

# All Maryland Workers Deserve a Real Living Wage

## Position Statement in Support of Senate Bill 886

*Given before the Senate Finance Committee*

Most Marylanders would agree that a healthy economy should be among our elected leaders' top priorities – but what does a healthy economy mean? The goal is not simply to maximize the number of dollars changing hands or the number of people who go to work each day. A healthy economy is one that raises all families' standard of living – where we all have access to a good job that pays enough to support a family – regardless of our race, ethnicity, gender, or any other aspect of our identity. While Gov. Moore and the Maryland General Assembly have taken important steps to make this vision a reality, the fact is that today's minimum wage falls far short of a true living wage and leaves far too many behind. Senate Bill 886 would ask Maryland voters to decide whether to enshrine in Maryland's Constitution the right to a living wage, with no exceptions. Contingent on passage of this ballot measure, the bill would raise the full minimum wage to \$25 by 2030 and guarantee all workers a \$25 minimum wage by 2031. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 886.**

The bill that ultimately put Maryland on the path to a \$15 minimum wage was introduced in January 2019. Since then, prices throughout the economy have increased by 29%.<sup>i</sup> Today, a single adult in Maryland working full time and not caring for children would need to take home \$25.94 per hour to afford a basic living standard, according to the MIT Living Wage Calculator.<sup>ii</sup>

Guaranteeing a living wage for all would make Maryland's economy more equitable. The following Maryland workers are expected to have hourly wages less than \$25 per hour in 2030, according to analysis by the Economic Policy Institute:

- 902,000 workers altogether (32% of all Maryland workers)
- 35% of working women
- 36% of Black workers
- 48% of Latinx workers

This includes 260,000 workers with an associate's or bachelor's degree. Two-thirds of those taking home less than \$25 per hour are expected to be full-time workers.

Eliminating arbitrary carve-outs and asterisks is crucial for a minimum wage that leaves no one behind. Among the most egregious of these is the \$3.63 subminimum wage for tipped workers. Contingent on passage of the constitutional amendment, Senate Bill 886 would gradually phase out the subminimum wage, ultimately guaranteeing tipped workers their full \$25 per hour, with tips on top.

Despite efforts to muddy the waters by industry lobbyists, tipped jobs are typically not lucrative. In Maryland,

restaurant servers and bartenders typically took home less than \$36,000 per year in 2024, according to the Bureau of Labor Statistics.<sup>iii</sup>

To be clear, Senate Bill 886 would neither prohibit nor in any way discourage tipping. Customers in states that guarantee tipped workers the full minimum wage – from Montana to California – still tip their servers.

### **The Truth about Minimum Wages and Jobs: History**

Corporate lobbyists perennially threaten that minimum wage increases and other pro-worker policies will cause economic calamity, but Maryland’s experience does not bear that out:<sup>iv</sup>

- Between 2015 and 2019, Maryland’s unemployment rate averaged 0.3 percentage points below the national rate.
- In 2020, the year lawmakers overrode then-Gov. Hogan’s veto of the \$15 minimum wage law, Maryland’s peak unemployment rate was 5.8 percentage points below the national rate, and average unemployment was 1.6 percentage points below the national rate.
- Between 2021 and 2025 – while the state’s \$15 minimum wage was phasing in – Maryland’s unemployment rate averaged 0.8 percentage points below the national rate. Maryland’s overperformance grew while our minimum wage was increasing.
- In fact, Maryland had the fourth-lowest unemployment rate of any state in 2023 and the seventh-lowest rate in 2024, following Gov. Moore’s acceleration of our minimum wage phase-in under the Fair Wage Act.
- There is no question that recent years have been unusual times economically. However, if opponents’ arguments were sound, one might expect the supposed negative impacts of raising the minimum wage to be *higher* during a deadly pandemic, spiking global unemployment, and rapid inflation. Instead, Maryland businesses have struggled to recruit workers quickly enough.

Opponents’ dire portrayal of the District of Columbia’s restaurant industry also does not withstand scrutiny:<sup>v</sup>

- Restaurant and bar employment fell sharply nationwide at the height of the COVID-19 pandemic in 2020. The District saw an especially sharp drop and especially robust growth in 2021 and 2022. By 2024, the District’s restaurant and bar employment was less than 100 short of the 2019 average (–0.2%). Nationwide, restaurant and bar employment fell by 116,000 jobs (–2.0%) during the same period. The District’s restaurant and bar industries are no more in crisis today than they were pre-pandemic.
- The District’s restaurant industry has also recovered more fully from pandemic-era job losses than Fairfax County, Va., or Montgomery County, Md., neither of which increased their tipped minimum wages during this period (\$2.13 and \$4.00 per hour, respectively). Bar employment data are not consistently available for nearby jurisdictions.
- Data about the number of establishments also do not back up opponents’ worrisome anecdotes. The District has added restaurants and bars in the majority of quarters since tipped wage increases began (through 2025 Q2), gaining 73 establishments cumulatively since 2023 Q1 (+5.8%).
- In terms of the number of restaurants and bars, the District has also recovered more fully from the pandemic than the surrounding area. Establishments were 14% higher in the district in 2025 Q2 than the 2019 average, compared to an 11% gain for the remainder of the metro area. Establishment counts are not consistently available for specific nearby jurisdictions.
- See Appendix 2 for detailed discussion of minimum wage opponents’ District of Columbia narrative.

### **The Truth about Minimum Wages and Jobs: Evidence**

The minimum wage is perhaps the single most studied policy in economics. Not only has the quantity of high-

quality research grown in recent years, its scope has broadened thanks to bold wage standards enacted by leading policymakers across the country.<sup>vi</sup>

Today, there is strong evidence that minimum wages as high as two-thirds of a jurisdiction's median wage do not meaningfully affect the number of jobs available.<sup>vii</sup>

Above this level, historical experience is more limited – and therefore so is the body of evidence. Eventually this evidence base will be more robust – once more trailblazer jurisdictions take the next step.

There is not high-quality empirical evidence supporting the dire predictions corporate lobbyists make about Senate Bill 886 or any other minimum wage measure.

Meanwhile, the most prominent question in minimum wage research may not be the most important one. The low-wage labor market is characterized by high turnover and variable hours. This means that even if the employment effects of a vanguard-level minimum wage are not precisely zero, the most likely outcome is workers taking home higher net income from fewer hours of paid work.

The takeaway is clear: Senate Bill 886 is an ambitious measure that would put Maryland on the forefront of pro-worker policy and deliver a higher standard of living for low-wage workers across our state.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 886.**

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## Appendix 1: Characteristics of Maryland Workers Expected to Earn Less than \$25 Per Hour in 2030

Source: Economic Policy Institute

<b>Group</b>	<b>Number of workers earning less than \$25 an hour</b>	<b>% of group earning &lt; \$25 per hour</b>	<b>Group as % of all workers earning &lt; \$25 per hour</b>
<b>Total</b>	902,200	32%	100%
<b>Gender</b>			
Male	409,800	29%	45%
Female	492,400	35%	55%
<b>Race/ ethnicity</b>			
White	362,000	26%	40%
Black	278,300	36%	31%
Hispanic	163,600	48%	18%
AAPI	53,800	26%	6%
Other	44,600	31%	5%
<b>Usual weekly work hours category</b>			
Part time (<20 hours per week)	94,400	55%	10%
Mid time (20-34 hours)	200,500	62%	22%
Full time (35+ hours)	607,300	26%	67%
<b>Educational attainment</b>			
Less than high school	124,400	64%	14%
High school	308,000	50%	34%
Some college, no degree	209,900	42%	23%
Associates degree	68,300	35%	8%
Bachelors degree or higher	191,700	14%	21%
<b>Family income-to-poverty status</b>			
In Poverty	97,200	87%	11%
100 - 199% poverty	167,100	77%	19%
200-399% poverty	319,200	49%	35%
400%+ poverty	318,700	17%	35%

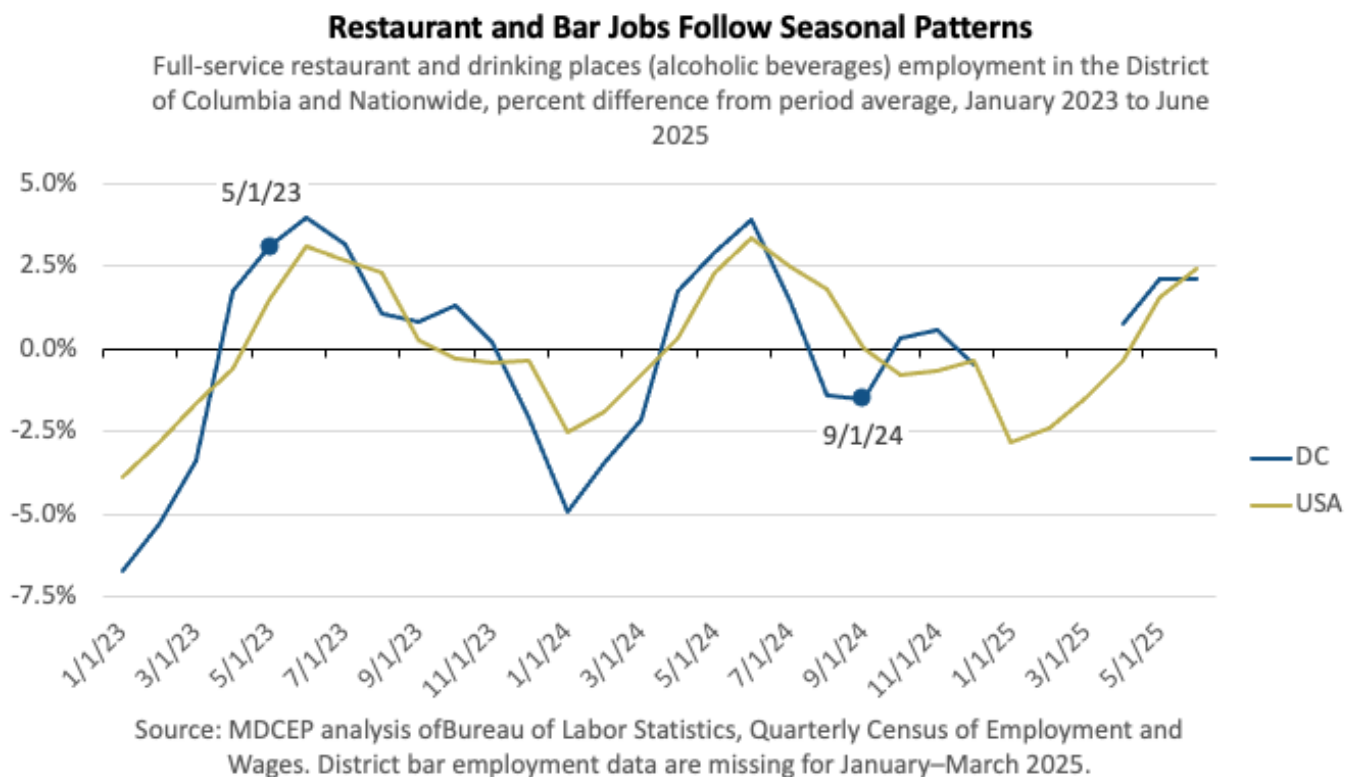
## Appendix 2: Examining the Restaurant Lobby’s District of Columbia Narrative

The restaurant lobby and other minimum wage opponents frequently cite the District of Columbia’s experience raising its tipped subminimum wage as a cautionary tale. District residents have twice voted to guarantee tipped workers full minimum wage protection, only to see their democratic will curtailed by elected policymakers. Minimum wage opponents’ arguments concern 2023 and 2024 tipped wage increases under Initiative 82, a ballot initiative approved by votes in 2022.

Opponents’ narrative of a collapsing restaurant industry in the District of Columbia relies on misinterpreting selective data without proper context.

Opponents make much of the change in the District’s combined full-service restaurant and bar employment from May 2023 (the month of the first minimum wage increase under Initiative 82) to September 2024, <sup>viii</sup> a superficially worrying decline of about 1,500 jobs (–4.5%).<sup>ix</sup>

While there are several problems with this analysis, the most egregious is its **failure to account for seasonal trends** – a phenomenon restaurant industry lobbyists are surely aware of.<sup>x</sup> The chart below shows the trend in full-service restaurant employment in the District of Columbia and the United States from January 2023 to June 2025 (most recent available full-universe data), with May 2023 and September 2024 marked.



Three facts should be readily apparent:

- The District and nationwide trends are qualitatively quite similar, with warm-weather highs and cool-weather lows. The similarity between the two trends suggests that **normal seasonal variation is the simplest explanation** for most month-to-month employment variation.
- Seasonal variation is sizable. The United States “lost” more than 300,000 restaurant and bar jobs from June 2024 to January 2025 (–5.9%). **Ups and downs of this size may seem jarring without the proper context**, but that does not make them meaningful for policy.

- The “before” comparison point is one month before peak employment in June. The “after” comparison point is near the middle of a gradual decline in the second half of the year. **Even with no policy change, a decline in employment is entirely expected.**

A different comparison would have yielded a different story:

- A straightforward 12-month comparison – arguably a more appropriate choice – would have shown a negligible –0.2% change.
- Proponents, if so inclined, could point out that the District gained restaurant and bar jobs during the second month of implementation.
- Regardless of whether opponents intentionally cherry-picked the September data – more likely this was the most recent month available when the analysis was performed – this kind of month-to-month comparison, presented without context on seasonal variation, is meaningless. **Moreover, the choice to present standard seasonal variation as a policy impact should inspire doubt about the source’s credibility.**

In addition to seasonal variation, opponents’ choice of May 2023 as the “before” comparison is concerning. The first subminimum wage increase under Initiative 82, from \$5.35 to \$8.00 per hour, took effect May 1. This makes May the first “after” month. A more appropriate comparison would be April 2023, with about 400 fewer restaurant and bar jobs than May. **Beginning the comparison in May inflates the supposed job loss by 41%.**

A more honest comparison (with the benefit of newer data): from April 2023 to April 2025, the District’s restaurant and bar employment declined by about 300 jobs (–1.0%). Notably, the end of this period coincides with the Trump administration’s first rounds of drastic federal layoffs.

There are other ways to assess the District’s restaurant and bar industry, as well:

- Restaurant and bar employment fell sharply nationwide at the height of the COVID-19 pandemic in 2020. The District saw an especially sharp drop and especially robust growth in 2021 and 2022. By 2024, the District’s restaurant and bar employment was less than 100 short of the 2019 average (–0.2%). Nationwide, restaurant and bar employment fell by 116,000 jobs (–2.0%) during the same period. The District’s restaurant and bar industries are no more in crisis today than they were pre-pandemic.
- The District’s restaurant industry has also recovered more fully from pandemic-era job losses than Fairfax County, VA, or Montgomery County, MD, neither of which increased their tipped minimum wages during this period (\$2.13 and \$4.00 per hour, respectively). Bar employment data are not consistently available for nearby jurisdictions.
- Data about the number of establishments also do not back up opponents’ worrisome anecdotes. The District has added restaurants and bars in the majority of quarters since tipped wage increases began (through 2025 Q2), gaining 73 establishments cumulatively since 2023 Q1 (+5.8%).
- In terms of the number of restaurants and bars, the District has also recovered more fully from the pandemic than the surrounding area. Establishments were 14% higher in the district in 2025 Q2 than the 2019 average, compared to an 11% gain for the remainder of the metro area. Establishment counts are not consistently available for specific nearby jurisdictions.

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<sup>i</sup> Consumer Price Index for all urban consumers

<sup>ii</sup> MIT Living Wage Calculator, <https://livingwage.mit.edu/states/24>

While this estimate includes necessities that for some families are met through non-wage income such as employer benefits, low-wage workers are among those least likely to receive such benefits.

<sup>iii</sup> Occupational Employment and Wage Statistics, Bureau of Labor Statistics, <https://data.bls.gov/oes/#/area/2400000>

<sup>iv</sup> MDCEP analysis of Bureau of Labor Statistics Local Area Unemployment Statistics and Current Population Survey statistics.

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<https://www.bls.gov/lau/>  
<https://www.bls.gov/cps/>

<sup>v</sup> MDCEP analysis of Bureau of Labor Statistics, Quarterly Census of Employment and Wages full-universe jobs data. Includes full-service restaurants (NAICS 722511) and drinking places (alcoholic beverages) (NAICS 722410).

<sup>vi</sup> See for example:

Analysis of 138 state minimum wage increases since 1979:

Cengiz, Dube, Lindner, and Zipperer, 2019, "The Effect of Minimum Wages on Low-Wage Jobs: Evidence from the United States Using a Bunching Estimator," NBER Working Paper 25434, <https://www.nber.org/papers/w25434.pdf>

Comprehensive review of minimum wage research since 2000:

Wolfson and Belman, 2016, "15 Years of Research on U.S. Employment and the Minimum Wage," Tuck School of Business Working Paper No. 2705499, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2705499](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2705499)

Analysis of minimum wage evidence based on credible research designs:

Allegretto, Dube, Reich, and Zipperer, 2017, "Credible Research Designs for Minimum Wage Studies: A Response to Neumark, Salas, and Wascher," ILR Review, <https://doi.org/10.1177/0019793917692788>

<sup>vii</sup> Two-thirds threshold based on forthcoming work by Ben Zipperer for the Economic Policy Institute.

<sup>viii</sup> See "D.C.'s Initiative 82 Is a Horror Story – Not a 'Success'," Employment Policies Institute, 2025,

<https://minimumwage.com/2025/04/initiative-82-is-a-horror-story-not-a-success/>

Note that the Employment Policies Institute is not the same as the Economic Policy Institute.

<sup>ix</sup> Unless noted otherwise, all employment and establishment data in this appendix are based on MDCEP analysis of the Bureau of Labor Statistics Quarterly Census of Employment and Wages. The Employment Policy Institute refers to a larger decline of 1,762 jobs (-5.2%), likely due to preliminary data for September 2024 that were later revised upward. This number increased to an unsourced supposed 2,000 job loss (-6%) in unfavorable testimony on a related 2025 bill.

<sup>x</sup> The word "seasonal" does not appear once in the Employment Policies Institute piece.