

Minnesota Council of Nonprofits – Nonprofits

March 24, 2017

General comments:

- My organizations works with kids starting at 14. I have seen negative impacts since the state's minimum wage increase. 40% fewer youth are able to get jobs because funding has not increased with the minimum wage increases. There is a training wage exemption in state law, but we are not eligible because we receive state funds. A training wage for non-profits that offer internship opportunities should be considered.
- My organizations works with adults who are getting into the job market and an increase in the minimum would be make us less effective in getting people into the job market.
- There been studies that show a training wage encourages a high turnover model, as businesses want to keep new workers so they can pay them less.
- Job training programs are not intended to be a long-term employment. They are typically the first job for someone, usually over the summer.
- As a Medicaid funded non-profit, we have a set amount of money we can pay. By law we cannot pay more. Non-profits have a static budget, there is no fat that can be cut.
- There were concerns raised about fairness and morale issues if a non-profit has multiple locations and some workers would be paid more inside Minneapolis.
- If raising the wage moves forward, it needs to be a stepped implementation. Maybe exclude non-profits for some time so that they have time to work with their funders to calibrate for the changes.
- If implemented, the City should be considering working with the University of Minnesota to undertake a longitudinal study of the impacts. Look to Seattle and the University of Washington for an example. There must be metrics, what does success look like, etc.
- The City should look at total compensation rather than minimum wage. For example, if an employer makes contributions to an HAS or retirement account, that should be counted toward an employee's wages.

Thoughts regarding exemptions for some types of employees or businesses:

- Could be done by size of the business, either based on number of full-time employees or profit.
- An exemption for non-profits was considered, but many were concerned that it may have the unintended consequence of driving workers away from job training because they could get paid more at for profit jobs.
- Daycare - Child care aides would go from \$12/hr to \$15/hr, this would mean that lead teachers would need to be paid closer to \$16/hr to \$18/hr. Daycare costs would go up and lead to child care that isn't affordable for many residents. Even with a sliding scale used for low income families, many would be priced out.

What would a minimum wage increase mean for your organization:

- Health insurance will need to be cut to pay for increased wages
- Another option is to cut the number of workers, especially low skilled workers.
- There is a difference between what we want to do versus what we can do.

Other policies or ideas that should be considered:

- Healthcare is too expensive.
- Support companies that have to pay the higher wage. Consider a tax break.
- Avoid minimum wage increases that would prevent residents from receiving government benefits.