

Economic Impact Study of the \$15 minimum Wage ordinance in Minneapolis and St. Paul

After the Cities of Minneapolis and St. Paul adopted \$15 minimum wage ordinances, the Federal Reserve Bank of Minneapolis offered to assist each city, free of charge, with a multi-year evaluation on how the increase impacts workers, businesses, and consumers. The proposed evaluation is the most comprehensive economic impact study of its kind and has the potential to inform public policy not only in Minnesota but also nationally.

The proposed study seeks to evaluate how the minimum wage changes will affect: wages earned and hours worked across different types of workers, public benefits received by employed and unemployed workers, firm turnover, pricing decisions of firms, and effect on sales, payroll costs, and automation.

The proposed DE amendment language for HF 2821 allows the Department of Revenue to share tax return data under Chapter 290 that does not include a name, address, Social Security number, taxpayer identification number or federal employer identification number. The evaluation requires this type of non-identifiable data from business and individual tax returns for the purpose of evaluating the effect of increases in minimum wages on businesses.

Process for Data Sharing with Researchers at the Federal Reserve Bank of Minneapolis

- Staff at the Department of Revenue (DOR) will create a database for this study using returns information from businesses and individuals.
- Once the database is created, DOR will use an algorithm to create random numbers to distinguish firms and individuals only for the purpose of this study. Tax ID numbers, FEIN and social security numbers will be replaced with random numbers by DOR. The random numbers generated will allow researchers to distinguish between firms or between individuals but will not allow them to identify which firms or individuals they are.
- The data points and the random numbers constructed will be shared with researchers. The Bank will NOT have access to administrative Tax ID, FEIN, social security numbers, names of individuals or businesses, or addresses.

Data Protection and Data Security at the Federal Reserve Bank of Minneapolis

- Once the data is provided to the Bank, data will be stored on a secure computer which is password protected and will be kept in a secure office.
- Access to the room and computer will be limited to the principal investigators and their research assistants as named on the data sharing agreement.
- Micro firm level or individual data obtained for statistical purposes will not be used to identify or make decisions regarding specific businesses or individuals.
- The data will only be used for statistical purposes; that is, to generate aggregate description of a group of businesses or individuals. The statistical output generated from the data will not reveal any information on individual businesses.
- Absolutely no data and/or research results will leave the Federal Reserve Bank of Minneapolis facilities without being examined and approved by the DOR disclosure officer.