

A \$15 Minimum Wage Would be Good for Maryland Workers and Boost the Economy

Many hardworking Maryland families struggle to pay bills and put food on the table because they are not paid enough to cover the basics of life. Many of these families are forced to rely on public assistance to cover the gap between what they earn and what they need. Increasing the minimum wage builds greater economic security for many families, which would boost Maryland's local economy as people have more money to spend at local businesses.

As more states and jurisdictions around the country enact higher minimum wages, a growing amount of credible research makes it clear that raising the minimum wage is good for the economy. The immediate benefits of raising the minimum wage are more disposable income for typically cash-strapped workers, lower employee turnover — which would lower businesses' costs — and broadened economic activity.ⁱ

Councilmembers in Baltimore City and Montgomery County have introduced proposals to increase the local minimum wage in those jurisdictions to \$15 per hour by 2020. Both bills would also close a loophole in the state's minimum wage law to help restaurant staff and others who rely on tips for a large part of their wages. They were made worse off in 2014 when lawmakers opted to freeze the minimum base wage for tipped occupations at \$3.63 an hour, rather than allowing it to rise along with the standard minimum wage. Passing these bills would bring wages for workers in all industries more in line with how much it costs to live in those communities.

Current Maryland Minimum Wage

\$8.25 per hour*

*\$9.55 in Montgomery and Prince George's counties

Maryland Minimum Wage by July 2018

\$10.10 per hour*

*\$11.50 in Montgomery and Prince George's counties

Hourly wage needed to cover basic living expenses, working full-time:ⁱⁱ

Single adult in Baltimore

\$16.30 per hour

Single adult in Montgomery County

\$19.91 per hour

Family of four in Baltimore

\$17.89 per hour

(two adults working full time)

Family of four in Montgomery County

\$19.06 per hour

(two adults working full time)

With the current minimum wage, state and local governments are essentially subsidizing employers who pay low wages, as 56 percent of public assistance recipients are in a household where at least one person works. Getting paid enough to meet basic needs by raising the minimum wage could change that for many Maryland families.

Raising Baltimore's minimum wage to \$15 per hour would increase earnings for about 27 percent of the city's workforce – about 98,000 people – according new analysis from the Economic Policy Institute. It would particularly help working mothers and people of color, who are much more likely to be working in low-wage jobs.

Minimum Wage Myths

Claims often made by opponents of paying workers enough to support their families don't hold up to scrutiny. For example:

Most minimum wage workers are not teenagers earning extra cash.

About 96 percent of workers who would get a raise under Baltimore's minimum wage bill are age 20 or older, according to EPI's analysis. About four-fifths are over 25. Many of those workers are supporting families. Working mothers would particularly benefit from a minimum wage increase. More than one-third of single working mothers in Baltimore would be expected see an increase in pay.

Most owners of small businesses support raising the minimum wage.

A 2015 survey of business owners found that 60 percent favor raising the minimum wage because it would immediately put more money in the pockets of low-wage workers who will then spend the money on things like housing, food, and gas.ⁱⁱⁱ Business owners recognize that this increased spending will be good for the economy as a whole.

Increasing the minimum wage won't cost jobs.

There is growing consensus among economists that minimum wage increases have little or no effect on employment. In 2014, more than 600 economists, including seven Nobel Prize winners, signed a letter stating that a national minimum wage increase would benefit the economy.^{iv}

Cities around the country that have enacted higher local minimum wages over the past few years have found that these policies raise wages and improve job quality without reducing employment or causing businesses to leave the city.^v

ⁱ Raising Baltimore's minimum wage to \$15 by July 2020 would lift wages for 98,000 working people, Will Kimball, Economic Policy Institute, May 2016. <http://www.epi.org/publication/raising-baltimores-minimum-wage-to-15/>

ⁱⁱ Economic Policy Institute Family Budget Calculator. <http://www.epi.org/resources/budget/>

ⁱⁱⁱ Small Businesses Support Raising the Minimum Wage to \$12, Small Business Majority, July 2015. <http://www.smallbusinessmajority.org/small-business-research/downloads/072915-National-Minimum-Wage-Poll.pdf>

^{iv} Over 600 Economists Sign Letter in Support of \$10.10 Minimum Wage, January 2014. <http://www.epi.org/minimum-wage-statement/>

^v City Minimum Wage Laws: Recent Trends and Economic Evidence, National Employment Law Project, May 2015. <http://campaign.nelp.org/page/-/rtmw/City-Minimum-Wage-Laws-Recent-Trends-Economic-Evidence.pdf?nocdn=1>