

RKAC, Deputy, for:

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (396-4941)
	SUBJECT	SUBJECT City Council Bill #16-0655 – Minimum Wage

CITY of
BALTIMORE
MEMO



TO DATE: July 26, 2016

The Honorable President and
Members of the City Council
Room 400, City Hall

Attention: Ms. Natawna Austin

During the work sessions for Council Bill 16-0655, two amendments were proposed to the original legislation that would change the timing and levels of the minimum wage. We are herein reporting on the cost impacts of these amendments.

Wages

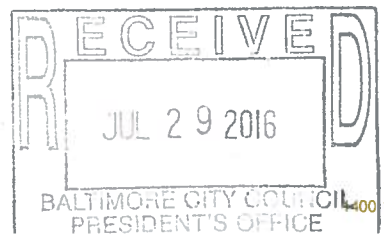
The original legislation set an increasing minimum wage level that reached \$15 in Fiscal 2021, with cost-of-living adjustments thereafter. Councilwoman Clarke's amendment maintained this increasing wage level but extended the time to reach \$15 until Fiscal 2023. Council President Young's amendment sets an increasing minimum wage level that reaches \$11.50 in Fiscal 2021 with no further cost-of-living adjustments. The table below shows these three scenarios versus the State minimum wage, which serves as baseline for the City's 10-year forecast. Note that we assumed 2% growth State minimum wage after Fiscal 2019:

Minimum Wage	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
State	\$8.75	\$9.25	\$10.10	\$10.30	\$10.50	\$10.71	\$10.92
City - Original Legislation	\$8.75	\$10.50	\$12.00	\$13.50	\$15.00	\$15.30	\$15.61
City - Clarke Amendment	\$8.75	\$9.50	\$10.50	\$11.50	\$12.50	\$13.50	\$15.00
City - President Amendment	\$8.75	\$9.75	\$10.10	\$10.75	\$11.50	\$11.50	\$11.50

Analysis

In the original Finance analysis, we estimated the cost impact through Fiscal 2021, which was the year that the minimum wage reached \$15 in the original legislation. Councilwoman Clarke's amendment would grow the minimum wage to \$15 by Fiscal 2023. In order to maintain an apples-to-apples comparison, we looked at both the original legislation and the two amendments through Fiscal 2013, totaling seven years. We also removed the cost impact for the Youth Works program, which is now amended to be exempt from the City minimum wage requirements. The table below shows the cost impact of each scenario:

Comments



Original Legislation	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Total
Part-Time Employees	\$0.0	\$0.4	\$1.7	\$3.6	\$5.7	\$5.8	\$6.0	\$23.2
Full-Time Employees - Pay Compression	\$0.0	\$15.8	\$24.1	\$40.6	\$57.0	\$58.0	\$59.0	\$254.4
Total	\$0.0	\$16.2	\$25.8	\$44.1	\$62.7	\$63.8	\$65.0	\$277.6
Councilwoman Clarke Amendment	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Total
Part-Time Employees	\$0.0	\$0.1	\$0.1	\$0.8	\$1.7	\$2.7	\$4.5	\$9.9
Full-Time Employees - Pay Compression	\$0.0	\$3.0	\$5.1	\$15.2	\$25.3	\$35.2	\$51.3	\$135.2
Total	\$0.0	\$3.1	\$5.2	\$16.0	\$27.0	\$37.9	\$55.8	\$145.1
Council President Young Amendment	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Total
Part-Time Employees	\$0.0	\$0.0	\$0.1	\$0.1	\$0.3	\$0.3	\$0.4	\$1.2
Full-Time Employees - Pay Compression	\$0.0	\$6.3	\$0.0	\$5.7	\$12.7	\$12.7	\$12.7	\$50.2
Total	\$0.0	\$6.3	\$0.1	\$5.8	\$13.0	\$13.0	\$13.1	\$51.4

cc: Henry Raymond
Angela Gibson

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