

City of Minneapolis

Request for Committee Action

RCA #: RCA-2017-01103

TO COMMITTEE(S):

#	Committee Name	Meeting Date	Submission Deadline
1	Committee of the Whole	Oct 18, 2017	Oct 10, 2017

FROM: City Coordinator's Office, and Community Planning & Economic Development

LEAD STAFF: Nuria Rivera-Vandermyde

PRESENTED BY: Nuria Rivera-Vandermyde, Anna Peterson

SUBJECT:

Municipal minimum wage in non-hospital residential health care enterprises directive and youth training policies directive

ACTION ITEM(S)

#	File Type	Subcategory	Item Description	Public Hearing
1	Receive & File	Report	Receiving and filing a report relating to the ability of non-hospital residential health care enterprises classified as large businesses to more rapidly accommodate an increased minimum wage.	No
2	Receive & File	Report	Receiving and filing a report relating to how youth training policies can be accounted for within Chapter 40 of the Code.	No

PREVIOUS ACTIONS

[15-00518](#): Resolution Supporting a Strong Economy and Working Families

[15-01169](#): Request for Proposals (RFP) for minimum wage increase evaluations both citywide and in Hennepin and Ramsey Counties

[16-00206](#): Contract for a minimum wage increase study

[16-01013](#): Staff direction to work with stakeholders, review policies from other cities, review and incorporate results from the minimum wage study, and recommend a minimum wage policy

[16-01351](#): Minimum wage community engagement plan

[2017-00723 - Municipal minimum wage ordinance](#)

WARD / NEIGHBORHOOD /ADDRESS

#	Ward	Neighborhood	Address
1.	All Wards		

BACKGROUND ANALYSIS

On May 25, 2018, staff submitted its report regarding a municipal minimum wage ordinance. Subsequently, On June 16, 2018, City Council approved said ordinance, but directed staff to:

1- Directing staff to consult with stakeholders in non-hospital residential health care enterprises qualifying as large businesses to determine which are able to more rapidly accommodate minimum wage increases.

2- Directing staff to analyze how youth training policies can be accounted for within Chapter 40 of the Code.

Staff met with non-hospital health care representatives and advocates along with the Workplace Advisory Committee to review the impacts of the minimum wage ordinance on this business sector. Specifically, staff heard about the complexities of reimbursement for different categories of services and caregivers, as well as the timing and rate constraints brought forward from many stakeholders. Staff was also able to review data provided on current salary ranges, as well as discuss the implications of recent collective bargaining agreements that included nursing home and PCA caregivers.

While it is clear that there are unique challenges for non-hospital healthcare providers, at this time, staff does not recommend a change in policy. While larger non-hospital service providers will face challenges in meeting the new minimum wage policy, such challenges are shared by many businesses and industries moving forward and in some respects the non-hospital residential care industry is closer to meeting some of these challenges in that average salary rates are already higher than the minimum wage in order to be competitive in this field (average rates in this industry range between \$12-13/hour currently, and when looking at the data for larger non-hospital health care facilities, defined as having over 100 employees, nursing care facilities averaged \$16.54 while home health care facilities averaged just over \$11, though are expected to increase in 2018 to reach an average of around \$13/hour).

Policymakers heard from every sector of the economy during listening sessions and the comment period. Each shared the unique challenges specific to their industry. While appreciating and considering the nuances brought forth by each business sector, Council chose to implement a uniform policy to avoid confusion and to ensure that all workers benefitted from the increases. Importantly, Council approved an impact study to monitor the effects of the new municipal policy on the marketplace and staff just published a Requests for Proposals with a deadline for submission of November 22, 2017. This RFP includes an analysis by sector and industry, and thus Council will have the opportunity to reassess the non-hospital health care impacts, along with all other sectors, as the policy is implemented and the impact reports are prepared. The RFP can be accessed [here](#).

Staff also heard from multiple stakeholders their desire to have the City of Minneapolis add and support the issue of state and federal reimbursement rates to their legislative agenda. Supporting the many workers in this industry and enabling not just appropriate and timely pay increases, but also the ability of many service providers to remain competitive and recruit talented workforce to care for some of most vulnerable populations is critically important. Staff supports this request and will work with our Intergovernmental relations staff to assess next steps.

Staff also worked with youth training and apprenticeship program employers, along with the Workplace Advisory Committee to review how the minimum wage ordinance should impact youth workers. After evaluating the feedback, staff determined that employers participating in a city-approved training or apprenticeship program may pay program placements under 20 years old a minimum wage training rate of no less than 85% of the municipal minimum wage for no more than the initial 90 calendar days of their employment. Staff believes that this recommendation will achieve the dual goals of encouraging the continuation of youth training and apprenticeship programs while ensuring that youth workers are not unnecessarily excluded from the increase in wages.

FISCAL IMPACT STATEMENT

No fiscal impact anticipated	
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