

## Downtown Improvement District/Minneapolis Downtown Council

### Session Summary

February 14, 2017

#### **General comments:**

- Low-income people and people of color would be hurt by a higher minimum wage.
- There is vagueness in the study and its findings. This could turn into a huge effort with the potential for possibly no result. Look at University of Washington study about Seattle, will we really raise earnings?
- If the goal is upward mobility, maybe we're approaching the problem backwards. Let's elevate the skill level of people at the bottom of the ladder, rather than set a floor.
- Raising the minimum wage to \$15 would substantially influence wages for Latino and African-American workers. This has been confirmed in a study from the Berkeley Policy Center.
- Reimbursement rates for PCAs are set by regulatory bodies so companies can't absorb a minimum wage increase.
- There are 700 paid interns in Minneapolis. Youth employment would be adversely affected. The current expectation of employers is that Step-Up Interns will be paid \$10/hr. I'm not sure the program can absorb an increase without a youth/training wage exception. Studies seem to show there is a decrease in youth employment when the minimum wage is raised.
- Consider a time-bound rule – anyone working less than 120 days, wouldn't be subject to a minimum wage increase.
- Be cautious about benefit cliffs. Make sure any wage increase is high enough to overcome a loss of other benefits (LA Times article).
- A higher minimum wage would cause people living outside of Minneapolis to come to the city to work – missing the opportunity to increase wages for Minneapolis residents. Also, be cautious about wage compression – all wages must increase – and that is a deal breaker.

- For my restaurant, total taxable income for tipped staff is about \$35,000 - \$55,000 annually at 25 hrs/week. Taxable income needs to be considered and not just base wages. We would need to increase our prices by about 11% to accommodate a wage increase. The city should consider a survey of businesses about likely/expected cost increases if a policy were adopted.
- We need to also look at ownership of businesses as well if we're trying to address inequality.
- A basic income guarantee should be considered.
- A business common sense approach should be taken. What's the impact to businesses? Let's ease into a policy. Starting at \$15 would break the bank.
- Did this process begin with Council asking "how do we reduce poverty?" If so, what about other tools, e.g., EITC and others? If the underlying issue is economic disparities, there are a range of ways to address those disparities. Minimum wage could be one of them.
- Payroll for my restaurants would increase 25% in a year. 35% of my employees are highly tipped. Because of wage compression, lower-paid employees who would suffer. The impacts of a policy would include: price increases, less charitable activities, etc. Really need to consider Total Taxable Income to level the playing field.
- The moral imperative seems like the key. Consider a slow easing in to a policy, and have large businesses lead. If I had a chance of removing 90% of cancer in society, I'd be willing to take the 3% risk to get to that 90% reduction.
- We need a full-rounded effort in which businesses, city, and others are part of the solution. I know we have the intelligence and the good intention to address this issue.
- An exception for gambling/charity should be considered because I'm already paying a huge chunk of my income to the stat, sick time pay, and other taxes.
- Detail of the proposal that was developed for the ballot measure in November 2016. 20,000 Minneapolis voters approved a proposal to be put on the ballot.
- Minimum wage earners spend 90% of their income. So, an increased wage seems like a good stimulant to the local economy.
- This would be chaotic to implement. I'd have to cascade the implementation of this to all my employees regardless of work location in all likelihood. The irony is that the

initiative is likely intended to impact the outcomes of people of color, of which I am one, but I'm also a business owner. Seems like conflicting principles.

- City-only policy would be difficult to enforce.
- Tipped employees in restaurants seem like a good example of people making a decent living for themselves. If we're trying to address a decent wage, let's not sacrifice their well-being along the way.
- I set a budget for summer work and interns. I'd likely keep my budget and employ fewer people and/or employ the same number of people for fewer hours.
- If the goal is to address lowest-income earners, let's be sure that we meet that objective in whatever policy approach we adopt.
- What's the goal of a minimum wage? Is the intention to allow a single person to live on a salary? Has the City Council thought through these issues?
- What about considering incentives for companies hiring from high-unemployment zip codes?