/18 (2 comments), and participated on the 6/21/18 study committee panel.*
 - a. A link to a restaurant forum post describing the impact of a tip credit on the operating costs of a restaurant.
 - b. Commenter is unhappy with tip penalty panel presentation, stating that it was confusing, misleading, and made the case for a tip credit.
 - c. A link to a restaurant industry website describing the impact of a higher minimum wage on tips.
 - d. The same link submitted in comment 2c.
 - e. A link to a Washington Citypaper article on how customers in D.C. were confused about tipping after Initiative 77 passed. *[Initiative 77 raised wages for tipped workers.]*
- 3) Guest observer at 7/12/18 meeting comments on negative impact a tip penalty would have on employers, saying it would make jobs in the hotel/restaurant industry, which is already struggling to find workers, much more undesirable compared to jobs in other industries with more favorable hours, better conditions, and similar pay.
- 4) A link to a Business Insider opinion piece that shows that a shortage of workers like what the U.S. and the U.K. are experiencing should lead to an increase in wages as employers compete for employees. Instead, workers in both countries are seeing wages remain flat, making increases in the minimum wage critical.
- 5) Commenter supports a \$15 minimum wage, explaining that living on a \$12/hour wage has left him unable to support himself or his family. *[This comment was submitted as a non-English language voicemail and has been translated.]*
- 6) A voice message was received in a language that staff was not able to identify, despite efforts over several weeks by a variety of community partners.

Full Comments

1. (Email submission 7/10/18) Hi, I'm *[name redacted]* and I'd like to present an issue that I think you need to consider carefully. It's a bit convoluted so please bear with me and feel free to call

for more information [phone number redacted].

I live in St. Paul with my daughter who has a severe physical disability. She receives services and Funding from the State of Minnesota to help meet her needs under a waiver program. She is allocated a certain dollar amount based on an assessment of her needs. The state is currently in the process of changing the financial arrangements under which these funds are managed to a fiscal entity program. Under this program, each family using this service, in essence, becomes a small business and is responsible for unemployment insurance costs etc., expenses that need to come out of the budget amount. A fiscal entity is hired to pay out the costs and manage wages etc. There is SEIU union representation that bargains with the state over wages, overtime, PTO, etc.

There is no way for us as a family to increase the amount of money my daughter receives under the waiver; it's determined by her assessment which is done yearly. The proposed \$15/ hour wage will have a huge impact on the services my daughter will receive as the wage is higher than the bargained wage and the state has said they will not increase the waiver amount to cover the proposed hike. There is only so much money we have to work with and if the wage hike is mandated for us, money will have to be taken from other services that my daughter needs resulting in less services. While we are technically a business on paper, we are not a business that is engaged in making money only in spending an allotted amount. I believe people in this type of situation ought to be exempted from the wage hike to \$15/hour. The union is already negotiating for wages etc. with the state and those negotiations do result in an increase in funding. Current contract information is here:

<http://www.seiuhealthcaremn.org/files/2017/06/HCMN-2017-2019-Home-Care-Contract.pdf>

Feel free to contact me for more information at [email redacted] or [phone number redacted]. This is an important issue that needs to be addressed to prevent loss of services to people like my daughter.

Thank you.

2. *The following 5 comments were submitted through our webpage by the same contributor, who has submitted comments on 6/30/18, 6/29/18, 5/31/18 (2 comments), and participated on the 6/21/18 study committee panel.*
 - a. (7/11/18) https://table.skift.com/2018/07/09/what-the-tip-credit-really-means-to-a-restaurants-operational-budget/?utm_campaign=Skift%20Table%20Daily%20Newsletter&utm_source=hs_email&utm_medium=email&utm_content=64307795&hsenc=p2ANqtz--E5Wnnlrgf0aU0Xp42rFU4B_D8KINWHDSYp8cTHHaC5-hCN-M5kN5SIXuEJuAxzJzvUOqBUcSvM2Bk--UHR6UgqINiw&hsmi=64307795
 - b. (7/15/18) This week's panel was confusing, as they made many admissions that support the need for a tip credit and really spoke more to the need for people living in poverty to get to the \$15 minimum wage. This panel completely misrepresented the bill that was proposed at the state level, saying that it removed the inflation indexed raises (it did not- it had the guaranteed wage rising with inflation instead of the cash wage) and did not acknowledge that the proposed two-tiered wage actually guarantee all tipped workers a much higher wage than the traditional minimum wage.
They made regular reference to wage averages that come from the BLS. These numbers

(per BLS themselves) likely do not include tipped income. This is why their data reflects tipped workers making lower wages (with tips) than support staff positions like dishwashers, hosts and line cooks which are commonly known to be the lowest paid staff in restaurants.

When arguing about the relevance of sexual harassment and benefits in the industry, it seemed more like this panel was arguing against the practice of tipping in restaurants than making any correlation between these issues and a tip credit itself. One panel member acknowledged that since wages have risen, benefits at her restaurant have slowly disappeared. It seems reasonable to assume that with a much larger increase in wages for servers there would be an even sharper decline in available benefits.

The biggest take away from this meeting that I observed was the admission from those against a tip credit that without one, servers will lose income. Both sides (for and against a tip credit) have said this, so it seems fairly obvious that if we want to protect the income of thousands of servers and bartenders in St. Paul that we should allow the tip credit exemption which will guarantee the full minimum wage to ALL workers, without hurting the income of those middle class restaurant workers making a professional wage.

- c. (7/15/18) <https://upserve.com/restaurant-insider/survey-minimum-wage-increase-negatively-impacts-tips-24-front-house-staff-say/>
- d. (7/15/18) <https://upserve.com/restaurant-insider/survey-minimum-wage-increase-negatively-impacts-tips-24-front-house-staff-say/>
- e. (7/15/18) <https://www.washingtoncitypaper.com/food/article/21010867/after-initiative-77-passes-workers-say-customers-are-confused-about-tipping>

3. (Email submission 7/13/18) Good morning panel,

I had to opportunity to attend yesterdays meeting and came away concerned. It seems that a number of panelists are lacking in impartiality and even engaging in subtle intimidation with comments made concerning tips.

One glaring omission to statements made was the possible negative impact a tip penalty would have on employers. As the hotel /restaurant industry is already thousands of workers short in the twin cities, to implement a tip penalty would make the jobs much more undesirable. If a worker who is required to work early mornings, late nights, weekends, and holidays, with no breaks, on your feet the whole time can now make a comparable income outside the industry it is easy to see that workers would leave the industry to work more favorable hours with better conditions and similar pay.

This is a real danger to employers as those who have the best pay and benefits would attract available workers. This appears to be a be careful what you wish for situation for employers, employees are aware that the market is tight and moving to a better opportunity is currently in favor of the employee.

Thank you for your consideration to my concerns.

4. (Email submission 7/13/18) Something to consider when discussing employee wages
https://businessinsider.com/supply-and-demand-model-of-labour-markets-is-fundamentally-broken-2018-6?utm_source=facebook

Thank you.

5. (Voicemail submission 7/16/18) *[This message was left in Hmong. This is the translation.]* Hmong man left 49 second voicemail. He wants to know why people would not support a \$15 minimum wage. He makes \$12 for many years now and does not feel he can support himself or for his family. He also is upset that Hmong elders were not included in the minimum wage conversations and would like this addressed. [He did use some English words in his message.]



St. Paul Minimum Wage Study Community Report

July 23, 2018

Summary (6 comments)

- 1) Supports a minimum wage increase as a college graduate who sees low paying jobs for applicants with college degrees, affecting quality of life as workers give up family, social, and self-care time to work additional shifts to afford independent living.
- 2) Supports a minimum wage increase to \$15/hour with balance for small businesses who will compete for employees with McDonald's at the same wage rate.
- 3) Commenter is against an increase in the minimum wage and has concerns about how small "minority owned businesses" will be affected.
- 4) Does not support a minimum wage increase to \$15/hour because small businesses suffer and typically cut labor to cut costs.
- 5) A St. Paul worker is in favor of a \$15/hour minimum wage with no tip penalty so that the full-time workers who power this prospering city are able to afford the basics for living, including rent, groceries, and childcare.
- 6) Supports \$15/hour minimum wage to prevent reliance on public assistance programs.

Full Comments

1. (Webpage submission 7/19/18) I believe it's a great idea to increase the minimum wage. As a college graduate, it's disappointing to see that so many job opportunities out there paying under \$15, even with a college degree. It's not fair and it doesn't give anybody the ability to afford a liveable, independent life. It's disheartening and disappointing to see parents or anybody pulling extra hours of work because their work place doesn't pay them enough. They have little time for social life, sustaining relationships and making memories with their loved ones and most importantly, minimizing their self care. Life shouldn't be this way where people live to work. I hope the government puts the well-being of people first and establish progressive ways to help people get higher pay at their workplaces, get excellent work benefit packages and so much more that people deserve to have now.
2. (Webpage submission 7/19/18) Although I support raising the minimum wage to \$15/hr but there needs to be some balancing for small businesses. By raising the wage, it will make it much more difficult for small businesses to attract employees when they can work at McDonalds for a higher wage.
3. (Webpage submission 7/19/18) Do you know that a lot of the ethnic minority groups in Saint Paul come from a background that does not tip? Tip culture is an American culture deeply rooted in its finest history. I would love to hear more from the minority businesses but unfortunately they are too busy trying to run their business. I don't think it is fair to the

businesses who cannot be at the meetings to be completely out of this study. I want everyone to really ask themselves, do you racially tip? A restaurant on University Ave vs a restaurant on Selby/Grand Ave, how much do you tip at those restaurants? Why? We all know already that majority of the restaurants on University Ave have a lower menu price compared to Selby/Grand Ave and yet which is more likely to get tipped higher? Why? What is going to end up happening for restaurant owners who cannot afford to raise their min wage is illegal payroll. Most are already planning on cash pay out. They will be paying their employees cash because there is little accountability and it saves them the tax hassle. This will stir up more wage theft and a load of mess throughout our community. How are they supposed to build generational wealth with cash? No bank is going to approve a loan with no stable trail of income. Our community will only continue to be renters and live in poverty. Small business owners who can afford to move will move out of Saint Paul into the suburbs and then how are their employees going to afford the commute. In reality, most of the small business owners can't afford to move and pay their employees \$15. They will have to cut a lot of employees. Small business owners employs over 80% from the community. Just imagine how that will affect the livelihood of the community that depends on small business.

4. (Webpage submission 7/20/18) Minimum wage should not be raised to 15 dollars an hour. Small businesses suffer the most from this and are forced to find ways to cut costs which typically is labor.
5. (Email submission 7/20/18) To whom it may concern:
I am writing as a worker in St. Paul, advocating for an increase in the minimum wage to a true living wage - \$15/hr (with no tip penalty). If someone is working a full, 40-hr work week in this city, they should be able to afford rent, groceries, and child care - basics for living. Anything less is unconscionable and would be denying minimum wage workers their just rewards for powering the prospering city we all share.
Sincerely,
[redacted]
6. (Email submission 7/20/18) I support the 15 dollar an hour wage whole heatedly. Paying less than 15 dollars an hour to any employee is just asking them to go on government assistance. The point of working any job is to be able to sustain your life. Surviving is for people in 3rd world countries. The cost of everything goes up but not the wages.

Business leaders always whine and act like your attacking them personally whenever you ask for anything more than what they are willing to give you. I've worked in jobs that pay less than that. It's uncomfortable because your forced to go to food shelves, or to go on county assistance, which is work in itself.

These men wouldn't be in business if they didn't make a profit. They also make much more money whenever they can guilt people into thinking they are hurting as much as the workers. This is a false in more ways than one. If they are indeed hurting as they claim, then they shouldn't hold themselves up on a pedestal as good business leaders.

No excuses, pay more. Wages need to go up to keep up with cost of living. Any less than this and your employees eat the cost themselves.



St. Paul Minimum Wage Study Community Report (7-23 A)
July 23, 2018

Summary (8 comments)

On July 17, 2018, Citizens League held a breakfast for our membership as part of our Mind Opener event series. This monthly series features a speaker in a small setting where our membership can have an interactive experience learning more about various policy issues.

The cost to attend a Mind Opener breakfast is \$10 for members to offset the cost of a continental breakfast (coffee, fruit, and a muffin). Non-members who want to attend can sign up for a year-long membership with a tax-deductible contribution of \$50. Folks experiencing financial barriers to membership can also request information on additional membership opportunities.

At the July 17th Mind Opener breakfast, Mr. Thomas Durfee, Citizens League Study Committee researcher was invited to present the demographic data heard by the Study Committee at its first meeting. There was also a question and answer session following Mr. Durfee's presentation.

Prior to the start of the breakfast, 15 Now Minnesota sent an email (below) to its subscriber list alleging that the Citizens League was hosting an exclusionary \$60 event that was out of reach for workers and marginalized people to collect input. The email included a call to action to leave a voicemail in the dedicated Citizens League Minimum Wage voicemail box so that they could tell the Citizens League to "answer to working people, not corporate interests!"

Citizens League received eight voice messages referencing the 15 Now Minnesota email. Because those messages were left in the dedicated project voicemail, the Citizens League is sharing them as part of the community report as we would with any messages left in the voicemail box. .

Because the information in the 15 Now Minnesota was incorrect, the Citizens League called each one of the community members back to 1) clarify that no input was collected during the membership breakfast; 2) indicate the channels of communication that have been set up to collect broad community input; 3) highlight the community listening sessions hosted by the City of Saint Paul; 4) share that the Mayor and Council Members are engaging their constituents around this issue; 5) invite callers to view study committee materials on our webpage and attend a future study committee meeting.

Of the feedback we received from community members during those returned calls, all were positive and all expressed gratitude for the time and engagement from the Citizens League to clarify the information they received by email.

From: 15 Now Minnesota <fifteennowmn@15nowmn.emailnb.com>

Sent: Tuesday, July 17, 2018 7:44:55 AM

To: [redacted]

Subject: A \$60 Breakfast?

15 Now Minnesota

[redacted] --

Right now, the Citizens League is hosting a breakfast called "[Understanding St Paul Minimum Wage Considerations](#)." The breakfast is supposed to help Saint Paulites learn and ask questions about the minimum wage-- **but it costs \$60, and takes place on a weekday morning at a fancy restaurant.** No matter how well-intentioned the Citizens League is, this event is woefully inappropriate for reaching most Saint Paul residents. The Citizens League has been charged with creating policy recommendations for the City, and should be working to **bring the voices of workers and marginalized people into the center of policymaking.** A \$60 breakfast on a Tuesday morning is not a good way to engage working people. Instead, it amplifies the voices of those who already have power and influence. **It would take a minimum wage worker almost 6 ½ hours to afford this breakfast alone!**

The Citizens League should be hosting **free community meals in our neighborhoods** where they can hear from workers, youth, and families about how the crisis of poverty hurts us, and why we need a \$15 minimum wage, no exemptions, as soon as possible. Wealth inequality in Saint Paul and Minnesota is a crisis of massive proportions. Inequality persists because **poor and working people are kept out of the decision-making processes** that produce the policies that ultimately determine our housing, wages, schools, and health. The Fight for 15 has always been about changing that fundamental dynamic: **not just winning a \$15 minimum wage, but putting the needs of working people at the forefront of our policy.**

Our movement for 15 disrupted politics as usual in Minneapolis and forced the establishment to pass a policy they had initially called impossible and unreasonable. We can do the same in Saint Paul. **Call the Citizens League at 651-401-2474 and leave them a voicemail telling them you support a \$15 minimum wage for all workers, and that they should answer to working people, not corporate interests!**

15 Now Minnesota

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This email was sent to [\[redacted\]](#)
To stop receiving emails, [click here](#).

Full Comments

1. (7/17/18) Hello. I'm a resident of Bloomington. I work downtown in Minneapolis and Saint Paul, oftentimes working with the, with People Building People and stuff like that as a nonprofit and I just want to call and say you know ask to, to give another voice with the \$15 minimum wage effort. I understand there was a, a talk, a breakfast there with a \$60 price tag, and that's just not something that that the people who, who would really need a \$15 minimum wage would, would benefit from; they, they can't, they can't afford to get their voice heard. A \$15 minimum wage is what we need to keep people out of poverty and I just, I don't have a big argument. I just, I just wanted to say that this is something that is needed and the voice is not being heard at a \$60 breakfast. I just, please reconsider. Please, uh, please do what you can to help the people like at People Building People who really need to have this sort of this this minimum wage increase in order to feed their families in order to get medical care and, and shelter and clothing, and feed their families. Just please make sure their voices are heard. Thank you.
2. (7/17/18) Hello, Citizens League. My name is [redacted]. I support \$15 for the minimum wage. \$15. For you to have a breakfast that would cost me \$60 to attend on a weekday during my work hours, it shows me that you don't understand where working class people stand and how working class people are struggling to put food on their tables. Who are you inviting to this breakfast? Who are you hoping will come to breakfast? I'm not coming to this breakfast. I can't come to this breakfast. I have work Tuesday morning. I can't afford \$60. Please. If you are working that \$15 minimum wage for all working-class people then please include me in this, include people like me to have work at this time that can't afford \$60 for a breakfast so you can get an understanding about the minimum wage for St. Paulers. I don't know what you're doing. I don't know how you understand it. But you're not understanding this from my perspective. I wish you see this from my eyes because evidently you are not seeing it. I support and I want \$15 minimum wage for St. Paulers. Minneapolis has it, why can't we have it? So why is it, why is it so hard for us to have it? Why are you making this difficult for us? You're supposed to be working for all of us, but evidently you having a breakfast that cost \$60 on a Tuesday morning shows me that this doesn't include all of us. It doesn't include all working class people. Please rethink. Rethink how you understand it. Thank you, and bye.
3. (7/17/18) Hello Citizens League. I am calling to give my support for the \$15 minimum wage and I believe that that breakfast you're having, which is \$60, is prohibitive for a lot of people and that instead the Citizens League should be holding free breakfast for hard working people who make minimum wage. I do support the \$15 an hour minimum wage. Thank you very much. Goodbye.
4. (7/17/18) Hi, my name is [redacted]. I live in Saint Paul. I support a \$15 minimum wage for all workers, and I'm asking that the Citizens League answer primarily to working people in the conversations and work going forward. Thank you.
5. (7/17/18) Yes, my name is [redacted] and I'm calling from New York City, although I live in Seattle where I was engaged in generating support for our \$15 minimum wage initiative, which the City Council adopted so we didn't have to actually go to a referendum. And I'm really, you know, so I've been following the \$15 minimum wage fight or so as it's going all over the country and I'm totally in support of Saint Paul's raising the minimum wage. I'm a little concerned because the event that this is about is a breakfast which cost \$60 and I'm thinking if that's fine if it's a fundraiser, I think that's great. But there needs to be a huge effort to reach out to the

community so that everybody's voice is heard and there should be meetings in the evenings after, you know, after normal day's work and it shouldn't be \$60. It should be free. There should be, you know, in fact, you might consider providing child care. Sometimes we do that in Seattle. So, please take the effort to reach out to everybody, not just folks who could afford a \$60 breakfast on a work day morning. Thank you very much. If you have questions, my name is [redacted], and my phone is [redacted]. Thank you very much.

6. (7/18/18) Hi, my name is [redacted]. I'm a resident of Frogtown in St. Paul. I saw that the Citizens League hosted a breakfast that cost \$60 for attendance. As you know, I'm sure that you guys know it's going to take a minimum wage worker six and a half hours in order to even make enough money to afford that sort of thing. So if you guys were actually trying to engage working class people around what they think about minimum wage increase, that's a really, really awful way to do it. You know, I don't see that as acceptable at all. So I just wanted to let you guys know that, that, that in Minneapolis we had almost four years of the \$15 minimum wage being blocked by the City Council, by business interests, and we still won and we're going to win in Saint Paul too, because this is an incredibly popular issue that benefits the, the vast majority of people in the city, particularly people of color and low-income working class people, people most affected by, by a minimum wage increase, which is the, again, you know, the majority of the city, and it would hurt the pocketbooks of the handful of wealthy residents in the city who's disproportionately, you know, is going to be at \$60 fundraisers like that. So that's not a good way to get impartial input in any way.
7. (7/19/18) My name is [redacted]. I went to weigh in on a \$15, the minimum wage study with the Citizens League. I also want to say that I'm a teacher at Saint Paul Central High School. I am in favor of \$15 minimum wage and with no carve out for youth workers and no tip penalty. And I feel very strongly about that, it's important. And I'm very disappointed that there's a Citizens League hosting an input session, but that's, the bad part is it's on a weekday morning when people work. And it's a \$60 breakfast, which to me is not accessible. It's ridiculous. The people that we're trying to help could not afford to \$60 breakfast. That just seems rude to me and, and really out of touch with, with the whole philosophy and spirit of this. I really want you to think about that. If you know you wanted to strengthen this whole citizens input piece of it so that we can get everybody's input. All right. Bye.
8. (7/19/18) Hi, my name is [redacted] and I support a \$15 minimum wage for all workers and I'm upset about this breakfast that cost \$60 and takes place on a weekday morning so that most of your minimum wage workers could not possibly attend or take part in the discussion. You, you especially the Citizens League should answer to all the working people and not corporate interest. Thank you so much.



St. Paul Minimum Wage Study Community Report
July 30, 2018

Summary (7 comments)

- 1) Supports a tip credit to avoid risk of income and job loss. Includes link to article on McDonald's implementing self-service ordering kiosks.
- 2) Supports a \$15/hour minimum wage to help pay for school, support family, and save for a car. Supports no carve-outs, especially for youth, and advocates for the importance of enforcement.
- 3) Supports a \$15/hour minimum wage to have a bigger place to live, cut down from two jobs to one, pay off student loans, and own a car.
- 4) A full-time server for 31 years supports a tip credit to avoid lower wages.
- 5) Comment does not have clear position on ordinance components, but says restaurant service quality will decrease and dining culture and small businesses will be killed off.
- 6) A tipped server at a mid-priced counter service restaurant lives in St. Paul and works in Minneapolis for the higher minimum wage without a tip penalty. Supports an increase to \$15/hour in St. Paul and says most tipped workers do not work in high-end restaurants and make less than \$10/hour in tips, which should not be taken by the employer.
- 7) A member of the restaurant industry supports a tip credit, saying that without one they and many of their friends and family will lose income and the longevity of restaurants in St. Paul will be affected.

Full Comments

1. (Webpage submission 7/24/18) Another reason for a tip credit. Without one, our city is risking income and job loss for full service restaurant workers and other industry workers.
<http://on.forbes.com/6180DSTV6>
2. (Webpage submission 7/24/18) Hello my name is [redacted] i live in highland park neighborhood I'm 20 years old my family came to the U.S with dreams and a better future \$15 will mean a lot to me because i have a lot off dreams i want to achieve and feel like if we make that \$15 happen it will help a lot. i could help pay for school i would help my mom out and save up for a car but it wont just only help me it would help everybody around me!!! I support 15 in St.Paul and 1 far wage for everybody with no carve outs!!!! especially if the youth get carve out it will include me ENFORCEMENT IS VERY IMPORTANT i know personally as a worker that passing a new law is not enough. We have to enforce businesses to follow new laws when earn sick and save time went into effect my job was not following the law.
3. (Webpage submission 7/25/18) Hi my name is [redacted] I live in St. Paul and in the second ward i work here in St. Paul and also have a second job in Minneapolis and im in favor of St. Paul

raising the minimum wage to \$15 for everybody i believe that everybody who is working in St.Paul needs one fair livable wage. I have dreams of getting a bigger place I have always had to work two jobs and im 55 years old I would love to be able to work one job Im trying to pay off student loans still for veterinarian tech and would some day love to own my own car I have never had a job that I've made \$15 an hour at in m whole life. I think we need \$15 in St. Paul as soon as possible for everybody

4. (Webpage submission 7/26/18) I have been a full-time server for 31 years. I am for a tip credit. Without this credit, my wages will be significantly lower.
5. (Webpage submission 7/26/18) It would decrease the quality of service you receive in restaurants. You know why your barista is so snotty and rude? Because they know that they're not going to make any money off of selling you your \$2 cup of coffee. Why would they possibly give you service with a smile? It will kill dining culture and other small businesses that have already gone under like the Muddy Pig, Fabulous Ferns, Ward 6, Bonfire on Grand, the Wild Onion, etc.
6. (Email submission 7/30/18) Hello!

Thank you for contributing your time and energy into St. Paul's process for deciding about a \$15 minimum wage. I appreciate your commitment to democratic deliberation!

I am a tipped worker living in St. Paul, but working in Minneapolis. I would love to work closer to home, but will stay in Minneapolis for the higher wage without a tip penalty. I hope that St. Paul joins Minneapolis in being a city where workers are valued and compensated fairly.

I work for minimum wage at a mid-priced counter-service restaurant. I can't afford to live on just my paycheck and rely on tips. My coworkers in the back of house, most of whom are Latinx, have an even harder time getting by. We deserve a minimum wage that allows us to pay our bills and take care of our families, and we should not have to rely on tips to do that. Increasing the minimum to \$15 gets us closer to fair compensation for our work.

I've done the math, and even if my tips drop by 50% (a much bigger decrease than anyone predicts!) due to increased prices to cover the min wage hike, I will still be better off with the new minimum wage. Most tipped workers are like me - we aren't working in high-end restaurants as servers. We make less than \$10/hr in tips. We need the increase to \$15 and we don't deserve to have our tip money taken by our employers.

As you're deliberating, please remember that the vast majority of minimum wage workers across industries can't afford the basics for a healthy, safe life. That means we are subsidizing companies with our lives and those of our families. That burden is predominantly falling on people of color and women. This isn't fair and it doesn't contribute to a healthy city. St. Paul will grow in vibrancy and life as its people can afford to live and thrive here. Please don't continue the American trend of valuing companies over individuals. We can make a higher minimum wage work for everyone and we don't have to demand it out of the paychecks of tipped workers.

Thanks for reading and envisioning a city where everyone can thrive!

[name redacted]
[address redacted]
St. Paul, MN 55102

7. (Voicemail submission 7/30/18) Hi, my name is *[redacted]*. I was just calling to leave some information about how important I feel it is to have a tip credit, you know, in, in the city of St. Paul. I will personally lose income without one. A lot of my friends and family members who are also in the industry will lose income and that's not to say that, you know, there shouldn't be some type of fair wage for everyone, but we absolutely need a tip credit. It is one hundred percent crucial for the longevity of restaurants in St. Paul, for my income, for the benefit of my family and everyone else involved. So, feel free to call me back any questions *[phone number redacted]*. And again this call essentially is just to voice my concerns about not having a tip credit and the extremely detrimental impact that it will have on restaurants in the city of Saint Paul. So again, please feel free to contact me with any questions, and I'd would be happy to clarify or provide more information on that. Thank you so much. Bye.



St. Paul Minimum Wage Study Community Report
August 7, 2018

Summary (9 comments)

- 1) A person who works with high school age youth supports a \$15 minimum wage with no exemptions/carve-outs so that students can cut back on their hours and perform better in school. Also advocates for \$15 minimum wage for PCAs and other care workers so employers can find highly qualified workers, and against a tip penalty so workers have a stable minimum income.
- 2) A commenter is interested in catching up with the work of the study committee and requests information on what has been covered. *[Note: Staff directed this commenter to the project website: www.citizensleague.org/minwage.]*
- 3) A commenter is opposed to an increase to a \$15/hour wage to prevent a rise in the price of services and goods, affecting those who are earning \$15/hour after years of employment. The commenter says reducing service prices should be the focus instead. *[Note: The full, unedited comment contains expletives.]*
- 4) A disabled young person making less than \$15/hour after four years supports raising the minimum wage to at least \$15 so they can support themselves independently.
- 5) A Saint Paul tipped restaurant worker supports a \$15 minimum wage without a tip penalty or exemptions so they can advocate for themselves better in situations of harassment and wage theft, have a stable income without depending on people choosing to tip. Also advocates for \$15 minimum wage for youth and disabled workers so they can provide for themselves and their families and save up for health or other emergencies.
- 6) A commenter supports a \$15 minimum wage for everybody, including tipped workers, disabled workers, and youth.
- 7) A Saint Paul resident supports a \$15 living wage, including for tipped workers, disabled workers, and youth.
- 8) A commenter supports a \$15 minimum living wage for everyone, with no carve outs, especially for tipped workers, disabled workers, and youth.
- 9) A commenter supports a \$15 minimum wage for everyone, including tipped workers, youth, and disabled workers because wages are the only way to meet one's basic needs.

Full Comments

1. (Webpage submission 8/2/18) I am very glad to hear that Mayor Carter supports a \$15 minimum wage. However, I think it's essential that we pass a \$15 minimum wage without any carve-outs or exceptions. I work with high school-age youth who are holding part-time jobs on top of

school to support their families, and I can see the difference that a \$15 minimum wage would make for them and their families as well. I am certain some of my students would be able to cut back their hours if they were making \$15/hour, which would have an incredibly positive impact on their education. Many are falling behind in classes because it's too difficult to balance schoolwork with 20 hours/week at a difficult job, and I know that the extra time would have such an impact. PCAs and other care workers also need a \$15 minimum wage, and it would have a giant impact on, amongst other things, the ability of their employers and clients to find highly-qualified PCAs who would do their job incredibly well, but wouldn't be financially able or willing to work for below \$15. Lastly, tipped workers need to not depend on their tips to know whether or not they will be able to pay rent that month - they need a guaranteed minimum wage like anyone else.

2. (Email submission 8/2/18) *[Note: Staff directed this commenter to the project website: www.citizensleague.org/minwage.]* Good afternoon,

I was perusing the City of St. Paul's website and I came across these minimum wage discussion forums. I am wondering a) if there are any materials that I can review on previous sessions, any data, etc. that can help me understand the issues, what has been presented, what was discussed, and what people's standpoints are and 2) if there is any way to remotely attend (call in/webinar) the next/future meetings? I'm very interested in learning about this issue.

Thanks!
[name redacted]

3. (Voicemail submission 8/2/18) *[Note: this unedited comment contains expletives.]* I am voting NO to increase the minimum wage to \$15 an hour in St. Paul, reason being is because to increase the minimum wage the price of services and goods go up so it doesn't really freaking matter anyway. Also be taken in consideration that, you know, Joe Schmo worked for three years just that he can make that \$15 an hour wage and now you want to increase that so that everybody is making that wage? This doesn't make any fucking sense. You're just pulling out the rug from underneath that guy and now he's got, you know, he went from living comfortably and doesn't have to eat fucking ramen noodles every day and, you know, he can finally afford to pay his bills and maybe see the kid, if he hasn't. So increasing the minimum wage is not, is not the way to go. What you need to do is, you need to decrease the price of services. Use your fucking head.
4. (Email submission 8/5/18) *[name redacted]*,

As a disabled young person getting paid under \$15/hr for a job I've had over four years, I support raising the minimum wage to at least \$15 so I can finally support myself on my own.

[name redacted]

5. (Voicemail submission 8/5/18) Hi, I am a worker in Saint Paul and I'm calling to express my personal opinion and my support for the \$15 minimum wage as a tipped restaurant worker. I have experienced a lot of harassment during my job, frequent wage theft in the form of unpaid overtime, denial of breaks. So I think that the \$15 minimum wage is very essential right now for this industry to become a more just one. With \$15, I could better advocate for myself in

situations where I feel comfortable and making sure that there is no exception because tips guarantee that I have a stable income and can pay for the necessities of my life without depending on people to choose to tip me. So I think that \$15 an hour with no tip penalty goes hand-in-hand with the living wage and it's, it's necessary that all workers are included under this or else a lot of frequent abuse can continue in the restaurant industry. This is my personal opinion as a worker. I know that it's shared by many, many, many other workers, especially in the front of house. Everyone deserves a \$15 minimum wage and especially for youth workers, disabled workers. There should be no exceptions to this as everyone deserves to be able to, to make the basic amount of money to provide for themselves and their futures, to provide for families, to save up for health emergencies, any other sort of emergencies that might happen. Most people around me in the restaurant industry everyday live on very thin ice constantly afraid that something could come along and threaten their livelihood so that's what I would like to say, and I hope that you consider this during the vote that, that the tipping system is a unsustainable and endangering one. Thank you.

6. (Email submission 8/5/18) I support a \$15 minimum wage for everybody, including tipped workers, disabled workers, and youth.

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Thanks,

[name redacted]

7. (Voicemail submission 8/6/18) Hello. I'm just calling to say that I support a \$15 living wage. I lived in Saint Paul for the past four years. I have lived there for the past four years and I think that tipped workers, disabled workers, and youth also deserve a \$15 living wage. And so that is what I believe. Thank you very much.
8. (Voicemail submission 8/6/18) Hi, I'm calling to say that I support a \$15 minimum living wage for everyone and especially that, that's especially true for tipped workers, and disabled workers, and youth, so no carve outs. It's important for everyone. Thank you. Bye.
9. (Email submission 8/7/18) Hi, I'm just writing to let you know that I believe every single worker deserves a \$15 minimum wage, including tipped workers, youth and disabled workers. Everyone deserves a \$15 wage because wages are the only way in this society to meet your basic needs. Workers will continue to struggle until higher wages are won for everyone.

Thanks!



St. Paul Minimum Wage Study Community Report
August 14, 2018

Summary (79 comments)

Notes:

- *This report includes comments from seven (7) repeat contributors. The full comment section includes references to where previous submissions can be found.*
 - *This report includes 14 comments that support a tip credit without any context or explanation. They are comments 11-14, 18-20, 22-23, 26-27, 32, 36, and 39.*
- 1) *[2nd comment from a repeat contributor]* A Saint Paul server supports a tip credit because they are concerned about a reduction in their income.
 - 2) A commenter supports a \$15/hour wage for everyone, including tipped, disabled, and youth workers to value people's work.
 - 3) A hospitality industry worker supports a tip credit to prevent more automation, reduction of entry level jobs, business closures, and stagnation of back of house wages.
 - 4) A Twin Cities nonprofit sector worker supports a \$15/hour wage with detailed explanations of how nonprofits and government will benefit, skepticism of business community predictions, and criticism of the Saint Paul public input meeting process.
 - 5) A server fears that they will be out of a job without a tip credit.
 - 6) A resident of Saint Paul and business owner in both Twin Cities is struggling with how to continue operating in this area with new minimum wage ordinances with no tip credit.
 - 7) A commenter shares information on tipped income from the Department of Labor Wage and Hourly Division regarding the Fair Labor Standards Act with a link to a fact sheet and wonders if employers will steal worker tips if no tip credit is offered in an ordinance.
 - 8) A commenter says eliminating a tip credit in St. Paul will hollow out Saint Paul's restaurant industry, amplifying difficulties with maintaining a strong commercial tax base.
 - 9) *[2nd and 3rd comments from a repeat contributor; comments have been combined]* A tipped worker supports a tip credit to prevent cuts in hours, jobs, and income for workers. The commenter's second submission disputes that there are divided opinions among tipped workers, who, aside from non-servers like baristas and service counter workers, are in favor of a tip credit.
 - 10) Commenter is opposed to an increase in the minimum wage.
 - 15) A restaurant industry commenter supports a tip credit based on worries that without one the tipping model will disappear, destroying an entire profession.
 - 16) A relative of restaurant workers supports a tip credit to prevent changes in business models that

will mean lost jobs.

- 17) A commenter supports a tip credit to preserve jobs and full service dining experiences.
- 21) A student and daughter of small business owners strongly support a \$15 minimum wage with no carve outs for tipped workers, disabled workers, or youth workers.
- 24) Commenter wants to keep things the same.
- 25) A Saint Paul bar owner opposes higher wages saying that small businesses are suffering death by a thousand cuts and now face proposed property tax increases and higher operating costs.
- 28) Commenter wants to keep tips.
- 29) A Saint Paul server supports a tip credit to prevent cuts in pay, jobs, and hours and a change to no-tip models.
- 30) Comment only says, "Nah."
- 31) A commenter asks not to have their business and salary killed.
- 33) A Saint Paul server supports a tip credit to avoid a reduction in income. The commenter describes their positive experience working in a tip credit state.
- 34) A server in Minneapolis and Saint Paul supports a tip credit because their Minneapolis employer is preparing to eliminate tips and pay them \$17.50/hour, which is less than what they make now.
- 35) *[2nd comment from a repeat contributor]* A Saint Paul server supports a tip credit and offers a link to a Restaurant Workers of America petition.
- 37) A member of the restaurant industry supports a tip credit so they can still have jobs and so back of house staff can get raises.
- 38) *[3rd comment from a repeat contributor]* A Saint Paul line cook supports a tip credit so business owners have enough money to pay higher wages to back of house staff.
- 40) A commenter supports a tip credit to prevent hurting businesses and tipped employees that make more than the proposed minimum wage.
- 41) *[2nd comment from a repeat contributor]* A server supports a tip penalty to avoid a decrease in their earnings, making costs of living more difficulty to cover.
- 42) A server says they will not be able to remain in the industry if it moves away from a traditional tipping system.
- 43) A commenter supports a tip credit saying without one many people might make less money.
- 44) A Saint Paul server is disappointed that 60% of the study committee voted against a tip credit

last week and is ignoring a Restaurant Workers of America petition and a statement predicting lower wages.

- 45) A Saint Paul resident supports a tip credit to prevent lost income for workers and criticizes labor groups on the study committee who are harming Saint Paul restaurant workers by not supporting a tip credit.
- 46) *[2nd comment from repeat contributor]* A server supports a tip credit to ensure the financial livelihood of the entire industry.
- 47) A restaurant industry worker supports a tip credit to protect income, jobs, and vibrant restaurant community.
- 48) A server and single mother supports a tip credit and worries that restaurants may move to no tip models without one, resulting in a loss of income for servers.
- 49) A Saint Paul bartender supports a tip credit and offers a breakdown of restaurant operating costs to show that restaurants will likely go to service charge models and eliminate tipping altogether, resulting in a loss of earnings for servers.
- 50) A Saint Paul server and bartender says their restaurant will eliminate tipping and go to a service charge model if there is no tip credit, resulting in lost earnings and restaurant staff choosing to work in suburbs.
- 51) A commenter shares a list of 7 Saint Paul full-service restaurants that have closed since May and calls it a sign that Saint Paul is becoming an unfriendly market. The commenter says a tip credit will change restaurants' willingness to open and remain in Saint Paul.
- 52) A part-time server and single mom supports a tip credit to prevent losing income that may make it hard to afford rent.
- 53) A commenter supports servers.
- 54) A Saint Paul employer of 8 staff supports a full \$15 indexed fair wage with no tip penalty.
- 55) A Saint Paul resident supports a \$15 living wage with no tip penalty and no exemptions for tipped workers, disabled workers, and youth so people can make enough money to survive.
- 56) A Minneapolis tipped worker supports a \$15 living wage without carve outs that take advantage of tipped, disabled, youth, or other special categories of workers.
- 57) A commenter supports one fair wage with no tip penalty because people should make a living wage.
- 58) A tipped service industry worker supports one fair wage and says when they first started working, their tips hardly added anything to their income. The commenter says Minnesota has been a one fair wage state since 1983 and a change now would be a step backwards.
- 59) A Saint Paul resident supports a \$15 minimum wage for all workers, including tipped and other

workers with no exceptions.

- 60) A Saint Paul worker and resident supports a one fair wage policy with no tip penalty, youth wage, or training wage and says tipped workers deserve to make family-supporting wages.
- 61) A Saint Paul resident supports a \$15 minimum wage with no tip penalty and no carve outs.
- 62) A commenter supports a \$15 minimum wage with no tip credit to help reduce sexual harassment and wage theft.
- 63) A commenter supports a \$15 minimum wage and thinks it's unfair to exclude waitresses.
- 64) A tipped worker (host) in a full service restaurant supports one fair wage with no tip penalty and asks committee members to support workers making a living wage.
- 65) A Saint Paul resident supports a \$15 minimum wage with no tip penalty or carve outs.
- 66) A Saint Paul resident and worker supports a \$15 minimum wage for all, without an exception for tipped workers, because all workers need to pay rent, continue schooling, and care for families.
- 67) A service worker supports a \$15 minimum wage without exemptions or tip adjustments and points to the bigoted history of tipping.
- 68) A Saint Paul resident supports a fair wage for everyone with no penalty.
- 69) *[This comment was translated from Spanish]* A waitress supports a \$15 fixed hourly wage so that workers are treated equally and servers can rely on a stable income when they don't receive tips.
- 70) A commenter supports a \$15 minimum wage without a different wage for tipped workers.
- 71) A tipped worker says business owners started the tip credit movement, scaring tipped workers with threats of losing jobs and money, and says all tipped workers will do better without a tip credit. Increased earnings will be spent on improved quality of life, showing that "we all do better when we all do better."
- 72) A Minneapolis resident supports a \$15 minimum wage for Saint Paul workers with no tip penalty, no carve outs, and a shorter phase-in, saying \$15 is still barely enough to survive.
- 73) A commenter supports a \$15 one minimum wage with no tip penalty.
- 74) *[The full comment contains explicit language]* A restaurant worker supports a \$15 one fair wage for all workers with no tip penalty, which they describe as a way for employers to cut costs by taking gratuity fees and counting them as a wages.
- 75) A commenter says "We need this!" with no additional context or explanation.
- 76) A Saint Paul resident supports raising the minimum wage without a tip penalty, which they describe as undercutting the minimum wage.

- 77) A Saint Paul resident supports one fair wage with no tip penalty, which they describe as workers paying a price for receiving tips, resulting in a lower earned minimum wage.
- 78) A Saint Paul resident supports a \$15 one fair minimum wage as a great way to ensure that people stay in Saint Paul, invest in the local economy, and support the housing market.

Full Comments

1. *The following is the 2nd comment from a repeat contributor, who previously submitted comment #1 in the 6/18/2018 community report.*
(Webpage submission 8/7/18) Hello. I'm a server in Saint Paul, and I am concerned about a reduction in my income if the minimum wage increase passes without a tip credit. I am completely in favor of the minimum wage increase to \$15/hr, as it will help many people in my industry who currently make under that amount. It would also help me on days when I make little to nothing in tips. However, most of the time, I make more than \$15 an hour. Without a tip credit, my restaurant may go to a service charge model, and everything over \$15/hr would legally belong to my boss, not me. Please vote to include a tip credit, so that we can increase wages for workers without penalizing workers who are making more than \$15. Thank you!
2. (Voicemail submission 8/7/18) Hi, I'm calling about the \$15 minimum wage. I support a \$15 living wage, including tipped workers, disabled workers, and youth. It's really important that we value people's work and that we demonstrate the value of this work by providing a living wage to all who work hard to earn it. So thanks for listening and later.
3. (Webpage submission 8/7/18) I have been in the hospitality business as a server and bartender for more than 20 years and I am strongly in support of a tip credit! It's vital to small business as well as my way of life that we count tips as wages. No tip credit means more automation, reduction of entry level positions, closing businesses and stagnation of back of house wages.
4. (Email submission 8/9/18) To whom it may concern:

I live in Minneapolis and work in Saint Paul. I have been working in the Twin Cities non-profit sector for over 20 years, many of those years I spent working in Saint Paul. I started at the bottom, working as a canvasser for very modest wages. I have a management level position now, but I still make less than starting pay for a public school teacher. Metro Transit trainees make about a dollar an hour less than me. If this passes both my coworkers and the customers our non-profit serves will benefit from this policy.

Working people and people of color in the Twin Cities need \$15 badly -- without delay and without carve outs. The non-profit sector not only has nothing to fear from \$15, it has so much to gain. Revenues for non-profits, with few exceptions come from three areas -- grants from foundations, from the government and from individual donations. Foundations and the government are well placed to meet the gradual phase-in of increasing wages. Foundations have made a killing off the stock market and hold vast wealth. As one example, the McKnight Foundation (<https://www.mcknight.org/about/financials/>) has over \$2B in assets and despite years of giving at least \$80M per year, that pool of assets is steadily growing.

Government will benefit from the increased economic activity that comes from putting more money in the hands of lower wage workers as local sales taxes bring more in. It may also see a lessening of demand on services that will help budgets overall. Finally, we know that as a proportion of income, poorer people give more to non-profits. When they have more money, they will have more to donate. Of course, lessening the need for non-profit services will also benefit our sector by easing the increasing strain posed by economic inequality and exploitation. The increased economic activity that will result from more money in the pockets of lower wage workers will boost the economy in our region as a whole, that will boost all three sectors of non-profit revenue.

Second, I would urge you look skeptically at the pessimistic claims of business associations in this debate. For decades, businesses have predicted calamity when the wage is raised and time after time their predictions prove wrong. The most recent local example is when business interests tried to make us fear earned, safe and sick time protections. Then again, their dire predictions were unfounded. Like with ESST, making sure that low wage workers move closer to making enough to meet their basic needs and hopefully give them a little breathing room in their tight budgets will help our whole metro area. But Saint Paul, with its higher poverty rates, has so much more to gain.

Finally I want to call attention to the flaws in the public input meeting last weekend. I do not relish having to get up early on a Saturday morning to sit in a room and wait patiently with my lottery ticket for a chance to testify. Nearly a full hour of the two hour meeting -- ostensibly solely about public input-- was devoted to politicians and CL staff talking at us. The small group discussion was fine, but it required the comments of the people in the groups to go through the facilitator's note-taking. Recording comments that way, of course leads to diluting, obscuring and condensing these points -- not out of any malice, but simply as a natural result of the nature of the process. How can the facilitator run the group and take careful notes? The structure of this made it quite difficult. I found the CL presentation wasn't useful to the discussion, merely being a quick over view of the process. Fine content, but out of place given the purpose of the meeting.

The tone, intended or not, from the elected officials and the CL was to say we will get \$15 with carveouts, its just a question of which carveouts businesses can get away with. This is very disheartening. CM Prince actually said, I wish we could just have the CL tie this up with a bow and present us with the \$15 policy for us to pass, but unfortunately we have to have a long process. I truly hope CM Prince merely misspoke. It is stunning to me to have an elected official say this out loud in a room full of regular people who have taken their personal time for the one dedicated opportunity to give public comment in this process. People often suspect that their elected officials are merely humoring them, but having it confirmed to our faces was both unexpected and depressing.

I was heartened to hear from my fellow residents that support for \$15 indexed to inflation with no carve outs passed without further delay was by far the popular position, overwhelming the comments portion of the event 19-4 by my count.

I'd urge the CL staff and elected officials to respond to the clear desire of the people who live and work in Saint Paul, demonstrated again and again. Let's move forward quickly to make this badly needed change for the working people of Saint Paul!

Thank you for your time and consideration.

[name redacted]

[address redacted]

Minneapolis, MN 55408

5. (Webpage submission 8/9/18) Without a tip credit I will be out of a serving job. I love serving and I would like to continue doing it.
6. (Webpage submission 8/9/18) I am a St Paul Ward 4 resident and a restaurant business owner in St Paul and Minneapolis. We are struggling to decide how and if we will continue to operate in the City of Minneapolis after the new minimum wage was enacted without any consideration for tip credit. We have operated for over 35 years and are minority and women-owned and operated family business. With very slim margins in our industry, we simply cannot keep business as usual in a table service restaurant. We are considering closing our Minneapolis location and continuing in St Paul and other suburbs where \$15 has not been enacted. Or making our space smaller and becoming a quick service establishment. If we go with the 2nd option, unfortunately, most of our professional servers (who have been with us for over 15+ years) will not stay after getting a pay cut to \$15/hour. They currently make \$22-28 per hour (wage + tips). And of course, our dining experience will change drastically.

I hope the City of St. Paul is considering the negative impacts a \$15 wage without consideration for tip credit would have on our amazing dining experience in St Paul. And the servers who may no longer have employment.

7. (Email submission 8/9/18) Below are two passages copied and pasted from the Department of Labor Wage and Hourly Division: Fact Sheet # 15: Tipped Employees Under the Fair Labor Standards Act (FLSA) as well as a link to the document.

Retention of Tips: A tip is the sole property of the tipped employee regardless of whether the employer takes a tip credit. [1] The FLSA prohibits any arrangement between the employer and the tipped employee whereby any part of the tip received becomes the property of the employer. For example, even where a tipped employee receives at least \$7.25 per hour in wages directly from the employer, the employee may not be required to turn over his or her tips to the employer.

[1] WHD will not enforce the Department's regulations on the retention of employees' tips with respect to any employee who is paid a cash wage of not less than the full Fair Labor Standards Act (FLSA) minimum wage (\$7.25) and for whom their employer does not take an FLSA section 3(m) tip credit.

It appears that if no tip credit is taken and/or available, tips are no longer the sole property of the tipped employee. The absence of a tip credit in St. Paul will open the door for employers to steal workers tips.

<https://www.dol.gov/whd/regs/compliance/whdfs15.htm>

8. (Webpage submission 8/9/18) Eliminating a tip credit in St. Paul without similar regulations in

surrounding communities will do nothing but hollow out the restaurant industry in St. Paul, driving consumers to other municipalities. This will amplify existing difficulties with maintaining a strong commercial tax base.

9. *The following are the 2nd and 3rd comments submitted by a repeat contributor, who previously submitted comment #4 in the 7/10/2018 community report and was part of the panel that presented to the Study Committee on 6/21/18).*
 - a. (Webpage submission 8/10/18) As a full time, career tipped worker I implore you to include a tip-credit in your recommendation to the City council. Without a tip-credit this minimum wage increase will result in less hours and less jobs for us workers. I will lose money. Significantly. The vibrant dining and bar scene in our city will wither, suffer and decline. With a tip-credit our city will flourish and our economy will boom. More restaurants will move here, meaning more jobs.
 - b. (Webpage submission 8/11/18) It's recently come to my attention that some on the committee and/or Citizens League are under the impression that us tipped workers are evenly divided on the inclusion of a tip-credit in the minimum wage increase. This is not true. As a full-time career tipped worker I interact with many people in this industry daily. I honestly couldn't name one tipped worker out of hundreds I've spoken to who doesn't support the tip-credit. To be clear, when I say 'tipped worker' I'm talking about those who depend on tips for the majority of their income. Servers in full-service restaurants and bartenders primarily. Not baristas. Not service counter workers. The ones who claim to be tipped workers and oppose the tip-credit are overwhelmingly baristas and counter service workers. We don't want them to lose their tips either. That's why we've proposed concepts such as the 'Super Wage.' If we allow a tip-credit and decide after a couple years it's not the best course of action, it can always be removed. Please understand that if this increase goes through without a tip-credit we will lose hours. We will lose jobs. We will also lose some of the wonderful locally owned restaurants that make this city a great place to be. And we will never be able to get those back. Please do not fall for this false narrative. We in the service industry want a tip-credit.
10. (Webpage submission 8/10/18) Please don't raise the minimum wage. No one in our industry wants this
11. (Webpage submission 8/10/18) Tip credit is life
12. (Webpage submission 8/10/18) I support a tip credit
13. (Webpage submission 8/10/18) I support the tip credit
14. (Webpage submission 8/10/18) I support a tip credit
15. (Webpage submission 8/10/18) I have been in the restaurant industry since I was 15 years old. I'm now 38 and a bartender at the happy gnome. I supported myself the whole time. Sometimes at smaller less busy restaurants. Even in Wisconsin at 2.13 cents and hour when I first started out. I now own a home and hope to have a family some day. I support a tip credit. If we do not get a tip credit it will severely hurt our industry as a whole and will also hurt our staff in the back of the house as well. I'm worried that the tipping model will disappear and

destroy an entire profession that supports tens of thousands in the twin cities. An industry that has made me who I am and is how my wife and I make our living. An industry that has made the twin cities one of the best places to live in this country. Not very many professions will look at a city council and say “we don’t want a raise.” There’s a reason. It’s because we love what we do so please and we don’t want to see it vanish

16. *The following is a repeat comment. The original was received via email and included as comment #1 in the 7/10/18 community report.*

(Webpage submission 8/10/18) I've emailed before but heard no response, so I will fill out this form with an abridged response from my original email.

I was raised by a restaurant waitress. Growing up my mother brought in over \$20/hour thanks to tips. She now waitresses part-time, earning over \$30/hour. My sister is now also in the service industry, working at a fine dining restaurant in St. Paul. She can easily make more than \$40 an hour on a busy night. Her husband, also a server, pulls the same wage. My family is full of cousins and relations who are tipped employees, making well over \$15 an hour. In fact, they make more money than I do.

This is the story of many “but not all” restaurant employees. They make good wages, have flexibility, and are able to contribute meaningfully to the economy and to our city’s culture. And the \$15 an hour minimum wage without a tip credit could put their livelihoods in jeopardy. I love the vibrant restaurant scene here in the Twin Cities. Every year, we see many unique, chef-driven restaurants opening up or moving to St. Paul, thanks to the fact that the city of St. Paul makes opening a business simple. It would be a tragedy to see that all go away and have St. Paul fill with chain restaurants like that which we see in the suburbs. Restaurants operate on razor-thin margins. If a restaurant’s profit margins are threatened, it’s the employees that will suffer. Restaurants will raise prices, opt to do counter service, move out of the St. Paul, or make tipping optional, as ways to keep their businesses afloat.

This would lead to lost jobs “and lost revenue” to the city of St. Paul. If tipping is optional or restaurants switch to counter service, my family would not be able to sustain themselves with the massive loss of wages that would result.

The minimum wage without a tip credit is a wage reduction for many tipped workers. We need to make sure that that doesn’t happen.

17. (Webpage submission 8/10/18) A tip credit is necessary for the health of our industry! Not only are the jobs of tipped workers at risk, the whole full service dining experience we’ve all come to expect will start to disappear without it. This affects everyone!
18. (Webpage submission 8/10/18) Tip credit is good
19. (Webpage submission 8/10/18) I support the tip credit
20. (Webpage submission 8/10/18) I support the St Paul tip support
21. (Webpage submission 8/10/18) I strongly support \$15 minimum wage in St. Paul with no carve outs for tipped workers, disabled workers, or youth workers. I grew up in Minneapolis where my parents own a small business and have been paying all of their employees at least \$15 an hour

for a couple years now. I have since moved to St. Paul where I am working my way through school, trying to take out as few loans as possible but this is challenging to do when I only make \$10.65 an hour. I was excited last year when Minneapolis passed \$15/hour, but I think St. Paul can do better than Minneapolis by passing \$15 minimum wage without the extensive carve outs and delayed implementation.

22. (Webpage submission 8/10/18) I want tip credit!
23. (Webpage submission 8/10/18) Tip credit for tipped employees
24. (Webpage submission 8/10/18) Let things stay the way they are dammit
25. (Webpage submission 8/10/18) I own Camp Bar in Downtown Saint Paul. Every one of our employees made more than I did last year. With tips our staff regularly makes more than \$50 per hour. Small businesses are suffering death by a thousand cuts- and and this will create a major hardship and result in our using less people to more work. The mayor is proposing a big property tax increase, we are still struggling with mandatory sick time... Higher wages mean we will also have to figure out how to pay for higher workers comp, higher unemployment, higher social security...

Keep Saint Paul competitive and welcoming to small family businesses. Give us a tip credit.
26. (Webpage submission 8/10/18) Keep the tip credit.
27. (Webpage submission 8/10/18) Tip credit!!!
28. (Webpage submission 8/10/18) KEEP TIPS
29. (Webpage submission 8/10/18) Hello Study Committee,
Thank you for dedicating your time to such an important issue. I am server at Buffalo Wild Wings in St. Paul. I am contacting you today to tell you that I, and other servers and bartenders want and need a tip credit. Without a tip credit I can ensure you that we will take a pay cut. Less hours and no-tip models will be the way employers will offset the increase to labor. Big national chains like B-Dubbs, Olive Garden, Applebee's are already flirting with automation. Without a tip credit, it will encourage the rapid spread of tablets replacing servers. Please listen to the tipped workers. We are begging for a tip credit!
30. (Webpage submission 8/11/18) Nah
31. (Webpage submission 8/11/18) Please don't kill my business and my salary!
32. (Webpage submission 8/11/18) Keep the tip credit
33. (Webpage submission 8/11/18) Dear Committee,
I am a Server in St. Paul. Please listen to the workers in restaurants. We are telling you that we want you to give a recommendation to the City Council to include a tip credit in this ordinance. Without a tip credit I will see a reduction in my income.
My husband and I are both servers in St. Paul. And we just bought a house. We can not afford to

take pay cuts. Our mortgage payments are in jeopardy with out a tip credit.

We just recently moved back to Minnesota from Arizona. Which is a tip credit state. There was only one time for both my husband and I where our tips did not meet minimum wage and our employer covered it without me having to say something.

We never heard of any problems with adherence of the tip credit. Even with a lower base hourly wage, with my tips I made 60,000 a year. Even with a lower base wage I was never in a situation where I had to suck up my pride for the tip due to a customer harassing me.

I will say it once more. Me and my husband and all of are co-workers are asking this committee to listen to the workers in restaurants. We are telling you that we want you to give a recommendation to the City Council to include a tip credit in this ordinance.

34. (Webpage submission 8/11/18) This is my official statement to this committee,

I am a server and bartender. I work in both Minneapolis and St. Paul. I am asking this committee to please give a recommendation for a tip credit included in the law.

I have had talks with my Minneapolis employer about what will happen because Minneapolis doesn't have a tip credit. He told me that when the minimum wage gets to \$12, his financial situation will get very difficult. He told me that moving our restaurant to a service charge/no tipping restaurant is the only way he can survive.

He told me that I will be converted to an hourly employee making \$17.50/hr. and no tips because he will change the restaurant's policy that I can no longer accept tips.

That's a lot less then I make now. I will most likely have to leave my job in Minneapolis, and go full-time at my St. Paul job. Without a tip credit in St. Paul, my job there will most-likely move to the same model. I will then move my employment to the suburbs.

All this changing of my employment is easily avoided with a policy that has a tip credit. Servers and bartenders wanted a tip credit in Minneapolis but we were ignored and overlooked. Please don't overlook us in St. Paul. We want and need a tip credit!!!

35. *The following is the 2nd comment from a repeat contributor, who previously submitted comment #8 in the 6/18/2018 community report.*

(Webpage submission 8/11/18) I'm a server in St. Paul. I am STRONGLY asking you to LISTEN TO THE RESTAURANT WORKERS! WE WANT A TIP CREDIT! Our industry is not split. Everyone I know or have talked to wants a tip credit. Here is a petition for a tip credit in St. Paul. IT HAS 650 signatures and is growing rapidly! <https://www.change.org/p/restaurant-workers-of-america-support-for-a-tip-credit-in-st-paul>

LISTEN TO THE WORKERS. DO NOT dismiss the 650 voices of this petition and the 1000s more that WANT A TIP CREDIT!!

36. (Webpage submission 8/11/18) I support a tip credit

37. (Webpage submission 8/11/18) We, servers and bartenders, just want a tip credit so we can still have jobs. We want it so our BOH staff can actually get a raise. Our voices should be worth 50 of a throng of SJW's screaming that we need this raise. We don't need it, we don't want it, and it will change this industry for the worse. This, does, not, help, workers, full stop.

38. *The following is the 3rd comment from a repeat contributor, who previously submitted comment #9 in the 6/25/18 community report and comment #3 in the 7/10/2018 community report.*

(Webpage submission 8/11/18) To Study Committee,

I am a line cook in St. Paul. I want a tip credit for the preservation of my industry!

I don't know if you outsiders to the industry know; there is a shortage of cooks in St. Paul. Because of this, natural market forces have pushed BOH(cooks, dishwashers) wages to 15 starting. If we have to pay servers (the highest paid people in restaurants) 15 an hour, line cooks will not make much more than 15. There just isn't enough money for that. When employers are looking to cut costs they do it in the BOH.

The quality of ingredients that we cooks use will lower to cut costs. You will be paying more for lower quality food. The Back of the House: Cooks are with our Front of the House coworkers in telling this committee that we want a tip credit! Listen to the ones in the industry!

39. (Webpage submission 8/11/18) I support the tip credit!

40. (Webpage submission 8/11/18) Support the tip credit. \$15 an hour is fantastic but not allowing a tip credit hurts businesses and takes money out of the pockets of tipped employees who happen to make more than the proposed MINIMUM wage. That just doesn't make sense.

41. *The following is the 2nd comment from a repeat contributor, who previously submitted comment #4 in the 7/26/18 community report.*

(Webpage submission 8/12/18) I have been a server for 32 years. I love what I do, and work very hard to earn a decent living. Without a tip credit my earnings will fall significantly, making paying the bills more difficult. For example, I would probably have to move from a 1 bedroom to a studio, or get roommates. It would take 35 hours (at \$15/hr) just to pay my monthly healthcare premium. I am very much for a tip credit.

Thank you

42. (Webpage submission 8/12/18) I am a server in the industry and know that I will not be able to remain in the Industry if we move away from the traditional tip system. It would be a major blow to the industry.

43. (Webpage submission 8/12/18) We need a tip credit. There is no reason why we shouldn't have one. I'm sure that you don't want people to make less money and without a tip credit many people might. Thanks

44. (Webpage submission 8/12/18) Word on the street is that you held a vote on The support for a tip credit. 60% of you do not support a tip credit.

As a server in St. Paul, I am very disappointed in this result.

60% of you are ignoring the almost 700 people that have signed a support for a tip credit in St. Paul petition.

<https://www.change.org/p/restaurant-workers-of-america-support-for-a-tip-credit-in-st-paul>
60% of you are ignoring a restaurant owner who is against a tip credit saying.

From the minutes from one of your meetings:

Mr. Peterson said that it was clear to him that his servers would make less.

What!?! How can you hear this and still be against a tip credit? How can you support something that will result in workers losing money? Aren't some of you Labor Groups?

The answer: YOU'RE PLAYING POLITICS WITH OUR LIVELIHOODS! You're letting your political agendas outweigh what is best for workers! STOP PLAYING POLITICS AND LISTEN TO THE WORKERS!

45. (Webpage submission 8/12/18) <http://chelseanow.com/2018/08/eliminating-the-tip-credit-will-burden-small-businesses/>

Restaurants around the country are fighting to maintain a tip credit. A tip credit is legal in 43 states. Listen to the workers. St. Paul decided 30+ years ago to eliminate the tip credit, with the prevailing minimum wage that was clearly the wrong decision. The restaurant community in our country thrives because of a tip credit. Without a tip credit, workers lose income. I looked at the representatives on the committee, and many work for labor groups, without a tip credit you are harming St. Paul restaurant industry workers. How is that helping workers when that is your primary goal? Seems to me you have other political agendas and don't see the need to put the real needs and concerns of the restaurant industry, the ones who are mostly impacted by this, at the forefront. Why don't you listen to the workers, as you are supposed to do, for a change?

Signed - a former career server and St. Paul resident sick of labor groups who know nothing of the industry speaking for us

46. *The following is the 2nd comment from a repeat contributor, who previously submitted comment #1 in the 6/25/18 community report.*

(Webpage submission 8/12/18) Please grant a tip credit for full service restaurant establishments. It is the only way to ensure the financial livelihood of the entire industry. It is a win-win situation for both owners and service professionals. Twenty-five years I have served (predominantly in tip credit states) and I have always made significantly more than \$15/hr. I cannot afford a pay cut of more than fifty percent. None of us can, and without a tip credit we will. Thank you for listening to the people who will be most (adversely) affected by an across-the-board minimum wage increase.

47. (Webpage submission 8/12/18) I'm writing to implore you to listen to the communities most affected by the \$15 minimum wage law, specifically, the restaurant workers who live on their tips and those that employ them. Unless you have actual experience in the industry or are willing to really hear us, you're making a decision without regard to the full consequences.

We are asking for a tip credit in order to protect our income, our jobs, and our vibrant restaurant community. Without it we will most certainly lose the small, independent, unique restaurants we enjoy for our celebrations and we'll all end up at the large corporate restaurants who can absorb the hike in labor costs, ordering off a tablet bolted to the table. This is not hyperbole.

To be clear, servers and bartenders do not need or want this raise. We want to continue to offer professional service and retain our earned tips. Our cooks and dishwashers need a raise and they will never get another one if our employers have to give a raise to those of us that already far surpass that wage with our tips.

Please, just let us keep our tips!

Thank you for truly listening to those of us who will see a dramatic drop in income if we cannot have a tip credit.

[name redacted]

48. (Webpage submission 8/12/18) Hello,

I'm writing you today to let you know that as a server in St. Paul I am very nervous about the outcome of the new wage law without a tip credit.

I am a single mother. I depend on the income from my tips to provide for my son. I hear people say, "I will still tip when the min. wage is 15." That's great. But what if the option to tip is not available? Restaurants in San Francisco and Seattle are moving to no tip models.

No tip models: Restaurant roll all additional costs into menu prices. Generally increase prices 25-30%. They make it a policy that their servers cannot accept tips. They are paid a flat hourly that is lower than they can make with tips.

This is what I forecast for the future of St. Paul restaurants if the wage is increased without a tip credit.

I am facing a huge loss of income. I cannot lose income. I will not be able to provide for *[name redacted]* the way I should. A wage increase without a tip credit will make raising a child difficult for me.

Please consider what a wage increase without a tip credit will do to reducing the incomes of single mothers and the hardships it will bring.

49. (Webpage submission 8/12/18) For the last 12 years I have worked in multiple positions within the restaurant industry. I have General Manager experience and am currently a bartender in St. Paul.

I am contacting this committee to share my fear that my livelihood is in jeopardy.

As a GM, one of my main concerns was to constantly maintain my profit margins, which were generally thin. If I had an annual margin of 2-5%, I was doing a good job. Labor generally accounts for 25-35% of total costs. Costs of goods around 30% and overhead another 30%. That leaves a restaurant operator not a lot of room for additional costs.

If St. Paul raises the minimum wage to \$15/hr without a tip credit, labor costs will increase by 55%. That additional cost leaves a restaurant with few options to maintain viability. Raising prices and cutting hours will not be enough to offset the increases. The only way I can foresee a restaurant staying afloat is to eliminate tipping while instituting some kind of service charge. This will not be in the best interest of restaurant workers. They will earn less under a service charge system.

I am perplexed that tips are recognized as wages in the eyes of the IRS and are taxed as such in regards to income and payroll taxes, yet cannot be recognized as such in the Twin Cities. Over forty other states operate successfully with tip credit policies.

I do not understand why public policy would be instituted that puts a particular industry in a position that the only way to remain viable is to change the way it operates. A change in which the only outcome is that the workers earn less, restaurant formats change and closures become inevitable.

Tipped full-service restaurant workers in St. Paul will earn less if the City raises the wage without a tip credit.

The goal of a wage increase is to increase earnings. If the outcome decreases earnings, that is a flawed policy. A tip credit will prevent this flawed outcome.

Be very careful the direction you encourage this policy to go.

50. (Webpage submission 8/13/18) I'm a server and bartender in St. Paul. I would like to share with you my fate if the wage is increased without a tip credit.

To offset the increase to labor costs, my restaurant will eliminate tipping and go to a service charge which they will keep. I will get paid \$22/hr. Which sounds great. However I currently average \$36/hr. I average 35 hours a week. My earnings last year were \$65,620.

Without a tip Credit my earnings will be reduced to \$40,040. I can't afford to lose \$25,580! That's a lot of money to lose! A tip credit will prevent this.

If you do not support a tip credit:

You either don't care that workers will lose so much money. Or think that we make too much money and are okay with us losing so much money. Or don't believe we will lose so much money.

But we will lose money and career servers and bartenders will leave to work in the suburbs. In 7 years the restaurant workforce will replace us with younger millennials that are okay with getting paid the same no matter how hard they work. The new workforce will not go above and beyond to make sure you have a memorable anniversary. Because they will get paid the same no matter if you enjoy your experience or not.

51. (Webpage submission 8/13/18) List of the St. Paul full-service restaurants that have closed during the time of the study committee.

Ward 6

Fabulous Ferns

The Muddy Pig

Bonfire

Grand Shanghai

Beergartien Germania

Heirloom

That's 7 full-service restaurants since May.

That's a sign that St. Paul is becoming an unfriendly market for full-service restaurants. Why would they renew their leases in St. Paul when their labor costs may raise by 55%?

If St. Paul has a tip credit that will change and restaurants will want to open and remain here. But without a tip credit this list will only get longer.

52. (Webpage submission 8/13/18) I need the tip credit to pass. I am a single mom that does not receive any child support from her father. I work a part time job serving to help me survive and pay the bills I have monthly. With out the tip credit passing, I might not be able to afford rent. I make too much to get any public assistance. I need this job. This is one of few jobs that you can usually find a job here and there when it is needed. I cant afford to loose additional income due to the public officials not caring enough to hear my words. I am one of many women in this position. If you do not pass the tip credit you will take money from families, not just individuals.

53. (Webpage submission 8/13/18) I support our servers!

54. (Voicemail submission 8/13/18) Yes. Hello. I am an employer in Saint Paul of a small organization with eight employees and I am calling to support a full \$15 indexed one fair minimum wage with no tip penalty. One fair wage with no tip penalty. Thank you very much.

55. (Voicemail submission 8/13/18) Hi, I am just calling to leave a message. My name is [name]

redacted] and I live at *[address redacted]* and I'm calling to say that I support a \$15 living wage especially important that that includes tipped workers, disabled workers, and youth. All of them deserve at least fifteen. I make below minimum wage at a couple of my jobs and my partner makes below minimum wage at hers, or I'm sorry, makes minimum wage and this is just not enough for us to survive as two young graduates of Macalester College and if it's not enough for us, then I can only imagine how it's definitely not enough for families and other folks. I really encourage you to advise the City Council to support a \$15 living wage. It's hugely important for the people of Saint Paul and especially that there is no tip penalty on that either, 'cause I am tipped and so I would not be making enough money. So thanks a lot. Appreciate it. Have a good day.

56. (Voicemail submission 8/13/18) Hi, I'm calling because I want to let you know that I support a \$15 living wage. I'm a tipped worker in Minneapolis and I'm really glad that Minneapolis doesn't have carve-outs for tipped workers or other categories, like youth or disabled people and I strongly recommend that St. Paul does the same, not having carve-outs to basically take advantage of workers who are tipped, disabled, or youth or any other special category. All workers deserve a \$15 living wage. Thank you.
57. (Voicemail submission 8/13/18) Hi, I'm *[name redacted]* and I support the OFW with no tip penalty because I believe people should make a living wage.
58. (Voicemail submission 8/13/18) Hi, my name is *[name redacted]*. I'm calling in support of one fair wage. The report that you guys will be releasing this fall is really, really important to workers that are not only finding themselves in minimum wage positions without tips but also workers with tips. I know that when I first started in the service industry, my tips weren't hardly anything to add to my income and I think it would be really unfortunate to see Saint Paul kind of like fall behind some of the some of the things that Minneapolis has been doing as well and also break one fair wage, which is something that Minnesota as like a really lovely progressive state has had since like 1983. So I really think this would be like a step in the wrong direction, a step backwards when we've already had an administration at the presidential level that has taken a lot of drastic steps and directions that I don't think most people in Saint Paul-Minneapolis agree with. I would see this as a major loss and I worry that people of color, women that are most, that are most represented in tipped positions that don't make as much, don't make as much income via tips, that they would be affected by this. So I strongly support one fair wage and I really urge, urge to the study to reflect that. Thank you. Bye.
59. (Webpage submission 8/13/18) As a resident of Saint Paul I support a \$15 minimum wage for all workers in our city. In particular, I think this minimum should also apply to tipped workers as well as every other sort of worker. Please don't carve out exceptions. Thank you.
60. (Voicemail submission 8/13/18) Hi, this is *[name redacted]*, and I live and work in Saint Paul and I'm calling to encourage the Citizens League to support a one fair wage policy. No tip penalty. No youth wage. No training wage. I think it's important to understand that tipped workers deserve to make a fair wage that they can support their family on. Saint Paul supports one fair wage. Thank you. Bye.
61. (Voicemail submission 8/13/18) Hello, my name is *[name redacted]*. I'm a resident in Saint Paul in Highland Park and I'm calling to register my full support for \$15 an hour minimum wage in

Saint Paul, and this would include no tip penalties or tip credits, whatever you want to call it. Absolutely nobody should be carved out from the increased minimum wage whether they are a tipped worker, a youth worker, a home health care worker, anybody else who business leaders are trying to remove from the wage increase. So again, full support for fifteen. That's the right thing for the City to do. Everyone in the city who works in the city deserves a fair wage and a living wage. Thank you.

62. (Voicemail submission 8/13/18) Hi, my name is *[name redacted]*. I am calling to lend my support to the \$15 minimum wage in Saint Paul with no tip credit/tip penalty. I believe that Saint Paul workers deserve to make a living wage regardless of tips and that it's very important to help reduce sexual harassment and other forms of wage theft, and etc., etc. So please support the \$15 one fair wage in Saint Paul and make a recommendation that does not include a tip penalty to the City Council. Thank you very much. Have a good day.
63. (Voicemail submission 8/13/18) I'm just calling to put in my input about the \$15 per hour for Saint Paul. I think everyone should be included in that \$15. It's not fair for the waitresses to be excluded. And that's my comment. Thank you. I hope you consider my comment because I think everyone should be included in the \$15 per hour. Thank you.
64. (Voicemail submission 8/13/18) Hi, my name is *[name redacted]*. I work as a tipped worker as a host in a full-service restaurant. I'm calling today to show my support for one fair wage with no tip penalty in Saint Paul. Please support workers making a living wage. Thank you.
65. (Voicemail submission 8/13/18) Hi, my name is *[name redacted]*. I live in Saint Paul and I support a \$15 minimum wage with absolutely no tip penalty or carve out. Thank you.
66. (Email submission 8/13/18) To Whom it May Concern,
I live and work in St. Paul. I do not believe there should be a lower minimum wage for tipped workers. It is about time that we recognize all workers need a living wage to pay rent, continue schooling, and to care for families. Workers lives and the local economy will be improved with a minimum wage of \$15 for all.

Do not carve out an exception for tipped workers.

Sincerely,

[name redacted]

67. (Voicemail submission 8/13/18) Hi, my name is *[redacted]*. I'm calling about the \$15Now action. In my opinion as a service worker, you absolutely need to have \$15 be the minimum wage. There is no reason for any resistance at all, particularly if you're people who have never worked this type of a job. \$15 is the absolute minimum that it should be acceptable to pay someone under, who's working in this type of job. You, there really is no reason to not allow it. There's truly no argument to stand on not allowing it. Frankly, it should be around \$25 given the general population of people who are working this type of a job. And there really should not be any carve outs or any types of adjustments whatsoever, not for tips that completely undermines the tip culture and the entire history of tipping and it's frankly insane and bigoted. So you really, really need to let go of the opposition that you have to this. All right. Thanks. Bye.

68. (Voicemail submission 8/13/18) Hello, my comment is to say that I support a fair wage for everyone with no penalty. Thank you. I'm [name redacted]. I live in Saint Paul.
69. (Voicemail submission 8/13/18) *[This comment has been translated from Spanish]* Hello, good afternoon, my name is [redacted]. I am calling because I would not like to have a lower wage than everyone else. I would not like to be paid less than others just because I am a waitress. I would like for us all to have a fixed wage because many times, when one works as a waitress, not all people who go out to eat at a restaurant leave tips and there are times where we must tend to many tables and don't receive any tips and no one talks about that. So it would be better and more fair if we all make \$15 per hour and that we are all equal. Thank you.
70. (Webpage submission 8/13/18) I support \$15 dollar wages and No Minimum tip wage
71. (Webpage submission 8/13/18) It's disgraceful and embarrassing to see fellow tipped workers asking for a tip credit. That whole movement was started by business owners who have convinced tipped workers that they will lose money if there's no credit. I've never seen a more successful effort by a class with more power convince its less powerful labor source to fight in its favor.
- Task force people this is an easy one. It's not about one fair wage, it's not about a moral imperative. It's as simple as this: no tip credit guarantees that I get to keep all my hard-earned money at the end of a shift. Period. I get \$15 per hr for a shift plus all my tips. Implementing a tip credit will mean that my boss gets to take some of my tips and call them hers as she pays me an hourly wage. Now I get \$15 and whatever remains of my tips. How is that fair?
- If there is no tip credit high end restaurant servers will ALSO do better. They get \$15 and all THEIR tips, which are for sure way more than mine. Why would they fight against themselves? Because their bosses and the restaurant industry is scaring them, that's why. That's not fair either.
- We're not going to lose our jobs. Restaurants are fighting over us as it is. They will have time to fix their budgets while a new wage gets phased in. We're going to make the kind of money that we can actually live on reliably. We'll be able to buy homes, put our kids in karate or music lessons and stop panicking when our car grumbles because we can't afford to fix them and then how do we get to work? Did you notice that the things I said we will do all mean spending money? Remember, we all do better when we all do better. There's enough for everyone. Please make your decisions from logic and not fear. Thank you.
72. (Voicemail submission 8/13/18) Hello, my name's [redacted]. I want to leave a message voicing my support. I live in Minneapolis, but I supported the Minneapolis push for \$15 and the success of that and certainly support it in Saint Paul too for all workers there and also support the idea of no tip penalty, no carve out, the strongest possible \$15 wage for workers as soon as possible, a shorter phase-in. It's what workers need. I think there's so much information about how \$15 is just barely enough to survive, much less people getting something less than that. So please act now and no more delay. Thank you.
73. (Voicemail submission 8/13/18) I'm calling in favor of the \$15 one minimum wage with no tip penalty. Thank you very much. Bye.

74. *[The following comment contains explicit language]* (Voicemail submission 8/13/18) Hi, this is *[name redacted]* at The Finnish Bistro. I'm a restaurant worker who supports one fair wage, \$15 for all workers with no tip penalty. Tip penalties are bullshit and they're a way to make workers avoid getting the pay they deserve for their work and they're a way for employers to cut costs by taking the gratuity fees and using them for their actual wage. Thanks.
75. (Webpage submission 8/14/18) We need this!
76. (Voicemail submission 8/14/18) Hi, my name is *[redacted]*. I'm a resident of the Midway neighborhood of Saint Paul. I'm calling to express my support for raising the minimum wage and my support to do so without any kind of a tip penalty. I think there should be one wage that impacts all workers regardless if they're tipped workers or not. I think it undercuts the minimum wage to have a tip penalty included in any kind of ordinance. So thank you so much for the work you're doing and please would like to express my deep support for raising the wage without tip penalty. Thank you, bye-bye.
77. (Voicemail submission 8/14/18) Hi, my name is *[redacted]*. I'm a resident of the Midway neighborhood in Saint Paul, *[address redacted]*. I want to call and say that there should be no penalty in the minimum wage bill. Saint Paul should have one fair wage and no workers should pay a price for receiving tips and then as a result earning a lower minimum wage. One fair wage for Saint Paul. Thank you.
78. (Voicemail submission 8/14/18) I've lived in Saint Paul for a year-and-a-half, moved here as a dream city and. you know, the \$15 one fair wage is just a great way to really ensure that people stay in the city, start investing in our economy, and supporting the housing structures around here. The affordable housing here coming up— people are going to need a lot of ways to make money and a lot of ways to afford their rent. So I won't get *[message is unclear]* *[address redacted]* in Saint Paul. In strong support of the one fair wage, \$15 minimum wage with no penalty for tip makers. Thank you.



St. Paul Minimum Wage Study Community Report
August 15, 2018

Summary (25 comments)

- 1) A commenter supports a \$15 minimum wage with no tip penalty.
- 2) A Saint Paul resident and former server is against a tip penalty, saying working without one allowed them to start their own business. They add that tip penalties trap people in low wage work with few benefits.
- 3) A Saint Paul worker supports one fair wage with no tip penalty, saying they've worked for less than \$15 and found it was not a livable wage. They add that a tip penalty is akin to taking money earned for exemplary service.
- 4) A Saint Paul worker supports one fair wage with no tip penalty, saying one needs that much to live. The commenter let a second voice message shortly after adding that tips are a reward for hard work and aren't meant for a business's bottom line.
- 5) A Saint Paul worker supports one fair wage without a tip penalty because servers deserve to keep received tips and not have them taken away.
- 6) A Saint Paul resident and worker supports a \$15 minimum wage with no carve-outs or tip penalty, saying it's a way to stand up against poverty wages in Saint Paul.
- 7) A former server who works in Saint Paul supports one fair wage without a tip penalty, saying now that they make \$15 per hour, they are able to cover their costs of living. They add that serving is seasonal and sometimes tips don't amount to much.
- 8) A Saint Paul worker supports one fair wage without a tip penalty, which they see as a disincentive.
- 9) A Saint Paul worker supports one fair wage without a tip penalty because tips belong to workers.
- 10) A Saint Paul worker supports one fair wage without tip penalty, saying tips should be an appreciation for service well done and not what a worker relies on to cover rent and pays bills.
- 11) A Saint Paul worker supports one fair wage without a tip penalty, which they see as stealing from people who have long relied on their tips.
- 12) A commenter supports one fair wage with no tip penalty, though it's still not close to what a family needs to live.
- 13) A commenter supports a fair wage, saying it helps the economy, keeps money local, and is a way for Saint Paul to change poverty rates. They add that at \$9.65, they have to work 3 jobs and still

need roommates.

- 14) A Saint Paul worker and service industry veteran supports one fair wage without a tip penalty, saying the industry is one of the most difficult and exploitive places to work with rampant wage and tip theft and a tip credit takes more money away.
- 15) A commenter supports \$15 with no carve-outs.
- 16) A bartender/supervisor supports a minimum wage increase for tipped workers, saying too many single parents and women depend on the restaurant industry for their livelihoods.
- 17) A Spanish-speaking commenter says tipped workers should not be excluded, there should be \$15 for everyone.
- 18) A Spanish-speaking Saint Paul worker supports paying everyone \$15 without excluding tipped workers and says companies with headquarters elsewhere should also pay the same because their workers are in Saint Paul.
- 19) A commenter is for a tip credit.
- 20) A Saint Paul teacher supports a minimum wage with no carve-outs and no tip penalty because people are hurting. They add that they are concerned that the study committee is influenced by businesses and is not representative of how most people feel.
- 21) A college graduate and Saint Paul restaurant worker supports a \$15 minimum wage with no tip credit or youth carve-outs. They describe experiencing sexual harassment in order to meet a \$15 per hour wage.
- 22) A Saint Paul resident supports a \$15 minimum wage with no tip credit or carve-outs for disabled workers, youth workers, or anyone else.
- 23) A commenter supports a \$15 minimum wage without a carve-out for tipped workers.
- 24) A commenter supports a \$15 minimum wage saying it's a step to providing a life worth living and will affect women the most in a positive way, especially single mothers. They add that it's important for people to have an American Dream and live one.
- 25) A commenter supports one fair wage and urges the study committee to consider the ill effects of poverty wages in an expensive city. The commenter also explains how carve-outs create incentives for employers to discriminate by race or age

Full Comments

1. (Voicemail submission 8/14/18) Hello, my name is *[redacted]* and I support the \$15 minimum wage. No tip penalty. *[Phone number redacted]*, any questions, bye.
2. (Voicemail submission 8/14/18) Hi, my name is *[redacted]*. I live at *[address redacted]* in St. Paul,

and I'm calling to voice my opposition to any sort of tip penalty being included in the minimum wage bill. I used to be a server and when I was serving I was not under a tip penalty and that made it actually possible for me to pull myself up out of my economic situation and start my own business. So if we impose a tip penalty we are just like trapping people in low wage work with few benefits, and we know that the people who do those jobs are disproportionately women of color, and I want to support those women in my community. So I oppose any sort of tip penalty, and I hope this message gets into the right hands. If you have any questions, you can give me a call. Again, my name is [redacted] and you can reach me at [phone number redacted]. Thanks a lot, bye-bye.

3. (Voicemail submission 8/14/18) Hi, my name is [redacted]. I work in Saint Paul, Minnesota, and I want Citizens League to support one fair wage without a tip penalty. I've earned a wage lower than \$15 an hour and to be frank, it's not a livable wage. It's not something even as a single male I could really live off of in the city and contribute to my own life and the life of my family and friends in a way that it's not pulling resources from them. I think that when it comes down to the minimum wage and the service industry with tips that really \$15 isn't a livable wage. It's not enough for them to live off of and if they have the opportunity to earn more because they do an exemplary service who on Earth is the management or the owners to say, "Hey, this individual is doing such a great job. The people are recognizing them. I'm going to take it from them." It's wrong. It's unprincipled. It's bad for business, and most importantly it takes money out of the local economy. When you're giving this money to the workers, to the laborers whose absolute value it is as owners of their own labor, most of that money is staying in the local economy and it's going to benefit the city of Saint Paul for the better. Thank you. Bye.
4. (Voicemail submission 8/14/18) Hi, my name's [redacted], I work in Saint Paul, and I definitely want Citizens League to support one fair wage with no tip penalty. And it's, it's, you need that much to live often times. It's varied circumstances and with a \$15 wage, it's not near the minimum. It's possible you'll have less than that, but that's only circumstances with single households and whatnot. So, it's just, it just make sense. Let's get everyone comfortable.

[This commenter left this second message a few minutes later.]

Hi, my name's [redacted]. I work in Saint Paul. I just like, support that one fair wage because tipped workers are rewarded for working hard through tips and tips aren't meant as a means for the business's bottom line. The workers shouldn't be—*[message ends abruptly]*.

5. (Voicemail submission 8/14/18) Hi, my name is [redacted]. I work in Saint Paul and I want you the Citizens League to support one fair wage without a tip penalty because everyone deserves whatever they gave and I believe that if a server has put on a smile and it made the time to take the time out to make another another person enjoy their day, then they deserve whatever tips that they receive. It's not fair for people to have their wages taken away, simply because of whatever it may be. They deserve their wages and they deserve their tips. So give it to them.
6. (Voicemail submission 8/14/18) Hey, my name is [redacted] and I live and work in Saint Paul. And I'm just calling to support the \$15 minimum wage for Saint Paul and making sure that it's one fair wage, no carve-outs, no tip penalty. \$15 for all people. Making less than that is really not an option and no one can—it's just like not even a reality to live. So everyone needs to, you know, we need to lift up from the bottom. We need to say that we, you know, stand up against poverty wages in St. Paul. Yeah. Thank you.

7. (Voicemail submission 8/14/18) Hi, my name is [redacted]. I work in Saint Paul and I want the Citizens League to support one fair wage without a tip penalty. I have. I'm now making \$15 an hour and I am finally able to pay my rent and my car payment, health insurance, phone bill, all the necessities, without having to struggle. Being a past server, there's, you know, seasons for serving. That means not every restaurant you get to make a ton of money and sometimes I relied on those paychecks and you know, sometimes the tips just don't make enough so having that \$15 an hour would have meant a lot to me during that time and maybe I would still be able to be in the industry, if not, with, you know, with a \$15 an hour minimum wage. All right. Thanks. Bye.
8. (Voicemail submission 8/14/18) Well, hi there. My name is [redacted]. I work in Saint Paul. And then, I think that we should, well, I want the Citizens League to support one fair wage without a tip penalty. I don't think it's fair that people should be penalized for getting tips. And I think that there should be reasonable wages for all workers that can support livable lifestyle without having some kind of disincentive such as tip penalties. All right, that's it. Thank you.
9. (Voicemail submission 8/14/18) Hi there, my name is [redacted] and I work in St. Paul, and I would like the Citizens League to support one fair wage. No tip penalty in Saint Paul because those wages belong to the workers. They put in the work and they deserve the wage. Thank you very much, bye-bye.
10. (Voicemail submission 8/14/18) Hi, this is [redacted]. I'm a worker in Saint Paul and I'm urging the Citizens League to support one fair wage without tip penalty. I think it's the right and just thing to do that people who are working in Saint Paul should be able to live and pay their bills in the city in which they work and that includes tip workers. Tips should not be what covers people's rent, or they rely on for rent. That should be an appreciation for service well done. Their wages should cover the rent and pay for the bills. So I'm urging you to do the right thing and recommend \$15 an hour without tip penalty. All right. Thank you.
11. (Voicemail submission 8/14/18) Hi, my name is [redacted]. I work in Saint Paul. I work for Working America, and I'm calling because I want the Citizens League to support one fair wage without a tip penalty. This is essentially stealing from people who have relied on their tips for many, many years and making \$15, less than \$15 an hour is just a detriment to all. It's not a living wage. Thank you.
12. (Voicemail submission 8/14/18) Hello, my name is [redacted]. I am calling to thank Saint Paul for a living wage. I want to make sure that you know that I support the one fair wage without a tip penalty. Making \$15 an hour is not even close to what can make a family live. Thank you.
13. (Voicemail submission 8/14/18) Hi, my name is [redacted]. I believe that everybody should have a fair wage due to the fact that there's studies showing in Seattle that actually helps the economy. We need to keep the money local. McDonald's and Target could more than afford to pay their workers \$15 an hour and I believe, I don't remember which president it was but he had said that if you cannot afford to pay your workers a living wage, you shouldn't have a business in the first place. Poverty is at 40% here in Saint Paul, 40% of the people that live here are living in poverty and we need to, as a city and as people, to change that. The \$15 an hour is still not a living wage, and the minimum wage was initially set to have a minimum wage that is a living standard which you know, I'm sorry, but \$9.65 is not. I've had to work three jobs in order to

sustain myself, and I'm still living with roommates.

14. (Voicemail submission 8/14/18) Hi, my name is *[redacted]*. I work in Saint Paul. I want the Citizens League to support one fair wage without a penalty. I'm a veteran of the service industry. It's one of the most difficult and exploitive places to work. Wage theft is rampant, tip theft is rampant, and the idea that we would, you know, take more money away from people who work very hard in sometimes less than an advantageous circumstances would be crazy. Yeah, that's my two cents. So I'd like you to support a \$15 minimum wage with no tip penalty. Let's not open that Pandora's Box. Thank you.
15. (Voicemail submission 8/14/18) Hello, my name's *[redacted]*. I just wanted to call and say I support fifteen minimum with absolutely no carve-outs. Thanks. Bye.
16. (Email submission 8/14/18) I support the minimum wage increase for tipped workers!

As a bartender/supervisor, I believe it is very important for all in the service industry staff to make a fair wage regardless of tipped income. Too many single parents and women depend on the restaurant industry for their livelihoods and the minimum wage must increase to continue to support these people who are the heart and soul of the industry.

[name redacted]

17. *[This message is translated from Spanish.]*
(Voicemail submission 8/14/18) You should not exclude workers who are tipped. It should be \$15 for everyone.
18. *[This message is translated from Spanish.]*
(Voicemail submission 8/14/18) Hello, good afternoon. I am just calling to say that I agree with paying everyone \$15 and to not leave out those who make tips or those who have their headquarters out of here, like in Texas. It shouldn't be just the ones that have their headquarters here, but rather everyone because we work in Saint Paul. Thank you very much. Good bye.
19. (Email submission 8/14/18) For tip credit
20. (Voicemail submission 8/15/18) My name is *[redacted]*. I'm a person who's extremely concerned about the minimum wage efforts in Saint Paul, and I think it should be passed with no carve-outs and no tip penalty. Really feel strongly about that. I teach at Saint Paul Central and work with a lot of kids that worked in a fast food restaurant. Some of them wait tables and *[unclear]* too and they're youth and I just think that it's for everybody. We, we can't make exceptions, people are hurting too bad, and I was at several of the listening sessions and I'm concerned that there's so much influence on the Citizens committee from restaurants and business and that does not fairly represent, I think, how a vast number of people in the city feel and I hope you're listening to what people are saying outside of just influence in the committee. Appreciate your work, but I want you to really be in touch 'cause we think this is what people want. Okay. Thank you.
21. (Voicemail submission 8/15/18) Hi, my name is *[redacted]* and I am a restaurant worker in Saint Paul. And I am a huge advocate for the \$15 minimum wage with no tip penalty for restaurant

workers in Saint Paul because it's super important that, well, I'm a college graduate and it's very difficult to find entry level positions. Thus lots of us have to work in the service industry and I think we should be making \$15 so that we don't have to worry about being able to pay our rent and we can pay off student loans and especially when corporate wages are skyrocketing, right? So, I believe some of that wealth needs to be shared with the workers who are doing the work. I also am a huge advocate for \$15 because I have gotten sexually harassed at work. And if there was a tip penalty workers like me would have to put up with that and would have to deal with that often and customers who are being unpleasant. But yeah, the sexual harassment piece is really something I want to emphasize because if we need to rely on tips to meet our \$15 minimum wage to meet, like, our, our minimum to pay our rent and buy food—that's really not a good situation. It's not good for my psychological health. It's not good for anyone else's and if Saint Paul really wants to support its constituents and the people in the city and it wants to support women, like I'm sure that it says that it supports women, then this really needs to be passed and if it wants to support immigrants, people of color, all of the people who have voted some of these officials into City Council. They really have to come through for us and give us a wage that we can live on without carve-outs for youth and, yeah, and any tipped worker. Thank you.

22. (Voicemail submission 8/15/18) Hi, my name is [redacted]. I'm at [address redacted] in Saint Paul, Frogtown neighborhood. I just want to let you know that I'm calling for input on the minimum wage study. I fully support a \$15 minimum wage. And I also think that all workers should be getting a \$15 minimum wage. There shouldn't be any carve-outs so that bosses and businesses can pay tipped workers or disabled workers or youth workers or anyone else any less than \$15. So I want to say I support \$15 minimum wage and one fair wage just like they've gotten Minneapolis, except with no, no carve-outs whatsoever. But like they have in Minneapolis, no tip penalty either. Thanks.
23. (Voicemail submission 8/15/18) Hi, I'm calling to voice my opinion that I am in favor of \$15 minimum wage, but I do not favor carve-outs for tipped workers. My name is Dr. [redacted]. And thank you for listening. Thank you.
24. (Voicemail submission 8/15/18) Hi, my name is [redacted]. I am a concerned citizen that thinks that a \$15 minimum wage is a really great step into providing the life worth living for many men or women of color and single parents. It'll will affect women the most in the most positive way, single mother specifically. A lot of studies have shown that. You know, I think it's just important for people to actually have an American Dream and live one. Thank you.
25. (Email submission 8/15/18) Members of the Study Committee,

When you vote on your recommendations to the council tomorrow, I would urge you to keep in mind the ill effects not only of poverty wages in an expensive city, but of carve-outs and exemptions for worker protections in an economy that increasingly tries to pit us against each other. You have been told by many powerful groups that certain types of people (teenagers, tipper workers, those with disabilities) don't need or don't deserve the same wage as everyone else.

Even if we accept this morally questionable argument, we must ask what incentives this will create for employers. A tip penalty will encourage racial and age discrimination against those

employers think will be tipped less generously. A training wage will cause those who need income to support a family to be passed over in favor of less expensive teenage labor. All of these are technically illegal, but the legal system is being priced out of reach of working people and enforcing such measures will greatly increase the city's regulatory caseload.

The only policy that is just to those who live and work in St. Paul, and the only one that makes practical sense, is also the simplest: The same fair wage for the same day's work, regardless of who does it.

Sincerely,
[name redacted]

Notes from Facilitated Discussion on Minimum Wage - Thursday June 8, 2018

Table Lead M.J. Bauer director@crcminnesota.org

First Question

6 people

- Gay Ward -7 East Side
- Tony Conway -East Side
- Eli -Mpls
- Tom- Como
- Matt -Hayden Heights
- Pat Ward 7 -East Side

Themes

- Concern about income inequality
- Poverty that affects so many other livability issues
- Low wages/low income/poverty requires multiple jobs and/or 60-70 hour work week. This scenario impacts health, well-being, time to parent, time to educate oneself time for civic engagement, quality of life and the ability to create generational wealth.
- Immigrants and People of Color (POC) with low wages get “trapped” and lack the time and resources to elevate themselves to higher wage jobs.
- Taxpayers subsidize employers that pay low wages as their employees rely on government supports (health care, food support) to survive

Second Question

Opportunities

- Move \$ into the hands of low wage workers puts \$ right back into the economy and improves environment for families to overcome problems driven by poverty
- Help people feel empowered to push forward on other fronts like working for better health care and housing
- St Paul is not the first city to do this. Learn from Mpls, Seattle and others about unintended consequences

Challenges

- Restaurant industry already has a lot of challenges to be profitable
- The narrative about tipped workers just isn't true, high income restaurant workers are relatively few. Much more common are POC low income restaurant workers who see bias played out in which employees get the “best” hours and bias in table tips by patrons
- Immigrant family businesses/entrepreneurs could suffer if wage costs are too burdensome

Third Question

- Getting impatient, not a new conversation, City Council should vote
- This is a strong economy and we have a lot of abundance, don't get caught in a scarcity mentality
- Spend time figuring out how to help small businesses and entrepreneurs through the transition
- Make the ordinance simple, smooth, easy to understand and unburdened of exclusions

Vang-Yang, LyLy (CI-StPaul)

From: Whitmore, Pamela <pwhitmore@lmc.org>
Sent: Saturday, June 9, 2018 9:54 AM
To: Vang-Yang, LyLy (CI-StPaul)
Subject: Fwd: Facilitated Minimum Wage Input Session

Facilitator: Mary
 Note Taker: Pam

Contact information at pwhitmore@lmc.org

1. Neighborhoods represented: Payne Phalen, West St. Paul, Ward 1 by the capitol, Falcon Heights, South Minneapolis

Themes:

Importance of a livable wage

Need higher wage because often no benefits and health care expensive

2. What opportunities or challenges in raising the minimum wage?

Benefits:

- Afford rent/groceries/medical expenses/school
- Opportunity for people to grow and lift people out of poverty
- DIGNITY
- Reduce number of jobs people have to work to live which reduces stress
- Deters sexual harassment of having to do what it takes for tips

Challenges:

- Less motivated workers
- Apply to everyone, even when companies head office outside of St. Paul or outside of MN
- Tip credit subjects workers to be taken advantage of
- How does it work with jobs that are set up as reimbursements under federal grant?
- Will businesses leave?
- Is there a mechanism for enforcement?

3. Having heard about Citizen League Process and comments from neighbors, how do we move forward with raising minimum wage?

- Get a more representative board - the perception is that the 21 member citizen league board is not representative enough of workers. Too representative of business. Also would like just one process out there - have heard there are many different processes in place gathering feedback and businesses have their own process in place

- Write ordinance paying attention to exemptions, like avoiding franchises from saying they are not big enough employers or out of state companies saying they don't need to comply
- Get Moving on Implementation - already so far behind Minneapolis and will not catch up at this point
- Don't know how could do this, but put protections in place that rents don't increase offsetting the benefit of the wage

Facilitated Minimum Wage Input Session

City of Saint Paul

June 7, 2018

Session 1

Facilitator Notes – Wendy Liverseed (612) 386-2287

(8 participants)

*What is your name? What part of Saint Paul do you live in? What brought you here today?***Themes:**

- Economic Justice
 - Racial inequality
 - Gender inequality
 - More wealth is being created in the city, but it is not trickling down to lower-class society
 - All participants advocated for the minimum wage increase
 - In favor of turning minimum wage to a living wage to include housing costs
- Consistency
 - Two cities (rules and regulations, wages, time for implementation etc.) should keep in collaboration with Minneapolis to simplify processes. Would also make for a more “level playing field” when looking for employment between the two cities

*What opportunities or challenges can you see in raising the minimum wage?***Themes:**

- Federal Regulations
 - Benefits
 - Possible loss of benefits in accordance with the Federal Government order if earn more than \$15/hr.
 - Disability
 - Healthcare benefit
 - Childcare benefits
 - Housing assistance
 - Social Security
 - Can take years on waiting list to receive benefits
 - Youth Wages
 - Detrimental to impressionable young minds, self – esteem (my ‘work’ is worth less than an adult)
 - Izzy’s Ice Cream

- Kids are spending their own wages on family electric bills and not on “Prom”
- Wait Staff Tips
 - Believed to be earned by performance and should not be counted towards income
 - Most wait staff positions are without benefits and are not full-time positions

Having heard about the Citizens League process and the opportunities and challenges presented by your neighbors, how can we move forward with raising the minimum wage in the City of Saint Paul?

Themes:

- Implementing a City formula for calculating benefits to include housing costs
- Learn from other cities pro/cons of the process
- Advocating for \$15.00+ not exceptions, not tips
- Minimum wage that included housing costs into calculations
- Not for a Capitalist Society
- Putting (spending) more money back into St. Paul instead of big corporations
- Small business owners may go out of business or may no longer be able to afford to offer healthcare

MINIMUM WAGE PUBLIC INPUT AND DISCUSSION

June 7, 2018

Summary submitted by table #11 facilitator – Larry Voeller (lvoeller@comcast.net)

Table had six participants representing a variety of areas (Ward 3, Frogtown, Ward 4, Ward 4, Minneapolis, Highland).

Question 1: Why am I here tonight? (No real themes other than their obvious support for the \$15 minimum.)

- To support my coworkers who are not making a sustainable wage.
- Because there are people like me who get a college education to better ourselves but now can't pay off the debt on the wages I make.
- Because those who make less than the proposed \$15 minimum are often the ones doing the most demanding work (CNA example). Their wage doesn't match the importance of their work.
- Because a \$15 minimum wage will raise the floor for everyone and help address the broader issue of middle class wages.
- Because low wages make it challenging for a community to support the arts and artists which contribute to a vibrant culture.
- Because I want to ensure that those who work in service jobs where they are tipped do not have that count towards their minimum wage.

Question 2: Opportunities or challenges?

Theme	Commentary
Problems with this process taking too long	We are already behind the curve. Minneapolis is ahead of us. The situation is very grave for a lot of people and they need help now. There is already a skill drain from St. Paul to Minneapolis. It is easy to make the commute across the river.
Opportunity for workers to become empowered/respected	Raising the minimum wage will send a message of respect and value to low wage workers. They will feel more empowered and take more responsibility for their work and more control over their work.
Advantages for businesses	The raise in the minimum wage will give individuals more money to spend in their community and thus benefit business. The Twin Cities will become known as a place that attracts talent. Given low unemployment, the competition for talent will increase and this would put the Twin Cities at an advantage.
Challenge to sustain a livable wage over time	If the \$15 minimum is phased in over time, then we will always be behind like we are now. The implementation needs to be phased in quickly.

Citizens League should be more transparent	The selection of individuals to the committee was done behind closed doors. It should have been a more open and democratic process.
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Question 3: How do we move forward?

Theme	Commentary
Just do it	They (mayor and council) have made the commitment. There is lots of existing support. The issue will be how they deal with the ordinance components.
Making exemptions is problematic	Once exemptions are begun, they are a slippery slope. Those who usually get exempted (youth workers, seasonal workers, etc.) are also contributing to their families. They need the \$15 minimum as well.
Tipped workers should not be penalized for their tips.	This is one area where some can at least make a livable wage so let's not penalize them.

Facilitated Minimum Wage Input Session
 June 7, 2018
 Arlington Hills Community Center

Small Group Discussion Notes
 Submitted by: Julie Shannon

Themes:

1. Consensus that raising the wage can improve people's lives. Less likely to need multiple jobs and can spend time with children and community.
2. We all do better when we do better – extra money will be spent in St Paul.
3. Did not see the necessity in a long phase in period.
4. Want to see input by low wage workers to continue and to be central.

Question One: Where do you live? Why are you here?

- University Vandalia
- Hamline Midway
- Ward 2
- West 7th
- Ward 3
- Woodbury, but work and have business in St Paul

- Work for Working America – want to represent feedback gathered in canvassing
- Am a tipped worker, minimum wage worker – against Tip Credit
- Work for the Mayors office
- Involved in campaign in the 4th district, heard from lots of voters
- Work three jobs to make ends meet
- AFL/CIO retiree

Question Two: What opportunities and challenges can you see in raising the minimum wage?

Opportunities

- It can change how people live
- More time with children after school if not always working
- Better pay impacts employee retention, better income increases buying power in the community, better functioning businesses
- No one who works full time should be in poverty
- Not working multiple jobs – will have time to care for health and relationships
- People are empowered by the wage, feel safe at not at the mercy of tips or what they might need to put up with to get tips
- We all do better when we all do better
- Puts value on work- through Working America have info that the money is not for extras, but rent, debt, transportation
- Income goes back into the community

- Can help create wealth to be passed on
- Food and tourism are powerful successful and in demand – the success can support better wages

Challenges

- It will be a challenge to businesses
- Challenge to figure out how to do it
- Crafting an ordinance that is legally sound with enforcement will be hard

Question 3: Having heard about the Citizens League process and the opportunities and challenges presented by your neighbors, how can we move forward with the raising the minimum wage in the City of St Paul.

- Utilize William Mitchell to ensure the law is sound and can't be undermined
- Increase wage incrementally, prorated on the size and volume of the business
- Restaurants could look at a service charge
- Food industry is powerful and needs to be involved and take responsibility
- Due to increased profit in summer (tourism, food) start increase in summer
- If Mpls can do it St Paul can
- More citizens to inform the process
- Policy makers often removed from issue, not realistic- require them to actually listen to people affected, do a poverty simulation
- Keep impacted workers involved in the process all along
- Ensure information about the tip credit is based on research/ experience (not just lobbyists), strong possibility that impacted owners will share information to workers that the tip credit is to their benefit, information is motivated by fear
- Clause in ordinance that says no reprisals for employees
- Chains should be treated differently than small business, also consider number of locations
- There need to be consequences for businesses who do not comply
- Make sure it is well understood by businesses
- Utilize mathematician – Carlson Business School – to index wage, factor in inflation
- No reason to wait five years. Corporations should be sooner.
- Line up timeline with Minneapolis – so it would be shorter than their 5 and 7, but would be the same across the cities
- Offer incentives to switching over sooner
- No exemptions – if we pick and choose it will increase disparities. Youth pay for college, contribute to the household

FACILITATOR'S NOTES

(I can't find a way to enter this information into the PDF file)

Name: Nic Baker

Co-facilitator: N/A

Contact info: nicinmn@gmail.com 651-484-9478

Question 1:

All participants were St. Paul residents. They said they live in the following areas: Miriam Park, East Side, North End (Rice Street), North, and Ward 4.

Reasons for coming:

1. Concerned about the people making minimum wage who need a higher income.
2. Interest in getting more involved in the community.
3. A woman who owns a small restaurant who is concerned about the effect of the increase on her business.
4. An individual who is running for office and wants to "get the people's ideas."

Question 2:

1. The need: Many people are working three jobs to get by, with resulting harm to their family lives and general well-being. People could live better lives if they had a higher income.
2. Issues/problems that will need to be addressed: There was concern about the ability of nonprofits and small businesses to absorb the minimum wage increases. In particular, the restaurant owner pointed out that she's barely making it now (and whose "pay" is lower than that of many of her employees'). She has calculated how many employees she may have to lay off.
However, another member suggested that if businesses are "smart" and "creative," they can successfully respond to the new requirement.
There was also concern that large businesses would simply pass on the increased costs to consumers.
3. Themes: (1) The primary theme was a real concern that the increase could lead to lost jobs. (2) There may need to be some kind of exemption for small businesses (in contrast to what almost all of the speakers said at during the individual-comment session.) (3) We should study the experience of other jurisdictions that have increased the wage, such as Seattle.

Question 3:

1. Who should be exempted? Small businesses? Trainees? People with disabilities? (although there was strong opposition to exempting the latter group.)
2. There was some support for the tip credit after the restaurant-owner discussed the effect of the wage increase on her business.
3. There was also concern that some restaurants and other businesses might move to the suburbs. Therefore, there should be an associated effort to encourage residents to support local businesses.
4. Themes: (1) If there are exemptions, efforts must be made to avoid abuse by employers. (2) Young people should not be exempted, because many of them are providing critical support for their families. (3) Layoffs may be avoided or at least reduced if the requirement is phased in.

Note:

1. A man in the group said at the beginning that a \$15 minimum wage is fair since "business owners live in \$1 million houses." The restaurant owner immediately responded that she "does not live in a \$1 million house." The man said he was not there to argue. I pointed out that everyone seemed to be discussing the issue reasonably (which I believe they were), but he still got up and left.
2. Judging from the individual comments later in the event, our group had a greater concern with the effect on businesses than many of the other participants..
3. The presence of a business owner seemed to bring awareness of the complexity of the issue, and I feel the discussion was more effective as a result of her input.

Community Conversation – St. Paul: Minimum Wage 6/7/18

Facilitated and reported by: **Tracy Nordstrom**

Tracy@tracynordstrom.com 612.386.6257

First Question:

What part of St. Paul are you from:

- St. Paul Central HS employee
- Frogtown
- Cathedral Hill
- Supports businesses in Cathedral Hill
- Mac/Groveland
- Ward 2
- Dayton's Bluff

What brought you here today:

- Care for students
- Organize home care/workers
- Desire to value workers throughout St. Paul
- Seeking information
- Hospitality industry
- Worried that minimum wage doesn't cover living expenses (he's retired and knows how hard it is to make payments without sufficient income)
- Trying to build a workforce as an employer; wants to build skilled workforce for small businesses, have employers help train a more skilled workforce
- Organizer of low-wage workers

Second Question:

What opportunities or challenges in raising minimum wage:

- We know that higher wages equals healthier food choices and offers workers time so citizens can secure better/safer housing, spend more time with family, build stronger families;
- Providing for a family of 6 is tough on minimum wage = 70 hours a week on 2 or more jobs = burnout = hard on families;

- A higher minimum wage provides an empowered and inspired work force. Offers choices: choose what you love rather than desperation to work. Higher wages = cushion = security = freedom = opportunity = choice;
- If wages can go up incrementally, it could soothe layoffs and pain. Likes opportunity + choice = chance to pursue excellence because "we've got you covered."
- Businesses need to consider workers as they serve to benefit economic needs;
- When general public has more income they have more economic power (benefit of increase);
- Higher pay = hope; increases in wage goes directly back into economy; challenge is to keep BIG MONEY (corporations, powerful lobbying forces) out of debate. Worried about power pedaling in St. Paul over this issue;
- Opportunity for St. Paul to do the right thing;
- Minneapolis has provided an existing example – look to see what is working there, what needs tweaking;
- Criticism on Citizen's League Committee: only 1 member (or a small handful) of committee members are working class. 3 of 21 members understand how hard it is to live on low wages; does committee need a different configuration before moving forward?
- Challenge: how to help small businesses have a graceful entry into the business world – if wages are unnecessarily high, how will small businesses enter and stay afloat?
- Challenge on fast increase: supports restaurant industry, wants to see a tiered system: back of the house (cooks) get minimum wage increase; tipped employees get smaller increase, over time. Let businesses absorb it slowly over time;
- Suggestion: Leverage Minneapolis report on their minimum wage increase – don't reinvent the wheel, modify it for St. Paul;
- Opportunity: supports community discussions about value of employees/workforce and training opportunities;
- Opportunity: wage increase empowers workers and raises their self worth/value = better, more efficient, more spirited work force;
- Opportunity: support St. Paul small businesses to better train/empower workers with new skills, value, opportunity, diversification of jobs;
- Expand the conversation around minimum wage to expand choice: one size does NOT fit all situations;
- Against tip penalty, exemptions, and lower wages for youth;
- Home health care workers MUST be included in wage increase; this inclusion values all workers and might incite more into the industry;

Third Question:

Having heard about Citizen League, how can we move forward with raising the minimum wage in St. Paul:

- Questions make up of 21 member Committee;
- Faster phase in than Minneapolis – we are already behind Mpls;
- Feels like Citizen’s Committee is “stacked”;
- There is joy for work, productivity is better with higher wages;
- Employees ask for more responsibility, work harder with higher wages;
- Current training models not serving private sector workers: painters, wallpaper hangers, woodworkers. Give single workers/owners the tools to scoop skilled, motivated workers, train them, keep them motivated and working. “Rising tide raises all boats.”
- Facts: MSP is in top 15 of hospitality sector nationally – worried about businesses going to “counter service” in restaurants rather than “full service” which requires more workers, more human touch. Must phase in increases gradually to keep focus on back of the house (no tips) rather than front of house (tips should count). This will allow the value and professionalism of employees and workers in the industry;
- Increases now incent workers to join industries now;
- IN favor of tip credit to keep prices in restaurants low so local St. Paulites can continue affording eating out;
- Support low wage workers and phase in now!
- Child care should be included so public meetings can include more people;
- Need meetings that provide language translation beyond just Spanish. How about Hmong, Somali?
- Barriers are too great for wider audience to attend meetings and offer full perspective on issue;
- Need shorter meetings – hourly wage employees cannot afford to come for 3 hours;
- Location is a barrier – move the meetings around the city, different times, on transit;
- Wondering how City will enforce new ordinance and disperse information so employers and employees know about changes and penalties if NOT enacted on time.

Facilitated Minimum Wage Input Session—City of St.Paul

Session 1, June 7, 2018

Facilitator Name: Jeanne McGovern-Acuna

Contact: Jeanne.mcgovern-acuna@state.mn.us

Question 1: What part of St Paul do you live in? What brought you here today?

- Have lived on Eastside and Westside of St Paul, because have a child now want to be involved in the community—brought child with her.
- Mcalester-Groveland—went to Central High School, friends and family impacted
- Sheppard Road—income and poverty disparity—minimum wage screws people when it goes up
- Eastside—low wage poverty impacted—parents are refugees and took two decades for them to earn a livable wage, core human value to have enough for kids, inequitable pay/corporate greed
- Randolph—owns small business on Payne—most staff make \$15 hour plus tips—tip credit will help

Themes:

- Most of the group felt that raising minimum wage was a good idea
- Came because they wanted to be part of the decision making process and were concerned about how it was going to be implemented

Question 2: What opportunities or challenges can you see in raising the minimum wage?

- Not everyone wants or needs minimum wage—like seniors and students; some people may use charging less for their work as a bargaining chip; If can't do \$15 worth of work—don't deserve job—students who are learning a job but not quite up to speed yet; Are taxes going to be increased? More automation like McDonalds with higher wages; low skilled can't find their way into those jobs---won't be able to learn as they go on the job---but this won't happen if wage is higher
- former server issue close to heart; the challenge are the exceptions; everyone deserves a livable wage, especially as a server; servers could lose tips and the dining experience would go down because of it—people won't work hard—they could lose 50% of their income because people lose tips
- Server to supplement income, but the tip credit would mean losing income and maybe her home because of it; businesses may move or need to raise pay for cooks and dishwasher pay even more to adjust for change to servers pay; is there some middle ground where so not everyone suffers;
- Affordability of living wage; rent, health care, deserve the pay? This is bigger than minimum wage—rent is unaffordable—has to have a roommate just to make it; need this increase to level the playing field because right now people are being left out; there are many small business like in Hmong Village and important to allow to thrive—but need time to get to that wage level so that it doesn't drive these small businesses out of business
- Maplewood is 1.7 miles away and if the burger is cheaper there, people will go; prices will need to be raised to accommodate the wage; \$15 wage impacted more in this neighborhood—

Payne—disparities—everything becomes more expensive for people
 a training wage for students in high school otherwise too expensive
 need training to do the job; St Paul Saints may need to leave the
 wage; Cookie Cart due to increase in wages will not be able to t

- Levels the playing field; closing economic disparities; corporate
 businesses do—bigger vision to hold corporations accountable;
 Medical and there were not equitable raises; universal basic inc
 wage—but prices increase
- Unions are pushing minimum wage—why?—more dues collecte
 different in Wisconsin?
- Single mom and has had 2-3 jobs since 15 yrs old—couldn't affo
 wage went from \$7 to \$9 same commentary was happening, bu
 can make this as well
- Minimum wage won't fix rent prices—where it would make ser

Themes:

- Really need to think this through for servers and tip credit/pena
 income if tips go away
- Should everyone have the minimum wage—consider seniors at
 this
- good to close gap on disparities
- need to deal with corporate greed though
- would drive prices up and have people go elsewhere to purcha
- unions are problem in pushing minimum wage
- Living wage and affordability of rent—minimum wage won't fi
 amounts

Question 3: Having heard about the Citizens League process and the presented by your neighbors, how can we move forward with raising Saint Paul?

- Tip credit/penalty is a big deal
- Which people should have the new minimum wage—seniors a
- Need multiple voices heard –business owners
- Majority of servers don't want
- Phased in—is a good thing

- How increase in wage will decrease people's benefits (food support, child care)—need to know this answer before moving forward
- Glad to have research team for city council
- Sharing stories as many as you can to not catch people by surprise
- Unintended consequences think about—used to sell insurance until Affordable Care Act—now paying 1/3 more for coverage
- Where does the money come from for this?

Themes:

- Everyone should have a voice in the process
- Training wage—who gets minimum wage
- Other exceptions/exemptions
- Tip credit/penalty—need to think this through—may be unintended consequences
- Need a broader scope than just minimum wage—value of livable wages—small businesses/immigrant businesses phasing in
- Need to tackle issues like rent affordability and other expenses in our everyday life
- What are the effects for people on state benefits—will they lose their needed benefits with the higher wages?
- Possibility of excluding individuals who don't need a living wage

1a) Themes:

Community Organizers

1b) Detailed notes:

Server Downtown St. Paul

Highland Park

Miriam Park

Member of Isaiah Church Organization

Organizer of Fast Food Workers in St. Paul

Minimum Wage Increase Organizer

Community Activist

2a) Themes:

- \$15 is not enough
- Phase-in should be faster
- No exemptions for sr. citizens or youth workers
- Tips should not count toward the Minimum wage

2b) Detailed notes:Opportunities

- Live-able wage is good
- International travelers don't tip servers, especially at places near the airport, higher minimum wage for servers would help that issue
- Servers would have less harassment to deal with if they didn't have to rely so heavily on tips

Challenges

- Servers in management think that people will stop tipping if they know servers are making \$15/hour
- Will reduce loyalty to specific restaurants/bars that are known for helping servers bring in good tips
- 4 year ago when this fight started, \$15/hr was appropriate, but now it is more like \$19. By 2024 for full phase-in @ \$15 is not enough. Large employers could absorb sharp phase-in which would pump \$ into local small businesses and enable them to raise wages in the next phase.
- Current workers who have been working for a while and are now making \$15 or more –will businesses respond by raising those wages accordingly? Or will the wages of experienced workers fall behind? Will nonprofits be able to keep up with these wage requirements?
- Unions could help experienced workers negotiate for higher rates as this gets put into place, but there are concerns about recent Supreme Ct cases and other states busting unions recently, so those union protections might not be there

- Who pays for the increase and what will it do to the overall number of employees a business/org can/will hire?
- Exemptions could be too broad—worried about youth wages not being raised as well
- Concerns about enforcement (re: sick and safe time non-enforcement rates)
- Worried about leaving sr. citizens & youth workers out. Minors working in St. Paul are mostly POC and this then becomes a discrimination issue. Sr. citizens having increased healthcare costs is a concern. \$15 gives people an opportunity to afford daily living at the very least.
- \$15 an hour is still not enough to convince some people to work. Knows a 25 year old that owes \$80,000 in child support and since he can't pay it off with a starting wage job, he'd rather not have a legit job. Too many other parts of the system are broken and min. wage increase will help, but more reforms are needed. When the Cost of Living goes up and Min. Wage does not keep up it's a form of oppression
- Achievement gap is huge and part of the problem is parents are absent because they are working 2 jobs and not able to support or help their children in school
- If they make more \$, then they only need 1 job and then there are jobs open for others Srs. Forced back into labor market. Medicare is 80/20 and dental bills are not covered. Higher wages would help

3a) Themes:

- Do it now

3b) Detailed notes:

- Change should be easy. Just do it. Investing in future and should be done immediately. No motivation to get an "on the books" job because of low wages, garnishment, etc.
- Mental/physical health decreases if poor and society pays for it. It also increases crime
- 8 hrs of good work will make you tired-go home, not causing trouble
- Needs to be done right away and we need to catch up to Minneapolis. This cannot wait. Model after Minneapolis; 3-5 year phase-in
- Powerful donors are infiltrating universities and funding think tanks that are waging war against minimum wage. How do you fight against it? Need to implement \$15 minimum strongly and now.
- Pass as quickly as possible and not worry about details. Pass Minneapolis plan.
- Disabled workers should not be exempt; they should make the same minimum wage
 - We need to be careful about how it affects eligibility for benefits. Especially medical benefits.
 - Be wary of the benefit cliff
- Citizen's league hearing held @ St. Thomas in the wealthier neighborhood when 2/3rds of the East Side is in poverty.

Saint Paul Listening Session 1 Data

Question: I was able to learn about the Citizens League Paul study committee process.

# of Slip	Response	
2	Agree	1
3	Agree	2
5	Agree	3
6	Agree	4
9	Agree	5
10	Agree	6
12	Agree	7
14	Agree	8
15	Agree	9
16	Agree	10
17	Agree	11
18	Agree	12
19	Agree	13
20	Agree	14
22	Agree	15
23	Agree	16
25	Agree	17
28	Agree	18
30	Agree	19
31	Agree	20
34	Agree	21
39	Agree	22
43	Agree	23
44	Agree	24
45	Agree	25
46	Agree	26
47	Agree	27
48	Agree	28
50	Agree	29
51	Agree	30
13	Blank response	1
4	Disagree	1
11	Disagree	2
24	Disagree	3
41	Disagree	4
7	Strongly agree	1
8	Strongly agree	2
21	Strongly agree	3
26	Strongly agree	4
27	Strongly agree	5
33	Strongly agree	6
35	Strongly agree	7
37	Strongly agree	8
42	Strongly agree	9
52	Strongly agree	10
1	Undecided	1
29	Undecided	2
32	Undecided	3
36	Undecided	4
38	Undecided	5
40	Undecided	6
49	Undecided	7

Totals:

Strongly agree	10
Agree	30
Undecided	7
Disagree	4
Strongly disagree	0
Blank response	1
	<u>52</u>

Question: I was able to hear different perspectives from community members.

# of Slip	Response		Totals:	
1	Agree	1	Strongly agree	15
2	Agree	2	Agree	32
3	Agree	3	Undecided	0
5	Agree	4	Disagree	3
6	Agree	5	Strongly disagree	0
9	Agree	6	Blank response	2
10	Agree	7		52
11	Agree	8		
12	Agree	9		
13	Agree	10		
17	Agree	11		
18	Agree	12		
19	Agree	13		
22	Agree	14		
23	Agree	15		
24	Agree	16		
25	Agree	17		
29	Agree	18		
30	Agree	19		
31	Agree	20		
32	Agree	21		
36	Agree	22		
38	Agree	23		
39	Agree	24		
40	Agree	25		
41	Agree	26		
43	Agree	27		
44	Agree	28		
45	Agree	29		
48	Agree	30		
50	Agree	31		
51	Agree	32		
15	Blank response	1		
28	Blank response	2		
4	Disagree	1		
\$46	Disagree	2		
47	Disagree	3		
7	Strongly agree	1		
8	Strongly agree	2		
14	Strongly agree	3		
16	Strongly agree	4		
20	Strongly agree	5		
21	Strongly agree	6		
26	Strongly agree	7		
27	Strongly agree	8		
33	Strongly agree	9		
34	Strongly agree	10		
35	Strongly agree	11		
37	Strongly agree	12		
42	Strongly agree	13		
49	Strongly agree	14		
52	Strongly agree	15		

Question: I was able to share my perspective during the session.

# of Slip	Response		Totals:	
2	Agree	1	Strongly agree	25
3	Agree	2	Agree	25
4	Agree	3	Undecided	0
5	Agree	4	Disagree	1
6	Agree	5	Strongly disagree	0
9	Agree	6	Blank response	1
10	Agree	7		52
11	Agree	8		
14	Agree	9		
17	Agree	10		
19	Agree	11		
22	Agree	12		
23	Agree	13		
24	Agree	14		
25	Agree	15		
29	Agree	16		
40	Agree	17		
43	Agree	18		
44	Agree	19		
45	Agree	20		
46	Agree	21		
47	Agree	22		
48	Agree	23		
50	Agree	24		
51	Agree	25		
28	Blank response	1		
41	Disagree	1		
1	Strongly agree	1		
7	Strongly agree	2		
8	Strongly agree	3		
12	Strongly agree	4		
13	Strongly agree	5		
15	Strongly agree	6		
16	Strongly agree	7		
18	Strongly agree	8		
20	Strongly agree	9		
21	Strongly agree	10		
26	Strongly agree	11		
27	Strongly agree	12		
30	Strongly agree	13		
31	Strongly agree	14		
32	Strongly agree	15		
33	Strongly agree	16		
34	Strongly agree	17		
35	Strongly agree	18		
36	Strongly agree	19		
37	Strongly agree	20		
38	Strongly agree	21		
39	Strongly agree	22		
42	Strongly agree	23		
49	Strongly agree	24		
52	Strongly agree	25		

Prompt: I was able to build bridges with other people from a different view point.

# of Slip	Response	
2	Agree	1
3	Agree	2
5	Agree	3
10	Agree	4
12	Agree	5
14	Agree	6
18	Agree	7
21	Agree	8
31	Agree	9
36	Agree	10
43	Agree	11
45	Agree	12
48	Agree	13
50	Agree	14
51	Agree	15
52	Agree	16
4	Blank response	1
19	Blank response	2
28	Blank response	3
33	Blank response	4
46	Blank response	5
38	Disagree	1
47	Disagree	2
7	Strongly agree	1
8	Strongly agree	2
16	Strongly agree	3
26	Strongly agree	4
27	Strongly agree	5
35	Strongly agree	6
37	Strongly agree	7
39	Strongly agree	8
42	Strongly agree	9
44	Strongly agree	10
32	Strongly disagree	1
1	Undecided	1
6	Undecided	2
9	Undecided	3
11	Undecided	4
13	Undecided	5
15	Undecided	6
17	Undecided	7
20	Undecided	8
22	Undecided	9
23	Undecided	10
24	Undecided	11
25	Undecided	12
29	Undecided	13
30	Undecided	14
34	Undecided	15
40	Undecided	16
41	Undecided	17
49	Undecided	18

Totals:

Strongly agree	10
Agree	16
Undecided	18
Disagree	2
Strongly disagree	1
Blank response	5
	52

Comment: I heard. Usually can't build bridges in 1 session

Comment: Didn't see a huge difference in views.

Comment: Not many business leaders present?

Prompt: Below, feel free to share any other feedback you feel would be helpful for City Staff to know.

# of Slip	Response
1	Phasing in a \$15/hr min wage as soon as possible without exemptions and without a tip penalty will allow all Minnesotans to plan for a future where they are all one a viable, stable, dignified life.
2	Blank response.
3	There needs to be representation or POC participants and facilitators.
4	Outreach to community was poor, no real population of the diverse community was here.
5	Shorter meeting would be nice. Childcare would be helpful. 5:30 start time was hard with bus schedules.
6	You can be even more inclusive! More time for INPUT means more folks can participate. Interpreters, childcare, and having actual equal representation (CL is full of employers, managers, and really - the President of the Chamber of Commerce and 1 low wage worker?! Let's do this again! :) Can you direct outreach to diverse coalitions and request for their presence and participation these meetings? We need diverse perspectives at the table.
7	
8	Too long. Can we have more testimony?
9	Lots of - - - . Unions well represented. Lack of " - " about issues.
10	Blank response.
11	Why are there only 2 low-income workers on the CL committee? That is a disturbing statistics when 40.8% of St. Paul lives in poverty.
12	More languages to translate.
13	Felt safe and open, but very different viewpoints make strange bedfellows.
14	I appreciate the knolge of St. Paul. Please shorten meetings, provide interpreters to reach out to tiny niche businesses. Make it easy for them. DO NOT implement a tip credit - please. Tips are too volatle to depend on! And there's no reason to make the already unequal wage more unequal. With the roll out, please make sure Target is treated differently than small businesses.
15	
16	Compile all the relevant material facts that may impact the implementation of the ordinance
17	I would have liked to see people who are directly impacted by the struggle of not earning the min. wage. More people of color and Indig. folks. Very long - also not a ton of meaningful information despite being quite long. Many of the ways to engage (via picture, gallery walk, computer) still required someone to be here in person. Not sure how publicized the voicemail is.
18	Explain what is a "livable wage". CL must go to ethnic neighborhoods. What are the consequences of not having an increase in the minimum wage?
19	RAISE THE WAGE NOW
20	The people at the table who were affected on a personal level were very strong and should be on the committee of 21 - and heard.
21	
22	Blank response.
23	Enforcement: Get ahead of it. Make sure it is inside the policy already so that at the time when it passes, we don't worry about businesses "not knowing" what's happening.
24	Blank response.
25	Pass \$15 now!
26	Blank response.
27	good length and format
28	No time for questions after introductory stuff. Less time for beginning remarks. Chris T. for instance.

29 Blank response.
The Citizen's League process for studying minimum wage increase lacks transparency.
The selection process for the committee was not transparent or open. Raise the wage
30 now.

31 Blank response.

32 Blank response.
What's considered living wage? What's considered basic necessities? Honestly, I think
raising the wage in the long run is beneficial to the community but I'm not sure what the
neg. impacts / unintended consequences are and whether or no we have things in place
to mitigate it. One thing that isn't addressed in this conversation or w/ min. wage is
33 whether or not those w/out benefits will receive benefits too.
Please go to small, immigrant - and POC-owned businesses in the neighborhoods like the
East Side and talk to them and get their input so they can pay \$15 w/o going out of
34 business.

I think shorter sessions at multiple different time such as the middle of the day. People
who don't work a Mon to Fri job might have a hard time getting to a Thurs night or Sat
35 AM session.

Why are the unions not focusing on states with lower minimum wage and lower tip
36 credit? Why Minnesota over Wisconsin which has their tip credit and lower wage?
37 Blank response.

I felt like the table was in some general agreement of \$15 (at least), no exemptions, no
tip penalty but Tim (board / committee member) tended to challenge the table in a
condescending one which made it feel like the process could be stacked against us. This
is especially true given that like 100% of the comments in the individual session were
supportive of a liveable wage (\$15+) w/ many supporting no exceptions, no tip penalty
(certainly the majority). I don't want this to be a process business hides behind while the
38 people so clearly call for something else.

The whole is pretty long. But good. It would be good to encourage business owners to
attend and share their perspectives. Many have a Saturday session - maybe some people
39 have an easier time attending. Could use more reachout to minority communities.
I was under the impression that this was more of a public speaking session, it ended up
being a more of a "listening to Citizens League" session. That, plus the long session, three
40 hours long, made it difficult for this session to feel productive.

Was unable to make it in time due to work. Would have liked more time to speak and tell
41 my story and have the City Council members hear how this affects me directly.

42 Interesting discussion. Learned a lot about this topic.
Missed a little of the presentation due to parking. Had difficulty finding a place to park.
Maybe location with more onsite parking would be helpful. Session lead to good
43 discussion at table.

Make the "Public Input Session" more known to the public to get more people of
44 diversity.

45 Thank you, this space is so necessary. Appreciate you organizing it.

46 Blank response.

Everyone at table shared the belief that min wage must be raise ASAP. Too much time /
long process to this discussion. I and others at the table worried that billionaires and
Koch brothers influence cities making min wage decisions and other decisions. The three
hour session could be shorter: one person to do welcome instead of three people and
47 less time explaining Citizens League.

I'm here to say we need 1 fair wage today. Residents can't wait 40.8% of St. Paul lives in poverty and can't afford to wait...I'm a fast food organizer for a low wage worker center and the works I talk to are having to work 2 or 3 jobs to just survive. Many of them are youth who have responsibilities at home and share the work duties as others. Mpls will be up to 11.25 come July 1st. St. Paul is the Capitol and STP can do and needs to do better now. It's a hard racial and gender edge to that crisis in STP. Step up the wage in STP.

48

Thank you for the format and opportunity! Three hours is too long. Please have ppl of color as table leads, be inclusive - this issue affects more than just white women whose voices are the most emphasized. Thank you! PS: testimonies at the end was best part! :)

49

This seemd to focus excessively on promoting the Citizens Leage brand. The meetings was very long, hard to make time for someone like me who works more than full time.

50

Publicly post whether or not St. Paul can legally pass a tip credit under current state law
Blank response.

51

52

**St. Paul Public Input Session Summary
Metropolitan State University
August 4, 2018**

The hearing began with a round of introductions. Everyone was split up into tables, where individuals shared where they were from and why they were in attendance. A number of St. Paul neighborhoods were represented. A few individuals at the hearing lived in Minneapolis, but worked in St. Paul and wanted to learn about the process. People's reasons for attending varied widely. Quite a few individuals worked in the restaurant industry and wanted to be a part of the discussion surround tip credits. Most tables spoke about the importance of representing workers needs – not only in through the act of raising their wages, but also in including them in the process. The subject of affordable housing was mentioned at a number of tables also. A few tables felt strongly that if the idea was to tackle poverty, then the minimum wage conversation needed to be a part of a bigger picture conversation including housing and other government benefits. The theme of enforcement also came up.

Tables were then asked to discuss the opportunities and challenges of raising the minimum wage to \$15. A common theme in the discussions around the opportunities was that raising the minimum wage would help lift people out of poverty. Lifting individuals from poverty would in turn strengthen the community, and the community could then focus more on tackling issues such as affordable housing. Another opportunity that was mentioned the ability to continue taking time to carefully craft a nuanced ordinance in order to avoid any unintended consequence. Attendees also spoke to the opportunity to engage the community after implementation to make sure that the process is, in fact, making the community thrive.

Groups also shared what they saw as the challenges of raising the minimum wage. A number of tables spoke to the challenge of enforcing such a policy. An equal number also expressed concern for the well-being of small businesses and immigrant run businesses that might be negatively affected by a raise in wages. One table spoke at length about the challenge of navigating the tip credit/penalty debate going forward. Another discussed how \$15 might not even be enough to provide low wage workers a livable wage.

The final question asked groups to discuss how to best move forward now that they were more well-informed about the Citizens League process. A common theme between tables was to expand outreach. Individuals suggested working harder to include all communities in the conversation, especially the low wage workers who the ordinance is meant to help, through further discussions and education programs. The other common theme on how to best moved forward amongst a number of tables was to speed up the process. Tables expressed the desire to move faster with the process in order to catch up to Minneapolis, to start getting individuals out of poverty sooner, and to simply start acting on raising the minimum wage since the Mayor's office has already expressed a desire to do so.

Facilitated Minimum Wage Input Session
City of Saint Paul

August 4, 2018

Session 2

Facilitator Notes – Wendy Liverseed (612) 386-2287

(8 participants all from Minneapolis area)

What is your name? What part of Saint Paul do you live in? What brought you here today?

Themes:

Economic Justice/Injustice

- More wealth being created in the city and not coming back into the community when the small business fail when they can no longer afford employees
- Fear of the already overpriced cost of rent will be unjustifiably increased by landlords do to people making higher wages
- Consider phasing larger corporations faster than the small ones
- Fear of smaller, minority owned businesses having to resort to paying employees' cash under the table. May cause exploitation of minorities
- People (youth) go to selling marijuana so they can afford their rent
- State employees' contracts need to be revamped
- Non-Profits taking advantage of the system not paying taxes in St. Paul

Communication

- Need a “fast track” to simplify the processes
- Need more input sessions
- Work closer with the counties to make process smoother
- Educate citizens on the processes

What opportunities or challenges can you see in raising the minimum wage?

Themes:

Youth Wages

- Kids are spending their own wages providing for their families
- Will encourage “slave labor”, businesses hiring only youth
- May cause elders to no longer be desirable in the workforce.

Wait Staff - Tips

- No tip penalty - No exceptions
- Believed to be earned by performance and should not be counted towards income
- Most wait staff positions are without benefits and are not full-time positions
- Consider tip credit

Communication

- Need a very good action plan to teach and educate citizens on the processes. Just Phasing in is not enough.
- A better job at communicating ALL processes to ALL people and to ALL communities.

Having heard about the Citizens League process and the opportunities and challenges presented by your neighbors, how can we move forward with raising the minimum wage in the City of Saint Paul?

Themes:

- Need a better job at communicating ALL processes to ALL people and in ALL communities.
- Implementing a City formula for calculating benefits to include housing costs
- Advocating for \$15.00+ not exceptions, no tip penalty, no youth wages (could encourage businesses to only hire students)
- Small business owners may go out of business or may no longer be able to afford to offer healthcare and/or employees
- Economy turning into Corporations vs. Small businesses
- May cause exploitation of employees working for cash
- Needs to be an educational component of the process(s)
- Have very clear, straight forward process, strategic process plan
- Put out FACTS and get rid of the myths
- Affordability of rent, especially for students just graduating

Facilitated Minimum Wage Input Session – City of St. Paul

Session 2 Notes

Facilitator – Lauren Thrift

#1

Locations

- Eagles Creek
- Cathedral Hill
- St. Paul food & beverage jobs
- St. Paul Public Health
- Asian Economic Development
- Downtown – Ward 2
- Ward 7 – Battle Creek Neighborhood
- Frog Town
- Sand Creek Park

Themes

- For the Tip Credit
- Waitresses need to not be penalized for tips or have tips be expected to make up for employers providing a livable wage
- Increasing the minimum wage is necessary but how to do it is the question
- Promote economy
- Affordable housing ties into wage
- People who can't work full time depend on minimum wage
- workers who provide care for others need a livable wage to have the quality of life to be able to provide quality care

#2

- if labor goes up, prices go up and self-service goes up so employment will go down
- lose connectedness with guests if can't afford to pay servers
- what's good for businesses isn't necessarily bad for workers
- server doesn't need a raise but back of house workers do
- tips creates power imbalance between customer and server where racism causes lower tips so if tips requires to serve then some are more vulnerable
- server tips lower from back of house mistakes
- Tip credit encourages restaurants to choose St. Paul

- Add more positions for people to be employed
- \$15 is good but that's a ceiling for future earnings
- Transparency of how businesses responding to the \$15/hr in a way that's positive to their workers
- No one who works full time should be poor
- Tip credit-difference between types of restaurant what money tips someone can earn
- Bus boy tips versus career server tips is different and has different needs
- There's enough money in the community for everyone to live well, where is it?

Themes

- pay more to the back of house workers in restaurants
- dynamics and interconnected between tips and front of house vs back of house workers and how to achieve fairness and equity
- how to provide fairly compensated employment opportunities
- fairness when there is a different between types of positions and how much tips they can earn
- fairness when racism limits how much tips someone can earn

#3

- share out that we are further along in this process than other cities because we agree to raise the minimum wage.
- Reach more people with the details from the presentation and to allow people opportunity to know what's happening and get mobilized
- Understand deeper about the details, rather than hang onto face level notions of what it is
- Don't pass something that looks like \$15 but has caveats built in that reinforce the vulnerability of vulnerable employee groups
- Tip credit ensures everyone gets \$15 with the opportunity to make more

Themes

- Raise the minimum wage. The execution is the question.

Minimum Wage Public Input Session #2 - August 4, 2018

Question 1

5 participants were from St. Paul, 2 from Minneapolis

All were in support of the minimum wage increase

Most were concerned with enforcement of the minimum wage and the carve outs

2 expressed their presence for the day was learning/getting involved

Question 2:

Opportunities:

- Livable wage will help lift people out of poverty
- Livable wage will create the foundation for people to climb the ladder out of poverty
- Build a stronger community
- Address systemic poverty issues
- More family time
- More \$ in communities

Challenges:

- \$15 is not really enough of a minimum at this time. \$18 is more of a livable wage, even better would be shared profits
- Enforcement – worry how it will happen
- Basic needs are difficult to meet, even with 2 jobs
- More carve outs makes it more difficult to enforce.
- Worry - Small employers and immigrant employers will not know how to enforce, it will be confusing and employees will bare the brunt of the confusion by not receiving due wages
- St. Paul has a duty to assist small businesses
- No translators are at these meetings so how can all be heard?
- Worry: people who are struggling already will fall out of other safety nets
- Programs that offer training and a training wage (lower than other wages) force individuals to choose training programs (and long term growth and skill development) and short term basic needs (higher wage). Built in penalty for the individual – lower wage.
- Keep it simple and uncomplicated and do not have carve outs.
- Enforcement: Tip theft and wage theft happening already, who will enforce this and how?

Question 3:

- We could be looking at a thriving wage and a process of profit sharing in business for greater social impact and systemic change, workers co-ops...
- We could place a cap on the wage gap in earnings in businesses
- Could host more discussions and rotate focus groups. More time is needed.
- Process is skewed as both citizens and businesses are not represented in the dialogues yet

- Citizens league process slows things down. Mandate for 15 is clear.
- Phase- in: 5 years is too long and larger businesses should have a faster phase in than smaller businesses.
- Small businesses will need help in understanding and executing changes to ensure fairness
- No tip penalty and No exemptions

Overall themes:

Mimimum wage increase is unanimously supported

No tip penalty , no carve outs.

Need to assist small businesses/immigrant businesses with understanding and properly enforcing.

\$15 still is not enough

Fall out from other safety nets

TABLE FACILITATOR'S NOTES

Name: Nic Baker, 651-484-9478

Date: August 4, 2018

1. Participant Information

Participants were from the following areas:

- East Side
- Ward 3 (two participants)
- Lower Town

Also, two participants were from Minneapolis but had ties to workers in St. Paul

The main concerns that brought them here was the same for all participants: The need for a higher wage for lower-income people; the hardships such people are encountering; and the urgency of putting the wage into effect.

2. Opportunities or Challenges

The participants noted that they all had something to say about opportunities, not so much about challenges.

There was consensus that the \$15 minimum wage should be put into place as soon as possible. There was also consensus that there should be no exemptions whatsoever. In fact, there was no disagreement on any issue—One participants commented that “we’ve made your (Nic’s) job easy!”

(I find this regrettable. We learn more from people who disagree with us than those who agree, and I did not sense that the participants came away knowing much more than they did when they came. I agree with one of the later speakers that Citizens’ League could make more of an effort to bring in people with different views, such as restaurant owners. It’s a complicated issue, and all sides, ideally, should be represented.)

Some specific issues that were brought up:

- There is a lot of fear about adverse effects of a \$15 minimum wage, but it has worked elsewhere and has been shown to create few problems.
- Some business owners benefit from wages staying low.
- The increased minimum wage would benefit the economy by giving workers more money to invest in the community.

- A common scare tactic is that increased wages would result in lower benefits, such as health insurance. There was skepticism regarding whether that was, in fact, an issue.

Much of the discussion centered around application to small businesses rather than large ones. The view was that large businesses, such as Target, could handle the increase more readily than small businesses could. Participants therefore felt that the increased wage should be established immediately for large businesses, and more time given to small businesses.

3. Moving Forward

St. Paul should accelerate its schedule to conform with Minneapolis's implementation timeframe. In addition to the fairness issue—why should workers in one city make more than those across the river?—the participants felt that this could prevent people from leaving the St. Paul labor market for higher wages in Minneapolis.

One person who has a disability pointed out that there is currently an exemption for such people, and there should be none when the new wage goes into effect.

A U of M employee discussed students being treated unfairly because of low wages and that it is particularly imperative that they be included rather than exempted.

As noted, the participants believe there should be *no* exemptions and that large companies should be required to pay the increased wage immediately, small businesses over time.

The overall response: GET MOVING!

4. Summary

It was a good group in that everyone spoke up and seemed comfortable with the process. And while they all favored the minimum wage, they presented different perspectives as to why the wage is so important.

One participant asked me questions about when the results of this and related efforts would be completed and whether they would be available to the public. I could not answer the first question and tentatively answered the second (“I would assume they will be available to the public—Contact Citizens’ League.”) I suggest that you discuss the timeline in the introduction to future sessions.

On the positive side, there was great consensus and no conflict. On the negative side, there was great consensus and no conflict.

Facilitated Minimum Wage Input Session
 August 4, 2018
 Metro State University

Small Group Discussion Notes

Facilitator: Mary Whitney Note Taker: Julie Shannon

Themes:

1. Tax cuts for businesses make \$15 minimum wage very viable
2. Enforcement plans for St Paul are super important
3. Importance of valuing the work of servers and service workers, understanding their value and the challenges and insecurity their work entails
4. Input by low wage workers needs to be central to the planning, more effort is needed to engage this group
5. Other major expenses like housing and healthcare are part of the picture and need to be addressed to impact poverty

Question One: Where do you live? Why are you here?

- Westside
- Work in St Paul, live elsewhere (5)

- Head of Eastside Business Association, on study group
- Have worked in the Hospitality Industry 35 years – here to speak for servers
- Newly employed at McDonalds as a teen
- Organizer for workers issues (CTUL) – have worked as a server, understand how hard it is to make it financially

What opportunities or challenges can you see in raising the minimum wage?

Opportunities

- It can only be positive with a better wage
- The money will go back into the community
- Businesses can afford to do this because they just got tax breaks
- Catch up/ keep up- cost of living has increased, but not wages
- As a teenager, can pay for field trips, take care of needs, help support family – it is right for teens to get the same wage for the same work
- Higher wages means more family time
- Chance to do right by the citizens
- Fewer people in poverty
- Highlights other issues that keep people in poverty – housing is crazy expensive- must be addressed

Discussion about issue as it relates to Servers and why there should not be a 'tip penalty':

- Servers are subject to poorly run businesses at times that affect how many customers there are, therefore how many tips there are
- The restaurant business is less accountable in general/corrupt; leaves workers vulnerable
- Servers have to tip- out busser, bartender, kitchen – who get higher wages and Cost of Living increases, tips are not what they seem

Challenges

- Challenge - how things are messaged that creates fear in businesses
- Businesses, especially small businesses don't see how they can do it

Question 3: Having heard about the Citizens League process and the opportunities and challenges presented by your neighbors, how can we move forward with the raising the minimum wage in the City of St Paul.

- Emphasize how tax cut can support businesses to pay workers
- Work harder to connect with affected minimum wage workers who may not be able to attend meetings due to hours/ wages. Get info out with outreach
- Enforcement Standards
 - Make sure there is money in the plan for enforcement
 - Regular monitoring
 - Make stipulation that businesses are held accountable and workers are not harmed if business terminates (ie Rudolph's, Burger King in Mpls)
- City should look at ways to pool dollars from bigger businesses to support smaller businesses
- Universal healthcare will shift some of the expenses from businesses

Session 2, St. Paul Minimum Wage Input Session

submitted by Tracy Nordstrom, table facilitator

- **First Question: Neighborhood**

West Side

Inver Grove Heights, grew up in MacGroveland

Como Park

Mpls

Ramsey Hill

What brings you here?

Server – friends and family are in full service restaurants

Here to learn – mom worked 2 jobs while I was growing up, always in restaurants mostly as server.

Server

Work at Metro State University, employer, meeting host (Metro State Pres Arthur)

- **Second Question: Opportunities/Challenges**

Litmus test, comparing St. Paul to Mpls – we are different cities

St. Paul is pragmatic/community oriented, so we can do it differently than Mpls.

Opportunity for nuance in our ordinance – careful to mind unintended consequences

Opportunity to raise more boats with minimum income

Challenge: “First, do no harm” Do what is best for the MOST number of citizens

Opportunity for rich conversations, eventual agreement

Challenge – Tip credit/penalty – a minefield. Make sure big business doesn’t co-opt needs of lower wage workers. Lower wage workers deserve a larger/fuller voice.

Question: How long will the phase in take?

Opportunity: improve the economy in St. Paul

Challenge: effort to help citizens understand/explain the process; communication is key

Opportunity: Continue the conversation AFTER implementation, continue to re-tweak, re-frame as we go. Minneapolis implemented an annual assessment that included the full community.

- **Third Question: How to move forward?**

Suggestion: Restaurants should include language on menus/invoices about the wage increase so customers understand they are paying a fuller cost for the true service

Challenge: perception of Us vs. Them – don't politicize the issue, it is not a binary solution

Continue to include individual stories, be mindful of who is conducting research and providing data

Fairness must be a driving force

Listen to workers and those it impacts most

Would like St. Paul to get to \$15/hour FASTER to get more folks out of poverty sooner

Consider inflation as St. Paul implements (\$15 today, will not be enough in, say 7 years)

\$15 in St. Paul is different than \$15 in Seattle or Los Angeles. Make sure data/info is correct and applicable to St. Paul

Some say market forces are already pushing wages up, that doesn't account for future downturns

Consider impact of one city (St. Paul) having the minimum, next to community that doesn't (Woodbury, Eagan, etc)

Remember dire predictions don't always come true – continue to evaluate and be realistic, be willing to adjust

Disagreement about WHO should receive the wage. Our table had supporters of EVERYONE receiving it, but not with tip credit/tip penalty. This is the policy difference that divided participants.

Appendix I: Saint Paul Saints Memo



To: Saint Paul Minimum Wage Study Committee

From: Angelica Klebsch, Policy Director, Citizens League

CC: Tom Whaley, Executive Vice President, Saint Paul Saints
Pahoua Hoffman, Executive Director, Citizens League

Date: July 18, 2018

Re: Minimum Wage Exemption for the Saint Paul Saints

On June 12, 2018, I spoke with Tom Whaley, Executive Vice President of the St. Paul Saints Baseball Club (SPS), a minor league baseball team that plays its games at CHS Field in Lowertown, St. Paul, following direction from the Saint Paul Minimum Wage Study Committee. The study committee's goal was to learn about SPS's request for an exemption from the potential new minimum wage ordinance to be considered by the City of Saint Paul based on recommendations from the study committee.

Mr. Whaley's views are based on the organization's labor force falling into three categories: a) temporary/seasonal workers who work at the ballpark on game days, b) players playing under league uniform player contracts, and c) salaried, full-time operational staff.

In the first category, he describes personnel in ticket box office sales, ushering and customer service, stadium maintenance and grounds keeping, and other similar workers employed during only the baseball season. These workers generally work only on game days (most do not work every game due to personal preference or schedule) in shifts that can be as short as four hours (a game duration) and are weather-dependent. They average 35 hours of work per month with significant periods (1-2 weeks usually) of non-work between engagements, i.e. sharp peak and slack workdays and seasons. The home schedule consists of 50 games taking place over the course of a 120-day season each year (mid-May to mid-September). These workers typically have permanent employment elsewhere with schedules that allow for evening summer seasonal work, e.g. teachers, students who are home for the summer from college, or are retirees who see employment with SPS as side jobs for extra spending money, or for personal enjoyment as baseball fans who enjoy being around a baseball environment.

In the second category are the baseball players, who negotiate individual contracts with the team based on their experience and promise as gifted and uniquely talented athletes. They are highly skilled trainee/apprentices, working to move past Saint Paul, ultimately to their dreams of playing Major League Baseball. Rosters consist of 22 players, the large majority of whom do not reside in Minnesota. The Saints' league, the American Association, and its member clubs are not affiliated with Major League

Baseball. Contracts are of a limited duration (a maximum of two seasons), include a fixed monthly salary with expectations of time inputs and performance measures that are desired by both the team and players in order to advance the players' skills for mutual benefit. In the end, both the player and Saints enter into the contract with the hope that a player's skill rises to a level such that the player's contract is acquired, either by a Major League Baseball organization or an advanced foreign professional league. In their 26 seasons, 21 Saints players have gone on to play Major League Baseball, and over 125 have had their contracts acquired by Major League organizations. Because these athletes split their time between home and away games (cities in 9 different states, and Canada), if they were included in the minimum wage ordinance, significant questions arise about additional pay requirements in other jurisdictions for time spent travelling and in hotels. Questions arise as to whether an ordinance would apply to visiting players playing at CHS Field. Questions also arise about additional pay requirements for time spent in voluntary extra practice. For instance, a player could be restricted by the team from putting in extra work to better his skills for either expense or league rule related reasons. Lastly and most importantly to the team, the league teams for 26 years have operated under a set of assumptions and rules concerning player compensation and training that keep the league's 12 teams (which play in markets as large as St. Paul, Dallas-Fort Worth and Kansas City and as small as Sioux City) balanced, in terms of on-field competition. As of today, both St. Paul and Sioux City are in first place in their respective divisions due to the league's competitive balance. A \$15 minimum wage for Saints players will put the team in violation of league rules, significantly upset the league's competitive balance, and ultimately would force the league to impose steep sanctions.

The third category of salaried full-time employees is likely not to be impacted by a new minimum wage ordinance.

Mr. Whaley says that if SPS temporary/seasonal employees are not exempted from the new minimum wage ordinance, it would lessen the number of these jobs SPS would offer, as these employee hours are difficult to adjust, given personal schedule preferences and weather-related uncertainties. However, Mr. Whaley also indicates that SPS will not relocate from Saint Paul if the temporary/seasonal employees ultimately are not exempt from the new minimum wage ordinance. It will adjust scheduling to account for it.

Appendix J: Study Committee Surveys with All Considered Scenarios

Saint Paul Min. Wage Study Committee Survey 1

Q1. In your opinion, what is the goal of the minimum wage?

Answered 17

Skipped 0

Respondents	Responses
1	To increase the standard of living for those employed in low wage paying positions.
2	To set a standard for everyone and to ensure equality and fairness for both the employee and employer The goal of the minimum wage is to establish and maintain a balance that provides a minimum standard of living to protect the health and well-being of employees. Guaranteeing reasonable compensation for labor that protects employees from exploitation, while simultaneously preventing employers from economic disadvantages that negatively effect their sustainability. Potentially forcing business model changes that harm the well-being of employees.
3	The goal of the minimum wage is to create a sustainable income for employees that support their living costs.
4	A minimum wage should provide families with enough money to meet their basic needs without needing to access public assistance programs
5	More money circulating in the local economy
6	Give people a more livable wage The minimum wage is a tool to help increase the power of workers in general and low-wage workers in particular to secure higher wages and a larger share of productivity growth. This will help reduce economic disparities in general and especially for women and people of color. A municipal minimum wage also helps St. Paul attract the most talented and productive workers and employers.
7	
8	To make sure everyone that is working full time is able to make a living wage.
9	To establish a fair wage that can help build a strong economic future for St. Paul .
10	To create a bottom line to ensure that people can live dignified and joyful lives and take care of their families
11	Reduce poverty.
12	To provide a more equitable living wage, especially for young adults and those who are supporting families. A living wage that facilitates economic development in St. Paul without putting an unfair burden on small business owners and residents.
13	
14	An attempt counteract non-living wage issues and also set a price floor for labor rates.
15	To reduce poverty in our community (the city of St Paul)
16	To ensure that all people who work full time can afford to meet their basic needs.
17	sustainable livable wage

Q2. How do we measure if these goals are met?

Answered 17

Skipped 0

Respondents	Responses
1	<p>Reviewing any ordinance that is passed. <input type="checkbox"/></p> <p>Do a follow-up study to determine if the number of positions in this category have increased or decreased at key stages of the implementation timeline.</p> <p>I don't know how we measure if it's fair. At \$15, the rate is too high for a minimum wage compared to what we have. It becomes less fair to the employer, especially for a small business.</p> <p>We measure if these goals have been met if policy is established that considers and implements a balance of providing a standard of living for employees, while preserving employer's sustainability. From a study and data perspective, it is a little more difficult to measure due to the conflicting studies.</p> <p>We would have to measure if the cost of basic needs is covered by an average paycheck for a certain amount of hours.</p> <p>Unsure</p> <p>cost of living analysis</p> <p>Do wages in general increase? Do wages rise more for low-wage workers? Does the share of economic activity going to wages increase? Does economic inequality decrease? Do racial and gender disparities decrease?</p> <p>By surveying communities and asking them questions about the minimum wage to determine whether or not it is a living wage for people.</p> <p>We can measure success by creating a strong economic base that enables small businesses to start and continue to be successful. If businesses are will to locate or grow across all ethnic and economic boundaries we will be successful.</p> <p>we see poverty rates go down, food insecurity go down, school performance improve for kids of color</p> <p>Average household income over a time period?</p> <p>It's difficult to measure at this stage, but statistical as well as anecdotal evidence should give the task force a clear sense of how much of a difference an additional \$5+ per hour would make for workers.</p> <p>New job creation, unemployment rate, minimum wage relative to cost of living.</p> <p>Effective implementation is the goal. How best can we cultivate an ordinance that can be understood, adhered to, and reduce the likelihood of non-conformance and future set-backs (ie, lawsuits). <input type="checkbox"/></p> <p>Reduction in poverty rate</p> <p>I believe that the implementation of a minimum wage of \$15 for all trained, qualified workers would be a good measure of success.</p> <p>I'm not sure</p>

Q3. Do exemptions support or take away from these goals? Why?

Answered 17

Skipped 0

Respondents	Responses
1	<p>Exemptions support this goal because their are some groups, whom are likely to lose jobs if employers do not have some flexibility. Examples would be people with disabilities, teenagers, and people whom provide direct support services to those with disabilities.</p>
2	<p>Supports. My budget would be affected, especially what I budget for my employees and it would hurt my pocket and put my livelihood in jeopardy.</p> <p>I believe that exemptions support these goals. Every State's, City's, and Industry's economies are different. A one-size fits all minimum wage does not have the same effect everywhere. St. Paul's economy differs from Seattle's or Minneapolis', and should be treated as such in the minimum wage discussion. Not every industry can absorb the increases in labor costs without increasing the likelihood of firm exits, adjusting buisness models that emphasize efforts to minimize labor, and altering the employee's compensation structure. Some industries do not have the option of minimizing labor due to staffing regulations. It is for this reason many minimum wage laws have exemptions. Federally, under the Fair Labor Standards Act(FLSA), there are over 40 exemptions. <input type="checkbox"/></p> <p>https://webapps.dol.gov/elaw/whd/flsa/screen75.asp. Additionally, both Minnesota and Minneapolis have youth training wages for the first 90 days of employment. If the goal is to provide a standard of living through a wage increase, while protecting employer's sustainability, exemptions need to be strongly considered.</p>
3	
4	<p>I believe it can do both.</p>
	<p>Take away. <input type="checkbox"/></p>
5	<p>The report references employment sectors where workers currently access public programs to meet their needs. I assume that employers in these sectors will advocate for exemptions which will maintain this situation.</p>
6	<p>no they do not because the without the exemption the program might not exist any more</p>
7	<p>All work is valuable and deserves to be protected with an equal minimum standard. There should be one fair minimum wage. The city should work to accommodate various business models and the phase-in can happen on different tracks. I want to better understand various training programs to see how they should be treated.</p>
8	<p>Take away because everyone should start out on equal footing.</p>

- I think they are essential to success. We cannot allow a one size fits all approach cloud the economic future of St. Paul . Ethnic businesses that are small, family or community based be pushed out of St. Paul because they cannot afford to do business in the city. The St. Paul saints would have a extremely difficult time staying in the city if the wages where one size . We could build a positive atmosphere for chef driven or small full service restaurants that could push the city to becoming a food destination city .
- 9
- I believe that exceptions take away from these goals because they leave people out. I do not believe it is the right of a business owner to have a business model that allows its employees to have poverty wages
- 10
- Exemptions take away from these goals. For instance, if we make an exception for the State Fair, we are saying its OK for State Fair workers to live in Poverty but it's not OK for Taco Bell workers to live in poverty.
- 11
- Carefully chosen exemptions -- or a slightly lower wage structure -- can be crucial for small businesses and nonprofit organizations to survive and do not need to be perceived as taking away from fundamental goals. One size -- \$15 an hour -- does not necessarily need to fit all. Example: Should part-time student workers in high school or college who work a handful of hours each week receive the same \$15 hourly wage as a full-time adult worker who is supporting a family (paying for rent or a mortgage, putting food on the table, etc.)?
- 12
- Support. There is no such thing as a one size fits all approach to a complicated problem.
- 13
- I think we can't address the specific concerns of all industries equally. I'm not particularly interested in picking winners and losers.
-
- Our mayor, elected officials, and proponents of the ordinance have made it clear they feel that our businesses won't be impacted by the ordinance. I'm inclined let them have their way and live with any outcome- positively or negatively.
- 14
- Not sure, but it seems like they take away as they allow some people to be paid less
- 15
- Yes. Youth who are paid a wage to learn should not be paid the full minimum wage.
- 16
- Depends upon the kind of exemptions you are using
- 17

Q4. What is the role of values (personal, collective, societal, etc.) in our ongoing minimum wage discussion?

Answered 17

Skipped 0

Respondents

Responses

- 1 Collective values appear to be driving this discussion, perhaps at the expense of potential job losses due to business closures or moves and evidence that increasing the minimum wage will have a net positive impact on standards of living.

- I agree that equality and fairness should be extended to everyone, but we have to figure out who will pay for the change in wages. An increase would be good for the employee so they can bring food home for their family, but it would be bad for me and my family.
- The role of ones values plays an important part, however, they should be balanced with objectivity and logic in our ongoing minimum wage discussion.
- I believe it is important for consideration but I also believe that for it to be fair on all accounts, it might not be taken into account fully.
- I am approaching this by thinking about how we can do the most good for the most people.
- societal
- Negotiations about wages don't occur in a vacuum. They are embedded in a whole series of rules that determine the power of actors. The current outcome is unfair. Too many people, especially women and people of color, work too hard for too little pay. Values are everything in this discussion. No one should have to live in poverty or under the threat of poverty and that should be a personal, collective and societal goal.
- How does a min wage increase affect social services? How does a min wage increase affect health insurance (minn sure) . Day care ? Inflation? Economic forces drive the wage market let it work . Lack of work force today is affected positively or negatively by increase? How does a increase affect the first, second, third ring suburbs. Than State ? We as a group can and should be leaders in helping the decision makers of St. Paul make the right decision.
- Our values will inform our position on different pieces of the minimum wage. I think we need to strive to act from a place of our highest values and be aspirational
- I think values should be a very large part of the discussion.
- The role of values is critical. But it should not dictate, or ride over, practical considerations. The two must be balanced.
- A living wage and vibrant St. Paul economy are important values shaping the discussion.

I don't care to be lectured about the the plight of the working people from this task force.

We're all here because we have deep consideration for people from all walks of life and I trust that the Citizen's League factored this viewpoint into the selection of the task force members.

It's rather sanctimonious and off-putting to suggest that people on this committee aren't considerate to the needs of our most disadvantaged residents. If they aren't, then why are they on this committee?

Plus, I work in a factory, I'm in-touch with the working class.

14 I'm here to help figure out the details here (ie., headcount vs revenue).

15 This seems like a discussion that is entirely about values. This is a discussion of about who we are and what we want our community to look like. When Samuel asks us if we value his work, I think it's important for us to answer.

16 Its big. Hopefully our community shares values that people who work should be able to live on their wages, that we should be doing everything we can to prepare young people for the workforce so they can learn a living wage as adults and we should be committed to reducing racial and economic disparities.

17 Values must be a critical element of the discussion

IF we don't have common values our recommendations will have lots of contradictions

Q5. Is there anything else you would like to share?

Answered 10

Skipped 7

Respondents

Responses

1 There are certain segments of the disability services sector whom are performing work under State contracts, with Federal and State Medicaid as the primary funding stream. For those organizations, increasing wages is most often associated with the legislature increasing payment rates-something that does not occur on a regular basis. As an example, through administrative action, the state implemented a 7% cut effective 7/1/18. Unless the legislature and executive branch proactively correct this in the next few days a significant reduction will occur, while the City is considering a local minimum wage increase.

2 A change is good for the employee. I understand that the cost of living makes it hard to make ends meet and the employee would be in a better place if the minimum wage was higher. But we have to see who would pay for that difference; in my case, the client would be affected because they would pay the cost difference.

3 I'm not a fan of following Minneapolis in what they see as fit . St. Paul is a unique city and can become a leader in not only here
 in St. Paul but the entire state if we do what I believe is correct.

4 I am deeply concerned about the lack of research/data that our committee has on the potential positive impacts of minimum
 wage. it makes it harder to trust the neutrality of the process when the only data being used is focused on potential negative
 impacts for some types employers and none that aims at looking at potential overall general positive impacts on the economy or
 communities.

5 No. Look forward to an interesting three months of discussions!

6 Depending on the outcome of this work, I will consider whether or not to automate certain roles currently fulfilled via labor. I
 think the potential impact of labor saving technology needs to be considered as part of the conversation.

7 Whether you support or oppose a minimum wage increase please note that no one can predict the outcome of this ordinance.
 We need to operate in terms of probabilities, not assurances.

8 Government is flush with examples of well-meaning public policy initiatives, which in practice were actually self-defeating.

9 It would be in error for this group to have a value-based outcome in mind (ie, this is a step toward economic justice, poverty or
 disaster). Feel free to share that viewpoint personally with your constituents, but any high-minded goal from the group is ill-
 advised. We should formulate an ordinance with high likelihood of conformance- that should be the goal.

10 The only shared value statement I would agree to is that regardless of the outcome of this ordinance, we have a lot of work to
 do to reduce poverty in St. Paul.

11 If we can come up with some common goals and values, perhaps it would be possible to look at the minimum wage as step one
 of a comprehensive plan. Perhaps we can go beyond exemptions and look at what it would take to help all the members of our
 community successfully implement a minimum wage that meets lives up to our values. For example, I have hit a price ceiling at
 my shop so I can no longer raise prices to accommodate higher labor costs, but instead of giving me an exemption, can we
 propose policies that have the greatest potential to increase aggregate demand and hopefully my sales? This would give me
 the tools to implement the policy the reflects our communities values.

12 I don't know how to respond to business owners who say "I can't afford to pay a living wage". I am sure this is true and valid for
 some owners. But since their is transparency about their profitability or the salary they draw from their business, I am often
 suspicious. i.e. If you pay a living wage, will your business go bankrupt, or will you just not make less than you are accustomed
 to making. It's an uncomfortable discussion around the table. We know that some people are making less than \$10 and we
 know nothing about the financial position of others. It is quite a power imbalance.

Saint Paul Min. Wage Study Committee Survey 2

Q1. What major questions are in your mind as we continue to discuss St. Paul's future minimum wage ordinance?

Answered 10

Skipped 0

Respondents

Responses

- 1 I appreciate the mayor's perspective and enthusiasm for a \$15 minimum wage, but I wish he would back off a bit and let our committee do its work. He is constantly saying there will be a \$15 minimum wage, with possible carveouts and questions about phase-in, and to me that is putting handcuffs on us to a certain extent. I largely favor a \$15 minimum wage but I'm starting to wonder if the mayor will pay much attention to what we have to say because he seems to largely have made up his mind.
- 2 We need clarification around the word "exemptions," because that suggests to me that certain classes of workers would be "exempt" from an increase in the minimum wage, and I don't favor that. I do believe we need to look at variable minimum wage structures; maybe youth workers, for example, should top out at \$13 instead of \$15?
- 3 What are the goals of this legislation and how can they be measured?
- 4 Are there alternatives to exemptions that could be considered to help our community implement this policy?
- 5 What is the definition of "St Paul Worker" so that this rule can be clearly implemented?
- 6 Will this 15hr really happened
How do we balance the hourly wage worker
- 7 Who doesn't get tips with the workers who do
When are we going to dive into the Phase One Scope Report? Reviewing and strategizing how to answer the questions and concerns raised in the report by the various buisness sectors.
- 8 What are the locations for the facilitated public input sessions?
Details.
- 9 How much?
- 10 Phase-in time?
- Any exemptions?
- Set parameters for small employers vs large employers? (ie., revenue vs head count)
- What do we need to consider to effective implementation?
- 6 Would it be prudent to shape this similar to Minneapolis simply due to logistics?
- 7 How do we dispell the myths that keep employers and some workers scared of increasing the minimum wage. they haven't proven true anywhere
- 8 Potential Impact on non-profits whom perform contracted work for State, Counties and Cities-particularly the impact on a City minimum wage within existing rate payment structures.
- 9 With a tight labor market and growing St. Paul economy, will wages increase to/beyond \$15 as employers compete for the best employees?
How/when to talk about the role that employment training plays in moving people towards a livable wage. How do we resolve the "exceptions" vs "no exceptions" debate. It seems people need to move past the idea of "no exceptions" if we are going to have an honest discussion.

Q2. What perspectives do you want to hear from over the next few weeks?

Answered 10

Skipped 0

Respondents	Responses
1	I have not gone through the big 29-page spreadsheet of what other municipalities have done; if any has a variable minimum wage structure (e.g., \$13 an hour for some jobs, \$14 or \$15 for others), I'd like to hear more from them as to how they arrived at such a structure. Policy economists that could help us think of policies that could help our community pay for this (increase economic activity to pay for higher costs)? <input type="checkbox"/>
2	Labor lawyers to discuss implementation and compliance issues
3	if we're moving in the right direction to make this minimum wage a success
4	Small business owners and govt organizations like rev and sports centers
	I would like to hear from the Restaurant Industry, Home Healthcare, Non Profits that employ persons with disabilities, Non Profits that employ youth workers, low-wage workers, small business and franchise owners. <input type="checkbox"/>
	I would also like to hear from the offices of the Mayor and City Council. We are not starting from the ground-up in regards to hearing perspectives. Those offices have been hearing perspectives for months. It would be helpful to be de-briefed on the input that they have received. <input type="checkbox"/>
	Additionally, I would like to hear the input and perspectives that the Citizens League has received in their Phase One Scoping. <input type="checkbox"/>
5	I know the report summarizes the perspectives, however, I would like to hear more elaboration and detail of that input.
6	I'd like to hear from a City of St. Paul representative who can enlighten the group on the concept of ordinances. Examples, best practices. Could we identify steps in this process to facilitate conformance and ease of implementation for the city?
7	Economic Policy Institute - about research that identifies what the impacts are on the economy when the poorest communities have more money in their pockets. from Restaurant Opportunities Center on their deep research on how tip penalties/credits impact workers and business owners Organizations that provide Home Care, Personal Care Assistance, Consumer Directed Supports, Residential Services, Day Services and
8	Employment Services to people who have disabilities.
9	I'd like to hear from pro/con tip credit/tax sides.
10	I'd like to hear from people who earned a training wage and are now earning a living wage speak to the value of the opportunity to learn while earning. I'd like to hear youth development experts speak to the amount of time it takes teens to learn employment skills.

Q3. What organizations, if any, do you think Citizens League should connect with to bring presenters to the study committee?

Answered 10

Skipped 0

Respondents	Responses
1	I appreciate the Children's Defense League presentation and look forward to the Minneapolis presentation on May 24. Has other research been done, especially regionally (Upper Midwest) on impact of higher minimum wages? If so, let's hear from those people.
2	Not sure about economic policy, but I know this labor lawyer who is supportive of the higher wage but also has been critical of sloppy laws. She has worked with Minneapolis. Her name is Veena Iyer <input type="checkbox"/>
3	Viyer@nilanjohanson.com <input type="checkbox"/> not sure <input type="checkbox"/> Small restaurant owners <input type="checkbox"/> Start up business <input type="checkbox"/>
4	Human service providers <input type="checkbox"/> The organizations that represent both sides of the tip debate. <input type="checkbox"/>
5	The Restaurant Opportunity Center <input type="checkbox"/> The Restaurant Workers of America <input type="checkbox"/>
6	The City of Saint Paul. Walk us through an ordinance, how it passes through the different branches of government, who will be tasked with implementation, what are their concerns? Basics on how this will go forward. <input type="checkbox"/>
7	Economic Policy Institute <input type="checkbox"/> Restaurant Opportunities Center <input type="checkbox"/>
8	MOHR (Mn Organization for Habilitation and Rehabilitation); MnAPSE (Mn Association of People Supporting Employment First; ARRM (Residential service providers for people with disabilities). <input type="checkbox"/>
9	Given statewide tip credit/tax legislation on the table, someone supporting the legislation. <input type="checkbox"/>
10	DEED, HIRED, Goodwill/Easter seals, Summit Academy, Konopka Institute and/or Youth Intervention Program Association <input type="checkbox"/>

Q4. Is there anything else you would like us to know at this time?

Answered 7

Skipped 3

Respondents	Responses
1	No. Have enjoyed the first two meetings. I'm more aware of the private retail business and its needs to implement this policy (thus my interest in the community's ability to increase economic activity); however, I'd be interested in what other groups who get their income from different sources (non-profits for example) would need to implement \$15 per hour.
2	that living in poverty is very hard and u have to work twice as hard to make ends meats pushing yourself beyond the point of no return just to stay above
3	Not that I can think ofe
4	I think it would be helpful to bring in "experts" from certain industries to help explain the operations and economics of their field. If we are to understand how this increase will impact various sectors, it will be helpful to understand the details of how certain industries operate.
5	We owe it to the people that we represent that every detail be studied and discussed on how this ordinance will impact them, positively and negatively. We should really tighten the scope. The question of a minimum wage increase isn't if, it's when. <input type="checkbox"/>
6	Some of the group is still trying to debate the pros and cons of a minimum wage increase, who benefits, etc. That conversation is secondary to the details of this ordinance. <input type="checkbox"/>
7	How much? <input type="checkbox"/>
7	Phase-in time? <input type="checkbox"/>
7	Any exemptions? <input type="checkbox"/>
7	Set parameters for small employers vs large employers? (ie., revenue vs head count). <input type="checkbox"/>
7	What do we need to consider to effective implementation? <input type="checkbox"/>
7	Would it be prudent to shape this similar to Minneapolis simply due to logistics? <input type="checkbox"/>
7	No.

Saint Paul Min. Wage Study Committee Survey 3

Q1. An exemption is a type of job that is NOT included in a minimum wage ordinance. That job has a different, usually lower, minimum wage than other jobs. The following list includes exemptions that appear in other cities' minimum wage ordinances across the country, based on the big spreadsheet you received in May. Which of the following potential exemption categories would you like to learn more about from an expert speaker?

Answer Choices	Responses
Casual babysitters	15.38% 2
Employers Contributing to Worker Medical Benefits Plan	46.15% 6
Executive/Administrative/ Professional ("White Collar") Positions	0.00% 0
Independent Contractors	7.69% 1
Jobs based on Sales Commissions	7.69% 1
Microbusinesses	23.08% 3
Nonprofit Charities	38.46% 5
Taxicab Drivers	7.69% 1
Work-Study/Student Workers	30.77% 4
Workers With Disabilities	84.62% 11
Youth Training Positions	84.62% 11
Youth Workers	61.54% 8
Other (please specify)	15.38% 2
	Answered 13
	Skipped 2

Respondents Other (please specify)

- 1 Right Track participants, staffing agencies
- 2 There are experts at the table to representing many of these issues.

Q2. Changing topics, reactions have been mixed from study committee members regarding whether or not to bring a housing expert to present at one of our meetings. As we come to the end of presentation weeks, would you like to hear from a presenter from the Minnesota Housing Partnership?

Answer Choices	Responses
Yes	28.57% 4
No	71.43% 10

Comments:

5

Answered 14

Skipped 1

Respondents Comments:

- While I realize housing is an issue I think we need to stay focused on this employment/wage issue. I would like to know more about why we have such a significant (25%) failure rate of enforcement of the current laws. That seems a place we could make additional progress
- 1 I would rather use the time to talk about enforcement. I understand the challenges that low-income workers experience in being able to find affordable housing but feel like this speaker would lead to people opening a can of worms that is beyond the scope of our committee.
 - 2 I think this is outside the scope of our charge. It does not have anything to do with wages and what workers get paid.
 - 3 Housing is out of scope for this group and a conversation on the topic isn't a valuable use of our remaining time. Yes, housing is a issue for many people, but so is childcare, healthcare, among other costs.
 - 4 we should hear how employees are impacted based on wages, from 5 experts.

Q3. Changing topics again, your co-chairs have suggested a group outing, such as a happy hour, to get to know each other better. If a happy hour is planned, would you attend?

Answer Choices

Responses

Yes 71.43% 10

No 28.57% 4

Comments:

5

Answered 14

Skipped 1

Respondents Comments:

- 1 assuming that I'm in town
- 2 Depends on date, location etc

- 3 Just too busy right now. I think it's a good idea
- 4 If schedule allows I would definitely attend
- 5 Love the idea - just super busy and putting a lot of time into this already.

Q4. Is there anything else you'd like to share with us at this time?

Answered 4

Skipped 11

Respondents	Responses
1	We should bring in Nate Krantz from 1st Ave to discuss the music industry in St.Paul.The St. Paul Saints as well as a representative from a fast food industry. We should also bring in a representative from the restaurant industry from Seattle . We had person last week who was sent here to represent Seattle's 15 now group.
2	No.
3	Keep us moving forward!
4	When I've encountered community members the efforts of the taskforce-I consistently have to reiterate that our purpose is not to endorse the min. wage ordinance or take positions. We're here to evaluate the parameters of a potential ordinance. I'd like that message to be clarified with the committee as well as any recommendations that we may make.

Saint Paul Min. Wage Study Committee Survey 4

[Note: There was a scoring glitch that prevented reliable use of data in questions 1-5.

Q1. The minimum wage has not kept up with the cost of living.

Answer Choices	Average Number	Total Number	Responses
0 to 5	0.9	18	100.00% 21
			Answered 21
			Skipped 0

Respondents	
1 0	8 2
2 0	9 0
3 0	10 0
4 5	11 0
5 0	12 0
6 4	13 0
7 5	14 2
	15 0
	16 0
	17 0
	18 0
	19 0
	20 0
	21 0

Q2. According to a Met Council report, in 2011-2015, the City of St. Paul had one of the highest shares of residents in poverty at 40.8% when using income less than 185% of the federal poverty threshold. It is 22.3% when using income less than 100% of the federal poverty threshold. (The 185% definition is believed to capture more of the working poor and those who are eligible for certain government programs than the 100% definition does.)

Answer Choices	Average Number	Total Number	Responses
0 to 5	1.1	24	100.00% 21
			Answered 21
			Skipped 0

Respondents	
1 0	8 2
2 0	9 5
3 0	10 0
4 5	11 0
5 0	12 0
6 3	13 0
7 5	14 1
	15 0
	16 0
	17 0
	18 1
	19 0
	20 2
	21 0

Q3. An increase in the minimum wage is a step to addressing poverty in the Saint Paul. The City of Saint Paul must also examine other policies (i.e., housing, transportation, childcare, and career development pipelines, etc.) to provide meaningful, enduring relief for families living in poverty.

Answer Choices	Average Number	Total Number	Responses
0 to 5	0.9	18	100.00% 21
			Answered 21
			Skipped 0

Respondents			
1	0	8	3
2	1	9	2
3	0	10	0
4	5	11	0
5	0	12	0
6	1	13	0
7	5	14	1
			15
			16
			17
			18
			19
			20
			21

Q4. An increase in the minimum wage affects businesses/organizations differently based on their size, industry, and respective business model.

Answer Choices	Average Number	Total Number	Responses
0 to 5	0.5	10	100.00% 21
			Answered 21
			Skipped 0

Respondents			
1	0	8	0
2	0	9	0
3	0	10	0
4	5	11	0
5	2	12	0
6	1	13	1
7	0	14	0
			15
			16
			17
			18
			19
			20
			21

Q5. Implementation (including community education/outreach) and enforcement efforts are critical to the viability of and adherence to a new minimum wage ordinance.

Answer Choices	Average Number	Total Number	Responses
0 to 5	0.6	12	100.00% 21
			Answered 21
			Skipped 0

Respondents	Responses
1 0	8 2
2 1	9 0
3 0	10 1
4 5	11 0
5 0	12 0
6 3	13 0
7 0	14 0
	15 0
	16 0
	17 0
	18 0
	19 0
	20 0
	21 0

Q6. Are there any common ground statements you would add?

Answered 9

Skipped 12

Respondents Responses

1 Housing is a significant issue affecting our minimum wage conversations. The housing wage far exceeds the minimum wage in St. Paul and the number of households who are vulnerable due to the cost of housing is _____ and increasing every year.

Increasing the minimum wage directly promotes the health, safety, and welfare of those who work within the city's borders.

Rising inflation and a changing economy have vastly eroded the value of the minimum wage at the federal and state level and have pushed more Saint Paul families to the brink of economic collapse. A full-time worker earning the state-mandated minimum wage of nine dollars and fifty cents (\$9.65) per hour for large employers would make an annual salary that is approximately five thousand dollars (\$5,000.00) below the poverty level for a family of four (4). A minimum wage of twelve dollars (\$12.00) per hour in Saint Paul today would be comparable to the federal minimum wage paid in the late 1960s.

An increase in the minimum wage to fifteen dollars (\$15.00) per hour would impact many of the low wage workers in the city, particularly low wage workers of color who would disproportionately benefit. INSERT percentage of Latino workers and INSERT percentage of black workers in the city would benefit from an increase to fifteen dollars (\$15.00) per hour.

3 Everyone deserves a fair wage

- I wish there was an option below strongly do not support for 1, 2, and 3. I don't want any part of them. Common ground statements need to be broader.
- 4 and 5 are far consistent with common ground statements I could support.
- Upward income mobility and poverty reduction are shared values.
- Poverty reduction requires a holistic set of solutions.
- 4 The outcome of the ordinance can not be predicted. Operate in terms of probabilities, not assurances.
- #4 businesses have very different plans to succeed.(business plans) Many businesses in the same industry have very different approaches . Example the restaurant industry. You have full service, counter service , point of sale (computers) coffee shops and fast and causal concepts . Service people in all these concepts make their living differently . So as a group is it our responsibility to change a industry.
- 5
- 6 The voices of those directly impacted by an ordinance change should be given more weight and consideration before any changes are made.
- The current low wage model is prevalent in the entire community and thus changes to it will affect many if not all areas of the society (business, employment, consumption, social services, government services, etc).
- 7
- 8 The goal of a minimum wage increase is to increase the overall wellness and earnings of workers.
- 9 Greater emphasis must be placed on enforcement of current wage laws

Q7. Would you fine tune the language of any of the statements above to support them more strongly? If yes, use the box below.

Answered 7

Skipped 14

Respondents	Responses
1	We had substantial research showing how increasing the minimum wage would disproportionately impact people of color, especially women of color. Adding that information would certainly strengthen the statements above.

- I strongly disagree with statements 1, 2, 3. As a member of this study committee, using these statements would be a mistake and inconsistent with the beliefs of other members of this committee. □
- #1 The point of the minimum wage isn't to keep up with the cost of living. To assert that the minimum wage hasn't kept up with the cost of living indicates that it should, which is a radical departure from the intended purpose of the minimum wage. I have no idea how this could be a common ground statement. □
- #2 The 40% figure of people in poverty is a poorly constructed metric to evaluate poverty. □
- Serious anti-poverty advocates don't reference that statistic because it is flawed, based on hyperbole and doesn't capture the nuance of transitional versus chronic poverty. □
- Here is a serious, thoughtful report commissioned from the St. Paul City Council. Read this and then tell me that the 40% figure is the statistic we should use to assess poverty in St. Paul. □
<https://www.stpaul.gov/departments/city-council/reports-city-council/legislative-advisory-committee-poverty> □
- Or check out the census study, MN Compass, or literally any other credible source on data or poverty reduction and not a single one uses the 40% statistic. □
- Pulling a random stat, from a met council study, that uses data only up to 2015, entirely inconsistent with qualified opinions is an approach I can't support. Also, poverty rates aren't measured by the number of people who may access public benefits. To me, that shows we may have to seriously reassess how we allocated public benefits (ie, expand EITC versus concentration benefits for people out of the workforce). □
- #3 If we've learned anything from our research is that no one can predict the outcome of a minimum wage increase. To assert that this is a step towards poverty reduction is incorrect. We need to operate in terms of probabilities not assurances, particularly because poverty reduction is awfully complex. Yes, some people may benefit from a wage increase, but the unintended consequences for critical groups, such as people with disabilities makes any blanket poverty reduction statements harmful and incomplete. □
- Lastly, we have more people who live in St. Paul that are out of the workforce than we do who live and work in St. Paul. Our understanding of poverty needs to reflect the tens of thousands of people who have no income at all.
- 2
- For number 3: I suggest adding the phrase to the first sentence; in collaboration with Ramsey County, Marnet Council, State of Minnesota and the Business community
- 3
- #2 isn't accurate. It's someone's interpretation of data which I believe is flawed .
- 4
5. Implementation (focused heavily on community education/outreach) and enforcement efforts are critical to the viability of and adherence to a new minimum wage ordinance.
- 5
- I would like to see language included in #5 indicating that mechanisms must be in place to hold the city accountable for enforcing policy and for responding to unintended consequences of minimum wage policy it enacts.
- 6
- #3 s/b e.g. rather than i.e.#5 Pre-implementation planning,
- 7

Q8. Scenario 1

Answer Choices	Responses
Your support level (strongly support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21

Answered 21
Skipped 0

Scenario 1

<p style="text-align: center;">Wage</p> <ul style="list-style-type: none"> • \$15 • State min. for tipped employees at full service restaurants • Indexed to Inflation 	<p style="text-align: center;">Exemptions</p> <p>None. Expand def. of employees in Mpls ordinance to include those who are disabled and receiving services under Minnesota Statutes, Section 252.41 and regulated under Minnesota Statutes 245D.03 (c) (4)(5)(6) and (7).</p>	<p style="text-align: center;">1. Strongly Support</p> <p style="text-align: center;">24%</p>
<p style="text-align: center;">Tips</p> <p style="text-align: center;">No tip credit</p>	<p style="text-align: center;">Phase In</p> <p>Large Businesses, 6 years (100+ employees) Small Businesses, 8 years (Fewer than 100 employees)</p>	<p style="text-align: center;">2. Somewhat Support</p> <p style="text-align: center;">19%</p>
<p>Additional considerations</p> <ul style="list-style-type: none"> • Phase in should not include more than 1 wage increase per year. • Employment in St. Paul-An employee who is typically based outside of St. Paul and performs work in the city at least 21 hours per week for more than twelve weeks in a calendar year is covered by the statute for the remainder of that calendar year. • Financing Technical Assistance and Enforcement- The City should consider levying a specific tax on all restaurants, bars and hotels to finance the its costs for technical assistance and enforcement. 		<p style="text-align: center;">3. Somewhat Don't Support</p> <p style="text-align: center;">19%</p>
<p>Additional considerations</p> <ul style="list-style-type: none"> • Phase in should not include more than 1 wage increase per year. • Employment in St. Paul-An employee who is typically based outside of St. Paul and performs work in the city at least 21 hours per week for more than twelve weeks in a calendar year is covered by the statute for the remainder of that calendar year. • Financing Technical Assistance and Enforcement- The City should consider levying a specific tax on all restaurants, bars and hotels to finance the its costs for technical assistance and enforcement. 		<p style="text-align: center;">4. Strongly Don't Support</p> <p style="text-align: center;">38%</p>

Respondents

- 1 strongly don't supp Mpls for simplicity.
- 2 Strongly don't suprt a minimum wage of \$15 Because disabled workers have to work and its not really a chose because they have to be
- 3 Somewhat Don't I agree with 3 of the 4. DO not agree with the lev
- 4 somewhat support I agree with 3 of the 4. DO not agree with the lev

Why did you change in order to support this scenario?

- 1 is even worse for workers than a tip penalty. the phase in is too long and should be closer to match Mpls starting first increase in July 2019.
- 2 Increase the time frame for small business.
- 3 Have everyone at 15 as soon as its passed
- 4 Definition of small business: Fewer than 100 employees or receive at least 50% of their funding

and the general phase in definitions of large and small but favor FTEs as the defining criteria not just numbers.

employees remain at state minimum wage is just a sneaky way to enact a tip penalty. I agree

with the no exemptions and the phase in is fine

5 somewhat support

6 Strongly Don't Support
Somewhat/Strongly

7 I don't support

8 strongly don't support

different rates, slow phase in time
Oppose state minimum wage at full service

restaurants - tipped workers should be paid \$15

in time is acceptable I also like the idea of full

service restaurants being paid state min. I also

like the idea of one increase per year

I don't support a no exemptions approach. The

idea that we should burden employers with a tax

people with disabilities, who need it the most; it

preserves income for wait staff at full service

restaurants while ensuring other employees

receive a wage increase

11 strongly support

- I like all of these suggestions. It could work for

no exemptions given the longer phase-in

proposed. I'd be willing to agree to no tip credit

if the full-service restaurants can stay at state

minimum wage.

Tips and phase in

does not include a tip credit, however, keeping

employees at state min. will minimize labor cost

increase for restaurants, preserving tip culture.

No youth training wage

It closely resembles mpls ordinance

workers, 6/8 years is too long. Need info on

disabled workers

exemptions needs clarity, phase in schedule

phase in too long.

its pretty straightforward, a clear implementation plan

is unfair to tipped workers.

21 Strongly don't support

I am curious about the tip solution of state minimum wage. I wonder if that could work or if that is another level of complexity we can't support.

Make 15 the wage for everyone. NO DIFFERENCES for tipped employees.

same rate for all employees, consideration for program participants, faster phase-in time for sir

Full tip credit as a exemption also the need for a exemption for youth and training wage

exemptions, phase-in, remove tax idea

nothing

be able to adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Exemptions: also should include: 1) college work programs; 2) 6-mth

training wage for companies who bring in the unskilled (youth or adults) and train them to be

ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above

the City (these are negotiated at federal level and should be acknowledged as such). Phase-

in: Should count FTEs rather than head count; would protect companies from penalty should

more workers have to/choose to go part time (avoid benefits cliff or avoid getting laid off

altogether). The carrying costs of a part-time employee are very similar to those for a full-time

employee. Phase-in also should consider longer phase-in for companies receiving a majority

Clarify meaning of top right box. Too complex. Full serve.

the addition of a tip credit for full-service restaurants only with a opt-in model for a

probationary period, City reevaluates tip credit. Employers using tip credit follows large

business phase in.

Include a youth training wage exemption

Make it more similar to Mpls. Not sure we should have a different definition of employee than n

Drop restaurant provision, shorten phase-in, provide info on disabled workers

same 7 years for all groups; add work study to exemption

remove tip credit, reduce phase in time

Assuming the disability question raised yesterday has been addressed I support this

\$15 min wage for tipped workers.

Q9. Scenario 2

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 2

Wage \$15 Tied to same inflation rate as Mpls	Exemptions Coordinate with Mpls ordinance
Tips No tip credit	Phase In Catch up with Mpls Support small businesses

Additional considerations

- The more the St Paul Ordinance follows the Minneapolis one the better for simplicity within the Metro region.
- Include language on joint liability.
- Community/leadership of St.P. needs to know:
 - Businesses providing a social service such as Cookie Cart may not be able to serve as many without additional funds
 - Small businesses that cannot spread their costs out across areas outside of St Paul will have to charge more. The community needs to support this value intentionally with their wallet
 - Restaurants (among other businesses) will need to change their model to operate in the new environment. This will mean assistance community support.

1. Strongly Support 38%	2. Somewhat Support 19%	3. Somewhat Don't Support 10%	4. Strongly Don't Support 33%
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Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly support	
2	Somewhat don't support	
3	Strongly Support	
4	somewhat support	
5	somewhat support	
6	Strongly Support.	
7	Somewhat support	

- 8 strongly support or youth or training wage. The phase in period is totally unacceptable . The city will not and cannot provide social services to any business . Unfeasible . Again it is not our responsibility to change a person or business plan . We are not here to philosophically change a business The basic parameters are there, but lacking Expand and alter the exemptions and phase in segments.
- 9 strongly don't support totally disagree w everything
- 10 somewhat don't support The notion that we have to catch-up to it is the Mpls statute; No tip credit; timeline won't work for st. paul
- 11 strongly don't support needs complete revamp
like: 1) the assumption that coordinating with Minneapolis should be a driver. Both the Mayor and City Council have made it very clear that this should not be a consideration. They have said we must "make this our own." 2) this scenario offers no considerations for the business sectors, for-profit and non-profit, employers and employees alike, who are specifically impacted by and insightful about their own businesses, and how they could adjust - this is not a scenario I would want to work to change. I'd rather focus on others.
- 12 strongly don't support huge issue and will lead to job cuts. Mpls youth training provision too short.
- 13 Strongly dont Who's going to support business and how?
The addition of a tip credit for full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities. The addition of a ST. Paul specific phase in.
- 14 strongly don't support that in it's ordinance.
- 15 Somewhat Support Mpls exemptions require tweaking per committee member recommendations
- 16 Strong support I really like the idea if no exemptions
- 17 strongly support Nothing
- 18 somewhat support I support the Minneapolis ordinance extend phase in, add student workers at colleges to exemption
- 19 strongly support few exemptions and shorter implementation time I already would support this.
- 20 somewhat support consistency with the Mpls ordinances will probab double check the disability question raised yesterday
- 21 Strongly Support It is fair and in sync with Mpls N/A

Q10. Scenario 3

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 3

<p>Wage \$15 Indexed to Inflation</p>	<p>Exemptions No exemptions</p>	<p>1. Strongly Support 38%</p>
<p>Tips No tip credit</p>	<p>Phase In Catch up to Mpls or 5 years for small businesses 7 years for large businesses</p>	<p>2. Somewhat Support 14%</p>
<p>Additional considerations</p> <ul style="list-style-type: none"> Index to inflation so we don't have to go through this again. The more business classifications we have, the more complicated it gets. Simplicity is key. 		<p>3. Somewhat Don't Support 10%</p>
<p>Additional considerations</p> <ul style="list-style-type: none"> Index to inflation so we don't have to go through this again. The more business classifications we have, the more complicated it gets. Simplicity is key. 		<p>4. Strongly Don't Support 38%</p>

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly agree	don't care for the 5 yr 7 yr
2	strongly support	na
3	Strongly Support	Nothing
4	strongly dont supp	It's too simple to fit all needs
5	somewhat support	business consideration
6	Strongly Support.	N/A
7	Somewhat	Consideration for program participants
8	strongly support	-
9	Strongly don't suppr	Everything unacceptable
10	strongly don't suppr	Exemptions, additional details
11	strongly don't suppr	add exemptions, tip credit, change timeline

Q11. Scenario 4

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21

Answered 21
Skipped 0

Scenario 4

Wage	Exemptions		
\$15 Index to Inflation	1. City-approved youth and apprenticeship programs 2. People with disabilities in MN DEED program		1. Strongly Support 29%
Tips	Phase In Small Businesses July 1, 2020 (10.00) July 1, 2021 (10.50) July 1, 2022 (11.25) July 1, 2023 (12.00) July 1, 2024 (12.75) July 1, 2025 (13.75) July 1, 2026 (15.00) Large Businesses Size based on headcount, not revenue. Align with Mpls (100).		2. Somewhat Support 38%
No tip credit	Additional considerations <ul style="list-style-type: none"> Many employers/employees don't know what inflation means. Outreach and education will have to include coverage to this concept. A lengthy implementation at a slower rate of wage increase is prudent due to the complexity of this issue (reimbursement rates, general outreach, providing employers time to figure out how they'll manage an increase in labor costs, etc). Allocate overwhelming resources and strategy towards education, outreach. Have the same date of implementation as Minneapolis (July 1). Set first increase for January 1, 2020, not 2019. 		3. Somewhat Don't Support 10%
			4. Strongly Don't Support 24%

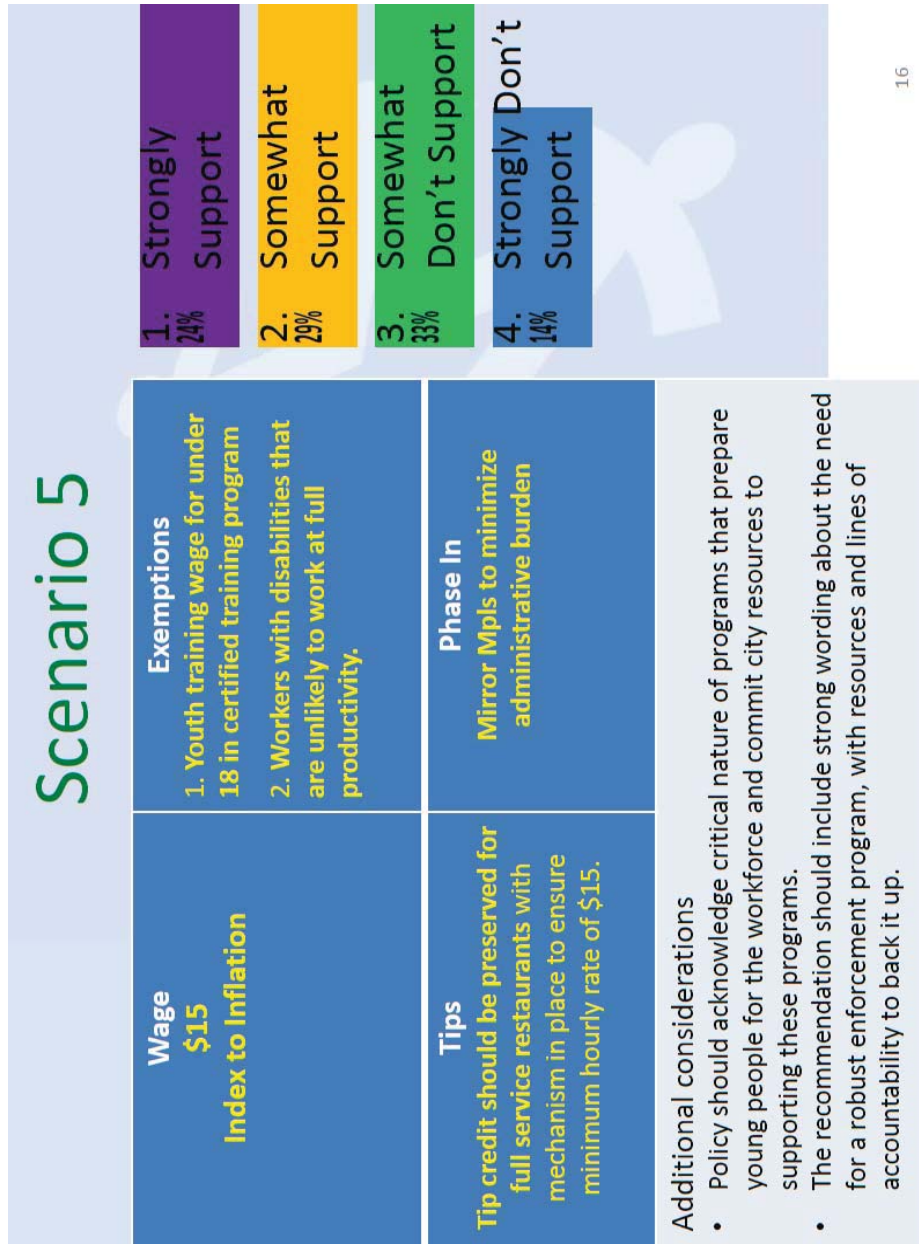
Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	somewhat support 15 index, no tip penalty, I think these exemptions the phase in is too long and starts too late	
2	Somewhat support the impact in my business A slower implementation where I can manage	
3	Somewhat Don't They want to have programs that have youth getting paid at training when they are learning I like the phase in time and implementation start date. I also like the exemptions and the allocation of additional resources to outreach simplicity, good coverage on exemption and phase	
4	strongly support I like the phase in time and implementation start date. I also like the exemptions and the allocation of additional resources to outreach	
5	strongly support simplicity, good coverage on exemption and phase	

Include the same Mpls language where medicaid funded companies are included in the small business implementation phase in schedule

- I agree with the first three boxes for the most part - I feel comfortable with compromising with those exemptions because though I may not ideally want them I can understand their need.
- 6 Somewhat Support ideally want them I can understand their need.
- 7 Somewhat too slow implementation
- 8 somewhat support - I like the idea of exemptions . Youth and
- 9 Somewhat support disabilities exemption and I could live w the
- 10 strongly support I wrote this use of mpls language for exemptions affecting
- 11 somewhat don't su people with disabilities; no tip credit
- I agree with this scenario's attempt to consider training/apprenticeships as well as the disabled. I also agree that a longer phase-in, adjustments only once/year, is prudent. The City is preparing for 2020 at earliest. I also agree that this scenario proposes the emphasis on education
- 12 somewhat don't su and outreach.
- 13 Strongly, strongly sBalanced, thoughtful.
- 14 strongly don't supp The absence of a tip credit Would strongly support with expanded definition of disability exemptions
- 15 Support Looks like mine but with a more drawn out phase in seems long, esp for large business. Want to consider an increase before July 1, 2020. Also think wage steps should mirror Mpls. like wage, tip and exemptions (with a few additions) phase in too complicated
- 16 Strong support
- 17 somewhat support few exemptions, same 5/7 year phase in as Mpls bring phase in up 1 year to start in July 1, 2019 expansion of the disability exemption
- 18 somewhat support expand the program's access
- 19 strongly dont supp expand the program's access
- 20 Somewhat Support Slow implementation
- 21 Quicker implementation
- I feel that phase in is overly long. By 2026 \$15 will be irrelevant - if this phase in is ideal for some reason then we should make the increases a little larger and push the wage up to \$20. change phase-in questions about phase in times and exemptions
- Tip credit for full service restaurant
- The current exemptions for people with disabilities is too narrow. Bob should be a valued voice on this topic. I'd also correct the line, "set increase to January 2020" it should read July 2020. You could make a case to align the larger employers with Minneapolis.
- include language from Scenario 1 for exemptions for people with disabilities, add tip credit - wages. Through 2020, City should have the ability to evaluate existing ordinances and be able to adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Tip Credit: full service restaurateurs should be allowed to provide a tip credit – perhaps an opt-in, perhaps a Super-wage to protect servers from any downside risk. Exemptions: also should include: 1) college work programs; 2) 6-mth training wage for companies who bring in the unskilled (youth or adults) and train them to be ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above the City (these are negotiated at federal level and should be acknowledged as such); 5) If HQ elsewhere and work in the city 21+hrs/week x12 weeks, THEN covered. Phase-in: Should count FTEs rather than head count; would protect companies from penalty should more workers have to/choose to go part time (avoid benefits cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very similar to those for a full-time employee. Phase-in also should consider longer phase-in for companies receiving a majority of their revenue from state/federal sources. Finally, how do we address the micro, family-owned business to Nothing. This is my preferred scenario
- probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities.
- Expand disability exemptions to Bob/Rebecca's recommendation I like a quicker phase in but can negotiate about a longer one.
- Refine phase-in and steps
- add non profit exemptions plus phase in 7 yrs small and large

Q12. Scenario 5

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0



Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	stronger don't support	get rid of tip penalty and the exemptions
2	Somewhat support I feel the exemptions are fair for this scenario	na
3	Strongly Don't Training wage	Take away the training wage and tip credit
4	somewhat support It's too fast to try to catch up to Mpls for the	The phase in start date and to include medicaid funded companies in the small business
5	somewhat support I don't think we can catch Mpls as much as that	of workers.

- way to enforce a sub-minimum wage in only 'full service' restaurants. How do we judge what is full service and what is not? Where is the line drawn between full service, partial service and counter service? Wouldn't a lot of businesses try and make themselves seem like 'full service' in order to pay a sub-minimum wage when in reality the employees are not making up for that Don't Sup sub wage in tips? This policy to me just Support one wage for all employees
- 6 Strongly Don't Supp do not support any tip credit
- 7 Somewhat the three things that I believe in are covered .
- 8 strongly don't sup do not support any tip credit
- 9 Strongly support !! Youth and training wages . People w disabilities I'm not sure what they meant in the tip credit section. The right side segments are incomplete and I don't think it is prudent nor necessary to include general language on expanding
- 10 strongly don't supp and I don't think it is prudent nor necessary to include general language on expanding
- 11 somewhat support exemptions for people with disabilities; includes - I agree with this scenario s approach to tips and exemptions. I would recommend moving the phase-in time to 2020 because the City is not prepared to start this work in 2019; 2020 at earliest. Both the Mayor and City Council have made it very clear that mirroring Minneapolis should not be a consideration. And the smallest companies, most vulnerable to negative consequences of this ordinance, typically are not those with multiple locations for whom minimizing this administrative burden is a consideration.
- 12 somewhat support consideration.
- 13 Strongly dont Bottom set of boxes vis a vis Scenario 4
- I liked inclusion of a tip credit for full service only. Exemptions for persons with disabilities. The youth training wage for certified programs. I wrote it
- 14 strongly support Just don't like a tip credit
- 15 Strongly support Oppose tip credit. Need more info on disabled workers. Phase in is negotiable.
- 16 Don't support simple, includes enforcement, dovetails with
- 17 strongly don't supp simple, includes enforcement, dovetails with
- 18 somewhat dont suj tip credit, phase in too short
- 19 somewhat don't su tip credit leaves so much room for loopholes
- 20 strongly support simple, includes enforcement, dovetails with
- 21 Strongly don't suppr Appears to include a tip penalty

No tip penalty!

no tip credit/penalty

- Phase in time needs to be worked in slowly and connected to the specific need of the small businesses in St. Paul. WE are not the same city as Mpls

adjust phase-in details, clarify tip aspect

more specifics on exemptions for people with disabilities; change the timeline - wages. through indexex, City should have the ability to evaluate economic conditions and be able to adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Exemptions: also should include: 1) college work programs; 2) 6-mth training wage for companies who bring in the unskilled (youth or adults) and train them to be ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above the City (these are negotiated at federal level and should be acknowledged as such); 5) If HQ elsewhere and work in the city 21+hrs/week x12 weeks, THEN covered.. Phase-in: Should count FTEs rather than head count; would protect companies from penalty should more workers have to/choose to go part time (avoid benefits cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very similar to those for a full-time employee. Phase-in also should consider longer phase-in for companies receiving a majority of their revenue from state/federal sources. Finally, how do we address the micro, family-owned

Move to scenario 4

To make this scenario more palatable, Expand the tip credit: full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in.

NA

Tip credit

Remove tip credit. Clarify disabled and phase-in.

add non profit exemptions plus phase in 7 yrs small and large

remove tip credit

perhaps more exemptions scenario 15 seems to have a good list

Eliminate tip penalty

Q13. Scenario 6

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 6

Wage \$15 Index to inflation using well-known visible benchmark, not human intervention.	Exemptions 1. Qualified youth training programs for under 18 up to 24 mos. 2. Workers with disabilities that are unlikely to work at full productivity.
Tips Tip credit	Phase In <ul style="list-style-type: none"> 5 years (100 employees+). 7 years (Fewer than 100 or firms receiving more than XX% of total revenue from state and/or federal government sources.
Additional considerations <ul style="list-style-type: none"> Our poverty issue is way bigger than the minimum wage Recognition of winners and losers Recognition that studies are inconclusive. This may end up not helping those it means to help. Focus on difficulty and taxpayer cost of enforcement 	



Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly disagree	take out tip penalty and narrow the exemptions and quicker phase in
2	Strongly support	na
3	Strongly Don't	No training wage
4	strongly support	exempt micro businesses and put medicaid funded businesses on the small business phase in schedule
5	somewhat support	I am not convinced we need a tip credit
6	Strongly Don't	No tip penalty. No exemptions.
7	Somewhat don't/st	One wage for all employees and faster phase-in
8	strongly don't supp	do not support any tip credit and concerns about -
9	somewhat support	Again Youth programs and people w disabilities confusing to some small business .
10	strongly don't supp	Tip credit; lacking specifics on disabilities, tip credit; additional details on exemptions and phase-in

- 11 somewhat support government support of persons with disabilities; language on protections for agencies that receive
- 12 strongly support - I agree with this scenario's approach to all four areas of consideration.
- 13 Strongly support. Three boxes other than tip credit. and exemptions for persons with disabilities. The really like the small employer phase with the inclusion of firms receiving federal or state funding. Exemptions are appropriate Mirrors mpl support broad exemption for disabled workers. Don't support separate treatment of employers like wage, tip and exemption; would add student work study as apart of financial aid to exemption 24 months is too long. nobody needs to be in a training program for 2 years to learn how to strongly don't support work.
- 20 somewhat support it covers the bases generally
- 21 Strongly don't support Tip penalty

more specifics on exemptions for people with disabilities be able to adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Exemptions: also should include: 1) college work programs; 2) 6-mth training wage for ALL companies who bring in the unskilled (youth AND adults) and train them to be ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above the City (these are negotiated at federal level and should be acknowledged as such); 5) If HQ elsewhere and work in the city 21+hrs/week x12 weeks, THEN covered. Phase-in: Should count FTEs rather than head count; would protect companies from penalty should more workers have to/choose to go part time (avoid benefits cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very similar to those for a full-time employee. Finally, how do we address the micro, family-owned business to protect them? Change tip credit.

Expand the tip credit: full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in.

NA

Make it clear that St. Paul will use same inflation number as mpl

Remove tip credit, shorten training period, narrow definition of disabled workers, & remove separate treatment of funding source

add non profit exemptions plus phase in 7 yrs small and large

remove tip credit, reduce youth training program length
eliminate the first two bullets under considerations, they seem editorial com
Eliminate tip penalty

Q14. Scenario 7

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21

Answered 21
Skipped 0

Scenario 7

<p style="text-align: center;">Wage \$15 Index to Inflation</p>	<p style="text-align: center;">Exemptions No exemptions</p>	<p style="text-align: center;">1. Strongly Support 43%</p> <p style="text-align: center;">2. Somewhat Support 5%</p> <p style="text-align: center;">3. Somewhat Don't Support 14%</p> <p style="text-align: center;">4. Strongly Don't Support 38%</p>
<p style="text-align: center;">Tips No tip credit</p>	<p style="text-align: center;">Phase In</p> <p style="text-align: center;">Match Mpls for simplicity:</p> <ul style="list-style-type: none"> Large businesses by 2022 Small businesses by 2024 Same phase in schedule as Mpls 	

Additional considerations

- Ensure adequate support for small bus. to make this change. Requires outreach/education & technical assistance. Should come from existing departments/budgets to support business, making sure to prioritize small businesses in this area.
- Strong outreach & education to workers must be priority & must be budgeted for. Outreach should be done through community contracts to orgs that already have relationships in the community w/most vulnerable populations that are the most likely to have their rights violated & the least likely to report to a city agency.
- Enforcement on the back end must also be strong. Includes more funding for investigators, proactive strategic investigations - not just complaint based, stronger fines/penalties for repeat violators, & aggressive enforcement against retaliation

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly support I wrote it so I like everything!	
2	strongly support make the transition we are able to make a change	na
3	Somewhat Support No tip credit	Nothing
4	strongly don't support the phase in period is too fast and there are no	include the exemptions mentioned in the other scenarios
5	somewhat support I think phase in times need to be a little longer	consider micro businesses
6	Strongly Support. would like to see a faster phase in but I can deal with this or with longer phase in, maybe	N/A
7	Somewhat Support. consider a wage higher than 15?	considerations for program participants
8	strongly support	

community . Enforcement and social services .
 Who pays for these ? tax payers that live in the
 city. So now pass on the responsibility of paying
 for this to the tax payers . Not acceptable to a

9 Strongly don't support tax paying citizen

10 strongly don't support no exemptions, phase-in tied to mpls, lacking

11 strongly don't support ordinance

- The Mayor and City Council have indicated
 that matching Minneapolis for simplicity is not a
 priority, nor is it expected. And the smallest
 companies, most vulnerable to negative
 consequences of this ordinance, typically are
 not those with multiple locations for whom
 minimizing this administrative burden is a
 consideration. Regarding timing, the City is not
 prepared with any 2019 funding. An
 investigative team will be over \$2 million

annually to staff; City's Parks Dept alone, just
 for youth wage increases, will be dealing with
 more than a \$2 million budget line item. The City
 needs the time necessary to prepare – and they
 are working on it. Also, it is not feasible on the
 one hand to rush the phase-in and allow for no
 exemptions while simultaneously requesting
 adequate support for small business. On a
 timeline that has not yet been budgeted for.

12 strongly don't support These two are not compatible, particularly in a

13 Strongly don't Phase in is too short. Seems to be ignoring
 and exemptions for persons with disabilities.

14 strongly don't support This scenario is the same as Minneapolis. St.
 Paul's economy is different, and should reflect
 that in it's ordinance.

15 Don't support I can not support any policy with "no

16 Strong support It's what I really feel is the right way to go

17 strongly support I support the Minneapolis ordinance

18 somewhat do not slack of exemptions, phase in too short

19 strongly support no exemptions, faster phase in

20 strongly support covers the bases and doesn't seem to have

21 Somewhat support Phase-in

Everything

Adjust phase-in details, needs exemptions

add exemptions, tip credit and change timelines

- this is not a scenario I would want to work to change. I'd rather focus on others.

Longer phase ins. Youth and disabled exemptions.

The addition of a tip credit for full-service restaurants only with an opt-in model for a
 probationary period, City reevaluates tip credit. Employers using tip credit follows large
 business phase in. The addition of a youth training wage and exemptions for persons with
 disabilities. The addition of a ST. Paul specific phase in.

Exemptions for youth and disabled

Am will to look at exemptions that mpls considered

Nothing

add non profit exemptions plus phase in 7 yrs small and large

In order for the rest of the committee to support this I think at minimum the disability program
 workers should be exempted. I am on the fence about the youth training workers. I would
 probably prefer they not be exempted but I don't feel strongly about it.

nothing

Faster phase-in

Q15. Scenario 8

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21

Answered 21
Skipped 0

Scenario 8

Wage \$20 Index to Inflation	Exemptions No exemptions
Tips No tip credit	Phase In Slightly faster phase in than Mpls so they reach \$15 at the same time.

Additional considerations

- There should be an ordinance similar to what's used in Santa Monica about service charges so that owners remain above board should they replace tips.
https://drive.google.com/file/d/1_VRo9JPC-4cl-ZDAsAAXo9ETUYUEKWZE_/view

1. **Strongly Support**
29%
2. **Somewhat Support**
24%
3. **Somewhat Don't Support**
0%
4. **Strongly Don't Support**
48%

Respondents: Why did you feel that way? What would you change in order to support this scenario?

1	strongly support	no tip penalty, no exemptions, and its better for workers in the other categories.	though really at the end of the day I know that \$20 is not politically feasible.
2	strongly don't supp	business cost to be able to minimize the impact in our	na
3	Strongly Support	Phase in with minneapolis would be good	Nothing
4	strongly don't supp	I don't agree with the wage amount and the	Nothing because the cost of living is much higher than St. Paul
5	strongly don't supp	we need some exemptions	I like aspiring to \$20 as a base wage but can't see the path way for small businesses to really get there especially not faster on the phase in.
6	Strongly Support.	This is perfect.	N/A
7	Somewhat support	consideraton for program participants	consideratons for program participants
8	somewhat support	Santa Monica?	-
9	Strongly disagree	Kill the business community . No businesses	everything
10	strongly don't supp	The amount, no exemptions, etc	Everything
11	strongly don't supp	\$20 per hour; mpls ordinance	change wage to 15, add exemptions, tip credit and change timelines

- I disagree with this scenario's approach to all four areas of consideration.
- this is not a scenario I would want to work to change. I'd rather focus on others.
- 12 Strongly don't support
Strongly strongly
- 13 dont support
No comment
This scenario will destroy small business and the restaurant industry. The absence of a tip credit, youth training wage, and exemptions for youth and disabled I can not support any policy with "no tip credit" I like the ideal of this one. \$20 is a living wage
- 14 Strongly don't support
Strongly strongly
- 15 Don't support
Strongly strongly
- 16 Strong support
Strongly strongly
- 17 somewhat support
Strongly strongly
- 18 somewhat don't support
No exemptions; too fast
- 19 strongly support
Strongly strongly
- 20 dont support
Strongly strongly
- 21 Somewhat support
Strongly strongly
- I think I prefer this to even my own scenario but I don't think a \$20 wage is a realistic number. move it to \$15- I am not arguing that propobably \$15 isn't enough but its a beginning place
Slower phase in
- Everything
- Everything. I feel that could never support this scenario
Exemptions for youth and disabled
More language about how to get the community on board with such a move forward
Make it more like Minneapolis
add non profit exemptions plus phase in 7 yrs small and large

Q16. Scenario 9

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 9

Wage \$15 Index to Inflation	Exemptions 1. Interns 2. Apprentices	1. Strongly Support 19%
Tips No tip credit	Phase In 3-4 years maximum phase in – consistent date for all, January 1 of each year	2. Somewhat Support 19%
Additional considerations <ul style="list-style-type: none"> How do we address franchisee business? Do franchises like fast food places like Wendy's and McDonald provide any kind of benefit package? I think we must make some kind of strong recommendation about enforcement and the ramifications of non-compliance. 		3. Somewhat Don't Support 14%
		4. Strongly Don't Support 48%

Respondents	Why did you feel that way?
1	somewhat don't support
2	strongly support
3	Strongly Don't
4	strongly don't support
5	somewhat support
6	Strongly Support.
7	Somewhat/Strongly don't support
8	somewhat support
9	Strongly disagree

Respondents	What would you change in order to support this scenario?
1	15 index, no tip penalty, I can't tell how big of exemptions the interns and apprentices is so their is time to implement the phase Training programs for interns
2	their is time to implement the phase Training programs for interns
3	Training programs for interns
4	I do not like the 2 exemptions and the phase in wage and tips. seem right
5	would need to understand box 2 better/would need further definition or explanation or language around what 'intern or apprentice' applies to.
6	Strongly Support. consideration for program participants ONLY, not interns or apprentices
7	Strongly Support. consideration for program participants ONLY, not interns or apprentices
8	somewhat support questions about exemptions and phase in
9	Strongly disagree Nothing I could support. Sounds good if you are Everything

- 10 strongly don't supp Jan 1 doesn't make any sense, lacking specifics July 1 date
- 11 strongly don't supp disabilities, timeline
 no tip credit; exemptions exclude people with
 - I agree with this scenario's approach to interns and apprentices. Related to franchisees, as I understand it, if a franchisee owns 10 or more stores nationwide, the owner is obligated to be Phase in too short.
 and exemptions for persons with disabilities.
 This scenario is the same as Minneapolis. St. Paul's economy is different, and should reflect that in its ordinance.
- 12 Strongly don't supp The exemption as stated would include youth
- 13 Somewhat dont Just seemed too far off from mpl's with no apprentices. Dates should line up as much as possible with July 1 Minneapolis dates. Phase in
- 14 Strongly don't supp phase in too short; do like interns/etc focus
 They are already exempt as far as I know. With the 3-4 years maximum phase in it would make more sense to just match Mpls rate and date
- 15 strongly support rather than make a new calendar.
- 16 somewhat support I think it covers the bases
- 17 Somewhat support Franchises
- 18 add tip credit, exemptions for people with disabilities, change timeline benefits; those benefits can represent as much as \$3/hour of cost "savings" to an employer. A potential consideration is to require employers who do not provide benefits to FT workers to follow the large business phase-in schedule. Other changes: - this is not a scenario I would want to work to change. I'd rather focus on others.
 Stretch phase in to 5-7 years for large and small respectively
 The addition of a tip credit for full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities. The addition of a ST. Paul specific phase in.
 NA
 Exemptions and phase in dates
- 19 Remove exemptions and change to July 1
- 20 add non profit exemptions plus phase in 7 yrs small and large
- 21 Add disability workers in approved programs.
 lengthen the phase in
 More clarity on franchises

Q17. Scenario 10

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 10

<p>Wage \$15</p> <p>Index to Inflation</p>	<p>Exemptions</p> <p>Same as Mpls: 85% subminimum wage for city-recognized programs for period of time</p>
<p>Tips</p> <p>No tip credit</p>	<p>Phase In</p> <ul style="list-style-type: none"> Separate phase in for small businesses (< 100 employees). Large businesses increase on same schedule as Mpls (i.e. \$12.25 on July 1, 2019, \$13.25 on July 1, 2020, etc.). Small business phase in on a slower schedule than large businesses.

1. **Strongly Support**
48%
2. **Somewhat Support**
10%
3. **Somewhat Don't Support**
19%
4. **Strongly Don't Support**
24%

Additional considerations

What would you change in order to support this scenario?

Why did you feel that way?

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1 strongly support	15, index, no tip penalty, similar to Mpls	
2 strongly support	small change for small business in a time lapse	na
3 Somewhat Support	Phase in time	Nothing
4 somewhat don't support	the phase in start date is too fast	the phase in language
5 strongly support	generally the right direction	Need specifications on exemptions and phase in
	Agree whole-heartedly with the 1st and 3rd boxes. 2nd box would be a compromise for me but one that I can understand the necessity of.	
	4th box could be more specific but I overall support the idea of smaller businesses having a	No exemptions and more specific phase in.
6 Strongly Support.	support the idea of smaller businesses having a	Need to slightly tweak for program participants.
7 Strongly support	all key pieces are basically there	
8 strongly support	discussed past Mpls ordinance which is not working . The phase in time is unacceptable no motion of enforcement and no tip credit	
9 Strongly disagree		Everything

10	somewhat don't support	insufficient exemptions, I agree with some elements of the phase-in (ie small firm exemption language excludes people with disabilities; timelines suggesting 85% of minimum wage as a "floor" for training programs. I would expand which programs should be included.	flush out details for exemptions
11	strongly don't support	Phase in too short. and exemptions for persons with disabilities. This scenario is the same as Minneapolis. St. Paul's economy is different, and should reflect that in its ordinance.	add people with disabilities to exemptions, extend timelines, add tip credit
12	strongly don't support	Phase in too short.	- this is not a scenario I would want to work to change. I'd rather focus on others.
13	Strongly don't support	Phase in too short.	Longer phase in, exemption for handicapped workers.
14	Strongly don't support	and exemptions for persons with disabilities. This scenario is the same as Minneapolis. St. Paul's economy is different, and should reflect that in its ordinance.	The addition of a tip credit for full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities. The addition of a ST. Paul specific phase in.
15	Somewhat support	Youth and disability exemptions in mpls policy	Refine exemptions as proposed by committee members
16	Strong support	Seems like mpls and allows us to consider St. Paul adjustments for exemptions and phase-in, esp. for small business	it's fine as is
17	strongly support	business	nothing
18	somewhat don't support	don't like the tie to Mpls and phase in; missing few exemptions	add work study exemption plus phase in 7 yrs small and large
19	strongly support	few exemptions	"City recognized programs" needs to be defined better.
20	somewhat	it generally covers the topic	does the subminimum wage refer to training programs-
21	Strongly support	Fair, concise phase-in	N/A

Q18. Scenario 11

Answer Choices
 support, somewhat support, somewhat don't support, strongly don't support):
 Why did you feel that way?
 What would you change in order to support this scenario?

Responses
 100.00% 21

100.00% 21
 100.00% 21

Answered 21
Skipped 0

Wage \$15 Index to Inflation	Exemptions Tipped employees
Tips Tip credit	Phase In <ul style="list-style-type: none"> 5 years, for large employers (100+) & tip credit employers 8 years, for small employers (21-100) 11 years, Micro employers (>20)

Additional considerations
 Treatment of tipped employees:

- Allow tip credit for a probationary/trial period.
- Tip credit available for 7 years; at 6th year, City evaluates if tip credit is permanent, additional trial period is necessary, or is eliminated.
- If City eliminates tip credit, cash wage increases until matches prevailing minimum wage in phase-in as determined by the City.
- Cash wage will always match state minimum wage which is indexed to inflation.

Enforcement:

- Opt-in licenses: For employer to apply the tip credit, must apply for specialized license.
- Complaint based enforcement: Every complaint will warrant an investigation.
- First violation: Severe monetary fine
- Second violation: Tip Credit license revoked.

Scenario 11

1. Strongly Support
14%

2. Somewhat Support
14%

3. Somewhat Don't Support
14%

4. Strongly Don't Support
57%

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly don't support	support it. Also, I think a 3 year lag from large to small is way too much. and while I could imagine having a different rate for micro (although i think it over complicates) 11 years makes no sense. No micro business even has a business plan that goes 11 years out so its just the enforcement seems to be more work tied to tip credit
2	strongly don't support	No tip credit companies in the small employer phase in schedule and to exemption micro businesses of less than 20 like the micro definition of 25 or less and 10 year phase in
3	Strongly Don't	Tip credit
4	somewhat support	I like the opt-in license for tipped employees
5	somewhat don't support	su tips, exemptions needed, scale to FTE

all these businesses for violations? And what is the point in bouncing from policy to policy. There is no tip penalty now, why would we instate one just cause 'hey let's check it out' only to revoke it years down the line? And then 7 years down the line, if the decision is to revoke it, would businesses be asked to jump immediately to 15

- 6 Strongly don't support or would we have then a secondary phase? This No tip penalty.
- 7 Strongly do not support Strongly do not support Everything except first box
- 8 strongly don't support exemption of tipped workers and phase in great! We reevaluate the whole structure of tipped worker and then adjust. the enforcement piece is discussed with a way to pay for it by a fee the city charges restaurants to have a
- 9 Strongly support exemption. The enforcement is important piece
- 10 strongly don't support tip credit may have merit, but impractical
- 11 somewhat support preserves income for full wait staff at full service the use of a license; I could see that as being well-received by full service restauranters/servers alike. Can protect the full-service servers from the unintended consequence of reduced revenue. I also like the strong penalty approach to prevent abuse of such a license. I also really like the consideration for the micro businesses which, in so many cases, are owned by people within this same vulnerable community we are looking to protect. Realistic phase-in
- 12 strongly support I like the inclusion of a tip credit opt-in, and for a probationary period. I like the enforcement.
- 13 Somewhat support No exemptions for youth or disabled Tip credit
- 14 I originally voted Don't support Tip credit
- 15 now I would Don't support tip credit or exemption. Phase in
- 16 change to Don't support too long. Oppose separate micro phase in.
- 17 Strongly don't support exemptions only for tipped employee does not
- 18 Don't support way too complicated. don't like tip credit. phase I like the idea of the tip credit probationary
- 19 strongly support period and I like the enforcement proposals
- 20 Strongly oppose Tip penalty
- 21 I don't like that there is no exemptions for youth and training wage or wages for people with disabilities additional exemptions beyond tipped employees, remove tip credit, phase-in details add people with disabilities and youth workers in exemptions adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Exemptions: also should include: 1) college work programs; 2) 6-month training wage for companies who bring in the unskilled (youth or adults) and train them to be ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above the City (these are negotiated at federal level and should be acknowledged as such); 5) If HQ elsewhere and work in the city 21+hrs/week x12 weeks, THEN covered. Phase-in: Should count FTEs rather than head count; would protect companies from penalty should more workers have to choose to go part time (avoid benefits cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very similar to those for a full-time employee. Phase-in also should consider longer phase-in for companies receiving a majority of their revenue from state/federal sources. Should a tip credit be recommended, I would be willing to support an increase in food/beverage tax by 1% to help pay for cost to City to implement. Tip credit seems to be a non-starter for many on committee. Expand the tip credit: full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities. Change phase in to 3 years for large and employers using tip credit. 6 years for small and firms Include exemptions for youth and disabled Tip credit Drop tip credit and micro phase in. Shorten phase in add non-profit to exemptions plus phase in 7 yrs small and large remove tip credits, reduce phase in time nothing Eliminate tip penalty

Q19. Scenario 12

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 12

Wage \$15 Index to Inflation	Exemptions Same as Mpls: allow 85% sub-minimum wage to city recognized training programs for prescribed time period.	1. Strongly Support 43% 2. Somewhat Support 19% 3. Somewhat Don't Support 0% 4. Strongly Don't Support 38%
Tips No tip credit	Phase In Separate phase in for small businesses (less than 100 workers). Those with more than 100 workers increase on the same schedule as Mpls (i.e. \$12.25 on July 1, 2019, \$13.25 on July 1, 2020, etc.), while those under 100 would increase wages more slowly.	
Additional considerations <ul style="list-style-type: none"> Scaled FTE and community outreach plan to ensure that businesses have the info necessary to comply with the new rules. 		

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly support it has everything I want with more sources from the community it would be better to comply with the new rule	na
2	strongly support Phase in time	Nothing
3	Somewhat Support	Include the other exemptions mentioned and exempt micor businesses of less than 20
4	somewhat support The phase in start date is too fast	add a micro business and phase in
5	strongly support add exemptions for youth training and no exemptions but I am willing to compromise. I'd like more specific language/a time line	
6	Strongly Support. around phase in.	No exemptions. More specific phase in.
7	Somewhat/strongly	Some tweaks for program participants
8	support All pieces basically there	
9	Strongly don't suppr No mention of tips oe enforcement To much like Mpls . Youth wages and workers w disabilities are veery vague in Mpls ordinance .	Everything

- Some mpls exemptions are prudent, the FTE
- 10 somewhat don't su seems too complicated in application
- 11 strongly don't supp no tip credit, no exemptions for people with
- I agree with this scenario's approach to suggesting 85% of minimum wage as a "floor"
- 12 strongly don't supp for training programs. I would expand which
Phase in too fast, will lead to job cuts. 101
- 13 Somewhat dont and exemptions for persons with disabilities.
This scenario is the same as Minneapolis. St. Paul's economy is different, and should reflect Paul's economy is different, and should reflect
- 14 Strongly don't suppr that in it's ordinance.
- 15 Somewhat support Mpls exemptions need tweaking per committee
- 16 Support Similar to mpls
and allows us to consider St. Paul adjustments for exemptions and phase-in, esp. for small business
- 17 strongly support exemption & phase ins
- 18 somewhat don't city program needs to be defined better.
- 19 strongly support
- 20 somewhat support generally covers the bases
- 21 Strongly support Fair.
- flawed concept in general, full exemption not a percentage of hourly wage or number of days for approved youth training and apprenticeship programs
- add tip credit; add exemptions for people with disabilities, more specifics on timelines
- this is not a scenario I would want to work to change. I'd rather focus on others.
- Phase in for "large"
- The addition of a tip credit for full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage and exemptions for persons with disabilities. The addition of a ST. Paul specific phase in.
- Tweak Mpls exemptions per committee members recommendations
- Fine as is
- nothing
- add non profit exemptions plus phase in 7 yrs small and large
- define city program better
- would like to see the enforcement pieces from scenario 11 added and still a question about disabled workers
- N/A

Q20. Scenario 13

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21

Answered 21
Skipped 0

Scenario 13

Wage
\$15

Index to inflation w/ language providing City govt. the right to intervene/adjust when/if something extraordinary happened economically

Exemptions

- Disabled workers
- Students in college work study programs as part of financial aid
- Sports league salaries

Tips

Offer superwage opt-in

- 85% of St. Paul min wage
- \$19/hour in tips benchmark (averaged over 2 weeks)

Phase In

- 5-years (2019 – 2023): Large companies (100+ FTEs). Includes franchises with more than 10 stores nationally.
- 7 years (2019 – 2025): Small companies under 100 FTEs & organizations funded by state or federal programs/contracts (PCAs).
- 10 years (2019 – 2029): Micro businesses, under – say - \$500K in annual revenue

Additional considerations

- Threshold for employees based out of St. Paul is 20 hrs/week, averaged out over a month
- Count FTEs equaling 2080 hrs/year instead of headcount

1. Strongly Support 19%

2. Somewhat Support 19%

3. Somewhat Don't Support 10%

4. Strongly Don't Support 52%

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly don't support league salaries. Phase in doesn't seem horrible we ma have employees in college programs that	
2	somewhat support are in the exemption list	
3	Strongly Don't Work study program	na Taking out all the exemptions
4	somewhat support like the superwage	The phase in start date is too soon and do not It's too hard to count FTE for St Paul and head count for Mpls

- 5 somewhat don't support
 super wage is too complicated - worry about anywhere else in this country and it would be impossible to enforce. The woman who does enforcement in Wisconsin and MN who sat on the Tip Penalty panel talked about how difficult the sub minimum wage in WI is to enforce compared to the One Fair Wage in MN so why would we make a policy that has even more caveats making it EVEN HARDER to enforce.
 6 Strongly don't support
 7 Strongly don't support
 8 strongly oppose
 Problems with just about everything here can support a super wage but I think a tip credit is a better option and its tied not a min of wage plus tips is equal to or above \$15 and that phase in time could be greatly accelerated maybe as soon as three years the superwage doesn't seem practical in application, exemptions seem reasonable and consideration for small firm phase-in, the additional micro firm consideration is a concept I includes tip credit, allows wait staff in full service restraurants, includes language for organizations - I like the flexibility of a super wage, protects servers from downside risk while giving restaurateurs the ability to transfer costs -- and be able to retain more workers across more hours. I also like addressing organizations whose funding comes from sources outside of the City -- and capped. For PCAs, there is no guarantee that State Legislature will grant the millions of dollars required to increase funding by \$3/employee. This will require multi-year lobbying efforts by the healthcare sector, a real unintended consequence that we should allow them the time to do so. I also like the consideration for micro businesses which, in so Balanced phase in.
- 12 strongly support
 13 Somewhat support
 service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth
- 14 Somewhat support
 business phase in. The addition of a youth

phase in looks good change micro to less than 25 FTEs

I don't agree with those exemptions and most of them are ones that I am unwilling to compromise on (student athletes... what's that about?). No tip penalty and NO 'SUPERWAGE'.
 Every box

I would change the phase in times for restaurants to 3 years . I would make the min wage the rate the state has tied to inflation as the bench mark for your supper wage

no superwage, July 2020 date
 add in youth workers

- Exemptions: also should include: 1) 6-mth training wage for companies who bring in the unskilled (youth or adults) and train them to be ready to earn \$15 and more; 3) If HQ elsewhere and work in the city 21+hrs/week x12 weeks, THEN covered. . Should a tip credit be recommended, I would be willing to support an increase in food/beverage tax by 1% to help pay for cost to City to implement.
 Other boxes feel administratively burdensome.

Change Super Wage to a tip credit for full-service restaurants only with an opt-in model for a probationary period, City reevaluates tip credit. Employers using tip credit follows large business phase in. The addition of a youth training wage.

- 15 Strongly don't support No exemption for youth training programs. NA
WAY too complicated and seems to differ from
- 16 Strongly don't support
support superwage. Disabled exemption too broad. Need info on students. Don't support sports league exemption. Stick with heads not FTEs. Don't support separate phase in for 17 strongly don't support Micro. Phase in negotiable.
18 somewhat support like the exemptions; don't care for tips or phase tip credit super wage is way too complicated and not necessary. we don't need to create an ordinance that serves the top 5% of the servers
19 strongly don't support in the city who will continue to make great
20 don't support dont fully understand the superwage prop
21 Strongly oppose So-called super wage
- Lots. Would have trouble negotiating with this one
- Remove indexing language, superwage, sports exemption, and micro phase in. Change FTE to head. Clarify student/disabled language. Phase in negotiable.
drop tip credit; add work study exemption; simplify phase in same for all over 7 years
- remove tip credit
considerations section
Eliminate so-called super wage

Q21. Scenario 14

Answer Choices	Responses
support, somewhat support, somewhat don't support, strongly don't support):	100.00% 21
Why did you feel that way?	100.00% 21
What would you change in order to support this scenario?	100.00% 21
	Answered 21
	Skipped 0

Scenario 14

Wage	Exemptions
\$15 Index to inflation	<ul style="list-style-type: none"> Disabled workers at state rate Youth age 17 or younger and Training period of 180 days rate is \$11.50

Tips	Phase In
Tip credit	<ul style="list-style-type: none"> 4-years (2019 – 2023): Large companies, 250 people or more. 6 years (2019 – 2025): Small companies, 249-21 people. 10 years (2019 – 2029): Micro businesses, 20 people or fewer .

Additional considerations

- Business size determined by avg number of persons working per week in prior year. New business determined by avg number of persons working in first 90 days.
- Covers workers who meet hours worked within St. Paul

1. **Strongly Support**
10%
2. **Somewhat Support**
19%
3. **Somewhat Don't Support**
24%
4. **Strongly Don't Support**
48%

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	strongly don't support	take out tip penalty and the 10 yrs for micro business
2	somewhat support	na
3	Strongly Don't	No tip credit
4	strongly don't support	micro businesses should be exempt we need the hourly determination for travelling employees where does that fit? and I think small business defn needs to be explained - why 250?
5	support	basics align

paid at a lower rate because there is skill that is being learned but I do not agree that just because someone is under 17 they should be paid less - that is discrimination. I disagree with the workers with disabilities or at least believe there needs to be more specific language

6 Strongly Don't Support there needs to be more specific language

Exemption box is somewhat heading in the right direction, disagree with other boxes

7 Somewhat/strongly disagree with other boxes

8 strongly oppose Will not support tip credit

exemptions. The phase in periods are two quick

9 somewhat don't support for the large businesses

10 strongly don't support tip credit is impractical

tip credit, exemptions include people with

11 strongly support disabilities and youth workers, definitions of

- I agree with this scenario's approach, particularly addressing tip credit and micro businesses.

12 strongly support Phase ins and exemptions.

13 Somewhat I like the inclusion the tip credit and the

14 somewhat support Youth workers should be in certified training

15 Somewhat support Too many and too broad exemptions

16 Strongly don't support disabled workers. Don't support blanket

youth/training exemption. Oppose using 250

employees as large business definition. Oppose

17 strongly don't support separate micro phase in.

18 somewhat support like wage, tips and exemptions

business sizes are way too generous. I prefer

the 100 head count for large businesses but I do

like the shorter phase in except for the micro

19 somewhat don't support business. That should be 2 part time

20 somewhat don't support similar to many others

21 Strongly oppose Tip penalty

No tip penalty. No exemptions.

tips and phase-ins

-

I would add a tip credit and also a enforcement piece. Again very limited

Alter language to exemptions, ie., 180 days. I'd advocate full exemption for city approved youth training programs

nothing

throughout the process, city should have the ability to eliminate exemptions and be able to adjust at certain wage levels or time periods (don't want to be victims to the very ordinances they write). Exemptions: also should include: 1) college work programs; 2) 6-month training wage for ALL companies who bring in the unskilled (youth AND adults) and train them to be ready to earn \$15 and more; 4) sports teams contract wages that are dictated at levels above the City (these are negotiated at federal level and should be acknowledged as such).

Phase-in: Should count FTEs rather than head count; would protect companies from penalty should more workers have to choose to go part time (avoid benefits cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very similar to those for a full-time employee. Phase-in also should consider longer phase-in for companies receiving a majority of their revenue from state/federal sources. Should a tip credit be recommended, I Tip credit out.

Change head count: Large-<100, Small- >100. Eliminate micro phase in.

Modify youth exemption to certified training program

Tip credit, exemption language

Remove tip credit and blanket exemptions. Change 250 to 100. Remove micro. Phase in negotiable.

longer phase in; same 7 years for all groups; add work study to exemption

change definition of business sizes. remove youth worker exemption. I would only support a youth worker exemption in a city certified program and even then only if I got everything else I wanted in an ordinance.

is the timeline for implementation too aggressive

Eliminate tip penalty

Q22. Scenario 15

Answer Choices Responses

100.00% 21

support, somewhat support, somewhat don't support, strongly don't support):

Why did you feel that way?

100.00% 21

What would you change in order to support this scenario?

100.00% 21

Answered 21
Skipped 0

[Note: The Study Committee did not vote on this scenario in real time due to it being inadvertently omitted by staff. Instead, they were asked to evaluate it in this survey afterwards.]

Scenario 15

<p>Wage \$15 Index to Inflation</p>	<p>Exemptions</p> <ul style="list-style-type: none"> Disability training programs College work study student (part time/non-permanent jobs [time-bound to duration of degree program]) 4 months for trainee programs after which the new wage is implemented 4 months for teen programs/summer programs
<p>Tips No tip credit</p>	<p>Phase In 5 year phase in timeline for all sizes with phase adjustments January 1 to tie with new tax year</p>

1. Strongly Support 0%
2. Somewhat Support 0%
3. Somewhat Don't Support 0%
4. Strongly Don't Support 0%

Additional considerations

Respondents	Why did you feel that way?	What would you change in order to support this scenario?
1	15 index good, to tip penalty good, 5 year phase in good. In exemptions the disability seems fine but college work study absolutely not ok, for a small business the implement in 5 years	take out the workstudy and training program pieces.
2	strongly don't supp may not be possible without hurting cost and	na
3	Strongly Don't Training program	No training program
4	I do not like the January 1 adjustment date and small businesses are not on a separate teen training programs that are leadership dev	change phase in schedule and exempt micro businesses
5	somewhat support need more time - 6 months-1 year	need different phase in for different sizes
6	Somewhat Agree. The phase in is reasonable to me.	previous plans, I disagree with the work study exemption and think the trainee/youth exemption should be shorter than 4 months.
7	Somewhat don't su \$15, index, no tip credits are fine	exemptions and phase-in
8	somewhat support concerns about exemptions and phase in date	-

9	I agree w some of the exemptions . The phase	
10	somewhat don't su in ,is to short. One size fits all does not work.	Phase in time . tip credit. enforcement and how to pay for it
11	strongly don't supp Jan 1 start date doesn't make any send, July 1	additional details, July 1 2020 start date
12	no tip credit, need more specifics on exemptions	add tip cred, language on training programs for people with disabilities, extend timelines
13	somewhat don't su for peopel with disabilities	- wages. Through October, City should have the ability to evaluate contractors and
14	- I like this scenario's approach to college and	be able to adjust at certain wage levels or time periods (don't want to be victims to the very
15	trainee exemptions, and the January 1 once-a-	ordinances they write). Exemptions: also should include: 1) sports teams contract wages that
16	year adjustment.	are dictated at levels above the City (these are negotiated at federal level and should be
17	All boxes but exemptions.	acknowledged as such). Phase-in: Should count FTEs rather than head count; would protect
18	The absence of a tip credit. I like the	companies from penalty should more workers have to/choose to go part time (avoid benefits
19	exemptions. I don't like the phase in	cliff or avoid getting laid off altogether). The carrying costs of a part-time employee are very
20	Blurs employees in training with youth in	similar to those for a full-time employee. Phase-in also should consider longer phase-in for
21	Just too many exemptions	small companies and those receiving a majority of their revenue from state/federal sources. I
22	Oppose blanket training and teen exemptions.	also like the consideration for micro businesses which, in so many cases, are owned by
23	Willing to consider slower small business phase-	people within this same vulnerable community we are looking to better serve. Should a tip
24	like the college work study and exemptions; like	Simplify exemptions.
25	the trainee and summer programs exemptions;	probationary period, City reevaluates tip credit. Employers using tip credit follows large
26	like the standard phase in for all size groups;	business phase in. Change phase in. Large-5years. Small 7years
27	no tip credit, reasonable phase in period. I am	6-12 months for certified youth training programs
28	totally fine with just 1 phase in for all sizes. But	Make exemptions fewer and narrower to reflect mplis
29	I feel there are too many exemptions.	Clarify disabled/student language. Remove blanket exemptions. Change Jan 1 to July 1
30	I like the exemptions portion	mostly.
31	Unclear about impact if exemptions	consider making it 6 or 7 week phase in.
32		reduce the exemptions.
33		can we make the phase in over 5 years work
34		Greater clarity.

Q23. Please indicate the wage levels you would support (select any/all options you would support):

Answer Choices	Responses
\$15 for everyone	71.43% 15
\$9.65 (State minimum) for tipped servers of full service restaurants, \$15 for everyone else	38.10% 8
\$20	28.57% 6
Comments or Other Options:	6
	Answered 21
	Skipped 0

Respondents Comments or Other Options:

- 1 i would support 20 but don't think its politically feasible
- 2 seems fair that tips can accredit for the difference in salary
- 3 None
- 4 None of the above. Please don't count my vote on this because I don't support any of the options.
- 5 I am particularly interested in the full service servers, looking to protect them from downside risk here - and allowing restaurateurs to be able to redirect higher wages to "back of the house" and, thereby, not have to reduce hours or lay people off.
- 6 I support this because currently tipped servers are making well over \$15/hr. I would prefer a tip credit with the cash wage matching the stat's minimum because it will always guarantee a worker 15. This wage level will preserve the current state of restaurant business models, and preserve tipped income for tipped workers.

Q24. In regards to a tip credit/penalty (select any/all options you would support):

Answer Choices	Responses
I support a tip credit for all tipped workers	9.52% 2
I support a tip credit for tipped bartenders/servers only (not other tipped workers, such as baristas or barbers)	14.29% 3
I support a tip credit for bartenders/servers at full service restaurants	28.57% 6
I support a tip credit for a probationary/trial period with the stipulation that the City evaluates its effectiveness every year	19.05% 4
I support a tip credit only for full service restaurants for a probationary/trial period with the stipulation that the City evaluates	38.10% 8
I do not support a tip credit in any form	66.67% 14
Comments or Other Options:	8
	Answered 21
	Skipped 0

Respondents Comments or Other Options:

- 1 .
- 2 None
- 3 I mostly don't support this. I am trying to figure out under what circumstances this might work and so...

- The tip credit has merit, but in context of Minneapolis and Minnesota laws, it seems prudent to mirror the policies on this issue. I fully agree that the minimum wage increase does present significant challenges to restaurants and other tipped service positions.
- 4 I love the stipulation that the city evaluates the tip credit. If it does not work than the city has the ability to change it.I think anybody in the service industry should be able to opt into full service or not . Example Baristas barbers or counter style restaurants
 - 5 I'm pausing here because, as I understand it, tipped workers in counter-service or smaller restaurants don't have the experience of high tips, so their circumstances unilaterally would improve with an increase to \$15.
 - 6 I would like to expand the tip credit to have an opt-in licensing mechanism and to have employers using tip credit to follow large employers phase in. The addition of severe penalties for non-compliance of the tip credit.
 - 7 I can support no tip credit in exchange for reasonable exemptions
 - 8

Q25. In regards to disability employment/training programs (select any/all options you would support):

Answer Choices Responses

ordinance exemption to include "those who are disabled and receiving services under Minnesota Statutes, Section 252.41 and regulated under Minnesota Statutes 245D.03 (c) (4)(5)(6) and (7)."	66.67% 14
for disabled program participants to include those who are receiving day training and habilitation, pre-vocational, job exploration, job development, and job support services	61.90% 13
I support using the portion of the Minneapolis ordinance exemption for pre-vocational services (services that teach general work skills and concepts rather than specific work skills) and job support services licensed by the Minnesota Department of Human Services	57.14% 12
I support using the Minneapolis ordinance exemption which limits its impact to disabled program participants whom are receiving	42.86% 9
I do not support an exemption of any type for people who have disabilities and are receiving employment-related support services	23.81% 5
Comments or Other Options:	10

Answered 21

Skipped 0

Respondents Comments or Other Options:

- 1 .
- 2 None
- 3 I need more information.
- 4 I fully support expanding the exemption for people with disabilities. The current exemptions are insufficient and grossly underdeveloped.
- 5 It's a broad term, very complex and the existing exemption in Minneapolis could lead to self-defeating outcomes for critical groups of people in the Twin Cities.
- 6 Important that we give the people who are physically or mentally challenged a voice and a opportunity in The city of St. Paul
- 7 - In terms of language around disabled program participants, I would prefer to defer to those in that industry.
- 8 I am flexible on this but I have maintain that I want the exemption to be narrow and clear
- 9 I need more info on these options. I support the Minneapolis language and am willing to consider limited adjustments.
- 10 add work study exemption as apart of Financial Aid packages

10 Some of this is over my head but basically I feel there are programs that find employment for disabled workers who might not be able to work a regular job. I do feel those jobs should be able to pay less but I want to make sure there are no loopholes and that the needs of the disabled workers are looked after.

Q26. In regards to disability employment/training programs (select any/all options you would support):

Answer Choices Responses

ordinance exemption to include "those who are disabled and receiving services under Minnesota Statutes, Section 252.41 and regulated under Minnesota Statutes 245D.03 (c) (4)(5)(6) and (7)."	66.67% 14
for disabled program participants to include those who are receiving day training and habilitation, pre-vocational, job exploration, job development, and job support services	61.90% 13
I support using the portion of the Minneapolis ordinance exemption for pre-vocational services (services that teach general work skills and concepts rather than specific work skills) and job support services licensed by the Minnesota Department of Human Services	47.62% 10
impact to disabled program participants whom are receiving extended employment services	52.38% 11
I do not support an exemption of any type for people who have disabilities and are receiving employment-related support services	19.05% 4
Comments or Other Options:	10

Answered 21
Skipped 0

Respondents Comments or Other Options:

- 1 .
- 2 None
- 3 I need more information
- 4 Again, I'm deeply concerned about the unintended consequences for people with disabilities as result of the minimum wage increase. I'd advocate additional research and exploration on this topic outside of this study committee for the city council.
- 5 this question is a duplicate of question 25
- 6 same question? □
- 7 I feel least informed about this area
- 8 I need more info on these options. I support the Minneapolis language and am willing to consider limited adjustments.
- 9 add work study exemption
- 10 I think this is a duplicate of #25

Q27. In regards to participants in City-approved youth training programs (with a focus on nurturing soft skills, social and emotional job skills, and building career competencies) that mirrors the Minneapolis ordinance (select any/all options you would support):

Answer Choices	Responses
I support a 365 calendar day exemption	52.38% 11
I support a 180 calendar day exemption	71.43% 15
I do not support an exemption of any type	23.81% 5

Comments or Other Options:
 8
Answered 21
Skipped 0

Respondents	Comments or Other Options:
1	I do not support an exemption but could live with something like a 90 day 85% youth wage for such programs
2	None
3	I might support 180 days. I think any level exemption is necessary for city approved youth training programs and organizations that assist the development of the youth in St. Paul, why then would we mandate any dollar amount? People sign-up for Right Track and Cookie Cart for yes income, but long-term development is first and foremost the primary objective. Limiting this scope is self-defeating particular in the context that the participants are there voluntarily.
4	
5	Youths need a training ground and a vehicle to achieve the necessary skills to become a worker and valuable asset to the community
6	- In terms of language around youth training programs, I would prefer to defer to those in that industry.
7	By 'exemption' I assume this means the same 85% sub-minimum wage as Minneapolis. I prefer the same 90 day window as Minneapolis, but could compromise at 85% if that is the case.
8	I am on the fence about this. I would prefer no exemptions on this but I would support an exemption for city approved programs if I got everything else I wanted in the ordinance.

Q28. In regards to firm size (select any/all options you would support):

Answer Choices	Responses
I support defining size by headcount	76.19% 16
I support defining size by revenue	9.52% 2
I support defining size by FTEs (full time employees)	33.33% 7
I have no preference in how firm size is defined	14.29% 3

Comments or Other Options:
 10
Answered 21
Skipped 0

Respondents	Comments or Other Options:
1	.
2	None
3	For the sake of conformity, it's important to match Minneapolis OR the state, but cannot be a new/third way of doing things...
4	Headcount makes sense.
5	Mpls is a good measure on this issue

- anticipated consequences is the potential for an employee to reduce hours to manage the benefits cliff, counting FTEs rather than headcount protects the employer - who will have to carry more part time staff to cover the same hours of work.
- I am not actually in favor of the two tiered system but see this as something negotiable as it seems very popular even though I don't actually think it helps small bus
- Minneapolis had very good reasons to go with head count. They all apply to St. Paul, plus we have they added reason of simplicity for businesses and enforcers.
- phasing should not be by firm size but the same for all.
- I think the revenue option should not be on the table. Getting that information would require a lot more effort than the head count size. I also would support the FTI

Q29. In regards to implementation (select any/all options you would support):

Answer Choices	Responses
I support the first increase beginning on January 1	28.57% 6
I support the first increase beginning on July 1, 20	61.90% 13
I support the first increase beginning on January 1	42.86% 9
I support the first increase beginning on July 1, 20;	52.38% 11
Comments or Other Options:	11
	Answered 21
	Skipped 0

Respondents Comments or Other Options:

- I don't think we can say "the city isn't ready lets not move" if the city has at least 6 months to plan/prepare. the reality is that the city will never really be "ready"
- include Medicaid funded companies in the slower phase in group
- None
- case scenario indicated woefully under resourced and poorly implemented ordinances from city governments. St. Paul has no plan, budget. We can't even get a condensed version of the City-run minimum wage meetings from the Mayor's staff because of staffing issues. To say that this ordinance could be implemented effectively in less than a year is reckless. A minimum wage increase is a promise to workers for a higher wage. This hinges on the ability of the local government, business, employees and critical stakeholders to create a climate conducive to adherence. Strident calls for a minimum wage increase while displaying a cavalier attitude on implementation is at best disingenuous, but mostly it reeks of hypocrisy. And that's what I've seen from the Mayor's staff and the City can't be ready by 2019
- The City of Saint Paul is not prepared for 2019 implementation. 2020 is the earliest that is feasible.
- Jan. 1, 2019 is too soon of a start date. The ordinance will most likely be passed Oct. 2018. The City needs more time to prepare for enforcement and compliance. Business need more time to be informed of the new law.
- Willing to negotiate speed but think we should stick with July to mirror mpls
- Phase-in is negotiable. January 1, 2020 would be a one-time event. All other steps should occur on July 1.
- only increasing once per year.
- I think January 1st 2019 is probably too soon but if there is support for that I would go along. I think July 1, 2019 is much more reasonable.

Q30. In regards to phase in time for small businesses (select any/all options you would support):

Answer Choices	Responses
I support a 4 year phase in	38.10% 8
I support a 5 year phase in	33.33% 7
I support a 6 year phase in	52.38% 11

I support a 7 year phase in	61.90%	13
I support a 8 year phase in	38.10%	8
I support a 9 year phase in	19.05%	4
I support a 10 year phase in	14.29%	3
I support an 11 year phase in	9.52%	2
I support catching up to Minneapolis so firms in St. Paul reach the final wage at the same	42.86%	9
Comments or Other Options:		11

Answered 21
Skipped 0

Respondents Comments or Other Options:

1	I could potentially be convinced of a timeline 1 year longer as long as it then matches where Mpls is at with inflation. the key is simplicity and same wage
2	include Medicaid funded companies
3	None
4	I support a micro business definition of less than 25 FTEs and a phase in of 10 years.
5	years. It will also take years for outreach to our businesses.
6	the more the better. The longer phase in time the easier the small business can cope
7	it depends on how we are defining "small" and who we are including in that category - like those companies over 100 FTEs who will have to lobby the Legislature for
8	Small Business will need more time to adjust to the labor cost increase. The longer phase in time will mitigate the harmful, and un-intended consequences.
9	Faster the better. Over 7 years seems meaningless
10	Phase-in is negotiable. I think there is a case for allowing small businesses as much time to adjust as Minneapolis gave them.
11	Personally I think a 7 year phase in is too generous to small businesses but since that is the path Mpls chose, I think it is a reasonable period that I would support

Q31. In regards to phase in time for large businesses (select any/all options you would support):

Answer Choices	Responses
I support a 4 year phase in period	57.14% 12
I support a 5 year phase in period	52.38% 11
I support a 6 year phase in period	42.86% 9
I support a 7 year phase in period	23.81% 5
I support a 8 year phase in period	14.29% 3
I support a 9 year phase in period	9.52% 2
I support a 10 year phase in period	9.52% 2
I support an 11 year phase in period	9.52% 2
Minneapolis so firms in St. Paul reach the final wage at the same time	47.62% 10
Comments or Other Options:	7

Answered 21
Skipped 0

Respondents Comments or Other Options:

- 1 None
- 2 Needs time
- 3 Again, it depends on how we are defining "large."
- 4 Large firms have the profits and resources to phase in the increase faster. I'd like to add that if there is a tip credit, to have firms using the tip credit to follow this ph
- 5 Again faster the better
- 6 Phase-in is negotiable. I think there is a better case for large businesses to go on the same schedule as Minneapolis
- 7 I also think 5 years is generous but I would support it because that is what Mpls chose to do.

Survey 4: Scenario Formation

Individual-level data
 August 14, 2018
 21 Respondents = 100% Study Committee participation

1. Hourly Wage Levels	\$15	\$20	\$9.65/\$15	Negotiating space
	A			
	B			
	C			
	D			
	E			
	F			
	G		G	
			H	
	I			
			J	
			K	
			L	
	N	N		
	O	O		
	Q	Q		
	R	R		
	S	S		
	U	U		
Total	14	7	8	
Fixed support	4		3	

2. Tip Adjustment	None	F/S	Probationary	F/S w/probationary	All	Serv./Bar. Only
	A					
	B					
	C					
	D					
	E			E		
	F					
			G	G		
			H	H	H	H
			J	J		
			K	K		K
			L	L	L	L
	M					
	N					
	O					
	P					
	Q					
	R					
			S	S		
			U	T		
Total	14	6	4	8	2	3
Dealbreakers	11					

G will negotiate for no tip credit in exchange for exemption
 J will negotiate on tip credit if F/S restaurants stay at state min wage
 K and L really likes the tip credit

Strongest TC Support

- G
- H
- J
- K
- L

TC Scenario should include:
 longer phase in exemptions
 1-year eval
 f/s only

3. Exemptions

Statutes	Disability			Mpls	No exemption
	DHS	Day Training	Day Training		
B	A		A		
C	C	C	C		
E	E	E	D		
F	F	F	E		
G	G	G	F		F
H	H	H			
I	I	I	I		
J	J	J			
K	K	K			
L	L	L			
M	M	M	M		
O	O	O			N
P	P	P			
Q	Q		Q		Q
S	S	S	S		R
T			T		
U			U		
Total	14	12	13	11	4
Dealbreakers					1-2

Negotiating space

Statutes	Youth training		None
	365	180	
A	A		
B	B		
C	C	C	C
D	D		
E	E		
F	F		F
G	G		
H	H		
I	I		
J	J	J	
K	K		
L	L		
M	M		
N	N		
O	O		
P	P		
Q			Q
R			R
S	S		
T	T		
U			U
Total	11	15	5
Dealbreakers	~1	2	1-2

C: no loopholes & needs of disabled workers are looked after.
 C: Will negotiate to include youth training wage if no tip credit
 D will negotiate on disability exemption
 F is flexible on disability exemption, feels needs more info (N, too)
 J is flexible on exemption language (defer to experts)
 Several committee members prefer to consult w/Bob for language
 U would support 90 days for youth training at 85%

4. Firm Size

Headcount	Revenue	FTEs	No preference	
			Revenue	FTEs
A		A		
B				
C		C		
D				
F		E		F
G				G
H				
I				
J	J	J		
K		K		
L				
M				
N				
O				
Q	P	P		R
S				
T		T		
Total	2	7		3
Dealbreakers				

C: Revenue is a deal breaker
 J prefers FTEs
 O does not support FTEs

Negotiating space

J favors longer implementation
F: faster the better, over 8 for small is pointless
J and S want phase-in consideration for any size businesses that will have to lobby
P wants uniform phase in, not separate by firm size; F prefers too

Additional considerations

Work study exemption?
85% of min wage for exempted programs
City evaluates indexing
Joint liability language
Consideration for micro businesses
Gov fiscal year begins July 1

Sports leagues exemption?
If HQ out of St. P, when does it kick in? J: after 21+ hrs/week X 12 weeks
Longer phase in for fed funded programs?
E: MicroB = >25 FTEs, give 10 yr phase in
S: MicroB = >20
Definition of small business: Fewer than 100 employees or receive at least 50% of their funding from Medicaid
In final phase in year, match Mpls wage with inflation

Fuller FTE discussion w/Study Committee
\$\$ curve for implementation

Appendix K: Data on 51 Jurisdictions from City of Minneapolis Staff

High Level Comparison of 51 Jurisdictions (for purposes of this summary, we include cities, counties and states where enactment dates have varied)

Min. hours work in order to be in scope	Anyone working at least 2 hours/week = 27	Anyone working at least 2 hours/ 2-week period = 1 (Seattle)	Anyone working 25+ hours in a calendar year = 1 (Flagstaff)	Anyone who performs at least 20 hours of work in a calendar year = 1 (St. Louis)	Not specified in ordinance = 20 (mostly states and counties)
Upper cap (before CPI) (where tiered wage amounts, median reflects calculation as to upper wage number)	<\$10 = 6	\$10 - <\$12 = 12	\$12 - <\$15 = 11	Anyone who works for more than 80 hours in a calendar year = 1 (Tacoma)	>\$15 = 1
Indexed or not	Yes = 47 Yes = 24	No = 4 No = 27			
Tips as part of wage	But: 3 phase out when max threshold is reached (Seattle, New York, Flagstaff)				
Healthcare as part of wage	Yes = 4 (Montgomery County, Richmond, Albuquerque, Seattle)	No = 44			
Carve outs for business size	Yes = 13 But: 9 simply have longer phase in periods	4 are True carve outs: • Arkansas (3 or less employees) • Arizona (anyone making <\$500K in revenue) • Chicago (3 or less employees) • St. Louis (anyone making <\$500K in revenue)	No = 38		
Carve outs for youth	Yes = 26 But: 10 phase out after a specific time of employment	No = 25			
Phase in periods (for purposes of this grouping, we've used the longest phase in period)	< 3 years = 10	3 years = 11	4 years = 16	5 years = 4	6-8 years = 10
Of the 15 jurisdictions that have different phase in periods to reach universal min wage for their area (tiered phase in) – 9 do for business size, but have 2 or 3 tiers or phase in periods	7 do so for business size in 2 tiers Cupertino: 3 yrs large vs. 4 yrs small Emeryville: 1 yr large vs. 4 yrs small LA/LA City/Mailbu/Pasadena: 5 yrs large vs. 6 yrs small CA state: 6 yrs large vs. 7 yrs small	2 do so for business size in 3 tiers NY: depending on location, anywhere between 3-6 yrs, with NYC having 3 tiers Seattle: depending on size and health/tips, anywhere between 3 yrs (large biz, no health) to 7 years (small with health/tips)	4 do so for tipped vs. non-tipped Flagstaff: 6 yrs tipped vs. 8 years non-tipped Chicago/Cook Cty: 3 yrs tipped vs. 5 yrs non-tipped	1 does it for youth Berkeley: 3 yrs all vs 5 yrs youth	1 does it for nonprofit San Mateo: 3 yrs all vs. 4 yrs nonprofits
Top min wage amount as % of 2016 median wage (where there are varying tiered wage amounts, median reflects calculation as to upper wage number)	<50% = 6 Equates to \$10.38/hr for Mpls-St. Paul	Equates to = \$10.38-\$12.46 /hr for Mpls-St. Paul	Between 60-70% = 15 Equates to \$12.46-\$14.53/hr for Mpls-St. Paul	Between 70-80% = 8 Equates to \$14.53-\$16.61 /hr for Mpls-St. Paul	This equates to >above \$16.61/hr for Mpls-St. Paul
<i>Minneapolis - 2016 median metro wage = \$20.76</i>					

Other benchmarks

Federal Min Wage	• \$7.25 an hour	Tipped workers: \$2.13/hour Tipped worker = anyone who customarily and regularly receives more than \$30/month in tips	Youth: \$4.25/hr for workers under 20 during first consecutive 90 days of employment
State Min Wage	• \$9.50/hr large employers - >\$500K revenue • \$7.75/hr small employers - <\$500K revenue All to be indexed as of 2018	• \$7.75 - 90 day training wage for those under 20 years • \$7.75 - youth wage for those under 18	Tips cannot be included
City of Minneapolis (as employer) Living Wage	• \$13.01/hr (if providing basic health insurance) • \$15.38/hr (if no insurance provided)	Minneapolis requires businesses that receive \$100,000 or more in financial assistance or contracts to pay a "living wage"	Living Wage is indexed at 130% of the federal poverty level for a family of four if no health insurance is provided or 110% of the federal poverty level for a family of four for businesses that provide basic health insurance

Additional notes re: MN State Min Wage:

- Defines employee broadly, but does not include min. hours. In conversations with Civil Rights, we've been informed they assume min. wage applies to anyone working however many hours they work (whether 1 hour or 200).
- Exempts the following from definition of "employer": certain agro workers; anyone employed on a seasonal basis in licensed youth camp per statute; bona fide executive, administrative, or professional capacity, or a salesperson who conducts no more than 20% of sales on the premises of the employer; any individual who renders service gratuitously for a nonprofit organization; elected officials for a political subdivision or serving on govt. board, commission, committee or other similar body, or who renders service gratuitously for a political subdivision; anyone employed by a political subdivision to provide police or fire protection services; anyone employed by a political subdivision who is ineligible for PERA membership; taxicab drivers; babysitters if sole practitioners; anyone employed on a seasonal basis in a carnival, circus, fair, or ski facility; any individual under 18 working less than 20 hours per workweek for a municipality as part of a recreational program; any individual employed by the state as a natural resource manager 1, 2, or 3 (conservation officer); any individual in a position for which the United States Department of Transportation has power to establish qualifications and maximum hours of service under United States Code (drivers, drivers' helpers, mechanics and loaders); any individual employed as a seafarer; any individual employed by a county in a single-family residence owned by a county home school ; and nuns, monks, priests, lay brothers, lay sisters, ministers, deacons, and other members of religious orders who serve pursuant to their religious obligations in schools, hospitals, and other nonprofit institutions operated by the church or religious order.

Comparison of peer jurisdictions that have enacted minimum wage laws

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes	
AR	State Population: 2,988,248	2014	Employees: anyone employed by an employer [hours not defined] Excludes: - executive, administrative or professional employees - outside commission-paid salesmen - Some farm laborers. - Independent contractors. - Federal employees Apprentices, learners and workers with disabilities may be paid 85% min wage with a valid state certificate Employer: anyone acting directly or indirectly in the interest of an employer in relation to an employee	\$8.50 Median = \$14.48 MW as % of median = 58.7%	Exempts employers with 3 or less employees	Yes, as per fed law	Students attending an accredited institution in the state and who work 20 hours or less during school session (or 40 otherwise) may be paid at 85% of min wage	3 years	\$6.25	\$7.50 (2015)	\$8 (2016)	\$8.50 (2017)						The employer may offset a portion of the minimum wage for housing and meal costs
AZ	Flagstaff Population: 70,320	2016	Employees: any person who works or is expected to work 25 hours or more in any given calendar year within the geographic boundaries of the City for an employer Employer: anyone acting directly or indirectly in the interest of an employer in relation to an employee Excludes: State and the US govt.	\$15.50 Median = \$16.30 MW as % of median = 95.1%	No	Yes: 2017: \$3 less 2022: \$2.50 less 2023: \$2 less 2024: \$1.50 less 2025: \$1.00 less Tipped Employee" means an employee who customarily and regularly receives more than \$30 a month in tips, has been informed by the employer in writing about the tip notice provisions required by this chapter, and retains all tips that he or she receives Requires that the	No	6 years for all but tipped employees 8 years tipped employees	\$8.05	\$10.50 (2017)	\$11 (2018)	\$12 (2019)	\$13 (2020)	\$15 (2021)	\$15.50 (2022)		Initially approved in 2016, a subsequent amendment arose in 2017 that extended the implementation to 2022 (where it reaches \$15.50/hr, though \$15/hr is still reached in 2021) Rationale was that the first raise from \$8.50 to \$12 would be too drastic and thus they voted to start first increase at \$10.50	

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
AZ	State Population: 6,931,071	2016	Employee: any employee except parent/sibling; casual babysitters [hours unspecified in ordinance] Employer: anyone acting directly or indirectly in the interest of an employer in relation to an employee Excludes: State of Arizona employees, US govt., small businesses, A person who is employed by a parent or a sibling. Casual babysitters in a person's home; person employed by parent or sibling; volunteers	\$12 Median = \$17.05 MW as % of median = 70.4%	Exempts small business = anyone making <500K in gross annual revenue	Yes; can pay a maximum of \$3.00/hr less than non-tipped employees, provided that the tipped employees earn at least minimum wage for all hours worked each week (when tips are included).	No	4 years	\$8.05	\$10.00 (2017)	\$10.50 (2018)	\$11 (2019)	\$12 (2020)				
CA	Berkeley Population: 117,384	2016	Employees: anyone working inside city limits who works at least two hours of work in a particular week for an employer within the geographic boundaries of the City	\$15 Median = \$24.90 MW as % of median = 60.2%	No	No	Allows for a youth/job training wage if operated by a nonprofit or governmental entity. Rate on Oct. 2017 = \$12 and increases \$1.25/hr until the wage level is equal to other general min wage levels. Once that level is reached, subsequent increases shall be at the same level as required for all employees	3 years 5 for youth	\$11	\$12.53 (2016)	\$13.75 (2017)	\$15 (2018)					Prior to 2016, ordinance allowed for exemptions for standby/on call employees and for job training participants under 25, when the job training was operated a nonprofit or governmental program. Council eliminated these exceptions in 2016

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
CA	Cupertino Population: 60,171	2016	Employees: anyone who performs at least two hours or more per week of work in the City limits. Employers: those that "maintain a place of business in Cupertino or are subject to licensing in the City"	\$15 Median = \$28.70 MW as % of median = 52.3%	Creates a longer phase in period for employers with 25 or less FTEs	No Does allow for commissions to be considered when earned & paid together and are equal or greater to min wage	No	3 years	\$10	\$12 (2017)	\$13.50 (2018)	\$15 (2019)					
CA	El Cerrito Population: 24,418	2015	Employees anyone working inside city limits who work at least two hours of work in a particular week for an employer within the geographic boundaries of the City Employers: anyone who conducts business in the City or maintains a business facility	\$15 Median = \$22.85 MW as % of median = 65.6%	No	No Does allow for commissions to be taken into account when earned and paid together to the employee and are equal or greater to minimum wage	No	4 years	\$10	11.60 (2016)	\$12.25 (2017)	\$13.60 (2018)	\$15 (2019)				
CA	Emeryville Population: 10,830	2015	Employee: Any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone subject to the City's business license requirements or maintains a business facility in the City	Large biz: \$14.44 Small biz: \$15 Median = \$24.90 MW as % of median = 58.0% [large biz] 60.2% [small biz]	Longer phase in period for employers with 55 or less employees	No	An employee, who is a learner, as defined by state, shall be paid no less than 85% of min wage for the first 160 hours of employment. After 160+hours, regular min wage applies	4 years	\$9	Large biz: \$14.44 (2015) Small biz: \$12.25 (2015)	Small biz: \$13 (2016)	Small biz: \$14 (2017)	Small biz: \$15 (2018)				
CA	Los Altos Population: 8,314	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone subject to the City's business license requirements or maintains a business facility in the City	\$15 Median = \$28.70 MW as % of median = 52.3%	No	No Does allow for commissions to be taken into account when earned and paid together to the employee and are equal or greater to minimum wage	No	3 years	\$9	\$12 (2017)	\$13.50 (2018)	\$15 (2019)					The employer may offset a portion of the minimum wage for housing and meal costs only if the offsets are the same as those available under the California Minimum Wage Law. The offsets shall only be recognized if there is a prior voluntary agreement between the employer and the employee Requires an annual review to ensure

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
CA	Los Angeles Population: 10,137,915	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone subject to the City's business license requirements or maintains a business facility in the City	\$15 Median = \$19.08 MW as % of median = 78.6%	Provides different implementation timetable for those with 25 or less employees	No	14-17 year olds shall be paid not less than 85% of min wage during their first 160 hours of employment. After 160+ hours, regular min wage applies	5 years large biz 6 years small biz	Large biz: \$10 Small biz: \$10.50	Large biz: \$12 (2017) Small biz: NA	Large biz: \$13.25 (2018) Small biz: \$12 (2018)	Large biz: \$14.25 (2019) Small biz: \$13.25 (2019)	Large biz: \$15 (2020) Small biz: \$14.25 (2020)	Large biz: NA Small biz: \$15 (2021)			the economy can support a min wage increase by looking at employment rates and sales/tax receipts, and if conditions not met, council can temporarily suspend a particular wage increase Nonprofits can apply for a limited exemption to pay an employee holding a transitional job during the first 18 months of employment in the transitional job. The intent of this limited exemption is to create opportunities for the hardest to employ in the City, and shall be construed strictly in its application to an employer seeking to qualify as a "Non-Profit/Transitional Employer." Also allows for a nonprofit exemption (deferral) where there is compelling evidence that: (a) the CEO/highest paid employee earns a salary which, when calculated on an hourly basis, is < five times the lowest wage paid by the corporation or (b) it is a Transitional Employer per code or (c) it serves as a child care provider or (d) it is funded primarily by city, county, state or federal grants or reimbursements
CA	Los Angeles County Population: 10,137,915	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the county Employer: Anyone who directly or indirectly employs or controls wages of above defined employee	\$15 Median = \$19.08 MW as % of median = 78.6%	Allows businesses with 25 or less employees to start 1 year later	No	No	5 years large biz 6 years small biz	Large biz: \$10 Small biz: \$10.50	Large biz: \$12 (2017) Small biz: NA	Large biz: \$13.25 (2018) Small biz: \$12 (2018)	Large biz: \$14.25 (2019) Small biz: \$13.25 (2019)	Large biz: \$15 (2020) Small biz: \$14.25 (2020)	Large biz: \$15 (2021) Small biz: \$15 (2021)			
CA	Malibu Population: 12,856	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the county Employer: anyone who directly or indirectly employs or controls wages of above defined employee	\$15 Median = \$19.02 MW as % of median = 78.9%	Allows businesses with 25 or less employees to start 1 year later	No	No	5 years large biz 6 years small biz	Large biz: \$10 Small biz: \$10.50	Large biz: \$12 (2017) Small biz: NA	Large biz: \$13.25 (2018) Small biz: \$12 (2018)	Large biz: \$14.25 (2019) Small biz: \$13.25 (2019)	Large biz: \$15 (2020) Small biz: \$14.25 (2020)	Large biz: \$15 (2021) Small biz: \$15 (2021)			

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes	
CA	Milpitas Population: 71,533	2017	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone subject to the City's business license requirements or maintains a business facility in the City	\$15 Median = \$28.70 MW as % of median = 52.3%	No	No	No	3 years	\$10	\$11 (2017)	\$12 (Jan 2018) and again \$13.50 (July 2018)	\$15 (2019)					The employer may offset a portion of the minimum wage for housing and meal costs only if the offsets are the same as those available under the California Minimum Wage Law. The offsets shall only be recognized if there is a prior voluntary agreement between the employer and the employee Requires city to perform financial analysis (combo of employment rates and sales/tax revenues) each year to certify that the min wage increase can be supported by local economy and allows for suspension of increases if the answer is no	
CA	Mountain View Population: 3,088	2015	Employee: anyone who performs at least two hours of work per week in the city Employer: anyone subject to local business license tax OR who maintain a facility in the city	\$15 Median = \$28.70 MW as % of median = 52.3%	No	No	No	3 years	\$10.30	\$11 (2016)	\$13 (2017)	\$15 (2018)						
CA	Oakland Population: 1,243,970	2014	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone subject to the City's business license requirements or maintains a business facility in the City	\$12.25 Median = \$24.90 MW as % of median = 51.6%	No	No	No	1 year	\$9	\$12.25 (2015)								
CA	Palo Alto Population: 9,047	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone who is either subject to the city's business registry requirements, conducts business in Palo Alto or maintains a business facility in the city	\$15 Median = \$28.70 MW as % of median = 52.3%	No	No	No	4 years	\$9	\$11 (2016)	\$12 (2017)	\$13.50 (2018)	\$15 (2019)					

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes	
CA	Pasadena Population: 153,036	2016	Exceptions: state, federal and county agencies, including school districts if work performed is related to their governmental function; defined "auxiliary" organizations Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone who employs or exercises control over the wages, hours or working conditions of any other person.	Large biz: \$13.25 Small biz: \$12 Median = \$19.08 MW as % of median = 69.4% [large biz] 62.9% [small biz]	Provides different implementation timetable for those with 25 or less employees	No	An employee, who is a learner, as defined by state, shall be paid no less than 85% of min wage for the first 160 hours of employment. After 160+hours, regular min wage applies	5 years large biz 6 years small biz	Large biz: \$10 Small biz: \$10.50	Large biz: \$10.50 (2016) Small biz: NA	Large biz: \$12 (2017) Small biz: NA	Large biz: \$13.25 (2018) Small biz: \$12 (2018)					Nonprofits can apply for a limited exemption to pay an employee holding a transitional job during the first 18 months of employment in the transitional job. The intent of this limited exemption is to create opportunities for the hardest to employ in the City, and shall be construed strictly in its application to an employer seeking to qualify as a "Non-Profit/Transitional Employer." Also allows for a nonprofit exemption (deferral) where there is compelling evidence that: (a) the CEO/highest paid employee earns a salary which, when calculated on an hourly basis, is < five times the lowest wage paid by the corporation or (b) it is a Transitional Employer per code or (c) it serves as a child care provider or (d) it is funded primarily by city, county, state or federal grants or reimbursements	
CA	Richmond Population: 107,597	2014	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Excludes employees who receive 50% or more of his/her income from government grants, reimbursement programs, or vouchers, where the funding agency providing the grants, reimbursement programs, or vouchers specifies the amount of funding being provided for the employee's compensation	\$13 Median = \$24.90 MW as % of median = 52.2%	No	No	Exempts city's youth program for 15-21 year olds	5 years	\$9	\$9.60 (2015)	\$11.52 (2016)	\$12.30 (2017)	\$13 (2018)					If the employer pays at least \$1.50/hr per employee towards an employee medical benefits plan, the employer can pay \$1.50 less than full min wage Also includes an Intermediate Min Wage where the employer's goods and services produced by the Employer in Richmond are delivered or shipped outside the city

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CA	San Diego Population: 1,359,791	2014	<p>Employee: anyone who employs or exercises control over the wages, hours or working conditions of any employee</p> <p>Excludes: any small business who pays for less than 800 hours of employee labor during a given two-week period</p> <p>Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City</p> <p>Employer: who exercises control over the wages, hours, or working conditions of any employee, but does not include a person receiving services under the California In-Home Supportive Services program pursuant to Welfare and Institutions Code</p>	<p>\$11.50</p> <p>Median = \$19.80</p> <p>MW as % of median = 58.1%</p>	No	No	Excludes any person employed under a publicly subsidized summer or short-term youth job program; or any student employee, camp counselor, or program counselor of an organized camp	3 years	\$9	\$9.75 (2015)	\$10.50 (2016)	\$11.50 (2017)						
CA	San Francisco Population: 840,763	2014	<p>Employees: anyone who works at least two hours of work in a particular week for an employer within the geographic boundaries of the city</p> <p>Employers: anyone who employs or exercises control over the wages, hours or working conditions of any employee</p>	<p>\$15</p> <p>Median = \$24.90</p> <p>MW as % of median = 60.2%</p>	No	No, but includes any compensation that is received in the form of salary, hourly pay, piece rate, commissions, and non-discretionary performance bonuses	No	4 years	\$11.05	\$12.25 (2015)	\$13 (2016)	\$14 (2017)	\$15 (2018)					The employer may offset a portion of the minimum wage for housing and meal costs only if the offsets are the same as those available under the California Minimum Wage Law. The offsets shall only be recognized if there is a prior voluntary agreement between the employer and the employee
CA	San Jose Population: 1,000,860	2016	<p>Employee: anyone who works at least two hours of work in a particular week for an employer within the geographic boundaries of the city</p> <p>Employer: anyone who</p>	<p>\$15</p> <p>Median = \$28.70</p> <p>MW as % of median = 52.3%</p>	No	No	\$10 for Youth Training Program Employees in 2014 and thereafter to increase per CPI	4 years	\$8	\$10.50 (2016)	\$12 (2017)	\$13.50 (2018)	\$15 (2019)					<p>Caps CPI increase to no more than 5%</p> <p>Requires city to perform financial analysis (combo of employment rates and sales/tax revenues) each year to certify that the min wage increase can be supported by local economy and allows for suspension of increases if</p>

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
CA	San Leandro Population: 88,329	2016	employs or exercises control over the wages, hours or working conditions of any employee and who is either subject to the city's Business License Tax Chapter of the municipal code or maintains a facility in the City Employees: anyone who works at least two hours of work in a particular week for an employer within the geographic boundaries of the city Employer: any person receiving or holding a business license, or who employs or exercises control over the wages, hours or working conditions of any employee	\$15 (not indexed) Median = \$22.85 MW as % of median = 65.6%	No	No	Employees up to 25 years of age who are employed by a non-profit or governmental entity for after-school or summer employment, or as a student intern, or as a volunteer, or as a trainee for a period not longer than 120 days	4 years	\$10.50	\$12 (2017)	\$13 (2018)	\$14 (2019)	\$15 (2020)				the answer is no
CA	San Mateo Population: 101,335	2016	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the city Employer: anyone who employs or exercises control over the wages, hours or working conditions of any other person	\$15 Median = \$24.90 MW as % of median = 60.2%	No	No	No	3 years 4 years for nonprofits	\$10	\$12 (2017) NA Non-profits	\$13.50 (2018) Non-profit \$12 (2018)	\$15 (2019) Non-profit \$13.50 (2019)	Non-profit \$15 (2020)				

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
CA	Santa Clara Population: 121,374	2015	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the City Employer: anyone who employs or exercises control over the wages, hours or working conditions of any employee, is subject to the city's business tax code, or maintains a facility in the City	\$11 Median = \$28.70 MW as % of median = 38.7%	No	No	No	1 year	\$10	\$11 (2016)							The employer may offset a portion of min wage for housing and meal costs only if the offsets are the same as those available under the California minimum wage law, and only if there is a prior voluntary agreement between the employer and the employee
CA	Sunnyvale Population: 148,178	2014 (2016 amended)	Employee: any person who performs at least two hours of work during a calendar week within the geographic boundaries of the city Employer: anyone who employs or exercises control over the wages, hours or working conditions of any employee, is subject to the city's business tax code, or maintains a facility in the city	\$15 Median = \$28.70 MW as % of median = 52.3%	No	No	No	4 years	\$9	\$10.30 (2015)	\$11 (2016)	\$13 (2017)	\$15 (2018)				
CA	State Population: 39,250,017	2016	Employee: anyone performing any kind of compensable work for the employer who is not a bona fide independent contractor would be considered and counted as an employee, including salaried executives, part-time workers, minors, and new hires Employer: anyone who employs or exercises control over the wages, hours, or working conditions of any person [and] includes the state, political subdivisions of the state, and municipalities	\$15 Median = \$19.67 MW as % of median = 76.3%	Provides different implementation timetable for those with 25 or less employees	No	No	6 years large biz 7 years small biz	\$10	Large biz: \$10.50 (2017) Small biz: \$10 (2017)	Large biz: \$11 (2018) Small biz: \$10.50 (2018)	Large biz: \$12 (2019) Small biz: \$11 (2019)	Large biz: \$13 (2020) Small biz: \$12 (2020)	Large biz: \$14 (2021) Small biz: \$13 (2021)	Large biz: \$15 (2022) Small biz: \$14 (2022)	Small biz: \$15 (2023)	Exception for "learners," regardless of age, who may be paid not less than 85% of the minimum wage rounded to the nearest nickel during their first 160 hours of employment; in occupations in which they have no previous similar or related experience The employer may offset a portion of min wage for housing and meal costs, and only if there is a prior voluntary agreement between the employer and the employee
CO	State Population:	2016	Applies to private sector employers and employees in Colorado in the following 4	\$12 Median =	No	Employers must pay a wage of at least \$6.28/hr and make up	Minors under 18 may be paid \$7.91/hr	4 years	\$8.31	\$9.30 (2017)	\$10.21 (2018)	\$11.10 (2019)	\$12 (2020)				Employees with physical disability certified by the Director may be paid \$7.91 per hour.

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
5,540,545			industries: 1. Retail and Service 2. Commercial Support Service 3. Food and Beverage 4. Health and Medical Employees: anyone performing labor or services for the benefit of an employer in which the employer may command when, where, and how much labor or services shall be performed (hours unspecified in law) Employers: anyone employing an employee as defined above Excludes: state, fed govts. And municipal subdivisions (incl. school district)	\$19.09 MW as % of median = 62.9%		difference if tips don't reach min wage No more than \$3.02/hr can be used to offset tipped income Tipped employee = anyone who customarily and regularly receives more than \$30 per month											Up to \$25 per week for lodging furnished by the employer may count toward min wage Reasonable cost of meals provided to the employee may count toward MW
CT	State Population: 3,576,452	2013	Employee: anyone permitted to working (hours unspecified in law) Excludes: bona fide executive, administrative or professional capacity ("white collar exemptions"); anyone employed in camps/resorts that are open 6 months or less; anyone in domestic service in or about a private home (unless otherwise defined under FLSA); fed gov. employees; anyone engaged in the activities of an educational, charitable, religious, scientific, historical, literary or nonprofit organization where the employer-employee relationship does not in fact, exist or where the services rendered to such organizations are on a	\$10.10 Median = \$21.68 MW as % of median = 46.6%	No	Yes Up to 34.6% for waitpersons and 15.6% for bartenders (2014) Up to 36.8% for waitpersons and 18.5% for bartenders (2015-2017)	Minors under 18 years of age employed by the state or political subdivision may be paid 85% of min wage for the first 200 hours of employment (except institutional training programs specifically exempted by the state)	3 years	\$8.70 (2014)	\$9.15 (2015)	\$9.60 (2016)	\$10.10 (2017)					

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DC	Washington Population: 647,484	1992 (amend in 2004, 2013, & 2016)	<p>voluntary basis, any individual employed as a head resident or resident assistant by a college or university; babysitters; outside salesman; any individual employed by a nonprofit theater, provided such theater does not operate for more than 7 months in any calendar year</p> <p>Employer: anyone acting directly as, or in behalf of, or in the interest of an employer in relation to employees</p>	<p>\$15.00 Median = \$25.13 MW as % of median = 59.7%</p>	No	<p>Yes, allows employers credit up to the federal min wage for tipped workers, but employer must meet certain notification requirements in advance including stating how much is given in tip credit and what additional amount is being claimed by the employer as a tip credit</p>	No	7 years	\$8.25	\$9.50 (2014)	\$10.50 (2015)	\$11.50 (2016)	\$12.50 (2017)	\$13.25 (2018)	\$14 (2019)	\$15 (2020)	Employers may deduct \$2.12 for each meal made available. For four (4) hours or less of work, a maximum of one (1) meal deduction is allowed. For over four (4) hours of work, a maximum of two (2) meal deductions is allowed. For employees that live on the employer's premises, no more than \$6.36 per day can be deducted.

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HI	State Population: 1,428,557	2014	professional, computer, or outside sales capacity; persons engaged in the delivery of newspapers to the home of the consumer Employer: anyone acting directly or indirectly in the interest of an employer in relation to an employee, but shall not include the U.S. or the District of Columbia	\$10.10 (not indexed) Median = \$19.24 MW as % of median = 52.5%	No	Yes: Up to .50¢ (2015) Up to .75¢ (2016-2018) Tipped employee = anyone who customarily and regularly receives more than \$20/month in tips	Employers may pay 18 year olds and minors the youth minimum wage of \$4.25 for the first 90 days of employment	3 years	\$7.25	\$7.75 (2015)	\$8.50 (2016)	\$9.25 (2017)	\$10.10 (2018)				

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IL	Chicago Population: 2,717,534	2014	<p>the propagating, catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacean, sponge, seaweed, or other aquatic forms of animal or vegetable life, including the going to and returning from work and the loading and unloading of such products prior to first processing; anyone ship or vessel and who has a Merchant Mariners Document issued by the US Coast Guard; anyone who is a driver of a vehicle carrying passengers for hire operated solely on call from a fixed stand; golf caddy; anyone employed by a nonprofit school during the time such individual is a student attending such school; anyone employed as a seasonal youth camp staff member in a resident situation in a youth camp sponsored by charitable, religious, or nonprofit organizations exempt from income tax; automobile salesperson</p> <p>Employers: acting directly or indirectly in the interest of an employer in relation to an employee</p> <p>Excludes: State or any political subdivision thereof or the US govt.</p>	\$13 Median = \$18.93	Excludes micro businesses with 3 or less employees (not counting employer's	Yes - requires employers to pay \$5.45 (2015), \$5.95 (2016), & then to increase with CPI up	Exempts publicly subsidized summer or other	Tipped employees: 3 years (to get to \$5.95)	\$8.25	\$10 (2015)	\$10.50 (2016)	\$11 (2017)	\$12 (2018)	\$13 (2019)			2014 Executive Order also required all City of Chicago contractors and subcontractors to pay their employees a minimum of \$13 per hour for work performed under a City contract and

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			time that is usually compensated (deliveries, sales calls, business travel etc.) is included, but uncompensated commuting time is not Employer: anyone who employs at least one covered employee maintains a business facility within the geographic boundaries of the city and/or is subject to 1 or more business license requirements in the City Excludes: employees taking part in government-subsidized temp. youth employment programs; employees taking part in government-subsidized transitional employment programs; employees of any governmental entity other than the City; certain employees exempted under state law, including: employees under 18 years of age (can pay 50 cents below state min wage; 18+ employees in first 90 days of employment (can pay 50 cents below state min wage); disabled employees & trainees taking part in a program for no more than 6 months (pending state approval)	MW as % of median = 68.7%	immediate family)	to a capped increase of 2.5%	temporary youth employment program in which persons 24 years old or less are employed (or employment is coordinated by) a nonprofit organization or governmental entity	Non-tipped: 5 years	\$8.25	\$10 (2017)	\$11 (2018)	\$12 (2019)	\$13 (2020)				called on sister agencies to do the same Ordinance also provides that there will be no increase if the unemployment rate in Chicago in the previous year was equal to or greater than 8.5%
IL	Cook County	2016	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above									NOTE: municipalities can opt out at any time
MA	State Population: 5,203,499	2014	Employee: all but those rehabilitated or trained in chari-	\$11	No	Yes, can be paid a service rate of	No	3 years	\$8	\$9 (2015)	\$10 (2016)	\$11 (2017)					The employer may offset a portion of min wage for housing and meal costs,

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	Population: 6,811,779		table, educational or religious institutions; members of religious orders; agro workers; those in professional service; and outside sales persons (hours not specified in law) Employer: anyone who employs an employee or employees for wages, remuneration or other compensation	Median = \$22.45 MW as % of median = 49.0%		\$3.75/hour when said rate adds up to basic wage Tipped employee = anyone who receives \$20/month in tips											and only if there is a prior voluntary agreement between the employer and the employee
ME	Bangor Population: 32,695	2015	Employee: anyone who works for an employer as defined below (hours not specified in law) Excludes: anyone working for academic credit & persons expressly exempted under 26 M.R.S.A. § 663 (includes taxicab drivers, commercial fishermen, recreation camp employees, and some employees who earn their salary on a commission basis) Employer: anyone who employs or exercises control over an employee	\$9.75 Median = \$15.76 MW as % of median = 61.9%	No	Yes; for service employees (defined as anyone customarily and regularly receiving more than \$30/month on tips), employers may consider tips as part of min wage, but it cannot exceed 50% of regular min wage. Employers must inform the employee in advance	No	3 years	\$7.50	\$8.25 (2017)	\$9 (2018)	\$9.75 (2019)					
ME	Portland Population: 66,490	2015	Employee: anyone who works for an employer as defined below (hours not specified in law) Excludes: anyone working for academic credit & persons expressly exempted under 26 M.R.S.A. § 663 (includes taxicab drivers, commercial fishermen, recreation camp employees, and some employees who earn their salary on a commission basis)	\$10.68 Median = \$28.70 MW as % of median = 38.7%	No	Yes; for service employees (defined as anyone customarily and regularly receiving more than \$30/month on tips), employers may consider tips as part of min wage, but it cannot exceed 50% of regular min wage. Employers must inform the employee in advance	No	4 years	\$7.50	\$10.10 (2016)	\$10.68 (2017)	\$10.75 (2016)	\$11.50 (2017)				

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ME	State Population: 1,331,479	2016	Employer: anyone who employs or exercises control over the wages, hours, or working conditions of any employee and who has a place of business within the City limits Employee: anyone employed or permitted to work by an employer (hours not specified in law) Excludes: anyone employed in agriculture; employees whose earnings are derived from sales commissions; taxicab drivers; immediate family members who reside with and are dependent on the employer; counselors/junior counselors/counselors in training at organized camps; switchboard operators in public telephone exchanges with < 750 stations; home workers as defined by state; bona fide executive, administrative or professional worker; sentenced prisoner unless working for a private employer or an a work release program or in community confinement Employee: who employs or exercises control over the wages, hours or working conditions of employees	\$12 Median = \$17.01 MW as % of median = 70.5%	No	Yes, but may not exceed 50% of min wage	No	4 years	\$7.50	\$9 (2017)	\$10 (2018)	\$11 (2019)	\$12 (2020)				
MD	Montgomery County Population: 1,043,863	2013	Employee: any person permitted or instructed to work or be present by employer in the County (but see youth exemption) (hours undefined) Employer: anyone operating	\$11.50 (not indexed) Median = \$23.65 MW as % of	Excludes sole proprietors	Yes, but may not exceed 50% of regular min wage, and employers must pay at least \$4.00/hour Tipped employee = anyone earning more	Excludes employees age 18 and under working under 20 hours per week Employees under 20 years	4 years	\$7.25	\$8.40 (2014)	\$9.55 (2015)	\$10.75 (2016)	\$11.50 (2017)				Employer may offset min wage if they provide health insurance by all or part of the per-employee employer's share of the premium In Jan 2017, Council approved an increase to \$15, but this was vetoed by the County. County has indicated they

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MD	Prince George's County Population: 908,049	2013	or doing business in the County that employs 2 or more people Excludes: immediate family member of the employer; certain agricultural employees; executives, administrative, and professional employees; volunteers for educational, charitable, religious, and non-profit organizations; outside salesmen; commissioned employees; employees enrolled as a trainee as part of a public school special education program; Non-administrative employees of organized camps; certain establishments selling food and drink for consumption on the premises grossing less than \$400,000 annually; drive-in theaters; establishments engaged in the firstcanning, packing or freezing of fruits, vegetables, poultry, or seafood	median = 48.6% of May 2016 median wage	No	Yes, but may not exceed 50% of regular min wage, and employers must pay at least \$3.63/hour Tipped employee = anyone earning more than \$30 per month in tips	of age must earn at least 85% of the State Minimum Wage Rate for the first 6 months of employment	4 years	\$7.25	\$8.40 (2014)	\$9.55 (2015)	\$10.75 (2016)	\$11.50 (2017)				Provides a waiver option for Developmental Disabilities Administration Providers as defined by code
MI	State Population: 9,928,300	2014	Employees: anyone not less than 16 years of age employed by an employer on the premises of the employer or at a fixed site	May 2016 median = \$17.32	No	Yes: Up to \$3.10 (2014) Up to \$3.23 (2015) Up to \$3.38 (2017) Up to \$3.52 (2018)	Allows payment of up to 85% min wage to youth 16-17 years old	3 years	\$8.15	\$8.50 (2016)	\$8.90 (2017)	\$9.25 (2018)					

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MO	St. Louis Population: 317,850	2015	designated by the employer [hours undefined] Employees: anyone who employs 2 or more persons 16 Years of age or older Employee: anyone who performs at least 20 hours of work within a calendar year for an employer while physically present within the geographic boundaries of the City of St. Louis Excludes: charitable work where no employer/employee relationship exists; foster parents; day camp workers employed less than 4 months of a year; casual babysitters; prisoners performing labor services at a correctional facility; interns participating in a qualified work-study program; handicapped employees employed in a Sheltered Workshop Employee: anyone acting directly or indirectly in the interest of an employer in relation to an employee in the City of Minneapolis Excludes: any other local, state or federal unit of government and small business exemptions	MW as % of median = 53.4% \$11 Median = \$17.38 MW as % of median = 61.7%	Excludes businesses with revenues <\$500K of biz has been in operations for <1 year and revenue is projected to be less than <\$500K OR that has employed no more than 15 employees regardless of location in the current and previous calendar year (FTE,PTE temp., and contract employees included)	Yes Tipped employees receiving more than \$30 per month in tips shall be paid not less than 50% of the min wage	No Also allows for a youth training wage for newly hired employees ages 16-19 of \$4.25/hr for first 90 days of employment	2 years	\$8.25	\$10 (2017) \$11 (2018)							Intended to have an increase to \$9 in 2016) but litigation held it up so in practicality has become implemented in 2 years
NM	Albuquerque Population: 556,092	2012	inside city limits who works at least two hours of work in a particular week for an employer within the geographic boundaries of the	\$8.50 Median = \$16.40 MW as % of	No	Yes, up to 60% of min. wage (min. topped wage = \$5.30 in 2017)	Excludes interns working for academic credit in connection with a course of	1 year	\$7.50	\$8.50 (2013)							Also creates a different tier for employers who provide healthcare or childcare benefits during any pay period and said amount is at least \$2,500. This minimum wage = \$7.80 (vs. \$8.80 min wage in 2017 or \$1.00

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NM	Bernalillo County (excl. Albuquerque) Population: 120,861	2013	City Employer defined as any entity that is required to have a business license or business registration from the city Employees: anyone working inside city limits who work at least two hours of work in a particular week for an employer within the geographic boundaries of the City Excludes: interns working for an employer for academic credit; certain workers with disabilities as per county code; immediate family members of an employer (incl. sibling); casual babysitters; employees under 16. Employer: anyone required to have a business registration from the county and who employs or exercises control over the wages, hours or working conditions of any employee.	median = 53.7% \$8.50 Median = \$16.40 MW as % of median = 51.8%	No	Yes, following federal standard (\$2.13) with employers making up difference	study or students working on a work-study program while attending school Excludes anyone under 16	1 year	\$7.50	\$8 (2013)	\$8.50 (2014)						Also creates a different tier for employers who provide healthcare or childcare benefits during any pay period and said amount is at least \$2,500. This minimum wage = \$1.00 less than regular min wage.
NM	Las Cruces Population: 101,164	2014	Employee: anyone employed by an employer within the City [hours undefined] Excludes: anyone in a bona fide executive, administrative or professional capacity; forepersons, superintendents and supervisors; persons engaged in the activities of an educational, charitable, religious or nonprofit organization where the employer-employee	\$10.10 Median = \$14.13 MW as % of median = 71.5%	No	Yes, but employer has to pay cash wage of at least 40% of min wage Tipped employee = employee who customarily and regularly receives more than \$30/week in tips	Excludes persons 18 years of age or under who are a primary, secondary, vocational, or training school; and persons 18 years of age or under who are not graduates of a secondary school	3 years	\$7.50	\$8.40 (2015)	\$9.20 (2017)	\$10.10 (2019)					

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NM	Santa Fe (city) Population: 83,008	2004 (amded 2007)	relationship does not, in fact, exist or where the services rendered to such organizations are on a voluntary basis; students regularly enrolled in primary or secondary schools working after school hours or on vacation; registered apprentices and learners otherwise provided by law; G.I. bill trainees while under training; see also youth exemption Employer: anyone who employs someone in the city, businesses having contracts with the City in excess of \$30,000 which provide services to or on behalf of the City, and businesses which are required to have a City issued business license (includes City, but not other governmental entities)	\$9.50 Median = \$16.82 MW as % of median = 56.5%	None	Yes for workers who customarily receive more than \$100 in tips and commissions in a month provided they are retained by workers and not pooled (ordinance to have a min/max amount)	None	2 years	\$5.15	\$8.50 (2004) \$9.50 (2009 and then CPI)							Initially enacted in 2004 for large businesses (over 26) only, but 2007 amendment included all

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NM	Santa Fe County (pop. excludes Santa Fe city) Population: 65,643	2014	financial assistance from the City; businesses required to have a business license or registration in the City; nonprofits who have workers that work in the city Excludes nonprofit organizations whose primary source of funds is from Medicaid waivers Employees: all individuals employed by or providing work to an employer as defined below (hours undefined) Excludes: government employees beyond County; anyone engaged in the activities of an educational, charitable, religious or nonprofit organization on a voluntary basis; Apprentices in a registered apprentice program recognized by the State; G.I. bill trainees; temporary employees of an educational, charitable or religious youth camp or retreat where room and board is provided to the employee, or if a day camp, where board only is provided; immediate family member of the employer; interns working for academic credit; persons working in connection to a court-ordered community service program Employers: County; businesses who undertake an economic development project and execute a project participation agreement with the County; businesses that	\$10.66 May 2016 median = \$16.82 MW as % of median = 63.4%	No	Tipped employees to be paid a base wage of at least 60% in min wage with employer making up the difference in wages if the tips don't amount to full min wage Tipped employee = anyone who customarily and regularly receive more than \$30/month in tips and/or commissions	Interns working for academic credit in an accredited university or school	Same year	\$7.50	\$10.66 (2014)							

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NY	New York City Population: 8,537,673	2015	need a business license from the County The minimum wage is based on where an employee performs work. Workers must be paid the minimum wage rate for their work location regardless of where the main office of their employer is located. Employees: anyone employed or permitted to work [hours undefined] Excludes: casual baby sitters; workers in labor on a farm; bona fide executive, administrative, or professional capacity; outside salesman; taxicab drivers; volunteers, learners or apprentices; religious, charitable or educational organizations purposes; members of a religious order, or as a duly ordained, commissioned or licensed minister, priest or rabbi, or as a sexton, or as a christian science reader; or working for a religious, educational or charitable institution if such individual is a student; workers for summer camp or conference of such a religious, educational or charitable institution for not more than three months annually; staff counselors in a children's camp; anyone working for federal, state or municipal government or political subdivision thereof; volunteers at a recreational or amusement event run by a business that operates	\$15 (or \$12.50) Median = \$21.74 MW as % of median = 69.0%	Carves out tiers for large employer (11+ employees), but only until 2019 when \$15 is reached by all NYC: Large biz:	Yes, but varies depending on location and employer size Also allows for commissions to be included as wages	No exceptions	Varied depending on size and location from 3-4 years (NYC) to beyond 6 on when the rate reaches \$15 across the state	\$9	NYC: Large biz: \$13 Small Biz: \$12 Fast food: \$13.50 NYC: Large biz: \$11 Small Biz: \$10.50 Fast food: \$12 Long Island & Westchester: \$10 Rest of state: \$9.70 Fast food: \$10.75 (2016)	NYC: Large biz: \$15 Small Biz: \$12 Fast food: \$13.50 NYC: Large biz: \$13 Small Biz: \$12 Fast food: \$11 Rest of state: \$10.40 Fast food: \$11.75 (2017)	NYC: Small Biz: \$15 Long Island & Westchester: \$13 Rest of state: \$11.80 Fast food: \$13.75 (2019)	Long Island & Westchester: \$14 Rest of state: \$12.50 Fast food: \$14.50 (2020)	Long Island & Westchester: \$15 Rest of state: \$12.50 Fast food: \$15 (2021)			

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OR	State Population: 4,093,465 (Portland started in 2014 with City Contractors and employees)	2016	such events; newspapers or shopping news delivery people Employer: anyone acting as employer	\$14.75 Portland metro \$13.50 standard \$12.50 nonurban counties NOTE: annual index is based on CPI as applies to standard rate; Portland metro to increase \$1.25 over standard min wage; nonurban counties to be \$1 less than standard min wage Median = \$19.89 Portland metro \$18.26 state MW as % of median = 74.2%	No	No, but may include commissions and bonuses	No, but does allow a "student learner" subminimum rate (75% of min wage) for any student who is receiving instruction in an accredited school, college or university and who is employed on a part-time basis, pursuant to a bona fide professional training program	7 years	\$9.25	Port: \$9.75 Stand: \$9.75 Nonurban ban Cities: \$9.50 \$10 (2016)	Port: \$11.25 Stand: \$10.25 Nonurban ban Cities: \$10 \$10 (2017)	Port: \$12 Stand: \$10.75 Nonurban ban Cities: \$10.50 \$12 (2018)	Port: \$12.50 Stand: \$11.25 Nonurban ban Cities: \$11 \$11.50 (2019)	Port: \$13.25 Stand: \$12 Nonurban ban Cities: \$12 (2020)	Port: \$14 Stand: \$12.75 Nonurban ban Cities: \$12 (2021)	Port: \$14.75 Stand: \$13.50 Nonurban ban Cities: \$12.50 \$12 (2022)	<p>Pay based on where employees work:</p> <ul style="list-style-type: none"> If an employee performs > 50% of work in a pay period at the employer's permanent fixed business location in Oregon, pay rate shall be based on that location- Where employees who make deliveries as a part of their job and who start and end their workday at the employer's permanent fixed business location, pay rate shall be based at the fixed business location Employees who do not perform more than 50% of their work in a pay period at the employer's permanent fixed business location in Oregon must be paid at least the minimum wage rate for the region in which the employee performs work Employers may make an authorized deduction for meals and lodging so long as they are provided for the "private benefit" of the employee. However, if you require your employee to live on-site, or if you derive a mutual benefit from the employee living on the premises, you must pay minimum wage in addition to the value of meals and lodging.

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VT	State Population: 624,594	2015	workers employed at a non-profit conference ground or center operated for educational, charitable or religious purposes; volunteer firefighters; workers providing companionship services to elderly, infirm or disabled persons in a family home; certain resident managers of licensed adult foster care homes; in-mate labor certain individuals volunteering as campground hosts who reside in publicly owned campgrounds; referees of youth or adult recreational soccer matches; certain ski patrollers, golf course caddies and marshals Employer: anyone who employs any person in the state (employs does not include volunteer work for a public, religious or nonprofit organization OR services performed by general or public assistance recipients as part of any work training program administered under a state or fed. program	Portland metro [using Portland metro median] 73.9% Standard 68.5% Non-urban counties	No	Yes: Up to \$4.50/hr (2014) Up to \$4.57/hr (2015) Up to \$5/hr (2016) Up to \$5.25/hr (2017) Tipped employee= anyone who customarily and regularly receives more than \$12/month in tips	Full time high school students must meet fed. requirements for min wage	4 years	\$8.73 (2014)	\$9.15 (2015)	\$9.60 (2016)	\$10 (2017)	\$10.50 (2018)				An employer shall be entitled to deduct from the wages earned an allowance for meals and lodging actually furnished

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
WA	Seattle Population: 653,017	2014	professional capacity; anyone employed in domestic service in or about a home Employer: all employers doing business in Vermont except fed govt. Employees: anyone working inside city limits who works more than two hours of work for an employer within the City during that two-week period Time spent in the City solely for the purpose of travelling through the City from a point of origin outside the City to a destination outside the City, with no employment-related or commercial stops in the City except for refueling or the employee's personal meals or errands, does not count Employer: anyone who employs another person and includes anyone acting directly or indirectly in the interest of an employer in relation to an employee	Large biz: \$15 Small biz: \$13 Median = \$22.91 Large biz: MW as % of median = 65.5% Small biz: MW as % of median = 56.7%	Carves out tiers for large employer = 501+ employees	Employers can make up balance with employee tips as reported to IRS (unless tips don't add up to \$15) Commissions may be counted as wages	Allows the establishment by rule of min wage for minors (under 18) that cannot be less than what is allowed under state law	Large employers: 3-4 years Small employers: 5-7 years	\$9.54	Large biz, no health \$11 Large biz w/ health \$12.50 Small biz, no health \$11 Small biz w/ health \$12	Large biz, no health \$15 Large biz w/ health \$13.50 Small biz, no health \$14 Small biz w/ health \$12	Large biz, no health \$15 Large biz w/ health \$13.50 Small biz, no health \$14 Small biz w/ health \$12	Large biz w/ health \$15 Small biz, no health \$14 Small biz w/ health \$11.50 Small biz w/ health \$11	Small biz, no health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	Small biz w/ health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	Small biz w/ health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	For all employers, can reduce hourly rate if the employer makes payments toward an employee's silver level medical benefits plan (until pay rate reaches \$15) Allows for issuance of special certificate that allows for less than min wage rates for "learners, apprentices, messengers, disabled" under state law
WA	Tacoma Population: 203,481	2015	Employees: all who work within the geographical boundaries of the city for more than 80 hours in a calendar year, regardless of whether their employer is physically located in the city or not Excludes: workers covered by special state certificates issued per RCW 49.46.060 (disabled workers, learners, student learners, apprentices, student workers, etc.) = state min	\$12 Median = \$22.91 MW as % of median = 52.4%	No	No Does allow for commissions to be taken into account when earned and paid together to the employee and are equal or greater to minimum wage	State min wage applies to all under 16	2 years	\$9.47	Large biz, no health \$10.35 (2016) Large biz w/ health \$11 Small biz, no health \$11 Small biz w/ health \$12 Small biz with health \$10 Small biz w/ health \$10.50 (2015)	Large biz, no health \$11.15 (2017) Large biz w/ health \$12.50 Small biz, no health \$11 Small biz w/ health \$12 Small biz with health \$10.50 (2016)	Large biz, no health \$12 (2018) Large biz w/ health \$13.50 Small biz, no health \$14 Small biz w/ health \$12	Large biz w/ health \$15 Small biz, no health \$14 Small biz w/ health \$11.50 Small biz w/ health \$11	Small biz, no health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	Small biz w/ health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	Small biz w/ health \$15 Small biz w/ health \$13.50 Small biz, no health \$12 Small biz w/ health \$12	

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI infiator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
WA	SeaTac Population: 27,859	2013	applies; also bona fide independent contractors Employer: anyone acting directly or indirectly in the interest of an employer in relation to an employee Set a standard for hospitality and transportation industry employees/employers, including airport and thus definitions specific for these industries [hours undefined]	\$15 Median = \$22.91 MW as % of median = 52.4%	No	No	No	1 year	\$9.19	\$15 (2014)							
WA	State Population: 7,288,000	2016	Employees: anyone employed in the business of his employer whether by way of manual labor or otherwise [hours undefined] Exceptions: apprentices and workers with disabilities (requires approved certificate from state) Employers: anyone who engages in any business, industry, profession, or activity in the state and employs one or more employees Excludes: registered volunteers with a state or federal volunteer program; any person who performs or is assigned to perform duties for an educational, religious, governmental or nonprofit charitable corporation by choice and receives no payment other than reimbursement for actual expenses necessarily incurred in order to perform such volunteer services;	\$13.50 Median = \$20.87 MW as % of median = 64.7%	No	No	Can pay up to 85% of state min wage to anyone under 16 Learners can be paid at 85% of min wage; student-learners can be paid at 75% of min wage	4 years	\$9.47	\$11 (2017)	\$11.50 (2018)	\$12 (2019)	\$13.50 (2020)				Includes a procedure under which employers may receive a variance from min wage rules http://ap.leg.wa.gov/WAC/default.asp?cite=296-126-130

State	City/County population	Year enacted	Applies to	Upper limit before reverting to CPI inflator (and % of this to May 2016 median wage)	Exceptions based on employer size	Exceptions for tipped employees	Exceptions for youth	Phase in period	Wage before first increase	YR1	YR2	YR3	YR4	YR5	YR6	YR7	Additional notes
			bona fide executive, administrative or professional capacity or in the capacity of outside salesperson; independent contractors														

Since May 17, 2017

Jurisdiction	News
Delaware	Currently debating a wage increase with democrats pushing to \$15
Illinois	In late May, state lawmakers approved a plan to increase the minimum wage to \$15 over 5 years; Governor has until July 31 to sign or veto; Senate version includes a tax credit for small business (under 50 employees); includes a youth wage; maintains existing Ill. tip inclusion rules as it increases the wage In early June, Glenview (within Cook County) opted out of Cook's County's minimum wage and sick leave rules; several other cities also opted out, though 3 others have opted in.
Maine	Both Senate and House voted to repeal the portion of the voters referendum that excluded a tip credit application to wages, and Governor has indicated he would sign it; bills failed to garner two-thirds support so must wait to get one final vote and cannot go into effect until 90 days after the legislature adjourns (sometime on Oct.)
Michigan	Senate bill 185 introduces a minimum wage increase to \$15 by 2018
Texas	Lawmakers considering a minimum wage increase after 9 bills submitted on the topic in 2016. Bills range from %10.10 - \$15/hr
Federal	Democratic leadership introduced a bill in late May to raise the federal min. wage to \$15 by 2024, without including tips as part of wage (Raise the Wage Act)
Canada	Ontario: Premier introduces a plan to increase minimum wage to \$15 (from \$11.40) by Jan. 2019 Toronto: released an extensive Changing Workplaces Review that looked at a broad spectrum of workplace issues; as part of this comprehensive report, consideration is being given to a minimum wage increase to \$15

END OF REPORT

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