

CITY OF MINNEAPOLIS

# Proposed Minimum Wage Ordinance

Committee of the Whole

# Staff Direction – Minimum Wage Ordinance

- Applicable to anyone who works in Minneapolis for any amount of time
- Universal wage level of \$15 indexed to inflation
- All workers subject to minimum wage, regardless of tips, consistent with state law
- 90-Day training wage to youth under the age of 20 years, consistent with state law
- Tiered phase-in period that reaches \$15 per hour four years after ordinance adoption for large business
- A longer phase-in period for small business, with consideration for up to three tiers of business size
- Civil Rights responsible for enforcement

# Ordinance Scope

- Covered Employees
  - All Employees covered pursuant to Minnesota Statutes, Section 177.23 except:
    - Independent contractors
    - Extended employment program workers
- Covered Employers
  - All employers except:
    - U.S. Government
    - State of Minnesota
    - County or Local Government, except the City of Minneapolis

# Ordinance Scope

- Two tiers of businesses, based upon size
- “Large” and “Small” to be determined by number of employees
- Potential 3rd tier of “micro” businesses
- Council to determine the number of employees falling into each category

# Business Size Breakdown

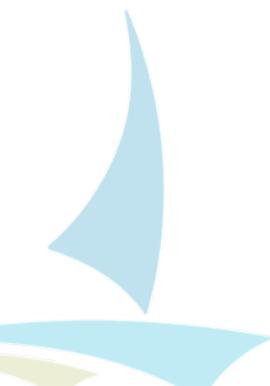
	All			
Employers by # of employees	# of employees	% of total	# of employers	% of total
1-25 employees	47,307	16%	8,015	83%
26-50	29,073	10%	759	8%
51-100	33,620	11%	430	4%
101-250	50,322	17%	295	3%
251-500	29,606	10%	79	1%
>500	111,892	37%	57	1%
Total	301,820		9,635	

# Business Size Classification Data

Small Business Breakdown Potential		
All workers in businesses under 250 employees	160,322	53%
All workers in businesses under 100 employees	110,000	36%
All workers in businesses under 50 employees	76,380	25%

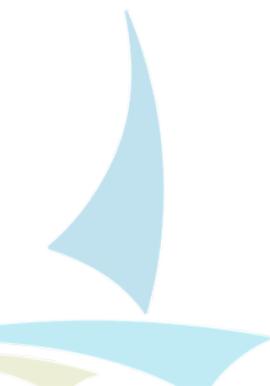
# Industry Specific

<b>Food services (not including caterers, food service contractors or mobile food services)</b>		
<b>All workers in food services businesses with under 100 employees</b>	<b>17,953</b>	<b>88%</b>
<b>All workers in food services businesses with under 50 employees</b>	<b>12,741</b>	<b>62%</b>



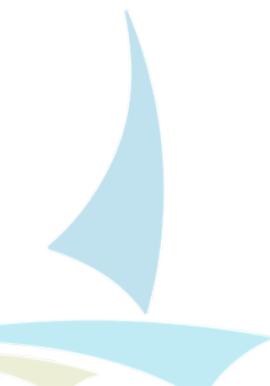
# Industry Specific

<b>Health care (only includes nursing care facilities, home health care facilities, assisted living facilities, &amp; other residential facilities)</b>		
<b>All workers in health care businesses with under 100 employees</b>	<b>2,539</b>	<b>49%</b>
<b>All workers in health care businesses with under 50 employees</b>	<b>1,138</b>	<b>22%</b>



# Employment in Minneapolis

- Work must be performed within the geographic boundaries of the city
- Includes employees typically based outside the city who, in a particular week, perform at least 2 hours of work for an employer in the city
- Does not include those traveling through the city for work



# Determination of Business Size

- Based on average number of paid employees per week during previous calendar year
- New Business – based on average number of paid employees per week during first 90 days after first employee began work
- Full-time, part-time, joint, or temporary employees shall be counted regardless of whether they work in the city

# Minimum Wage Rates

- Suggested large employer hourly rates
  - July 1, 2018 - \$10.50
  - July 1, 2019 - \$12.00
  - July 1, 2020 - \$13.50
  - July 1, 2021 - \$15.00
- Small employer phase-in periods for those jurisdictions that reach \$15 generally fall between 4-7 years. The spread between large and small is typically one year to reach \$15.
- Current state law minimum wage large business \$9.50 per hour, small business \$7.75 per hour.

# Minimum Wage Rates – Inflation Index

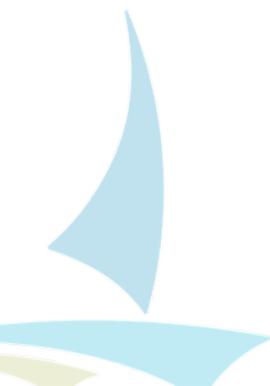
- The state index is as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis.
- Other jurisdictions commonly use the Consumer Price Index.
- H.R. 15 (Rep Ellison) uses annual percentage increase in the median hourly wage of all employees as determined by the Bureau of Labor Statistics.

# Training Wage

- Employees under the age of 20
  - During first 90 days in any calendar year, must be paid at least 85% of the minimum wage rate rounded to nearest nickel
  - After first 90 days, must be paid at applicable minimum wage rate
  - No employer can displace an employee to hire another employee at the lower wage rate.

# Gratuities

- No employer may directly or indirectly credit, apply, or utilize gratuities towards payment of the minimum wage set by this article.



# Enforcement

- Enforcement pursuant to chapter 40, article II giving authority to Department of Civil Rights
  - To implement, administer and enforce
  - To promulgate rules
  - To investigate possible violations
  - Order appropriate relief for violations
- Remedies and relief largely mirror state minimum wage law

# Enforcement

- Relief and Administrative Fines. Director may order any appropriate relief, including:
  - Reinstatement, back pay, and compensatory damages
  - Civil penalty for up to \$1,000 for each violation for each employee for repeated or willful violation of the ordinance
  - Up to \$1,000 fine for failure to comply with Section 40.430
  - Up to \$200 fine for failure to comply with Section 40.420
  - Payment of a fine of not less than \$700 nor more than \$3,000 for each violation of section 40.440 (retaliation)
  - Reimbursement of MDCR of enforcement costs

# Notice and Posting

- Annually (by May 1<sup>st</sup> each year) MDCR shall publish notices for posting by employers informing employees of current minimum wage rate and their rights.
- Must be available in all languages spoken by more than 5% of workforce in the city
- Every employer shall post at any workplace or job site, in any language spoken by at least 5% of employees at workplace or job site (if published by MDCR)

# Employer Records

- Employer shall create and retain records documenting minimum wages paid to each employee.
- Records shall be retained for a period of 3 years from the date such hours were worked.
- Employer must allow employee to inspect records required by this article and relating to that employee.
- MDCR shall have access to records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of this article

# Retaliation Prohibited

- Unlawful to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under this article.
- An employer shall not take adverse employment action or discriminate against an employee because the employee has exercised rights under this article.

# Annual Report

- In 2019, and each year thereafter, the MDCR director shall provide (by March 31<sup>st</sup>), a written report to the appropriate committee of the City Council regarding this article.
- The report shall include:
  - Discussion of the implementation and enforcement of this article,
  - Number and nature of violations,
  - Specific violations,
  - Industries and occupations with high rates of violations,
  - Penalties assessed in the prior year, and
  - Economic Data (including job, earnings, and sales tax)
- The report may also include recommendations for possible improvements to this article.

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# Questions?

Committee of the Whole