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The Honorable Melissa Wells, Chair  
House Government, Labor, and Elections Committee  
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Thank you for the opportunity to submit written testimony in opposition to **House Bill 1479**, which would raise Maryland's minimum wage to **\$18 per hour** by 2028 (or 2029 for small employers) and then mandate **automatic annual increases tied to inflation** thereafter, as determined by the Commissioner of Labor and Industry. My perspective on this issue is informed from two perspectives: as a Maryland resident and as the President and CEO of a Maryland workforce development non-profit providing services within Washington, Allegany, and Garrett counties.

I generally support policies that expand economic opportunity and dignity for Marylanders. However, based on decades of workforce development experience and substantial economic evidence, I believe HB 1479 would **unintentionally harm workers, reduce access to employment, and significantly damage nonprofit organizations that rely on labor-intensive service models to help people advance.**

### **HB 1479 Does Not Address the Root Causes of Affordability—and Risks Making Them Worse**

HB 1479 frames rising wages as a solution to affordability, yet the bill does **not address the primary drivers of cost-of-living pressure in Maryland**, including housing shortages, energy costs, healthcare, childcare, and inflation.

Economic research consistently shows that **mandated wage increases raise employer costs**, which are then absorbed through **higher prices, reduced hours, reduced hiring, or automation**. The U.S. Bureau of Labor Statistics summarizes research indicating that these cost pass-throughs are common responses and that price increases disproportionately affect lower-income households, who spend a larger share of their income on essential goods and services.

HB 1479 further compounds this risk by **locking in automatic, inflation-indexed wage increases** beginning in 2029, removing future legislative discretion and limiting flexibility for employers during economic downturns or periods of instability.

In practice, this structure risks **fueling a wage-price spiral**, where higher mandated wages contribute to higher prices, which then trigger further automatic wage increases—without addressing the underlying affordability problem.

## **Converting the Minimum Wage into a De Facto Living Wage Excludes Workers from the Labor Market**

Minimum wage jobs play a critical role as **entry points into employment**, especially for:

- Teenagers and young adults entering the workforce
- Older adults and retirees seeking part-time or supplemental income
- Individuals with limited work history
- First-time workers gaining basic skills and experience

A substantial body of economic research shows that **higher wage floors reduce employment opportunities for young and inexperienced workers**. A comprehensive review published by **IZA World of Labor** finds that minimum wage increases reduce youth employment, delay labor-market entry, reduce on-the-job training, and lower lifetime earnings for workers who are priced out of employment altogether.

Additional studies show that higher minimum wages increase youth unemployment by increasing the number of job seekers while reducing the availability of entry-level jobs.

By pushing the wage floor higher and then indexing it permanently to inflation, HB 1479 would **raise the barrier to hiring**, particularly for positions that exist primarily to provide experience, training, and a first step into the workforce.

## **HB 1479 Would Disproportionately Harm Nonprofits**

Currently in Maryland, nonprofits employ **280,000 workers full-time—nearly 13% of all non-governmental workers** in Maryland—and more than every other major private industry in the state. Increasing the minimum wage to \$25 puts this entire critical ecosystem at risk as nonprofits operate under fundamentally different economic constraints than for-profit businesses. Unlike private firms, nonprofits:

- Cannot raise prices/fees freely
- Do not generate substantial profits to buffer higher costs

- Depend on donations, grants, and fixed public contracts
- Operate in highly labor-intensive human-service sectors

Peer-reviewed research from the **National Bureau of Economic Research (NBER)** finds that **large minimum wage increases lead to significant employment reductions in the nonprofit sector**, as well as declines in the number of nonprofit organizations themselves [6](#).

Further analysis summarized by the **Cato Institute**, drawing on IRS and BLS data, shows that legislative minimum wage increases of \$2 or more result in:

- Employment declines of **2.7% to 9.1%** in nonprofits
- Reductions in the number of nonprofit establishments
- Decreased fundraising capacity and charitable contributions with effects that worsen over time and disproportionately harm smaller nonprofits [7](#).

More specifically this will disproportionately affect non-profit organizations that rely on **labor-intensive operations**—such as donation processing, retail, logistics, custodial services, job coaching, and supported employment - paying fair wages paired with **training, accommodations, and career advancement pathways**. Mandating a \$18 wage would potentially result in:

- Reduction in the number of individuals served
- Elimination training and support services
- Increased automation at the expense of jobs
- Closure of stores and programs that currently help people move from unemployment to independence

This would directly undermine the ability to achieve our core mission: **using work as a tool to build skills, confidence, and long-term employability**.

## **Conclusion**

While HB 1479 is well-intentioned, its structure and long-term effects present a deeply flawed approach to achieving economic mobility. Instead this legislation would:

- Fail to resolve the true drivers of affordability
- Reduce access to entry-level employment
- Disproportionately harm nonprofits and workforce-development organizations

- Limit opportunities for those most in need of a first step into work

I urge you to **reject HB 1479** and instead pursue policies that expand housing supply, reduce cost-of-living pressures, support workforce development and job training, and preserve pathways into employment for all Marylanders. Strategies that create incentives for employers to **voluntarily** support their employees through contributions to support childcare, transportation, and other barriers to employment would be a better starting place. These could have the same net effect of putting additional dollars back into employees' pockets while also encouraging employers to help remove barriers to employment.

Thank you for your consideration and for your commitment to thoughtful, evidence-based policymaking.

**Respectfully submitted,**



Dr. David Shuster

#### Cited References

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<https://epionline.org/release/cbo-report-finds-17-minimum-wage-could-cost-1-4-million-jobs/>
3. **A \$15 minimum wage changes more than just take-home pay.**  
<https://www.bls.gov/opub/mlr/2021/beyond-bls/a-15-minimum-wage-changes-more-than-just-take-home-pay.htm>
4. **The effects of minimum wages on youth employment, unemployment, and income.**  
<https://wol.iza.org/articles/the-effects-of-minimum-wages-on-youth-employment-unemployment-and-income/long>

**5. The Effect of the Minimum Wage on Teenage Employment and Unemployment: A Meta-Analysis.**

<https://academics.hamilton.edu/publicpolicy/pdf/minimumwagees.pdf>

**6. Effects of the Minimum Wage on the Nonprofit Sector.**

[https://www.nber.org/system/files/working\\_papers/w31281/w31281.pdf](https://www.nber.org/system/files/working_papers/w31281/w31281.pdf)

**7. Effects of the Minimum Wage on the Nonprofit Sector.**

<https://www.cato.org/research-briefs-economic-policy/effects-minimum-wage-nonprofit-sector#>

If you'd like next:

- A **shortened one-page version**
- A **2-3 minute oral testimony script**
- A version tailored specifically to **Horizon Goodwill Industries**
- Or a **side-by-side comparison** of HB 1479 vs. HB 1229/SB 886

I can do that immediately.