

at a competitive disadvantage, the impact on prices within the market is ultimately minimal, if at all.

In explaining studies that reinforce minimum wages' marginal-at-most impact on local prices, economists focus on the relative weight of labor¹¹ within a business's cost structure. In doing so, they find "the absence of price effects shows the relative unimportance of labor in a business's cost structure," particularly outside the restaurant industry. For instance, "a gas station employs far fewer minimum-wage service personnel than a restaurant, and will be relatively unaffected by paying them another dollar per hour." Further, in regional hubs like Seattle and Baltimore, "the cost of renting or mortgaging the physical commercial space may dwarf labor costs," meaning other overhead factors have a larger impact on a business's price structure than minimum wages.

In seeking to provide further context to the relationship between wages and prices, economists have studied competing businesses¹² that utilize the same basic model within the same basic industry, allowing them to easily isolate variables like employee compensation in order to determine its impact on a business's price structure. Upon doing so, as MIT professor Zeynep Ton notes, it becomes clear that:

"Highly successful retail chains—such as QuikTrip convenience stores, Mercadona and Trader Joe's supermarkets, and Costco wholesale clubs—not only invest heavily in store employees, but also have the lowest prices in their industries, solid financial performance, and better customer service [scores] than their competitors. They have demonstrated that, even in the lowest-price segment of retail, bad (low-paying) jobs are not a cost driven necessity, but a choice. And they have proven that the key to breaking the trade-off is a combination of investment in the workforce and operational practices that benefit employees, customers, and the company."

Put another way: extremely successful businesses are proving definitively that you can compete with the price-point of companies like Wal-Mart, who treat their employees poorly, without treating your own employees poorly in the process. One path represents a commitment to retaining and cultivating successful careers for long-term employees; the other represents a willingness to treat employees like expendable chattel to be burned through and replaced. Each offers the prospect of low prices, but only one offers the prospect of a higher standard of living for the workers we depend on.

What does all this mean though? It means that even if higher wages are localized to isolated municipalities or businesses, where one would expect an even more pronounced price disadvantage than if increased wages are applied to an entire market, higher consumer prices are simply not an inherent part of the equation. Here too then, we find the argument against higher minimum wages becomes a straw man.

¹¹ *Id.*

¹² <http://www.nelp.org/content/uploads/Minimum-Wage-Basics-Business-Effects.pdf>

Big Businesses Can Afford a Higher Wage

From 1948–1973, during the peak economic growth of what many refer to as the “American Century,” business productivity and hourly wage growth tracked each other tightly.¹³ For the period as a whole, there is only a .4% gap between the percentage increase in productivity and the percentage increase in wages. From 1973–2015, however, a chasm emerged between the rate of productivity and the rate of wage growth, with the rate of productivity out-pacing wage growth 6.6-times over. “This means that although Americans are working more productively than ever, the fruits of their labors have primarily accrued to those at the top and to corporate profits, especially in recent years.”¹⁴ Put more directly, businesses are nearly 7-times more capable of paying higher wages than they have been at any point in the last 7-decades, but in the aggregate are less willing to doing so than at any point in the last 7-decades, as indicated by the comparatively flat-lined wage growth. This means that businesses are not having a harder time making ends meet. Rather, year-by-year they have become less inclined to share their ballooning profits with the workers responsible for them, and a critical mass of political actors have chosen to normalize the exploitation of their constituents.

It is worth lingering on this theme a bit longer, to more fully understand the larger dynamic at play when we debate minimum wage growth in our local communities. It should be made clear that the disparity between burgeoning corporate profits and flat wage growth translates into escalating class-disparity in America. The real income- which means an individual’s income after accounting for factors like inflation- of the richest 1% nearly tripled¹⁵ between 1979 and 2007, while the income of the median household increased by just 25%, representing a more than ten-fold disparity in income growth. Moreover, almost the entirety¹⁶ of the median household’s 25% increase comes from an increase in the average number of hours worked, and the number of household members working, rather than increases in the rate of pay (adjusted for inflation) for those hours. When we talk about the death of the middle class and the glut of the 1% then, we are in no uncertain terms talking explicitly about a failure to translate increased business productivity into an increased baseline wage for our workers.

For the sake of further context, the concentration of wealth (the total value of a individual’s accrued assets) is even more pronounced than the concentration of income (the total money made by an individual over a one-year period). Using data from the Federal Reserve’s Survey of Consumer Finances, we can see that¹⁷ while the top 3% of income earners

¹³ <http://www.epi.org/productivity-pay-gap/>

¹⁴ *Id.*

¹⁵ <http://scalar.usc.edu/works/growing-apart-a-political-history-of-american-inequality/index>

¹⁶ *Id.*

¹⁷ <http://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality>

received \$1.00 out of every \$3.00 paid nationwide as recently as 2013, the top 3% of wealth holders controlled \$1.62 out of every \$3.00 in assets nationwide as recently as 2013. This concentration of wealth¹⁸ in the top 3% has jumped by 10% since 1989, relative to an 11.5% fall in wealth for the bottom 90% since 1989.

Why do these statistics matter in a conversation about the minimum wage though? Because for 90% of Americans, their only real access to money is their income, not inherited or accrued wealth. For these Americans to experience the stability of accrued wealth then, which includes benefits such as home ownership and freedom from a dependence on credit, they must receive a sufficient amount of income to let them not just to make ends meet, but rather, enjoy a reasonable opportunity to save money. That requires creating labor conditions that allow wealth accrual to be the norm, rather than the exception to it. A high minimum wage is the closest weapon we have to a silver bullet when it comes to a fair distribution of capital relative to labor. Many critics of high minimum wages argue that they create wage compression- which essentially means that they force a higher amount of workers into a narrower band of compensation. This is true, but far from being the bogeyman it is propped up as, wage compression creates the market conditions that allowed the economy to flourish stably throughout the mid-20th Century. Economists refer to this New Deal-induced economic period as "The Great Compress" because it closed the gap between rich and poor more effectively than any other point in American history, in large part by concentrating wage rates in a narrower band of compensation. An argument against wage compression is, after all, the functional equivalent of an argument for income inequality. We have seen enough depressions and recessions follow periods of extreme income and wealth disparity to have learned the folly of these arguments by now. If businesses are forced to pay a strong minimum wage that is *indexed to inflation*, any attempt by businesses to pass the cost of higher wages onto the consumer via higher prices leads to a devalued dollar, because higher prices mean a dollar has less purchasing power- this is a shorthand version of inflation. The inflation, in turn, would require that the businesses pay a minimum wage increase. Thus, the businesses are left without an out, forcing them to tap into the record breaking profits that they have consistently cut workers out of since the mid-1970s. Cutting into these profits drags down the exorbitant paychecks of ownership and upper management, creating the wage compression that opponents of a strong minimum wage fear, which helps recreate the peak economic conditions of the mid-20th Century.

Most Small Businesses Already Pay a Living Wage

89% of small businesses "already pay their employees more than the federal minimum wage."¹⁹ A national survey,²⁰ broken down by region, found that two-thirds of small businesses surveyed for Maryland's region favored raising the minimum wage further, and even in the traditionally conservative South, 58% of small businesses go so far as to support

¹⁸ *Id.*

¹⁹ <http://www.nelp.org/content/uploads/Minimum-Wage-Basics-Business-Effects.pdf>

²⁰ <http://www.epi.org/blog/businesses-agree-time-raise-minimum-wage/>

a wage hike that is indexed to inflation. This response rate is consistent with other national surveys that demonstrate 60%²¹ support among small businesses for setting a minimum wage that requires “adjusting it for inflation each year.” Many small businesses support higher wages²² because they believe higher wages “level the playing field by preventing larger or less scrupulous firms from gaining a competitive advantage through very low labor costs.”

Here too, President Obama’s Department of Labor²³ weighed in to advocate for higher minimum wages, and offered yet another minimum wage survey that places support at 3 out of 5 small businesses, or 60%. Small business owners explain this response rate by saying that a minimum wage increase, “would immediately put more money in the pocket of low-wage workers who will then spend the money on things like housing, food, and gas. This boost in demand for goods and services will help stimulate the economy and create opportunities.” Suffice it to say that small business opposition to increased minimum wages is an exception, not the norm.

Baltimore is Not an Exception

Economists conducted a study on “factors influencing state job growth trends” that “compares employment trends in neighboring counties that are economically similar except for having different minimum wages.”²⁴ They looked “at employment levels among every pair of neighboring U.S. counties that had differing minimum wage levels at any time between 1990 and 2006,” and found that “higher minimum wages did not lead business in those states to reduce their hiring or shift their hiring to neighboring counties with lower minimum wages.” The point bears repeating. Economists studied every county with a higher minimum wage than its neighbors over the course of a 16-year period, and found no job loss in those counties.

Though it may seem redundant after outlining the study of U.S. counties, it is worth mentioning that even the most ballyhooed (I use that word whenever possible) of worst-case scenarios from minimum wage opponents does not hold weight when put to a market test. In San Francisco, by May 2015, tipped workers were required to be paid their full minimum wage of \$12.25—before tips. Thus, not only was the labor market subject to an anomalous local law, but it impacted tipped workers, who are so zealously defended from wage increases that their federal minimum wage has not been raised since George HW Bush was president. What was the result of this perfect storm of job loss? As reported²⁵ by President Obama’s Department of Labor, “the San Francisco leisure and hospitality industry, which includes full-service restaurants, experienced positive job growth [that year], including following the most recent minimum wage increase.”

²¹ <http://www.nelp.org/content/uploads/Minimum-Wage-Basics-Business-Effects.pdf>

²² *Id.*

²³ <https://www.dol.gov/featured/minimum-wage/mythbuster>

²⁴ <http://www.nelp.org/content/uploads/Minimum-Wage-Basics-Business-Effects.pdf>

²⁵ <https://www.dol.gov/featured/minimum-wage/mythbuster>

Testimony of David Cooper in support of Baltimore City Council Bill 17-0018 establishing a \$15 minimum wage in Baltimore

March 1, 2017

Members of the council, thank you for holding this hearing and allowing me to testify today. My name is David Cooper. I am the senior economic analyst at the Economic Policy Institute, a non-profit, non-partisan research organization in Washington, D.C., that focuses on improving the economic conditions of low- and moderate-income Americans.

I am testifying today in support of Council bill 17-0018, which would establish a minimum wage in the City of Baltimore of \$15 per hour. Prior to this hearing, EPI conducted an analysis of who in the city of Baltimore would be affected by establishing a minimum wage of \$15 by 2022.¹ I will briefly describe the topline results of that analysis, discuss the appropriateness of a \$15 minimum wage in Baltimore, describe what the economics literature tells us about how establishing a higher city minimum wage will affect the local and regional economy, and then note two areas where this bill could be improved.

Who will be affected?

Establishing a city minimum wage of \$11.25 by July 2019 and then gradually raising it to \$15 by 2022, would raise the wages of approximately 88,000 workers in Baltimore—a little less than 1 in 4 Baltimore workers (24 percent). This includes 70,000 workers who will be directly affected by the ordinance—meaning their wages would otherwise be below \$15—and 18,000 workers who will be indirectly affected by the measure, as their projected wages would likely be just above \$15, and they will get a raise as employers adjust overall pay ladders. We estimate that the average affected worker will see her annual income go up by roughly \$4,400 in real (inflation-adjusted) terms.

I should note that these figures describe the workforce that would be affected if the higher minimum wage applied to businesses of all sizes and workers of all ages. I understand the current proposal includes a slower increase schedule for smaller business and an exemption for young workers, both of which will reduce the total number of affected workers. Nevertheless, the broad demographics of the affected workforce under this proposal should be generally consistent with these findings. Among the workers who would benefit from the higher minimum wage in Baltimore:

1. The overwhelming majority are adults—only 5 percent are teens;
2. The majority (56 percent) are women;
3. The majority (54 percent) are black, and more than two-thirds (66 percent) are people of color;
4. More than a quarter (29 percent) are parents;
5. Nearly three-quarters (72 percent) work full time;
6. The largest concentrations of affected workers work in accommodation and food service, retail, office support, residential care and child care, hospitals, and other services such as janitorial and personal care services; and
7. The majority are city residents. Roughly 44 percent of the city's total workforce lives within Baltimore, yet more than 61 percent of the beneficiaries of the proposal live in

Baltimore—meaning that city residents will disproportionately benefit from the higher minimum wage. In fact, resident workers are more than twice as likely as commuters to be affected by the proposal: 34 percent of Baltimore resident workers will get a raise, compared with 17 percent of commuters.

Is a \$15 minimum wage appropriate for Baltimore?

First, it is important to recognize that inflation will always reduce the purchasing power of any wage floor over the course of its implementation. Based on the CBO's forecast for inflation, \$15 in 2020 is the equivalent of about \$13.06 in today's dollars.¹¹ For years, EPI has published and regularly updated a feature on our website called the Family Budget Calculator. This tool measures the income a family needs in order to have a modest yet adequate living standard in 618 different geographic areas in the United States. It accounts for differences in costs of housing, food, child care, transportation, health care, taxes, and other necessities. For residents in Baltimore, a one-person budget requires \$33,994 to meet the budget threshold. This translates into a full-time hourly wage of \$16.34 as of this year.¹² Workers with children and families would need significantly higher wages. That means that even with a minimum wage of \$15 by 2022, some full-time workers will still struggle to make ends meet, although they will be considerably better off than under a \$10.10 minimum wage.

The second key measure by which economists typically judge the appropriateness of a wage floor is to compare the value of the minimum wage to the wage of the median full-time worker. According to data from the Bureau of Labor Statistics, the median wage of full-time workers in Baltimore as of May 2015 was \$21.98 per hour.¹³ Thus, a minimum wage of \$15 in 2022 (or \$12.90 in 2015 dollars) would be equal to about 59 percent of the median wage—assuming median wage growth at the rate of overall inflation. This would be slightly less than the relative level of the minimum wage that will be established in California and New York, after both states passed \$15 minimum wages earlier last year. However, it is worth noting that both California's and New York's increases will have a larger "bite" than the proposed minimum wage for Baltimore. Their increases will affect 37 percent of their respective workforces, whereas this ordinance would affect less than 24 percent of the Baltimore workforce.

How would this increase affect employment and the local economy?

A city minimum wage of \$15 in 2022 would be 48.4 percent higher than the \$10.10 Maryland state minimum wage scheduled under current law. Given this difference, it is reasonable to question how this would affect employment and business growth in the city.

Effect on jobs

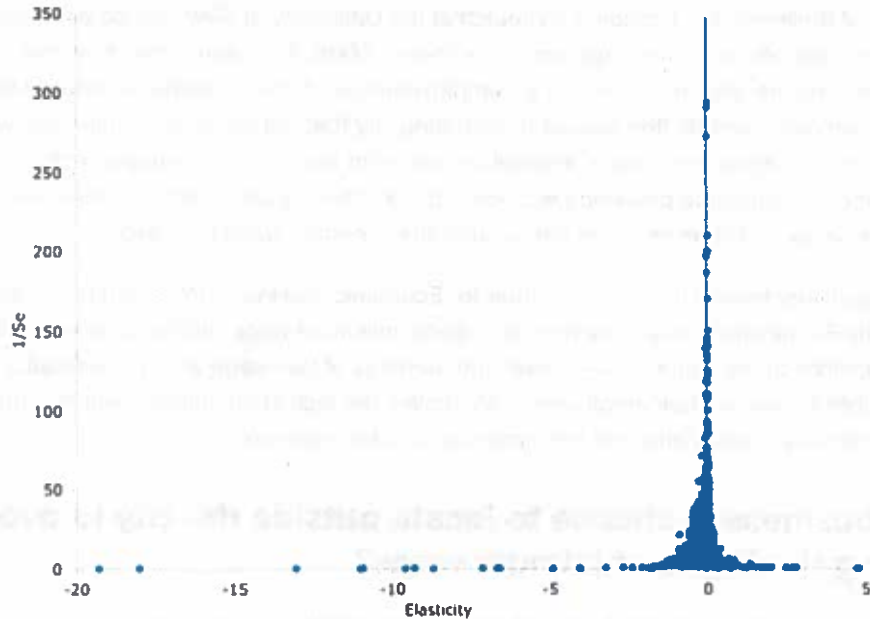
The effect of increasing the minimum wage on employment is likely the most studied topic in labor economics and the consensus of the profession has shifted dramatically over the past several decades. Early studies of the federal minimum wage in the 1960s and 70s seemed to confirm the rudimentary supply-and-demand model of competitive labor markets, which predicts that an increase in the minimum wage above a “market-clearing rate” will lead to a loss of employment. Up until the early 1990s, there was a consensus in the economics profession that increases in the minimum wage caused job loss.

But that consensus began to crack with a new round of research in the 1990s, with many new rigorous studies showing no employment losses and in some cases employment *gains* due to increases in the minimum wage.^{iv} At the same time, other studies that still found negative employment effects were finding them to be much smaller than was previously thought. By the mid-2000s, the profession was at a place of no consensus on whether the effect of increases in the minimum wage on employment was positive or negative. However, there was a growing consensus that the effect, whether positive or negative, was *small*.

In the last few years, another round of research on the minimum wage—representing the best methodological practices we have—has been peer reviewed and published in top academic journals. These studies find that there has been essentially no effect of increases in the minimum wage on employment, neither positive nor negative.

Figure A

Trimmed Funnel Graph of Estimated Minimum-Wage Effects (n = 1,492)



Source: Doucouliagos and Stanley (2009).

Economic Policy Institute

Figure A shows the results of a "meta-study," a study of studies, of 64 studies on the minimum wage between 1972 and 2007. The X-axis shows the effect on employment resulting from a minimum wage increase; the Y-axis shows the statistical rigor of the study. As you can see, the results of the vast majority of studies cluster around zero, and those studies with the highest statistical power—i.e., the most rigorous studies—all fall on the zero line.

There have been other highly rigorous studies published since 2007 confirming this finding—including one that examined what happened at the county level after every single minimum wage increase in the United States from 1990 to 2006 concluding that there were "strong earnings effects and no employment effects from a minimum wage increase."

This consensus among economists has become so strong that in 2011, 600 Ph.D. economists, including eight Nobel Prize winners, sent a letter to Congress encouraging them to raise the federal minimum wage.^v The letter stated, "In recent years there have been important developments in the academic literature on the effect of increases in the minimum wage on employment, with the weight of evidence now showing that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market." Studies that have examined effects specifically on teens have arrived at this same conclusion.^{vi}

There is a more limited number of studies examining effects of city-level minimum wages, but those that do exist have also found little to no impact on employment. In 2004, the city of Santa Fe, New Mexico, enacted a city minimum wage that was 65 percent higher than the state minimum wage and implemented that increase all in one step. Researchers at the Bureau of Business and Economic Research at the University of New Mexico published an analysis of the effects of the minimum wage hike in 2006. They concluded that “the ordinance had no discernible impact on employment per firm and Santa Fe actually did better than Albuquerque [the closest neighboring city that did not raise its minimum wage] in terms of employment changes. Overall employment levels have been unaffected by the ordinance. In contrast to prevailing economic theory, the accommodations and food services sector did comparatively better [after the minimum wage increase].”^{vii}

A 2011 study by researchers at the Center for Economic and Policy Research found that the Santa Fe minimum wage—as well as a similar minimum wage ordinance enacted in San Francisco at the same time— “raise^d the earnings of low-wage workers without a discernible impact on their employment. Moreover, the lack of an employment response held for three full years after the implementation of the measure.”^{viii}

Will businesses choose to locate outside the city to avoid paying the higher minimum wage?

In all the research on cities that have enacted higher minimum wages, there is no evidence of businesses relocating or adjusting location plans to avoid the higher wage standard. This is because the industries that are typically affected by a higher minimum wage are direct-to-consumer industries: retail, accommodation and food service, education, hospitals, and child care. These are not mobile industries like manufacturing or IT, which might have greater ability to move to areas with lower wages. The primary factor influencing location decisions for businesses in these industries is access to customers. Moreover, the largest component of their operating costs tends to be real estate, not labor costs. If existing businesses have already determined that being inside the city is worth paying higher rents in order to access the city's consumer base, it is highly unlikely that an increase in their labor costs would motivate them to move – particularly if all their competitors would be facing the same increase in labor costs, and a large portion of the city's workforce now will have more money to spend. Given that the majority of affected workers from this proposal are city residents, there should be even less concern that businesses would want to move, or would choose to stop locating in Baltimore since the biggest boost in disposable income resulting from this increase will take place among workers living in the city.

Will city residents be crowded out of jobs by new commuters from the surrounding area?

Establishing a higher wage floor in Baltimore will attract new entrants to city's labor force, both from within city limits and from outside the city. However, there is little evidence from any other city that has enacted a higher minimum wage that workers from the surrounding jurisdictions have measurably crowded-out local workers. This is because over time,

market forces will moderate geographic discontinuities in wage rates for similarly skilled workers within the same labor market. All else being equal, a resident of the surrounding area will only seek a job within the city if the potential increase in her wages exceeds the cost of commuting. As the minimum wage in the city rises, it is possible—at least initially—that there could be a wage premium to commuting into the city. However, if that wage premium were to start drawing substantial numbers of workers away from the city suburbs, businesses in those jurisdictions would have to start raising their wages in order to attract and retain staff. As they do, the pay premium of commuting into the city will shrink, and suburban residents will have less incentive to take on the cost of commuting.

Two elements of this bill that should be changed

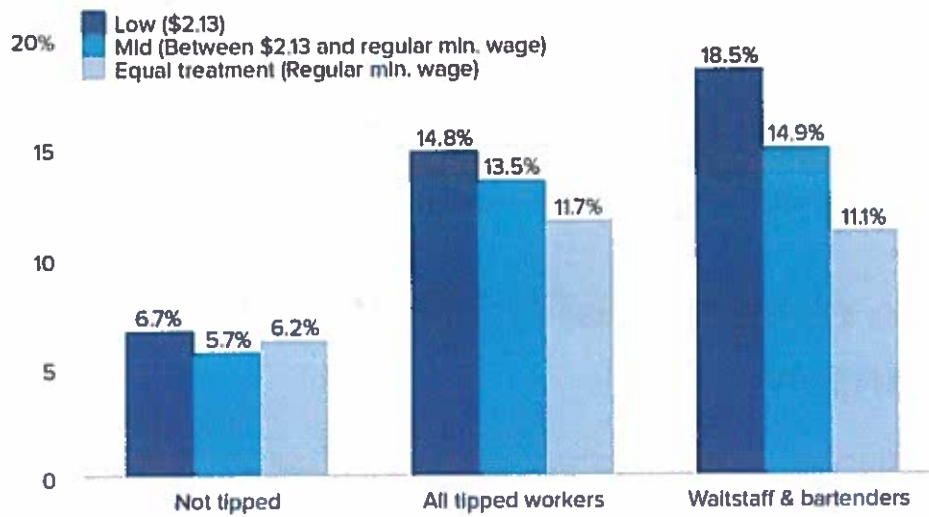
The danger of establishing an exemption for “young workers”

Creating a blanket exemption to the minimum wage law for workers under the age of 21—as is currently written in the bill—would undermine key functions of the law and should be strongly reconsidered. There are 29 states, 31 cities, and 9 counties across the country that have established their own prevailing minimum wage and not one of them has a similar exemption – and for good reason. The purpose of establishing a wage floor is to set a standard that applies to the broadest possible range of employers and employees, regardless of the type of work or the qualities of the worker. When that standard is universally applicable, it ensures that all workers are treated equally and that the law is not advantaging certain businesses over others. Any time that you create an exemption or carve out to that standard, you create opportunities for potential abuse. In this case, drawing a line at age 21 creates an incentive for employers to replace any worker who reaches their 21st birthday with someone younger. Although this could encourage some employers to hire younger workers, it will simultaneously discourage them from hiring or retaining workers in their early 20s. Furthermore, such an exemption would advantage entities more accustomed or willing to operate with high turnover – which are typically larger businesses and corporate entities that have well-developed recruitment and training infrastructure.

If the goal of this exemption is to encourage employers to consider hiring young workers, there are far less problematic alternatives. For example, the federal minimum wage allow for employers to pay training wages (typically some percentage of the regular minimum wage) to young workers during their initial period of employment. Under federal law, employers may pay workers under the age of 18 a training wage of 85 percent of the regular minimum wage during their first 180 days of employment. This temporary reduction in the wage requirement allows businesses to hire a young worker and either train them or verify that they have the requisite skills for the job before being held to the full minimum wage requirements.

Figure B

Poverty rates of tipped workers, non-tipped workers, and waitstaff/bartenders by state tipped minimum wage level



Source: EPI analysis of Current Population Survey Annual Social and Economic Supplement microdata, 2013-2015
 Economic Policy Institute

A training wage of this structure – some fixed percentage of the regular minimum wage for a limited duration – would be far optimal to establishing a complete exemption to the law based on arbitrary choice of age. There is no reason to think that workers' skills suddenly change upon reaching their 21st birthday. Thus, it is not obvious why this age—versus any other—should demarcate when workers should receive the full protection of the law. There are undoubtedly workers in Baltimore ages 18, 19, and 20 who have families, children, or parents whom they support. If the goal of this law is to improve the welfare of Baltimore's workforce, it would be counterproductive to exempt younger workers, who are often the most vulnerable and face the greatest need.

The importance of raising the minimum wage for tipped workers

Finally, I'd like to discuss the importance of raising the city's tipped minimum wage and eliminating the differential treatment of the tipped workforce—a step that nine states and one city have already taken.

Research indicates that having a separate, lower minimum wage for tipped workers perpetuates racial and gender inequities, and results in worse economic outcomes for tipped workers. Forcing service workers to rely on tips for their wages creates tremendous instability in income flows, making it more difficult to budget or absorb financial shocks. Furthermore, research has also shown that the practice of tipping is often discriminatory, with white service workers receiving larger tips than black service workers for the same quality of service.^{ix}

The clearest indicator of the damage caused by this separate wage floor for tipped workers is the differences in poverty rates for tipped workers depending on their state's tipped-minimum-wage policy. As shown in Figure B, in the states where tipped workers are paid the federal tipped minimum wage of \$2.13 per hour, 18.5 percent of waiters, waitresses, and bartenders are in poverty. Yet in the states where they are paid the regular minimum wage before tips (equal treatment states), the poverty rate for waitstaff and bartenders is only 11.1 percent.^x Contrary to claims made by the restaurant industry, full service restaurants in states that have eliminated the lower tipped minimum wage have experienced stronger growth both in the number of establishments and the number of jobs compared to states with a separate, lower minimum wage for tipped workers.^{xi} Research analyzing the specific impact of raising the tipped minimum wage has also found no significant effect on employment.^{xii}

In conclusion, raising the Baltimore minimum wage to \$15 by 2022 would meaningfully boost the pay of nearly a quarter of the city's workforce. The best research we have suggests that any effect of this proposal on overall employment levels is likely to be negligible and several cities that enacted similar minimum-wage standards subsequently actually outperformed the rest of their state in employment growth. Workers in Baltimore, like those in many cities across the country, are in desperate need of higher wages to meet rising costs of living. Raising the city's minimum wage to \$15 by 2022 is a reasonable means and appropriate target for achieving that goal. However, for this bill to achieve its intended purpose, it should be amended so that it does not exempt workers under the age of 21. The council should also consider raising—and ideally eliminating—the lower minimum wage for tipped workers. With these changes, this bill would go a long way towards ensuring that the Baltimore economy works for all its workers.

Endnotes

- i. EPI analysis of American Community Survey microdata, 2011. See: <http://www.epi.org/chart/baltimore-table-1-characteristics-of-baltimore-workers-who-would-be-affected-by-increasing-the-minimum-wage-to-15-by-2022/>
- ii. Based on the Congressional Budget Office's forecast for the CPI-U. Congressional Budget Office, 2017. *The Budget and Economic Outlook: 2017 to 2027*.
- iii. Gould, Elise, Tanyell Cooke, and Will Kimball. 2015. "Family Budget Calculator." Economic Policy Institute.
- iv. See Card, David and Alan Krueger. 1994. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." *The American Economic Review*. <http://davidcard.berkeley.edu/papers/njmin-aer.pdf>
- v. Letter to President Obama, Speaker Boehner, Majority Leader Reid, Congressman Cantor, Senator McConnell, and Congresswoman Pelosi. January 14, 2014. <http://www.epi.org/minimum-wage-statement/>

- vi. See Allegretto, Dube, and Reich. 2011. "Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data." *Industrial Relations*, Vol. 50, No. 2. University of California.
- vii. Potter, Nicholas. 2006. *Measuring the Employment Impacts of the Living Wage Ordinance in Santa Fe, New Mexico*. University of New Mexico Bureau of Business and Economic Research.
- viii. Schmitt, John, and David Rosnick. 2011. *The Wage and Employment Impact of Minimum-Wage Laws in Three Cities*. Center for Economic and Policy Research.
- ix. See Lynn, M., M. Sturman, C. Ganley, E. Adams, M. Douglas, and J. McNeil. 2008. "Consumer Racial Discrimination in Tipping: A Replication and Extension," *Journal of Applied Social Psychology*, 38: 1045–1060.
- x. Cooper, David. 2017. "Valentine's Day is better on the west coast (at least for restaurant servers)." *Working Economics Blog*. Economic Policy Institute.
- xi. Calculations using the Quarterly Census of Employment and Wages between 2011 and 2014 (the last available data year for full-service restaurants). For greater detail, see Gould, Elise. 2016. "D.C.'s Fair Shot Minimum Wage Amendment Act of 2016." Testimony Before the Council of the District of Columbia Committee on Business, Consumer, and Regulatory Affairs. May 26.
- xii. Allegretto, Sylvia, and Carl Nadler. 2015. "Tipped Wage Effects on Earnings and Employment in Full-Service Restaurants." *Industrial Relations*, vol. 54, no. 4, 622–647.



**Maryland Hotel & Lodging Association Testimony
 OPPOSED to Baltimore City Council Bill 17-0018
 Submitted by Amy Rohrer, President & CEO on March 1, 2017**

1. We want to partner with the City to grow jobs and opportunities for Baltimore City residents. Increasing minimum wage in the City will DECREASE entry level positions awarded to the City's youth and other residents.

- Competition for these jobs will increase and those jobs are likely to be awarded to individuals with previous experience and training.

2. The cost of living in Baltimore is significantly lower than other areas of the country that have passed \$15 minimum wage bills. The Maryland General Assembly already passed minimum wage increases that have not fully taken effect. (\$9.25 / \$10.10 as of July 1, 2017 / 2018.) The impact of the already increasing statewide wage should be evaluated before increasing the rate even further in Baltimore City.

The chart below shows the equivalent of earning \$50,000 or a \$10.00 per hour wage in Baltimore vs. the cities listed.

Metro Area	Annual Salary Equivalent to \$50K in Baltimore	% Difference	Hourly Wage Equivalent to \$10.10 in Baltimore	Minimum Wage Rates as of 2016
San Francisco-Redwood	\$78,191	56.40%	\$15.79	San Francisco - \$15.00 by 2018
Seattle-Bellevue-Everett	\$62,190	24.40%	\$12.56	Seattle - \$15.00 by 2018-21
Los Angeles-Long Beach-Glendale	\$62,190	24.40%	\$12.56	Los Angeles - \$15.00 by 2020
New York City (Brooklyn)	\$76,770	53.50%	\$15.51	New York City - \$15.00 as of 12-31-18
New York City (Manhattan)	\$100,798	101.60%	\$20.36	New York City - \$15.00 as of 12-31-18
Washington DC-Arlington-Alexandria	\$65,071	30.10%	\$13.14	Washington DC - \$11.50 by 2016, 15.00 minimum wage bill proposed.

Sources: <http://www.bankrate.com/calculators/savings/moving-cost-of-living-calculator.aspx>,
<http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>,
<http://www.nelp.org/content/uploads/City-Minimum-Wage-Laws-Recent-Trends-Economic-Evidence.pdf>

3. Increased minimum wage will result in higher prices and make Baltimore less competitive as a destination.

- (Actual Case Study – Maryland property) ADR would have to increase by \$8.46 to offset increased wages, based on 65% occupancy. From 2012-2014, a period of record growth in the lodging industry, ADR only increased by \$5.55 in Baltimore. (2015 Visit Baltimore Annual Report)
- More than 80% of Baltimore visitors are leisure travelers who can easily choose to stay somewhere else or not make the trip at all. (2015 Visit Baltimore Annual Report)
- “Value” is a top asset for Baltimore when selling against other cities. Increased rates may cause Baltimore to lose business as prices rise due to increased operating expenses. (See Attachment A)
- A multitude of third party reports and surveys of meeting professionals show that, after establishing exhibit hall/space available, destinations are mainly compared by their hotels – in particular room prices and quality.

Visit Baltimore defines the cities shown below as Baltimore’s core peer set in terms of convention sales pace tracking.

	Total Sleeping Rooms ¹	Convention Center Space – Contiguous exhibit sq. ft. ²	Average Hotel Room Rate ¹	Average Daily Meal Cost ¹
Baltimore	10,972	300,000	\$140	\$71
D.C.	29,079	703,000	\$200	\$71
Charlotte, NC	19,291	280,000	\$110	\$51
Pittsburgh, PA	12,134	313,400	\$119	\$71
Philadelphia, PA	16,490	679,000	\$157	\$66

Source: ¹ Cvent Meeting & Event Planning Guide; <http://www.event.com/rfp/meeting-event-planning.aspx>, ² – Convention Center websites

4. A healthy, growing hotel industry is good for owners, operators, and the city.

- Growth / open hotels result in higher tax revenue (occupancy, real estate, payroll, etc.) for the City.
- Investors may bypass Baltimore in favor of areas where overall operating costs lead to increased profitability. We need to see MORE investment in the City, not less.

5. We are concerned by other language in the bill, related to the Wage Commission and existing exceptions.

- We would like to see clarification on who may be named to the Wage Commission as well as steps employers may take to cure issues brought up by the Commission.
- Giving subpoena power to the Commission is concerning.

Attachment A

Baltimore Delivers More Value

A survey of meeting professionals from across the country ranked Baltimore as number one or two in 18 of the core attributes classified as “value.”

The survey, conducted by Minding Your Business (MYB), a well-known consulting firm in the industry, included respondents who have held meetings in Baltimore and those who hadn't. The survey concluded that when taking all of the factors that are considered when selecting a destination and highlighting those that represent “value,” Baltimore clearly offers meeting professionals “meetings with more.”

MYB's findings showed that Baltimore's customers and prospects rated Baltimore highly for “overall value offered,” defined as “the professional return on your meeting investment.”

The various factors that comprise “value” fall into three categories: Service, Convenience and Financial.

In the final analysis, Baltimore ranked first or second in 18 of the core attributes when weighed against its competitive set.

Service factors:

- Contracting process;
- Understanding the customer's business;
- CVB support and range of services provided;
- Collaboration between Visit Baltimore, the Baltimore Convention Center and the hotel community;
- Convention center facilities;
- Highly competent local industry partners, and
- CVB's strong reputation for excellent service.

Convenience factors:

- Ease of lift;
- Ease of getting from the airport to the hotels and convention center;
- Ease of doing business in the city;
- Wide variety of dining and entertainment options;
- Walkability of the city;
- Proximity of the convention center to hotels and entertainment/dining options, and
- Appeal of the area around the center, which is two blocks from Baltimore's renowned Inner Harbor.

Financial factors:

- Affordable travel costs;
- Savings gleaned from the absence of shuttle expenses, and
- Value-adds.

To learn more about what our customers think about Baltimore, see their [testimonial videos](#).

- See more at: <http://baltimore.org/info/baltimore-delivers-more-value#sthash.pgDVi7jy.dpuf>

Bill: Labor and Employment - City Minimum Wage

Committee: Labor Committee

Position: SUPPORT

Date: March 1, 2017

Testimony of Taylor Smith-Hams, Healthy Communities Campaign Organizer, Chesapeake Climate Action Network

Dear Chairwoman Sneed and Members of the Committee,

The Chesapeake Climate Action Network respectfully requests a favorable report on Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, because of the close link between economic justice, public health, environmental protection, and climate justice. A healthy workforce and a healthy environment go hand in hand.

Our organization strives toward an equitable, sustainable, and robust economy in Maryland, where residents can enjoy good health while working in long-lasting, family-sustaining jobs that build our economy, preserve our environment, and help stabilize the climate. We believe in a healthy environment, healthy economy, and healthy people. Ordinance 17-0018 will help Maryland achieve this vision.

One of the most significant steps we can take to improve the lives of thousands of Baltimore workers is to raise the minimum wage to \$15 an hour. Nearly two-thirds of Baltimore workers who currently live in or near poverty would get a raise under this policy, according to the Economic Policy Institute. The workers in Baltimore City who would benefit from this bill are their families' main providers, earning 54.6 percent of their family's income.¹ Among affected workers with families, approximately 20 percent are their family's sole provider.²

Raising the minimum wage will not hurt the economy. In fact, small businesses will likely benefit from a higher minimum wage because low-wage workers tend to spend their increased earnings on basic needs at local businesses.³ And jurisdictions around the country that have raised their minimum wages are seeing that the benefits substantially outweigh the likely modest costs. Seattle, the first major city to adopt a \$15 minimum wage, saw the region's unemployment rate hit an eight-year low of 3.6 percent in August 2015, significantly lower than the state's unemployment rate of 5.3 percent.⁴

¹ Will Kimball, "Raising Baltimore's minimum wage to \$15 by July 2020 would lift wages for 98,000 working people." *Economic Policy Institute*, May 4, 2016, <http://www.epi.org/publication/raising-baltimore-s-minimum-wage-to-15/>.

² *Id.*

³ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022," January 2017, <http://www.nelp.org/content/uploads/NELP-Fact-Sheet-Impact-of-15-Baltimore-JAN-2017.pdf>.

⁴ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022." May 2016, <http://www.nelp.org/content/uploads/Fact-Sheet-Raising-Baltimore-Minimum-Wage.pdf>.

We strongly urge Baltimore to enact a \$15 minimum wage bill that does not discriminate against younger workers. The arbitrary threshold of 21 years mainly benefits big businesses with high-turnover staffing models. The threshold provides incentives for other businesses to adopt these harmful business models and to replace adult workers with a younger and lower-paid workforce.

The threshold also ignores the real economic needs and contributions of young adult workers. Low-wage young adult workers often come from struggling households that depend on these workers' incomes to make ends meet. Others are students working their way through college with limited family support. These workers deserve a higher minimum wage, too. No other jurisdiction in the country has denied a minimum wage increase to such a broad group of young people.⁵ Baltimore should not set a precedent for exclusionary minimum wage laws.

Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, will help put Maryland on track to a fairer and healthier economy. We urge a favorable report for this important legislation.

⁵ National Employment Law Project, "Excluding Workers Under Age 21 Baltimore's Minimum Wage Law is Harmful & Unprecedented Policy," February 2017, <http://www.nelp.org/content/uploads/Baltimore-Youth-Exemption-Fact-Sheet.pdf>

Testimony from Josh Keogh, Co-Owner, Baltimore Bicycle Works

Position: SUPPORT

Submitted To the Baltimore City Council

On Labor and Employment--City Minimum Wage

March 1, 2017

Hello, my name is Josh Keogh. I am one of the founders of Baltimore Bicycle Works. We are a retail bicycle shop that was voted Baltimore's Best Bike Shop again in 2016 by City Paper readers. We're a worker-owned cooperative founded in 2008 and invested in Baltimore for the long haul. We have 8 employees—6 full time worker-owners, including myself, and 2 employees also full time, who are working toward purchasing shares of the business. We are also currently hiring. We pay a starting wage of \$11 an hour, and strongly support gradually increasing Baltimore City's minimum wage to \$15 by July 1, 2022 for larger businesses, and \$15 by 2026 for smaller businesses like ours.

We recognize that increasing the minimum wage in Baltimore would affect us on the expense side of our balance sheet, but we also know it would also significantly affect us on the revenue side. Increasing the minimum wage to \$15 would mean many of our customers – and future customers – will have more income to spend on bicycles and repairs. And the gradual phase-in would allow us plenty of time to ramp up to that \$15 an hour.

Because we already pay more than the current minimum wage, we see the benefit paying living wages has on our business. Paying a fair wage has been a great investment for us. We attract high-quality employees who care about our business and provide excellent customer service.

We depend on excellent customer service to get people in the door, keep them coming back and tell their friends and family about us. By treating our employees well and paying a fair wage, we ensure they treat our customers well and it shows in our business success.

Paying a fair wage keeps your workforce more productive, engaged and dedicated. Because we treat our employees well we have low turnover—which is a huge cost—and our employees know our business inside and out, and it shows when they're dealing with customers. Running a business is challenging work, but having a healthier economy is a vital part of the formula for having a healthier business. Raising Baltimore's minimum wage will have a positive effect on the city's businesses and our economy.

You'll hear from people who say raising the minimum wage will hurt business because their labor costs will increase—but they're only telling you half the story. Workers are also customers. When workers have more money, they spend it at shops like ours and businesses throughout the city. If my customers don't have enough money because they're spending every last dime on food and shelter, they're not going to shop at my business or many others in the city.

Increased consumer spending means more demand, which means more sales, which means more jobs, which means the economy grows and more wealth is created at every level.

Many full-time workers who are paid the minimum wage are also dependent on government subsidies, as the current minimum wage is not a living wage. A low minimum wage amounts to a taxpayer subsidy for low-paying businesses, including highly profitable large corporations. Raising the minimum wage levels the playing field for businesses invested in their employees and the city of Baltimore.

As a member of Business for a Fair Minimum Wage, I can share that many business owners support raising the minimum wage. It increases productivity, grows consumer spending and the economy, and improves the lives of hard working people. It's time we raise Baltimore's minimum wage—it's good for businesses, good for the economy and good for our city.

Thank you.

Josh Keogh

Owner

Baltimore Bicycle Works

1813 Falls Rd

Baltimore, MD 21201

josh@baltimorebicycleworks.com

[410-627-3715](tel:410-627-3715)

Hello, my name is D'auntae Stewart

I live in West Baltimore with my mother Iona Summerville – she's a member of 32BJ SEIU and works as a security officer at Johns Hopkins University.

A \$15 minimum wage would not only help her care for my brothers, but it would completely change the lives of workers like me who are younger than 21.

I'm 20 years old and I consider myself an adult.

But that's hard to do when my job pays so little that I have to live at home with my parents.

I work part-time at the Marshalls Inner Harbor, but I'm lucky to bring home \$100 a week!

It's never enough. I need help paying for bus fare, my cell phone, even my lunch money.

I rescue animals –so I also have to pay for their food.

Our tiny home is so crowded - there's so many people – I have four brothers!

You never have your own space and you have no privacy.

It makes life even more stressful.

When I heard that the minimum wage could go up, it was like a light at the end of a tunnel. I could finally get my life in order.

At \$15 per hour, I could move out of my parents' house and live on my own.

I could maybe get a car to help save my family on bus fare. I wouldn't have to worry about being late for work or not having enough to pay bus fare.

I would also start saving up to go to school to be a veterinarian or a chef.

I can't understand why the Council is trying to exclude workers like me who are under the age of 21.

How am I - how is anyone supposed to support themselves or pay the rent on less than \$15 an hour?

Please, I urge you to think twice about all of the workers – like me - who you are leaving behind to suffer.

Thank you.



Testimony from Andrew Buerger, Owner, B'more Organic

Position: SUPPORT

Submitted to the Baltimore City Council

On Labor and Employment-- City Minimum Wage

March 1, 2017

Thank you for the opportunity to share my perspective. I'm Andrew Buerger, founder of B'more Organic. We have 5 employees plus 1 to 4 paid interns at any one time, and we pay a starting wage for interns of \$10-12 an hour. Our full-time employees earn \$15 an hour or higher. I strongly support phasing in an increase to Baltimore City's minimum wage to \$15, and I do not support the exemption for employees under 21, as I'll discuss.

We want and need to make a profit. We are a certified B Corporation. There's no contradiction. We can't make money sustainably at the expense of our employees or our community. We believe in the triple bottom line of people, planet and profit. Indeed, we've found taking good care of our people is actually one of the best ways to be successful and grow our business. In just five years, this approach has helped us spread our distribution to almost 3,000 stores in forty-four states in stores like Wegmans, Kroger, Publix and Whole Foods.

As a small food brand, people are at the heart of what we do. One of our competitive advantages is our human touch. Our employees are constantly interacting with and growing our customer base through phone calls, emails, social media, and field marketing such as in-store demos. It's imperative they are professional and passionate about their work and our products. We can't expect our people to perform at a high level if we don't pay them accordingly.

Further, my experience with young workers differs from what you may hear from some others – employers who act like they are doing their young workers a favor by giving them a job, and that the work of younger employees doesn't merit the full minimum wage. I see it differently.

Our paid interns, high school and college students, or recent college grads work incredibly hard for us. They are smart and dedicated – so much so that it's hard to get them to *stop* working at the end of the day. Sure, they are getting valuable work experience and learning with us, but they are also teaching us. They teach me about social media and how to reach our younger customers. They represent where the world and our customers are headed.

We expect the same high level of professionalism and service of our younger people as we do all our employees, so how does it make sense to pay them less? They are all contributing to our success and our bottom line. The quality work we get from our younger employees is directly related to being paid well in the first place and rewarded for hard work.



Paying less than the minimum wage for younger workers sends the wrong message and will be bad for families, the economy and our communities. We want to incentivize working hard and reward that hard work with decent wages and the opportunity to get ahead, for all our employees. How can we ask our young people to seek employment and pursue higher education if the wages they earn don't allow them to support themselves and access those opportunities? And let's not forget that these young people are also an important part of the consumer base of many businesses, including my own.

We are in good company in supporting this increase. As a member of Business for a Fair Minimum Wage, I know that fair wages are good for business in other ways, from reducing turnover and related hiring and training costs, to increasing productivity. People are our most precious resources. Words are meaningless without action to back it up. People know you don't value them when you pay them and treat them poorly. When you invest in your employees, they invest in your business.

We built our business around a great tasting organic, protein smoothie with no added sugar. As you may know, organic is the fastest growing part of the food industry. Wages are like the protein of an economy. When our bodies don't get enough protein, our health suffers. When wages are too low, our economy is not healthy.

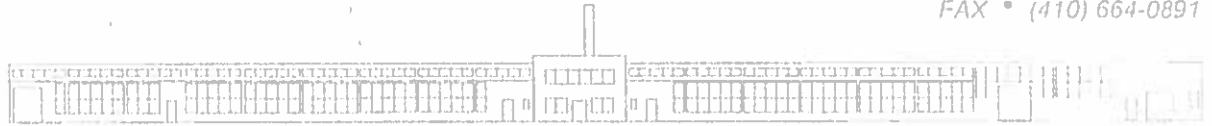
Baltimore City needs a raise. Ask yourself what your life would be like making \$8.75 an hour. Fair wages are so important in our society and in Baltimore. We can't say we've got to fix this city up, and then pay people too little to live on. Low wages depress consumer demand and businesses – and the community (and businesses) suffer as a result. No one working full-time should live in poverty.

I strongly encourage you to pass the gradual increase to \$15 by 2022 for larger businesses and 2026 for small businesses, and to reconsider the exemption for workers under 21.

Thank you for your time.

Andrew Buerger
Owner
B'More Organic
3000 Chestnut Ave, Suite 336
Baltimore, MD 21211
410-417-7579

SPECIALISTS IN
PATTERNMAKING
NONFERROUS CASTINGS
MACHINING
MANUFACTURING



Good Evening. My name is John Danko. I am the current co-chair of the Baltimore Workforce Development Board under MOED. Last year, I just finished serving a three-year term on the Maryland Correctional Education Council under Governors O'Malley and Hogan. I am here this evening, however, as the third-generation President of Danko Arlington. My business is ninety-seven years old and employs seventy-five people. We make custom aluminum components on East Wabash Avenue. We compete nationally with other companies located in other states like Pennsylvania, Ohio, and Texas as the low bidder for military spare parts for our Warfighters. Plain and simple: we cannot afford to start unskilled workers at journeymen's wages and continue to stay in-business in Baltimore City.

We currently start at \$11/hr. and teach niche skills to our employees. Most of our workers make over \$15/hour. Over one third of our employees are ex-offenders. We also hire immigrants and refugees. We receive no-benefit from any program, other than it's 'the-right-thing-to-do.' In many ways, our company is a "poster child" for Baltimore City. Mayor Pugh is seeking more companies like ours to step up and offer second chances. Recently, she has spoken to seek more investment in our Pimlico-Park Heights Community.

Training unskilled applicants, however, comes at great price because most of our low skilled people have a difficult time learning or holding on to a job. By gradually raising the minimum wage to \$15/hr., the city council is effectively incentivizing Baltimore employers not to take the risks to hire second chance citizens.

The Labor Committee has recognized the need for training by amending the bill's discount for 18-20-year-olds. However, there are tens of thousands of 28-30, 38-40, 48-50, and even 58-60-year-olds without skills. There is nothing in this bill, other than interns, that addresses skills, training, advancement, or even apprenticeships. So, employers will get nothing in return for the phased in higher wages, higher payroll taxes, higher workman's compensation, and soon-to-be higher city taxes and water bills. As a result, businesses will simply re-hire more skilled and efficient people, downsize, close, or go elsewhere.

This bill is doomed to backfire – hurting those whom this was intended to help. This is not even taking in to consideration that there will be triple the number of county residents applying for city jobs, thereby reducing the chances of hiring our re-entry workforce even further. Even small companies, like ours, are already making contingency plans to automate and to replace low skilled people. This truly sad for all our city employer engagement agencies, including MOED.

Why would the Council want to force employers not to hire? Isn't better to start with no skills at Maryland State minimum wages, than have no wages at all in Baltimore? This bill assumes that there will be the same number of jobs available tomorrow. This will not be the case if this bill passes. Baltimore will not attract companies to invest in our city -- resulting in stagnation and decline in our fragile neighborhoods.

Instead of opposing our job creators, business and government need to work together to teach our community new skills for life-time careers like promoting MOED's Youth Works and more on-the-job training. We need more businesses in our city, especially more minority businesses. Why isolate Baltimore? Why separate Baltimore so we cannot compete in a free economy like other regions? This bill is misguided, and will hurt our residents, especially our re-entry community. It's a disaster and certain to fail, setting Baltimore back for generations. Our City simply cannot afford it. I urge you to vote "No". Thank you.

John D. Danko
President
March 1, 2017

TESTIMONY OF AT-LARGE COUNCILMEMBER ELISSA SILVERMAN,
COUNCIL OF THE DISTRICT OF COLUMBIA,
ON BILL 17-0018, UNDER CONSIDERATION BY THE BALTIMORE CITY COUNCIL,
MARCH 1, 2017

Good evening, councilmembers. I am Elissa Silverman, and I serve the more than 670,000 residents of the District of Columbia as an at-large member of the D.C. Council, our combined city council and state legislature. More importantly, I come to you tonight as a proud graduate of Mount Washington Elementary School, the then-Fallstaff Middle School (which I understand it is now K through 8), and Western Senior High School, Class of 1990. My mom and dad still live in Baltimore and have owned their home near Charles Street and Northern Parkway since 1979.

It is truly an honor and a pleasure to offer testimony on Bill 17-0018, as a child of Baltimore and someone who still cares very much about the city and working families in our entire region.

Many other witnesses have spoken about the benefits of raising the wage to \$15 an hour, and I found the finding of facts in the bill quite accurate. Therefore, I'd like to focus on my time on some of the arguments against raising the wage. As you might know, the District of Columbia passed a bill last year that will raise our minimum wage to \$15 by 2020. Currently, our minimum wage is \$11.50. The bill will also raise what is known as the tipped minimum wage to \$5.00 by 2020 from the current wage of \$2.77.

Councilmembers, many of the arguments you have heard tonight I heard when the D.C. Council passed a bill in 2012 raising the wage from \$8.25 an hour to \$11.50 by 2016, and then when we passed the bill last year raising it to \$15 by 2020. I heard that this would have catastrophic economic consequences for our city, that it would have a chilling effect on businesses and send them headed to

the suburbs, that it would decrease hiring for low-wage workers, particularly in sectors like retail.

I am here to tell you: The sky did not fall. In fact, our economy continues to experience very healthy growth, including in retail. I've included as part of my testimony data on D.C. retail jobs since 2014, when our wage began the three step increase from \$8.25 to \$11.50. As you can see, the number of retail jobs has grown and grown at a pace that far exceeds our neighbors. To be fair, the increase to \$11.50 includes our Maryland neighbors of Montgomery and Prince George's County, but it also includes Arlington, Alexandria and Fairfax in Virginia, where the wage remains \$7.25 an hour.

I will also offer another piece of evidence from our quarterly revenue estimate, which was released by our city's Chief Financial Officer yesterday. It was an extremely rosy forecast, which saw an uptick in revenue even beyond prior projections, including in sectors that might be impacted by our minimum wage: "The District's overall sales tax revenue performance has been boosted by strong growth in the hospitality sector (hotels and restaurants)." As well, the report noted a two percent uptick in wage and salary jobs over the prior year.

In fact, lobbyists for the business community have so often argued that the sky was going to fall when we banned smoking, passed paid sick days, and raised the minimum wage—and we kept seeing our economy grow—that it is now known in our City Hall as the Chicken Little argument. It doesn't fly. Actually, I come to the exact opposite conclusion with data to back it up: That when we help working families through increased wages and benefits, our economy does better.

In my remaining time, let me just make a few comments. I am concerned about the slower time line for small businesses to get to \$15, because it creates an uneven playing field. More productive workers will want to work for larger employers who pay more, which might have an unintended consequence of giving

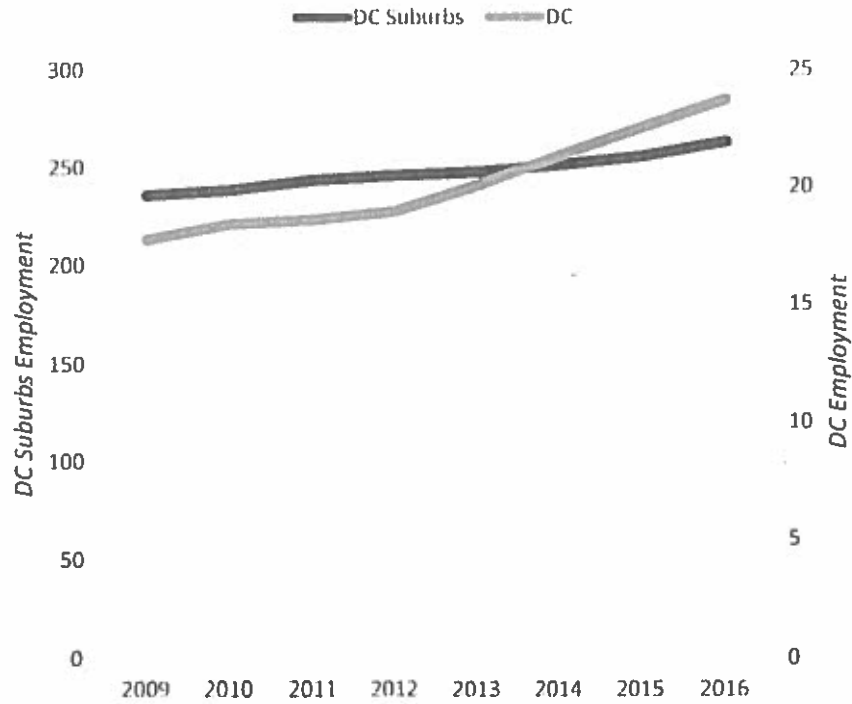
larger employers a competitive advantage. As well, I am concerned about paying youth up to 21 years of age lower than the minimum wage. Under federal law there is a youth or training wage, but some of our young people aged 18 to 21 are the primary earners in their household and some might be supporting others including children or parents. We want to make sure they have every incentive to work.

Having the rare opportunity to be on this side of the dais, I want to be respectful and not exceed the time allotted for testimony. Once again, I am honored to testify, and I am happy to answer any questions you might have.

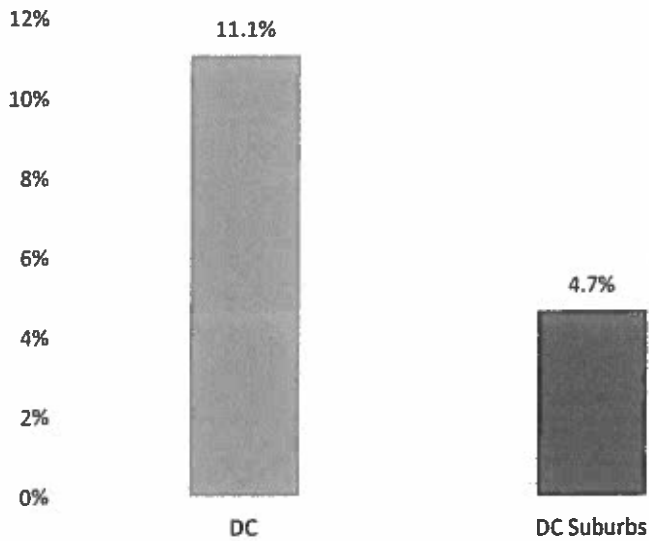
EFFECT OF DC MINIMUM WAGE INCREASE ON RETAIL JOBS

Retail Jobs Comparison

Annual Employment, in thousands



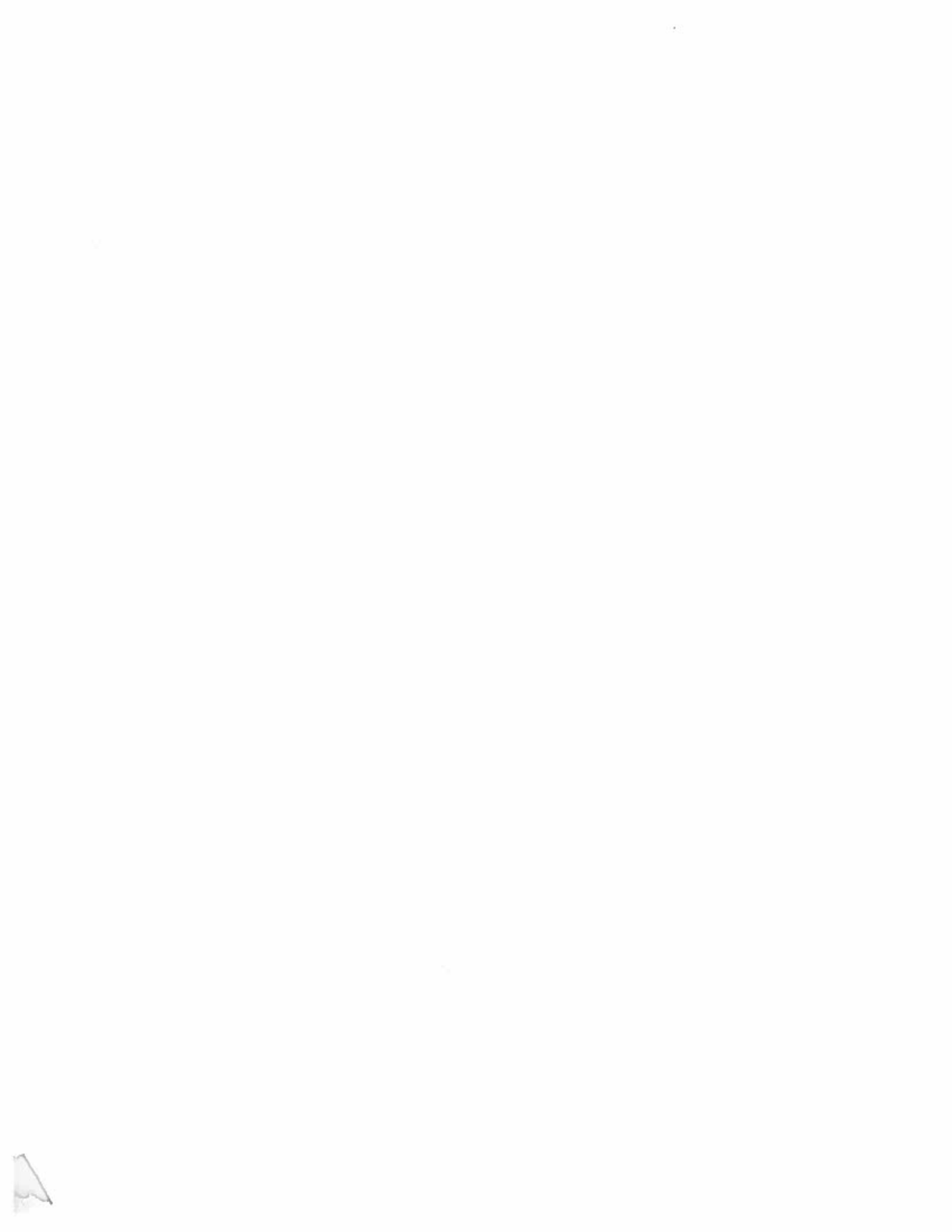
Retail Jobs Change Since 2014



Source: U.S. Bureau of Labor Statistics, State and Metro Area Employment, Hours, and Earnings; DC Suburbs includes the surrounding MSA, with the DC employment subtracted.

	A	B	C	D	E	F	G	H	I	J
	PERSONS IN FAMILY/HOUSEHOLD	Federal Poverty Line	Medicaid (138% of FPL)	MD CHIP (for children up to 19, family income to 300% of FPL)	MD SNAP (food stamps) - up to 200% of FPL	Office of Home Energy Programs GROSS INCOME (2016)	Housing Asst. (Extremely Low Income)	Housing Asst. (Very Low)	Housing Asst (Low)	Fair Market Rent Limit
1										
2	1	\$12,060	\$16,643	\$36,180	\$24,120	\$20,598.00	\$18,200	\$30,350	\$46,000	\$903 Efficiency
3	2	\$16,240	\$22,411	\$48,720	\$32,480	\$27,877.92	\$20,800	\$34,700	\$52,600	\$1097; 1 bdrm
4	3	\$20,420	\$28,179	\$61,260	\$40,840	\$35,157.96	\$23,400	\$39,050	\$59,150	\$1376; 2 bdrm
5	4	\$24,600	\$33,948	\$73,800	\$49,200	\$42,438.00	\$26,000	\$43,350	\$65,700	\$1769; 3 bdrm
	SOURCE:				http://dhr.maryland.gov/documents/SNAP/income%20Guidelines%202016.pdf	http://dhr.maryland.gov/documents/SNAP/income%20Guidelines%202016.pdf	https://www.huduser.gov/portal/datasets/16summary.odn and https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017_code/2017summary.odn The maximum housing assistance is generally the lesser of the payment standard minus 30% of the family's monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income. 75% of assistance targeted to families who earn thirty (30%) or less of the Area Median Income.			
6										
7	\$15 FT/52 Wks/YR	\$31,200								
8	\$8.75 FT/52 Wks/YR	\$18,200								
9										
10										

NOTE: People receiving Temporary Cash Assistance (TCA) and/or Supplemental Social Security Income (SSI) automatically qualify for Food Stamps. Must have less than \$2000 in assets, not including residence, car, college savings, retirement accounts. You can deduct 20% of earned incomes, all costs of dependent care needed for work, education, or employment training; child support you are legally obligated to pay to someone outside the household; shelter and utility expenses; Medical expenses greater than \$35 per month (for individuals who are disabled or age 60 or older).



EITC	
Family size	Max income
No children; claimant MUST be at least 25 years of age	\$15,010 (\$20,600 married filing jointly)
One child	\$39,617 (\$45,207 married filing jointly)
Two children	\$45,007 (\$50,597 married filing jointly)
Three or more children	\$48,340 (\$53,930 married filing jointly)
<p>The value of the earned income credit rises with an increase in an individual's earnings until the credit reaches its maximum value. The value of the credit remains at the maximum value as earnings rise, but eventually earnings reach a phaseout range. From that point, the credit decreases with each additional dollar of earnings until the credit is completely phased out. Max credit: \$6,269 with three or more qualifying children; \$5,572 with two qualifying children; \$3,373 with one qualifying child; \$506 with no qualifying children. Average MD credit \$2,297 see http://www.ncsl.org/research/labor-and-employment/earned-income-tax-credits-for-working-families.aspx Maryland offers a 25.5 percent refundable (rising to 28% over next few years) or a 50 percent non-refundable EITC. Taxpayers can chose to claim either, but not both.</p>	



Date: March 1, 2017

To: The Honorable Council President, Bernard Young and the Labor Committee Members

From: Barbara Graham, President of Baltimore Franchise Owners Association, 7-Eleven Franchisees

RE: Opposition to Council Resolution #17-0018 Labor and Employment - City Minimum Wage.

Council President Young and Members of the Labor Committee:

Thank you for allowing me to submit this written testimony today. My name is Barbara Graham and I am the President of 7-Eleven's Baltimore Franchise Owners Association [BFOA]. I'm also a 7-Eleven store owner. I have 11 employees and have been a small business owner for over 28 years.

There are approximately fifty 7-Eleven locations in Baltimore City and most locations here are independently owned small businesses like mine. We are committed to providing the best service to our customers whom we refer to as guests.

Our 7-Eleven store owners respectfully ask you to vote against this proposed wage increase bill for many reasons. Passage of this bill would increase the minimum wage to \$15 per hour by 2022.

My businesses labor and other expenses continue to increase annually and under current law so will the minimum wage. This increase would significantly add to the financial burden for small businesses in Baltimore City and will negatively impact convenience stores like mine.

According to National Association of Convenience Stores most recent data, **the average convenience store makes just \$47,000 a year in pre-tax profits. Labor expense represents, by far, the number one operating cost for our stores.**

My small business is already going to see wages increase. The state is annually increasing the state wage to \$9.25 this July and to \$10.10 by

July 2018. I simply cannot afford this even higher proposed local wage increase. The impact of these increases is unknown and passing a higher city wage bill for 2019 and beyond increases may be unsustainable for some of us.

Plus, any increase has a ratcheting-up effect on the higher wages of my existing employees.

To help manage costs, store owners like me, will likely work more shifts themselves and eliminate hours for existing employees. In addition, another increase will not create new jobs at my store and could lead to fewer positions.

If passed, this bill is not a direction that helps our local store maintain its livelihood which supports my employees and we contribute to our community. Our association provides contributions to Johns Hopkins Hospital. Other franchisees contribute to MDA and we also support community events.

Additionally, my 7-Eleven is a lottery agent for the state and we do a great job at selling lottery tickets. However, we cannot adjust the margin on a Lottery ticket to assist with wage increases such as the one proposed.

As proposed, the wage would increase in 2019 to \$11.25 per hour. Without including the costs of additional benefits, other labor expenses, security costs, etc... and solely based on that wage amount - a lottery agent in Maryland like me would have to sell 225 one dollar instant tickets in one hour to pay just that straight wage. We earn 5.5-cents on a \$1 dollar instant ticket. I cannot imagine how we can continue to thrive at those sales if the hourly wage increases as proposed.

Finally, some may say that the bill has a small business delay for increases that will provide some consolation. But, that provision does NOT apply to our small businesses. Even though we are independent small business owners because we are franchisees of a national iconic brand, this bill treats us like large employers. It does not make sense that we were treated differently and that our local government would

create a competitive disadvantage like this. It's detrimental to the survival of our small businesses.

For these many reasons and others I'm sure you'll hear today, I ask that you oppose this proposed high wage bill and support franchised small businesses like your local corner store.

Thank you for consideration of these comments.

Hello, my name is Regina Baker and I'm a member of 32BJ SEIU.

I live in East Baltimore and work as a security officer downtown.

I'm a single mother with three kids.

They are between the ages of 18 and 21 but all of them still live with me.

My 20-year old son works for Fed Ex but because he earns around \$10 an hour, he has to live with me.

Let me tell you - it hasn't been easy at all.

I can barely cover the basic necessities.

I have had the lights and the water turned off.

I must rely on the government for food stamps to feed my family.

And I don't own a car.

\$15 an hour would be a blessing.

I could move out and maybe own my own home, somewhere safe.

There's lots of shootings too close to home - right outside our door.

One of the worst days of my life was when my house broken into.

I was able to scrounge enough money to buy some gifts for my son's birthday - and they took everything.

Someone walking around your house and removing things that you struggled for - it really got to me and it's just really scary.

With \$15 an hour, I could finally open a savings account.

I'm 45 but have never had one because I haven't been able to build off the low wages I make.

I can't put away anything - every penny goes into something.

But I cannot understand why on earth the Council won't include workers under the age of 21.

My three kids won't be able to move out and live on their own without a more livable \$15 wage

Please - I hope you come to your senses and realize that all workers need to be able to support themselves!

Thank you.

Benefits of a \$15 Minimum Wage in Baltimore Would Outweigh the Costs

Position Statement Supporting Resolution #17-0018 (Labor and Employment - Minimum Wage)

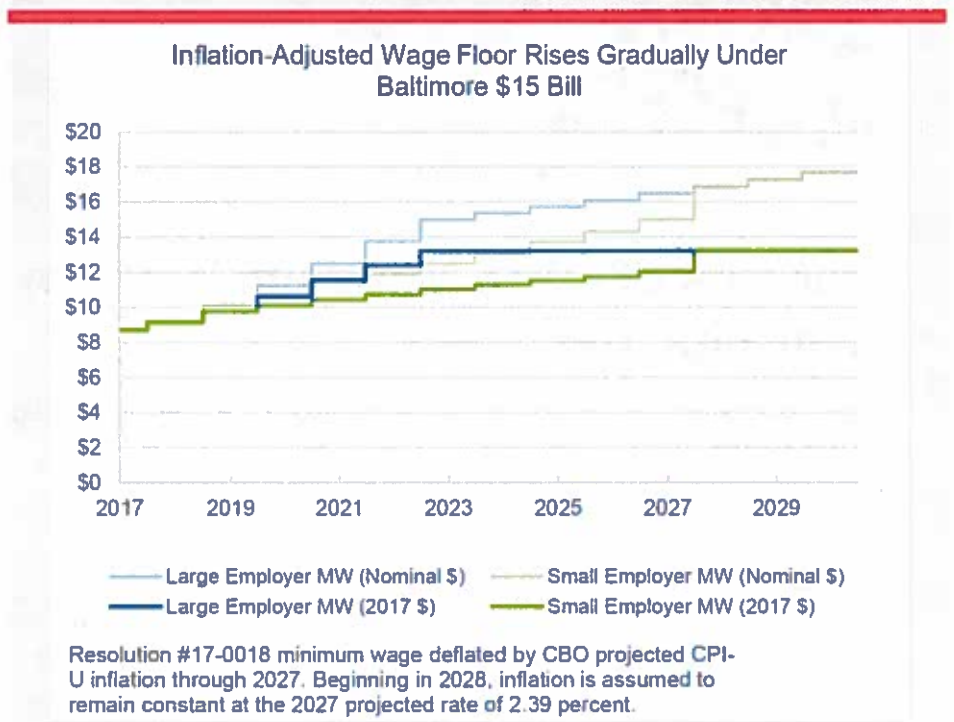
Given before the Labor Committee

Despite significant progress in the city's economic fortunes, too many hardworking Baltimore families still struggle to pay bills and put food on the table because they are not paid enough to cover the basics. Raising Baltimore's minimum wage to \$15 per hour by 2022 (the equivalent of \$13.21 in today's dollars) would mean more security and a better standard of living for these families.ⁱ Moreover, a growing body of credible research shows that local minimum wage laws produce at most modest costs, which are balanced by significant benefits. This is especially true of wage boosts that are phased in over multiple years. For these reasons, the Maryland Center on Economic Policy supports Resolution #17-0018.

In 2015, more than one in three working residents of Baltimore City took home less than \$33,994 per year, the amount necessary for a single adult with no children to maintain a basic standard of living in the Baltimore area.ⁱⁱ The long-term minimum wage under current law, \$10.10 per hour, would still leave a full-time worker \$13,000 short of this standard. Raising Baltimore's minimum wage to \$15 by 2022—equivalent to \$13.21 in today's dollars—would bring thousands of workers closer to a living wage, though even then not all workers would be guaranteed this level.ⁱⁱⁱ The benefits to workers of raising the minimum wage are substantial. Economic studies consistently find that both state and local minimum wage laws succeed in raising incomes for low-wage workers, and studies that use credible research designs find essentially no effect on employment.^{iv} Contrary to popular misconception, the majority of workers who benefit from raising the minimum wage are adults working full-time jobs.^v

Higher wages benefit businesses as well. Increased pay for low-wage workers who live paycheck to paycheck translates almost immediately into higher spending, which means stronger sales at local businesses. Many of the same businesses where wages will increase the most because of the higher minimum wage are also likely to see the greatest increase in sales. This is because low-wage jobs are concentrated in industries like restaurants and grocery stores that draw largely from a local customer base. Evidence also shows that higher wages often reduce employee turnover, which means more experienced workers and lower hiring costs.^{vi} Between increased sales and decreased turnover, the impact of minimum wage increases on businesses are often more positive than many anticipate.

Resolution #17-0018 is designed to allow as smooth a transition to a \$15 minimum wage as possible, especially for small and midsized businesses. The scheduled increases in Baltimore's minimum wage are back-loaded, meaning that the percentage increase in the minimum wage for Baltimore businesses is more level from year to year, avoiding abrupt increases. For large businesses, the inflation-adjusted value of the minimum wage does not rise by more than 10 percent in any single year. In addition, the Baltimore bill uses a high size threshold to define small businesses, and raises the wage floor for these employers even more gradually. Businesses with fewer than 50 employees would not be required to pay the full minimum wage until 2027.



Raising Baltimore's minimum wage to \$15 by 2022, the equivalent of \$13.21 in today's dollars, would enable thousands of Maryland workers at low-paying jobs to make ends meet. It would also enable them to spend more at local businesses and lead many to stay longer at a single job, strengthening our local economy. Finally, evidence indicates that raising Baltimore's minimum wage is not likely to significantly reduce employment, especially in light of the law's gradual implementation.

For these reasons, the Maryland Center on Economic Policy respectfully asks that the Labor Committee give Resolution #17-0018 a favorable report.

¹ Minimum wage deflated using projected CPI-U from the Congressional Budget Office 10-Year Economic Projections, <https://www.cbo.gov/about/products/budget-economic-data#4>.

² Data on Baltimore City wage and salary income from 2015 IPUMS American Community Survey 2015 One-Year Estimates, University of Minnesota, <https://usa.ipums.org/usa/>. Basic living standard from the Economic Policy Institute Family Budget Calculator, <http://www.epi.org/resources/budget/>.

³ According to an analysis by the Economic Policy Institute, the minimum wage bill considered last year would have raised wages for 98,000 Baltimore workers. Due to differences in the two bills' implementation schedules, Resolution #17-0018 would likely have a smaller, but still substantial, impact. Will Kimball, "Raising Baltimore's Minimum Wage to \$15 by July 2020 Would Lift Wages for 98,000 Working People," *Economic Policy Institute*, 2016, <http://www.epi.org/publication/raising-baltimores-minimum-wage-to-15/>.

⁴ For a review of credible research methodologies for minimum wage studies, see Sylvia Allegretto, Arindrajit Dube, Michael Reich, and Ben Zipperer, "Credible Research Designs for Minimum Wage Studies," IRL WORKING PAPER #148-13, 2013, <http://irlc.berkeley.edu/files/2013/Credible-Research-Designs-for-Minimum-Wage-Studies.pdf>. Studies that do find employment effects—usually by using less rigorous statistical methods—tend to find effect sizes small enough that total wages paid to low-wage workers would still increase.

⁵ Will Kimball, 2016.

⁶ Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Shocks, Employment Flows and Labor Frictions," IRL WORKING PAPER #149-13, 2014, <http://irlc.berkeley.edu/files/2013/Minimum-Wage-Shocks-Employment-Flows-and-Labor-Market-Frictions.pdf>.

Interfaith Worker Justice of Maryland

Testimony **IN SUPPORT** of Council Bill 17-0018 -Labor and Employment – City Minimum Wage

March 1, 2017

Given by: Fr. Ty Hullinger, *Interfaith Worker Justice of Maryland*

Interfaith Worker Justice of Maryland strongly supports a \$15 Minimum Wage for ALL of Baltimore's workers, and we believe that this one of the most important moral issues of today. We represent many faith traditions that all agree that a living wage is a moral requirement of every society. When workers are not paid an adequate wage that allows them to provide for the basic human needs of their families, this is a social evil.

From the Quran we read:

*"And O my people! Give just measure and weight,
nor withhold from the people
the things that are their due." — Quran 11:85*

And from the Torah we read:

*You shall not withhold the wages of poor and needy laborers,
whether other Israelites or aliens who reside in your land in one of your towns.
You shall pay them their wages daily before sunset,
because they are poor and their livelihood depends on them;
otherwise they might cry to the Lord against you,
and you would incur guilt. — Deuteronomy 24:14-15*

And from the Christian Bible we read:

*Listen! The wages of the laborers who mowed your fields,
which you kept back by fraud, cry out,
and the cries of the harvesters
have reached the ears of the Lord of hosts! — James 5:4*

We also believe that the right to just wage applies to all workers, including young people. In fact, in our times, young workers need this raise in the minimum wage just as much as older workers do. Pope Francis has spoken numerous times about the evils of youth unemployment and under-employment:

"The most serious of the evils that afflict the world these days are youth unemployment and the loneliness of the old. The old need care and companionship; the young need work and hope but have neither one nor the other, and the problem is they don't even look for them any more. They have been crushed by the present. You tell me: can you live crushed under the weight of the present? Without a memory of the past and without the desire to look ahead to the future by building something, a future, a family? Can you go on like this? This, to me, is the most urgent problem that the Church is facing." — Pope Francis, Interview in La Repubblica, October 1, 2013

The lack of just wages for all is one of the most urgent problems Baltimore is facing. Together, we can ensure that all workers, young and not-so-young, are able to earn a **minimum** wage of \$15 an hour. We will be judged by this generation and the next, by what we do in this time. Will we courageously stand together with all workers, young and old and in-between, or will we be lead by fears and false arguments that only want to further divide us? We urge this Council to support a \$15 Minimum Wage for all workers in Baltimore.

"The just distribution of the fruits of the earth and human labour is not mere philanthropy. It is a moral obligation. If we want to rethink our society, we need to create dignified and well-paying jobs, especially for our young people." — Pope Francis, Address to Popular Movements in Bolivia, July 9, 2015

Testimony from Penny Troutner, Owner, Light Street Cycles

Position: SUPPORT

Submitted to the Baltimore City Council

On Labor and Employment—City Minimum Wage

March 1, 2017

Hello, my name is Penny Troutner and I started Light Street Cycles in South Baltimore 26 years ago. I've learned a lot about my city in that time. For instance, I know that minimum wage employees tend to shop locally when possible, since they are less likely to have a car. However, they are not likely to spend much money at small businesses because they have little to no expendable income. Therefore, raising the minimum wage in Baltimore City will provide more purchasing power to small business customers and increase our customer base. In the process, communities and businesses will be revitalized. That's why I strongly support gradually raising Baltimore's minimum wage to \$15 by 2026 for small businesses like mine, and to \$15 by 2022 for larger ones.

Many bikes brought to me for repair are purchased from big box stores. The bikes are cheap and in the long run cost the customers a great deal in repairs. Having the money to buy a quality bike actually saves the customer time and money. We know that this is true with many other products as well, so that allowing people the opportunity to make better purchases enables them to save money to pay their bills, and improve their quality of life.

By gradually increasing the minimum wage, we increase the purchasing power of thousands of workers in Baltimore City, leading to increased sales for businesses like mine. As sales rise, I can pay my employees more, and I can grow and hire more.

When workers are paid living wages, they have less stress in their daily lives and are more productive on the job. They are likely to stay with the job longer, get to know the business and customers better, and help drive growth and success. By supporting a more stable workforce and boosting the purchasing power of our residents, raising the minimum wage provides *more* stability for small businesses, not less.

Today's Baltimore City business owners are noticing our city's crime stats, but law enforcement is not the only weapon against crime. Fair wages lessen financial stress and help keep families together. They make honest work a reasonable choice against the temptation of the underground economy, thus helping to reverse the rising inequality that influences our crime

rate. As an owner who works and lives in Baltimore City, the workers we're talking about are not just my staff and customers, they are my neighbors. I see first-hand the impact of low wages on our communities. A minimum wage hike is an investment in the safety of our community, our businesses and our economy. And a safer community is better able to attract more businesses, and more jobs.

Simply put, when people have more money in their pockets, they spend it. And they spend it at local businesses like mine. As a member of Business for a Fair Minimum Wage, I am not alone in supporting this increase. By gradually raising Baltimore's minimum wage to \$15, we'll give our city what it needs to thrive: a strong customer base, strong community, strong economy and a strong business climate.

Thank you.

Penny Troutner
Owner
Light Street Cycles
1124 Light St.
Baltimore, MD 21230
Lightstreetcycles@gmail.com
(410) 685-2234



POSITION STATEMENT

TESTIMONY PRESENTED TO THE BALTIMORE CITY COUNCIL ON COUNCIL BILL 17-0018 – LABOR AND EMPLOYMENT – CITY MINIMUM WAGE

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Chairwoman Sneed and members of the committee, I appreciate the opportunity to speak with you today about the pending legislation to increase the minimum wage to \$15 an hour in Baltimore City. I stand before you as president and CEO of the Greater Baltimore Committee, the region's premier business advocacy organization, and on behalf of hundreds of small, medium, and large business members located in Baltimore City.

Since its inception, the Greater Baltimore Committee and its membership have been keenly focused on issues relating to economic growth and job creation. Over the past 61 years, we have advocated for policies such as creating an effective and reliable transportation system, increasing the quality of our school system, encouraging business growth and entrepreneurship, and expanding access to workforce training and job opportunities. Like you, our goal has always been to make Baltimore a great place to live, work, and grow a business. The legislation before you today, though well-intended, is counter-productive to our shared goals and priorities for Baltimore City.

The Greater Baltimore Committee opposes the legislation introduced that would increase the minimum wage in Baltimore City to \$15 an hour. The GBC believes that changes in the minimum wage are more appropriately addressed at the national level. In recent years, with the federal government stymied in partisan bickering many states have begun to address issues, such as minimum wage, that have seen little or no action at the national level. In fact, in 2014 the state of Maryland enacted an increase in the minimum wage from \$7.25 an hour to \$10.10, with the increase phasing in until July 1, 2018.¹ As this increase has not been fully realized and businesses have not adjusted to this increase, it is premature for Baltimore City to move beyond the state's minimum wage level for the reasons outlined below.

Minimum Wage: "Good" Economic Policy?

At first blush, increasing the minimum wage may sound like good economic and social policy. In theory, low income workers will make more money, be better able to provide for their families, have more expendable income to spend in shops and restaurants, and the economy will grow as a result. However, increased wages also mean an increased cost for businesses in Baltimore City, many of whom are running on thin profit margins. For businesses to survive those increased costs will have to be offset, either by reducing the size of the workforce, automation, cutting benefits, increasing costs on goods and services, or all of the above. An official from the Federal Reserve Bank of Cleveland observed in a 2015 interview that lower skilled workers performing routine tasks are increasingly being replaced with machines and software.² It is fair to assume that an increased minimum wage would only fuel that trend.

Businesses that are unable to overcome the costs associated with the increased minimum wage will have little choice but to close their doors. Businesses that do survive will not have the ability to grow and create jobs as they would otherwise. This is not a threat, just an economic reality that deserves very serious consideration.

Facing the Unintended Consequences

Aside from the financial impact this policy could have on businesses, there are additional consequences that must be considered. Though intended to mostly benefit low-income, low-skilled workers, research suggests this is the group most negatively affected by increasing the minimum wage. In Washington, D.C. where similar legislation was recently

¹Maryland General Assembly. House of Delegates. Economic Matters Committee. [Maryland Minimum Wage Act of 2014](#). 434th Regular Session.

²Tasci, Murat. ["Raises and Rises"](#). Forefront. Federal Reserve Bank of Cleveland. Cleveland: 30 Nov. 2015

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approved by the city council, the district's Chief Financial Officer raised this as a point of concern, noting that, "Job losses [as a result of increasing the minimum wage] mostly affect low-paid, low-skilled workers who are disproportionately District residents."³

According to the Foundation for Economic Education, young, low-skilled workers are the most likely to be hurt by minimum wage hikes because they are the least likely to have skills that employers consider valuable.⁴ Businesses may currently hire a low-skilled worker at the low end of the salary scale and train them but as mandatory wages increase, businesses will likely seek out more experienced individuals for those entry level positions. In a survey of 166 economists by the University of New Hampshire's Survey Center, 80 percent believe that a \$15 per hour minimum wage would result in employers hiring people with greater skills for entry level positions.⁵

Additionally, in a recent study University of California-San Diego economics professor Jeffrey Clemens found that federal minimum wage hikes from 2006 to 2009 accounted for 43 percent of the decline in employment among this group of workers during the Great Recession.⁶

The "Island Effect"

Increasing the minimum wage only in Baltimore City creates additional competitive burdens. If passed, Baltimore City would be island among neighboring jurisdictions in the greater Baltimore region. The businesses that operate in those jurisdictions already enjoy lower costs of doing businesses, lower taxes, and lower crime rates. Despite all of its positive attributes – world-class institutions of higher learning, research and medical institutions, a bustling downtown business district and more – for a business looking to locate or expand in the region Baltimore City would no longer be a natural choice. Why locate in Baltimore City when the labor costs and additional cost of doing business is so much lower just a few miles over the county line?

There are many other potential impacts that the "island effect" would create, including the increased competition between workers in neighboring jurisdictions that doesn't necessarily exist today. A fast food worker in Howard County has no reason to flip burgers at the state's minimum wage level of \$8.75 an hour when they can come to Baltimore and do the same job for more money. In that scenario, the Baltimore City resident who was supposed to benefit from this policy will lose out on a job and the income tax revenue that should have been collected by Baltimore City through the local "piggy back" tax will go to Howard County.⁷

When Washington, D.C. increased its minimum wage in 2013, they did so in coordination with Prince George's County and Montgomery County⁸ – two large neighboring jurisdictions – both of which increased their minimum wage at the same time.⁹ This coordination removed much of the potential competitive disadvantage that the district would have faced had Montgomery and Prince George's County not followed suit. In discussions about the recently approved legislation to again increase the minimum wage in the district, the D.C. Chief Financial Officer predicted that in the absence of neighboring jurisdictions again increasing their minimum wage, "District businesses activity declines and businesses

³ Dewitt, Jeffrey S. [Fiscal Impact Statement – Fair Shot Minimum Wage Amendment Act of 2016](#). Washington, DC: Office of the Chief Financial Officer. 2016

⁴ Cooper, Preston. ["The Minimum Wage Hurt the Young and Low-Skilled almost as Much as the Recession"](#). Foundation for Economic Education. Foundation for Economic Education, 7 Jan. 2016. Web. 7 Jun. 2016.

⁵ Fowler, Tracy A. and Smith, Andrew E. [Survey of US Economist on a \\$15 Federal Minimum Wage](#). Durham, New Hampshire: University of New Hampshire Survey Center. 2015.

⁶ Clemens, Jeffrey. ["The Minimum Wage and the Great Recession: Evidence from the Current Population Survey"](#). The National Bureau of Economic Research. The National Bureau of Economic Research. Web 7 Jun. 2016.

⁷ ["Local Income Tax"](#). Spotlight on Maryland Taxes. Comptroller of Maryland. Web 7 Jun. 2016

⁸ Orange, Sr., Vincent B. [Council of the District of Columbia Committee on Business, Consumer, and Regulatory Affairs Committee Report](#). Washington, DC: Committee on Business, Consumer and Regulatory Affairs. 2016 pg. 216

⁹ Sykes, Michael. ["New minimum wage takes effect in Prince George's, Montgomery and D.C."](#). The Sentinel, 02 Oct. 2014. Web. 7 Jun. 2016.

become less competitive.”¹⁰ When the Montgomery County Council voted to again increase the minimum wage, that legislation was vetoed by the County Executive due to his concerns about, “...the competitive disadvantage [the bill] would put the County in compared to our neighboring jurisdictions.”¹¹

The fact of the matter is that there is little to no chance that Baltimore City’s neighboring counties would entertain such a proposal. Neighboring jurisdictions have shown no appetite for this type of change. In the absence of regional coordination, Baltimore City will find itself at a competitive disadvantage in efforts to attract and expand businesses and opportunities for those individuals this legislation is intended to benefit.

We Are Not Seattle

Proponents for increasing the minimum wage in Baltimore City point to other jurisdictions – like Seattle, New York, or San Francisco – where increased wage laws have recently been implemented. But the economic base, workforce, and business conditions in Baltimore City are not comparable to those of Seattle, New York, or San Francisco. Our economics, challenges, and strengths are vastly different.

Regardless, the news out of Seattle regarding the minimum wage has not been all positive. According to a 2016 report on the impact of Seattle’s Minimum Wage Ordinance done by the University of Washington, the minimum wage ordinance “...slightly reduced the employment rate of low-wage workers by about one percentage point.” The authors go on to say that employment of low wage workers would have increased more had the ordinance not been passed.¹²

Let’s Work Together to Lift All Boats

When Councilwoman Mary Pat Clarke held a press conference last year to announce this legislation, she stated that she was concerned about a lot of the issues that underlie the unrest that occurred in 2015 following the death of Freddie Gray.¹³ We couldn’t agree more. But this legislation does not speak to the heart of the issues most plaguing Baltimore City. This proposal does not increase the caliber of our school system. It does not help businesses create jobs. It does not provide access to workforce training. It does not create pathways for workers in middle-skilled employment opportunities. It does not help entrepreneurs start and build businesses. It does not make housing more affordable. It does not provide a better transit system so workers can access available jobs. And it does not help connect returning citizens to employment opportunities.

Granted, it may increase wages for some, but it will also lead to job losses for many others as businesses struggle to keep pace with the rising cost of doing business in Baltimore City. It also, once again, sets Baltimore City apart from its surrounding jurisdictions in the competitive field of economic development and job creation.

The Greater Baltimore Committee and Baltimore City Council can do better by working together to address those challenges outlined above and adopt proven strategies for Baltimore City that lifts all boats while allowing businesses to do what they do best....create jobs and grow the economy.

Passage of a \$15 minimum wage that would be applied strictly to Baltimore City businesses is not one of those strategies.

Thank you.

¹⁰ Dewitt, Jeffrey S. [Fiscal Impact Statement – Fair Shot Minimum Wage Amendment Act of 2016](#). Washington, DC: Office of the Chief Financial Officer. 2016

¹¹ Turque, Bill. [“Leggett vetoes \\$15 minimum wage in Montgomery County.”](#) The Washington Post, 23 January 2017. Web. 1 March 2017.

¹²The Seattle Minimum Wage Study Team. 2016. [Report on the Impact of Seattle’s Minimum Wage Ordinance on Wages, Workers, Jobs, and Establishments Through 2015](#). Seattle. University of Washington

¹³ Mirabella, Lorraine and Sherman, Natalie. [“City Councilwoman Mary Pat Clarke proposes \\$15 minimum wage in Baltimore”](#). The Baltimore Sun. The Baltimore Sun, 17 Apr. 2016. Web. 7 Jun. 2016

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Bill: Labor and Employment - City Minimum Wage

Committee: Labor Committee

Position: SUPPORT

Date: March 1, 2017

Jacquelyn Jones Ziegler, Sugar, 1001 West 36th Street, Hampden

Dear Chairwoman Sneed and Members of the Committee,

I own Sugar, a retail store in Hampden. Sugar opened nine years ago. Since the day we opened, we have paid our staff a wage consistent with or above Baltimore's Living Wage. Currently I employ six individuals, three of whom are close to full time. The least an employee makes is \$12.25 an hour, the most is \$14.25. Although I pay more than some other retailers and advertise widely when positions are open, my staff has consistently been majority Baltimore City residents. Currently, all of my co-workers are Baltimore City residents.

As a business owner, I am strongly in support of raising Baltimore's minimum wage to \$15 an hour. Raising people to a level where it is possible for them to afford their basic needs, increases the likelihood that they would have disposable income and choose to spend that income at our local businesses, growing Baltimore's economy.

When people live with economic insecurity, it frequently has a negative impact on their work performance. If your employees can't afford their phone bill, they can't call out for work, or be contacted for extra shifts. If they are hungry, they aren't able to work to their full potential. These are people who want to do a good job; these are people who are hard workers. It is in the best interest of any business to ensure that their employees are able to meet their own basic needs.

This is also a matter of ethics for me. I may be old fashioned, but I believe that I should not be relying on government subsidies to stay in business. If I am paying my employees at a level where they are relying on food stamps to eat and Section 8 for housing, the government is essentially picking up the tab on my sub-standard wages. That's not an ethical business. That's stealing from the taxpayers.

Granted, there are many ways that I'd love to see Baltimore and Maryland be more business friendly. I'd welcome a little less paperwork. But, the minimum wage we have now is not "business friendly". It's taxpayers subsidizing business owners at the expense of our lowest paid citizens.

We know from multiple studies, in multiple jurisdictions, that raising the minimum wage does not have a negative impact on business. It does not have a negative impact on prices. The data

proves it. As a business owner, I like data. I depend on it to keep my business open and I ask you to rely on data and your values, rather than antidotes to guide your decisions on this bill.

We live in a city with great disparities, economic disparities that disproportionately affect people of color, women, immigrants, people with disabilities, and my LGBT family. Moving the minimum wage to a level where a single person, working full time, has a chance of being able to meet their basic needs, is a small step we can take to making Baltimore a more equitable city. No one who is working full time, doing exactly what we're told to do, should be hungry, homeless or worried about their electric bill. Increasing the minimum wage is a step our communities deserve. As a business owner and as a resident of Baltimore, I ask you take this step. I urge a favorable report for this important legislation.



BALTIMORE CITY BURGER KING
\$15.00 PER HOUR WAGE

We operate 10 Burger King restaurants in Baltimore City. Our employees live and spend in Baltimore City.

We employ 300 team members.

Our company works with our communities supplying stepping stone jobs for the youth in our communities. We meet with community groups to coach young people on how to secure a first job.

Our staffs are made up of a variety of employees with a variety of goals. The system we have in place allows our people to work "up the ladder" to salaried positions with an average income of \$44,000 per year for our employees who are interested in growing within our Burger King system.

We have team members who use Burger King as a stepping stone to work themselves through school or to begin their path to other jobs which they may be inspired to gain experience and work towards.

We also have team members who are not motivated to move forward and it is just a job for these employees. We classify them as unskilled team members.

This gives a snapshot of how we operate.

Being a National Brand, we have experience with the \$15.00 an hour wage in other markets.

We have been making plans for this change. I want to paint a picture for you of how we will manage through this:

1. We plan to cut our work force by 1/3. Eliminating youth and unskilled employees.
2. We will look outside the city to hire. The new wage would give us an opportunity to market outside the city in a search for talented applicants.
3. As our leases and agreements expire, we will begin the process of relocating our restaurants to other areas outside the city limits. The end goal would be to leave the city.
4. Future expansion and job growth for Burger King will be focused outside of Baltimore City.

In closing, on a personal note, we have been operating our restaurants in the city for 25 years, employing 1,000's of people. Most of my employees have started as a first job. Some now have families, own their own homes and cars. It is truly an honor to see my people grow into adults and strong community members.

It's a shame this will eventually come to an end.

Baltimore's image is not the best in today's world and driving businesses out of the city in a time of rebuilding doesn't make sense.

I am not against raising the minimum wage, I just feel your plan is too aggressive and it should not be a one size fits all.

Gary Andrzejewski

Franchisee

1937 Greenspring Drive Timonium, MD 21093 Tel: (410) 560-1002 Fax: (410) 560-1215

PJ FOODS LLC

A Franchisee of Burger King Corporation

Bill: Labor and Employment - City Minimum Wage

Committee: Labor Committee

Position: SUPPORT

Date: March 1, 2017

Testimony of Taylor Smith-Hams, Healthy Communities Campaign Organizer, Chesapeake Climate Action Network

Dear Chairwoman Sneed and Members of the Committee,

The Chesapeake Climate Action Network respectfully requests a favorable report on Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, because of the close link between economic justice, public health, environmental protection, and climate justice. A healthy workforce and a healthy environment go hand in hand.

Our organization strives toward an equitable, sustainable, and robust economy in Maryland, where residents can enjoy good health while working in long-lasting, family-sustaining jobs that build our economy, preserve our environment, and help stabilize the climate. We believe in a healthy environment, healthy economy, and healthy people. Ordinance 17-0018 will help Maryland achieve this vision.

One of the most significant steps we can take to improve the lives of thousands of Baltimore workers is to raise the minimum wage to \$15 an hour. Nearly two-thirds of Baltimore workers who currently live in or near poverty would get a raise under this policy, according to the Economic Policy Institute. The workers in Baltimore City who would benefit from this bill are their families' main providers, earning 54.6 percent of their family's income.¹ Among affected workers with families, approximately 20 percent are their family's sole provider.²

Raising the minimum wage will not hurt the economy. In fact, small businesses will likely benefit from a higher minimum wage because low-wage workers tend to spend their increased earnings on basic needs at local businesses.³ And jurisdictions around the country that have raised their minimum wages are seeing that the benefits substantially outweigh the likely modest costs. Seattle, the first major city to adopt a \$15 minimum wage, saw the region's unemployment rate hit an eight-year low of 3.6 percent in August 2015, significantly lower than the state's unemployment rate of 5.3 percent.⁴

¹ Will Kimball, "Raising Baltimore's minimum wage to \$15 by July 2020 would lift wages for 98,000 working people," *Economic Policy Institute*, May 4, 2016, <http://www.epi.org/publication/raising-baltimores-minimum-wage-to-15/>.

² *Id.*

³ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022," January 2017, <http://www.nelp.org/content/uploads/NELP-Fact-Sheet-Impact-of-15-Baltimore-JAN-2017.pdf>.

⁴ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022," May 2016, <http://www.nelp.org/content/uploads/Fact-Sheet-Raising-Baltimore-Minimum-Wage.pdf>.

We strongly urge Baltimore to enact a \$15 minimum wage bill that does not discriminate against younger workers. The arbitrary threshold of 21 years mainly benefits big businesses with high-turnover staffing models. The threshold provides incentives for other businesses to adopt these harmful business models and to replace adult workers with a younger and lower-paid workforce.

The threshold also ignores the real economic needs and contributions of young adult workers. Low-wage young adult workers often come from struggling households that depend on these workers' incomes to make ends meet. Others are students working their way through college with limited family support. These workers deserve a higher minimum wage, too. No other jurisdiction in the country has denied a minimum wage increase to such a broad group of young people.⁵ Baltimore should not set a precedent for exclusionary minimum wage laws.

Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, will help put Maryland on track to a fairer and healthier economy. We urge a favorable report for this important legislation.

⁵ National Employment Law Project, "Excluding Workers Under Age 21 Baltimore's Minimum Wage Law is Harmful & Unprecedented Policy," February 2017, <http://www.nelp.org/content/uploads/Baltimore-Youth-Exemption-Fact-Sheet.pdf>

March 1, 2017

Baltimore Abortion Fund
P.O. Box 3053
Baltimore, MD 21229
(413) 297-9893
www.baltimoreabortionfund.org

Dear President Jack Young and Members of the Baltimore City Council,

We are writing to express our support for Council Bill 17-0018, which proposes to raise the minimum wage in Baltimore City to \$15/hour by July 1, 2023, and after that date, indexes the minimum wage to the Consumer Price Index.

The Baltimore Abortion Fund is an all-volunteer nonprofit organization, founded in Baltimore City in 2013. We operate a confidential helpline for individuals seeking assistance with the cost of their abortion care and make small grants to such individuals. Since our helpline launched on October 1, 2014, we have seen a 103% increase in the number of calls to our helpline. While we generally fund individuals who reside anywhere in Maryland¹, the largest percentage of individuals that we fund reside in Baltimore City.

We know that when individuals are forced to choose between paying rent, buying groceries, caring for their children and paying for the health care that they need, they have to make incredibly hard decisions. Our callers often pay for their care by a patchwork of funding sources including selling personal items, borrowing money from family and friends, and receiving pledges from our fund and other funds who serve individuals living in Maryland. The need for assistance with paying for abortion care is magnified by low-wage jobs that cannot provide for all of a family's needs.

Finally, we urge the Council to amend the bill in order to ensure that workers under 21, tipped employees and individuals with disabilities also receive a fair minimum wage. First, 20% of our callers were under the age of 21, and we know that young women need access to abortion care just like women over the age of 21. Establishing an age-based exception to the raise in the minimum wage unfairly impacts the young women in

¹ We do not currently fund individuals who live in Prince George's or Montgomery Counties.

our City who are struggling to pay for health care. We also note that tipped employees are only required to be paid \$2.13/hour, an amount that has not changed since 1991. Tipped work is both overwhelmingly low-wage and disproportionately performed by women (67% of tipped workers nationwide are women²). These are women who, as a result of an unfair subminimum wage structure, depend on sometimes inconsistent and unreliable income to provide for their basic needs, including the cost of health care.

Finally, in 2016, Maryland enacted statewide legislation, the Ken Capone Equal Employment Act, that puts an end to the use of subminimum wage for individuals with disabilities by 2020. Without equal protections for individuals with disabilities in this legislation, and by allowing the proposed Wage Commission to issue its own certificates for payment of less than the minimum wage to individuals with disabilities, this bill may in effect re-establish a subminimum wage system in the City for workers with disabilities. Research has shown that individuals with disabilities are more likely to be poor at a rate of nearly two and a half times higher than individuals without disabilities.³ Individuals with disabilities are also much more likely to experience hardships caused by poverty like not being able to get needed medical care, and much more likely to lack even modest savings that could cushion them from an unexpected expense, like the cost of paying for abortion care. Given these considerations, we strongly urge the Council to consider amending the bill to provide equitable wage increases for individuals under 21, tipped employees and workers with disabilities.

Thank you for considering our testimony.

Annie Hollis
Vice President, Board of Directors
Baltimore Abortion Fund

² Davis, Alyssa & Cooper, David. "The Way We Pay Tipped Workers Disproportionately Harms Women." Economic Policy Institute, March 25, 2015.

<http://www.epi.org/publication/the-way-we-pay-tipped-workers-disproportionately-harms-women/>

³ Vallas, Rebecca & Fremstad, Shawn. "Disability is a Cause and Consequence of Poverty." Talk Poverty, September 19, 2014.

<https://talkpoverty.org/2014/09/19/disability-cause-consequence-poverty/>

Testimony to Baltimore City Council

Minimum Wage Legislation

My name is John Hoey, and I have the privilege of being the President and CEO of the Y in Central Maryland, one of the City's and the region's largest and longest standing human services organizations. I am also a city resident. I am here to provide you with a description of how this proposed legislation will impact the over 20,000 people we serve throughout the City of Baltimore through our extensive early childhood, youth development and health and wellness work.

First, I would like to summarize for you the full extent of the Y's work in Baltimore City:

- We run 18 Head Start sites and one preschool for 750 of the City's most fragile young children and their families;
- We are the lead agency for 10 Community Schools, where we support over 7,500 families whose children go to school in some of Baltimore's most resource-deprived neighborhoods;
- We operate 12 after school and summer enrichment programs around the City, providing vitally needed and enriching opportunities for over 1,000 young people to be safe, supported and active in that challenging out of school time;
- We operate both the Druid Hill and Weinberg Ys, where a highly diverse mix of over 12,000 people of all ages and income levels are able to experience healthy, active and socially engaging programs to enhance their personal, family and community well-being;
- We employ close to 500 associates in the City of Baltimore, two-thirds of whom are part-time. Many of our people in lower-paid positions are students earning extra income in the summer or while in school. Many are semi-retired. They are the greeters at the front desk, camp counselors and people helping you on the fitness floor who are working at the Y to either augment their income or to have an opportunity for greater social connection.

The Y strongly supports efforts to help families who are struggling to make a better life for themselves. In fact, our current programming provides a significant lift to that very group here in Baltimore. However, the fact is that the enactment of a \$15 minimum wage would add over \$2.5 million in

annual cost to the Y's operations in the city. Although we are a relatively large non-profit, we barely break-even every year and we have no endowment. This bill will result in the following:

- A significant reduction in the number of Head Start children and families served as the federal grant simply doesn't provide for a \$15 minimum wage;
- The after school and community school work that we do, which is funded largely through The Family League and foundations, would be severely imperiled as that funding cannot support a \$15 minimum wage;
- Significant staffing and service reductions and membership and program price increases for the Druid Hill and Weinberg Ys, pushing rates for the Ys in the city substantially higher than rates in surrounding counties. Without question, this will result in fewer people having access to the Y and a far less programming in neighborhoods that very much rely on what we do. Additionally, the positions mentioned above are the very ones we won't be able to afford if this bill goes into effect.

We believe that a dramatically higher minimum wage rate in a city already suffering from high levels of poverty, unemployment, chronic health issues and with far too few employers, makes little economic or common sense. Whether anyone wants to acknowledge it or not, the city of Baltimore is not an island; it exists in a highly connected region. An almost 50% differential between the city's and the surrounding counties' minimum wages will cause incredible harm to an already fragile city.

While we know that this legislation is well-intentioned, the Y believes that you will find that the impact of a \$15 minimum wage in Baltimore City would be even higher levels of unemployment and poverty and less opportunity for those who need it. The Y respectfully asks that you commission an independent economic analysis to study the impact of this legislation before making such a dramatic decision affecting the city's future.

As always, the Y is willing and eager to work with you in partnership to explore more effective ideas to lift up the too many vulnerable children and families in our city.

Thank you.



February 27, 2017

HAND DELIVERED

Office of the City Council
100 N. Holiday Street
Suite 400
Baltimore, MD 21202

Members, Baltimore City Council:

On behalf of Johns Hopkins Medicine; LifeBridge Health; MedStar Health; and the University of Maryland Medical System -- several of the largest employers in Baltimore City -- we are writing to express our strong concerns with *City Council Bill 17-0018 - Labor and Employment – City Minimum Wage*. The legislation is problematic for the following reasons:

Significant Wage Compression Costs

Current hospital wages and benefits in Baltimore City are competitive and comprehensive. Providing a “living wage” has been our focus over the last several years, while also maintaining health, education, and retirement benefits. As a result, the impact for hospitals associated with the proposed legislation is not on increasing the wages for the lowest-paid full time employee, but rather the upward pressure on overall wages to maintain the salary differential between lower-skilled, higher-skilled, and supervisory workers.

As you know, the legislation is projected to cost the City an additional \$60 million annually -- mostly due to the wage compression effect. The impact on hospitals located in Baltimore City is similar -- tens of millions of dollars in additional costs.

Maryland Hospitals Cannot Pass On Additional Costs

Unlike businesses and the government, Maryland hospitals cannot raise prices or taxes to pass on these additional costs. Hospital rates in Maryland are highly regulated by the Health Service Cost Review Commission. The state has entered into a contract with the federal government to keep our health care costs below benchmarks, and hospitals are subject to increased penalties for failure to do so. Adding wage compression costs makes meeting those tests all the more difficult and jeopardizes a system that annually leverages more than \$1 billion in additional federal Medicare funding.

Hospitals Support Baltimore City

Baltimore City hospitals and universities recently committed \$60 million (\$6 million per year for the next 10 years) to the City’s operating budget to support public safety and other

essential City services under a Memorandum of Understanding approved by the Board of Estimates in June. This commitment exists in addition to all of the community benefit activities hospitals delivered, as part of their nonprofit, tax exempt status.

Lastly, in response to the civil unrest in 2015, nine City hospitals have developed a job recruitment, training, coaching, and placement program for unemployed and underemployed individuals living in the City's impoverished neighborhoods. Baltimore City has consistently had one of the highest unemployment rates in the state. The creation of 204 new jobs is the type of focused strategy that will improve the employment climate in Baltimore without risking the negative consequences that would isolate Baltimore through a hastily-envisioned wage increase.

Thank you for the opportunity to share our concerns. Please do not hesitate to contact us, if you have any questions.

Sincerely,



Joseph L. Smith
Director, Local Government Affairs
JOHN HOPKINS HOSPITAL



Martha D. Nathanson, Esq.
Vice President, Government Relations and
Community Development
LIFEBRIDGE HEALTH



Pegeen A. Townsend
Vice President, Government Affairs
MEDSTAR HEALTH



Donna L. Jacobs, Esq.
Senior Vice President, Government, Regulatory
and Community Health
UNIVERSITY OF MARYLAND MEDICAL SYSTEM



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**Written Testimony in Opposition to Baltimore City Council Bill 17-0018
*Labor and Employment – City Minimum Wage***

My name is Kathleen McNally Durkin. I am the deputy executive director of The Arc Baltimore and I'm here tonight to speak in opposition to City Council Bill 17-0018.

The Arc Baltimore and about thirty other nonprofit organizations like ours serve the citizens of Baltimore City, providing a variety of community-based services to individuals with intellectual and developmental disabilities and their families. Services provided include employment training and placement, vocational training and day services, residential and family supports. Our organization alone provides such services to about 1400 individuals on a daily basis and annually serves more than 6000 children and adults. Like other organizations, we provide services in both Baltimore City and Baltimore County with the number of people living, working and receiving supports fairly evenly divided between the two subdivisions.

These services are provided by incredibly dedicated and competent direct support professionals. These professionals must complete a rigorous program of state mandated training, often must be certified by the Board of Nursing to administer medication, must successfully pass a criminal background record check and other pre-screenings, must maintain CPR certification as well as stay current with specialized trainings. Their job duties can include assisting with bathing, meal preparation, medication administration even insulin, nebulizers or g-tubes, daily transportation, negotiating medical appointments, meeting with family, assuring health and safety of homes, vehicles, documenting daily reports, finding meaningful employment or activities for the individual and making critical health and safety decisions with a great deal of independence. These jobs are clearly not minimum-wage jobs. In many cases, people's lives are literally in their hands.

As employers, we have little to no say in determining the wages we pay. The services provided are funded by a combination of state and federal funds. The payment rates for these services are set by the State through a system that is not cost-based but rather is based on a historical funding model that is nearly 30 years old.

The funding rates established by the State include a factor for the direct support staff wage. Years ago when the current rate scheme was first created, the wage factor was more than 50 % above the minimum wage at the time. Over the years though, as the State minimum wage



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increased and the rates stagnated, the wage factor fell to only 25 to 30% above the minimum wage.

So in 2014, our organizations fought hard and were successful in convincing the General Assembly to include a mandated increase in rates to keep the wage factor for direct support staff wages at least 30% above the minimum wage. The mandated funding was cut in FY2015, again in FY2016 and again in the proposed FY2018 state budget. When the mandate is complete in FY19, the wage factor will be at an all-time low at only 16% above the State minimum-wage, at \$11.72 an hour. This reimbursement factor is for all support staff regardless of tenure, it is not the starting wage.

Because these are State-funded programs, these meager funding increases have been based exclusively on the State-set minimum wage. In the case of the two other subdivisions, Montgomery and Prince Georges County, which have enacted higher minimum wages, both the State Administration and Legislature have made it clear that those subdivisions are responsible for holding providers harmless in their subdivision, refusing to consider any change in payment rates for locally higher minimum wages. Montgomery County has dedicated its own revenue to do this but Prince Georges County has refused to offer the same relief to its providers creating a dire situation for people with disabilities.

In addition, our organization and a few others have had success in acquiring competitive jobs for the people we train and support in businesses and organizations throughout Baltimore City. The Arc Baltimore has placed 61 people with developmental disabilities in jobs in Baltimore City at what are considered good wages by today's standards (\$11 or even \$12 an hour). If this bill were to pass, these wage levels would soon fall below the new minimum wage potentially prompting the employers to eliminate these jobs or at very least reduce hours.

In summary, this bill would result in:

- A reduction and possible **complete loss of services** provided to the individuals with developmental disabilities and their families residing or working in Baltimore City
- **Jobs lost** by individuals with developmental disabilities (or at least hours reduced).

We would welcome the opportunity to work with the Baltimore City Council in crafting a strategy aimed at increasing the wages of all workers in Baltimore City without jeopardizing citizens with developmental disabilities and their families.



**TESTIMONY IN OPPOSITION TO CITY COUNCIL BILL 17-0018
Before the Baltimore City Council Labor Committee
March 1, 2017**

Since 1947, CHIMES has been a leading not-for-profit agency in Maryland, serving children, adults, and senior citizens with disabilities. Founded as a school for children with moderate mental retardation, it has grown to benefit over 19,000 people with special needs in Maryland, Virginia, the District of Columbia, Delaware, Pennsylvania, New Jersey, North Carolina, and Israel.

The international headquarters of the CHIMES is located in the City of Baltimore at the Seton Business Park. In addition to our headquarters, we operate the CHIMES School the CHIMES Café and the Intervals Residential Day Program at that location. We also operate 53 other separate residential home locations and two other cafes in South Baltimore and in the Johns Hopkins Hospital complex.

Today the CHIMES is serving over 759 Baltimore residents with Developmental Disabilities ("DD") in its various programs, employing 843 individuals to provide these important services.

It is important to emphasize that CHIMES, like many other not for profit human service agencies, cannot set the prices it charges "customers". The services our clients receive are paid for by the State of

Maryland. CHIMES operates solely as a contractor to the State of Maryland.

The jobs at CHIMES are not minimum wage jobs. Being a direct caregiver to clients with developmental disabilities requires skill and training. These demanding jobs must be kept above any statutory minimum wage in order for CHIMES to retain its workforce. Currently, the average wage at CHIMES is \$12.00 an hour.

The increases proposed in City Council Bill 17-0018 puts the CHIMES in a financial dilemma which cannot be solved with the private sector tools of raising prices or turning to technology to reduce workers and lower labor costs. Since CHIMES is not for profit, there is no option of reducing dividends or lowering profit margins.

As the Baltimore City wage schedule in City Council Bill 17-0018 increases, the State of Maryland **will not** increase its reimbursement rates to compensate for the increases. Currently, the State reimburses at a rate of \$10.41 an hour. We get this rate regardless of the actual salary of each worker. Many CHIMES employees are paid more, based on their skills and experience. As the least experienced of our workforce sees increases mandated by Bill 17-0018, CHIMES will be forced to raise the wages of almost our entire workforce to retain workers that have the most skills and training.

This is not an abstract challenge. In 2014, the State of Maryland recognized this problem when they established the current State minimum wage schedule. They simultaneously scheduled an annual 3.5% rate increase for DDA community services over four years to offset the increase in the State minimum wage. This increase was critical to maintaining a DDA reimbursement rate that remained above minimum wage. It has provided stability and financial resources to support adequate direct support staff wages and to allow minimal inflationary increases for other costs.

Prince George's and Montgomery Counties have both raised their minimum wages on schedules that exceed the State schedule. They have taken two different approaches- one fair and one disastrous.

Montgomery County recognized the cost they were imposing on DD community agencies and now provides a \$13.8 million annual subsidy. Prince George's County tried setting a separate lower rate for DD community agencies. This approach has only hastened the loss of employees and many of those providers are under great stress because of it.

Unless the City of Baltimore follows Montgomery County's example and provides a concurrent subsidy to DD community providers, agencies like the CHIMES will have almost no options to continue to operate. Again, CHIMES cannot set its price and cannot pass costs to our customer without their agreement. The state was clear when Montgomery and Prince George Counties raised their wages that it would not increase the payment. The message was if the County wanted to raise the wage it would need to subsidize the cost, not the state. We have asked the state if their position has changed, and they were unequivocal. If the City raises the wage, the City will need to fund the difference, or it will not be funded.

If Council Bill 17-0018 is enacted without an appropriate subsidy, CHIMES is left with no choice but to remove as many jobs as is feasible from the City. We cannot afford to raise wages according to the proposed schedule. It will cost more than two million dollars (\$2,000,000) to do so. Our annual surplus in good years never rises to this level.

In conclusion, the CHIMES is asking the Council to understand all employers are not alike. DD community agencies have a mission to provide citizens an environment where they can achieve to the fullest extent of their capabilities. This mission is so different from the goals of for profit employers that it cannot be reconciled within a "one size fits all" approach to the minimum wage.

For these reasons the CHIMES is opposed to City Council Bill 17-0018 and hopes the Council will step back and work with us to craft a policy that does not adversely impact the DD community service agencies.

FOR FURTHER INFORMATION CONTACT:

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Testimony of Laura Huizar
National Employment Law Project

Increasing the Minimum Wage in the City of Baltimore

Hearing before the Baltimore City Council

March 1, 2017

Laura Huizar
Staff Attorney

National Employment Law Project
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Washington, DC 20009

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Good afternoon and thank you for the opportunity to testify today. My name is Laura Huizar, and I am a staff attorney at the National Employment Law Project (NELP).

NELP is a non-profit, non-partisan research and advocacy organization specializing in employment policy. We are based in New York with offices across the country, and we partner with federal, state, and local lawmakers on a wide range of workforce issues.

Across the country, our staff are recognized as policy experts in areas such as unemployment insurance, wage and hour enforcement, and, as is relevant for today's hearing, the minimum wage. We have worked with dozens of city councils and state legislatures across the country and with the U.S. Congress on measures to boost pay for low-wage workers. NELP has worked with most of the cities in the United States that have adopted higher city minimum wages in recent years and is familiar with their economic experiences.

NELP testifies today in support of 17-0018, which would increase the City of Baltimore's minimum wage to \$15 per hour. The measure will help the City's workers meet basic needs and would follow a growing list of cities and counties across the country that have enacted or are pushing for a \$15 minimum wage.

Growing numbers of U.S. states and cities in just the last two years have adopted a minimum wage of \$15 per hour. California and New York approved a statewide \$15 minimum wage in 2016. SeaTac, Washington, which was the first city to do so, approved a \$15 minimum wage in 2013. San Francisco Mayor Ed Lee brokered an agreement between labor and business to place a \$15 minimum wage on the November 2014 ballot, which the voters overwhelmingly approved. The Los Angeles city council approved a \$15 minimum wage in 2015, along with a number of other California cities. Most recently, the Washington, D.C. City Council approved a \$15 minimum wage bill last summer and voters in Flagstaff, Arizona, approved a \$15 minimum wage through a ballot initiative in last November's election.

The most rigorous modern research on the impact of raising minimum wages shows that raises increase worker earnings with negligible adverse impact on employment levels. As more and more U.S. cities enact local minimum wages, the research has similarly shown that such local measures have no adverse effect on jobs, and implementation of higher local wages has proven manageable for employers. The benefits for low-wage workers and their families of higher wages have been very significant, raising wages in the face of broader economic trends that have led to stagnant and falling wages across the bottom of our economy, reducing economic hardship, lifting workers out of poverty, and improving other life outcomes.

Low-paying industries are disproportionately fueling job growth today, with more and more adults spending their careers in these positions. Low wages paid by large, profitable employers also present a significant cost to the public by forcing workers to rely on public assistance in order to afford basic necessities. Raising the wage floor, which has badly eroded over the decades even as corporate profits have skyrocketed, is urgently needed to ensure that local economies can rely on workers' spending power to recover and that the growing numbers of workers relying on low wages to make ends meet can contribute fully to this recovery.

For workers and communities to fully reap the benefits of raising the minimum wage, however, local minimum wage laws should provide protection to all low-wage workers. While some cities have opted to exempt certain younger workers for a limited period of time, the bill under

consideration at today's hearing, Bill No. 17-0018, includes an unprecedented and harmful total exemption for all workers under twenty-one years of age. NELP cannot support this exemption. It is arbitrary, mainly benefits big businesses with high-turnover staffing models, incentivizes businesses to adopt high-turnover models, and hurts older low-wage workers who may be replaced by younger, cheaper workers. The exemption also ignores the real economic needs and contributions of workers under twenty-one. And while business lobbyists may argue that a lower minimum wage for young workers avoids putting younger workers out of work, the economic evidence shows that this rationale does not hold up under closer scrutiny.

NELP encourages any city or state enacting a minimum wage increase to eliminate the subminimum wage for tipped workers so that they must be paid the full minimum wage from their employer. The typical tipped worker in the City of Baltimore struggles on barely more than the minimum wage and faces significant economic insecurity. The complex subminimum wage system is difficult to enforce and can result in widespread noncompliance. Tipped workers who are forced to rely on tips as their main source of income face wide pay fluctuations as tips vary from season to season, and even from week to week. The restaurant industry is strong in states that do not have a subminimum wage for tipped workers, and it can afford both a \$15 minimum wage and the gradual elimination of the subminimum wage for tipped workers in the City of Baltimore.

NELP does not recommend special exemptions or provisions for small businesses. Bill No. 17-0018 subjects businesses with fewer than 50 employees or \$400,000 or less in annual gross income to a significantly slower phase-in of a \$15 minimum wage. As the economic research outlined in this testimony shows, one can increase the minimum wage for all businesses at the same time without a negative impact on employment. Excluding businesses with fewer than 50 employees excludes many large companies that can and should compensate their workers at a wage that allows workers to afford the basics. NELP encourages this Council to reconsider the current special treatment of businesses with fewer than 50 employees in order to protect more City of Baltimore workers.

Finally, NELP strongly supports the provisions in Bill No. 17-0018 designed to strengthen the enforcement tools of the Baltimore City Office of Civil Rights and Wage Enforcement (OCRWE). The OCRWE has long had the power and responsibility to enforce the City of Baltimore's local minimum wage law, and this bill would update the agency's enforcement powers to reflect many of the best policies that have been developed around the country for effective enforcement of local minimum wage laws. For example, the bill would encourage the OCRWE to partner with community-based organizations in enforcement. Given their close ties to neighborhoods and workers, community-based organizations can help the City better identify violations and help workers come forward with complaints. The bill also includes important, robust protections from retaliation and updates the complaint process to facilitate the efficient resolution of complaints.

Over the past four decades, the typical worker in this country has seen their pay stagnate or decline even as worker productivity rates have gone up and our economy has expanded. The vast majority of income growth has gone towards the top 1 percent. We can counter this trend with policies—including raising the minimum wage—to help ensure that prosperity is broadly shared.

The Growing List of Cities and States Enacting Minimum Wage Increases Reflects a Deepening Wage Crisis and Popular Support for Bold Change

The U.S. economy has seen steady growth and improvement in the unemployment rate in recent years, but wages have been flat or declining for much of the labor force.¹ Averaged across all occupations, real median hourly wages declined by 4 percent from 2009 to 2014, and lower-wage occupations experienced greater declines in their real wages than did higher-wage occupations.² The worsening prospects and opportunities for low-wage workers have prompted a record number of cities, counties, and states to enact higher minimum wage rates for their residents.

Since November 2012, about 19 million workers throughout the country have earned wage increases through a combination of states and cities raising their minimum wage rates; executive orders by city, state and federal leaders; and individual companies raising their pay scales.³ Of those workers, nearly 10 million will receive gradual raises to \$15 per hour.⁴ More than sixty cities and states have raised their minimum wage since 2012.⁵

As the Fight for \$15 movement gathers strength, advocates in a rapidly growing list of localities and states are calling for a \$15 minimum wage. Los Angeles, San Francisco, Seattle, SeaTac, Washington, Flagstaff, and Washington, D.C., in addition to a number of other California cities, have already enacted a \$15 minimum wage for all workers.⁶ New York and California approved a statewide \$15 minimum wage in 2016.⁷ At least four cities are currently pushing for a \$15 minimum, and the list of states considering the same is rapidly expanding.⁸ States now considering legislative proposals and/or ballot initiatives that would raise the statewide minimum wage to \$15 include New Jersey, Vermont, Massachusetts, Connecticut, Rhode Island, New Hampshire, Ohio, and Pennsylvania.⁹

Polling data shows that approximately two out of three individuals support a \$15 minimum wage, and support among low-wage workers is even higher.¹⁰ A poll of low-wage workers commissioned by NELP found that approximately 75 percent of low-wage workers support a \$15 minimum wage and a union.¹¹ It also found that 69 percent of unregistered respondents would register to vote if there were a presidential candidate who supported raising the minimum wage to \$15 and making it easier for workers to join a union, and 65 percent of registered voters reported that they are more likely to vote if a candidate supports \$15 and a union for all workers.¹²

The trend in localities and states pushing for higher minimum wage rates will likely continue to intensify as wages continue to decline, inequality remains at historically high levels, and the federal government fails to take bold action to ensure that hard-working individuals can make ends meet.

Higher Wages from Minimum Wage Increases Have Very Significant Beneficial Effects for Low-Income Individuals and Households

The higher incomes that result from minimum wage increases have very direct and tangible impacts on the lives of the workers affected and their families. Significant increases in minimum wages have proven an effective strategy for addressing declining wages and opportunity for low-wage workers by raising pay broadly across the bottom of the city economy. For example, over the decade that San Francisco's strong minimum wage has been in effect, it has raised pay by more than \$1.2 billion for more than 55,000 workers, and it has permanently raised citywide pay rates for the bottom 10 percent of the labor force.¹³ The widely recognized success of San Francisco's minimum wage led Mayor Ed Lee to broker an agreement with business and labor to place an increase to \$15 on the November 2014 ballot, which the voters overwhelmingly approved.¹⁴

The higher pay resulting from minimum wage increases translates to a range of other important improvements in the lives of struggling low-paid workers and their households. For workers with the very lowest incomes, studies show that minimum wage increases lift workers and their families out of poverty.¹⁵ Similarly, higher incomes for low-wage workers and their households translate to improved educational attainment and health. For example, a study by the National Institutes of Health determined that “[a]n additional \$4000 per year for the poorest households increases educational attainment by one year at age 21.”¹⁶ Another study found that raising California’s minimum wage to \$13 per hour by 2017 “would significantly benefit health and well-being.”¹⁷ It stated that “Californians would experience fewer chronic diseases and disabilities; less hunger, smoking and obesity; and lower rates of depression and bipolar illness.”¹⁸ Moreover, “[i]n the long run, raising the minimum wage would prevent the premature deaths of hundreds of lower-income Californians each year.”¹⁹ Yet another study found that high dropout rates among low-income children can be linked to parents’ low-wage jobs and that youth in low-income families have a greater likelihood of experiencing health problems.²⁰

The Most Rigorous Research Shows That Higher Minimum Wages Raise Worker Incomes without Reducing Employment

The most rigorous research over the past 20 years—examining scores of state and local minimum wage increases across the U.S.—demonstrates that these increases have raised workers’ incomes *without* reducing employment. This substantial weight of scholarly evidence reflects a significant shift in the views of the economics profession, away from a former view that higher minimum wages cost jobs. As Bloomberg News summarized in 2012:

[A] wave of new economic research is disproving those arguments about job losses and youth employment. Previous studies tended not to control for regional economic trends that were already affecting employment levels, such as a manufacturing-dependent state that was shedding jobs. The new research looks at micro-level employment patterns for a more accurate employment picture. The studies find minimum-wage increases even provide an economic boost, albeit a small one, as strapped workers immediately spend their raises.²¹

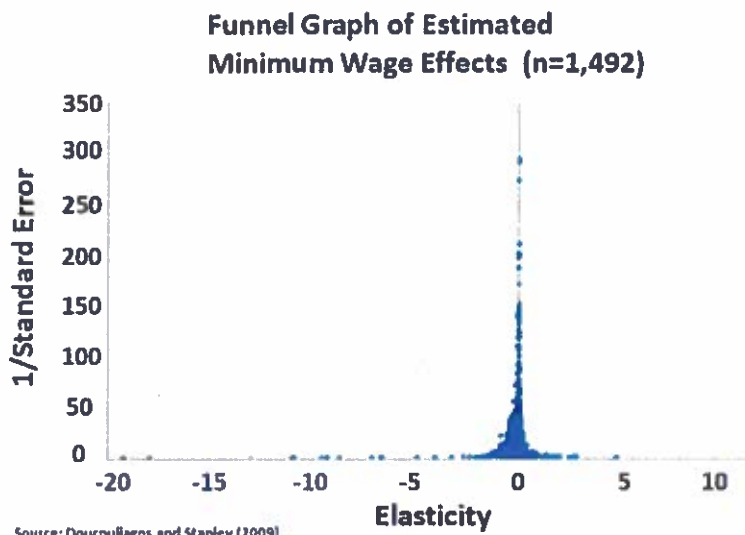
The latest research, released in December 2016 by the White House Council of Economic Advisors, examined states that have raised their minimum wages in recent years in the U.S. and found that they have contributed to substantial wage increases for workers without a negative impact on employment or hours worked.²²

The most sophisticated of the new wave of minimum wage studies, “Minimum Wage Effects Across State Borders,” was published in 2010 by economists at the Universities of California, Massachusetts, and North Carolina in the prestigious *Review of Economics and Statistics*.²³ That study carefully analyzed minimum wage impacts across state borders by comparing employment patterns in more than 250 pairs of neighboring counties in the U.S. that had different minimum wage rates between 1990 and 2006. The study’s innovative approach of comparing neighboring counties on either side of a state line is generally recognized as especially effective at isolating the true impact of minimum wage differences, since neighboring counties otherwise tend to have very similar economic conditions. The study has been lauded as state-of-the-art by the nation’s top labor

economists, such as Harvard's Lawrence Katz, MIT's David Autor, and MIT's Michael Greenstone. (By contrast, studies often cited by the opponents of raising the minimum wage that compare one state to another—and especially those comparing states in different regions of the U.S.—cannot as effectively isolate the impact of the minimum wage, because different states face different economic conditions, of which varying minimum wage rates is but one.)

Consistent with a long line of similar research, the Dube, Lester, and Reich study found no difference in job growth rates in the data from the 250 pairs of neighboring counties—such as Washington State's Spokane County compared with Idaho's Kootenai County where the minimum wage was substantially lower—and found no evidence that higher minimum wages harmed states' competitiveness by pushing businesses across the state line.²⁴

However, it is not simply individual state-of-the-art studies, but the whole body of the most rigorous modern research on the minimum wage that now indicates that higher minimum wages have had little impact on employment levels. This is most clearly demonstrated by several recent "meta-studies" surveying research in the field. For example, a meta-study of 64 studies of the impact of minimum wage increases published in the *British Journal of Industrial Relations* in 2009 shows that the bulk of the studies find close to no impact on employment.²⁵ This is vividly illustrated by a graph from the meta-study showing the results clustered around zero:



Another recent meta-study by Paul Wolfson and Dale Belman of the minimum wage literature demonstrates similar results.²⁶

Further underscoring how minimum wage increases are simply not a major factor affecting job growth, economists at the Center for Economic & Policy Research and Goldman Sachs have noted that the U.S. states that have raised their minimum wages above the minimal federal level are enjoying stronger job growth than those that have not.²⁷

The Evidence from Cities That Have Adopted Significantly Higher Local Minimum Wages Similarly Shows That They Have Not Cost Jobs and That Implementation Has Proven Manageable for Employers

The experiences of cities with higher local minimum wages—and the most rigorous economic research on the impact of city wage laws—have shown that they have raised wages broadly without slowing job growth or hurting local employers.

The two U.S. cities that have had higher local minimum wages for the longest period are San Francisco, California, and Santa Fe, New Mexico. Both adopted significantly higher local minimum wages in 2003, and the impact of the minimum wages has been the subject of sophisticated economic impact studies. In San Francisco, a 2007 study by University of California researchers gathered employment and hours data from restaurants in San Francisco as well as from surrounding counties that were not covered by the higher minimum wage and found that the higher wage had not led San Francisco employers to reduce either their employment levels or employee hours worked.²⁸ A follow-up 2014 study examined the combined impact on San Francisco employers of the city's minimum wage ordinance and of other city compensation mandates that cumulatively raised employment costs 80 percent above the level of the federal minimum wage. The study again found no adverse effect on employment levels or hours, and found that food service jobs—the sector most heavily affected—actually grew about 17 percent faster in San Francisco than in surrounding counties during that period.²⁹

In Santa Fe, a similar 2006 study conducted after the city raised its minimum wage 65 percent above the state rate compared job growth in Santa Fe with that in Albuquerque (which at that time did not have a higher city minimum wage). It determined that “[o]verall, . . . the living wage had no discernible impact on employment per firm, and that Santa Fe actually did better than Albuquerque in terms of employment changes.”³⁰

A sophisticated 2011 study of higher minimum wages in San Francisco, Santa Fe, and Washington, D.C., compared employment impacts to control groups in surrounding suburbs and cities. It similarly found that “[t]he results for fast food, food services, retail, and low-wage establishments . . . support the view that citywide minimum wages can raise the earnings of low-wage workers, without a discernible impact on their employment”³¹

Low Wages Paid By Large Profitable Employers Present a Significant Cost to the Public by Forcing Workers to Rely on Public Assistance in Order to Afford Basic Necessities

Nationally, nearly three quarters (73 percent) of enrollments in the U.S.'s major public benefits programs are from working families. With wages that leave their earnings below subsistence levels, these workers must rely on additional support from programs like the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Children's Health Insurance Programs, and the Earned Income Tax Credit (EITC) in order to afford basics like food, housing, and health care.

Data available for some of the largest employers in the retail and fast-food industries indicate that the low wages paid by profitable companies like Walmart and McDonald's entail substantial costs for the public, as a whole.

A 2013 report from the Democratic Staff of the U.S. House Committee on Education and the Workforce estimates that low wages paid at a single Walmart supercenter cost taxpayers between \$900,000 and \$1.7 million on average per year.³²

Similarly, a 2013 study from the University of California-Berkeley found that the low wages paid by companies in the fast-food industry cost taxpayers an average of \$7 billion per year.³³ A companion study from NELP found that the bulk of these costs stem from the ten largest fast-food chains, which account for an estimated \$3.8 billion per year in public costs.³⁴

Excluding Workers Under Age 21 from the City of Baltimore's Minimum Wage Law Is Harmful and Unprecedented Policy

The City of Baltimore should enact a strong \$15 minimum wage bill that does not discriminate against younger workers. Legislators in the City face pressure to include an exemption of all workers under age 21 in the City's local minimum wage law. No other jurisdiction has adopted such a broad exemption for youth and young adult workers. Adopting such an exemption would be harmful and unprecedented. It would set the City of Baltimore apart for the wrong reasons.

Adopting an arbitrary threshold of 21 years old treats younger workers differently from the rest of the workforce despite the fact that these employees work side-by-side with their older counterparts. The proposed exemption would mainly benefit big businesses that rely on high turnover staffing models. These are largely fast-food and retail chain employers who have disproportionately high rates of employee turnover—as high as 200 percent on an annual basis, according to some measures.³⁵ And for businesses that do not currently employ a high-turnover model, the proposed exemption would incentivize a shift to high turnover in order to consistently benefit from the work of employees under 21 years of age, a shift that will harm older workers who will be more likely to find themselves without a job.

The proposed exemption ignores the real economic needs and contributions of younger workers. Low-wage young adult workers are likely to come from struggling households who depend on these workers' additional income to make ends meet. Census data shows that the average low-wage worker in Baltimore who would benefit from a \$15 minimum wage contributes over half (54.6 percent) of her or his entire family's income.³⁶ Additionally, in the U.S., nearly 50 percent of students pursuing a 2-year degree, and over 40 percent of students pursuing a 4-year degree work more than 35 hours per week.³⁷ These workers, and all others, regardless of family income, deserve a higher minimum wage.

Lobbyists for low-wage industries argue that a lower minimum wage for young workers is needed to avoid putting younger workers out of work, but the economic evidence does not support this. Economists from the University of California reviewed the impact of the minimum wage on teen employment in a state-of-the-art, peer reviewed study, "Do Minimum Wages Really Reduce Teen Employment?"³⁸ The study carefully examined the impact of all U.S. minimum wage increases between 1990 and 2009 on teen workers—including minimum wage increases implemented during times of high unemployment, such as the national recessions of 1990-1991, 2001 and 2007-2009.³⁹ The study found that the even during downturns in the business cycle and in regions with high unemployment, the impact of minimum wage increases on teen employment is the same:

negligible.⁴⁰

Although youth employment levels have been falling for decades, this trend is unrelated to the minimum wage and has continued regardless of whether the minimum wage has been flat or increasing.⁴¹ There are multiple reasons for the decline, including the fact that, today, more teens and other young workers are full-time students than in the past, and those seeking work face increasing competition from adult workers over 55, many of whom cannot afford to retire and are turning to low-wage jobs.⁴²

Eliminating the Subminimum Wage for Tipped Workers Forms a Crucial Part of any Minimum Wage Legislation That Seeks to Make a Significant Difference in the Lives of Low-Wage Workers

For any minimum wage initiative to make a significant difference in the lives of low-wage workers, it must also eliminate the subminimum wage for tipped workers. The subminimum wage system leads to high rates of poverty and economic insecurity. It is also a system that is difficult to implement and leads to high rates of noncompliance. Although the restaurant industry opposes the elimination of the subminimum tipped wage, the evidence shows that the restaurant industry is strong, including in jurisdictions that have already eliminated the subminimum wage.

In the City of Baltimore, the subminimum wage is currently just \$3.63 an hour.⁴³ The typical tipped worker in the City earns a little more than the state's minimum wage, even once tips are factored in. According to 2015 data from the Bureau of Labor Statistics (BLS), the median wage for tipped restaurant waiters and waitresses—one of the largest shares of tipped workers—was just \$9.08 an hour during the 2012-2015 period.⁴⁴ This median wage includes both the base wage plus tips.

In addition to low wages, tipped workers face especially difficult economic insecurity. While most of us expect to be paid the same for every day or hour we work, for tipped workers, this is often not the case. Bad weather, a sluggish economy, the changing of the seasons, a less generous customer, an employer that only gives you less-desirable shifts, and a host of other factors can cause sudden drops in tipped income and lead to economic insecurity. Nationally, tipped workers face poverty rates that are about double those for non-tipped workers, and the poverty rate for waiters and bartenders is even higher.⁴⁵ Tipped workers across the country are also significantly more likely to rely on public assistance to make ends meet. Close to half (46 percent) of tipped workers and their families rely on public benefits compared with 35.5 percent of non-tipped workers.⁴⁶

When it comes to implementation, employers and employees find it difficult to track tip earnings, a task that is often complicated by tip sharing arrangements amongst workers. Workers also often fear asking an employer to make up the difference between their earnings and the full minimum wage—an employer might choose to give more favorable shifts to workers who do not make such demands. There is evidence of considerable abuse of the system. In its investigations of over 9,000 restaurants from 2010 to 2012, the federal Department of Labor found that roughly 84 percent of investigated restaurants were in violation of the federal Fair Labor Standards Act, including millions of dollars' worth of tipped minimum wage violations.⁴⁷ Similarly, a 2014 report by the White House National Economic Council and the U.S. Department of Labor found that one of the most prevalent violations amongst employers is failing to properly track employees' tips and make up the difference between an employee's base pay and the full minimum wage when tips fail to fill that gap.⁴⁸

While some in the restaurant industry argue that eliminating the tipped subminimum wage would hurt the restaurant industry and/or restaurant workers, the facts belie those claims. Eight states—California, Nevada, Oregon, Washington, Minnesota, Montana, Alaska, and, most recently, Maine—do not have a subminimum wage for tipped workers.⁴⁹ Neither do the cities in California and Washington that have raised their wages to \$15 an hour, such as Los Angeles, Seattle, and San Francisco. Tipped workers in these states and cities receive the full minimum wage directly from their employer and their tips function as a gratuity should—not as customers subsidizing wages that an employer should be paying, but as supplemental income over and above their wages in recognition of good service. Between 1995 and 2014, these states (except Maine for which data is not yet available since voters approved a ballot initiative to eliminate the subminimum wage in November 2016) experienced slightly faster employment growth in the hospitality industry (the industry with the highest concentration of tipped workers) than the states where tipped workers are paid a lower minimum wage.⁵⁰

Moreover, the overall restaurant industry is strong. The National Restaurant Association (NRA) estimated that in 2016, restaurant job growth would outpace the overall economy, adding more than 300,000 jobs.⁵¹ Restaurant sales were expected to reach \$783 billion in 2016, according to the latest NRA Industry Forecast.⁵² The year 2015 marked the sixteenth consecutive year in which the restaurant industry's job growth outpaced the overall U.S. economy.⁵³ And a 2015 *Cornell Hospitality Report* looked at the impact of minimum wage increases on restaurant employment and business growth levels over twenty years across the United States. It found that raising the regular and tipped minimum wage will raise restaurant industry wages but will not lead to "large or reliable effects on full-service and limited-service restaurant employment."⁵⁴

Ultimately, the evidence above shows that shifting the responsibility to pay workers' wages to customers under the subminimum wage system unnecessarily allows employers in a few select industries to benefit from a customer-funded subsidy at the expense of workers' economic security.

Small Businesses in the City of Baltimore Do Not Need a Slower Phase-in of a \$15 Minimum Wage

NELP does not recommend special exemptions or provisions for small businesses. Bill No. 17-0018 subjects businesses with fewer than 50 employees or \$400,000 or less in annual gross income to a significantly slower phase-in of a \$15 minimum wage. Under the proposed bill, businesses with 50 or more employees will be subject to a gradual increase of the minimum wage until it reaches \$15 per hour in 2022. Thereafter, the minimum wage will be indexed to account for cost of living increases. Businesses with fewer than 50 employees will not be subject to a \$15 minimum wage until 2026, almost ten years after the bill goes into effect.

As the economic research outlined above shows, one can increase the minimum wage for all businesses at the same time without a negative impact on employment. Moreover, excluding businesses with fewer than 50 employees excludes many large companies that can and should compensate their workers at a wage that allows workers to afford the basics. NELP encourages this Council to reconsider the current special treatment of businesses with fewer than 50 employees and seek to protect more City of Baltimore workers.

Strong Local Enforcement of a City Minimum Wage Law Is Crucial

In order for the City of Baltimore's workers to fully benefit from a higher minimum wage, the City should enforce the law to the fullest extent possible.

Wage theft is widespread across the country and across industries, costing workers and local economies billions of dollars each year.⁵⁵ A seminal 2009 study by NELP and other academic partners surveyed over 4,000 workers and found that 26 percent were paid less than the required minimum wage in the previous work week, and nearly two thirds experienced at least one pay-related violation in the previous week, such as failure to pay overtime, not being paid for all hours worked, and stolen tips.⁵⁶ The report estimates that workers surveyed lost an average of 15 percent, or \$2,634, of their annual wages due to workplace violations.⁵⁷

The City of Baltimore has long recognized the need for local enforcement of its minimum wage, and research shows that local enforcement can be even more effective than state-level enforcement. The City's original minimum wage law in the 1960s established a minimum wage along with a local commission to carry out and enforce that law. That commission is today the OCRWE. Thus, the OCRWE has long had the power and responsibility to enforce the City's minimum wage law. As researchers from the UCLA Labor Center and the Berkeley Center for Labor Research and Education highlighted in a 2015 report, San Francisco "has both the oldest local minimum wage ordinance in the state and the most robust local enforcement agency," and the "record in San Francisco suggests that local enforcement agencies can collect unpaid wages at a higher rate than the state agency."⁵⁸

This bill would update the agency's enforcement powers to reflect many of the best policies that have been developed around the country for effective enforcement of local minimum wage laws.

In particular, NELP supports the amendments in Bill No. 17-0018 designed to encourage the OCRWE to work with community-based organizations to increase its capacity and ensure that the City effectively reaches out to both employers and employees about their minimum wage rights under the City's law. Community-based organizations are crucial partners for enforcement agencies. Their ties to workers in specific industries and sectors, as well as their roots in certain racial or ethnic communities, can assist enforcement through outreach and education; detection and reporting of violations; filing complaints; and identifying high-violation industries and employers for proactive investigations.⁵⁹

Cities enacting minimum wage laws have begun to issue grants to local community groups to enlist their assistance with tasks such as education, outreach, and preparing complaints. San Francisco alone issues \$482,000 to immigrant and low-income community organizations for these activities.⁶⁰ Los Angeles plans to allocate \$700,000 annually to community groups for outreach and education, and Seattle recently awarded contracts to community groups amounting to \$1 million.⁶¹

The bill's amendments geared towards strengthening anti-retaliation protections are also crucial for effective enforcement of the City's minimum wage. Workers need strong protection so they will not be vulnerable to employer harassment and retaliation when they report a violation. This is especially important because enforcement relies heavily on workers coming forward and filing complaints. Retaliation is common—a national survey found that 43 percent of workers who complained to their employer about their wages or working conditions experienced retaliation.⁶² The survey also found that 20 percent of workers never made a complaint because they feared retaliation or thought it would not make a difference.⁶³

Finally, NELP especially supports the amendments that update, simplify, and expedite the complaint process for workers seeking unpaid wages. For example, the bill specifies that the OCRWE must establish a system to receive complaints in writing, online, and by phone, including complaints in English, Spanish, and other languages spoken by significant numbers of City employees. The bill also updates the procedures for appealing the determinations of the OCRWE.

Ultimately, the success of the City of Baltimore's minimum wage will depend significantly on a strong commitment to educate employers and employees, as well as robust enforcement through a local agency like the OCRWE that can gradually adapt to the City's and workers' needs.

Thank you so much for the opportunity to testify today. I would be happy to answer any questions that you may have.

For more information, please contact NELP Staff Attorney Laura Huizar at lhuizar@nelp.org. For more about NELP, visit www.nelp.org or www.raisetheminimumwage.org.

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⁵⁴ Michael Lynn & Christopher Boone, Cornell Hospitality Report, Have Minimum Wage Increases Hurt the Restaurant Industry? The Evidence Says No! (2015), available at <http://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1000&context=chrreports>.

⁵⁵ Brady Meixell & Ross Eisenbrey, Economic Policy Institute, An Epidemic of Wage Theft Is Costing Workers Hundreds of Millions of Dollars a Year (Sept. 2014), available at <http://www.epl.org/publication/epidemic-wage-theft-costing-workers-hundreds/>.

⁵⁶ Annette Bernhardt et al., Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities (2009), available at http://nelp.3cdn.net/e470538bfa5a7e7a46_2um6br7o3.pdf.

⁵⁷ *Id.* at 5.

⁵⁸ Tia Koonse et al., Enforcing City Minimum Wage Laws in California: Best Practices and City-State Partnerships (Oct. 2015) at 8, available at <http://laborcenter.berkeley.edu/pdf/2015/minimum-wage-enforcement.pdf>.

⁵⁹ For a more detailed discussion of the importance of community-based partners, see Diego Rondón Ichikawa and Rebecca Smith, Delivering \$15: Community-Centered Wage and Hour Enforcement in Seattle (Oct. 2014) at 12–15, available at <http://www.nelp.org/content/uploads/2015/03/Delivering-15-Community-Centered-Wage-and-Hour-Enforcement-Seattle.pdf>.

⁶⁰ Tia Koonse et al., UCLA Center for Labor Research and Education, Enforcing City Minimum Wage Laws in California: Best Practices and City-State Partnerships (Oct. 2015) at 13, available at <http://laborcenter.berkeley.edu/pdf/2015/minimum-wage-enforcement.pdf>.

⁶¹ *Id.*

⁶² National Employment Law Project, Winning Wage Justice: An Advocate's Guide to State and City Policies to Fight Wage Theft (Jan. 2011) at 55, available at <http://www.nelp.org/content/uploads/2015/03/WinningWageJustice2011.pdf>.

⁶³ *Id.*

Mayflower Textile Services Co.

2601 W. Lexington Street
P O Box 20659
Baltimore, MD 21223-1492

Tel (410) 566-4460
Fax: (410) 945-8039

March 1, 2017

MEMORANDUM

To: Members of the Baltimore City Council Labor Committee

From: Bhushan Raval, Chief Operating Officer, Mayflower Textile Services Co.
(2601 West Lexington Street)

Re: Testimony in opposition to – Resolution #17-0018 – Labor and Employment – City Minimum Wage

Good Evening Chairwoman Sneed and Members of the Labor Committee. My name is Bhushan Raval and I am the Chief Operating Officer of Mayflower Textile Services Co. which is located on West Lexington Street and other locations in Baltimore City, and location outside the City. Mayflower provides commercial laundry services to hospitals, hotels, restaurants, and long-term-care facilities in the Mid-Atlantic region. Many of Mayflower's clients are businesses located in Baltimore City.

Mayflower has been operating in Baltimore City for 32 years. For many years, our company also had a location in Harford County; however, Mayflower chose to consolidate its business operations at our location on West Lexington Street. Currently, Mayflower employs more than 125 Baltimore City residents at its West Lexington Street location. Our principals have purchased another building in the southwest portion of the City which will add additional jobs. Many of Mayflower's employees walk or take buses to work each day. Many of Mayflower employees do not have high school degrees. Mayflower is proud that over the years it has provided scholarships to neighborhood residents to attend Coppin and Morgan universities.

For the last few years, Mayflower's operating margins are extremely thin. In fact, the laundry industry has not seen significant margin increases in many decades. Currently, Mayflower plant in Baltimore is only able to achieve a modest profit margin due to regulations in Baltimore City. The proposed 72% increase in labor costs would be unsustainable and cripple the company.

I would also like to point out that Mayflower faces significant illegal dumping problems at our West Lexington Street location. We have worked with the Police Department, Department of Housing and Community Development, and the Department of Public Works to address the many instances of illegal dumping on our property. We have installed cameras and dedicated staff time to try and stop illegal dumping. Nonetheless, even though Mayflower is not at fault, we often get cited by City inspectors. Mayflower aggressively challenges these citations and at times has been successful, but it is costly and time consuming to do so. Last year Mayflower spent over \$60,000 in cleaning up trash that was dumped by unknown persons on the streets around our plant. This is an absolute waste of money. We could have used this money to provide additional compensation to our employees.

Unfortunately, the effect of the proposed legislation is making Mayflower reconsider its commitment to Baltimore City. Our company has already acquired space in Delaware which is suitable for our business operations. As noted earlier, our business is based on very small margins and, if enacted, Resolution #17-0018 makes our business in Baltimore City unworkable.

Mayflower Textile Services Co.

2601 W Lexington Street
P.O. Box 20659
Baltimore, MD 21223-1492

Tel (410) 566 4460
Fax (410) 945 8039

Please do not pass the legislation before you. It will force Baltimore City businesses to scale back its workforce and / or seek other locations in the surrounding localities and states. This legislation before you will have the effect of increasing unemployment in Baltimore City. Businesses that choose to remain in Baltimore City will be at a seriously competitive disadvantage.

Thank you for your consideration. On the behalf of Mayflower Textile Services Co. and our founder Mr. Mukul Mehta, I invite each of you to visit our plant. We are very proud of our commitment and service to Baltimore City and its residents. If you have any questions or comments, please call me at 410-566-4460 or Kevin O'Keeffe at 410-382-7844.



We are an 80-year-old family owned and operated business in Baltimore City. Our business employees 76 people, 51 of which are hourly workers. Moving the minimum wage to \$15/hour shifts all hourly employees up by the difference between the minimum wage and the current lowest paid hourly worker in the business. Without that shift in wages, we would lose parity between workers who have longer tenure or a higher skill set. That change gets compounded by the benefits and taxes paid which are based on compensation. In our case, this change would cost our firm \$445,000 per year.

The minimum wage needs to be based upon total compensation, not just an hourly rate. Our firm has always provided excellent benefits in addition to the wages earned. We subsidize 80% health insurance costs which equals to \$2.13/hour, we provide a 401k savings match dollar for dollar up to 8% of salary, two weeks paid time off in the first year of employment, 10 days paid vacation, holiday bonus, uniforms and laundry service, and a host of other items. A \$15.00 minimum wage would actually cost us \$20.25/hour when all of those benefits and taxes are factored in.

Our options are to move out of the city, automate the entry level positions and eliminate those jobs or reduce benefits to make up for the increase in salaries resulting from a \$15 min wage.

Baltimore City already has a real estate tax rate double that of Baltimore county. The latest increase in water and sewer rates & fees will double our costs for water. Adding a \$15.00 minimum wage makes Baltimore City the least attractive area in the state to operate a business.

Philip Tulkoff
President
Tulkoff Food Products, Inc.
2229 Van Deman St Baltimore, MD 21224
ptulkoff@tulkoff.com
410-327-6585

The Jacob
france
Institute
University of Baltimore

March 1, 2017

Testimony before the Baltimore City Council on
Raising Baltimore City's Minimum Wage to \$15 per Hour

By:

Richard Clinch, PhD
Director of the Jacob France Institute
University of Baltimore

Introduction

My name is Dr. Richard Clinch. I direct the University of Baltimore's Jacob France Institute and have been studying the City, state and regional economy for more than a quarter of a century. I have been asked to come to this hearing and testify on the potential economic implications of Council Bill 17-0018 by the Greater Baltimore Committee. While I have not had the opportunity to study the impacts of a minimum wage increase on the City in detail, based on an initial high level assessment of the economics literature and experience of other jurisdictions, there are significant reasons for concern over the economic implications of this proposal.

Baltimore City is considering raising the minimum wage from \$8.75 to \$15.00 per hour by July 2022 and indexing it to inflation thereafter. While the City correctly exempts some types of workers, most importantly tipped workers, Youth development program participants, and some other classes of workers that would be adversely impacted by this proposal; economically speaking, the Council Bill is likely to have negative consequences on the City's improving economy and on the low wage City residents it is meant to help.

Currently, 34 localities have minimum wages above their state minimum wage,¹ with cities such as Chicago, New York, and Seattle and even the States of California and New York approving \$15.00 per hour minimum wages. While the goal of increasing minimum wages is laudable, in that it *could* increase earnings among the poorest workers, reduce income inequality and reduce poverty; it is far more likely to have economic consequences that will mitigate many of its *perceived benefits*. Chief among these potential negative consequences are:

1. The impact of the minimum wage hike on the City's improving economy;
2. The likely impact of the raised minimum wage on both technological substitution for and intra-regional competition to employment of City residents.

The Impact of the City's Minimum Wage Hike on the City's Improving Economy

After decades of decline, employment in Baltimore City is finally stabilizing and even growing. With two university anchored innovation districts, an expanding downtown and a major corporate headquarters' driven redevelopment effort, Baltimore is finally emerging as a full participant in the urban renaissance that is reshaping cities across the nation. Despite this success, Baltimore has not yet achieved the critical mass where redevelopment is both *resilient* and *self-sustaining*. We are, economically speaking, not comparable to cities such as Chicago, New York or Seattle that have passed \$15 an hour minimum wage ordinances. Labor force participation in Baltimore City is 60% compared to 66% in Chicago and Los Angeles, 64% in New York and 74% in Seattle.² The average weekly wage in Baltimore is lower than in Cook, New York, and King Counties.³ Since the trough of the "Great Recession" in 2009, Baltimore City employment has grown by 2%,

¹ <http://www.epi.org/minimum-wage-tracker/>.

² JFI Analysis of U.S. Bureau of the Census American Community Survey Data.

³ City-level wage data are not available for all cities. <https://www.bls.gov/news.release/pdf/cewqtr.pdf>.

compared to 4% in New York County, 7% in Cook County, 8% in Los Angeles County, and 13% in King County.⁴ With surplus labor, lower wages, and slower growth, Baltimore City is simply not comparable to the jurisdictions that are raising their minimum wage. Furthermore, doing so may place the City at a comparative disadvantage in attracting the very jobs that it is seeking to capitalize on, especially given that the minimum wage in all surrounding jurisdictions will be considerably less.

Competitive Pressures – Capital Substitution and Increased Competition

In addition to its potential impact on employment growth, Baltimore City's proposed increase in its minimum wage has two additional troubling implications:

1. Its impact on overall employment as employers substitute capital and automation for higher cost labor. In today's economy, online purchases are replacing "bricks and mortar" stores and automation is replacing workers in repetitive tasks. All studies of the economic impact of minimum wage increases recognize that the gains in employment from the spending attributable to higher wages will be at least partially offset by losses in employment as employers respond by substituting capital and technology for labor. The proposed increase in the City's minimum wage will accelerate this ongoing process, with the impacts likely to fall on the least educated and productive workers who most need employment;
2. Its impact on competition for City jobs. The core intent of Baltimore City's minimum wage increase is presumably to raise living standards for City residents; however, 67% of all jobs in the City are filled by in-commuters, and 53% of City residents are employed outside of the City.⁵ It was not possible to analyze the composition of the workforce impacted by the increase in the minimum wage for this testimony, and it is likely that a higher share of impacted workers live in the City; however, raising the minimum wage in the City above state and regional levels is almost certain to lead to increase competition for minimum wage jobs in the City by suburban workers. It is also quite possible that the workers attracted into the City to compete for these jobs face fewer barriers to employment than City resident job-holders.

Summary and Conclusion

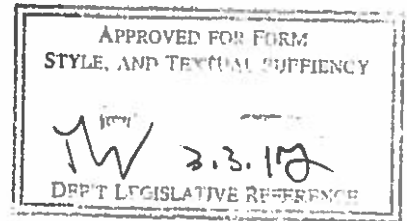
Proponents of the minimum wage increase cite that the economics literature is unclear on the impacts of increasing the minimum wage; with most studies finding a modest, negative impact on employment. Yet it is important to point out that according to a 2015 Brookings Institution Op-Ed, raising the minimum wage to \$15 per hour is "risky" and could hurt the low income populations they are intended to help.⁶ In an Employment Policies Institute survey, most economists surveyed opposed a federal minimum wage of \$15 per hour.⁷ ***While the goal of the minimum wage increase is clearly laudable, its risks outweigh its potential benefits.*** Raising the minimum wage in the City on its own, has the potential to threaten, or at a minimum slow, recent job gains in the City, creating fewer employment opportunities for City residents. It is likely to speed up the replacement of low skilled workers with technology and automation, with resulting adverse effects on low income workers. Finally, with most City jobs filled by in-commuters; most residents working outside of the City; and suburban workers potentially facing fewer barriers to employment; the proposed minimum wage increase has the potential to increase competition for City jobs by suburban in-commuters, resulting in the benefits from the policy flowing outside of the City. By slowing job creation and increasing competition for existing and future jobs, the policy has the very real risk of hurting, not helping the City workers and economy, and I urge the Council to follow Montgomery County and either reject or postpone for further study this proposal.

⁴ City-level employment data are not available for all cities. JFI Analysis of U.S. Bureau of Labor Statistics data the county in which each City is located.

⁵ JFI Analysis of U.S. Bureau of the Census LEHD-ON-the Map Data.

⁶ <https://www.brookings.edu/opinions/a-15-hour-minimum-wage-could-harm-americas-poorest-workers/>.

⁷ <https://www.epionline.org/studies/survey-of-us-economists-on-a-15-federal-minimum-wage/>



AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)

By: The Labor Committee
{To be offered on the Council Floor}

Amendment No. 1

On page 12, in lines 13 and 14, strike “NOT LESS THAN AN AMOUNT EQUAL TO THE MINIMUM WAGE REQUIRED BY § 3-1 {“MINIMUM WAGE REQUIRED”} OF THIS SUBTITLE MINUS THE” and substitute “THE GREATER OF:

(1) \$3.63; OR

(2) THE DOLLAR FIGURE USED TO CALCULATE THE STATE”.

Amendment No. 2

On page 13, after line 26, insert:

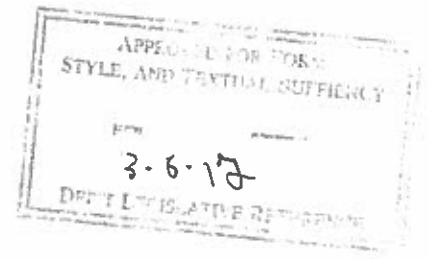
“(G) MOED APPROVED TRAINING PROGRAMS.

TRAINEES ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I FOR UP TO 6 MONTHS WHILE PARTICIPATING IN A JOB TRAINING PROGRAM THAT IS :

(1) APPROVED BY THE MAYOR’S OFFICE OF EMPLOYMENT DEVELOPMENT; AND

(2) INTENDED TO LEAD TO PERMANENT EMPLOYMENT IN A FIELD DIRECTLY RELATED TO THE TRAINING AT A RATE OF PAY AT OR ABOVE THE MINIMUM WAGE REQUIRED BY § 3-1(B) {“MINIMUM WAGE REQUIRED: MINIMUM WAGE”} OF THIS SUBTITLE UPON SUCCESSFUL COMPLETION OF THE TRAINING PROGRAM.”.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Schleifer
{To be offered on the Council Floor}

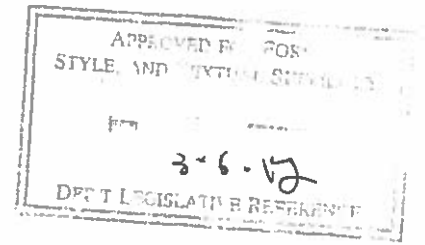
Amendment No. 1

On page 13, before line 27, insert:

“(H) PART-TIME EMPLOYEES.

EMPLOYEES WHO ARE EMPLOYED FOR A WORKWEEK OF LESS THAN 20 HOURS ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.”

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Schleifer
{To be offered on the Council Floor}

Amendment No. 1

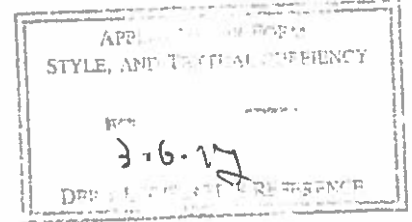
On page 1, in lines 8 and 9, strike “setting Baltimore City’s small employer minimum wage through 2026;”; and, on page 2, in line 3, before “3-2A” insert “and”; and, in that same line, strike “, and 3-2B”; and, on page 4, in line 14, strike “\$400,000” and substitute “\$1 MILLION”; and, on page 13, before line 27, insert:

“(H) SMALL EMPLOYERS.

EMPLOYEES OF ANY SMALL EMPLOYER ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.”; and,

on that same page, strike lines 27 through 34 in their entireties; and, on page 14, strike lines 1 through 27 in their entireties.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Pinkett
{To be offered on the Council Floor}

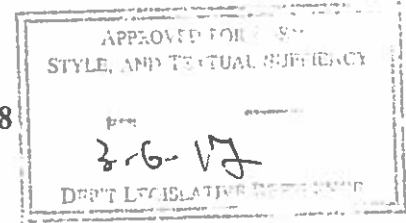
Amendment No. 1

On page 13, before line 27, insert:

“(H) FOOD RETAILERS ACCEPTING SNAP BENEFITS.

EMPLOYEES OF ANY RETAILER AUTHORIZED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE TO ACCEPT SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS, ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.”.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Pinkett
{To be offered on the Council Floor}

Amendment No. 1

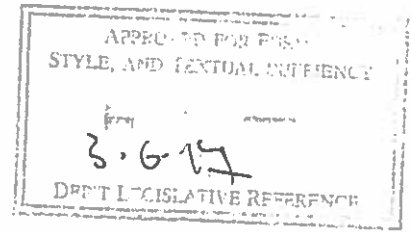
On page 13, before line 27, insert:

“(H) SUPERMARKETS IN FOOD DESERT INCENTIVE AREAS .

(1) EMPLOYEES OF ANY SUPERMARKET IN A FOOD DESERT INCENTIVE AREA . AS DEFINED BY CITY CODE ARTICLE 28, § 10-30 {“FOOD DESERT INCENTIVE AREAS (PERSONAL PROPERTY TAX CREDIT)”}. ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.

(2) EMPLOYEES OF ANY SUPERMARKET WHOSE CLOSURE THE HEALTH COMMISSIONER DETERMINES WOULD CREATE A FOOD DESERT , AS DEFINED BY CITY CODE ARTICLE 28, § 10-30 {“FOOD DESERT INCENTIVE AREAS (PERSONAL PROPERTY TAX CREDIT)”}. ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.”.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Pinkett
{To be offered on the Council Floor}

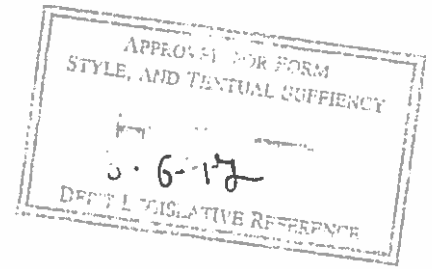
Amendment No. 1

On page 13, before line 27, insert:

“(H) APPRENTICESHIPS.

APPRENTICES PARTICIPATING IN AN APPRENTICESHIP PROGRAM THAT IS REGISTERED WITH, AND APPROVED BY, THE MARYLAND DEPARTMENT OF LABOR, LICENSING, AND REGULATION OR THE UNITED STATES DEPARTMENT OF LABOR ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.”.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)

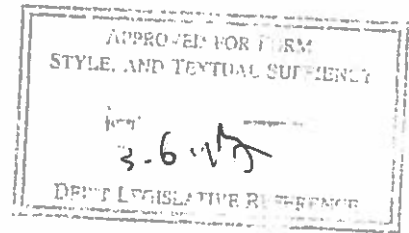


By: Councilmember Costello
{To be offered on the Council Floor}

Amendment No. 1

On page 1, in line 13, after “provisions”, insert “delaying the implementation of this ordinance until similar minimum wage rates have gone into effect in a neighboring county; setting a special effective date;”; and, on page 24, in line 12, strike “it is enacted” and substitute “that legislation setting a minimum wage of at least \$15 an hour by 2023 goes into effect in any 1 of Baltimore, Howard, and Anne Arundel counties”.

AMENDMENTS TO COUNCIL BILL 17-0018
(First Reader Copy)



By: Councilmember Costello
{To be offered on the Council Floor}

Amendment No. 1

On page 1, in line 3, strike “for the years 2019 through 2023”; and, on that same page, strike line 4 in its entirety and substitute “setting the schedule and formula for future increases to Baltimore City’s minimum wage rates;”; and, in line 9, strike “through 2026” and substitute “rate”.

Amendment No. 2

On page 9, in line 24, strike “STARTING” and substitute “IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY SUBSECTION (C) OF THIS SECTION. AFTER”; and, on that same page, in line 25, after “(3)”, insert “IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY SUBSECTION (C) OF THIS SECTION.”; and, in that same line, strike “, 2020” and substitute “OF THE YEAR IN WHICH THE CITY MINIMUM WAGE RATE IS \$11.25”; and, in line 26, after “(4)”, insert “IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY SUBSECTION (C) OF THIS SECTION.”; and, in that same line, strike “, 2021” and substitute “OF THE YEAR IN WHICH THE CITY MINIMUM WAGE RATE IS \$12.50”; and, in line 27, after “(5)”, insert “IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY SUBSECTION (C) OF THIS SECTION.”; and, in that same line, strike “, 2022” and substitute “OF THE YEAR IN WHICH THE CITY MINIMUM WAGE RATE IS \$13.75”; and, in line 28, after “(6)”, insert “IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY SUBSECTION (C) OF THIS SECTION.”; and, in that same line, strike “, 2023” and substitute “OF THE YEAR IN WHICH THE CITY MINIMUM WAGE RATE IS \$15.00”; and, in line 30, strike “(C)” and substitute “(D)”.

Amendment No. 3

On page 10, in line 1, after “(C).” insert:

“REQUIRED ECONOMIC DETERMINATION.

(1) THE COMMISSION, PRIOR TO JULY 1 OF EACH YEAR, MUST MAKE A DETERMINATION BASED ON THE BUREAU OF LABOR STATISTICS NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATE FOR BALTIMORE CITY, THAT THE BALTIMORE CITY

UNEMPLOYMENT RATE WAS 6.4% OR LOWER FOR THE PREVIOUS CALENDAR YEAR BEFORE THE CITY MINIMUM WAGE MAY BE INCREASED UNDER SUBSECTION (B) OF THIS SECTION.

(2) IF THE COMMISSION DETERMINES THAT THE UNEMPLOYMENT RATE WAS ABOVE 6.4%, THE CITY MINIMUM WAGE RATE SHALL REMAIN THE SAME AS THE RATE THAT WAS IN EFFECT FOR THE IMMEDIATELY PRECEDING 12 MONTH PERIOD.

(D)”; and, on that same page, in line 15, strike “(D)” and substitute “(E)”; and, in line 26, strike “(E)” and substitute “(F)”.

Amendment No. 4

On page 13, in line 29, strike “UNTIL JANUARY 1, 2017, THE” and substitute “THE”; and, on page 14, in line 18, strike “STARTING” and substitute ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE {“REQUIRED ECONOMIC DETERMINATION”}, AFTER”; and, in line 19, after “(3)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2020” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$10.70”; and, in line 20, after “(4)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2021” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$11.30” and, in line 21, after “(5)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2022” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$11.90”; and, in line 22, after “(6)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2023” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$12.50”; and, in line 23, after “(7)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2024” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$13.10”; and, in line 24, after “(8)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2025” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$13.70”; and, in line 25, after “(9)”, insert ““IF THE COMMISSION MAKES THE DETERMINATION REQUIRED BY §3-1(C) OF THIS SUBTITLE.”; and, in that same line, strike “, 2026” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$14.30”; and, in line 26, strike “2027” and substitute “OF THE YEAR IN WHICH THE WAGE RATE IS \$15.00”.

FORMATTED BY DLR

03/06/17

AMENDMENTS TO COUNCIL BILL 17-018
(1st Reader Copy)

By: Councilmember Stokes
{To be offered on the Council Floor}

Amendment No. 1

On page 1, at the end of the list of the Bill's sponsors, insert ". Stokes".

Council Bill 17-0018

1 BY adding
2 Article 11 - Labor and Employment
3 Section(s) 1-4, 1-5, 2-7 to 2-9, 3-2A, and 3-2B
4 Baltimore City Code
5 (Edition 2000)

6 BY repealing
7 Article 11 - Labor and Employment
8 Section(s) 5-6
9 Baltimore City Code
10 (Edition 2000)

11 SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the
12 Laws of Baltimore City read as follows:

13 **Baltimore City Code**

14 **Article 11. Labor and Employment**

15 **Division 1. Minimum Wage law**

16 **Subtitle 1. Definitions; General Provisions**

17 **§ 1-1. Definitions.**

18 (a) *In general.*

19 The terms hereinafter set forth, wherever used in this Division I, are defined as follows.

20 (b) *Employ.*

21 "Employ" means to permit to work.

22 (c) *Employer.*

23 (1) "Employer" means any person, individual, partnership, association, corporation,
24 business trust, or any other organized group or successor of an individual, partnership,
25 association, corporation, OR trust of persons employing [2] 1 or more [persons]
26 EMPLOYEES in the City of Baltimore.

27 (2) "Employer" [shall] DOES not include the United States, any State, or any political
28 subdivision thereof, EXCEPT FOR THE CITY OF BALTIMORE.

29 (3) "EMPLOYER" INCLUDES THE CITY OF BALTIMORE.

30 (d) *Employee.*

31 (1) "Employee" means any person [permitted or instructed to work or be present by an
32 employer] WHO WORKS FOR AN EMPLOYER, OR IS EXPECTED TO WORK FOR AN

Council Bill 17-0018

1 EMPLOYER, FOR 25 HOURS OR MORE IN A CALENDAR YEAR WITHIN THE GEOGRAPHIC
2 BOUNDARIES OF THE CITY OF BALTIMORE.

3 (2) "Employee" [shall] DOES not include:

4 (i) persons engaged in the activities of an educational, charitable, religious, or
5 other nonprofit organization where the services rendered to such organization
6 are on a voluntary basis, or in return for charitable aid conferred upon such
7 person;

8 (ii) [persons employed in a bona fide executive, supervisory, or professional
9 capacity] PERSONS EXEMPT FROM THE MINIMUM WAGE AND MAXIMUM HOURS
10 REQUIREMENTS UNDER § 213(A)(1) OF THE FAIR LABOR STANDARDS ACT (29
11 U.S.C. §§ 201 - 219); OR

12 (iii) persons employed by any member of their immediate family[;].

13 [(iv) persons compensated upon a commission basis only; or]

14 [(v) persons employed as domestics within a home, only to the extent that such
15 persons have been exempted from the Federal Fair Labor Standards Act as
16 amended and as hereafter amended.]

17 (IV) PERSONS EXEMPT FROM THE MAXIMUM HOUR REQUIREMENTS UNDER
18 §213(B)(1) OF THE FAIR LABOR STANDARDS ACT (29 USC §§201 - 219);

19 (V) OWNER OPERATORS OF A CLASS F (TRACTOR), DESCRIBED IN § 13-923 OF THE
20 MARYLAND TRANSPORTATION ARTICLE; OR A CLASS E (TRUCK) VEHICLE, AS
21 DESCRIBED IN § 13-916 OF THE MARYLAND TRANSPORTATION ARTICLE,
22 INCLUDING A CLASS E (TRUCK) VEHICLE DESCRIBED IN § 13-919 OF THE
23 MARYLAND TRANSPORTATION ARTICLE IF:

24 (A) THE OWNER OPERATOR AND A MOTOR CARRIER HAVE ENTERED INTO A
25 WRITTEN AGREEMENT THAT IS CURRENTLY IN EFFECT FOR PERMANENT
26 OR TRIP LEASING;

27 (B) UNDER THE AGREEMENT:

28 1. THERE IS NO INTENT TO CREATE AN EMPLOYER-EMPLOYEE
29 RELATIONSHIP; AND

30 2. THE OWNER OPERATOR IS PAID RENTAL COMPENSATION;

31 (C) FOR FEDERAL TAX PURPOSES, THE OWNER OPERATOR QUALIFIES AS AN
32 INDEPENDENT CONTRACTOR; AND

33 (D) THE OWNER OPERATOR:

34 1. OWNS THE VEHICLE OR HOLDS IT UNDER A BONA FIDE LEASE
35 ARRANGEMENT;

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- 1 2. IS RESPONSIBLE FOR THE MAINTENANCE OF THE VEHICLE;
- 2 3. BEARS THE PRINCIPAL BURDEN OF THE OPERATING COSTS OF THE
- 3 VEHICLE, INCLUDING FUEL, REPAIRS, SUPPLIES, VEHICLE
- 4 INSURANCE, AND PERSONAL EXPENSES WHILE THE VEHICLE IS ON
- 5 THE ROAD;
- 6 4. IS RESPONSIBLE FOR SUPPLYING THE NECESSARY PERSONNEL IN
- 7 CONNECTION WITH THE OPERATION OF THE VEHICLE; AND
- 8 5. GENERALLY DETERMINES THE DETAILS AND MEANS OF PERFORMING
- 9 THE SERVICES UNDER THE AGREEMENT, IN CONFORMANCE WITH
- 10 REGULATORY REQUIREMENTS, OPERATING PROCEDURES OF THE
- 11 MOTOR CARRIER, AND SPECIFICATIONS OF THE SHIPPER.

12 (E) *SMALL EMPLOYER.*

13 "SMALL EMPLOYER" MEANS ANY EMPLOYER THAT HAS:

- 14 (1) AN ANNUAL GROSS INCOME OF \$400,000 OR LESS; OR
- 15 (2) FEWER THAN 50 EMPLOYEES.

16 (F) *TIPS.*

17 "TIPS" MEANS A VERIFIABLE SUM PRESENTED BY A CUSTOMER AS A GIFT OR VOLUNTARY

18 GRATUITY IN RECOGNITION OF SOME SERVICE PERFORMED FOR THE CUSTOMER BY THE

19 EMPLOYEE RECEIVING THE TIP.

20 (G) *TIPPED EMPLOYEE.*

21 "TIPPED EMPLOYEE" MEANS AN EMPLOYEE WHO:

- 22 (I) CUSTOMARILY AND REGULARLY RECEIVES MORE THAN \$30 A MONTH IN TIPS;
- 23 (II) HAS BEEN INFORMED BY THE EMPLOYER IN WRITING ABOUT THE TIP NOTICE
- 24 PROVISIONS REQUIRED BY THIS SUBTITLE; AND
- 25 (III) RETAINS ALL TIPS OR SPLITS TIPS WITH OTHER TIPPED EMPLOYEES IN VALID TIP
- 26 POOL.

27 **§ 1-2. Findings; policy.**

28 (a) *Findings of fact.*

29 The Mayor and City Council, after [conducting an investigation of] CONSIDERING

30 employment conditions AND THE COST OF LIVING in the City of Baltimore, hereby find:

- 31 (1) that many persons employed in Baltimore are paid wages which, in relation to the
- 32 cost of living in the City and the income necessary to sustain minimum standards

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1 of decent living conditions, are insufficient to provide adequate maintenance for
2 themselves and their families;

3 (2) that the employment of such persons at such wages:

4 (i) impairs the health, efficiency, and well-being of the persons so employed
5 and of their families;

6 (ii) reduces the purchasing power of such persons;

7 (iii) diminishes and depresses business, trade, and industry in the City;

8 (iv) threatens the stability and well-being of the City's economic life;

9 [(v) fosters and contributes toward slum conditions and housing evils;]

10 [(vi)] creates conditions of want and deprivation tending to weaken and
11 undermine family life and breed crime and juvenile delinquency;]

12 (v) [(vii)] threatens the health, welfare, and well-being of the people of the
13 City; and

14 (vi) [(viii)]injures the City economically.

15 (b) *Declaration of policy.*

16 (1) Accordingly, it is the declared policy of the Mayor and City Council that such
17 conditions be eliminated as rapidly as practicable without substantially curtailing
18 opportunities for employment or earning power.

19 (2) To that end, legislation is necessary in the public interest in order to end these
20 conditions so inimical to the public health, safety, and welfare of the citizens of
21 Baltimore, to establish minimum wage standards for all employees as herein defined
22 at a level consistent with their health, welfare, and general well-being.

23 **§ 1-3. Severability.**

24 If any provision of this Division I or the application thereof to any person or circumstances is
25 held invalid, the remainder of the Division I and the application thereof to other persons or
26 circumstances shall not be affected thereby.

27 **§ 1-4. OTHER LEGAL REQUIREMENTS.**

28 THIS DIVISION I PROVIDES MINIMUM REQUIREMENTS AND SHALL NOT BE CONSTRUED TO
29 PREEMPT, LIMIT, OR OTHERWISE AFFECT THE APPLICABILITY OF ANY OTHER LAW,
30 REGULATION, RULE, REQUIREMENT, POLICY, OR STANDARD THAT PROVIDES FOR GREATER
31 PROTECTIONS TO EMPLOYEES.

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- 1 (2) receive, investigate, and take action as herein provided on all complaints of payment
2 of less than the minimum wage required by this Division I;
- 3 (3) conduct such investigations on its own initiative as it deems proper to effectuate the
4 purposes of this Division I;
- 5 (4) monitor and assist in the fulfillment of any agreements negotiated with employers to
6 effect their compliance with this Division I;
- 7 (5) make appropriate findings as a result of any of its investigations; [and]
- 8 (6) in carrying out its powers and duties, inspect payroll AND EMPLOYMENT records of
9 any business without prior notice;
- 10 (7) ISSUE SUBPOENAS;
- 11 (8) EXAMINE WORKPLACES;
- 12 (9) INTERVIEW EMPLOYEES AND FORMER EMPLOYEES IN PRIVATE AND OFF THE
13 EMPLOYER'S PREMISES; AND
- 14 (10) PUBLICIZE ONLINE AND IN OTHER MEDIA THE NAMES OF EMPLOYERS THAT VIOLATE
15 THIS DIVISION I.

16 **§ 2-6. Rules and regulations.**

17 (a) *Commission may adopt.*

18 The Commission is authorized to and shall have the power to adopt such rules and
19 regulations as it may deem necessary to:

- 20 (1) effect compliance with this Division I;
- 21 (2) govern its procedures; and
- 22 (3) execute the duties and responsibilities imposed on it herein.

23 [(b) *Scope.*]

24 [Such rules and regulations may include, but are not limited to:]

25 [(1) those further defining:

- 26 (i) persons engaged in voluntary service to a nonprofit organization;
- 27 (ii) persons employed in a bona fide executive, supervisory, or professional
28 capacity;
- 29 (iii) persons employed by any member of their immediate family; and

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1 (iv) persons compensated upon a commission basis; and]

2 [(2) those:

3 (i) establishing deductions in allowance for the reasonable value of uniforms,
4 board, lodging, or other facilities, items, or services supplied by the employer;

5 (ii) defining students and employees customarily receiving tips; and

6 (iii) defining handicapped persons, for the purposes of § 3-2 of this Division
7 I.]

8 (B) [(c)] *Publication.*

9 All rules and regulations [so] adopted [shall] UNDER THIS SECTION MUST be:

10 (1) published by the Commission as soon as possible after their adoption; and

11 (2) made available ON THE CITY'S WEBSITE AND ON PAPER, without charge, to any
12 persons requesting them.

13 **§ 2-7. MULTILINGUAL POSTERS.**

14 (A) *POSTER TO BE PROVIDED.*

15 THE COMMISSION MUST PRODUCE, AND FURNISH TO ALL EMPLOYERS WITHOUT CHARGE, A
16 POSTER CONTAINING A SUMMARY OF THIS DIVISION I.

17 (B) *POSTER LANGUAGES.*

18 THE COMMISSION MUST MAKE THIS POSTER AVAILABLE IN:

19 (1) ENGLISH;

20 (2) SPANISH; AND

21 (3) ANY OTHER LANGUAGES SPOKEN BY MORE THAN FIVE PERCENT (5%) OF THE
22 WORKFORCE IN THE CITY OF BALTIMORE.

23 **§ 2-8. INTERAGENCY COOPERATION.**

24 THE COMMISSION MUST TAKE STEPS TO ENSURE OPTIMAL COLLABORATION AMONG ALL CITY
25 AGENCIES AND DEPARTMENTS, AS WELL AS BETWEEN THE CITY AND STATE AND FEDERAL
26 LABOR STANDARDS AGENCIES, IN THE ENFORCEMENT OF THIS DIVISION I.

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1 (C) *ANNUAL COST OF LIVING ADJUSTMENT.*

2 (1) TO PREVENT INFLATION FROM ERODING ITS VALUE, BEGINNING ON JULY 1, 2023, AND
3 ON JULY 1 OF EACH SUBSEQUENT YEAR, THE MINIMUM WAGE SHALL INCREASE BY AN
4 AMOUNT CORRESPONDING TO THE PRIOR YEAR'S INCREASE IN THE COST OF LIVING AS
5 MEASURED BY THE PERCENTAGE INCREASE, IF ANY, AS OF MARCH OF THE
6 IMMEDIATELY PRECEDING YEAR OVER THE LEVEL AS OF MARCH OF THE PREVIOUS
7 YEAR OF THE NON-SEASONALLY ADJUSTED CONSUMER PRICE INDEX (URBAN WAGE
8 EARNERS AND CLERICAL WORKERS, U.S. CITY AVERAGE FOR ALL ITEMS) OR ITS
9 SUCCESSOR INDEX AS PUBLISHED BY THE U.S. DEPARTMENT OF LABOR OR ITS
10 SUCCESSOR AGENCY, WITH THE AMOUNT OF THE MINIMUM WAGE INCREASE ROUNDED
11 TO THE NEAREST MULTIPLE OF 5 CENTS.

12 (2) THE ADJUSTED MINIMUM WAGE MUST BE DETERMINED AND ANNOUNCED BY THE
13 COMMISSION BY MAY 1 OF EACH YEAR, AND BECOMES EFFECTIVE AS THE NEW
14 MINIMUM WAGE ON JULY 1 OF EACH YEAR.

15 (D) *EFFECT OF MARYLAND OR FEDERAL MINIMUM WAGE INCREASE.*

16 (1) IN THE EVENT THAT THE MARYLAND OR FEDERAL MINIMUM WAGE IS INCREASED
17 ABOVE THE LEVEL OF THE MINIMUM WAGE THAT IS IN FORCE UNDER THIS SUBTITLE,
18 THE MINIMUM WAGE UNDER THIS SUBTITLE SHALL BE INCREASED TO MATCH THE
19 HIGHER MARYLAND OR FEDERAL WAGE, EFFECTIVE ON THE SAME DATE AS THE
20 INCREASE IN THE MARYLAND OR FEDERAL MINIMUM WAGE, AND SHALL BECOME THE
21 NEW CITY MINIMUM WAGE IN EFFECT UNDER THIS SUBTITLE.

22 (2) THE NEW CITY MINIMUM WAGE SET BY PARAGRAPH (1) OF THIS SUBSECTION IS THEN
23 SUBJECT TO AN ANNUAL COST OF LIVING ADJUSTMENT UNDER SUBSECTION (C) OF THIS
24 SECTION ON JULY 1 OF THE CALENDAR YEAR FOLLOWING ANY INCREASE IN THE
25 MARYLAND OR FEDERAL MINIMUM WAGE, AND IN EACH SUBSEQUENT YEAR.

26 (E)[(b)] *Violations.*

27 It is a violation of this Division I for any employer to pay any employee a wage less than
28 the minimum wage required by this Division I, and it is a separate violation each time an
29 employee is not paid the wage required by this Division I at the time the employee is
30 entitled to be paid.

31 **[§ 3-2. Exceptions.]**

32 [(a) *Allowance for employer-supplied items or services.*

33 (1) For purposes of this Division I, wages shall include the reasonable value, as
34 determined by the Wage Commission, of uniforms, board, lodging, or other facilities,
35 items, or services furnished such employee by the employer.

36 (2) Provided that the Wage Commission is empowered to determine such value by
37 reference to the average cost to the employer or to groups of employers similarly
38 situated.]

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1 [(b) *Full-time students.*

- 2 (1) Any employee who is a full-time student in a primary or secondary school, as such
3 term is further defined by the Wage Commission, may be paid 85% of the minimum
4 wage prescribed herein.
- 5 (2) Provided, however, that such students may not be employed for more than 28 hours
6 per week while attending school.
- 7 (3) It shall be a violation of this Division I for any employer to employ such a full-time
8 student for more than 28 hours per week while school is in session.]

9 [(c) *Work-study programs.*

10 Students enrolled in an approved work-study program shall be exempt from the
11 limitations of subsection (b) of this section and from the minimum wage requirements of
12 this Division I. Work study programs must be approved by the Wage Commission.]

13 [(d) *Employees customarily receiving tips.*

- 14 (1) With respect to any employee engaged in an occupation in which he customarily and
15 regularly receives more than \$30 a month in tips, the employer shall pay wages in the
16 amount not less than the amount required to be paid a tipped employee under the
17 Federal Fair Labor Standards Act, as amended.
- 18 (2) It is the employer's obligation to provide evidence of any amount claimed by him as
19 being received by his employee as tips.]

20 [(e) *Employees with disabilities.*

- 21 (1) The Wage Commission may, in its discretion, recognize certificates issued by the
22 State of Maryland for payment of less than the minimum wage to persons who are
23 mentally or physically handicapped, or the Commission may issue its own certificates.
- 24 (2) Provided, that the Commission's said recognition or certification may be upon such
25 terms and for such period of time as the Commission deems appropriate.]

26 [(f) *Opportunity wages.*

27 An employer may pay an opportunity wage (i.e., a wage below the minimum wage) to any
28 employee, but only under the conditions and limitations authorized for opportunity wages
29 by the Federal Fair Labor Standards Act, as amended.]

30 **§ 3-2. EXCEPTION – TIPPED EMPLOYEES.**

31 **(A) TIP CREDIT.**

32 AN EMPLOYER MAY CONSIDER TIPS AS PART OF WAGES OF A TIPPED EMPLOYEE, IF:

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1 (1) THE EMPLOYER DEMONSTRATES THAT THE TIPPED EMPLOYEE RECEIVED AT LEAST
2 THE MINIMUM WAGE ESTABLISHED BY § 3-1 {"MINIMUM WAGE REQUIRED"} OF
3 THIS SUBTITLE WHEN THE TIPS RECEIVED AND RETAINED BY THE TIPPED EMPLOYEE
4 ARE COMBINED WITH THE MINIMUM CASH WAGE PAID DIRECTLY BY THE
5 EMPLOYER; AND

6 (2) THE EMPLOYEE HAS BEEN INFORMED IN WRITING BY THE EMPLOYER OF THE
7 PROVISIONS OF THIS SUBTITLE.

8 (B) *MINIMUM CASH WAGE RATE FOR TIPPED EMPLOYEES.*

9 PROVIDED THAT AN EMPLOYEE ACTUALLY RECEIVES TIPS IN AN AMOUNT AT LEAST EQUAL
10 TO THE DIFFERENCE BETWEEN THE CASH WAGE PAID AND THE MINIMUM WAGE AS
11 PROVIDED BY § 3-1 {"MINIMUM WAGE REQUIRED"} OF THIS SUBTITLE, THE MINIMUM CASH
12 WAGE THAT EMPLOYERS MUST PAY TO TIPPED EMPLOYEES BEFORE TIPS SHALL BE AN
13 HOURLY RATE OF ~~NOT LESS THAN AN AMOUNT EQUAL TO THE MINIMUM WAGE REQUIRED~~
14 ~~BY § 3-1 {"MINIMUM WAGE REQUIRED"} OF THIS SUBTITLE MINUS THE~~ THE GREATER OF:

15 (1) \$3.63; OR

16 (2) THE DOLLAR FIGURE USED TO CALCULATE THE STATE MAXIMUM TIP CREDIT IN
17 EFFECT UNDER STATE LABOR AND EMPLOYMENT ARTICLE §3-419(C).

18 (C) *TIP POOLS.*

19 (1) ALL TIPS RECEIVED BY TIPPED EMPLOYEES ARE THE SOLE PROPERTY OF THE TIPPED
20 EMPLOYEE AND SHALL BE RETAINED BY THE TIPPED EMPLOYEE.

21 (2) THIS SECTION DOES NOT PROHIBIT A VALID TIP POOL UNDER WHICH TIPS ARE POOLED
22 AND DISTRIBUTED AMONG TIPPED EMPLOYEES.

23 (3) IF AN EMPLOYEE PARTICIPATES IN A VALID TIP POOL, ONLY THE AMOUNT ACTUALLY
24 RETAINED BY EACH EMPLOYEE IS CONSIDERED TO BE A PART OF THAT EMPLOYEE'S
25 WAGES FOR PURPOSES OF THIS SECTION.

26 § 3-2A. **EXCEPTIONS – MISCELLANEOUS.**

27 (A) *YOUTH JOB PROGRAMS.*

28
29 YOUTH PARTICIPANTS IN THE CITY'S YOUTHWORKS SUMMER JOBS PROGRAM, THE CITY'S
30 HIRE ONE YOUTH PROGRAM, OR ANY OTHER CITY SPONSORED YOUTH JOB PROGRAM ARE
31 EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.

32 (B) *WORK-STUDY PROGRAMS.*

33 STUDENTS ENROLLED IN A FEDERAL WORK-STUDY PROGRAM ARE EXEMPT FROM THE
34 MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I.

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1 (C) *INTERNSHIPS.*

2 INTERNS ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I IF:

- 3 (I) THE INTERNSHIP, EVEN THOUGH IT INCLUDES ACTUAL OPERATION OF THE
4 FACILITIES OF THE EMPLOYER, IS SIMILAR TO TRAINING WHICH WOULD BE GIVEN IN
5 AN EDUCATIONAL ENVIRONMENT;
- 6 (II) THE INTERNSHIP EXPERIENCE IS FOR THE BENEFIT OF THE INTERN;
- 7 (III) THE INTERN DOES NOT DISPLACE REGULAR EMPLOYEES, BUT WORKS UNDER CLOSE
8 SUPERVISION OF EXISTING STAFF;
- 9 (IV) THE EMPLOYER THAT PROVIDES THE TRAINING DERIVES NO IMMEDIATE
10 ADVANTAGE FROM THE ACTIVITIES OF THE INTERN; AND ON OCCASION ITS
11 OPERATIONS MAY ACTUALLY BE IMPEDED; AND
- 12 (V) THE INTERN IS NOT NECESSARILY ENTITLED TO A JOB AT THE CONCLUSION OF THE
13 INTERNSHIP.

14 (D) *YOUNG WORKERS.*

15 ANY EMPLOYEE UNDER THE AGE OF 21 IS EXEMPT FROM THE MINIMUM WAGE
16 REQUIREMENTS OF THIS DIVISION I.

17 (E) *EMPLOYEES WITH DISABILITIES.*

18 THE WAGE COMMISSION MUST RECOGNIZE CERTIFICATES ISSUED BY THE UNITED STATES
19 DEPARTMENT OF LABOR OR THE STATE OF MARYLAND FOR PAYMENT OF LESS THAN THE
20 MINIMUM WAGE TO PERSONS WITH DISABILITIES IN COMPLIANCE WITH THE PHASE-OUT OF
21 SUB-MINIMUM WAGES OCCURRING BY 2020 UNDER THE KEN CAPONE EQUAL
22 EMPLOYMENT ACT, § 3-414 {"INDIVIDUALS WITH DISABILITIES"} OF THE STATE LABOR
23 AND EMPLOYMENT ARTICLE, AND § 7-1012 OF THE STATE HEALTH – GENERAL ARTICLE.

24 (F) *MARYLAND ZOO IN BALTIMORE.*

25 EMPLOYEES OF THE MARYLAND ZOO IN BALTIMORE ARE EXEMPT FROM THE MINIMUM
26 WAGE REQUIREMENTS OF THIS DIVISION I FOR THE DURATION OF THE LEASE BETWEEN THE
27 CITY OF BALTIMORE AND THE STATE OF MARYLAND APPROVED BY THE BOARD OF
28 ESTIMATES ON JULY 8, 1992.

29 (G) MOED APPROVED TRAINING PROGRAMS.

30 TRAINEES ARE EXEMPT FROM THE MINIMUM WAGE REQUIREMENTS OF THIS DIVISION I FOR
31 UP TO 6 MONTHS WHILE PARTICIPATING IN A JOB TRAINING PROGRAM THAT IS:

- 32 (1) APPROVED BY THE MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT; AND
- 33 (2) INTENDED TO LEAD TO PERMANENT EMPLOYMENT IN A FIELD DIRECTLY RELATED
34 TO THE TRAINING AT A RATE OF PAY AT OR ABOVE THE MINIMUM WAGE REQUIRED

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1 BY § 3-1(B) {"MINIMUM WAGE REQUIRED: MINIMUM WAGE"} OF THIS SUBTITLE
2 UPON SUCCESSFUL COMPLETION OF THE TRAINING PROGRAM.

3 **§ 3-2B. EXCEPTION – SMALL EMPLOYERS.**

4 (A) *IN GENERAL.*

5 (1) UNTIL JANUARY 1, 2027, THE REQUIREMENTS OF § 3-1 {"MINIMUM WAGE REQUIRED"}
6 OF THIS SUBTITLE DO NOT APPLY TO A SMALL EMPLOYER IF THE SMALL EMPLOYER
7 ACCURATELY DOCUMENTS IN A WRITTEN REPORT TO THE BALTIMORE CITY WAGE
8 COMMISSION THAT IN THE PREVIOUS CALENDAR YEAR THE EMPLOYER HAD:

9 (I) AN ANNUAL GROSS INCOME OF \$400,000 OR LESS; OR

10 (II) FEWER THAN 50 EMPLOYEES.

11 (2) THE WRITTEN REPORT REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION MUST BE:

12 (I) FILED BY APRIL 30 OF THE YEAR PRECEDING THE CALENDAR YEAR FOR WHICH
13 A SMALL EMPLOYER CLAIMS AN EXCEPTION UNDER THIS SECTION; AND

14 (II) IN THE FORM THE COMMISSION REQUIRES.

15 (B) *EXCEPTION NOT APPLICABLE TO CHAINS.*

16 SUBSECTION (A) OF THIS SECTION DOES NOT APPLY TO ANY EMPLOYER THAT IS PART OF A
17 CHAIN OF ESTABLISHMENTS OPERATING UNDER THE SAME BRAND NAME THAT IS:

18 (1) AN INTEGRATED ENTERPRISE WHICH OWNS OR OPERATES 2 OR MORE
19 ESTABLISHMENTS NATIONALLY; OR

20 (2) AN ESTABLISHMENT OPERATED PURSUANT TO A FRANCHISE WHERE THE
21 FRANCHISOR AND THE FRANCHISEES OWN OR OPERATE 2 OR MORE
22 ESTABLISHMENTS NATIONALLY.

23 (C) *SMALL EMPLOYER MINIMUM WAGE.*

24 EVERY SMALL EMPLOYER OPERATING AND DOING BUSINESS IN BALTIMORE CITY MUST
25 PAY WAGES TO EACH EMPLOYEE IN THE CITY AT A RATE NOT LESS THAN THE SMALL
26 EMPLOYER MINIMUM WAGE HOURLY RATE DEFINED AS FOLLOWS:

27 (1) STARTING JULY 1, 2018, \$10.10;

28 (2) STARTING JULY 1, 2019, \$10.70;

29 (3) STARTING JULY 1, 2020, \$11.30;

30 (4) STARTING JULY 1, 2021, \$11.90;

31 (5) STARTING JULY 1, 2022, \$12.50;

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1 (6) STARTING JULY 1, 2023, \$13.10;

2 (7) STARTING JULY 1, 2024, \$13.70;

3 (8) STARTING JULY 1, 2025, \$14.30

4 (9) STARTING JULY 1, 2026, \$15.00

5 (10) STARTING JANUARY 1, 2027, THE SMALL EMPLOYER MINIMUM WAGE WILL BE
6 EQUAL TO THE CITY MINIMUM WAGE THEN IN EFFECT.

7 **§ 3-4. Withholding.**

8 (a) *Required consent.*

9 No employer [shall] MAY withhold any part of the wages or salary of any employee,
10 except for those deductions:

11 (1) REQUIRED BY LAW;

12 (2) [in accordance with] EXPRESSLY ALLOWED BY law, AND MADE WITH THE [without]
13 written and signed authorization of the employee; OR

14 (3) ORDERED BY A COURT OF COMPETENT JURISDICTION.

15 (b) *Violations.*

16 It shall be a violation of this Division I for any employer to make any such prohibited
17 withholding from the pay of any employee, and it shall be deemed a separate violation
18 when any such prohibited withholding is made from any paycheck of any employee.

19 **§ 3-5. Wages due on termination of employment.**

20 It shall be a violation of this Division I for any employer to FAIL TO OR refuse to pay to
21 any employee who is terminated, resigns, retires, or who otherwise ends or suspends his
22 employment, all wages due and owing to said employee on the next regular payday that
23 said wages would otherwise have been paid.

24 **§ 3-6. Posting summary of law.**

25 (a) *Employer to post.*

26 Every employer subject to this Division I [shall keep] MUST POST EACH OF THE POSTERS
27 MADE AVAILABLE BY THE COMMISSION UNDER § 2-7 {"MULTILINGUAL POSTERS"} OF THIS
28 DIVISION CONTAINING a summary of this Division I [, furnished by the Commission
29 without charge, posted] in a conspicuous place ACCESSIBLE TO ALL EMPLOYEES on or
30 about the premises [wherein] WHERE any person subject to this Division I is employed.

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1 (b) *Violations.*

2 Failure to so post [said summary shall be deemed] THE POSTERS REQUIRED TO BE POSTED
3 BY SUBSECTION (A) OF THIS SECTION IS a violation of this Division I.

4 **§ 3-8. Payroll records.**

5 (a) *Required information; maintenance period.*

6 (1) Every employer subject to this Division I shall keep, for a period of not less than 3
7 years, a true and accurate record of the:

8 (i) name[.];

9 (ii) social security number[.];

10 (iii) address at time of employment[.];

11 (iv) occupation[.];

12 (v) time worked each day[.]; and

13 (vi) rate of pay

14 for each [of his employees] EMPLOYEE.

15 (2) Any employer who fails to maintain such records shall be in violation of this Division
16 I, and it shall be deemed a separate violation thereof as to each employee for whom
17 records are not fully maintained.

18 (b) *Right of inspection.*

19 (1) The Commission or its authorized representative [shall have] HAS the right, at all
20 reasonable times, to enter upon the premises of any employer to inspect [such] THE
21 records REQUIRED TO BE KEPT BY SUBSECTION (A) OF THIS SECTION to ascertain
22 whether the provisions of this Division I have been complied with.

23 (2) AN EMPLOYER MUST ALLOW AN EMPLOYEE TO INSPECT THE RECORDS REQUIRED TO BE
24 KEPT BY SUBSECTION (A) OF THIS SECTION PERTAINING TO THAT EMPLOYEE AT A
25 REASONABLE TIME AND PLACE.

26 (3) [(2)]It [shall be] IS a violation of this Division I to prevent, obstruct, or to attempt to
27 prevent or obstruct [such] THE entries and inspections ALLOWED BY THIS SUBSECTION.

28 (C) *EFFECTS OF FAILURE TO MAINTAIN RECORDS.*

29 IF AN EMPLOYER FAILS TO CREATE AND RETAIN CONTEMPORANEOUS WRITTEN OR
30 ELECTRONIC RECORDS DOCUMENTING ITS EMPLOYEES' WAGES EARNED, OR DOES NOT
31 ALLOW THE COMMISSION REASONABLE ACCESS TO ITS RECORDS, IT SHALL BE PRESUMED
32 THAT THE EMPLOYER HAS VIOLATED THIS DIVISION I, AND THE EMPLOYEE'S REASONABLE

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1 ESTIMATE REGARDING HOURS WORKED AND WAGES PAID SHALL BE RELIED ON, ABSENT
2 CLEAR AND CONVINCING EVIDENCE OTHERWISE.

3 **Subtitle 4. Enforcement Procedures**

4 **§ 4-1. Complaints by employee OR OTHER PERSON.**

5 (a) *[Filing with] COMPLAINTS TO THE Commission.*

6 [Any person claiming to be aggrieved by an alleged payment of a wage of a lesser amount
7 than required by] AN EMPLOYEE OR ANY OTHER PERSON MAY MAKE A COMPLAINT BY
8 REPORTING ANY SUSPECTED VIOLATION OF this Division I [may, by himself or his
9 attorney, within 1 year after the occurrence of the alleged unlawful act, make, sign, and
10 file with] TO the Commission WITHIN 3 YEARS OF THE SUSPECTED VIOLATION [a
11 complaint in writing, under oath].

12 (b) *Contents.*

13 The complaint shall state the name and address of the employer alleged to have paid the
14 unlawful wage (hereinafter referred to as the respondent) and the particulars thereof, and
15 contain such other information as may be required by the Commission.

16 (c) *COMPLAINTS TO BE ACCEPTED IN WRITING, ONLINE, OR BY TELEPHONE.*

17 THE COMMISSION MUST ESTABLISH A SYSTEM TO RECEIVE COMPLAINTS REGARDING
18 NON-COMPLIANCE WITH THIS DIVISION I IN WRITING, ONLINE, AND BY TELEPHONE IN
19 ENGLISH, SPANISH, AND ANY OTHER LANGUAGE SPOKEN BY MORE THAN 5% OF THE
20 BALTIMORE CITY WORKFORCE.

21 **§ 4-2. Complaints by Commission.**

22 The Commission [shall have] HAS the right, acting upon its own initiative and without any
23 complaint from an employee, to [file] INITIATE a complaint against an employer whenever the
24 Commission has reasonable cause to believe that [such] THE employer is or has been in
25 violation of the provisions of this Division I.

26 **§ 4-3. Investigation for probable cause.**

27 (A) *IN GENERAL.*

28 After the [filing] INITIATION of any [such] complaint, [either by a person claiming to be
29 aggrieved as set forth in § 4-1 or by the Commission,] the Commission shall:

30 (1) investigate the facts alleged [therein]; and

31 (2) make a finding of probable cause for the [said] complaint or lack of it.

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1 (B) *TIMELY INVESTIGATIONS.*

2 (1) THE INVESTIGATIONS REQUIRED BY THIS SECTION SHALL BE UNDERTAKEN IN A TIMELY
3 MANNER.

4 (2) FOR A COMPLAINT MADE BY AN EMPLOYEE OR OTHER PERSON, THE COMMISSION MUST
5 MAKE EVERY EFFORT TO:

6 (i) CONCLUDE ITS INVESTIGATION WITHIN 120 DAYS FROM RECEIPT OF THE
7 COMPLAINT; AND

8 (ii) SETTLE THE COMPLAINT UNDER § 4-6 {"PROBABLE CAUSE CONFERENCE;
9 SETTLEMENT AGREEMENT"} OF THIS SUBTITLE, DISMISS THE COMPLAINT
10 UNDER § 4-5(B) {"FINDING OF PROBABLE CAUSE: PROBABLE CAUSE NOT
11 FOUND"} OF THIS SUBTITLE, OR ISSUE A FINAL ORDER UNDER § 4-7 {"FINAL
12 ORDER"} OF THIS SUBTITLE, WITHIN 1 YEAR FROM RECEIPT OF THE COMPLAINT.

13 (3) THE FAILURE OF THE COMMISSION TO MEET THESE TIMELINES IS NOT GROUNDS FOR
14 CLOSURE OR DISMISSAL OF THE COMPLAINT.

15 (C) *NOTIFICATIONS.*

16 (1) THE COMMISSION MUST:

17 (i) PROVIDE TIMELY NOTIFICATION OF A COMPLAINT, INCLUDING ALL ALLEGED
18 FACTS RELEVANT TO THE COMPLAINT, TO THE RESPONDENT, AND

19 (ii) REQUEST THAT THE RESPONDENT MAKE A WRITTEN RESPONSE TO THE
20 COMPLAINT WITHIN 15 DAYS FROM THE DATE OF THE NOTIFICATION .

21 (2) THE COMMISSION MUST KEEP COMPLAINANTS AND THEIR ATTORNEYS OR
22 REPRESENTATIVES REASONABLY NOTIFIED REGARDING THE STATUS OF THE PENDING
23 OR ONGOING INVESTIGATION OF THE COMPLAINANT'S COMPLAINT.

24 (D) *FULL INVESTIGATION OF EMPLOYER.*

25 WHERE THE COMMISSION RECEIVES OR INITIATES A COMPLAINT, IT SHALL HAVE A POLICY
26 THAT IT INVESTIGATE ANY OTHER VIOLATIONS OR SUSPECTED VIOLATIONS BY THAT
27 EMPLOYER.

28 **§ 4-5. [Dismissal for lack] FINDING of probable cause.**

29 (A) *PROBABLE CAUSE FOUND.*

30 IF, AFTER THE INVESTIGATION REQUIRED BY § 4-3 {"INVESTIGATION FOR PROBABLE
31 CAUSE"} OF THIS SUBTITLE, THE COMMISSION FINDS THAT THE COMPLAINT HAS PROBABLE
32 CAUSE, THE COMMISSION MUST:

33 (1) NOTIFY THE RESPONDENT AND COMPLAINANT THAT PROBABLE CAUSE HAS BEEN
34 FOUND; AND

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1 (2) PROVIDE THE RESPONDENT AND COMPLAINANT WITH THE TIME AND DATE WHEN
2 THE CONFERENCE REQUIRED BY § 4-6 {"PROBABLE CAUSE CONFERENCE;
3 SETTLEMENT AGREEMENT"} OF THIS SUBTITLE WILL BE HELD.

4 (B) PROBABLE CAUSE NOT FOUND.

5 [If the finding of the Commission is] IF, AFTER THE INVESTIGATION REQUIRED BY § 4-3
6 {"INVESTIGATION FOR PROBABLE CAUSE"} OF THIS SUBTITLE, THE COMMISSION FINDS
7 that the complaint lacks probable cause, then it [shall] MUST dismiss [said] THE complaint
8 and mail copies of its finding to THE respondent and complainant.

9 **§ 4-6. Probable cause conference; settlement agreement.**

10 (a) *Conference.*

11 If the Commission finds probable cause for the complaint, the Commission shall attempt,
12 by means of conference, to PERSUADE RESPONDENT TO:

- 13 (1) [persuade respondent to] cease and desist its illegal action;
- 14 (2) commence paying [complainant such] THE IMPACTED EMPLOYEE OR EMPLOYEES
15 THE lawful wages [as are] required by this Division I; [and]
- 16 (3) reimburse [complainant] ALL IMPACTED EMPLOYEES for the difference between
17 what [he] THEY had been receiving as wages and what [he] THEY should have
18 lawfully received; AND
- 19 (4) PAY ANY FINES OR PENALTIES ASSESSED BY THE COMMISSION PURSUANT TO THIS
20 DIVISION I.

21 (b) *Settlement agreement.*

22 Any such agreement reached between respondent and the Commission shall be reduced to
23 writing and a copy thereof furnished to complainant and respondent.

24 **§ 4-7. Final order.**

25 (a) *In general.*

26 If:

- 27 (1) the Commission and the respondent shall fail to reach agreement, or
- 28 (2) the respondent shall fail to meet his obligations under such agreement:
- 29 (i) within 30 days thereof, or
- 30 (ii) within such other time as may be specified therein,

31 the Commission shall make such final order in the proceedings as it deems appropriate.
32 [to:]

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1 (B) *CONTENTS OF ORDER.*

2 A FINAL ORDER ISSUED UNDER THIS SECTION WILL:

3 (1) [(3)] require the payment of all wages due TO the respondent's employees
4 [hereunder] UNDER THIS DIVISION I and ALL FINES DUE TO THE CITY UNDER
5 SUBTITLE 6 OF THIS DIVISION 1; AND

6 (2) [(4)] direct the cessation of all practices by the respondent which are contrary to
7 the provisions of this Division I and/or rules and regulations of the
8 Commission.

9 (C) *TIME FOR ISSUANCE OF ORDER.*

10 (1) THE COMMISSION MUST MAKE EVERY EFFORT TO ENTER FINAL ORDERS NO LATER
11 THAN 90 DAYS AFTER THE FIRST DATE ON WHICH:

12 (I) THE PARTIES' ATTEMPTS AT SETTLEMENT FAIL; OR

13 (II) THE RESPONDENT FAILS TO MEET ITS OBLIGATIONS UNDER ANY SETTLEMENT
14 AGREEMENT.

15 (2) THE FAILURE OF THE COMMISSION TO MEET THIS TIMELINE IS NOT GROUNDS FOR
16 CLOSURE OR DISMISSAL OF THE COMPLAINT.

17 (D) [(b)] *Service of order.*

18 A copy of [such] THE order [shall] MUST be furnished TO the respondent by registered
19 mail within 3 days of its passage.

20 **§ 4-8. [Judicial] ADMINISTRATIVE, JUDICIAL, and appellate review.**

21 (A) *IN GENERAL.*

22 IF THE COMMISSION ISSUES A FINAL ORDER UNDER § 4-7 {"FINAL ORDER"} OF THIS
23 SUBTITLE, THE COMMISSION MUST PROVIDE THE RESPONDENT WITH NOTICE OF THE FINAL
24 ORDER AND AN OPPORTUNITY FOR A HEARING BEFORE COMMISSION.

25 (B) *PROCEDURES.*

26 IN ITS RULES AND REGULATIONS, THE COMMISSION MUST ESTABLISH PROCEDURES TO
27 GOVERN THE CONDUCT OF HEARINGS HELD UNDER THIS SECTION.

28 (C) *DETERMINATION.*

29 IF A RESPONDENT REQUESTS A HEARING BEFORE THE COMMISSION UNDER THIS SECTION,
30 THE COMMISSION MUST:

31 (1) GRANT THE HEARING IN ACCORDANCE WITH ITS RULES AND REGULATIONS;

32 (2) CONSIDER ALL OF THE EVIDENCE PRESENTED AT THE HEARING; AND

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1 (3) MAKE WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW ON EACH ALLEGED
2 VIOLATION.

3 (D) *FINDINGS.*

4 (1) IF THE COMMISSION DETERMINES THAT THE FINAL ORDER ISSUED UNDER § 4-7 IS
5 SUPPORTED BY ITS FINDINGS OF FACT AND CONCLUSIONS OF LAW, THAT ORDER MUST
6 BE CONFIRMED BY THE COMMISSION.

7 (2) IF THE COMMISSION DETERMINES THAT THE RESPONDENT HAS VIOLATED THIS
8 DIVISION I, BUT THAT THE FINAL ORDER ISSUED UNDER § 4-7 IS NOT SUPPORTED BY ITS
9 FINDINGS OF FACT AND CONCLUSIONS OF LAW, THE COMMISSION MUST ISSUE A NEW
10 FINAL ORDER THAT CONFORMS WITH ITS FINDINGS.

11 (3) IF THE COMMISSION DETERMINES THAT THE RESPONDENT HAS NOT VIOLATED THIS
12 DIVISION I, THE COMMISSION MUST WITHDRAW THE FINAL ORDER AND DISMISS THE
13 COMPLAINT.

14 (4) THE COMMISSION MUST PROMPTLY NOTIFY THE COMPLAINANT AND RESPONDENT OF
15 ANY ACTION TAKEN UNDER THIS SUBSECTION.

16 (E) [(a)] *Judicial review.*

17 A respondent aggrieved by an order of the Commission ISSUED OR CONFIRMED UNDER
18 SUBSECTION (D) OF THIS SECTION may seek judicial review of that order by petition to the
19 Circuit Court for Baltimore City in accordance with the Maryland Rules of Procedure.

20 (F) [(b)] *Appellate review.*

21 A party to the judicial review may appeal the court's final judgment to the Court of
22 Special Appeals in accordance with the Maryland Rules of Procedure.

23 **§ 4-9. Referral to Solicitor.**

24 If, within 30 days of the [passage of such order] ISSUANCE OF A FINAL ORDER UNDER §§ 4-7
25 {"FINAL ORDER"} OR 4-8 {"ADMINISTRATIVE, JUDICIAL, AND APPELLATE REVIEW"}, the
26 respondent shall have failed to comply [therewith] WITH THE ORDER, the Wage Commission
27 [may] MUST certify [such] THE proceedings to the City Solicitor and request that [he] THE
28 SOLICITOR petition the Circuit Court of Baltimore City to enforce the [said] order and direct
29 payment OF ALL WAGES AND PENALTIES DUE UNDER THIS DIVISION I [to the aggrieved
30 employee].

31 **§ 4-10. Confidential information.**

32 (a) *Employer's payroll.*

33 The records of the Commission in any proceeding or investigation made pursuant to the
34 provisions of this Division I shall be kept confidential to the extent that they disclose the
35 payroll of any employer, except for the use of a complainant employee, THE COMMISSION
36 IN THE INVESTIGATION OF OTHER VIOLATIONS OR SUSPECTED VIOLATIONS, or [other]
37 ANOTHER public agency.

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1 (b) *Identity of complainant.*

2 (1) Neither the Commission nor any of its employees may be compelled in any hearing
3 before the Commission or other administrative proceeding, to disclose the identity of
4 any person filing a complaint with the Commission under the provisions of this
5 Division I.

6 (2) The Commission shall, however, have the right in its sole discretion to make such
7 disclosure in any instance where the Commission deems it appropriate to do so.

8 **Subtitle 5. Other Prohibited Conduct**

9 **§ 5-1. By employer - retaliation against employee.**

10 (A) *FAMILY MEMBER DEFINED.*

11 IN THIS SECTION, "FAMILY MEMBER" MEANS A SPOUSE, PARENT, SIBLING, CHILD, UNCLE,
12 AUNT, NIECE, NEPHEW, COUSIN, GRANDPARENT, OR GRANDCHILD RELATED BY BLOOD,
13 ADOPTION, MARRIAGE, OR DOMESTIC PARTNERSHIP, OR ANY OTHER INDIVIDUAL RELATED
14 BY AFFINITY WHOSE CLOSE ASSOCIATION WITH THE EMPLOYEE IS THE EQUIVALENT OF A
15 FAMILY RELATIONSHIP.

16 (B) [(a)] *In general.*

17 [It shall be unlawful, and a violation of this Division I, for any employer to discharge or
18 reduce the compensation of any employee for:

- 19 (1) making a complaint to the Wage Commission;
20 (2) participating in any of its proceedings; or
21 (3) availing himself of any of the civil remedies provided herein.]

22 (1) IT IS UNLAWFUL AND A VIOLATION OF THIS DIVISION I FOR AN EMPLOYER, OR ANY
23 OTHER PARTY, TO DISCRIMINATE IN ANY MANNER OR TAKE ADVERSE ACTION AGAINST
24 ANY PERSON IN RETALIATION FOR EXERCISING OR ATTEMPTING TO EXERCISE ANY
25 RIGHT PROVIDED BY THIS DIVISION I.

26 (2) PROHIBITED DISCRIMINATION OR RETALIATION UNDER THIS SUBSECTION INCLUDES
27 ANY RECOMMENDED, THREATENED, OR ACTUAL ADVERSE ACTION, INCLUDING:

- 28 (I) TERMINATION, DEMOTION, SUSPENSION, OR REPRIMAND;
29 (II) INVOLUNTARY TRANSFER, REASSIGNMENT, OR DETAIL TO AN ASSIGNMENT
30 THAT A REASONABLE PERSON WOULD FIND LESS FAVORABLE;
31 (III) FAILURE TO PROMOTE, HIRE, OR TAKE OTHER FAVORABLE PERSONNEL ACTION;

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1 (IV) REPORTING, OR THREATENING TO REPORT, THE ACTUAL OR SUSPECTED
2 CITIZENSHIP OR IMMIGRATION STATUS OF AN EMPLOYEE, FORMER EMPLOYEE,
3 OR FAMILY MEMBER OF AN EMPLOYEE TO A FEDERAL, STATE, OR LOCAL
4 AGENCY; OR

5 (V) ENGAGING IN ANY CONDUCT THAT WOULD DISSUADE A REASONABLE
6 EMPLOYEE FROM ENGAGING IN ACTIVITIES PROTECTED BY THIS DIVISION I.

7 (3) THE PROTECTIONS OF THIS SECTION APPLY TO ANY PERSON WHO MISTAKENLY BUT IN
8 GOOD FAITH ALLEGES A VIOLATION OF THIS DIVISION I.

9 (C) *RIGHTS PROTECTED.*

10 RIGHTS UNDER THIS DIVISION I PROTECTED BY THIS SECTION INCLUDE, BUT ARE NOT
11 LIMITED TO:

12 (1) REQUESTING PAYMENT OF A MINIMUM OR OVERTIME WAGE;

13 (2) MAKING OR FILING A COMPLAINT TO THE COMMISSION, OR IN COURT, FOR ALLEGED
14 VIOLATIONS OF THIS DIVISION I;

15 (3) PARTICIPATING IN ANY OF THE COMMISSION'S PROCEEDINGS OR IN ANY
16 ADMINISTRATIVE OR JUDICIAL ACTION REGARDING AN ALLEGED VIOLATION OF
17 THIS DIVISION I;

18 (4) MAKING USE OF ANY OF THE CIVIL REMEDIES PROVIDED IN THIS DIVISION I; OR

19 (5) INFORMING ANY PERSON OF HIS OR HER POTENTIAL RIGHTS UNDER THIS DIVISION I.

20 (D) *REBUTTABLE PRESUMPTION.*

21 TAKING ADVERSE ACTION AGAINST A PERSON WITHIN 90 DAYS OF THE PERSON'S EXERCISE
22 OF RIGHTS PROTECTED UNDER THIS DIVISION I SHALL RAISE A REBUTTABLE PRESUMPTION
23 OF HAVING DONE SO IN RETALIATION FOR THE EXERCISE OF THOSE RIGHTS.

24 (E) [(b)] *Restitution or reinstatement with backpay.*

25 In [such] a case ARISING OUT OF A VIOLATION OF THIS SECTION, the Wage Commission
26 may, pursuant to the procedures provided in Subtitle 4 hereof, order appropriate
27 restitution [or] INCLUDING:

28 (1) the reinstatement of [such] THE employee with backpay to the date of violation;
29 AND

30 (2) UNPAID WAGES.

31 **§ 5-2. By employer - violation of rule or regulation.**

32 It [shall be] IS unlawful, and a violation of this Division I, for any employer to violate the
33 rules and regulations of the Commission.

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1 **[§ 5-6. By employees.]**

2 [It shall be unlawful, and a violation of this Division I, for any employee to:

3 (1) make any groundless, unfounded, or malicious complaint to the Commission; or

4 (2) in bad faith, institute or testify in any proceeding before the Commission under the
5 provisions hereof.]

6 **Subtitle 6. Penalties and Fines**

7 **§ 6-2. Fines.**

8 Any employer [or employee] who violates this Division I shall forfeit and pay to the City of
9 Baltimore a penalty as follows:

10 (1) for a 1st offense, [~~\$250~~] \$300 for each violation;

11 (2) for a 2nd offense, [~~\$500~~] \$550 for each violation; and

12 (3) for each subsequent offense, \$1,000 for each violation.

13 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
14 are not law and may not be considered to have been enacted as a part of this or any prior
15 Ordinance.

16 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
17 after the date it is enacted.

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Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,

this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City

Date: March 1, 2017

To: The Honorable Council President, Bernard Young and the Labor Committee Members

From: Barbara Graham, President of Baltimore Franchise Owners Association, 7-Eleven Franchisees

RE: Opposition to Council Resolution #17-0018 Labor and Employment - City Minimum Wage.

Council President Young and Members of the Labor Committee:

Thank you for allowing me to submit this written testimony today. My name is Barbara Graham and I am the President of 7-Eleven's Baltimore Franchise Owners Association [BFOA]. I'm also a 7-Eleven store owner. I have 11 employees and have been a small business owner for over 28 years.

There are approximately fifty 7-Eleven locations in Baltimore City and most locations here are independently owned small businesses like mine. We are committed to providing the best service to our customers whom we refer to as guests.

Our 7-Eleven store owners respectfully ask you to vote against this proposed wage increase bill for many reasons. Passage of this bill would increase the minimum wage to \$15 per hour by 2022.

My businesses labor and other expenses continue to increase annually and under current law so will the minimum wage. This increase would significantly add to the financial burden for small businesses in Baltimore City and will negatively impact convenience stores like mine.

According to National Association of Convenience Stores most recent data, **the average convenience store makes just \$47,000 a year in pre-tax profits. Labor expense represents, by far, the number one operating cost for our stores.**

My small business is already going to see wages increase. The state is annually increasing the state wage to \$9.25 this July and to \$10.10 by

July 2018. I simply cannot afford this even higher proposed local wage increase. The impact of these increases is unknown and passing a higher city wage bill for 2019 and beyond increases may be unsustainable for some of us.

Plus, any increase has a ratcheting-up effect on the higher wages of my existing employees.

To help manage costs, store owners like me, will likely work more shifts themselves and eliminate hours for existing employees. In addition, another increase will not create new jobs at my store and could lead to fewer positions.

If passed, this bill is not a direction that helps our local store maintain its livelihood which supports my employees and we contribute to our community. Our association provides contributions to Johns Hopkins Hospital. Other franchisees contribute to MDA and we also support community events.

Additionally, my 7-Eleven is a lottery agent for the state and we do a great job at selling lottery tickets. However, we cannot adjust the margin on a Lottery ticket to assist with wage increases such as the one proposed.

As proposed, the wage would increase in 2019 to \$11.25 per hour. Without including the costs of additional benefits, other labor expenses, security costs, etc... and solely based on that wage amount - a lottery agent in Maryland like me would have to sell 225 one dollar instant tickets in one hour to pay just that straight wage. We earn 5.5-cents on a \$1 dollar instant ticket. I cannot imagine how we can continue to thrive at those sales if the hourly wage increases as proposed.

Finally, some may say that the bill has a small business delay for increases that will provide some consolation. But, that provision does NOT apply to our small businesses. Even though we are independent small business owners because we are franchisees of a national iconic brand, this bill treats us like large employers. It does not make sense that we were treated differently and that our local government would

Hello, my name is Regina Baker and I'm a member of 32BJ SEIU.

I live in East Baltimore and work as a security officer downtown.

I'm a single mother with three kids.

They are between the ages of 18 and 21 but all of them still live with me.

My 20-year old son works for Fed Ex but because he earns around \$10 an hour, he has to live with me.

Let me tell you - it hasn't been easy at all.

I can barely cover the basic necessities.

I have had the lights and the water turned off.

I must rely on the government for food stamps to feed my family.

And I don't own a car.

\$15 an hour would be a blessing.

I could move out and maybe own my own home, somewhere safe.

There's lots of shootings too close to home - right outside our door.

One of the worst days of my life was when my house broken into.

I was able to scrounge enough money to buy some gifts for my son's birthday - and they took everything.

Someone walking around your house and removing things that you struggled for - it really got to me and it's just really scary.

With \$15 an hour, I could finally open a savings account.

I'm 45 but have never had one because I haven't been able to build off the low wages I make.

I can't put away anything - every penny goes into something.

But I cannot understand why on earth the Council won't include workers under the age of 21.

My three kids won't be able to move out and live on their own without a more livable \$15 wage

Please - I hope you come to your senses and realize that all workers need to be able to support themselves!

Thank you.

Benefits of a \$15 Minimum Wage in Baltimore Would Outweigh the Costs

Position Statement Supporting Resolution #17-0018 (Labor and Employment - Minimum Wage)

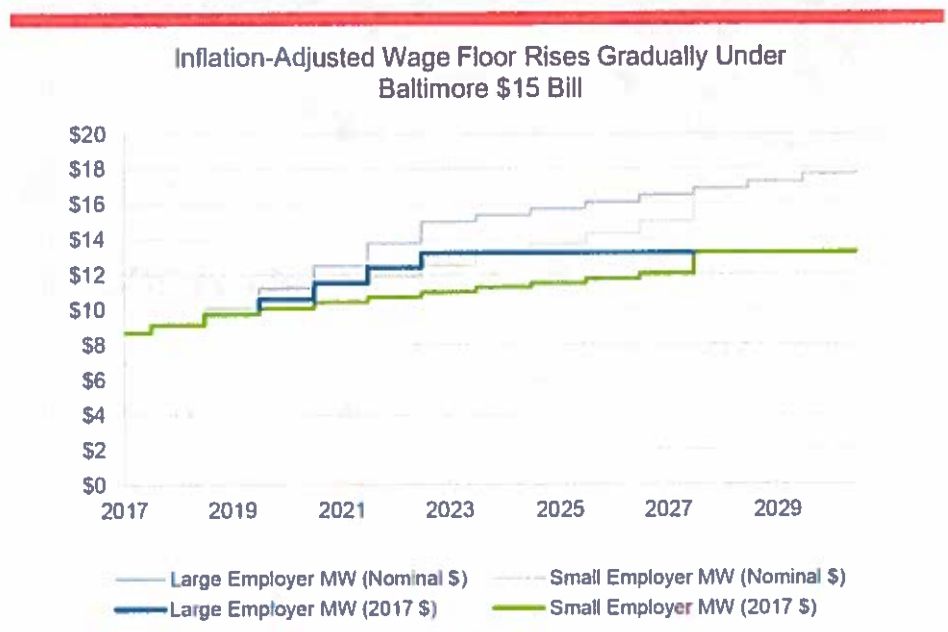
Given before the Labor Committee

Despite significant progress in the city's economic fortunes, too many hardworking Baltimore families still struggle to pay bills and put food on the table because they are not paid enough to cover the basics. Raising Baltimore's minimum wage to \$15 per hour by 2022 (the equivalent of \$13.21 in today's dollars) would mean more security and a better standard of living for these families.ⁱ Moreover, a growing body of credible research shows that local minimum wage laws produce at most modest costs, which are balanced by significant benefits. This is especially true of wage boosts that are phased in over multiple years. For these reasons, the Maryland Center on Economic Policy supports Resolution #17-0018.

In 2015, more than one in three working residents of Baltimore City took home less than \$33,994 per year, the amount necessary for a single adult with no children to maintain a basic standard of living in the Baltimore area.ⁱⁱ The long-term minimum wage under current law, \$10.10 per hour, would still leave a full-time worker \$13,000 short of this standard. Raising Baltimore's minimum wage to \$15 by 2022—equivalent to \$13.21 in today's dollars—would bring thousands of workers closer to a living wage, though even then not all workers would be guaranteed this level.ⁱⁱⁱ The benefits to workers of raising the minimum wage are substantial. Economic studies consistently find that both state and local minimum wage laws succeed in raising incomes for low-wage workers, and studies that use credible research designs find essentially no effect on employment.^{iv} Contrary to popular misconception, the majority of workers who benefit from raising the minimum wage are adults working full-time jobs.^v

Higher wages benefit businesses as well. Increased pay for low-wage workers who live paycheck to paycheck translates almost immediately into higher spending, which means stronger sales at local businesses. Many of the same businesses where wages will increase the most because of the higher minimum wage are also likely to see the greatest increase in sales. This is because low-wage jobs are concentrated in industries like restaurants and grocery stores that draw largely from a local customer base. Evidence also shows that higher wages often reduce employee turnover, which means more experienced workers and lower hiring costs.^{vi} Between increased sales and decreased turnover, the impact of minimum wage increases on businesses are often more positive than many anticipate.

Resolution #17-0018 is designed to allow as smooth a transition to a \$15 minimum wage as possible, especially for small and mid-sized businesses. The scheduled increases in Baltimore's minimum wage are back-loaded, meaning that the percentage increase in the minimum wage for Baltimore businesses is more level from year to year, avoiding abrupt increases. For large businesses, the inflation-adjusted value of the minimum wage does not rise by more than 10 percent in any single year. In addition, the Baltimore bill uses a high size threshold to define small businesses, and raises the wage floor for these employers even more gradually. Businesses with fewer than 50 employees would not be required to pay the full minimum wage until 2027.



Resolution #17-0018 minimum wage deflated by CBO projected CPI-U inflation through 2027. Beginning in 2028, inflation is assumed to remain constant at the 2027 projected rate of 2.39 percent.

Raising Baltimore's minimum wage to \$15 by 2022, the equivalent of \$13.21 in today's dollars, would enable thousands of Maryland workers at low-paying jobs to make ends meet. It would also enable them to spend more at local businesses and lead many to stay longer at a single job, strengthening our local economy. Finally, evidence indicates that raising Baltimore's minimum wage is not likely to significantly reduce employment, especially in light of the law's gradual implementation.

For these reasons, the Maryland Center on Economic Policy respectfully asks that the Labor Committee give Resolution #17-0018 a favorable report.

¹ Minimum wage deflated using projected CPI-U from the Congressional Budget Office 10-Year Economic Projections, <https://www.cbo.gov/about/products/budget-economic-data#4>.

² Data on Baltimore City wage and salary income from 2015 IPUMS American Community Survey 2015 One-Year Estimates, University of Minnesota, <https://usa.ipums.org/usa/>. Basic living standard from the Economic Policy Institute Family Budget Calculator, <http://www.epi.org/resources/budget/>.

³ According to an analysis by the Economic Policy Institute, the minimum wage bill considered last year would have raised wages for 98,000 Baltimore workers. Due to differences in the two bills' implementation schedules, Resolution #17-0018 would likely have a smaller, but still substantial, impact. Will Kimball, "Raising Baltimore's Minimum Wage to \$15 by July 2020 Would Lift Wages for 98,000 Working People," *Economic Policy Institute*, 2016, <http://www.epi.org/publication/raising-baltimore-s-minimum-wage-to-15/>.

⁴ For a review of credible research methodologies for minimum wage studies, see Sylvia Allegretto, Arindrajit Dube, Michael Reich, and Ben Zipperer, "Credible Research Designs for Minimum Wage Studies," IRLE WORKING PAPER #148-13, 2013, <http://irle.berkeley.edu/files/2013/Credible-Research-Designs-for-Minimum-Wage-Studies.pdf>. Studies that do find employment effects—usually by using less rigorous statistical methods—tend to find effect sizes small enough that total wages paid to low-wage workers would still increase.

⁵ Will Kimball, 2016.

⁶ Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Shocks, Employment Flows and Labor Frictions," IRLE WORKING PAPER #149-13, 2014, <http://irle.berkeley.edu/files/2014/Minimum-Wage-Shocks-Employment-Flows-and-Labor-Market-Frictions.pdf>.

Interfaith Worker Justice of Maryland

Testimony IN SUPPORT of Council Bill 17-0018 -Labor and Employment – City Minimum Wage

March 1, 2017

Given by: Fr. Ty Hullinger, *Interfaith Worker Justice of Maryland*

Interfaith Worker Justice of Maryland strongly supports a \$15 Minimum Wage for ALL of Baltimore's workers, and we believe that this one of the most important moral issues of today. We represent many faith traditions that all agree that a living wage is a moral requirement of every society. When workers are not paid an adequate wage that allows them to provide for the basic human needs of their families, this is a social evil.

From the Quran we read:

*"And O my people! Give just measure and weight,
nor withhold from the people
the things that are their due." — Quran 11:85*

And from the Torah we read:

*You shall not withhold the wages of poor and needy laborers,
whether other Israelites or aliens who reside in your land in one of your towns.
You shall pay them their wages daily before sunset,
because they are poor and their livelihood depends on them;
otherwise they might cry to the Lord against you,
and you would incur guilt. — Deuteronomy 24:14-15*

And from the Christian Bible we read:

*Listen! The wages of the laborers who mowed your fields,
which you kept back by fraud, cry out,
and the cries of the harvesters
have reached the ears of the Lord of hosts! — James 5:4*

We also believe that the right to just wage applies to all workers, including young people. In fact, in our times, young workers need this raise in the minimum wage just as much as older workers do. Pope Francis has spoken numerous times about the evils of youth unemployment and under-employment:

"The most serious of the evils that afflict the world these days are youth unemployment and the loneliness of the old. The old need care and companionship; the young need work and hope but have neither one nor the other, and the problem is they don't even look for them any more. They have been crushed by the present. You tell me: can you live crushed under the weight of the present? Without a memory of the past and without the desire to look ahead to the future by building something, a future, a family? Can you go on like this? This, to me, is the most urgent problem that the Church is facing." — Pope Francis, Interview in La Repubblica, October 1, 2013

The lack of just wages for all is one of the most urgent problems Baltimore is facing. Together, we can ensure that all workers, young and not-so-young, are able to earn a **minimum** wage of \$15 an hour. We will be judged by this generation and the next, by what we do in this time. Will we courageously stand together with all workers, young and old and in-between, or will we be lead by fears and false arguments that only want to further divide us? We urge this Council to support a \$15 Minimum Wage for all workers in Baltimore.

"The just distribution of the fruits of the earth and human labour is not mere philanthropy. It is a moral obligation. If we want to rethink our society, we need to create dignified and well-paying jobs, especially for our young people." — Pope Francis, Address to Popular Movements in Bolivia, July 9, 2015

Testimony from Penny Troutner, Owner, Light Street Cycles

Position: SUPPORT

Submitted to the Baltimore City Council

On Labor and Employment—City Minimum Wage

March 1, 2017

Hello, my name is Penny Troutner and I started Light Street Cycles in South Baltimore 26 years ago. I've learned a lot about my city in that time. For instance, I know that minimum wage employees tend to shop locally when possible, since they are less likely to have a car. However, they are not likely to spend much money at small businesses because they have little to no expendable income. Therefore, raising the minimum wage in Baltimore City will provide more purchasing power to small business customers and increase our customer base. In the process, communities and businesses will be revitalized. That's why I strongly support gradually raising Baltimore's minimum wage to \$15 by 2026 for small businesses like mine, and to \$15 by 2022 for larger ones.

Many bikes brought to me for repair are purchased from big box stores. The bikes are cheap and in the long run cost the customers a great deal in repairs. Having the money to buy a quality bike actually saves the customer time and money. We know that this is true with many other products as well, so that allowing people the opportunity to make better purchases enables them to save money to pay their bills, and improve their quality of life.

By gradually increasing the minimum wage, we increase the purchasing power of thousands of workers in Baltimore City, leading to increased sales for businesses like mine. As sales rise, I can pay my employees more, and I can grow and hire more.

When workers are paid living wages, they have less stress in their daily lives and are more productive on the job. They are likely to stay with the job longer, get to know the business and customers better, and help drive growth and success. By supporting a more stable workforce and boosting the purchasing power of our residents, raising the minimum wage provides *more* stability for small businesses, not less.

Today's Baltimore City business owners are noticing our city's crime stats, but law enforcement is not the only weapon against crime. Fair wages lessen financial stress and help keep families together. They make honest work a reasonable choice against the temptation of the underground economy, thus helping to reverse the rising inequality that influences our crime

rate. As an owner who works and lives in Baltimore City, the workers we're talking about are not just my staff and customers, they are my neighbors. I see first-hand the impact of low wages on our communities. A minimum wage hike is an investment in the safety of our community, our businesses and our economy. And a safer community is better able to attract more businesses, and more jobs.

Simply put, when people have more money in their pockets, they spend it. And they spend it at local businesses like mine. As a member of Business for a Fair Minimum Wage, I am not alone in supporting this increase. By gradually raising Baltimore's minimum wage to \$15, we'll give our city what it needs to thrive: a strong customer base, strong community, strong economy and a strong business climate.

Thank you.

Penny Troutner
Owner
Light Street Cycles
1124 Light St.
Baltimore, MD 21230
Lightstreetcycles@gmail.com
(410) 685-2234



POSITION STATEMENT

TESTIMONY PRESENTED TO THE BALTIMORE CITY COUNCIL ON COUNCIL BILL 17-0018 – LABOR AND EMPLOYMENT – CITY MINIMUM WAGE

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Chairwoman Sneed and members of the committee, I appreciate the opportunity to speak with you today about the pending legislation to increase the minimum wage to \$15 an hour in Baltimore City. I stand before you as president and CEO of the Greater Baltimore Committee, the region's premier business advocacy organization, and on behalf of hundreds of small, medium, and large business members located in Baltimore City.

Since its inception, the Greater Baltimore Committee and its membership have been keenly focused on issues relating to economic growth and job creation. Over the past 61 years, we have advocated for policies such as creating an effective and reliable transportation system, increasing the quality of our school system, encouraging business growth and entrepreneurship, and expanding access to workforce training and job opportunities. Like you, our goal has always been to make Baltimore a great place to live, work, and grow a business. The legislation before you today, though well-intended, is counter-productive to our shared goals and priorities for Baltimore City.

The Greater Baltimore Committee opposes the legislation introduced that would increase the minimum wage in Baltimore City to \$15 an hour. The GBC believes that changes in the minimum wage are more appropriately addressed at the national level. In recent years, with the federal government stymied in partisan bickering many states have begun to address issues, such as minimum wage, that have seen little or no action at the national level. In fact, in 2014 the state of Maryland enacted an increase in the minimum wage from \$7.25 an hour to \$10.10, with the increase phasing in until July 1, 2018.¹ As this increase has not been fully realized and businesses have not adjusted to this increase, it is premature for Baltimore City to move beyond the state's minimum wage level for the reasons outlined below.

Minimum Wage: "Good" Economic Policy?

At first blush, increasing the minimum wage may sound like good economic and social policy. In theory, low income workers will make more money, be better able to provide for their families, have more expendable income to spend in shops and restaurants, and the economy will grow as a result. However, increased wages also mean an increased cost for businesses in Baltimore City, many of whom are running on thin profit margins. For businesses to survive those increased costs will have to be offset, either by reducing the size of the workforce, automation, cutting benefits, increasing costs on goods and services, or all of the above. An official from the Federal Reserve Bank of Cleveland observed in a 2015 interview that lower skilled workers performing routine tasks are increasingly being replaced with machines and software.² It is fair to assume that an increased minimum wage would only fuel that trend.

Businesses that are unable to overcome the costs associated with the increased minimum wage will have little choice but to close their doors. Businesses that do survive will not have the ability to grow and create jobs as they would otherwise. This is not a threat, just an economic reality that deserves very serious consideration.

Facing the Unintended Consequences

Aside from the financial impact this policy could have on businesses, there are additional consequences that must be considered. Though intended to mostly benefit low-income, low-skilled workers, research suggests this is the group most negatively affected by increasing the minimum wage. In Washington, D.C. where similar legislation was recently

¹Maryland General Assembly. House of Delegates. Economic Matters Committee. [Maryland Minimum Wage Act of 2014](#). 434th Regular Session.

²Tasci, Murat. ["Raises and Risks"](#). Forefront. Federal Reserve Bank of Cleveland. Cleveland: 30 Nov. 2015

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approved by the city council, the district's Chief Financial Officer raised this as a point of concern, noting that, "Job losses [as a result of increasing the minimum wage] mostly affect low-paid, low-skilled workers who are disproportionately District residents."³

According to the Foundation for Economic Education, young, low-skilled workers are the most likely to be hurt by minimum wage hikes because they are the least likely to have skills that employers consider valuable.⁴ Businesses may currently hire a low-skilled worker at the low end of the salary scale and train them but as mandatory wages increase, businesses will likely seek out more experienced individuals for those entry level positions. In a survey of 166 economists by the University of New Hampshire's Survey Center, 80 percent believe that a \$15 per hour minimum wage would result in employers hiring people with greater skills for entry level positions.⁵

Additionally, in a recent study University of California-San Diego economics professor Jeffrey Clemens found that federal minimum wage hikes from 2006 to 2009 accounted for 43 percent of the decline in employment among this group of workers during the Great Recession.⁶

The "Island Effect"

Increasing the minimum wage only in Baltimore City creates additional competitive burdens. If passed, Baltimore City would be island among neighboring jurisdictions in the greater Baltimore region. The businesses that operate in those jurisdictions already enjoy lower costs of doing businesses, lower taxes, and lower crime rates. Despite all of its positive attributes – world-class institutions of higher learning, research and medical institutions, a bustling downtown business district and more – for a business looking to locate or expand in the region Baltimore City would no longer be a natural choice. Why locate in Baltimore City when the labor costs and additional cost of doing business is so much lower just a few miles over the county line?

There are many other potential impacts that the "island effect" would create, including the increased competition between workers in neighboring jurisdictions that doesn't necessarily exist today. A fast food worker in Howard County has no reason to flip burgers at the state's minimum wage level of \$8.75 an hour when they can come to Baltimore and do the same job for more money. In that scenario, the Baltimore City resident who was supposed to benefit from this policy will lose out on a job and the income tax revenue that should have been collected by Baltimore City through the local "piggy back" tax will go to Howard County.⁷

When Washington, D.C. increased its minimum wage in 2013, they did so in coordination with Prince George's County and Montgomery County⁸ – two large neighboring jurisdictions – both of which increased their minimum wage at the same time.⁹ This coordination removed much of the potential competitive disadvantage that the district would have faced had Montgomery and Prince George's County not followed suit. In discussions about the recently approved legislation to again increase the minimum wage in the district, the D.C. Chief Financial Officer predicted that in the absence of neighboring jurisdictions again increasing their minimum wage, "District businesses activity declines and businesses

³ Dewitt, Jeffrey S. [Fiscal Impact Statement – Fair Shot Minimum Wage Amendment Act of 2016](#). Washington, DC: Office of the Chief Financial Officer. 2016

⁴ Cooper, Preston. ["The Minimum Wage Hurt the Young and Low-Skilled almost as Much as the Recession"](#). Foundation for Economic Education. Foundation for Economic Education, 7 Jan. 2016. Web. 7 Jun. 2016.

⁵ Fowler, Tracy A. and Smith, Andrew E. [Survey of US Economist on a \\$15 Federal Minimum Wage](#). Durham, New Hampshire: University of New Hampshire Survey Center. 2015.

⁶ Clemens, Jeffrey. ["The Minimum Wage and the Great Recession: Evidence from the Current Population Survey"](#). The National Bureau of Economic Research. The National Bureau of Economic Research. Web 7 Jun. 2016.

⁷ ["Local Income Tax"](#). Spotlight on Maryland Taxes. Comptroller of Maryland. Web 7 Jun. 2016

⁸ Orange, Sr., Vincent B. [Council of the District of Columbia Committee on Business, Consumer, and Regulatory Affairs Committee Report](#). Washington, DC: Committee on Business, Consumer and Regulatory Affairs. 2016 pg. 216

⁹ Sykes, Michael. ["New minimum wage takes effect in Prince George's, Montgomery and D.C."](#). The Sentinel, 02 Oct. 2014. Web. 7 Jun. 2016.

become less competitive.”¹⁰ When the Montgomery County Council voted to again increase the minimum wage, that legislation was vetoed by the County Executive due to his concerns about, “...the competitive disadvantage [the bill] would put the County in compared to our neighboring jurisdictions.”¹¹

The fact of the matter is that there is little to no chance that Baltimore City’s neighboring counties would entertain such a proposal. Neighboring jurisdictions have shown no appetite for this type of change. In the absence of regional coordination, Baltimore City will find itself at a competitive disadvantage in efforts to attract and expand businesses and opportunities for those individuals this legislation is intended to benefit.

We Are Not Seattle

Proponents for increasing the minimum wage in Baltimore City point to other jurisdictions – like Seattle, New York, or San Francisco – where increased wage laws have recently been implemented. But the economic base, workforce, and business conditions in Baltimore City are not comparable to those of Seattle, New York, or San Francisco. Our economics, challenges, and strengths are vastly different.

Regardless, the news out of Seattle regarding the minimum wage has not been all positive. According to a 2016 report on the impact of Seattle’s Minimum Wage Ordinance done by the University of Washington, the minimum wage ordinance “...slightly reduced the employment rate of low-wage workers by about one percentage point.” The authors go on to say that employment of low wage workers would have increased more had the ordinance not been passed.¹²

Let’s Work Together to Lift All Boats

When Councilwoman Mary Pat Clarke held a press conference last year to announce this legislation, she stated that she was concerned about a lot of the issues that underlie the unrest that occurred in 2015 following the death of Freddie Gray.¹³ We couldn’t agree more. But this legislation does not speak to the heart of the issues most plaguing Baltimore City. This proposal does not increase the caliber of our school system. It does not help businesses create jobs. It does not provide access to workforce training. It does not create pathways for workers in middle-skilled employment opportunities. It does not help entrepreneurs start and build businesses. It does not make housing more affordable. It does not provide a better transit system so workers can access available jobs. And it does not help connect returning citizens to employment opportunities.

Granted, it may increase wages for some, but it will also lead to job losses for many others as businesses struggle to keep pace with the rising cost of doing business in Baltimore City. It also, once again, sets Baltimore City apart from its surrounding jurisdictions in the competitive field of economic development and job creation.

The Greater Baltimore Committee and Baltimore City Council can do better by working together to address those challenges outlined above and adopt proven strategies for Baltimore City that lifts all boats while allowing businesses to do what they do best....create jobs and grow the economy.

Passage of a \$15 minimum wage that would be applied strictly to Baltimore City businesses is not one of those strategies.

Thank you.

¹⁰ Dewitt, Jeffrey S. [Fiscal Impact Statement – Fair Shot Minimum Wage Amendment Act of 2016](#). Washington, DC: Office of the Chief Financial Officer. 2016

¹¹ Turque, Bill. [“Leggett vetoes \\$15 minimum wage in Montgomery County.”](#) The Washington Post, 23 January 2017. Web. 1 March 2017.

¹² The Seattle Minimum Wage Study Team. 2016. [Report on the Impact of Seattle’s Minimum Wage Ordinance on Wages, Workers, Jobs, and Establishments Through 2015](#). Seattle: University of Washington

¹³ Mirabella, Lorraine and Sherman, Natalie. [“City Councilwoman Mary Pat Clarke proposes \\$15 minimum wage in Baltimore”](#). The Baltimore Sun. The Baltimore Sun, 17 Apr. 2016. Web. 7 Jun. 2016

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Bill: Labor and Employment - City Minimum Wage

Committee: Labor Committee

Position: SUPPORT

Date: March 1, 2017

Jacquelyn Jones Ziegler, Sugar, 1001 West 36th Street, Hampden

Dear Chairwoman Sneed and Members of the Committee,

I own Sugar, a retail store in Hampden. Sugar opened nine years ago. Since the day we opened, we have paid our staff a wage consistent with or above Baltimore's Living Wage. Currently I employ six individuals, three of whom are close to full time. The least an employee makes is \$12.25 an hour, the most is \$14.25. Although I pay more than some other retailers and advertise widely when positions are open, my staff has consistently been majority Baltimore City residents. Currently, all of my co-workers are Baltimore City residents.

As a business owner, I am strongly in support of raising Baltimore's minimum wage to \$15 an hour. Raising people to a level where it is possible for them to afford their basic needs, increases the likelihood that they would have disposable income and choose to spend that income at our local businesses, growing Baltimore's economy.

When people live with economic insecurity, it frequently has a negative impact on their work performance. If your employees can't afford their phone bill, they can't call out for work, or be contacted for extra shifts. If they are hungry, they aren't able to work to their full potential. These are people who want to do a good job; these are people who are hard workers. It is in the best interest of any business to ensure that their employees are able to meet their own basic needs.

This is also a matter of ethics for me. I may be old fashioned, but I believe that I should not be relying on government subsidies to stay in business. If I am paying my employees at a level where they are relying on food stamps to eat and Section 8 for housing, the government is essentially picking up the tab on my sub-standard wages. That's not an ethical business. That's stealing from the taxpayers.

Granted, there are many ways that I'd love to see Baltimore and Maryland be more business friendly. I'd welcome a little less paperwork. But, the minimum wage we have now is not "business friendly". It's taxpayers subsidizing business owners at the expense of our lowest paid citizens.

We know from multiple studies, in multiple jurisdictions, that raising the minimum wage does not have a negative impact on business. It does not have a negative impact on prices. The data

proves it. As a business owner, I like data. I depend on it to keep my business open and I ask you to rely on data and your values, rather than antidotes to guide your decisions on this bill.

We live in a city with great disparities, economic disparities that disproportionately affect people of color, women, immigrants, people with disabilities, and my LGBT family. Moving the minimum wage to a level where a single person, working full time, has a chance of being able to meet their basic needs, is a small step we can take to making Baltimore a more equitable city. No one who is working full time, doing exactly what we're told to do, should be hungry, homeless or worried about their electric bill. Increasing the minimum wage is a step our communities deserve. As a business owner and as a resident of Baltimore, I ask you take this step. I urge a favorable report for this important legislation.



BALTIMORE CITY BURGER KING
\$15.00 PER HOUR WAGE

We operate 10 Burger King restaurants in Baltimore City. Our employees live and spend in Baltimore City.

We employ 300 team members.

Our company works with our communities supplying stepping stone jobs for the youth in our communities. We meet with community groups to coach young people on how to secure a first job.

Our staffs are made up of a variety of employees with a variety of goals. The system we have in place allows our people to work "up the ladder" to salaried positions with an average income of \$44,000 per year for our employees who are interested in growing within our Burger King system.

We have team members who use Burger King as a stepping stone to work themselves through school or to begin their path to other jobs which they may be inspired to gain experience and work towards.

We also have team members who are not motivated to move forward and it is just a job for these employees. We classify them as unskilled team members.

This gives a snapshot of how we operate.

Being a National Brand, we have experience with the \$15.00 an hour wage in other markets.

We have been making plans for this change. I want to paint a picture for you of how we will manage through this:

1. We plan to cut our work force by 1/3. Eliminating youth and unskilled employees.
2. We will look outside the city to hire. The new wage would give us an opportunity to market outside the city in a search for talented applicants.
3. As our leases and agreements expire, we will begin the process of relocating our restaurants to other areas outside the city limits. The end goal would be to leave the city.
4. Future expansion and job growth for Burger King will be focused outside of Baltimore City.

In closing, on a personal note, we have been operating our restaurants in the city for 25 years, employing 1,000's of people. Most of my employees have started as a first job. Some now have families, own their own homes and cars. It is truly an honor to see my people grow into adults and strong community members.

It's a shame this will eventually come to an end.

Baltimore's image is not the best in today's world and driving businesses out of the city in a time of rebuilding doesn't make sense.

I am not against raising the minimum wage, I just feel your plan is too aggressive and it should not be a one size fits all.

Gary Andrzejewski

Franchisee

1937 Greenspring Drive Timonium, MD 21093 Tel: (410) 560-1002 Fax: (410) 560-1215

PJ FOODS LLC

A Franchisee of Burger King Corporation

Bill: Labor and Employment - City Minimum Wage

Committee: Labor Committee

Position: SUPPORT

Date: March 1, 2017

Testimony of Taylor Smith-Hams, Healthy Communities Campaign Organizer, Chesapeake Climate Action Network

Dear Chairwoman Sneed and Members of the Committee,

The Chesapeake Climate Action Network respectfully requests a favorable report on Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, because of the close link between economic justice, public health, environmental protection, and climate justice. A healthy workforce and a healthy environment go hand in hand.

Our organization strives toward an equitable, sustainable, and robust economy in Maryland, where residents can enjoy good health while working in long-lasting, family-sustaining jobs that build our economy, preserve our environment, and help stabilize the climate. We believe in a healthy environment, healthy economy, and healthy people. Ordinance 17-0018 will help Maryland achieve this vision.

One of the most significant steps we can take to improve the lives of thousands of Baltimore workers is to raise the minimum wage to \$15 an hour. Nearly two-thirds of Baltimore workers who currently live in or near poverty would get a raise under this policy, according to the Economic Policy Institute. The workers in Baltimore City who would benefit from this bill are their families' main providers, earning 54.6 percent of their family's income.¹ Among affected workers with families, approximately 20 percent are their family's sole provider.²

Raising the minimum wage will not hurt the economy. In fact, small businesses will likely benefit from a higher minimum wage because low-wage workers tend to spend their increased earnings on basic needs at local businesses.³ And jurisdictions around the country that have raised their minimum wages are seeing that the benefits substantially outweigh the likely modest costs. Seattle, the first major city to adopt a \$15 minimum wage, saw the region's unemployment rate hit an eight-year low of 3.6 percent in August 2015, significantly lower than the state's unemployment rate of 5.3 percent.⁴

¹ Will Kimball, "Raising Baltimore's minimum wage to \$15 by July 2020 would lift wages for 98,000 working people," *Economic Policy Institute*, May 4, 2016, <http://www.epi.org/publication/raising-baltimores-minimum-wage-to-15/>.

² *Id.*

³ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022," January 2017, <http://www.nelp.org/content/uploads/NELP-Fact-Sheet-Impact-of-15-Baltimore-JAN-2017.pdf>.

⁴ National Employment Law Project, "The Case for Raising Baltimore's Minimum Wage to \$15 by 2022," May 2016, <http://www.nelp.org/content/uploads/Fact-Sheet-Raising-Baltimore-Minimum-Wage.pdf>.

We strongly urge Baltimore to enact a \$15 minimum wage bill that does not discriminate against younger workers. The arbitrary threshold of 21 years mainly benefits big businesses with high-turnover staffing models. The threshold provides incentives for other businesses to adopt these harmful business models and to replace adult workers with a younger and lower-paid workforce.

The threshold also ignores the real economic needs and contributions of young adult workers. Low-wage young adult workers often come from struggling households that depend on these workers' incomes to make ends meet. Others are students working their way through college with limited family support. These workers deserve a higher minimum wage, too. No other jurisdiction in the country has denied a minimum wage increase to such a broad group of young people.⁵ Baltimore should not set a precedent for exclusionary minimum wage laws.

Ordinance 17-0018, with an amendment to remove the exemption for young adult workers, will help put Maryland on track to a fairer and healthier economy. We urge a favorable report for this important legislation.

⁵ National Employment Law Project, "Excluding Workers Under Age 21 Baltimore's Minimum Wage Law is Harmful & Unprecedented Policy," February 2017, <http://www.nelp.org/content/uploads/Baltimore-Youth-Exemption-Fact-Sheet.pdf>.

March 1, 2017

Baltimore Abortion Fund
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Baltimore, MD 21229
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www.baltimoreabortionfund.org

Dear President Jack Young and Members of the Baltimore City Council,

We are writing to express our support for Council Bill 17-0018, which proposes to raise the minimum wage in Baltimore City to \$15/hour by July 1, 2023, and after that date, indexes the minimum wage to the Consumer Price Index.

The Baltimore Abortion Fund is an all-volunteer nonprofit organization, founded in Baltimore City in 2013. We operate a confidential helpline for individuals seeking assistance with the cost of their abortion care and make small grants to such individuals. Since our helpline launched on October 1, 2014, we have seen a 103% increase in the number of calls to our helpline. While we generally fund individuals who reside anywhere in Maryland¹, the largest percentage of individuals that we fund reside in Baltimore City.

We know that when individuals are forced to choose between paying rent, buying groceries, caring for their children and paying for the health care that they need, they have to make incredibly hard decisions. Our callers often pay for their care by a patchwork of funding sources including selling personal items, borrowing money from family and friends, and receiving pledges from our fund and other funds who serve individuals living in Maryland. The need for assistance with paying for abortion care is magnified by low-wage jobs that cannot provide for all of a family's needs.

Finally, we urge the Council to amend the bill in order to ensure that workers under 21, tipped employees and individuals with disabilities also receive a fair minimum wage. First, 20% of our callers were under the age of 21, and we know that young women need access to abortion care just like women over the age of 21. Establishing an age-based exception to the raise in the minimum wage unfairly impacts the young women in

¹ We do not currently fund individuals who live in Prince George's or Montgomery Counties.

our City who are struggling to pay for health care. We also note that tipped employees are only required to be paid \$2.13/hour, an amount that has not changed since 1991. Tipped work is both overwhelmingly low-wage and disproportionately performed by women (67% of tipped workers nationwide are women²). These are women who, as a result of an unfair subminimum wage structure, depend on sometimes inconsistent and unreliable income to provide for their basic needs, including the cost of health care.

Finally, in 2016, Maryland enacted statewide legislation, the Ken Capone Equal Employment Act, that puts an end to the use of subminimum wage for individuals with disabilities by 2020. Without equal protections for individuals with disabilities in this legislation, and by allowing the proposed Wage Commission to issue its own certificates for payment of less than the minimum wage to individuals with disabilities, this bill may in effect re-establish a subminimum wage system in the City for workers with disabilities. Research has shown that individuals with disabilities are more likely to be poor at a rate of nearly two and a half times higher than individuals without disabilities.³ Individuals with disabilities are also much more likely to experience hardships caused by poverty like not being able to get needed medical care, and much more likely to lack even modest savings that could cushion them from an unexpected expense, like the cost of paying for abortion care. Given these considerations, we strongly urge the Council to consider amending the bill to provide equitable wage increases for individuals under 21, tipped employees and workers with disabilities.

Thank you for considering our testimony.

Annie Hollis
Vice President, Board of Directors
Baltimore Abortion Fund

² Davis, Alyssa & Cooper, David. "The Way We Pay Tipped Workers Disproportionately Harms Women." Economic Policy Institute, March 25, 2015.

<http://www.epi.org/publication/the-way-we-pay-tipped-workers-disproportionately-harms-women/>

³ Vallas, Rebecca & Fremstad, Shawn. "Disability is a Cause and Consequence of Poverty." Talk Poverty, September 19, 2014.

<https://talkpoverty.org/2014/09/19/disability-cause-consequence-poverty/>

Testimony to Baltimore City Council

Minimum Wage Legislation

My name is John Hoey, and I have the privilege of being the President and CEO of the Y in Central Maryland, one of the City's and the region's largest and longest standing human services organizations. I am also a city resident. I am here to provide you with a description of how this proposed legislation will impact the over 20,000 people we serve throughout the City of Baltimore through our extensive early childhood, youth development and health and wellness work.

First, I would like to summarize for you the full extent of the Y's work in Baltimore City:

- We run 18 Head Start sites and one preschool for 750 of the City's most fragile young children and their families;
- We are the lead agency for 10 Community Schools, where we support over 7,500 families whose children go to school in some of Baltimore's most resource-deprived neighborhoods;
- We operate 12 after school and summer enrichment programs around the City, providing vitally needed and enriching opportunities for over 1,000 young people to be safe, supported and active in that challenging out of school time;
- We operate both the Druid Hill and Weinberg Ys, where a highly diverse mix of over 12,000 people of all ages and income levels are able to experience healthy, active and socially engaging programs to enhance their personal, family and community well-being;
- We employ close to 500 associates in the City of Baltimore, two-thirds of whom are part-time. Many of our people in lower-paid positions are students earning extra income in the summer or while in school. Many are semi-retired. They are the greeters at the front desk, camp counselors and people helping you on the fitness floor who are working at the Y to either augment their income or to have an opportunity for greater social connection.

The Y strongly supports efforts to help families who are struggling to make a better life for themselves. In fact, our current programming provides a significant lift to that very group here in Baltimore. However, the fact is that the enactment of a \$15 minimum wage would add over \$2.5 million in

annual cost to the Y's operations in the city. Although we are a relatively large non-profit, we barely break-even every year and we have no endowment. This bill will result in the following:

- A significant reduction in the number of Head Start children and families served as the federal grant simply doesn't provide for a \$15 minimum wage;
- The after school and community school work that we do, which is funded largely through The Family League and foundations, would be severely imperiled as that funding cannot support a \$15 minimum wage;
- Significant staffing and service reductions and membership and program price increases for the Druid Hill and Weinberg Ys, pushing rates for the Ys in the city substantially higher than rates in surrounding counties. Without question, this will result in fewer people having access to the Y and a far less programming in neighborhoods that very much rely on what we do. Additionally, the positions mentioned above are the very ones we won't be able to afford if this bill goes into effect.

We believe that a dramatically higher minimum wage rate in a city already suffering from high levels of poverty, unemployment, chronic health issues and with far too few employers, makes little economic or common sense. Whether anyone wants to acknowledge it or not, the city of Baltimore is not an island; it exists in a highly connected region. An almost 50% differential between the city's and the surrounding counties' minimum wages will cause incredible harm to an already fragile city.

While we know that this legislation is well-intentioned, the Y believes that you will find that the impact of a \$15 minimum wage in Baltimore City would be even higher levels of unemployment and poverty and less opportunity for those who need it. The Y respectfully asks that you commission an independent economic analysis to study the impact of this legislation before making such a dramatic decision affecting the city's future.

As always, the Y is willing and eager to work with you in partnership to explore more effective ideas to lift up the too many vulnerable children and families in our city.

Thank you.