

**WESTERN MARYLAND PARTNERS RELEASE RESULTS OF MINIMUM WAGE SURVEY:
\$15/Hour Wage Will Hurt Communities**

The Allegany and Garrett County Chambers of Commerce along with the Garrett County Development Corporation, and the Cumberland Allegany County Industrial Foundation, Inc. (CACIF) partnered to contract with Frostburg State University (FSU) to conduct a survey of Western Maryland organizations to determine their views of a proposed \$15 per hour minimum wage in Maryland.

“Serving a multi-county, multi-state region, FSU has a responsibility to deploy its intellectual capital and expertise to help inform, educate and support the people and institutions of the region on a broad spectrum of issues,” said Al Delia, Vice President for Regional Development and Engagement for FSU. “When businesses and organizations in Allegany and Garrett County had the need for accurate and reliable information about the potential impact to employers of a minimum wage increase to \$15 per hour, FSU was pleased to gather and report reliable data.”

Created and conducted in November 2018 by Dr. Amit Shah, Dr. Michael Monahan and Dr. Eyad Youssef of the FSU College of Business, the survey showed a resounding opposition to increasing the Maryland minimum wage to \$15 per hour. An overwhelming majority of Western Maryland organizations is opposed to this increase and 77% believed raising the minimum wage would have more negative consequences on rural counties than urban counties in Maryland.

“I am not surprised by the results of the survey,” said Nicole Christian, president & CEO of the Garrett County Chamber of Commerce. “We know that our local employers are extremely concerned about a potential \$15 per hour minimum wage and how it could impact Western Maryland, and now we have the survey results to share with lawmakers in Annapolis.”

“The survey results from an independent third party confirm what a majority of our members have been saying for some time,” said Stu Czapski, Executive Director of the Allegany County Chamber of Commerce. “It also illustrates the vast differences among Maryland counties and the competitive environment with surrounding states. One size does not fit all.”

With 282 Western Maryland organizations, including for-profit and non-profit employers, participating in the survey, 69%, felt that it would not improve the standard of living in Western Maryland.

- 69% agreed that minimum wage is the standard for no/low skill jobs
- 64% agreed that minimum wage is not intended to be a living wage

Garrett and Allegany Counties have a large percentage of their workforce categorized as unskilled labor. With local organizations relying more on unskilled labor, an increase in the minimum wage would create a financial burden that in the long run could hurt the local and regional economy. It is important to note that, according to the FSU survey, 91% of the respondents pay some of the unskilled workers more than minimum wage already. Their wages are determined by skill level, labor availability, and the local cost of living instead of a mandated increased minimum wage.

Overall, 77% of respondents of the FSU minimum wage survey believed that raising the minimum wage would have more negative consequences on rural counties than urban counties and 78% said it would do more harm than good in Western Maryland. Eighty-three percent (83%) believe it will lead to increased worker lay-offs and 81% say it would lead to a reduction in the start of new businesses.

While 43% of the organizations surveyed said they can survive the minimum wage increase to \$15/hour, 44% were unsure and 13% indicated that they could not survive. When prompted to select the type of cost-saving measures the organizations would implement to manage a minimum wage increase, the top five responses were:

- Reduce the number of employees
- Reduce or eliminate bonuses
- Delay employee promotions and raises
- Cut weekly work hours for employees
- Discourage overtime work

“The survey results are indicative of the apprehension in Western Maryland with respect to the impact of a potential minimum wage increase on the business community,” said Elizabeth Georg, Chair of the Board of the Garrett County Development Corporation. “It is important for these results to be considered by the lawmakers in Annapolis as the process moves forward.”

Maryland’s minimum wage is currently 39% higher than the federal minimum wage rate and at least 15% higher than our neighboring states of Delaware, Virginia, West Virginia and Pennsylvania that all are at \$8.75 or below. Only D.C has a higher minimum wage at \$13.20/hour increasing to \$15 by 2020. The survey was distributed electronically from November 5, 2018 to November 19, 2018 to organizations within Allegany and Garrett Counties.

The survey instrument contained 40 questions and was administered online or via hard copy. The questions for this anonymous and confidential survey instrument were initially generated from a review of previous minimum wage studies and refined by the researchers to fit the needs of the Western Maryland community. A draft of the questionnaire was then reviewed by two independent entities to ensure the readability of the questions and the ease of survey completion. In general, the questions assessed the respondents’ opinions regarding the current Maryland minimum wage as well as the potential of increasing minimum wage to \$15 per hour. Survey recipients were given the opportunity to answer open-ended as well as closed-ended questions and express their opinions and beliefs about the impact of increasing the Maryland Minimum Wage.

The Allegany and Garrett County Chambers, Tri-County Council of Western Maryland and other organizations communicated with their members introducing the purpose of the study, along with a web link directing recipients to the survey instrument. While the respondents remained anonymous, the method allowed for only one completed survey per person.

Of the respondents, 26% were LLCs, 24% S-corporations, 16% corporations, 11% sole proprietorships, 10% nonprofits and 13% other. Approximately 40% of the sample comprised of organizations that exceeded \$1 million in annual revenues while the other 60% varied evenly amongst the remaining categories. The size of the organizations surveyed ranged from one where the owner was the only employee to a large organization with over 2,200 employees. Sixty-eight percent (68%) had 1-50 employees. The sample included a diverse collection of industries ranging from construction and

manufacturing to hospitality and professional services. The mix included government, healthcare and nonprofits. A significant majority of the respondents (80%) had been in operation over 10 years.

There were no statistically significant differences in the responses based on the annual revenues, number of employees, type of organization, type of structure, or length of time in operation.

“CACIF is committed to fostering economic development in Allegany County and we believed that it was necessary to gather some hard data on a potential minimum wage increase,” said Jeff McKenzie, President of CACIF. “With the help of Frostburg State University and our partners, this in-depth study is providing critical information about the consequences and how economic activity in our community may be effected if minimum wage is increased to \$15 per hour. The study is shedding some light and putting hard numbers to what may happen to Western Maryland if the increase passes.”

Frostburg State University, part of the University System of Maryland, is the only public, four-year institution west of the Baltimore-Washington corridor. It serves as the premier educational and cultural center for Western Maryland and surrounding counties in Pennsylvania and West Virginia. Frostburg’s College of Business, with a mission to “prepare students to successfully meet professional opportunities through a dynamic, student-centered educational environment that emphasizes leadership, notable and timely research, application of knowledge, and global experiential learning,” is accredited by AACSB International.

The Garrett County Chamber of Commerce is the largest professional business association in the region with 600 members representing every industry in the community. The mission of the Chamber is to organize, support and represent Garrett County’s business community in advancing common interests and additionally to promote Garrett County’s hospitality and recreation industry by attracting visitors to the county through comprehensive marketing. The Garrett County Chamber also serves as the Destination Marketing Organization and Heritage Area Management entity for the County.

The Allegany County Chamber of Commerce is a business association of nearly 400 members. Through a full calendar of programs and events, the Chamber supports business and community growth, providing advocacy, educational and marketing opportunities to its members.

The Cumberland/Allegany County Industrial Foundation is a public/private organization that was established to help promote Allegany County economic development. We are comprised of private business, nonprofit, city, and county officials. Our mission is to help/assist the public sector in any area that needs our help in dealing with Economic development.

The Garrett County Development Corporation is a private 501(c)(6), non-profit corporation established in accordance with the laws of the State of Maryland. Comprised of unpaid volunteers from a wide array of backgrounds and affiliations, including members of the local business community and lead county organizations, its mission is to assist in the development and enhancement of the business prosperity and economic well-being of Garrett County.

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Attachments: Survey Report, PowerPoint Presentation, Survey Tool

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Additional contacts for businesses and non-profits provided by request to Nicole Christian.