

A \$15 MINIMUM WAGE: VIEWS FROM WESTERN MARYLAND ORGANIZATIONS



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EXECUTIVE SUMMARY

The minimum wage debate has gained traction in the USA recently, with cities like Seattle and San Francisco, implementing a \$15 per hour rate. The Federal Minimum Wage is set at \$7.25 but states and municipalities are free to set a higher wage rate. Currently, the state of Maryland, along with twenty-nine other states, has a minimum wage above the Federal rate. One aspect of the debate is whether the minimum wage should be a living wage. A living wage is the minimum income one requires to meet basic needs such as food, housing, and other essential goods. In contrast, minimum wage is the lowest amount of remuneration an employer can legally pay their employees.

The state of Maryland has been referred to as “America in Miniature” because of the wide variety of terrains found across the state, an analogy which can be expanded to examine the diversity of economic conditions there as well. While Maryland as a state ranks better than the USA on Poverty Level, High School Graduation Rate, Bachelors Attainment Percentage, Median Property Value, and Median Household Income, Allegany and Garrett County trail by a large margin on every measure. The diverse economic conditions in Maryland create a unique problem for establishing a higher state-wide minimum wage.

This study examined the views and opinions of Western Maryland business owners concerning a \$15 per hour minimum wage rate. A 40-question survey instrument was used to collect data from 282 organizations in Allegany and Garrett County from November 5-19, 2018. The respondents were given an opportunity to answer closed-choice as well as open-ended questions. The survey was distributed with the support from Allegany and Garrett County Chamber of Commerce, the Tri-County Council, and other regional economic development and business associations.

The results were consistent: organizations believed an increase of the minimum wage to \$15 per hour would do more harm than good. Only a small percentage of organizations (15%) believed the Maryland minimum wage should be \$15 per hour. Most (50%) believed it should remain at the current rate of \$10.10. These results were consistent regardless of the organization’s structure, size, industry, or estimated annual revenues. Organizations indicated the impact of the increased minimum wage rate would be slightly to significantly negative.

Forty-three percent of organizations did indicate that they would survive the wage increase, but an equal number (44%) indicated they were unsure. This finding highlights the precarious balance these organizations face with managing their costs. Hence, even a modest increase in costs could impact their organizations’ continued operations.

Even with the increased minimum wage, less than half (41%) of organizations indicated they would continue operating where they are. However, 20% stated they would consider moving to another state with a lower minimum wage, and 9% said they would close their business. Maryland neighboring states all have minimum wages below the current rate of \$10.10. Virginia and Pennsylvania have a minimum wage of \$7.25 while Delaware has a rate of \$8.20, and West Virginia has a rate of \$8.75.

When prompted to select the type of cost-saving measures the organizations would implement to manage a minimum wage increase, the top five responses were:

1. reduce the number of employees,
2. reduce or eliminate bonuses,
3. delay employee promotions and raises,
4. cut weekly work hours for employees, and
5. discourage overtime work.

The study also attempted to capture the respondents' opinions concerning the minimum wage. The majority of the respondents agreed the minimum wage is the standard wage for no/low skill jobs (69%) and not a living wage (64%). The consensus is that a minimum wage increase would:

- not improve the standard of living in Western Maryland (69%),
- lead to increased worker lay-offs (83%),
- lead to a reduction in the start of new businesses (81%).

Overall, respondents (77%) believed raising the minimum wage would have more negative consequences on rural counties than urban counties in Maryland.

One conclusion from this study is that the state of Maryland must consider a minimum wage that takes into consideration the dispersion of economic conditions across the State. While an increased minimum wage rate might be needed in the City of Baltimore and counties like Montgomery and Howard, it would not be suited for Allegany and Garrett counties. This study indicated small/medium sized organizations were the most unsure about their survivability after a minimum wage increase. These small/medium organizations have a lower level of flexibility and are likely the ones most adversely affected by a minimum wage rate increase.

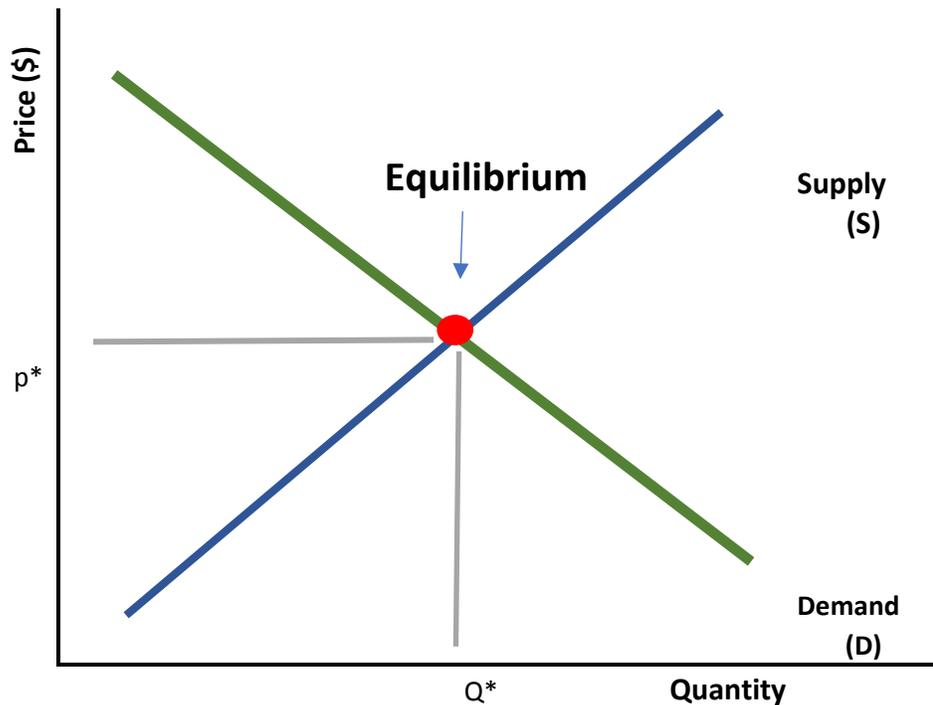
In summary, the organizations identified in this study are more than just for-profit businesses. They also include many other types of not-for-profit or service organizations that could range from child care workers, non-profits, religious institutions, educational institutions, government entities, nursing homes etc. Although a higher minimum wage would increase worker pay, there will be some unintended consequences that come along with it. While minimum wages may be a well-meaning attempt to help workers, economic research has shown there is a cost to the wage increase. This potential cost affects the least skilled workers the most since they cannot enter new low skilled jobs. Lawmakers might consider examining both the intended and unintended impacts of higher minimum wages.

1. INTRODUCTION

For many Americans being a productive member of society entails working a job, paying taxes, and contributing their time and talent to better their community. Individuals choose jobs based on their different levels of intelligence, skills, and abilities, which are valued differently in the open market. Higher skills often, but not always, translate into higher pay while lower skills or no skills are generally paid significantly lower, often at the minimum wage level.

While we may be appalled that our society will compensate a major league shortstop much better than an elementary teacher, both are governed by the basic economic principle of supply and demand. Demand is the quantity of a product or service that is desired by buyers. The level of demand rises and falls on the price of the product or service. The higher the price of that good or service, the less the demand. Supply represents how much the market can offer at a certain price, such that the higher the price for suppliers, the more product is available. The term equilibrium describes the condition when supply and demand are equal (see Figure 1).

Figure 1



The baseball owners want to hire players who will win games and entice fans to buy tickets. Since the number of these players is relatively small in supply and there is much demand for them, their value increases to stratospheric levels. Conversely, while most of us can fondly remember our elementary school teachers, there are many more of them, which drives down their market value, especially in public education, where the bottom line isn't a consideration. Thus, a high supply with a lesser demand equates into lower wages. So, how does this relationship affect labor markets? The demand for labor or workers is dependent on the amount of supply that is required and what someone is willing to pay. But, to keep owners from taking advantage of workers the Federal government instituted the Federal Minimum Wage.

2. FEDERAL MINIMUM WAGE

The Federal Minimum Wage is the lowest amount employers can legally pay their workers. The Fair Labor Standards Act (FLSA) was passed under President Roosevelt in 1938 to create the first national minimum wage, or a wage floor of twenty-five cents per hour. Its stated purpose was to increase the wages of workers, narrow the gap between the workers and owners, and create a level playing field for workers throughout the country. Over time the Federal minimum wage was increased to its current rate of \$7.25 on July 24, 2009 (see Table 1). <https://www.dol.gov/general/topic/wages/minimumwage>)

<i>Date</i>	<i>Minimum Wage</i>
Oct 24, 1938	\$ 0.25
Oct 24, 1939	\$ 0.30
Oct 24, 1945	\$ 0.40
Jan 25, 1950	\$ 0.75
Mar 1, 1956	\$ 1.00
Sep 3, 1961	\$ 1.15
Sep 3, 1963	\$ 1.25
Feb 1, 1967	\$ 1.40
Feb 1, 1968	\$ 1.60
Feb 1, 1969	\$ 1.30
Feb 1, 1970	\$ 1.40
Feb 1, 1971	\$ 1.60
May 1, 1974	\$ 2.00
Jan. 1, 1975	\$ 2.10
Jan 1, 1976	\$ 2.30
Jan 1, 1978	\$ 2.65
Jan 1, 1979	\$ 2.90
Jan 1, 1980	\$ 3.10
Jan 1, 1981	\$ 3.35
Apr 1, 1990	\$ 3.80
Apr 1, 1991	\$ 4.25
Oct 1, 1996	\$ 4.75
Sep 1, 1997	\$ 5.15
Jul 24, 2007	\$ 5.85
Jul 24, 2008	\$ 6.55
Jul 24, 2009	\$ 7.25

<https://www.dol.gov/whd/minwage/chart.htm>

Minimum wage proponents assert that a minimum wage is both a human rights issue and that an increase will raise wages, lower poverty levels, and reduce income inequality. Consequently, many states have elected to set their own minimum wage, which must be equal to or greater than the Federal minimum wage rate. However, when the two rates are in conflict, the employee is paid the higher of the two rates. Currently, twenty-nine states and the District of Columbia have rates higher than the Federal Minimum Wage while twenty-one states are equal to the Federal rate of \$7.25. As depicted in Table 2, Maryland is near the upper end of the states with a minimum wage greater than the Federal rate.

Table 2: Minimum wage by State 7/1/18			
	<i>Greater than Federal Minimum Wage</i>	<i>Amount of state Minimum Wage</i>	<i>Equals Federal Min Wage of \$7.25</i>
1	NM	\$ 7.50	AL
2	MO	\$ 7.80	GA
3	DE	\$ 8.20	IA
4	FL	\$ 8.20	ID
5	IL	\$ 8.20	IN
6	NV	\$ 8.20	KS
7	MT	\$ 8.30	KY
8	OH	\$ 8.30	LA
9	AR	\$ 8.50	MS
10	NJ	\$ 8.60	NC
11	WV	\$ 8.75	ND
12	SD	\$ 8.80	NH
13	NE	\$ 9.00	OK
14	MI	\$ 9.20	PA
15	MN	\$ 9.60	SC
16	AK	\$ 9.84	TN
17	ME	\$ 10.00	TX
18	CT	\$ 10.10	UT
19	HI	\$ 10.10	VA
20	RI	\$ 10.10	WI
21	MARYLAND	\$ 10.10	WY
22	CO	\$ 10.20	
23	NY	\$ 10.40	
24	AZ	\$ 10.50	
25	VT	\$ 10.50	
26	OR	\$ 10.70	
27	CA	\$ 11.00	
28	MA	\$ 11.00	
29	WA	\$ 11.50	
30	DC	\$ 13.20	

<https://www.dol.gov/whd/minwage/mw-consolidated.htm>

<https://www.minimum-wage.org>

Table 3 illustrates the increases in the Maryland minimum wage which increased over the Federal rate starting January 1, 2015 which is currently 39.3% greater than the Federal rate.

January 1, 2015	\$ 8.00
July 1, 2015	\$ 8.25
July 1, 2016	\$ 8.75
July 1, 2017	\$ 9.25
July 1, 2018	\$ 10.10

<https://www.minimum-wage.org/maryland>

3. LIVING WAGE vs MINIMUM WAGE

The term living wage is often erroneously, and interchangeably, used with minimum wage. These two terms are different. The minimum wage is established by the federal, state, and local government laws and sets the lowest wage an employer may legally pay their employees. The living wage is the amount of pay considered sufficient for an individual and his/her family to cover the basic costs of living in a specific location. There is no living wage law at the federal level.

The biggest difference between the two wages lies in their calculation. The minimum wage is not connected to any government measure such as, poverty level, inflation, or cost of living. Its rate depends on Congressional approval. The living wage considers the local areas cost of living, which include factors such as housing, child care, health care, food, transportation and other basic necessities. The minimum wage focuses on the individual while the living wage factors in size of household.

The slogan “*Fight for \$15*” has been the impetus for a living wage. This movement began in 2012, when two hundred fast-food workers walked off the job in New York City to demand \$15 per hour and union rights. It is now a global movement in over 300 cities on six continents. (<https://fightfor15.org/about-us/>)

Dr. Amy Glasmeier at the Massachusetts Institute of Technology created the living wage calculator in 2004. This tool estimates the “Living Wage” that is needed by State, County, number of adults and children in the household, and the number of adults working, to pay for basic living conditions (<http://livingwage.mit.edu/>). Using this calculator one can immediately see the variations in pay across the state of Maryland (see Table 4). The living wage does not take into consideration the skill level of the workers or the jobs they would be performing.

Table 4: Living Wage Calculations for 4 counties

		<i>1 Adult</i>	<i>1 Adult 2 Children</i>
Allegany	Living Wage	\$10.71	\$27.71
Garrett	Living Wage	\$10.51	\$28.21
Montgomery	Living Wage	\$16.81	\$34.70
Howard	Living Wage	\$13.28	\$32.27

<http://livingwage.mit.edu/counties/24001>

4. MARYLAND COUNTY STATISTICS

Maryland is by all accounts a wealthy state. In fact, Maryland ranks first in median household income among all the States in the USA (see Table 5).

Table 5: Top States in Median Household Income

Rank	State	Median Household Income
1	MARYLAND	\$ 78,945
2	Alaska	\$ 76,440
3	New Jersey	\$ 76,126
4	Massachusetts	\$ 75,297
5	Hawaii	\$ 74,511
6	Connecticut	\$ 73,433
7	New Hampshire	\$ 70,936
8	Virginia	\$ 68,114
9	California	\$ 67,739
10	Washington	\$ 67,106

<https://www.usnews.com/news/best-states/slideshows/10-wealthiest-states-in-america>

In terms of total square miles Maryland ranks forty-second in size, but nineteenth in population. Despite its relatively small size, it encompasses twenty-three counties and Baltimore City which are extremely diverse ethnically, culturally and perhaps most importantly, economically. <https://www.worldatlas.com/aatlas/infopage/usabysiz.htm>

The following charts will illustrate the vast differences in the State by several important factors: median age, unemployment rate, poverty rate, educational achievement, median property value, and median household income.

The first metric is the median age. Allegany and Garrett counties are nineteen percent and twenty-eight percent, respectively, above the median age in Baltimore City. This higher age reflects having fewer young residents in their region (see Table 6).

Table 6: Median Age by County	
	<i>Median Age</i>
Baltimore City	34.9
Wicomico County	35.7
St. Mary's County	36.3
Prince George's County	36.7
Somerset County	37
USA	37.9
Charles County	37.9
Anne Arundel County	38
MARYLAND	38.5
Howard County	38.6
Montgomery County	39
Frederick County	39.2
Baltimore County	39.4
Caroline County	40
Cecil County	40.2
Calvert County	40.7
Washington County	40.7
Harford County	41.2
Allegany County	41.6
Carroll County	42.4
Queen Anne's County	43.8
Dorchester County	44.2
Garrett County	44.8
Kent County	46.5
Talbot County	49.4
Worcester County	49.4

Dataset: ACS 5-year Estimate Source: Census Bureau

The unemployment rate for the state of Maryland from the year end period 2012-September 2018 ranged from a low of 3.9% to a high of 7%. While many areas of the state are experiencing unemployment around 3%, Western Maryland is not faring quite as well. Garrett County's unemployment rate has ranged from a high of 8.3% to a low of 4.2% while Allegany County ranged from 8.9% to 5.1% (see Table 7).

County	2012	2013	2014	2015	2016	2017	As of 9/18
Howard	5	4.8	4.3	3.8	3.3	3.1	3.1
Montgomery	5.2	4.9	4.4	3.9	3.4	3.3	3.2
Queen Anne's	6.3	5.8	5.1	4.5	3.9	3.7	3.2
Anne Arundel	6	5.7	5.1	4.4	3.8	3.6	3.3
Caroline	7.7	6.9	6.3	5.4	4.8	4.3	3.3
Calvert	6.3	5.9	5.3	4.6	3.9	3.6	3.5
Frederick	6.1	5.7	5.1	4.5	3.9	3.6	3.5
Carroll	5.9	5.5	4.8	4.2	3.6	3.4	3.6
Harford	6.9	6.5	5.7	4.9	4.2	3.9	3.6
Talbot	7.2	6.4	5.5	4.9	4.2	4	3.6
St. Mary's	6.2	6	5.4	4.8	4.2	4	3.7
USA	7.9	6.7	5.6	5	4.7	4.1	3.7
MARYLAND	7	6.6	5.8	5.1	4.4	4.1	3.9
Charles	6.7	6.5	5.7	5	4.2	4	3.9
Baltimore Country	7.4	6.9	6.1	5.3	4.7	4.3	4
Kent	7.6	7.2	6.4	5.3	4.9	4.5	4.1
Prince George	7.3	6.9	6.1	5.2	4.4	4.2	4.1
Cecil	8.3	7.7	6.6	6	5.2	4.8	4.2
Garrett	8.3	8.1	7.1	6.3	5.7	5.2	4.2
Washington	7.8	7.3	6.5	5.6	5.1	4.6	4.2
Wicomico	9.4	8.7	7.8	6.8	6.2	5.7	4.9
Dorchester	10.8	9.8	8.4	7.1	6.2	5.7	5
Allegany	8.9	8.5	7.6	7	6.2	5.8	5.1
Worcester	12.9	12.6	11.5	10.6	9.3	8.5	5.3
Baltimore City	10.2	9.7	8.5	7.5	6.6	6.1	5.6
Somerset	11.3	10.7	9.4	8.2	7.3	6.8	6.5

As can be seen in Tables 7 and 8, for Allegany and Garrett Counties, there is a strong positive correlation between the poverty rate and the unemployment rate. Garrett County has a poverty rate of nearly thirteen percent while Allegany County is third from the highest at seventeen percent (see Table 8).

Table 8: Poverty Rate by County	
	<i>Poverty Rate</i>
Howard County	4.66%
Carroll County	5.72%
Calvert County	6.03%
Queen Anne's County	6.51%
Montgomery County	6.73%
Anne Arundel County	6.92%
Frederick County	7.12%
Harford County	7.24%
Charles County	7.65%
St. Mary's County	7.84%
Baltimore County	9%
Prince George's County	9.1%
MARYLAND	9.7%
Worcester County	10.2%
Cecil County	10.6%
Talbot County	10.9%
Kent County	12%
Garrett County	12.7%
Washington County	12.9%
USA	14.0%
Wicomico County	16.3%
Dorchester County	17%
Caroline County	17.1%
Allegany County	17.4%
Baltimore City	21.9%
Somerset County	25.1%

Dataset: ACS 5-year Estimate Source: Census Bureau

A well-educated workforce is critical for the economic well-being of the community. When viewing the high school graduation rate, the State of Maryland (89.9%) is nearly 6 percentage points higher than the USA average. Even though it is lower than the State average, the Western Maryland counties graduate approximately 89% of their high school students. However, when viewing the percentage of residents who have achieved a four-year bachelor's degree, the results are sobering.

There is a natural drop-off rate between the numbers of students who graduate college compared to high school. The State's four-year graduation rate is 39.7%. While 5.5 percentage points better than for the USA as a whole, the average drop-off is nearly 60%. Garrett County has a college graduation rate that is less than half of the State's average graduation rate. Further, the drop-off from high school to college graduation is over 78%. Allegany County has the third-lowest four-year college graduation rate with a nearly 80% drop off from its high school graduation rate (see Table 9). The rate of completion of two-year degrees or technical schools is not included here.

County	High School Graduation Rate	County	Bachelors Attainment %	% Drop HS Degree to College Degree
Howard	95.3	Howard	61	
Calvert	93.3	Montgomery	58.1	
Charles	92.8	Frederick	39.7	
Harford	92.8	MARYLAND	39.7	-55.8%
Frederick	92.6	Anne Arundel	39.4	
Carroll	92.1	Baltimore City	37.2	
Anne Arundel	91.9	Talbot	35.8	
Queen Anne's	91.6	Queen Anne's	35	
Montgomery	91.2	Harford	34.5	
Baltimore City	91	USA	34.2	-59.3%
MARYLAND	89.9	Carroll	33.7	
St. Mary's	89.9	Prince George	31.5	
Worcester	89.6	Kent	30.5	
Talbot	89.2	Somerset	29.9	
Allegany	89.1	Worcester	29.9	
Wicomico	88.6	Baltimore	29.7	
Garrett	88.5	Calvert	29.3	
Cecil	88.1	Charles	27.4	
Kent	87.3	Wicomico	27.4	
Washington	86.9	Cecil	22.5	
Prince George	85.8	Dorchester	20.8	
Dorchester	85	Washington	20.1	
USA	84	Garrett	19.2	-78.3%
Baltimore	83.5	Allegany	18	-79.8%
Caroline	83.3	Caroline	15.3	
Somerset	79.2	St. Mary's	14	

<https://www.dlrr.state.md.us/lmi/laus/lausann.shtml>

<https://data.bls.gov/timeseries/LNS14000000>

The difference in median property value is astounding relative to the rest of the State. Garrett County is fourth from the bottom while Allegany County has the lowest median property value. Allegany County median property value is sixty-one percent below the State average and is seventy-five percent lower than property value in Montgomery County (see Table 10).

Table 10: Property Value by County	
	<i>Median Property Value</i>
Montgomery County	\$475,300
Howard County	\$445,400
Anne Arundel County	\$359,600
Calvert County	\$344,300
Queen Anne's County	\$343,900
Carroll County	\$324,300
Talbot County	\$320,500
MARYLAND	\$306,900
Frederick County	\$306,100
St. Mary's County	\$295,900
Charles County	\$287,600
Prince George's County	\$284,800
Harford County	\$280,600
Baltimore County	\$256,800
Worcester County	\$243,600
Cecil County	\$239,900
Kent County	\$238,800
Washington County	\$198,900
Caroline County	\$192,600
Dorchester County	\$188,100
USA	\$184,700
Wicomico County	\$173,100
Garrett County	\$169,400
Baltimore City	\$153,500
Somerset County	\$131,800
Allegany County	\$118,800

Dataset: ACS 5-year Estimate Source: Census Bureau
<https://datausa.io/profile/geo/maryland/>

Perhaps the most telling statistic is the median household income, where the variance is most apparent between the Western part of the state and the rest of Maryland. Garrett and Allegany, respectively, have the third and second lowest median household incomes in the State (see Table 11).

Table 11: Median Income by County	
	<i>Median Household Income</i>
Howard County	\$120,941
Montgomery County	\$99,763
Calvert County	\$96,808
Anne Arundel County	\$96,483
Charles County	\$91,373
Carroll County	\$87,060
St. Mary's County	\$86,810
Queen Anne's County	\$85,891
Frederick County	\$85,715
Harford County	\$84,175
Prince George's County	\$79,184
MARYLAND	\$78,945
Baltimore County	\$72,764
Cecil County	\$67,938
Talbot County	\$61,395
USA	\$57,617
Worcester County	\$57,227
Washington County	\$56,316
Kent County	\$55,028
Wicomico County	\$53,508
Caroline County	\$50,830
Dorchester County	\$47,907
Baltimore City	\$47,350
Garrett County	\$46,277
Allegany County	\$41,559
Somerset County	\$35,886

Dataset: ACS 5-year Estimate Source: Census Bureau
<https://datausa.io/profile/geo/allegany-county-md/>

5. LITERATURE REVIEW

5.1 STUDIES SUPPORTING AN INCREASE IN THE MINIMUM WAGE

Many enthusiastically support raising the minimum wage and contend the increase will not result in a loss of jobs. Cooper (2015) claimed raising the Federal Minimum Wage to \$12 by 2020 would lift wages for 35 million American workers. Liu, Hyclak, and Regmi (2016) found an increased minimum wage increased earnings, decreased employment, and created less employee turnover for individuals between the ages of 14 and 18. The results were similar, but less consistent, for workers aged 19-24. Card and Kruegar (1995) examined three data points: New Jersey's minimum wage in 1992, the 1988 rise in California's minimum wage, and the 1990-91 increases in the Federal minimum wage. They found the level of pay increased without the loss of jobs.

A beneficial side effect of raising the minimum wage is the reduction of the poverty level. However, although no consensus exists, most studies assert that increases in the minimum wage reduce poverty (Leigh, 2007). Another advantage of increased wages is the improvement of the psychological well-being and job satisfaction of lower wage workers (Leigh, 2016).

Opponents often claim raising the minimum wage increases unemployment as neoclassical economic theories predict: as the price of labor increases, employers will demand less labor. However, many recent studies testing this prediction have found very low to no effects of the minimum wage on the level of employment (e.g. Zavodny, 2000; Dube et al., 2010; Giuliano, 2013).

Similarly, there is an argument that when the wage is raised in one state, firms will leave that state and move to their adjacent neighbor. However, Dube, Lester, and Reich (2010) studied border states from 1990-2006 and did not find adverse employment effects when the minimum wage was increased. Schmitt (2013) evaluated hundreds of studies since the early 1990's and found the minimum wage had minimal, if any, effect on the employment of low-wage workers. He surmises that the new amount needed for wage increases is small compared to the firm's overall costs and to combat these wage increases employers can shift costs by cutting the pay of workers with higher wages, increase worker productivity, increase prices to consumers, or accept a smaller profit margin.

Kaufman (2010) asserts the benefits and costs of a minimum wage vary by country, stage of economic development, extent of unemployment, and the breadth, depth, and structure of the labor market regulatory regime. He concludes that a minimum wage law can increase efficiency and reduce poverty. In fact, a minimum wage increase of ten percent would produce a roughly two percent reduction in poverty (Dube, 2013, as cited in Sabia, 2014).

5.2 STUDIES REJECTING AN INCREASE IN THE MINIMUM WAGE

The opponents of raising the minimum wage contend that an increase will create greater expenses for employers, reduce their profit margin, reduce employment, and will have no effect on the poverty rate.

Wilson (2012) asserts that decades of economic research have shown that minimum wages usually end up harming workers and the broader economy as wage increases stifle job opportunities for low-skill workers, youth, and minorities, which constitute groups lawmakers most wish to help. Further, if the law mandates certain workers be paid higher wages, then businesses will act rationally to reduce costs elsewhere. Their strategies would include reduced hiring, cutting work hours, reducing benefits, and raising prices.

Sabia (2014) argued that increasing the minimum wage would impact the human services sector negatively, which is already strained. Because of the financial constraints in many such fields, these workers are paid low wages. Increasing the minimum wage would make it even more difficult for these organizations to adapt to the revised cost of labor. Whereas private firms can raise prices, many nonprofit and public agencies face fixed revenue streams, making it hard to adjust to higher labor costs (Allard, 2016; Seattle Minimum Wage Study Team, 2017).

The Congressional Budget Office estimates that a federal hike to \$10.10 per hour in 2016 would result in a 500,000 jobs loss. Economists at the University of California-Irvine and the Federal Reserve Board reviewed two decades of research on minimum wage and found an overwhelming majority of credible sources (85%) contend an increase in minimum wage will result in job losses for less-skilled employees (Minimumwage.com 2016).

Minimumwage.com (2016) contends that raising the minimum wage eliminates jobs: a \$9 national minimum wage would cost 100,000 jobs; a \$10.10 minimum wage would cost over 500,000 jobs, and a \$12 minimum wage would lose 770,000 jobs.

Meer and West (2016) found that increased minimum wage rates reduce job growth over a period of several years, mostly affecting younger workers or industries with a higher proportion of low-wage workers.

Neumark, Salas and Wascher (2013) evaluated studies from the 1960s and 1970s and found that minimum wages tended to reduce employment among teenagers. Further, they contend there is a trade off as some will receive higher wages, but others will lose jobs.

Sabia (2010) found no evidence that minimum wage increases were effective at reducing overall poverty rates or poverty rates among workers. Further he found each 10 percent increase in the minimum wage is associated with a two to four percent decline in state GDP generated by these lower-skilled industries. Many studies have indicated that increasing minimum wage has little or no effect on overall poverty rates (Neumark & Wascher, 2002; Sabia, 2014; Sabia & Burkhauser, 2010; Neumark 2011).

Teenagers are often hit hardest. Burkhauser et al (2000) used the Current Population Survey (CPS) data from 1979 through 1997 and found a significant, but modest negative relationship between minimum wage increases and teenage employment. Another issue is binge drinking, which is very common with teens and young adults. Hoke and Cotti (2016) found a \$1 increase in the minimum wage increases binge drinking by teenagers by nine percent, suggesting significant social costs.

Studies from around the globe saw similar negative trends. For instance, a study in Germany found increasing the minimum wage would reduce the number of available jobs and would do little for individuals who live in poverty, as the increase would barely raise their income (Knabe & Schob, 2011). In addition, Leigh (2003) evaluated six increases in the Western Australian statutory minimum wage during the period 1994–2001 and found relative to the rest of Australia, the employment to population ratio in Western Australia fell following each of the six rises, twice by a statistically significant margin. Those who earn near-minimum wages in Australia are disproportionately female, unmarried, and young.

5.3 STUDIES SHOWING MIXED RESULTS

There are several studies which support both sides of the argument. For example, Meer and West (2016) found raising the minimum wage does not lead to a reduction in employment levels, as relatively few workers are let go when the wage is raised. However, these same increases led to a significant decrease in the creation of new jobs.

The Seattle Minimum Wage Study Team (2016) indicated that an increase in minimum wage raised low-wage workers' income, but they may have improved largely due to the strong economy. However, overall employment and hours worked experienced a mild decrease. They did not find compelling evidence of an increase in business failure rates. However, they strongly caution that their finding examined the short-run impact of Seattle's increase to a wage of \$11/hour and does not reflect the full range of experiences of individual workers in the City economy, as there were only modest impacts on earnings as the employment of less workers at less hours offset the increase in hourly wages. Perhaps Seattle's strong economy may make it capable of absorbing higher wages for low-wage workers, but this capacity may not be present in other regions especially since during this time period the Seattle economy was exceptionally strong and had job growth rate that was triple the national average.

Romich and Hill (2017), found employees with salaries near the poverty line who utilize support programs like the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP) may lose eligibility if they start earning more money. In fact, a \$1 increase in pay generates a loss of benefits in the amount of \$0.50 or more.

Belman, Wolfson, and Nawakitphaitoon (2015), analyzed many studies on the effect of increased minimum wage on women and found no impact on employment. However, lower-educated women workers were the most likely to lose jobs.

Neumark, Schweiter and Washer (2004) found low-wage workers were most strongly affected, while higher-wage workers were minimally, if at all, affected. Workers did achieve wage gains, but their hours declined resulting in an overall negative effect for low wage earners. Ironically, younger, less educated jobseekers are most supportive of an increased minimum wage, but these groups are those most affected by the decrease in new jobs (Meer & West, 2016).

Results from one study showed that a slight increase in the minimum wage tended to cause lesser wage growth for individuals making a low-wage than if there had been no increase in the minimum wage (Lopresti & Mumford, 2016). On the other hand, the same study noted that a significant increase to the minimum wage would increase the wages of employees who formerly made less than the new minimum wage, as well as spill over to employees with relatively higher earnings.

Sabia, (2014) found raising the minimum wage had a positive effect on both capital and output, while there was a 2.8% decrease in employment. Similarly, while slight minimum wage increases lead to slight income gains, there is also a loss in the number of workers employed. This is worrisome as social and human service providers generally hire low paid workers which would be most affected by an increase. These positions often include health and personal care workers, rehabilitation counselors, childcare workers (Romich, 2017).

In conclusion, while there is abundant literature on the topic, it is readily apparent there is no clear consensus on the topic.

6. METHODOLOGY AND RESULTS

A survey instrument was developed and distributed from November 5, 2018 to November 19, 2018 to organizations within Allegany and Garrett Counties. During this two-week period, a total of 282 completed surveys were collected.

The survey instrument contained 40 questions and was administered online or via hard copy. The questions for this anonymous and confidential survey instrument were initially generated from a review of previous minimum wage studies and refined by the researchers to fit the needs of the Western Maryland community (see Appendix A for survey instrument). A draft of the questionnaire was then reviewed by two independent entities to ensure the readability of the questions and the ease of survey completion. In general, the questions assessed the respondents' opinions regarding the current Maryland minimum wage as well as the potential of increasing the minimum wage to \$15 per hour. Survey recipients were given the opportunity to answer open-ended as well as closed-ended questions and express their opinions and beliefs about the impact of increasing the Maryland Minimum Wage.

The Allegany and Garrett County Chambers of Commerce, the Tri-County Council, and other organizations communicated with their members introducing the purpose of the study, along with a web link directing recipients to the survey instrument. After one week of data collection, each organization was asked to re-send the original email message with a reminder of the purpose of the study along with the web link.

6.1 RESULTS AND ANALYSIS

Data was collected from 282 entities in Allegany and Garrett Counties. A significant majority of the respondents (80%) had been in operation over ten years (see Figure 2). Approximately a quarter each were either LLCs (26.5%) or S-corporations (24.4%). The respondents represented a wide range of industries; however most respondents were either Professional services, Non-Profits, Retail, or Restaurant/Hospitality (see Table 12). Approximately 40% of the sample comprised of organizations that exceeded \$1 million in annual revenues while the other 60% varied evenly amongst the remaining categories (see Figure 3).

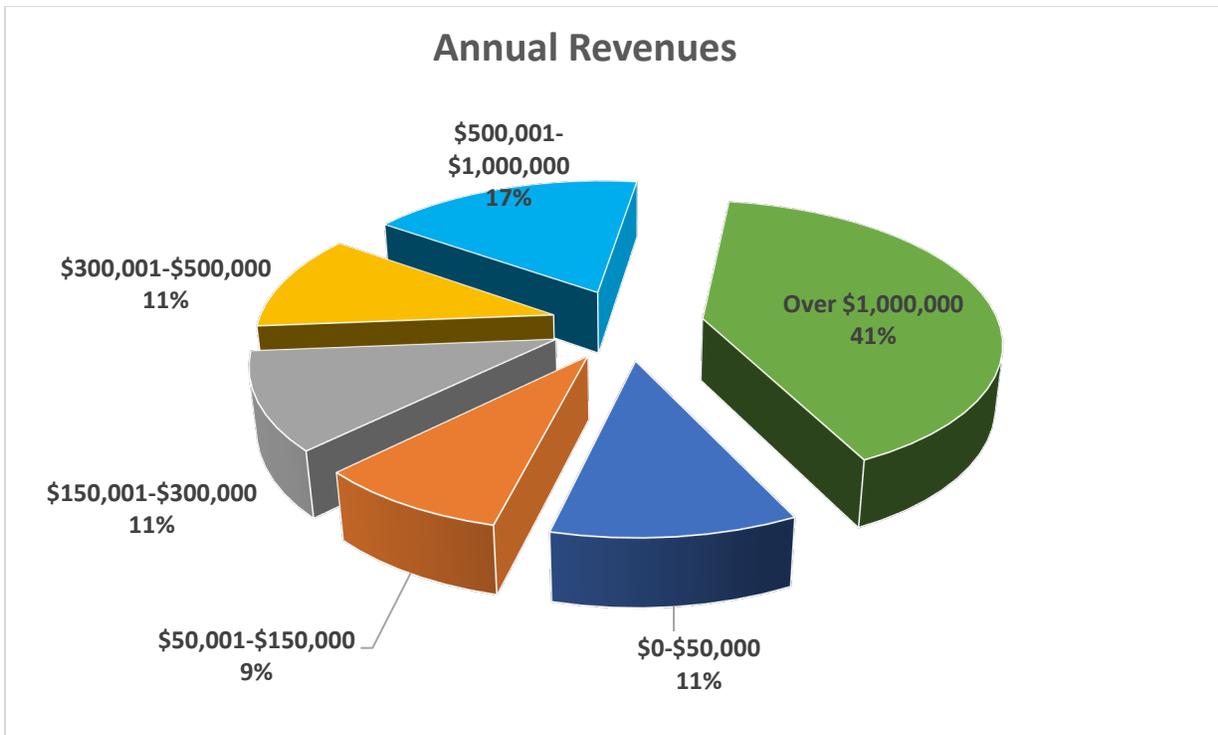
The size of the organizations surveyed ranged from one where the owner was the only employee to a large organization with over 2200 employees (see Figures 4-8).

Table 12. Demographics of Respondents			
Variable	Categories	Count	Percentage
Age of Business	<i>Less than one year</i>	4	1.7
	<i>1-3 years</i>	16	3.8
	<i>4-6 years</i>	15	6.3
	<i>7-10 years</i>	12	5.1
	<i>Over 10 years</i>	190	80.2
Organizational Structure	<i>Sole proprietorship</i>	26	11.1
	<i>Partnership</i>	6	2.6
	<i>LLC</i>	62	26.5
	<i>Corporation</i>	38	16.2
	<i>S-Corporation</i>	57	24.4
	<i>Nonprofit</i>	24	10.3
	<i>Governmental</i>	14	6
	<i>Other</i>	7	3
Industry	<i>Construction</i>	13	5.6
	<i>Manufacturing</i>	17	7.3
	<i>Distributor/Wholesaler</i>	4	1.7
	<i>Retail</i>	48	20.5
	<i>Transportation</i>	2	0.9
	<i>Research and Development</i>	1	0.4
	<i>Finance/Insurance/Real Estate</i>	15	6.4
	<i>Restaurant/Hospitality</i>	34	14.5
	<i>Professional Services</i>	54	23.1
	<i>Nonprofit/Not-for-profit</i>	26	11.1
	<i>Government</i>	4	1.7
	<i>Healthcare</i>	9	3.8
	<i>Entertainment</i>	4	1.7
	<i>Other</i>	3	1.3
Estimated Annual Revenues	<i>\$0-\$50,000</i>	24	11.1
	<i>\$50,001-\$150,000</i>	19	8.8
	<i>\$150,001-\$300,000</i>	24	11.1
	<i>\$300,001-\$500,000</i>	24	11.1
	<i>\$500,001-\$1,000,000</i>	38	17.5
	<i>Over \$1,000,000</i>	88	40.6
Full-time Employees	<i>Owner Only (no full-time employees)</i>	43	16.3
	<i>1-5 Full-time employees</i>	81	30.7
	<i>6-10 Full-time employees</i>	31	11.7
	<i>11-20 Full-time employees</i>	33	12.5
	<i>21-50 Full-time employees</i>	31	11.7
	<i>Over 50 Full-time employees</i>	45	17.0
Part-time Employees	<i>No Part-time employees</i>	48	18.5
	<i>1-5 Part-time employees</i>	125	48.1
	<i>6-10 Part-time employees</i>	32	12.3
	<i>11-20 Part-time employees</i>	17	6.5
	<i>21-50 Part-time employees</i>	21	8.1
	<i>Over 50 Part-time employees</i>	17	6.5

Figure 2



Figure 3



Forty-seven percent of the respondents had five or less full-time employees with the owners' only accounting for sixteen percent. Conversely, seventeen percent of respondents had over fifty full-time employees (see Figure 4). Smaller organizations by revenue had less full-time employees (Fig 5).

Figure 4

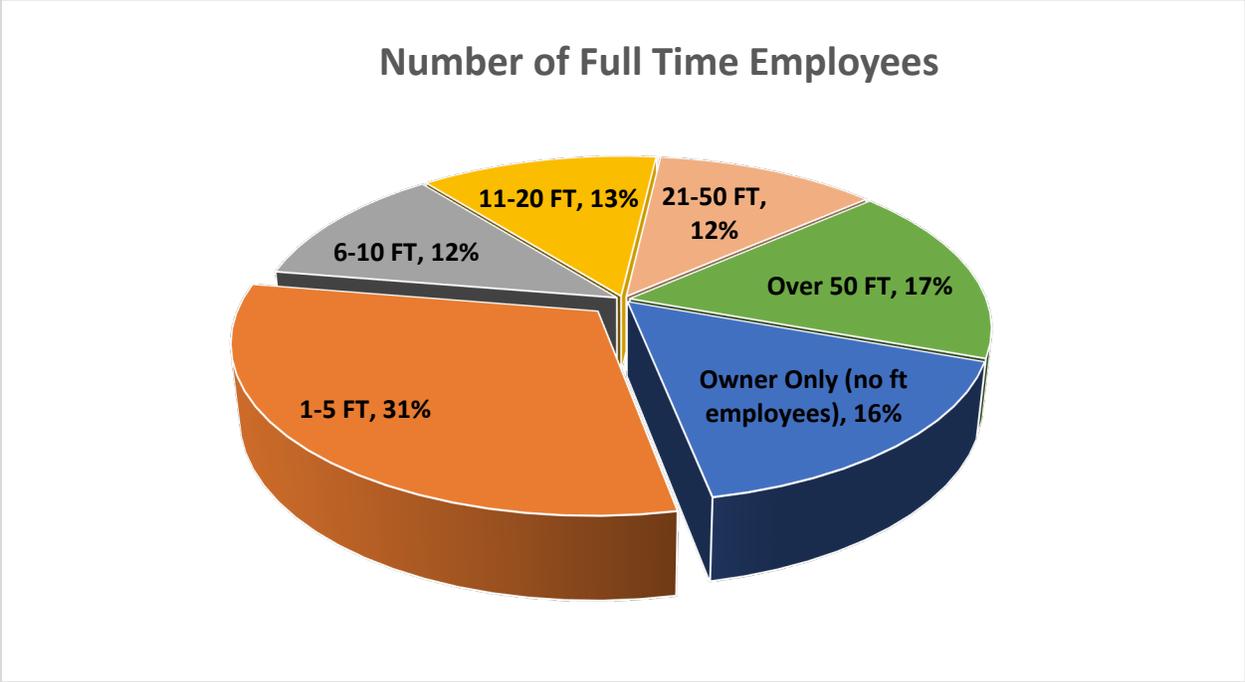
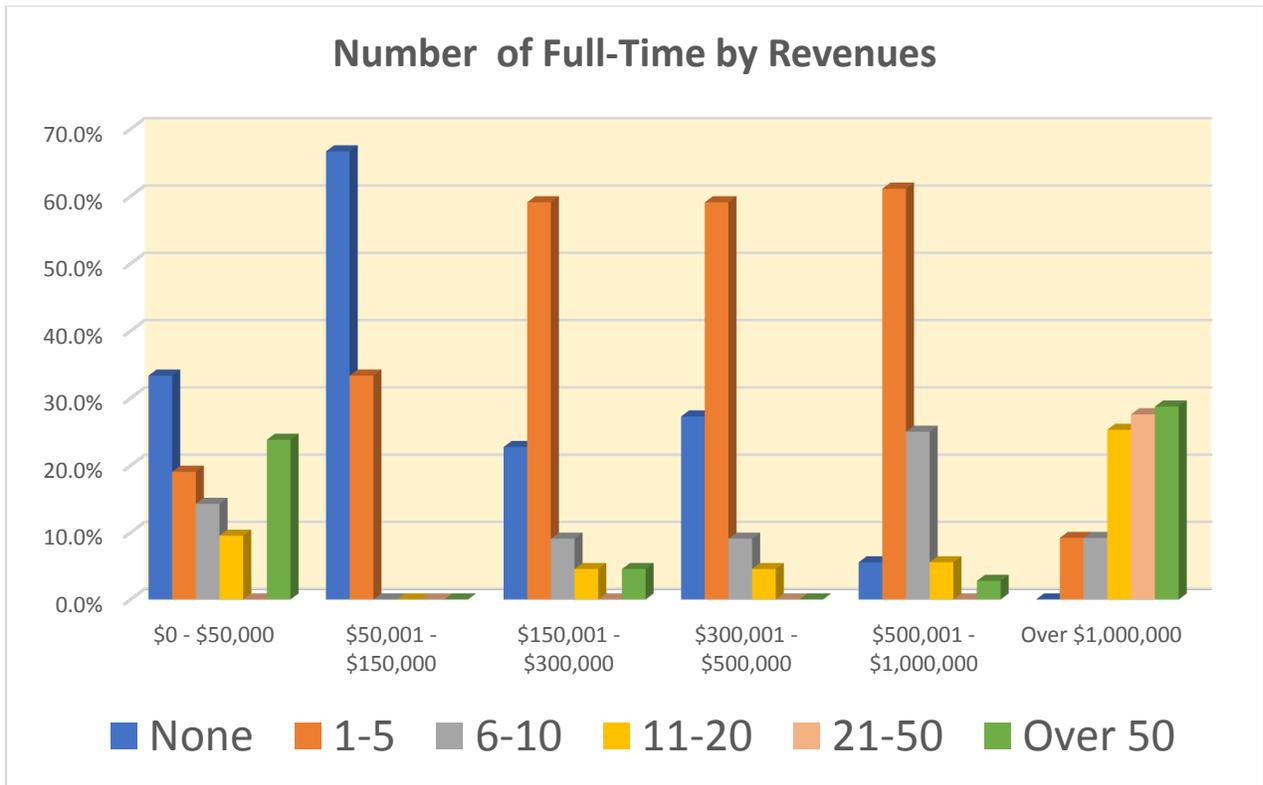
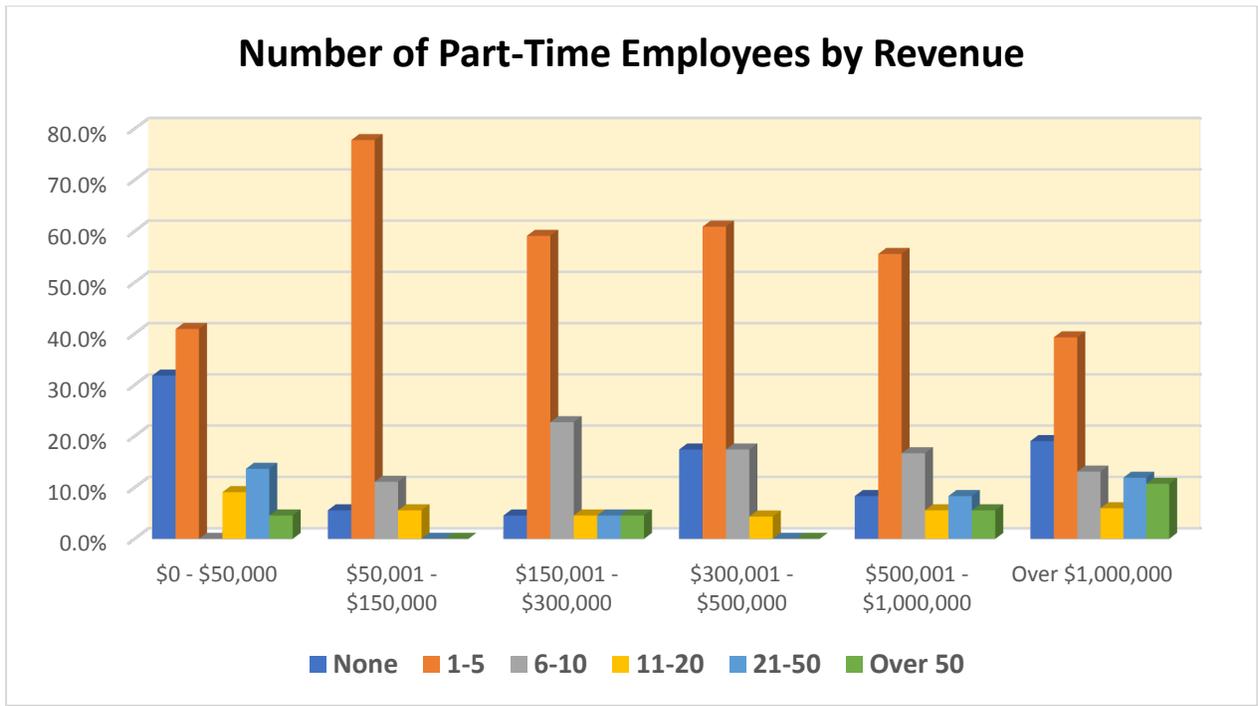


Figure 5



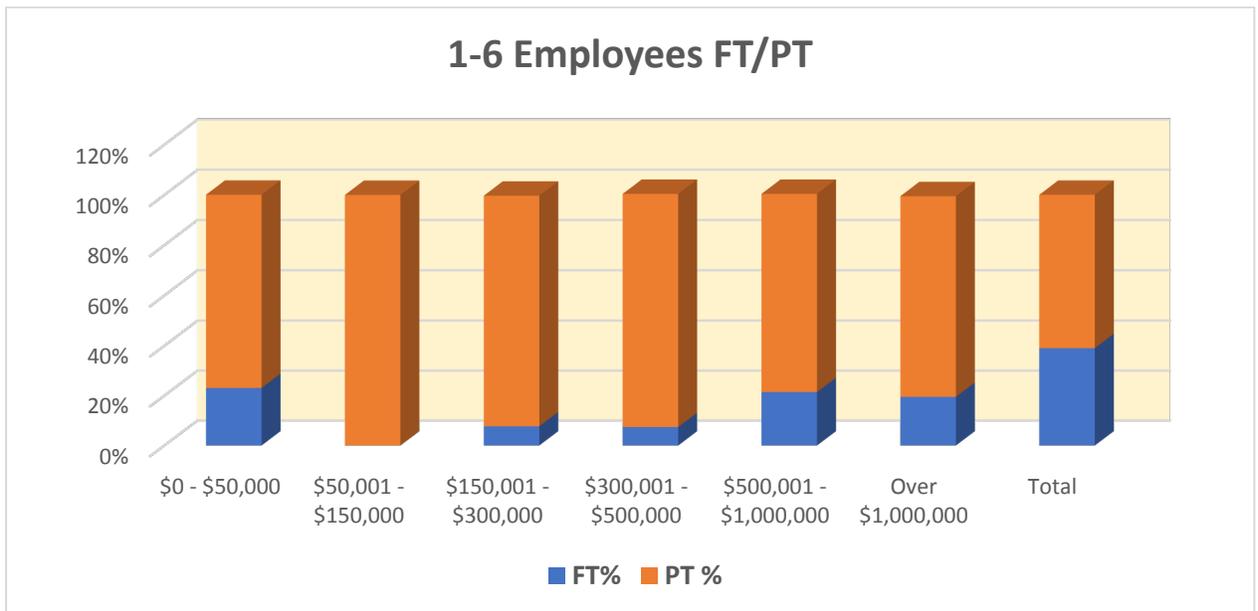
Regardless of revenue of the organization, a large percentage (40%+) had a number of part-time workers (see Figure 6).

Figure 6



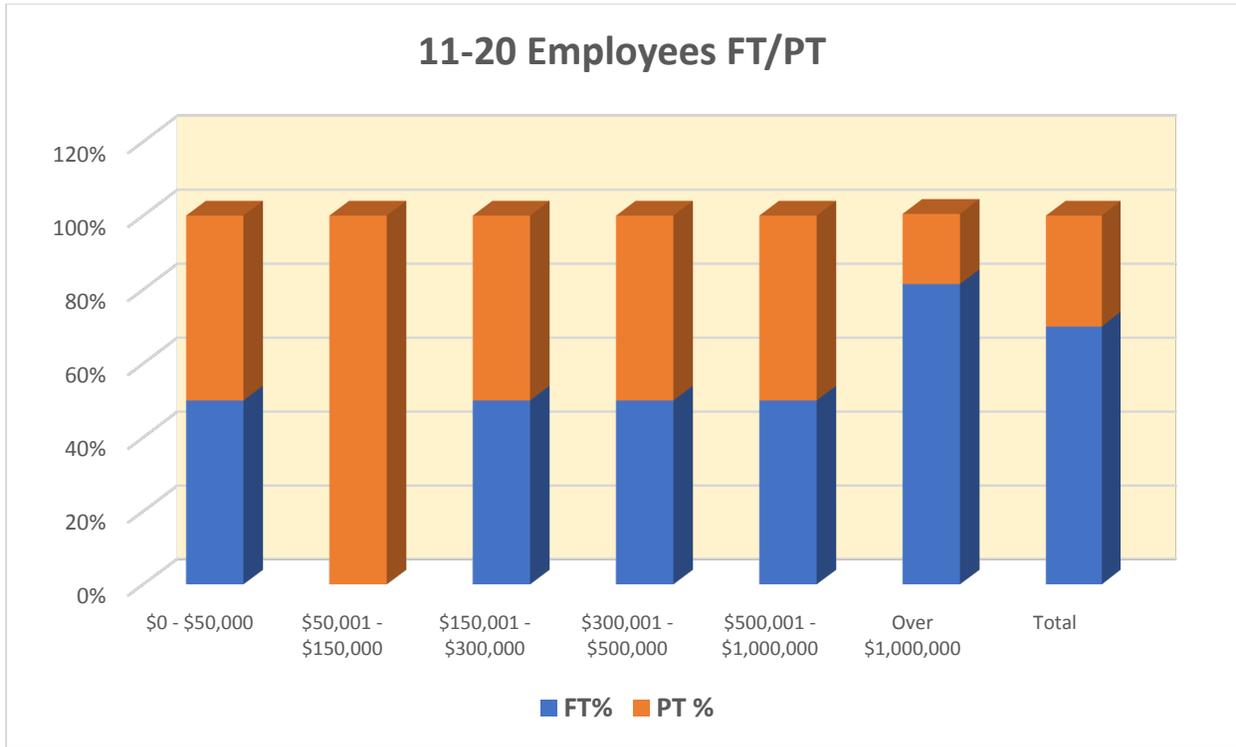
Organizations with 1-6 employees' utilized part time workers nearly exclusively regardless of revenues (see Figure 7).

Figure 7



At organizations with 11-20 employees, four of the categories employed nearly a perfect balance between full-time and part-time workers. However, organizations in the revenue range of \$50,000-\$150,00 exclusively employed part-time workers, while organizations with revenue over \$1 million had 81% full-time workers (see Table 8).

Figure 8



When asked if employees currently working at the organization made more than the Maryland minimum wage, 91% of organizations answered in the affirmative, with organizations stating that on average 84% of their employees earn more than current Maryland minimum wage. Generally, the organizations with greater revenues had less employees at the minimum wage floor.

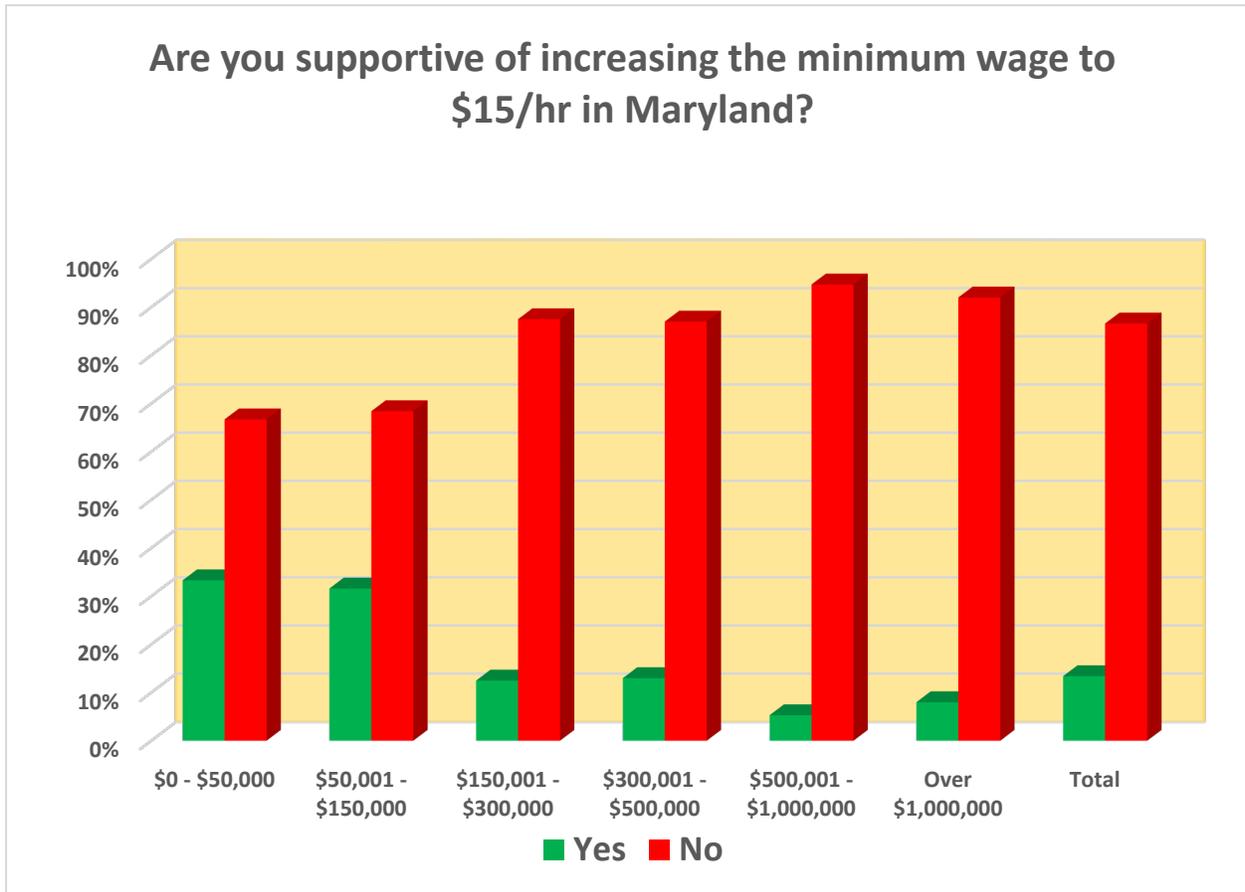
When asked what the Maryland minimum wage should be, 50% of the sampled organizations stated it should be \$10.10, the current Maryland minimum wage. However, 18% believed it should be at the Federal minimum wage level of \$7.25. Conversely, 14% believe it should be \$15.00 or higher (see Figure 9). In the open ended “other” category, respondents were given the opportunity to enter in what they believed the Maryland minimum wage should be. The answers varied from “no minimum wage” to “minimum wage should vary by county”. Further, the specific amounts of wages varied from \$7.25 to \$15.00. However, there was no consistency among responses.

Figure 9



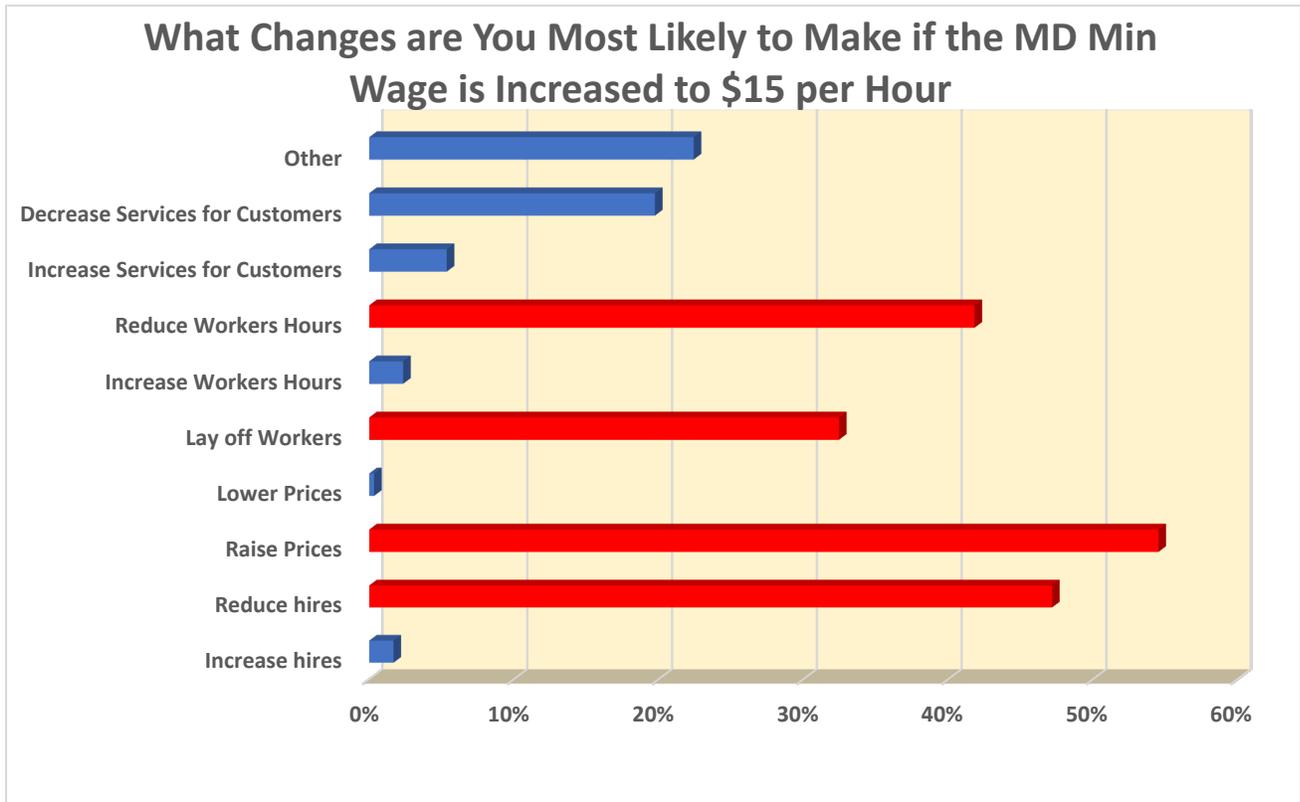
Most organizations (85%) in the two counties oppose increasing the Maryland minimum wage to \$15 per hour. While over 30% of the smallest organizations by revenue support increasing the minimum wage, it should be noted that 33% of \$0-\$50,000 and 67% of \$50,001- to \$150,000 were sole owners with no other full-time employees (see Figure 10).

Figure 10



When asked what changes they were most likely to make in response to a \$15 Maryland Minimum Wage, participants indicated that they would raise prices (55%), reduce new hiring (47%), reduce worker hours (42%), and lay off workers (32%) (see Figure 11, note: the top four changes are highlighted in red). Raising prices is an option if the organization sells a product or provides a priced service; however, if the organization is a non-profit or governmental agency, cutting either services or costs in the form of worker layoffs appeared to be the dominant response.

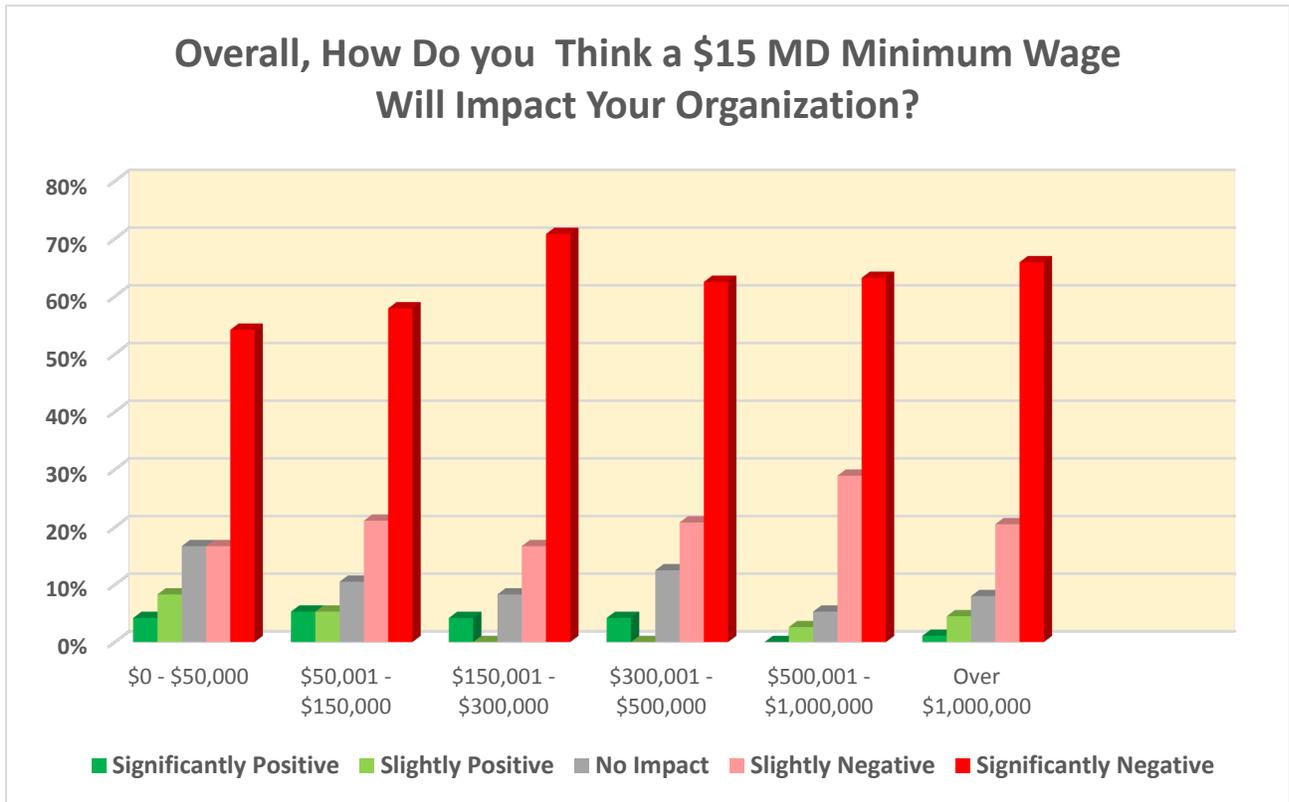
Figure 11



When asked if the Maryland wage is increased to \$15 per hour, will the responding businesses rely more on technology and less on manpower, 38% of all respondents indicated yes. Only 26% of businesses with revenue under \$150,000 indicated that they would rely more on technology over manpower. Perhaps technology cannot easily replace human labor or the cost of implementing the technology may be a barrier.

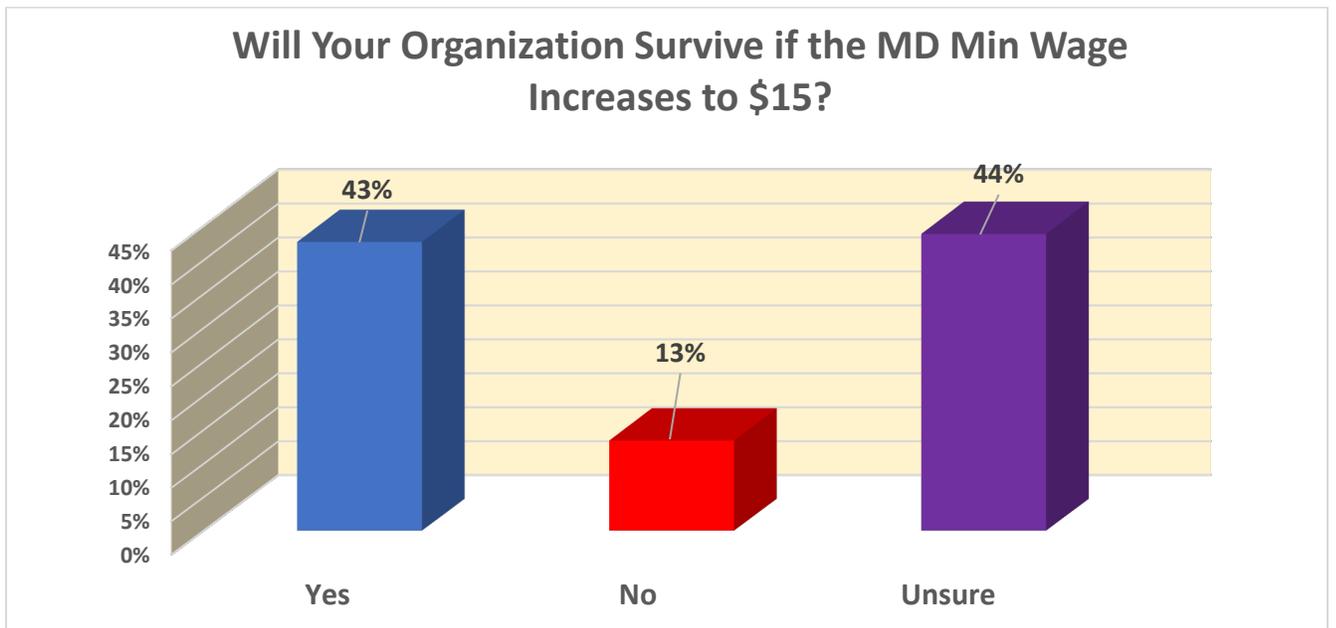
When respondents were asked to assess overall how they think a \$15 per hour Maryland minimum wage will impact their organization, an overwhelming percentage, over 84%, of the businesses indicated the impact to be slightly to significantly negative (see Figure 12).

Figure 12



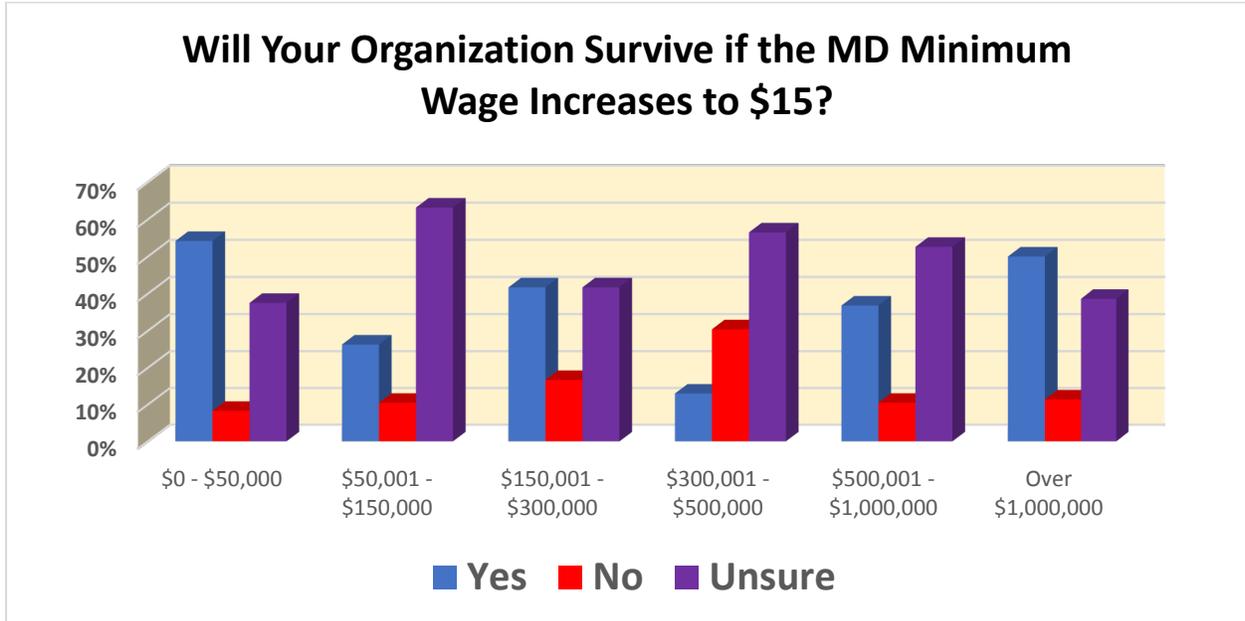
While 43% of the businesses indicated that their organization can survive the minimum wage increase to \$15 per hour, almost an equal number, 44%, were unsure, 13% indicated that they could not survive the increase (See Figure 13-16).

Figure 13



At first glance it appears that 54% of the smallest organizations by revenue will survive. It should be noted that 33% of these are owners only with no full-time employees; thus, it may not affect them (see Figure 17).

Figure 14



As the number of full-time employees increases, there is a greater chance for their survival and the fear of discontinuation decreases. The percentage of those unsure is the highest factor in three out of the six full-time employees' categories (see Figure 15). Similarly, nearly 80% of organizations with 11-20 part-time employees were unsure of their continuation (see Figure 16).

Figure 15

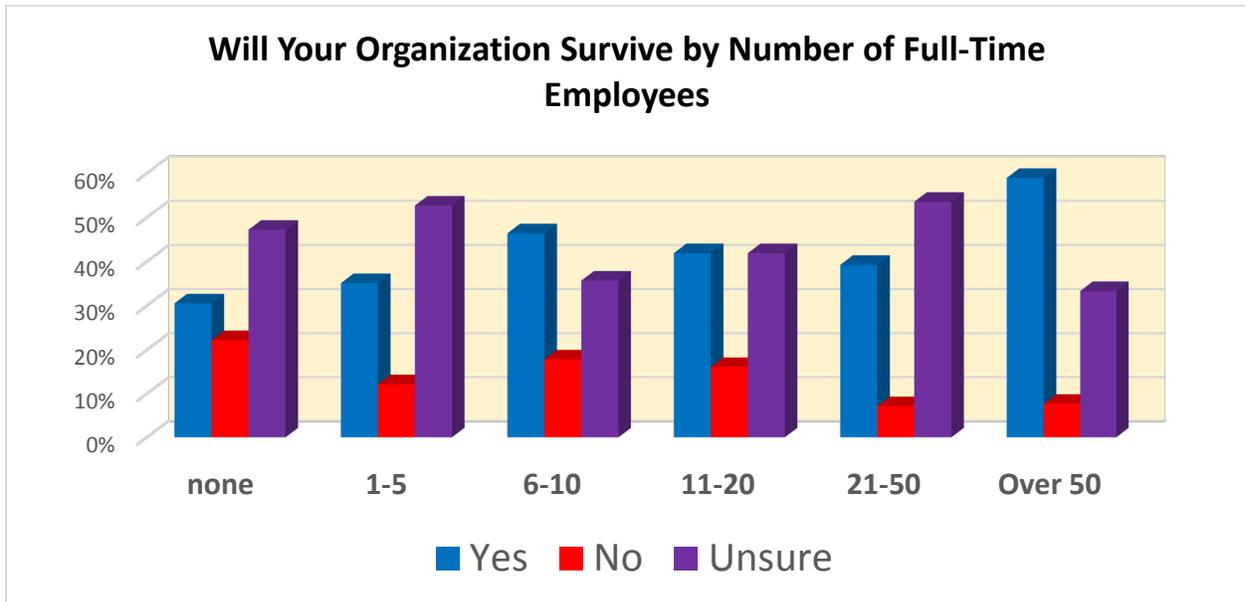


Figure 16



When asked how they think a \$15 Minimum Wage will impact their employees, 70% of organizations indicated it would be worse due to lay-offs and/or reduced hours for employees (see Figure 17).

Figure 17



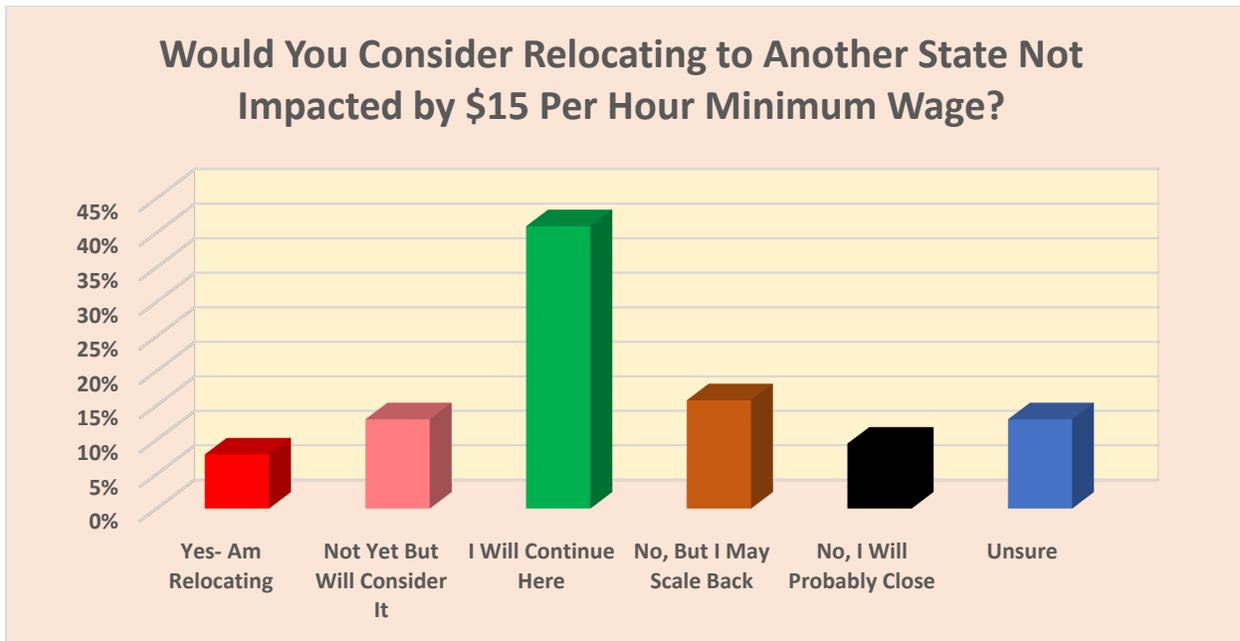
In almost all revenue brackets, a significantly larger proportionate of businesses indicated that the impact on their employees will be worse due to lay-offs and/or reduced hours for employees (See Figure 18).

Figure 18



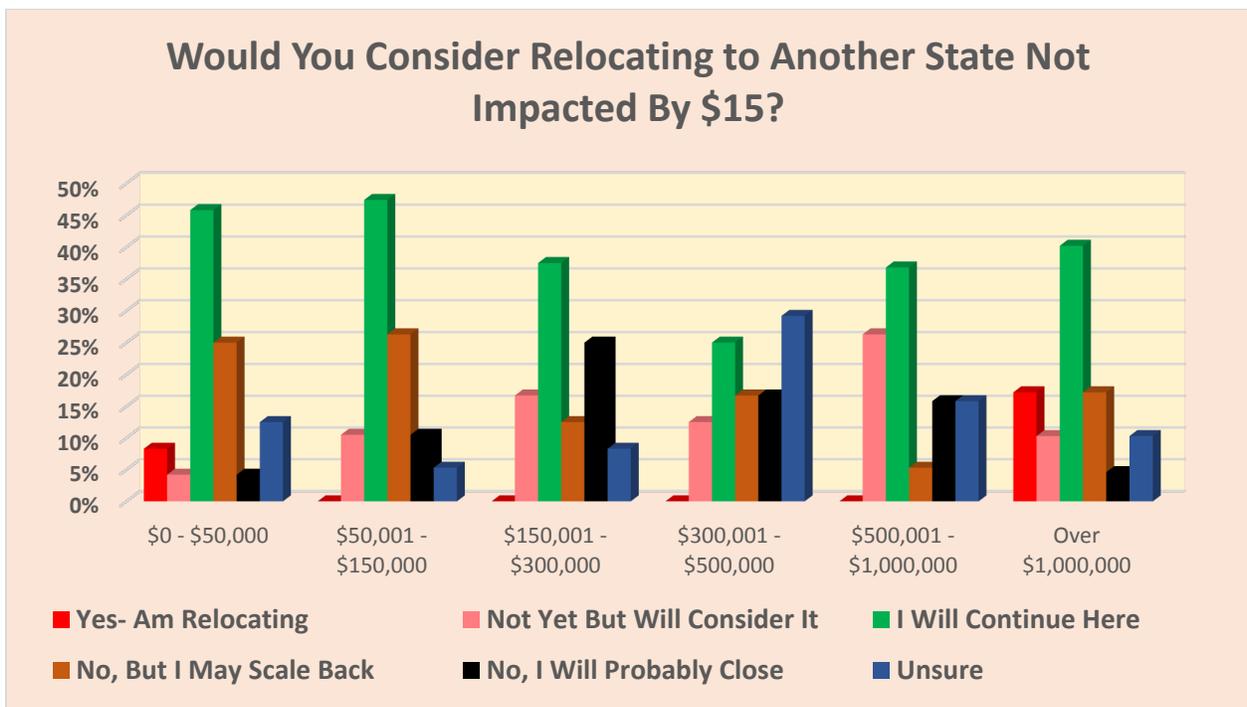
When asked if the respondents would consider relocating to another state not impacted by \$15 per hour minimum wage, approximately 20 percent indicated that they would consider moving or move, 16% indicated that they will scale back their business, and 9% indicated that they will close their business. About 41% of respondents indicated that they will continue operating at their current location. (see Figures 20-21).

Figure 20



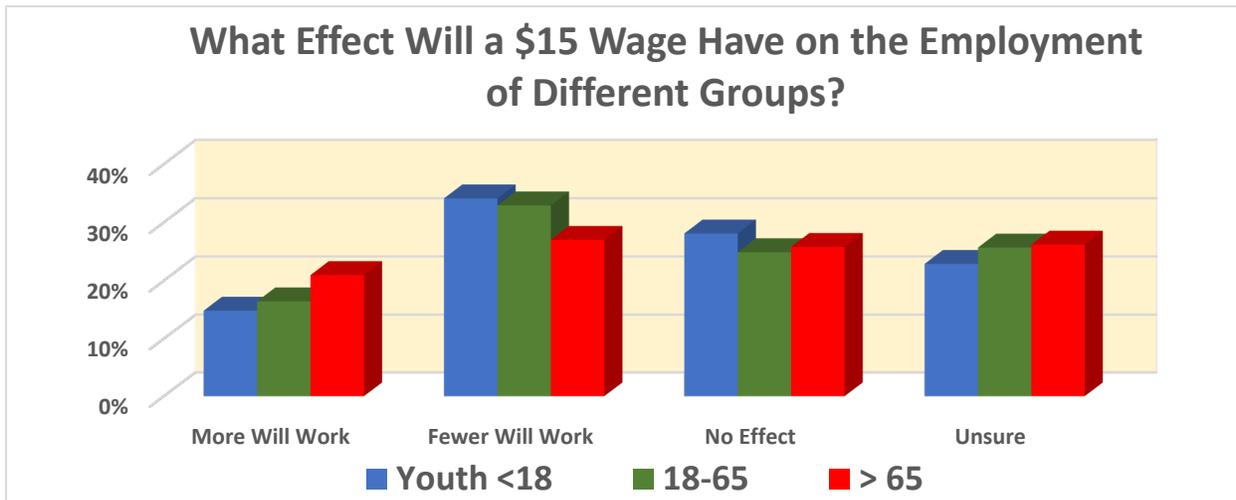
One quarter of organizations with revenues between \$150,000 and \$300,000 stated they would probably close. In addition, over 27% of organizations with over \$1 million in revenue would relocate or consider relocating (see Figure 21).

Figure 21



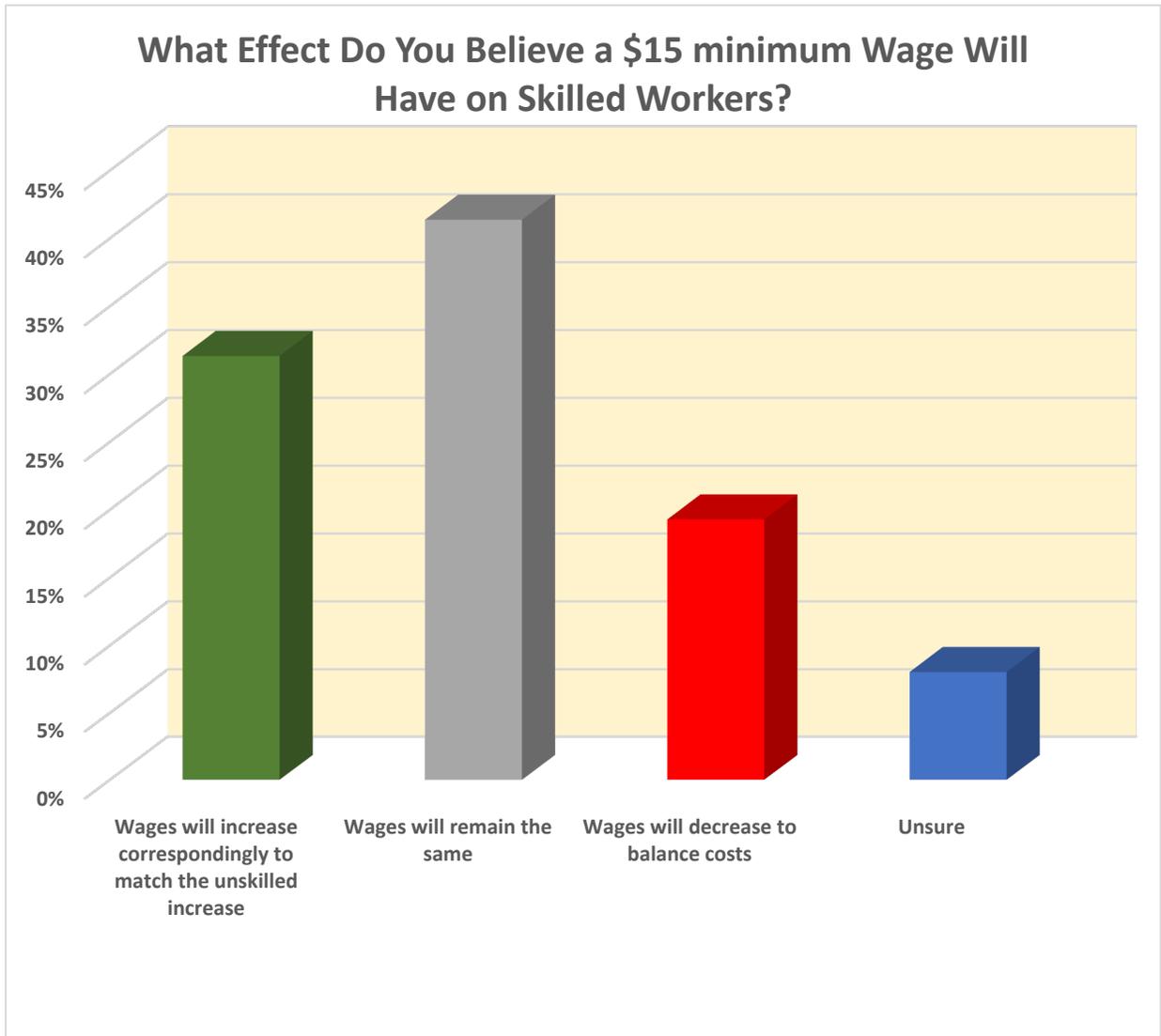
While relatively fewer respondents indicated that more people will work in the “under 18 years” age category, “18 to 65 years” age category, and “over 65 years” age category, a larger number of respondents indicated that fewer people in each of these categories will have work. The largest response (34%) came from organizations who felt fewer youth would find employment if the minimum wage were to increase to \$15 per hour (See Figure 22).

Figure 22



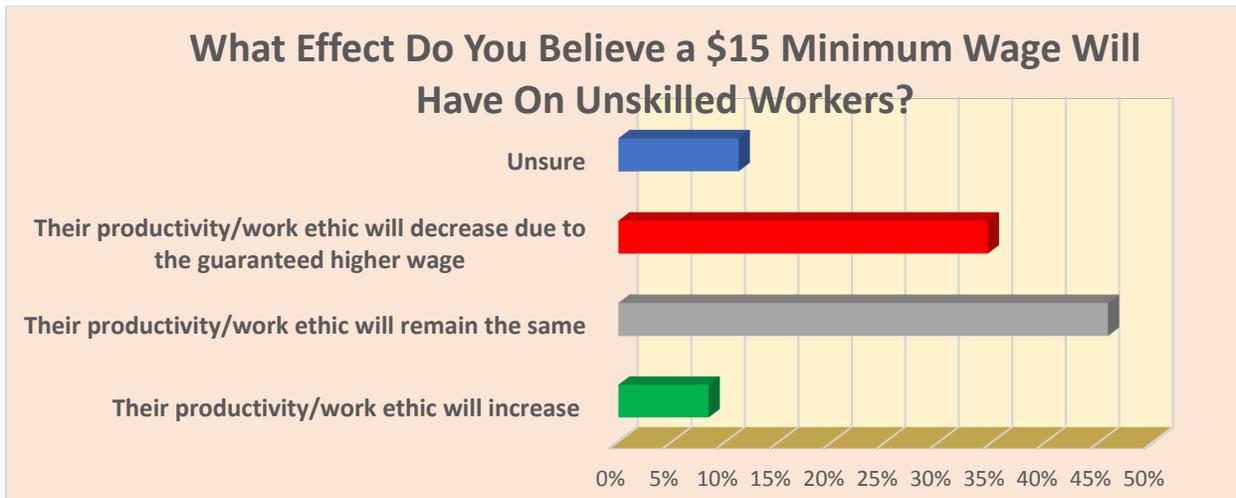
When asked about the effect a \$15 minimum wage will have on skilled workers, 31% indicated that their wages will increase correspondingly to match the increase in wages given to unskilled workers, translating to increased cost to the business. Interestingly, 19% indicated that their wages will decrease to balance the increased wage for unskilled workers. This can potentially have a larger negative impact on both the business that potentially may lose the skilled workers and on the skilled workers themselves who may be economically devalued at the expense of unskilled workers (See Figure 23).

Figure 23



When asked what effect they believe a \$15 minimum wage will have on unskilled workers, 46% expected productivity/work ethic to remain the same. About 35% of respondents expected the productivity/work ethic of unskilled workers would decrease due to the guaranteed higher wage (See Figure 24).

Figure 24



Respondents were provided a list of twenty-two cost saving options and asked to select all those that applied. The top five options were cited by over 40% of the participants. All five were related to decreasing employee costs directly or indirectly (see Table 13). For example, Amazon increased their minimum wage to \$15 per hour but at the cost of bonuses to employees (Murphy, 2018).

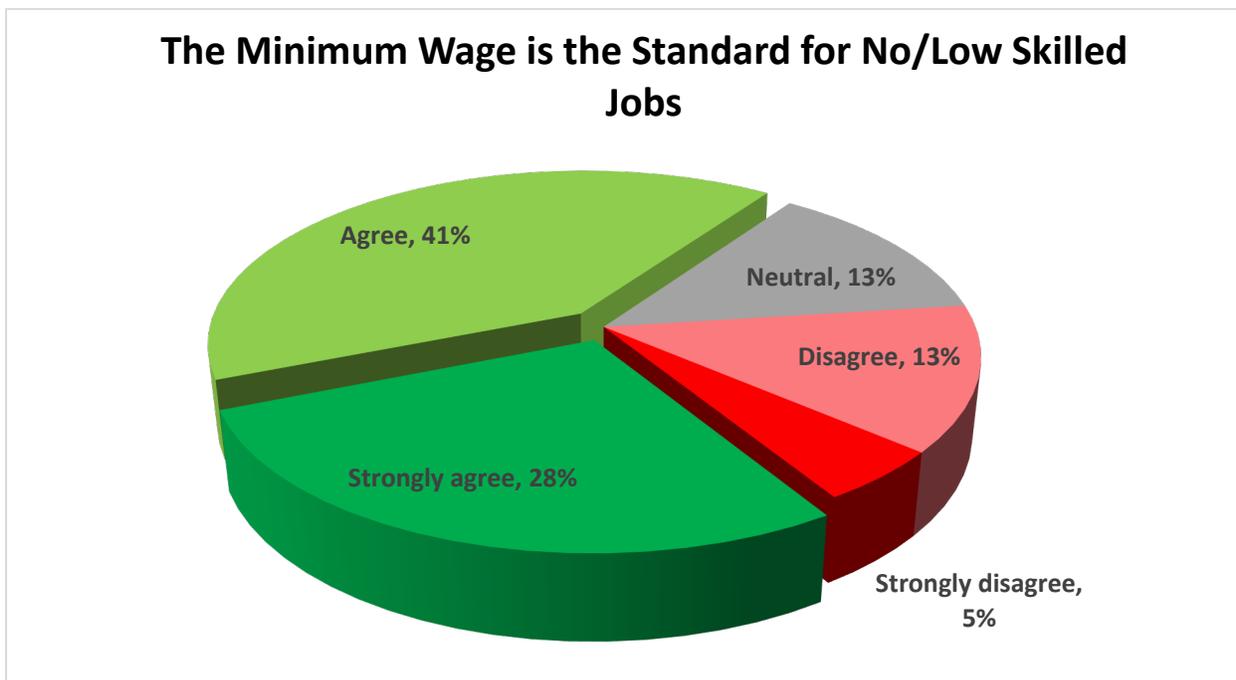
<i>Methods to cut costs as a result of a \$15 minimum wage.</i>	<i>%</i>
Reduce the number of employees	52%
Reduce or eliminate bonuses	49%
Delay employee promotions and raises	47%
Cut weekly hours for employees	46%
Discourage overtime work	44%
Reduce benefits	39%
Increase job duties of your workers	38%
Cross-train employees for multitasking	36%
Seek operational efficiencies	35%
Increase productivity standards	32%
Tighten policies on absenteeism and discipline	32%
Seek automation or increased use of technology	29%
Schedule more part-time employees and less full-time employees	25%
Reduce the organizations operating hours	23%
Reduce the range of products/services	21%
Hire fewer teenage workers	20%
Move people from hourly workers to salaried workers	15%
Hire older/more experienced workers	13%
Less time spent on routine maintenance	10%
Schedule more full-time employees and less part-time employees	6%
Reduce training	4%
Increase employee participation in organizational activities	4%

The survey ascertained the beliefs and opinions business owners had about the concept of a minimum wage. Figures 24-30 summarize the respondents' opinions. The respondents tended to agree with most statements presented to them. The consensus impression is that the minimum wage is a standard wage for low or no skill jobs and not meant to support a family. The respondents also did not believe that increasing the minimum wage would improve the standard of living in Western Maryland. This could be due to fact that the cost of living in Western Maryland (Allegany and Garrett Counties) is far below that of other counties in the State.

The opinions echoed in the next couple of questions validate the responses to previous sections of the survey instrument, mainly that increase in the minimum wage to \$15 an hour would have negative consequences. Respondents agree that increasing the minimum wage would increase worker lay-offs and lead to a reduction in the start of new businesses, as well as have a more significantly negative effect on rural counties. Overall, small business owners surveyed agree that increasing the minimum wage would do more harm than good.

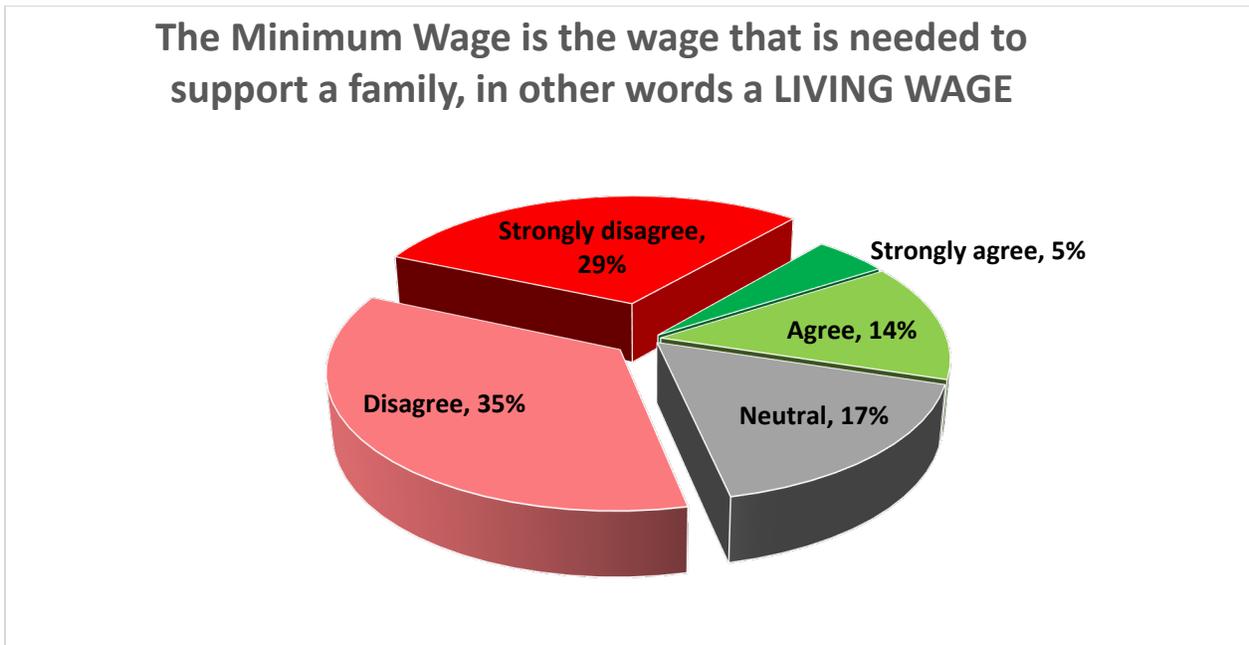
Most of the respondents (69%) felt that the minimum wage was the standard for no- or low-skilled jobs while only 18% disagreed (see Figure 25). This is in-line with the low educational attainment found in Allegany and Garrett counties since their Bachelor's completion rate is 18% and 19.2% respectively. Therefore, it is reasonable to assume the workforce in these two counties is largely no- to low-skilled workers.

Figure 25



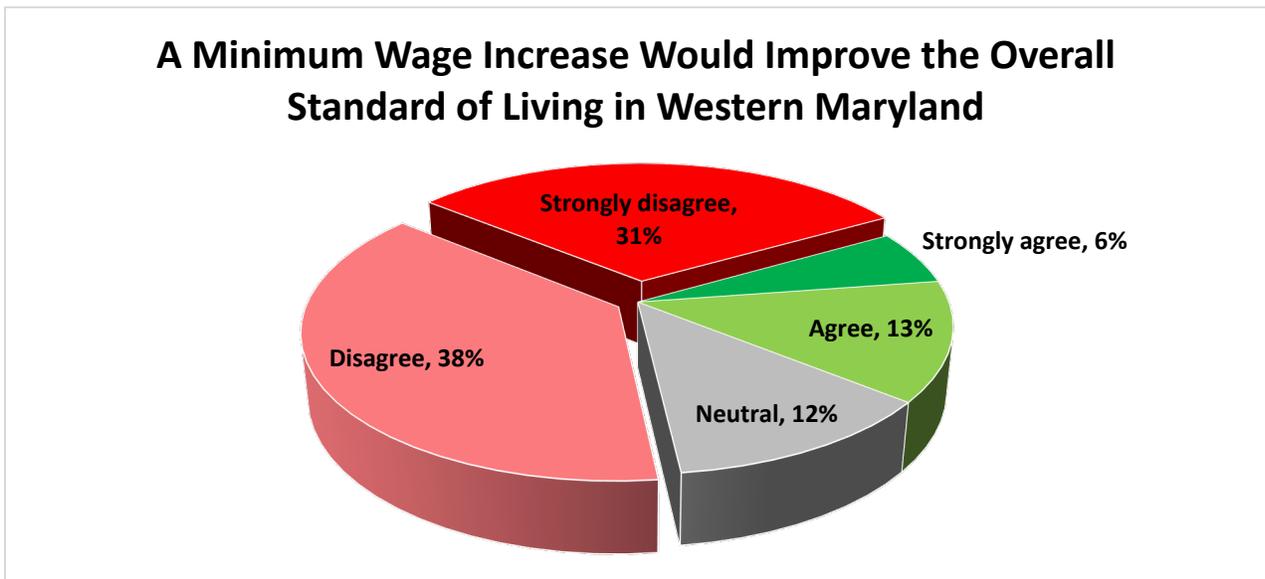
Conversely, only 19% of the respondents felt the purpose of the minimum wage is to be a living wage while 64% disagreed. The contrast between the minimum wage and a living wage were identified earlier in this study. Most respondents do not believe that the two should be equal (see Figure 26).

Figure 26



Similarly, only 19% of the respondents felt an increase in the minimum wage would improve the standard of living in Western Maryland while 69% disagreed (see Figure 27). This can be due to the fact that the cost of living in both Allegany and Garrett counties are far below the Maryland average. The median property value in both counties ranks low on the list of Maryland counties.

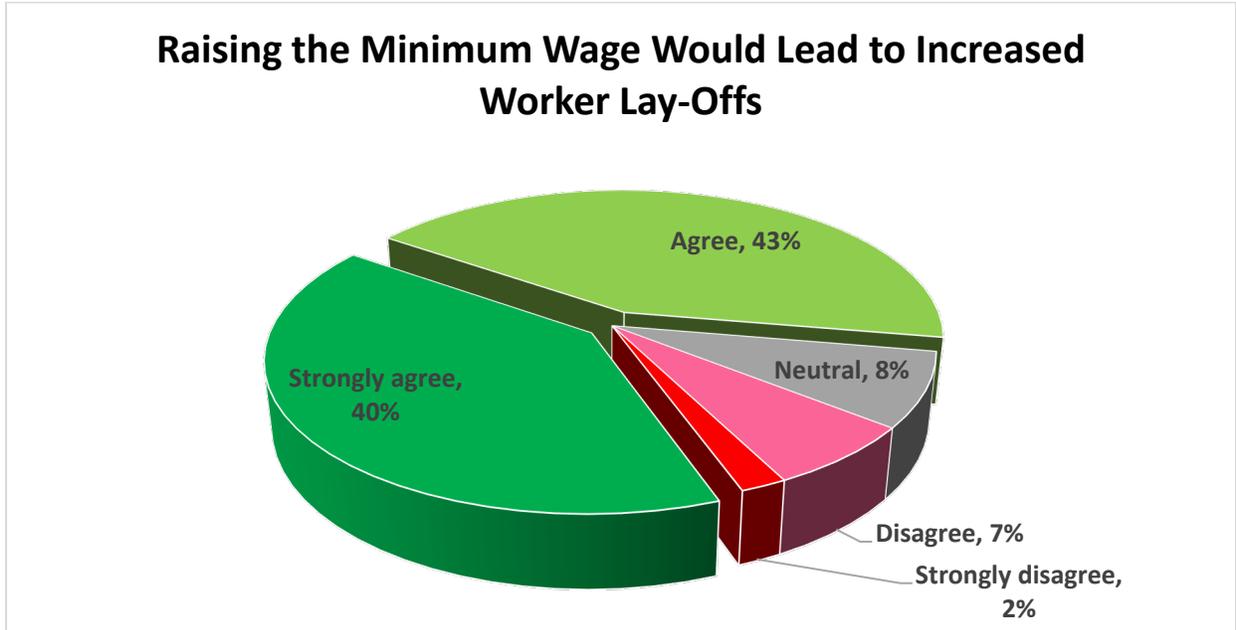
Figure 27



An overwhelming majority (83%) indicated that raising the minimum wage would lead to worker lay-offs while only 9% disagreed (see Figure 28). This was reinforced earlier in the survey when

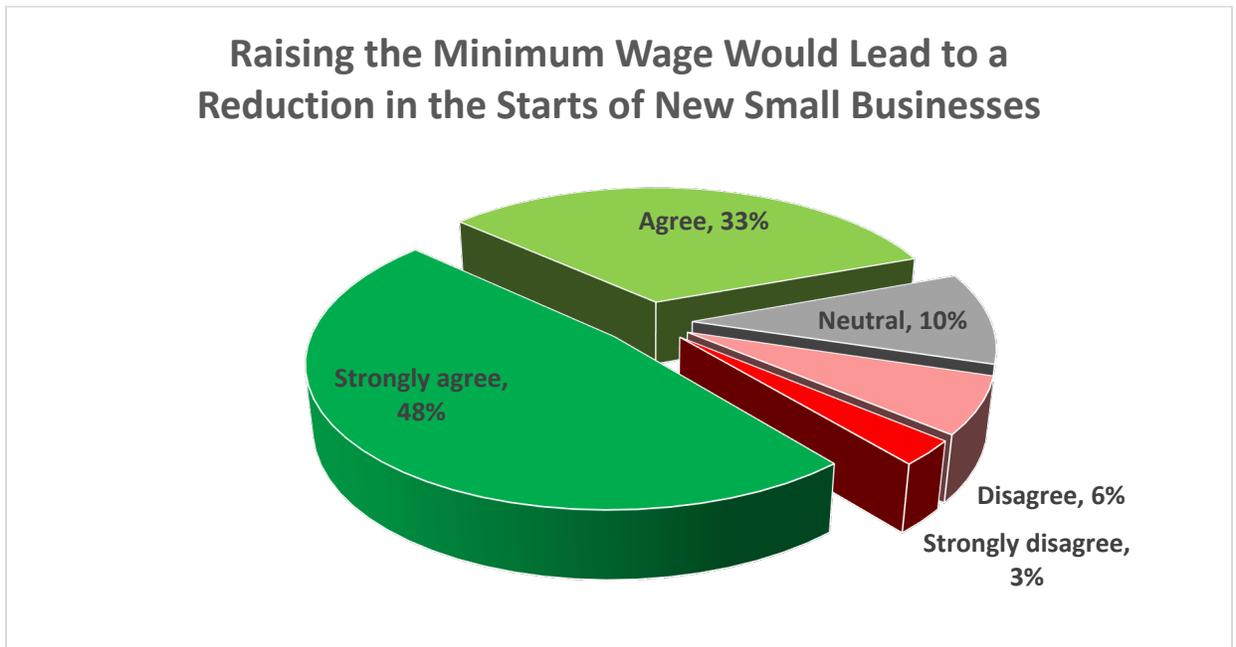
respondents listed their top strategies for coping with an increase in the minimum wage rate. Fifty-two percent of respondents indicated that they would rely on reducing the number of employees as a means of relieving the burden of an increased minimum wage.

Figure 28



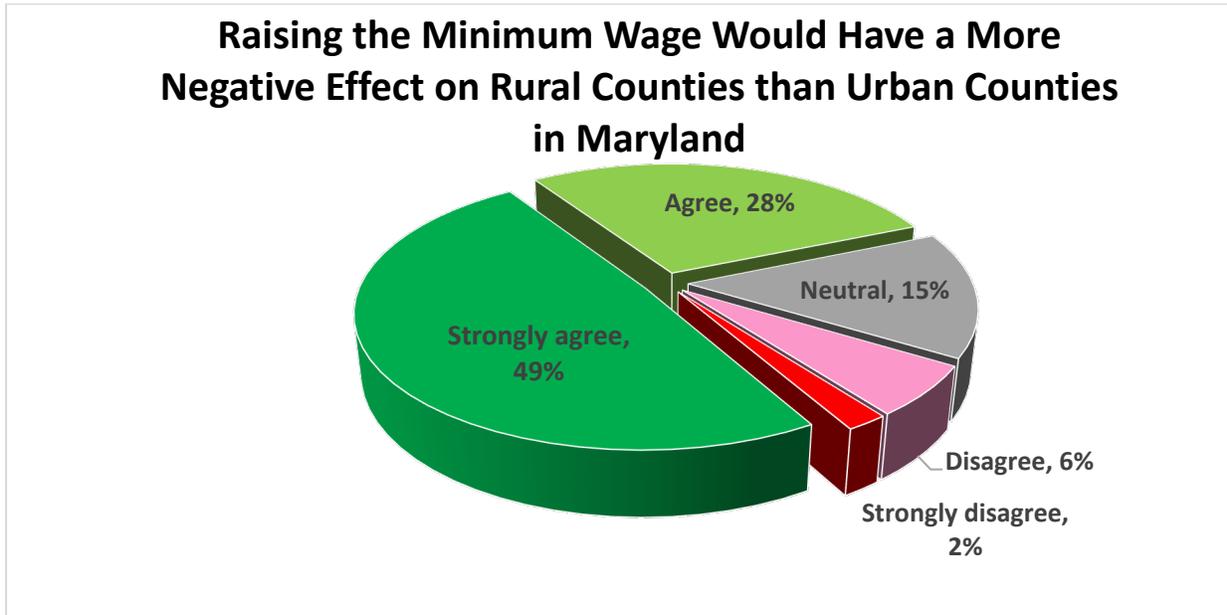
When asked if raising the minimum wage would lead to a reduction in the start of new small businesses, 81% of respondents agreed with the statement. This is a telling sign, as most of these business owners understand the rigors of starting a new business in Allegany and Garrett counties (see Figure 29).

Figure 29



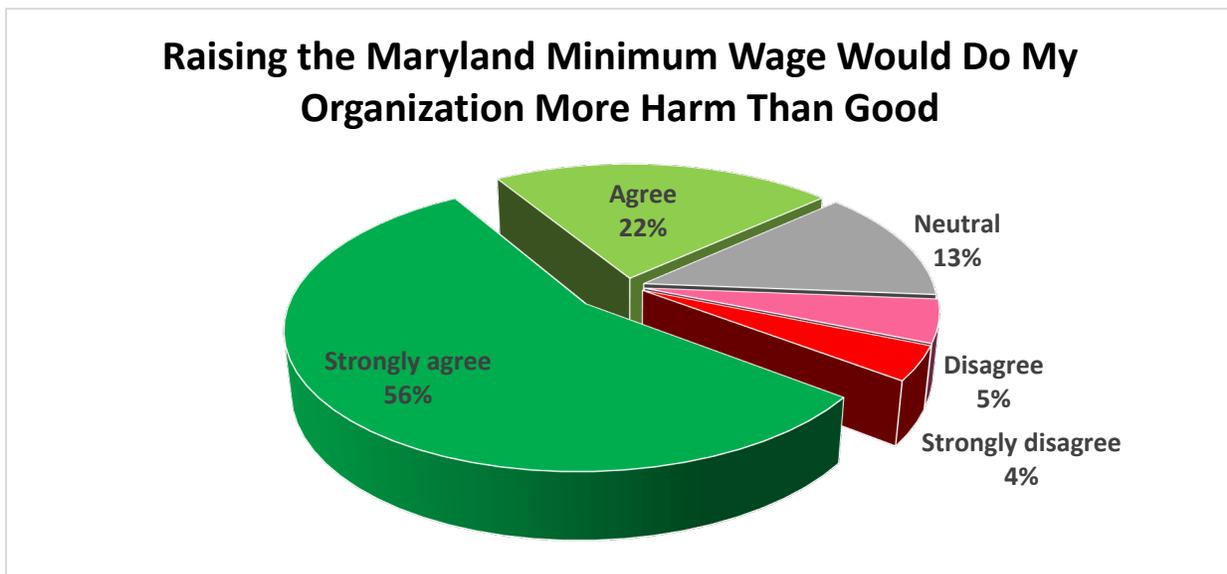
Seventy-seven percent of respondents felt the minimum wage increase would have more negative effects on rural counties than urban counties (see Figure 30).

Figure 30



Similarly, seventy-eight percent felt that raising the min wage would do more harm than good to their organization (see Figure 31).

Figure 31



The results from this study indicate that a significant majority of Allegany and Garrett county organizations do not favor an increase in the minimum wage rate. The overall sentiment expressed was that the undue burden of a higher minimum wage placed on the organizations would result in lower working hours for existing employees as well as curtailment of new hires. Unforeseen consequences of increasing the minimum wage could be that organizations will seek to hire more skilled workers. This action would hurt the employment opportunities of the less educated workers and further exacerbate the unemployment and poverty rates in Allegany and Garrett counties.

There are two potential factors contributing to the negative sentiment toward an increased minimum wage. The first is rooted in the unique characteristics of the two western Maryland counties. Even though the state of Maryland ranks above the USA average in various economic categories, Garrett and Allegany counties tend to lag substantially behind. Educational attainment is no exception. With such a low level of bachelor's degree attainment, the two counties have a large percentage of their work force categorized as unskilled labor. With local businesses relying more on unskilled labor, an increase in the minimum wage would create a financial burden that in the long run could hurt the local and regional economy. A second reason could be that since many organizations (91%) already pay some employees above the State-dictated minimum wage, an increase would correspondingly increase the wages for these workers as well.

7. STUDY IMPLICATIONS

Due to the Maryland General Assembly considering raising the minimum wage there is interest in understanding the effects of increasing the minimum wage on Allegany and Garrett Counties in Western Maryland. Previous research has been mixed on the effects. This study hoped to capture the opinions of rural Western Maryland business owners and organizations in a variety of industries and service sectors. Although the study is limited to two Western Maryland counties, it does provide insight into the unique challenges facing rural organizations. The median household income in the state of Maryland (\$78,945) is above the US average (\$57,617), however, Garrett and Allegany county rank as the lowest in the state at \$46,277 and \$41,559, respectively (Census Bureau).

The same trend can be seen for the percent of the population that obtain a bachelor's degree. Maryland again ranks higher than the US average (39.7% versus 34.2% respectively) but the two Western Maryland counties fall far below the US average at 19.2% and 18.0%. An unskilled labor force is generally characterized by lower educational attainment, such as a high school diploma, GED, or below, and typically results in lower wages. The lower educational attainment in Western Maryland creates an environment where a large unskilled labor force is dependent on the minimum wage.

When examining the potential consequences of increasing the minimum wage rate, most owners expressed they would not likely move their business. However, the increase would result in higher prices and/or lower offerings to customers. Owners would offset the minimum wage increase by

raising prices, reducing new hires, reducing worker hours, and/or laying off workers. The overall outcome would be potentially harmful to the local workforce and organizations.

While only 13% felt their organization would not survive a minimum wage increase, 44% were unsure. This finding highlights the precarious balance these organizations face with regard to managing their costs. Hence, even a modest increase in costs could impact their continued operations. Further, this uncertainty increased for medium-sized businesses that rely on part-time workers. For example, for organization with 11-20 part-time employees, 80% were unsure they would survive the increase. Similarly, a high rate of uncertainty (70%) was present for organizations with annual revenues of \$50,001 to \$150,000. Perhaps, larger organizations believe they may be able to absorb the minimum wage increase better than their smaller counterparts. They can adjust prices, decrease worker hours, or increase tasks for existing workers more efficiently than smaller organizations. Further, smaller organizations are typically run by the owner/manager who may take on more tasks in order to reduce the reliance on employees. Consequently, they cut employees as their cost does not justify their value.

8. POTENTIAL ALTERNATIVE

The results of this study were consistent across all survey respondents and did not show any significant difference of opinion across the various categories examined. The negative sentiment toward the minimum wage increase as expressed by organizations cut across dimensions such as organizational structure, size (number of employees), industry, and estimated annual revenue. For organizations relying heavily on part-time employees, the results suggest pessimism as these organizations do not express a high level of confidence that they would survive a minimum wage increase.

Vary minimum wage by county

Maryland is called, “America in Miniature” because of the variety of terrains found across the state. This analogy also applies to the variety of economic conditions found across the State. Unemployment rates vary from 3.1% in Howard County to 5.1% in Allegany County. The poverty rates range from 4.6% in Howard County to 17.4% in Allegany County. Similarly, property value rates can be as high as \$475,300 in Montgomery Country to as low as \$118,800 in Allegany County.

Due to the wide variation in economic conditions among counties, a “one-size-fits-all” minimum wage might not be the optimal solution. Although half of the respondents accepted the current \$10.10 minimum wage, 18% stated it should be at the Federal rate of \$7.25 and 17% stated it should be some other figure.

Since each county has a unique set of socioeconomic challenges, the minimum wage could vary based on the county’s needs. There are significant regional differences in the cost of living, economic development, and labor market situations within the State. Affluent counties like Howard and Montgomery could elect to set a higher minimum wage to account for the higher cost

of living, while more economically challenged counties like Allegany and Garrett could set a lower minimum wage.

This practice has already been implemented in cities like Seattle, San Francisco, and Washington D.C. who have a higher minimum wage than their surrounding counties and communities. In Seattle, for example, studies found increasing the minimum wage did not have an adverse effect on the local economy. One reason for this could be the robustness of their local economy and the many opportunities available in Seattle. Such an increase might have similar outcomes in populous cities like Baltimore, Bethesda (Montgomery County), and Annapolis (Anne Arundel County), but harmful consequences in Cumberland (Allegany County) and Oakland (Garrett County).

9. CLOSING REMARKS

In summary, the organizations identified in this study are more than just for-profit businesses. They also include many other types of organizations which may not come immediately to mind. For example: child care workers, non-profits, religious institutions, educational institutions, government entities, nursing homes etc.

While minimum wages may be a well-meaning attempt to help workers, economic research has shown there is a cost to the wage increase. This potential cost affects the least skilled workers the most since they cannot enter new low skilled jobs (Wilson, 2012). Lawmakers should examine the intended and unintended impacts of higher minimum wages. For example, Romich (2017) observed that real or imagined cost pressures created by higher minimum wages may heighten illegal discriminatory practices against workers of color, or workers with disabilities.

Finally, nothing precludes any organization from paying more to attract and retain workers which is evidenced by 91% of the respondents who pay some of their employees more than the minimum wage. Their wages are determined by skill level, labor availability, and the local cost of living instead of a mandated increased minimum wage.

10. KEY FINDINGS

- An overwhelming majority of Western Maryland Organizations (85%) is opposed increasing the minimum wage to \$15 per hour.
- When asked, “What changes they were most likely to make as a result of combating a \$15 Maryland Minimum Wage,” participants indicated that they would:
 - raise prices (55%)
 - reduce new hiring (47%)
 - reduce worker hours (42%)
 - lay off workers (32%)
- When asked, “Overall how do you think a \$15 per hour Maryland minimum wage will impact their organization,” over 84% of organizations indicated the impact will be slightly to significantly negative.
- A majority of the respondents (69%) felt the minimum wage was the standard for no or low skilled jobs.
- A strong majority (83%) stated raising the minimum wage would lead to worker lay-offs.
- A significant majority (81%) of respondents affirmed when asked if raising the minimum wage would lead to a reduction in the start of new small businesses.
- A substantial percentage (77%) of respondents felt the minimum wage increase would be more burdensome to rural counties than urban counties.
- A strong majority of (69%) of the respondents expressed that they did not feel an increase in the minimum wage would improve the standard of living in Western Maryland.
- Overall, the negative sentiment toward the minimum wage increase, as expressed by participating organizations, cut across a variety of dimensions such as organizational structure, size (number of employees), industry, and estimated annual revenue.

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