

# **Citizens League Report: Phase 2**

## **Saint Paul Minimum Wage Study Committee**

**Pahoua Hoffman  
Angelica Klebsch  
Citizens League  
September 12, 2018**

# Thank you from the Citizens League

Nonpartisan, multi-issue, member-based

We bring Minnesotans together across backgrounds, parties and ideologies to define and solve policy problems, and implement and sustain solutions.

# Background:

## Phase 1 Scoping Project

- Identify key questions, resources, & stakeholders
- 200+ community members
- Produced stakeholder analysis
- Mapped more policy facets
- Supported City's question development
- Led to Phase 2 Study

# Phase 2 Framework

- Study Committee
- Scope of Work
  - Wage rate
  - Exemptions
  - Tip adjustment
  - Phase-in times
- Project timeline: March– August 2018

# Phase 2 Framework

- Study Committee selection
- Guided by stakeholder analysis
- Diverse representation
- Different, often opposed viewpoints
- Community= Saint Paul workers, residents, & employers
- Measures to promote accessibility

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)**
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)**
22. Mr. Cardell McKizzie, Team Member, McDonald's
23. Dr. Eric LaMott, Provost & Chief Operating Officer, Concordia University

# Process

## Weekly meeting topics:

- Demographics
- Benefits cliffs
- Minneapolis ordinance
- Small business experience
- Saint Paul's ordinance process, implementation, and enforcement
- Tip credit/tip penalty
- Hourly worker experiences: cleaning, youth training, caretaking, and retail
- industries
- Youth employment programs
- Disability services providers
- History of the minimum wage in the US and current municipal minimum wage ordinances
- Firm birth/death studies
- Wage compression

# Process

- Shared learning space
- Support from
  - Contributors
  - Roy Wilkins Center for Human Relations & Social Justice
  - Existing research
  - Community reports
- Participation outside of meetings
- External attention



# Scenario Development

- Facilitated, focused conversations
- Nonbinding votes in week 13
  - Committee-designed scenarios
  - Polarized or spread support



# Sample Scenarios

## Scenario 1

<b>Wage</b> <ul style="list-style-type: none"><li>• <b>\$15</b></li><li>• <b>State min. for tipped employees at full service restaurants</b></li><li>• <b>Indexed to Inflation</b></li></ul>	<b>Exemptions</b> <p><b>None.</b> Expand def. of employees in Mpls ordinance to include <u>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).</u></p>
<b>Tips</b> <p><b>No tip credit</b></p>	<b>Phase In</b> <p><b>Large Businesses, 6 years</b> (100+ employees)</p> <p><b>Small Businesses, 8 years</b> (Fewer than 100 employees)</p>

1. **24%** Strongly Support
2. **19%** Somewhat Support
3. **19%** Somewhat Don't Support
4. **38%** Strongly Don't Support

### Additional considerations

- 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.

# Sample Scenarios

## 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
- 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.

1. 29% Strongly Support

2. 19% Somewhat Support

3. 19% Somewhat Don't Support

4. 33% Strongly Don't Support

### Additional considerations

- 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

# Sample Scenarios

## Scenario 8

<b>Wage</b> <b>\$20</b> <b>Index to Inflation</b>	<b>Exemptions</b> <b>No exemptions</b>
<b>Tips</b> <b>No tip credit</b>	<b>Phase In</b> <b>Slightly faster phase in than</b> <b>Mpls so they reach \$15 at the</b> <b>same time.</b>

1. **29%** Strongly Support

2. **24%** Somewhat Support

3. **0%** Somewhat Don't Support

4. **48%** Strongly Don't Support

### 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-ZDAsAAXo9ETYUEKW2E/view](https://drive.google.com/file/d/1_VRo9JPC-4cl-ZDAsAAXo9ETYUEKW2E/view)

# Final Scenario Development

- Semi-anonymous survey
- Patterns of “negotiable support”
- Scenarios with highest likelihood of support could be designed

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



# Minimum Wage Scenarios for Consideration

	Scenario 1
Wage	\$15 Indexed to Inflation
Exemptions	City-approved youth training programs: 180 days  Disability employment programs
Tip Adjustment <sup>15</sup>	No tip adjustment
Phase-In Times	Small businesses: 7 years Large businesses: 5 years
Study Committee Support Level <sup>16</sup>	77%

# Related elements

- Firm size:
  - 76% Headcount
  - 33% FTE
  - 10% Revenue
- Implementation dates
  - 62% July 1, 2019
  - 52% July 1, 2020
  - 43% January 1, 2020
  - 29% January 1, 2019



# Additional considerations

- Education, outreach, & enforcement
- Joint employer liability
- Ordinance coverage for occasional work in Saint Paul
- Medicaid-funded businesses
- Micro business support
- Professional sports teams
- Work study programs
- Slope of implementation
- Wage alignment with Minneapolis in final year

# Co-Chairs

**B Kyle**

**President/CEO**

**Saint Paul Area**

**Chamber of Commerce**

**Rick Varco**

**Political Director**

**SEIU Healthcare MN**

# Thank you

**Pahoua Hoffman**

Executive Director

(651) 289-1071

[phoffman@citizensleague.org](mailto:phoffman@citizensleague.org)

**Angelica Klebsch**

Policy Director

(651) 289-1080

[aklebsch@citizensleague.org](mailto:aklebsch@citizensleague.org)

**Final report and all project materials:  
[citizensleague.org/minwage](http://citizensleague.org/minwage)**