

Mayor Pugh must veto the \$15 minimum wage

By: *John Danko*

My manufacturing company has survived 97 years in Baltimore. We have outlasted corporations like B&O Railroad and Bethlehem Steel as well as major regulatory changes, local crime, not to mention wars and recessions.

Yet our company's future will be uncertain if the \$15 minimum wage set to be passed by City Council next week takes effect. For the sake of all of Baltimore's small business owners, entry-level jobseekers, and broader economy, I urge Mayor Pugh to veto it.

I am the third-generation owner of Danko Arlington Inc., a plant that makes custom aluminum parts for the defense industry. Most of our 75 employees already make over \$15 an hour. We start employees at \$11 an hour and teach them the specialized skills to make their labor quickly worth much more. Over one-third of our employees are ex-offenders. We also hire refugees and legal immigrants.

Because we face competition from companies trying to outbid us in states like Pennsylvania, where the minimum wage is \$7.25, we cannot afford to pay our unskilled, starting inexperienced employees at \$15 and stay in businesses. Simply put, we cannot afford to pay journeymen wages to unskilled employees.

If this bill becomes law, my business will be forced to dramatically scale back its entry-level employment opportunities — including its ex-offender program — in favor of employees who require less training. In addition, our company is already making contingency plans to increase automation

and 3-D printing, which can be maintained and programmed by a few highly skilled engineers. Other employers with fewer options than our company will certainly consider moving to Baltimore County, where the minimum wage will be 49 percent less than the city's.

Indeed, the minimum wage threat is much greater for city small businesses that have smaller profit margins and lower entry-level wages than my company. Such businesses like restaurants, cafes and retailers, which are helping gentrify blighted communities, will have to reduce job opportunities or close altogether unless customers are willing to pay dramatically higher prices.

Jay Steinmetz, CEO of Barcoding Inc. in Canton, said that a \$15 minimum wage would force him to reduce dozens of entry-level business technology job and training opportunities because the costs associated with the hike would price his business out of competitive, nationwide contracts. And the owner of the call center CMD Outsourcing Solutions has said that a \$15 minimum wage would force his business outside the city.

While our business models may be different, all businesses affected by the wage hike have something in common: We help to train the city's workforce. We teach them the technical and soft skills necessary to quickly earn far more than the minimum wage. Rather than fighting for counterproductive wage mandates, we should be fighting for high-paying, middle-class ca-

reers — a fight for \$50,000 a year incomes. But before people can get a good job, they need a first job. And to protect these first job training opportunities, the entry-level wage must also be protected.

It's clear that these aren't job opportunities that Baltimore can afford to lose. City employment has declined by roughly five percent since 2000. Only one in two city residents aged 16 to 24 currently has a job. And in some parts of the city like Sandtown-Winchester, where the 2015 uprising took place, the general unemployment rate is nearly 20 percent, according to the most recent Census Bureau data. Now is not the time to be putting up artificial barriers to employment by outlawing jobs that pay less than \$120 a day.

Based on her comments, Mayor Pugh understands these consequences. She has urged caution on a \$15 minimum wage, implying that it would create more empty storefronts and threaten the city's nascent and fragile economic recovery. This perspective may come from the fact that she is a small business owner herself and understands the consequences of higher wage mandates first-hand. She has said that a \$15 minimum wage would force her to close her consignment shop an extra day a week to compensate for its associated costs.

For her business and mine, as well as the city's entry-level jobseekers and economy as a whole, I ask her to please veto this bill.

John Danko is the owner of Danko Arlington and a member of the Job Creators Network.