

Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: August 24, 2010

To: Council Member Lisa Goodman, Community Development Committee

Subject: Living Wage/Job Linkage Report

Recommendation: Receive and File

Previous Directives: In June of 1995, the Minneapolis City Council and Mayor amended the existing Job Linkage process to require job creation, job retention, and a preference for hiring Minneapolis residents. The City Council subsequently adopted a Living Wage Resolution in 1997, and substantially amended and restated it on February 2, 2001 to comply with the State Business Subsidy Act, which the Minnesota State Legislature enacted 1999 and amended in 2000 and 2008. On November 5, 2005, the Minneapolis City Council adopted the "Minneapolis Living Wage and Responsible Public Spending Ordinance".

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 Approved by: Charles T. Lutz, Deputy Director, CPED _____
 Cathy Polasky, Director Economic Policy & Development _____
 Presenters in Committee: Kent Robbins, METP 612-673-5187

Reviews

- Permanent Review Committee (PRC): Approval N/A X ___ Date _____
- Civil Rights Approval Approval N/A X ___ Date _____
- Policy Review Group (PRG): Approval N/A X ___ Date _____

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Not Applicable
- City Goals: Supports the "One Minneapolis" Five-Year Goal which stresses equal access, equal opportunity, and equal input. In five years the gap will closing for access to housing, health care, education, and employment; diversity will be welcome, respected and valued; the opportunities for everyone; all residents will have confidence in public safety services; and residents will have access to fair, open and transparent decision-making.
- Sustainability Targets: Supports Minneapolis residents earning a living wage
- Comprehensive Plan: - Not Applicable
- Zoning Code: - Not Applicable
- Living Wage/Business Subsidy Agreement Yes_____ No__X___
- Job Linkage Yes_____ No _X___

Supporting Information

This transmittal provides hiring information for companies that have Job Linkage or Business Subsidy agreements with the City of Minneapolis. This report shows hiring activity

for the period of January 1, 2009 through December 31, 2009. The data is summarized from Job Linkage and Business Subsidy hiring reports. Business Subsidy agreements are different from Job Linkage Agreements because the failure to meet job and wage objectives under Business Subsidy requires repayment of some or the entire subsidy. Job linkage agreements are voluntary and have no negative consequences for failure to meet job hiring goals.

Job Linkage

Attachment 1 shows Job Linkage agreements that date from 1996 through December 31, 2009. Job Linkage agreements are voluntary agreements that each business signs with CPED: they include five-year job hiring and retention goals. Businesses are asked to employ Minneapolis residents wherever possible. Jobs that pay the area's living wage are preferred. The living wage in 2009 of \$13.78 per hour was based on 130% of the 2009 Federal Poverty Guidelines for a family of four.

Attachment 1 shows seven numbered columns that indicate the following:

1. *Base Employment* - Indicates the number of employees working at the business when the agreement was signed.
2. *Job Linkage Goal* - Indicates the 5-year goal for hiring that each business tries to achieve.
3. *Employed as of 12/31/09* - Indicates the number of people working at each business on the last day of 2009.
4. *Hired in 2009* - Indicates the number of people hired by each business in 2009.
5. *Living wage in 2009* – Indicates the number of 2009 hires that earned at or above \$13.78 per hour.
6. *Minneapolis hires in 2009* – Indicates the number of 2009 hires that live in Minneapolis.
7. *Living Wage/Minneapolis* – Indicates the number of 2009 Minneapolis hires that earned at or above \$13.78 per hour.

Minnesota Business Subsidy Act

The Minnesota Business Subsidy Act was passed by the Minnesota State Legislature in 1999 and amended in 2000 and again in 2008. The Minneapolis City Council and Mayor approved a Living Wage Resolution and Policy in February 2001 to implement this State legislation. Attachment 2 shows the eleven signed Business Subsidy agreements. The Minnesota Business Subsidy Act provisions mandate that a business who receives a business subsidy from the City or CPED for the development objective of job creation/retention must create at least one full time living wage job for every \$25,000 of subsidy. In instances where objectives other than job creation have been established, a recipient must still successfully complete these objectives within two years after the project is finished or occupied.

In 2009 the Metropolitan Area's living wage was determined to be \$13.78 per hour or 130% of the Federal Poverty Guidelines for a family of four. 2009 marked the third year that the higher wage requirements from the City's new "Living Wage Ordinance" were in effect.

Hiring data from Attachment 1 indicates a total of 6,107 job hires through Job Linkage or Business Subsidy agreements with 4,569 (or 75%) earning wages at or greater than the area's living wage of \$13.78 per hour. 1,375 (or 22.51%) lived in Minneapolis and 54.62% of those earned a living wage or greater.

The list of businesses in Attachment 1 includes multi-tenant buildings so that the total number of job linkage companies in 2009 was 185. These 185 companies employed 32,053 on December 31, 2009 and increased by 1 from the 2008 total of 184 companies.

The figure of 6,107 hires for 2009 represents a decrease of 999 (or 14.05%) less than the 2008 total. 2009 hires earning a wage at or greater than the Metropolitan Area's living wage decreased by 855 (or 15.76%) less than the 2008 year total. Minneapolis resident hiring decreased by 597 (or 30.27%) from 2008.