

Hogan Truth-o-Meter

March 2019

Larry Hogan [claims](#) Maryland lost 100,000 jobs to surrounding states and businesses cannot afford an increase to \$15.¹

- **FALSE:** From 2014 to 2018, as the minimum wage rose from \$7.25 to \$10.10 in Maryland, unemployment dropped 1.9 percentage points, from 5.8 percent to 3.9 percent, right in line with the declines in all other states in the region, and actually a larger decline in unemployment than in Pennsylvania, where the minimum wage remains unchanged at \$7.25.² Moreover, from December 2014 to December 2018, Maryland added 116,000 jobs – a growth of 4.4 percent, again similar to its neighbors, and stronger than in Pennsylvania where the minimum wage went unchanged.³

Larry Hogan claims that the gains from a minimum wage increase would not go to those who need it most.

- **FALSE:** As the Economic Policy Institute [has shown](#), earnings have grown much faster for the bottom 10th-percentile of wage earners in states that have increased the minimum wage.⁴ And [nearly two thirds of the workers who would benefit](#) come from families with less than \$75,000 in total family income. More than a third are either in poverty or close to it.⁵

Wage growth at the bottom was strongest in states with minimum wage increases between 2013 and 2018

10th-percentile wage growth from 2013 to 2018, by presence of state minimum wage increase between 2013 and 2018 and by gender

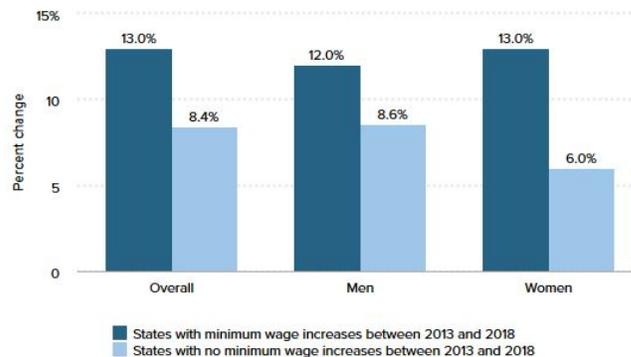


Chart Data

Notes: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, Ohio, Oregon, Rhode Island, South Dakota, Vermont, Washington, and West Virginia increased their minimum wages at some point between 2013 and 2018. Sample based on all workers ages 16 and older.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata from the U.S. Census Bureau

Larry Hogan says that the minimum wage bill will “cause a negative outflow of jobs” to neighboring states.

- **FALSE:** Maryland’s minimum wage is higher than its neighbors, and yet unemployment is statistically similar or lower than several states.⁶
 - New Jersey and Pennsylvania, despite having lower wages (\$8.85 and \$7.25),⁷ have higher unemployment than Maryland (4.1 and 4.3 in New Jersey and Pennsylvania, compared to 3.9 in Maryland). Delaware’s wage is \$8.75, yet its unemployment rate is 3.8 percent. Virginia’s rate stands at 3 percent – while marginally lower than Maryland’s, both states boast rates that economists consider to represent full employment, while Virginia workers take home less pay. All of the above show that the minimum wage is not correlated with unemployment.

Larry Hogan says that Maryland shouldn’t be “the hole in the donut,” with higher wages than neighbors, and that “many economic studies have concluded that an increase in the minimum wage...would cost thousands of jobs.”

- **FALSE:** Decades of sophisticated, painstaking research has proven that the minimum wage does not cost jobs.⁸ In fact, comparing states with different minimum wage levels that border each other has proven that higher minimum wage states do not become less competitive.

“Minimum Wage Effects Across State Borders,” was published in 2010 by economists from the Universities of California, Massachusetts, and North Carolina in the prestigious Review of Economics and Statistics.⁹ The study carefully analyzed minimum wage impacts across state borders by comparing employment patterns in more than 250 pairs of neighboring counties in the U.S. that had different minimum wage rates between 1990 and 2006. The study found no difference in job growth rates in the 250 pairs of neighboring counties—such as Washington State’s Spokane County compared with Idaho’s Kootenai County where the minimum wage was substantially lower—and found no evidence that higher minimum wages harmed states’ competitiveness by pushing businesses across the state line.

Larry Hogan says that a regional minimum wage makes sense because it accounts for “local economic conditions.”

- **FALSE:** Nowhere in Maryland is \$15 enough for a single adult without children to survive.¹⁰ A regional approach punishes workers in lower-income parts of the state, making it more likely that they would continue to see depressed wages and have their economies dominated by low-wage employers that wield outsized control of the labor market.¹¹

Larry Hogan says the state is better off increasing its Earned Income Tax Credit threshold to 60 percent of the federal rate, rather than raising the minimum wage.

- **FALSE:** Raising the EITC doesn’t have to come at the expense of raising the minimum wage. Analysis shows that net earnings increase for the vast majority of minimum wage earners, even when accounting for changes in benefits levels.¹² Maryland can afford to support both a robust minimum wage that keeps workers out of poverty and makes up for decades of stagnating wages, and an important benefits policy for workers with families and other needs.

Sources:

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7. National Conference of State Legislatures, *State Minimum Wages | 2019 Minimum Wage by State*, January 1, 2019, <http://ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.
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