

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 34-23 COUNTY MINIMUM WAGE - WAGE COMMISSION - ESTABLISHED

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 34-23 establishing a Wage Commission would have an indeterminant impact on racial equity and social justice (RESJ) in Montgomery County.

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### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.<sup>2</sup>

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### PURPOSE OF BILL 34-23

The purpose of Bill 34-23 is to create a Wage Commission in the County. The Commission would be required to study wages and working conditions by industry and provide an annual report to the County Executive and County Council with recommendations related to minimum wages and working conditions in the County.<sup>3</sup>

The Wage Commission would be comprised of six community members appointed by the County Executive and confirmed by the Council, including:

- Two representatives of organized labor;
- Two representatives of industry; and
- Two members of the public.

Additionally, the Bill requires the County's Chief Labor Relations Officer or their designee to serve as an ex-officio member of the Commission and the County Executive to designate the Chair and Vice-Chair of the Commission.<sup>4</sup>

Bill 34-23, County Minimum Wage - Wage Commission - Established, was introduced on September 19, 2023.

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### RACIAL INEQUITY IN WAGES

The origins of the national and local economy were built on racial inequity in wages, income, and wealth.<sup>5</sup> European settlers built wealth by expropriating Indigenous land and African labor. Enslaved Africans were denied wages during the colonial and antebellum eras and Free Africans were often paid less than Europeans for similar work. Moreover, post Emancipation during the Jim Crow era, Black, Indigenous and Other People of Color (BIPOC) continued to face discrimination and occupational segregation into the lowest paid positions that sustained racial disparities in earnings.

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Occupational segregation and racial discrimination continue to adversely impact BIPOC workers who experience higher levels of unemployment, underemployment, and poverty-level earnings. Racial disparities in wages also persist among workers with comparable levels of education. The wages of BIPOC women are especially adversely impacted by both racial and gender inequities in the labor market.

Patterns of racial disparities in hourly wages exist in Montgomery County. For example, among workers between the ages of 25 and 64:

- The median hourly wage was \$45 for White workers in 2020 compared to \$39 for Asian workers, \$36 for mixed/other race workers, \$26 for Black workers, and \$20 for Latinx workers.<sup>6</sup>
- Six percent of White workers earned less than \$15 per hour in 2020 compared to nine percent of mixed/other race workers, 14 percent of Asian workers, 18 percent of Black workers, and 31 percent of Latinx workers.<sup>7</sup>

Racial disparities in hourly wages also exist for Montgomery County workers with comparable educational credentials. For example, among workers between the ages of 25 and 64:

- The median hourly wage for workers with a high school diploma was \$26 for White workers in 2020 compared to \$17 for Asian and Black workers, and \$16 for Latinx workers.<sup>8</sup>
- The median hourly wage for workers with a bachelor's degree or above was \$51 for White workers in 2020 compared to \$45 for Asian workers, \$44 for mixed/other race workers, and \$34 for Black and Latinx workers.<sup>9</sup>

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## ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 34-23 on RESJ in the County, OLO considers two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

Since BIPOC are over-represented among minimum wage workers, any recommendations the Commission makes to improve wages and working conditions could disproportionately benefit BIPOC workers. However, there are some unknown elements that make the potential benefits of the Commission on BIPOC workers unknown. For example, since the Wage Commission will serve as an advisory board, OLO cannot discern whether their recommendations to the Council or Executive will be enacted. Moreover, since it remains unknown whether the Wage Commission's recommendations would be enacted, its potential impact on racial disparities in wages also remains unknown.

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## RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to offer recommended amendments to bills that are anticipated to have a negative impact on RESJ in the County.<sup>10</sup> Since OLO finds the anticipated RESJ impact of Bill 34-23 to be indeterminant, OLO does not offer recommended amendments for this bill.

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### CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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### CONTRIBUTIONS

OLO staffer Elsabett Tesfaye, Performance Management and Data Analyst, drafted this RESJ impact statement with assistance from Elaine Bonner-Tompkins, Senior Legislative Analyst.

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<sup>1</sup> Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools.

<https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid.

<sup>3</sup> [Introduction Staff Report for Bill 34-23](#), Introduced September 21, 2023.

<sup>4</sup> Ibid.

<sup>5</sup> Field Note, 2020-2, December 2020 – Turning the Floodlights on the Root Causes of Today’s Racialized Economic Disparities, Community Development Work at the Boston Fed Post-2020, Regional and Community Outreach

<sup>6</sup> National Equity Atlas. 2020. Wages: Median: In an equitable economy, all workers would earn a living wage, without systematic differences by race and gender.

[https://nationalequityatlas.org/indicators/Wages\\_Median](https://nationalequityatlas.org/indicators/Wages_Median)

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

<https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2623&fullTextSearch=27-19>