



October 30, 2022

TO: Saint Paul City Council

FROM: Kristien R. E. Butler, J.D., Director, HREEO

SUBJECT: Report due to Council 60 days before sunseting, Hospitality Right to Recall

Introduction

The [Saint Paul Legislative Ordinance 233A, Hospitality Right to Recall](#) sunsets at the end of this calendar year. Pursuant to section 233A.10, the HREEO Director is required to provide a written report to the city council regarding the effectiveness of this chapter in promoting the goals and purposes set forth herein at least sixty (60) days before the expiration of this chapter. According to the Ordinance, HREEO's report should include, but need not be limited to, a discussion of the implementation and enforcement of this chapter, including the number and nature of violations, the number of employees reinstated, the penalties assessed, and any other relevant information. Please accept this memo as HREEO's report.

Background

On June 16th, 2021, the Saint Paul City Council approved Ordinance 20-21, which created Chapter 233A of the Legislative code to establish certain rights for hospitality workers who suffered loss of employment due to the Covid-19 pandemic to return to work with their previous employer. This Ordinance took effect on July 24, 2021, and sunsets at the end of 2022. Implementation was relatively straightforward for HREEO as we were able to adapt existing Labor Standards complaint intake and investigation practices. All materials are available online [here](#). Additionally, as our staff is experienced with investigations, they remain prepared to conduct any alleged violation of this ordinance and answer inquiries from workers in accordance with existing policy.

Hospitality workers in Minnesota have faced an unprecedented jobs crisis in recent years. According to the Federal Reserve Bank of Minneapolis, hospitality workers have "faced unique challenges that have hindered their ability to maintain healthy levels of employment and disproportionately tested their overall well-being during the COVID-19 pandemic."¹ While we saw overall employment drop precipitously in the pandemic, at the worst point of the crisis, employment in the leisure and hospitality industry was down by 55%, from approximately 187,000 employees in April 2019 to less than 84,000 in April 2020 based data from the Bureau of Labor Statistics (BLS).² This Ordinance was extremely forward thinking and could have been a lifeline for employees had the job market not shifted.

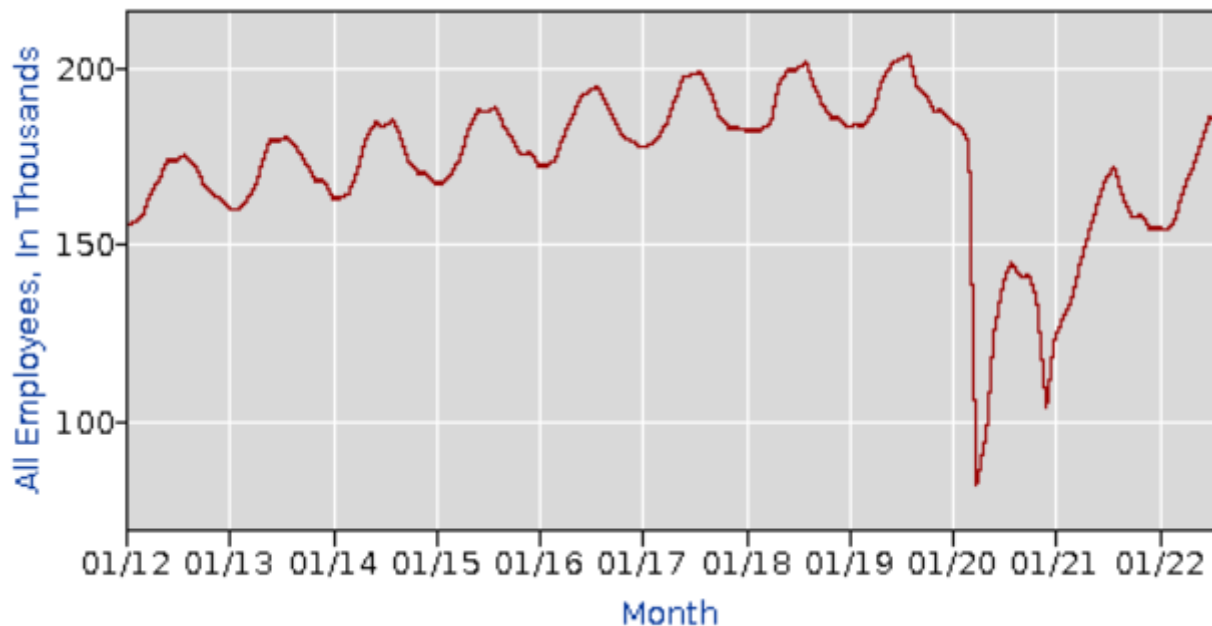
¹ <https://www.minneapolisfed.org/article/2021/hospitality-and-janitorial-workers-in-the-twin-cities-have-faced-disproportionate-challenges-during-covid-19>

² Nonfarm employment for the Minneapolis-St. Paul-Bloomington metropolitan statistical area. Not seasonally adjusted. Data extracted on Nov 30, 2020

Results of the Ordinance

Because HREEO has yet to receive a formal complaint around this ordinance, HREEO has not recorded any violations, employee reinstatement, or penalties assessed. While no one could have foreseen the COVID-19 pandemic and its immense impact on our workers, families, community, economy, and our day-to-day lives, we did not anticipate that the pandemic would unfold as the same time as our labor market was shifting. At the onset of the Covid-19 pandemic, the market largely favored employers and has since shifted to one that has employers and employees on slightly more even ground. As of September 2022, Minnesota's Department of Employment and Economic Development (DEED) reports that there are nearly four job vacancies for every unemployed jobseeker."³ Our current unemployment rate in the City was 2.5% as of August 2022.⁴ In the last nine years, our City has only had a monthly unemployment rate lower than 2.5% three times. This low level of unemployment is indeed a victory for Saint Paul.

Though not at pre-pandemic levels, the BLS provides Leisure and Hospitality industry specific data for the Metro Statistical Area and has captured how the industry is slowly rebuilding.⁵

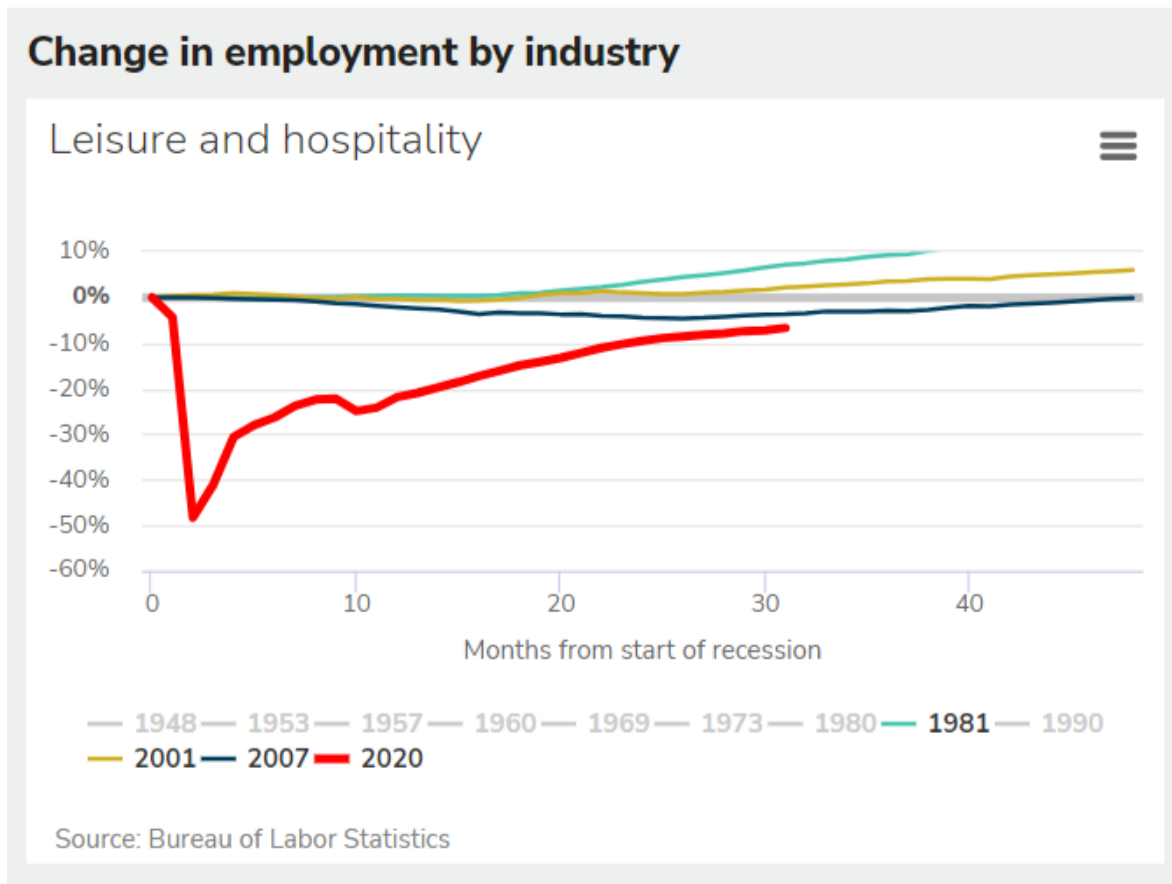


³ <https://mn.gov/deed/newscenter/publications/trends/september-2022/projections.jsp> and <https://mn.gov/deed/data/current-econ-highlights/monthly-snapshot.jsp>

⁴ <https://apps.deed.state.mn.us/lmi/laus/Results.aspx?geog=2705123095&adjusted=0&periodtype=03&resultset=3&startyear=2013&endyear=2022>

⁵ Bureau of Labor Statistics Data (bls.gov) and https://www.bls.gov/eag/eag.mn_minneapolis_msa.htm#eag_mn_minneapolis_msa1.f.3

Similarly, the Federal Reserve Bank of Minneapolis shows the impact on the industry nationwide:⁶



Recommendation

At this point in time, HREEO does not recommend that the City Council renew the ordinance as there does not appear to be a continuing need for the provisions of this Chapter. While this is not an industry that has fully recovered from the pandemic, there are different solutions needed now – solutions that spur people to support the businesses in this industry to help it fully recover. However, we do advise that, if another pandemic were to ensue, this is exactly the type of effort our City can undertake to protect some of our community’s lowest wage workers in a time of extreme crisis.

HREEO’s Requirements Per the Ordinance

In passing this Ordinance, the City Council charged the Department of Human Rights & Equal Economic Opportunity with “broad authority to implement, administer and enforce this Chapter.” SPLC 233A.05(a). All Rules, Investigation Procedures & FAQs for the City of Saint Paul’s Labor Standards Division are available on HREEO’s website. HREEO’s Labor Standards Investigators regularly respond to calls and emails from employers and employees alike to answer questions about how all labor standards ordinances apply to their unique situation. In addition to defining processes, making information available, and receiving and investigating any

⁶ <https://www.minneapolisfed.org/research/recession-in-perspective>

alleged complaints, HREEO was required to do outreach and engagement around the Ordinance. HREEO communicated through the following channels and at levels not previously done:

- All HREEO email blasts messages/newsletters
- HREEO Website
- Labor Standards Advisory Committee (LSAC) & HREEO Commission
- Business Review Council
- Individual stakeholder outreach

In Closing

There is a larger issue that remains that I would be remiss in not addressing. As detailed in a November 2020 report by the Federal Reserve Bank of Minneapolis, “people of color face systemic disparities in Minnesota’s labor market.” The report cited research showing that, “Black Minnesotan workers in particular have been shown to receive dramatically fewer callbacks from employers even when their job applications are identical to those of White counterparts.” It also found large gaps in unemployment rates in good and bad economic times.⁷ These statistics still reign true.

Minnesota is still plagued by systemic racism and discrimination and Saint Paul does not appear to be an exception. While Mayor Carter and his administration are working every day to make our City a place that truly works for all, we must acknowledge that, in order to fix the deep racism and discrimination that is woven into the very fabric of our democracy, society and community, we must first recognize the inherent value each and every person brings to our community. We must continue to redesign and build systems to support community, rather than exclude. HREEO makes progress on these goals by enforcing Saint Paul’s ordinance prohibiting discrimination in housing, employment, and other areas. The Labor Standards Division ensures the Minimum Wage and Earned Sick and Safe Time ordinances are upheld and instituted for employees who work within the City of Saint Paul, providing key protections and raising standards for workers. HREEO’s other divisions oversee affirmative action plans, Section 3 employment across the City, and works to diversify the group of vendors with whom we do business. We are working for accountability in policing and to ensure our entire city -- including playgrounds, street corners, and all our buildings -- are accessible to every resident no matter how they move around, where they live, or what language they speak at home. We can and we must do better. It will take each and every one of us to do so.

⁷ <https://www.minneapolisfed.org/article/2020/people-of-color-face-systemic-disparities-in-minnesotas-labor-market>