

State's minimum-wage workers getting a raise



These three key laws go into effect in Maryland on Jan. 1, 2015. (By Sean Welsh)



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Maryland's minimum-wage workers getting a raise from \$7.25 an hour to \$8.

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For Teresa DeShields, the 75-cent-an-hour increase in the state's minimum wage that takes effect Thursday means she'll finally be able to afford a phone line in her Cedonia home to stay in touch with her family in Delaware.

"I'm going to jump for joy because I can maybe pay my bills," said the 50-year-old mother of six, who until now worked in a Southeast Baltimore chicken processing warehouse for \$7.25 an hour.

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Market, says the increase mandated by Gov. Martin
or prices for customers at the amusement park and

fewer jobs for his largely teenage workforce.

"It's a bitter pill we have to swallow," he said. "The government has done nothing but to cause us a major problem."

Maryland is one of 20 states that are increasing their wage floors on Thursday — some by legislation and others by referendum.

Lawmakers approved the increase last year as the centerpiece of O'Malley's final-year agenda. They amended the governor's bill to drop his proposal for automatic indexing of the minimum, to exclude tipped restaurant workers and to stretch the increase out over a longer period.

The increase to \$8 Thursday is to be followed by a bump to \$8.25 on July 1. It is scheduled to increase to \$8.75 in 2016, \$9.25 in 2017 and \$10.10 in 2018. Maryland's minimum wage had been fixed at the federal level of \$7.25 an hour since 2009.

For a Marylander who works full time at the minimum wage, the increase to \$8 will mean an extra \$30 per week.

"That makes a big difference for a lot of people in this state," said Charly Carter, executive director of the advocacy group Maryland Working Families. "It's the difference between paying your phone bill and maybe buying some extra groceries."

Carter, whose group led the coalition that pressed for the increase, said 77,000 Marylanders who now earn less than \$8 an hour would benefit directly from the boost while nearly 100,000 others — 6.5 percent of the state workforce — could see their pay rise too.

She said that employers who have been paying just above the minimum wage typically increase salaries to keep them above the new floor.

"Historically, that's what we've seen when minimums have gone into effect," she said. "A rising tide lifts all boats, so everybody's wages go up a little bit."

Carter said the impact of the increase will be especially significant for the retail, food service and health care industries, where many lower-paying jobs are concentrated.

DeShields, who has been working at the chicken-packing warehouse since she came to Baltimore from Laurel, Del., a year ago, said she likes her job despite the long hours and physical labor involved.

But she said she runs short of money each month to buy such items as soap to wash her dishes.

"Sometimes we don't make enough money to buy food," DeShields said. When that happens, she supplements her income with meals and groceries from Our Daily Bread, the program operated by Catholic Charities.

She appreciates the help, she said, but would like to be more independent.

With this week's raise and the increase expected in June, DeShields thinks she might even be able to get away for a week this year to spend time with her family in Delaware.

"I'm happy because everything's falling in place," she said. "I'm getting a raise!"

Advocates are dissatisfied with the final legislation. Carter wished legislators hadn't stretched out the full increase to \$10.10 until 2018. And she remains disappointed that the legislature excluded workers who receive tips, such as restaurant servers, from the law's provisions.

Carter said her group would lobby lawmakers to fix what she sees as the law's deficiencies.

But advocates' hopes were set back in November with the election as governor of Republican businessman Larry Hogan over Democratic Lt. Gov. Anthony G. Brown.

At a news conference this week, Hogan threw cold water on the idea of speeding the increase.

"I don't think that's going to happen," he said.

Hogan pledged during the campaign that he would not try to undo the increase. But he was elected with the backing of the National Federation of Independent Businesses, a vocal opponent of the legislation.

Jessica Cooper, state director for Maryland's NFIB chapter, said the increase will hurt small businesses.

"Mandating a wage hike and forcing job creators to increase their cost of business has really negative consequences," she said. "For most businesses, labor costs account for 75 percent of business operating costs."

Cooper echoed Carter's prediction that some workers who now earn more than the minimum wage would see their pay go up, too.

"When you increase the base, it impacts the entire payroll," Cooper said.

Stottlemeyer, the amusement park owner, said his veteran employees will expect increases to maintain their margin over the high school students he hires each year to operate rides, staff ticket booths and perform other tasks.

Stottlemeyer said the wage increase will make him more wary about hiring young, inexperienced workers for the roughly 125 part-time positions he fills each year.

"We're not going to hire the kids who haven't had a job before," he said. "We've got teenagers who don't know how to mop. We have teenagers who don't know how to make change."

Stottlemeyer said he's been forced to raise ticket prices to pay the higher wage. He said an all-day pass that has cost \$28.95 for many years will cost \$32 starting with the new year.

Economists differ on the broader effect of the increase.

David Cooper, senior economic analyst with the Economic Policy Institute, said it would provide a modest — not dramatic — boost to Maryland's economy.

"We know low-income folks are more likely than higher-income individuals to go out and spend every dollar they receive," said Cooper, who is not related to Jessica Cooper. "Consumer spending goes up when those folks have more money to spend."

Cooper said the impact on the recipients of the increase would be significant.

"It's going to provide a robust boost in the purchasing power for these folks," he said.

Cooper said some businesses would feel the increased cost of wages but would also benefit from the overall increase in economic activity. With the higher wage, he said, businesses will also likely see slower turnover and reduced absenteeism.

Stephen S. Fuller, director of George Mason University's Center for Regional Analysis, predicted last year that the increase would cost jobs while failing to help reduce poverty.

In a report commissioned by a conservative think tank, Fuller and his co-authors said the increase would cost Maryland thousands of jobs.

"While there may be strong public support to raising the minimum wage, this approval is not based on a factual understanding [of] the resulting economic effects of higher wage rates and what these costs would be to the general public," they said. "Ultimately, higher wage rates not supported by gains in operating efficiencies or product or service quality will result in lost sales and lost jobs."

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New laws take effect today

Minimum wage: The state's minimum hourly wage will rise from the federal minimum of \$7.25 to \$8 per hour, the first of four increases scheduled to bump the rate to \$10.10 by 2018. Maryland's rate had matched the federal minimum since 2009.

Background checks: Real estate appraisers will now have to undergo background checks and give a set of fingerprints to police.

Campaign finance: A sweeping overhaul of contribution laws will increase the amount an individual can give a candidate from \$4,000 to \$6,000 each cycle while also closing the "LLC loophole" that allowed donors to give

unlimited donations through separate limited liability companies. Groups that make large independent expenditures must report their activity to the state elections board within 48 hours, and the board now has authority to issue civil fines for violations of reporting laws.

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