

The Case for Raising the City of Baltimore's Minimum Wage to \$15 by 2020

Advocates in the City of Baltimore have announced a new campaign to raise the City's minimum wage to \$15 by 2020. This campaign pushes forward Baltimore's historical commitment to a local wage that meets its residents' needs. It also follows a growing list of cities and counties that are pushing for a \$15 minimum wage—a wage high enough to allow workers to meet actual living costs and to begin to reverse the tilt in the City's economy towards low-paying jobs.

The City of Baltimore First Enacted a Local Minimum Wage in 1964 to Address the Economic Needs of Its Workers

- The City of Baltimore enacted one of the nation's first minimum wage ordinances in 1964 because it found that the federal and Maryland minimum wages were not high enough to enable working persons in the City to maintain a minimal standard of living and that those conditions adversely affected their well-being, as well as the economic and social welfare of residents.¹
- The City continued to raise its minimum wage above the state minimum wage throughout the 1960s, but eventually stopped updating it regularly—with the result that it fell into disuse.²
- With dozens of cities and counties across the U.S. today raising the minimum wage, this new campaign to increase the City of Baltimore's minimum wage to \$15 will push the City to again recognize and respond to the particular needs of its workers.

A \$15 Minimum Wage in the City of Baltimore Could Raise Wages for about 27 Percent of the City's Workforce and Help Realign Wages with Living Costs

- A \$15 minimum wage by 2020 could raise pay for about 98,000 workers—or about 27 percent of the workforce in the City—³who currently earn less than that hourly wage.
- The Economic Policy Institute's Family Budget Calculator estimates that a single worker in the Baltimore/Towson metro area needed to earn \$33,994 a year in 2014—approximately \$16 per hour—to cover basic living costs. And a single worker supporting a child needed \$59,134 annually—translating to approximately \$28 per hour.⁴ A \$15 minimum wage by 2020 would bring many City of Baltimore families much closer to meeting their basic needs.

- High numbers of City of Baltimore residents now live in poverty and rely on government assistance. Approximately 24 percent of City of Baltimore residents currently have an income below the poverty level.⁵ More than one-fifth of City of Baltimore households receive food stamps/SNAP.⁶
- In addition, the wage crisis facing low-wage workers has been worsening. A recent NELP report found that real median hourly wages have been declining steadily for all workers and that low-wage workers have been hardest hit. Between 2009 and 2014, real median wages fell by four percent for all occupations—and by 5.7 percent for workers in the bottom 20 percent of earners.⁷

A \$15 Minimum Wage Will Benefit the City of Baltimore’s Workers, Residents, and Businesses

- More than 30 cities in 10 states have enacted local minimum wages in recent years,⁸ including Montgomery and Prince George’s County, Maryland, and these cities and counties have found that they can raise local wages without jobs losses.⁹
- More than 200 economists have endorsed a \$15 minimum wage at the national level, finding that “raising the federal minimum to \$15 an hour by 2020 will be an effective means of improving living standards for low-wage workers and their families and will help stabilize the economy.”¹⁰
- Economic modeling by University of California economists in cities like Los Angeles shows that the benefits of increasing the minimum wage to approximately \$15 would substantially outweigh the likely modest costs—and would deliver in Los Angeles’ case a \$4,800 annual raise for the average affected worker.¹¹
- The experiences of the first jurisdictions phasing their minimum wages up to \$15 are consistent with these analyses. In Seattle, the first major city to adopt a \$15 wage, the region’s unemployment rate hit an eight-year low of 3.6 percent in August 2015, significantly lower than the state unemployment rate of 5.3 percent.¹² And in a front-page story titled “Apocalypse Not: \$15 and the cuts that never came,” the *Puget Sound Business Journal* reported that Seattle’s restaurant industry has continued to expand and thrive as the \$15 wage phases in.¹³ King County, where Seattle is located, is on its way to breaking 2014’s record for the number of business permits issued to food service establishments.¹⁴ And business owners who had publicly opposed the \$15 minimum wage are in the process of expanding operations.¹⁵
- Small businesses will likely benefit from a higher minimum wage because low-wage workers tend to spend their increased earnings on basic needs at businesses that rely on consumer spending.¹⁶
- A \$15 minimum wage would likely reduce employee recruitment and training costs for low-wage industries currently plagued by high (and costly) turnover.¹⁷ Turnover rates in the restaurants-and-accommodations sector, for example, exceed 60 percent per year, according to the National Restaurant Association.¹⁸ For home health aides, the turnover rates are 40–65 percent per year.¹⁹

The City of Baltimore’s Campaign for \$15 follows a Growing List of Cities and Counties That Are Pushing to Raise Their Minimum Wage to \$15

- Over the past 18 months, more than six U.S. cities and counties, including San Francisco and Los Angeles, have approved \$15 minimum wages and more, such as Washington D.C., are likely to follow in the coming year.²⁰
- Governor Andrew Cuomo of New York and Governor Jerry Brown of California recently signed legislation increasing the minimum wage statewide to \$15.²¹
- Large employers, including Walmart, Target, Aetna, IKEA, and the Gap, have begun to raise their wages as they recognize that higher wages can “benefit customer service and the bottom line as well as employees.”²²

Endnotes

¹ *City of Baltimore v. Sitnick*, 254 Md. 303, 308 (Md. Ct. App. 1969).

² *Id.*

³ Will Kimball, Raising Baltimore’s minimum wage to \$15 by July 2020 would lift wages for 98,000 working people (May 2016), available at <http://www.epi.org/files/pdf/105370.pdf>.

⁴ Economic Policy Institute, Family Budget Calculator, <http://www.epi.org/resources/budget/>.

⁵ United States Census Bureau, Easy Stats, <https://www.census.gov/easystats/>.

⁶ *Id.*

⁷ Claire McKenna & Irene Tung, Occupational Wage Declines Since the Great Recession: Low-Wage Occupations See Largest Real Wage Declines (Sept. 2015) at 2, available at <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>.

⁸ Raise the Minimum Wage, Local Minimum Wage Laws and Current Campaigns, <http://www.raisetheminimumwage.com/pages/campaigns/> (last viewed Apr. 13, 2016).

⁹ National Employment Law Project, City Minimum Wage Laws: Recent Trends and Economic Evidence (Mar. 2016), available at <http://www.nelp.org/content/uploads/City-Minimum-Wage-Recent-Trends-Economic-Evidence.pdf>.

¹⁰ Senate Budget Committee Budget Blog, “Top Economists Are Backing Sen. Bernie Sanders on Establishing a \$15 an Hour Minimum Wage,” July 21, 2015, available at <http://www.budget.senate.gov/democratic/public/index.cfm/blog?ID=d388e874-ab05-412d-b5ff-266659accef5>.

¹¹ Michael Reich et al., University of California, Berkeley, Institute for Research on Labor and Employment, The Proposed Minimum Wage Law for Los Angeles: Economic Impacts and Policy Options (Mar. 2015), available at <http://irle.berkeley.edu/cwed/briefs/2015-01.pdf>.

¹² Coral Garnick, “Seattle jobless rate hits 8-year low in August,” *The Seattle Times*, Sept. 16, 2015, available at <http://www.seattletimes.com/business/local-business/state-jobless-rate-stays-steady-at-53-percent-in-august/>.

¹³ Paul Constant, “You Should Read This Story About Seattle’s ‘Minimum Wage Meltdown that Never Happened,’” *Civic Skunk Works*, Oct. 23, 2015, available at <http://civicskunkworks.com/you-should-read-this-story-about-seattles-minimum-wage-meltdown-that-never-happened/>.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ United States Department of Labor, Minimum Wage Mythbusters, <https://www.dol.gov/featured/minimum-wage/mythbuster> (last viewed Apr. 13, 2016).

¹⁷ Lauren Weber, “One Reason Wal-Mart is Raising Pay: Turnover,” *Wall Street Journal*, Feb. 19, 2015, available at <http://blogs.wsj.com/atwork/2015/02/19/one-reason-wal-mart-is-raising-pay-turnover/>.

¹⁸ National Restaurant Ass’n, Economist’s Notebook: Hospitality employee turnover rose slightly in 2013 (Mar. 2014), available at <http://www.restaurant.org/News-Research/News/Economist-s-Notebook-Hospitality-employee-turnover>.

¹⁹ Sarah Portlock, “Help Wanted (a Lot): Home-Health Aides: Fast-Growing Industry Experiences High Turnover Amid Low Pay and Demanding Duties,” *Wall Street Journal*, Aug. 22, 2014, available at <http://www.wsj.com/articles/help-wanted-a-lot-home-health-aides-1408721457>.

²⁰ Raise the Minimum Wage, \$15 Laws & Current Campaigns, <http://raisetheminimumwage.org/pages/15-Laws-Current-Campaigns> (last viewed Apr. 13, 2016).

²¹ New York State, Governor Cuomo Signs \$15 Minimum Wage Plan and 12 Week Paid Family Leave Policy into Law, <https://www.governor.ny.gov/news/governor-cuomo-signs-15-minimum-wage-plan-and-12-week-paid-family-leave-policy-law> (last viewed Apr. 13, 2016); David Siders, Jerry Brown signs \$15 minimum wage in California, *The Sacramento Bee*, Apr. 4, 2016, available at <http://www.sacbee.com/news/politics-government/capitol-alert/article69842317.html>.

²² Christopher Gunn & Thomas Michl, “Guest Column: Higher wages serve up better economics for workers and NY,” *Oneida Daily Dispatch*, Aug. 18, 2015, available at <http://www.oneidadispatch.com/opinion/20150818/guest-column-higher-wages-serve-up-better-economics-for-workers-and-ny>.

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