

Business Advisory Group Session Summary

January 25, 2017

General comments:

- Small businesses are assets to the city, but they struggle. Raising prices is not an option because of competition. Wages should be determined by businesses and are based on business income and expenses. We pay employees what we can. If the wage isn't enough, then an employee can find a new job.
- [If the minimum wage is raised] Building owners will have a hard time finding tenants as businesses relocate to cities where they are not required to pay a higher minimum wage.
- An increased minimum wage should not be implemented only in Minneapolis.
- Employers are already having a hard time finding employees. The city needs to look at its priorities.
- Comment regarding tipped employees: they are often the highest paid in restaurants and actual wage is much higher than minimum wage when you factor in tips. If the minimum wage is raised, the wage for back of house staff will need to be higher since they don't earn tips.
- The income of a business impacts its decision making. Large companies could still move to Minneapolis if they are required to pay a higher minimum wage, but an increase minimum wage would have a big impact on small businesses.
- Question posed to the City: is there any concern about automation as a result of raising the minimum wage and if an increase would speed this process along?
- There seems to be a lack of understanding about an employee's full wage. Tips count as wages for a business. That said, it is important to have strong wages and to fairly compensate employees.
- Some staff at my restaurant already make more than \$15 an hour. If the minimum wage goes up to \$15, I will have to raise everyone's wages.

- It will cost me an extra \$200,000 - \$250,000 per year to cover the increased wages. As a result, I will have to increase prices to cover the additional expenses and raised prices will impact my customers ability to eat at my restaurant.
- Don't forget to think about the impact this may have on our senior community: individuals on fixed incomes won't be able to afford the increased prices that businesses will have to charge.
- We are hearing from employees that they don't want the increase because it will make them ineligible for services like Mnsure.
- Businesses on the boarder of the city will lose business to businesses in other cities b/c owners will need to raise prices in Minneapolis to cover the additional expenses.
- Youth workers will lose out if the minimum wage is increased because employers will want to hire more skilled workers to justify paying the increased wage.
- I will have to let my cleaning staff go because I won't be able to afford the wage increase. As a result my higher paid staff will be required to work longer hours and take on work previously handled by the cleaning staff.
- Nonprofits will not be able to absorb the wage increase because of their business model.
- Younger workers, and those with less experience, will be left out of the job market as it will be harder to overcome barriers to entry because businesses will have a preference for higher skilled workers.
- Employees are not under contract and can find a higher wage job if they aren't paid enough.
- The income of a business shouldn't be used to set the minimum wage. It should be determined based on profitability & the City can't determine that threshold.
- It's already hard to hire someone at the minimum wage if they aren't a tipped employee. The City should let the market determine the wage.
- Some businesses are labor intensive because they need more staff to execute so they have to have more staff and wouldn't be able to absorb the cost increase.

- Raising the minimum wage is not the province of the City Council.
- Economic borders are porous and Minneapolis businesses will have to start competing against other cities or businesses will find their customers simply turning to non-impacted businesses elsewhere.
- I'm concerned the conversation is worthless if the City Council is forced to vote approve a \$15 an hour minimum wage.
- I am only licensed [daycare business] to care for a specific number of kids so my revenue is set each year. I won't be able to absorb the cost to pay employees more. Please don't add another rule/regulation that I'll be required to follow.

Comments in response to what considerations the City should take into account if moving forward on a minimum wage policy:

- City should consider employee size and type (i.e. franchise & multi-location businesses)
- When determining business size, the City should only consider number of employees based in Minneapolis, not additional locations.
- The City Council should consider exemptions for businesses that have thin margins and serve people on the margins (i.e. food, childcare, transportation). If the minimum wage is increase businesses will have to increase prices which is negate any wage increase families would experience.
- The City should consider training wages for high school/new workers.