

# Office of the County Auditor

## Auditor's Analysis

### Council Bill No. 82-2021

Introduced: November 1, 2021

Auditor: Owen Clark

---

#### Fiscal Impact:

Our Office is unable to estimate the fiscal impact of this legislation because we are unable to determine the total population of employees and employers that would be impacted by this change or the economic impact it may have on employment, individuals, and businesses in the County.

Per the Administration's analysis, the annualized fiscal impact of this legislation on wage expenditures in the Department of Recreation and Parks is approximately \$1,200,000, of which \$300,000 will impact the General Fund. The remaining \$900,000 will impact the Recreation and Parks Special Revenue Fund, which is funded by user and service fees. The Administration's analysis indicates that this would result in program fee increases.

This fiscal impact was determined using FY 2022 employee and wage data, which could be subject to change in FY 2023. *Our Office has an open request with the Administration to confirm that this estimate includes increases from statutory costs, as well as a request for the reason the non-Recreation and Parks staff that were identified as having wages below \$15 per hour were not included in the analysis.*

*Our Office has open inquiries with the Howard County Public School System, Howard Community College, and the Howard County Library System for their assessments of how many employees would be affected by this legislation and the resulting financial effects on these entities.*

#### Purpose:

The purpose of this legislation is to establish a minimum wage for employees working in Howard County with wage requirements being established for Employers (with 15 or more employees), Small Employers (with 14 or fewer employees), and Howard County Government Employees.

Howard County Government Employees will have a newly established wage requirement of \$15 per hour on July 1, 2022 and \$16 per hour on July 1, 2024. Wage requirements for employers and small employers will increase as follows:

Employer Type	Scheduled Minimum Wage Rates, excluding annual adjustments				
	April 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025	January 1, 2026
Employers	\$ 14	\$ 15	\$ 15	\$ 16	\$ 16
Small Employers	\$ 13	\$ 14	\$ 15	\$ 15	\$ 16

Other Comments:

Other provisions of this legislation include that:

- The minimum wage will be adjusted each January 1 using the annual average increase in the local Consumer Price Index for urban wage earners and clerical workers as of the prior June 30.
- Employers may apply a “tip credit” to those employees receiving more than \$30 in tips each month, however, this credit may not reduce an employee’s wage below \$4 per hour.
- Enforcement of this subtitle will be handled by the Maryland Department of Labor.
- The County Council will hold a meeting once every four years, in the year following the election of County Council members, to discuss the County’s minimum wage and consider the cost of living, the status of workforce development programs and opportunities, and poverty levels in Howard County and the surrounding region.

Per inquiry from our Office, the Administration has indicated that:

- There are no permanent full-time County employees that earn less than \$15 per hour.
- There are currently 536 contingent employees that earn less than \$15 per hour. Of these:
  - The Department of Recreation and Parks employs 495.
  - The County Administration employs 33.
  - The Departments of Public Works, Police, and Planning and Zoning combined employ the remaining 8.
- The duties associated with implementing this legislation and monitoring minimum wage requirements could be absorbed by existing County staff.