

PASS THE 2007 LIVING WAGE BILL....HB430

The Maryland General Assembly passed a Living Wage Bill in 2004 (HB1192/SB621), with the Senate voting 31-15 and the House voting 79-58. The Bill would have moved workers in private companies with state service contracts out of poverty and toward self-sufficiency. Living Wage would have become law had Governor Ehrlich not vetoed the legislation.

Today, 120 American cities and counties have living wage laws, including Baltimore City, Prince George's County and Montgomery County. Governor-Elect Martin O'Malley voted in support of Baltimore's law as a member of the City Council. Montgomery County set \$11.60 as its living wage rate as of July 2006. These jurisdictions increase their living wage rates each year with a cost of living adjustment (COLA).

In 2007, the General Assembly can show voters that Maryland is serious about improving the lives of working families with support from Governor O'Malley, and become the first state in the nation to enact a living wage law that moves workers out of poverty, away from dependency on state social services and towards economic self-sufficiency for their families.

Frequently Asked Questions

What is Living Wage Legislation?

Living wage legislation requires companies that win contracts with state or local governments to pay their employees wage rates that move them out of poverty towards family economic self-sufficiency.

Where in the United States Have State and Local Governments Enacted Living Wage Laws?

One hundred and twenty American cities and counties already have living wage laws, including Baltimore City (\$9.30), Prince George's County (\$11.25) and Montgomery County (\$11.60).

How Would a Living Wage Law Apply to Maryland State Government?

In 2004 the Maryland Senate and the Maryland House of Delegates passed living wage legislation for private sector companies and subcontractors that were awarded state procurement contracts valued at \$100,000 or more.

The Department of Legislative Services indicated that this living wage legislation would apply to nearly \$890,000,000 for the service contracts established in the FY2004 Legislative Appropriation. These contracts covered such services as:

Food Services	\$ 87,214,000	Janitorial Services	\$ 30,196,000
Grounds Maintenance	\$ 3,330,000	Laundry	\$ 1,434,000
Housekeeping	\$ 14,053,000	Purchase of Care	\$709,623,000
Security Services	\$ 32,437,000	Trash/Garbage	\$ 4,748,000
Office Assistance	\$ 6,435,000		
		Total:	\$889,470,000

How Would a Maryland Living Wage Law Impact Workers on these Contracts?

Workers in these jobs typically earn between \$7.10 and \$7.75 per hour, or less than the \$16,600 federal poverty standard for a family of three. At these wage rates, their families have to depend on social services that can cost taxpayers as much as \$9,000 per family each year. A living wage of \$11.95 per hour establishes an annual income of \$24,852 for a person who works 40 hours per week for 52 weeks each year.

Why Is an Annual Income of \$24,852 for Full-Time Work Necessary in Maryland?

In 2006, a single parent with one child needed \$26,256 to be self-sufficient in Allegany County, \$34,936 for self-sufficiency in Baltimore City, and \$40,072 in Prince George’s County. For families of three or more, the self-sufficiency levels are significantly higher. These self-sufficiency levels mean that a family earns enough to pay rent, buy food and clothing, pay for medical expenses, cover transportation costs, pay taxes, etc.).

Maryland Family Self-Sufficiency Standards (in 2006 Dollars)

	<u>Family of 2</u> (One Adult and One Preschooler)	<u>Family of 3</u> (One Adult, One Preschooler and One School-Age)	<u>Family of 4</u> (Two Adults, One Preschooler and One School-Age)
Allegany County	\$26,256	\$31,804	\$41,617
Kent County	\$28,083	\$30,539	\$40,623
Baltimore City	\$34,936	\$42,034	\$51,023
Anne Arundel County	\$38,200	\$45,356	\$53,680
Prince George’s County	\$40,072	\$47,649	\$55,967
Montgomery County	\$46,397	\$56,037	\$64,552

What is the Impact of Living Wage Laws on the Budgets of Governments that Enact Them?

In its 2006 study entitled *The Economic Impact of Local Living Wages*, the Economic Policy Institute reports that “a detailed survey of 20 cities found that the actual budgetary effect of living wage laws...tended to be less than one-tenth of 1% of the overall budget.

An earlier study by the Economic Policy Institute for the budgetary impact of the living wage laws in Baltimore showed that by 1999, with 4 full years of implementation of the City’s living wage ordinance, “nominal contract costs for the city rose just 1.2% - lower than inflation during the same period.” The study, by Christopher Niedt and his associates at Johns Hopkins University, concluded that the “budgetary impact of the living wage (in Baltimore) has been insignificant.”

What is the Impact of Living Wage Laws on the Companies that Win Public Contracts?

The Economic Policy Institute’s 2006 report also noted that companies required to pay the higher wage standard set by the living wage laws reported decreased total costs through higher productivity levels for those employees, and higher rates of employee retention that reduce their hiring and training costs. Competition for these contracts also created incentives for companies to absorb some of the increased labor costs in order to maintain successful bids.