



## OFFICE OF THE COUNTY EXECUTIVE

**Marc Elrich**  
*County Executive*

March 2, 2023

TO: The Honorable Melony Griffith  
Chair, Finance Committee

FROM: Marc Elrich  
County Executive

RE: Senate Bill 555, *Fair Wage Act of 2023*  
Support

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I am writing to express my strong support for House Bill 549, *Fair Wage Act of 2023 (Fair Wage Act)*, which accelerates an increase in the State minimum wage rate to \$15.00 on October 1, 2023, and indexes future minimum wage rates to inflation (up to 5%) beginning on July 1, 2025.

Montgomery County enacted a law in 2017 that phased-in an increase in the local minimum wage from \$11.50 to \$15.00. The law required annual rate increases over a four-year period for large businesses (more than 50 employees), over a six-year period for mid-size businesses (11 to 50 employees), and over a seven-year period for small businesses (less than 11 employees). After reaching \$15.00, the rate must be adjusted annually for inflation. In addition, the rate for mid-size and small businesses must increase by an additional 1% annually until it equals the minimum wage rate for large employers. The attached chart shows the status and future implementation schedule for Montgomery County's minimum wage rates.

Although there are some differences between the County's minimum wage law and the Fair Wage Act, they both reflect the shared goal of a \$15.00 minimum wage for working people who seek to earn enough to put a roof over their heads, feed their families, and not have to choose between food on the table and medical visits. Multiple studies over the last decade have demonstrated that low wage earners are more likely to put their income directly back into the economy. That is because low wage workers spend a larger portion of their budget on immediate needs, like food, clothing, transportation, and shelter.

It is critically important to index future minimum wage rates to inflation to keep pace with the rising cost of living so that minimum wage workers do not lose purchasing power each year. In Montgomery County, the minimum wage for large employers reached \$15.00 on July 1, 2021,

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and became \$15.65 on July 1, 2022, after being adjusted for inflation for the first time. It will be adjusted again for inflation this year and will become \$16.70 on July 1, 2023. The minimum wage rate for mid-size employers and small employers will reach \$15.00 on July 1, 2023, and July 1, 2024, respectively, and will be adjusted for inflation each year thereafter (plus up to 1% annually until equal to large employers). Like the *Fair Wage Act*, our local law includes an “off ramp” that allows for a temporary suspension of increases to the minimum wage rate under challenging economic conditions.

Importantly, the Governor’s proposed budget includes \$413 million to accelerate planned increases to the reimbursement rates for a variety of community providers serving the most vulnerable individuals in our communities (individuals with disabilities, mental health needs, and substance abuse disorders and those needing nursing home, medical day care, private duty nursing, personal care, and other home and community-based services). Current law requires an annual increase of 4% for provider rates in fiscal years 2024, 2025, and 2026. Contingent on enactment of the *Fair Wage Act*, the Governor’s budget would fund a 12% increase in fiscal year 2024 instead of annual 4% increases over the next three years.

I respectfully request that the Senate Finance Committee give the *Fair Wage Act* a favorable report.

cc: Members of the Finance Committee  
Attachment

# NOTICE



## EFFECTIVE JULY 1, 2022



Montgomery County, Maryland

## MINIMUM WAGE INCREASE

Montgomery County Code Section 27-68

Effective date	Large employer	Mid-sized employer	Small employer
July 1, 2022	\$15.65	\$14.50	\$14.00
July 1, 2023	Increased annually by CPI-W	\$15.00	\$14.50
July 1, 2024		$\$15.00 + \text{CPI-W} + 1\%^2$	\$15.00
July 1, 2025		Increased annually by CPI-W + up to 1%, until equal to large employers	$\$15.00 + \text{CPI-W} + 1\%^3$
July 1, 2026 and subsequent years.			Increased annually by CPI-W + up to 1% until equal to large employers

A **“large employer”** is an employer who employs 51 or more employees;

A **“mid-sized employer”** is:

- an employer who employs between eleven and 50 employees; or
- an employer who employs eleven or more employees and:
  - has tax exempt status under Section 501(c)(3) of the Internal Revenue Code; or
  - provides “home health services” as defined by 42 C.F.R. § 440.70 or “home or community-based services” as defined by 42 C.F.R. § 440.180, and receives at least 75% of gross revenues through state and federal Medicaid programs.

A **“small employer”** is an employer who employs 10 or fewer employees.

<sup>1</sup> Beginning July 1, 2022, the minimum wage required under County Code Section 27-68 must be adjusted annually, to the nearest five cents, according to average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year.

<sup>2</sup> Beginning July 1, 2024, until it is equal to the minimum wage required under Section 27-68, the minimum wage for mid-size employers must be adjusted annually, to the nearest five cents, by the annual average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year plus, if the CPI-W increase is less than \$0.50, one percent of the minimum wage required for the prior year, up to a total increase of \$0.50.

<sup>3</sup> Beginning July 1, 2025, until it is equal to the minimum wage required under Section 27-68, the minimum wage for small employers must be adjusted annually, to the nearest five cents, by the annual average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year plus, if the CPI-W increase is less than \$0.50, one percent of the minimum wage required for the prior year, up to a total increase of \$0.50.