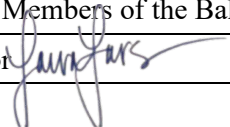




CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Laura Larsen, Budget Director 
<b>DATE</b>	December 9 <sup>th</sup> , 2025
<b>SUBJECT</b>	City Council Bill 25-0116, Security Officers – Compensation

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**Position: Opposes**

The Department of Finance is herein reporting on City Council Bill 25-0116, Security Officers – Compensation, the purpose of which is requiring a certain type of employers to provide specified minimum compensation to a certain class of employee; defining certain terms; providing for the effective dates of this Ordinance; providing for the termination of certain provisions of this Ordinance; and generally relating to compensation for security officers.

**Background**

The City Council has not recently worked on legislation that deals with specifically with security officer pay. However, there have been a number of other pieces of legislation that deal with increasing wages in the City, changing the way that the City calculates wages, applying the prevailing wage to City funded projects, and contract worker retention.

Bill #	Title	Status	Bill's Goal
17-0018	Labor and Employment - City Minimum Wage	Vetoed by Mayor	Would increase the minimum wage to \$15 an hour.
17-0048	Labor and Employment - Displaced Service Workers Protection	Enacted	This provision protects displaced service workers by requiring their retention under certain contract transitions, ensuring transparency, prohibiting retaliation, and empowering the Wage Commission to enforce compliance.
18-0297	Prevailing Wages - Tax Increment Financing Projects	Enacted	Extends the existing prevailing wage requirement to projects receiving funds from TIFs.
20-0629	Prevailing Wage - Determination	Failed	Simplifies the process by which the City calculates its prevailing wage, and establishes a review process.
22-0249	Prevailing Wage - Revisions and Petitions	Failed - End of Term	Simplifies the process by which the City calculates its prevailing wage, and establishes a review process.

24-0556	Fair Wages for Tipped Employees	Failed - End of Term	Would bring the tipped wage up to the minimum wage.
25-0058	Fair Wages for Tipped Employees	In Committee	Would bring the tipped wage up to the minimum wage.

### **City Council Bill 25-0116**

Council Bill 25-0116 establishes minimum compensation standards for security officers working in Baltimore City. The bill requires certain employers to pay security officers at least a defined combination of wages and benefits. Each year, the Wage Commission must determine the higher of the following: (1) the total compensation (wages, health and welfare benefits, and paid vacation/holidays) listed in the federal Department of Labor’s “Guard 1” wage determination for the Baltimore area, or (2) the combined average wage rate and average total benefit rate paid to security officers. This is found by examining the wages of security officers positioned at buildings that are 350,000 square feet or more. The higher of these two amounts becomes the required minimum compensation. The Wage Commission must publish this determination annually by July 1 of each year.

### **Fiscal Impact**

This legislation is estimated to result in approximately \$820,000 of recurring costs for the City. The primary drivers of the increase come from the existing security contract utilized by DGS and additional staff needed to implement the legislation. This section summarizes our cost projections.

#### *Security Cost Estimates*

The City utilizes external security contracts for various City buildings through a contract managed by the Department of General Services (DGS). Most recently, DGS has utilized a contract with Abacus to provide security services. Under the contract, the City pays Abacus for 6,565 hours of security officer coverage per week. Abacus is permitted to charge one supervisory hour for every 16 hours worked by a nonsupervisory security officer. There is a flat rate for the use of patrol vehicles, and it is assumed this rate will not change as a result of the proposed legislation.

The current wage paid by the City’s contractor to security officers is \$18.50 per hour. The cost to the City is \$27.40 per hour—approximately 48% higher than the wage paid. The supervisory wage is approximately \$23.36 per hour, with the charge to the City being \$34.58. It is assumed that the contractor will continue to apply a 48% markup for overhead and profit. The Department of Labor’s wage determination for “Guard 1” in the Baltimore area lists a wage of \$19.39 per hour and \$4.98 in health and welfare benefits, for a total required compensation of \$24.37 per hour. This is the only publicly available rate of the two mentioned above and thus was used to build this model. This represents a \$5.87 per-hour increase. Due to wage compression, supervisory wages are also expected to increase. Currently, supervisory officers earn approximately 26% more than nonsupervisory employees. Under the new rates, supervisory wages are estimated to increase to \$33.77 per hour, with the charge to the City rising to \$49.98.

The table below outlines the hours and wages under the current contract as well as the estimated rates under Bill 25-0116.

Type of Hour	Hours worked per week	Current Contract Wage (cost to City)	Wage under 25-0116 (cost to City)
Weekly hours worked (nonsupervisory)	6,565	\$18.50 (\$27.40)	\$24.37 (\$36.07)
Weekly hours worked (supervisory)	410	\$23.36 (\$34.58)	\$33.77 (\$49.98)
Weekly hours used (car)	24	\$13.52	\$13.52

In the current contract, approximately 7% of the total cost can be attributed to holiday pay, overtime, and emergency assignments. It is assumed that this proportion will remain the same under a new contract. The table below outlines the weekly and monthly costs the City incurs for the security services contract and compares current costs to the projected costs under Bill 25-0116.

	Current Costs	Projected Costs	Difference
Weekly Cost	\$194,394	\$259,555	\$65,161
Monthly Cost	\$777,576	\$1,038,221	\$260,645
2-Month costs	\$1,555,153	\$2,120,625	\$565,472
Overtime, holiday pay, and emergency assignments	\$108,211	\$148,444	\$40,233
<b>Total Cost</b>	<b>\$1,663,364</b>	<b>\$2,269,068</b>	<b>\$605,704</b>

### *Oversight Cost Projections*

The Wage Commission would also need to hire additional staff to process violations of the legislation. The Office of Equity and Civil Rights has indicated they would need two additional Program Compliance Officer II positions to meet the requirements of this legislation. These positions have a salary of \$70,509 with \$36,450 in benefits for a total of \$106,959 per position and \$213,917 for the two positions. After a year, the Wage Commission has stated that they would assess staff workload to see if additional staff are necessary.

Overall, Bill 25-0116 is expected to meaningfully increase the wages of security officers as well as the cost of security services across multiple City agencies and affiliated institutions. While the bill aims to establish fairer compensation standards for security officers, the resulting rise in contract expenses will require additional funding to maintain current service levels.

### **Other Considerations**

This legislation also impacts private businesses in the City who utilize private security contracts. These companies and firms will also see an overall increase in their costs. It is expected these costs will be passed on to consumers.

To estimate the potential impact on local businesses, the Department of Finance drew from the Occupational and Employment Wage Statistics (OEWS) program, managed by the Bureau of Labor Statistics (BLS) in partnership with State Workforce Agencies (SWAs). This program provides annual employment, and wage estimates for approximately 830 occupations. Data is collected from business establishments over a three-year period, excluding self-employed individuals, unpaid workers, and owners of unincorporated firms. The OEWS uses the Standard Occupational Classification (SOC) system to

categorize job roles. The survey is conducted twice a year (May and November), and no establishment is surveyed more than once every three years, reducing the response burden.

In 2024 (the most recent year for which the report is available) the median hourly wage for a security officer in Baltimore was \$17.55; this is the average wage paid across all security service companies, not the average per-employee wage rate. As noted previously, the wage set by the Department of Labor for “Guard 1” is \$24.37, representing a \$6.82 increase in the cost of security services per hour, excluding the security service company’s overhead. Any increases in wages and benefits would be passed along to businesses contracting these services in Baltimore. To continue operating, businesses would either need to reduce security services or cut costs in other areas, such as staffing, to accommodate the higher expenses associated with security services.

### **Conclusion**

Council Bill 25-0116 aims to ensure fair compensation for security officers in Baltimore City. However, the legislation carries substantial fiscal implications for the City, its agencies, affiliated institutions, and the local business community. Increased costs for security services will require careful budget planning, as agencies may face higher operational expenses and businesses may need to adjust staffing or service levels to absorb these costs. While the bill advances equity for security officers, it also underscores the need for strategic financial planning to balance fair labor standards with the City’s and local businesses’ economic capacity.

**For the reasons stated above, the Department of Finance opposes City Council Bill 25-0116.**

cc: Michael Mocksten  
Nina Themelis