

PFM Minimum Wage Study Methodologies

PFM collaborated with TXP, Inc. and its Minority, Female, and Disabled-Owned (MFD) partner, MFR Consultants, Inc. (“the project team”) to provide for an analysis of the financial, economic and social impacts of the proposed minimum wage increase and other variations or alternatives to the ordinance.

Several data and information sources were used to conduct the analyses including:

- Data from the County regarding its budget, contracts with outside vendors, and County workers
- Feedback from County officials on the possible impact of the proposed increases, gathered during interviews conducted in April and May 2017
- Feedback from multiple County business owners and business community leaders, gathered during interviews conducted in April and May 2017
- Responses from an electronic survey of Montgomery County business owners conducted in May 2017
- Feedback from multiple County non-profit employees and non-profit community leaders, gathered during interviews conducted in May 2017
- Responses from an electronic survey of Montgomery County non-profit leaders in May 2017
- Third-party economic and demographic data and research from sources that include the United States Census Bureau (Census), the Bureau of Labor Statistics (BLS), the Center on Wage and Employment Dynamics (CWED), the National Employment Law Project (NELP), etc.
- Information from the websites and public documents of other cities and counties that have increased their minimum wage rates in recent years

Economic Impact Model

PFM’s partner, TXP, Inc., provided the analysis of a minimum wage increase on the County’s economy. This analysis relied on the Regional Input-Output Modeling System (RIMS II), which is commonly used by researchers, state and local government officials, civic leaders, planners, and others to model economy impacts.

The economic impact model relied on four main data sources:

- Bureau of Labor Statistics’ Quarterly Census of Employment and Wages (QCEW), which provides historic data on average employment levels and wage rates by industry by county by quarter. Data is currently available through Q3 2016.
- Census Bureau’s Longitudinal Employer-Household Dynamics, which provides historic data on employment by both the location of the employer as well as the worker’s residence. There is some stratification of data by wage rate and industry. This data annual and is only available through 2014.
- Bureau of Labor Statistics’ Occupational Employment Statistics (OES), which provides detailed historic data on employment counts and percentile wage rates at the metropolitan division level. This data is available annually and has been published through 2016.
- Maryland Department of Labor, Licensing, and Regulation’s Occupational Employment Statistics, which provides detailed occupational employment data for 2016 for Montgomery County.