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***MINIMUM WAGE ACT REDUCES INEQUALITY AND REPRESENTS  
A \$2 BILLION A YEAR BONUS FOR MARYLAND'S ECONOMY***



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WASHINGTON – By reducing inequality, boosting consumer spending and reducing underemployment, Maryland’s new [Minimum Wage Act \(HB 275\)](#) could generate over \$2 billion a year in economic benefits for the state according to a new analysis by [Center for Sustainable Economy](#) (CSE). CSE is an economics think tank working on sustainability issues in Maryland and across the US. The analysis is first in a series that will take a look at what impact major legislative initiatives from the 2014 General Assembly will likely have on the economy using the state’s new [Genuine Progress Indicator](#) (GPI) as a measure of economic performance.

Pioneered in part by CSE’s Dr. John Talberth, the GPI was put into place in 2010 by Governor Martin O’Malley, and is now being implemented or considered for implementation in twenty other states. Unlike conventional metrics like gross state product (GSP), the GPI takes the costs of inequality into account as well as a wide range of environmental and social costs that have bearing on the economic wellbeing of American households.

According to Dr. John Talberth, “Opposition to minimum wage hikes in Congress, Maryland and other states often rests on the costs to business and governments as a justification for no action while overlooking benefits. Our research indicates that benefits to workers, businesses, and households dwarf costs by orders of magnitude and thus justify federal leadership, not foot-dragging, in giving Americans the a raise they deserve.”

The study found that if HB 275 were fully implemented now, Maryland’s GPI would be nearly \$1.7 billion higher than it is today in 2000 dollars (the baseline year for the Maryland GPI) or over \$2.2 billion higher in current dollars. Benefits would include reduced costs of inequality (a benefit of \$1.02 billion), increased consumption expenditures by low and middle-income families (a benefit of \$625.51 million), reduced costs of underemployment (\$29.67 million), reduced costs of crime (\$11.49 million) and increased benefits of consumer durables (a benefit of \$2.07 million). Against these benefits, the Department of Legislative Services predicts increases in state and local government expenditures of over \$14 million

(\$10.81 in 2000 dollars). CSE's analysis also takes into account the costs to some small business owners who would have less take-home profits.

Leaders in the campaign to pass HB 275 welcomed the CSE analysis as yet another indication that their efforts will make a significant contribution to economic wellbeing in Maryland. "These study findings once again confirm why we worked so hard to move the Maryland General Assembly to raise the minimum wage," said Charly Carter, Executive Director of [Maryland Working Families](#), which led the successful Raise Maryland campaign. "Higher wages are a triple win -- good for workers, businesses and our communities."

The GPI brings a holistic economic perspective to legislative impacts. Currently, each piece of legislation considered in the Maryland General Assembly is accompanied by a "[fiscal and policy note](#)" that estimates the impacts proposed legislation will have on government finances. What is missing is an understanding of broader economic implications. According to Daphne Wysham, Fellow at the [Institute for Policy Studies](#), "The GPI is a refreshing economic perspective that resonates with every household in America. It measures what matters to our families and communities and is a far better way to measure legislative impacts than just looking at government fiscal costs." IPS and CSE are promoting the use of the GPI in Maryland including its use to inform critical policy issues such as [inequality](#).

As the CSE analysis demonstrates, raising Maryland's minimum wage will advance progress on several fronts prioritized by those working on behalf of Maryland's quality of life. According to Greg Cantori, President and CEO of [Maryland Nonprofits](#), "The GPI can help evaluate how the policies we implement have an impact on the quality of life for all Marylanders. As such, we hope the Maryland Assembly begins to use the GPI as a tool in making more informed decisions about economic policy."

[For a copy of CSE analysis of the Maryland's Minimum Wage Act, please visit:](#)

<http://www.sustainable-economy.org>

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