

THE TRUTH ABOUT LIVING WAGE

What we heard...

At the February 20 hearing on the Living Wage Bill (HB430), opponents said it's okay for the State of Maryland to continue the cycle of creating and subsidizing poverty with taxpayer dollars, while businesses continue to flourish under state contracts.

What we know....

Opponents use the same, lame, argument every year on every bill that gives workers a way out of poverty—it will drive business out of Maryland. We all know that's not true.

What we heard...

Opponents are philosophically against increasing wages for Maryland's working families.

What we know...

Wages for CEOs are up, profits are up and poverty is up in Maryland.

What we heard...

The Living Wage bill will cost the State of Maryland too much money.

What we know...

- The fiscal note explains that contract costs would increase by no more than 1%.
- Empirical evidence in jurisdictions with living wage ordinances reveals that minimal increases in contract costs are less than the rise in inflation.
- States save money despite rises in contract costs because increases are offset by less dependence on state aid.
- Businesses benefit as a result of living wage because they realize increased employee retention, increased worker productivity, and less training costs.

What we heard...

The Living Wage Bill will increase the cost of government services to taxpayers.

What we know...

Taxpayers are currently supplementing the incomes of low-wage workers through public assistance programs. The closer the state is able to move families towards self-sufficiency, the lower the tax dollars necessary to fund Maryland's public assistance programs.

What we heard...

A Living Wage Rate of \$11.95 is just too high.

What we know...

A living wage of \$11.95 per hour yields an annual income of \$24,852 for a person who works 40 hours a week for 52 weeks each year.

In 2006, a single parent with one child needed \$26,256 to be self-sufficient in Allegany County; \$34,936 in Baltimore City; and \$40,072 in Prince George's County.

What we heard...

Maryland increased the state minimum wage last year and the Federal government is poised to increase the federal minimum wage, so a living wage bill is not necessary.

What we know...

State contracts are paid for with taxpayer dollars. Taxpayer dollars should not be used to create more poverty in the state—poverty resulting in increased costs of taxpayer-subsidized public assistance programs like Temporary Assistance for Needy Families (TANF), Medicaid and food stamps, which are paid for by taxpayers.

What we heard...

Living Wage rates should be regionally indexed.

What we know...

None of the following are indexed by region:

Minimum wage

Gas tax

Sales tax

Food stamp eligibility

Federal poverty rate

What we heard...

The market should set wages.

What we know...

With the exception of high-income workers, the incomes of working families have remained stagnant in recent years. (Maryland Budget & Tax Policy Institute, *The State of Working Maryland*)

What we heard...

The bill will hurt small businesses.

What we know...

The bill only affects businesses seeking contracts of over \$100,000 with the state.