

SA_Aisha Braveboy_FAV_SB0780

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Position: FAV

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SB780 Labor and Employment – Economic Stabilization Act – Revisions

February 27, 2020

Support

Good afternoon Madam Chair and Honorable Members of the Finance Committee. For the record, I am Aisha Braveboy, State's Attorney for Prince George's County. I am testifying in support of HB1018/SB780 Labor and Employment – Economic Stabilization Act – Revisions. This bill requires the Secretary of Labor to develop mandatory guidelines for employers faced with a reduction in operations. The employer would have to provide 90 day written notice to employees prior to a reduction in operations. This bill is similar to what Congress has enacted at the Federal level.

The federal Worker Adjustment and Retraining Notification (WARN) Act has been in effect since the late 1980s and mandates certain large employers give employees 60 days' notice before moving or reducing operations. Currently Maryland law provides *voluntary* guidelines for employers who are reducing their operations in the state. These guidelines are rarely, if ever, followed or enforced. Twenty-three (23) states and the Virgin Islands have laws that mandate employers who are reducing operations provide notice and severance packages beyond what is guaranteed under the federal WARN Act. Most of these states mandate longer notice periods and/or require notice when there are fewer impacted employees than the federal law requires.

Additionally, Maine and New Jersey both mandate employers provide one week of severance for every year an employee has worked with the employer. The federal law provides for 60 days' notice of closures, this bill would extend the notice to 90 days, providing more opportunity for employees to prepare for a layoff.

Federal law provides protections for workers at employers with over 100 employees. This bill would extend protections to workers employed at organizations with over 50 employees in Maryland who are reducing their workforce by at least 25% or 15 employees, whichever is greater. This would provide protections to a greater number of Maryland working families. In balancing interests and ensuring fairness, this legislation excludes construction sites or other temporary workplaces and employers who have been doing business in Maryland for less than a year.

It is imperative that Maryland follows the lead of other states and Congress. Maryland should not allow employers to abandon senior employees. Employees can be protected by mandating one week of severance pay for every year worked with the employer. The Secretary of Labor would be empowered to mandate the continuation of benefits, such as health and pension to ensure Maryland working families are not left with massive medical debt or no way to retire when their employer closes its facility.

This is an urgent issue for Maryland. Hundreds of employees at Shoppers Food and Pharmacy across the state and hundreds more at a Safeway owned warehouse in Prince George's County were recently laid off. Those employees only received severance pay because of their union representation. No Maryland family should be left behind when a large employer reduces operations. I urge your favorable report on SB780 Labor and Employment – Economic Stabilization Act – Revisions.

Dyana Forester_FAV_SB780

Uploaded by: Forester, Dyana

Position: FAV

Testimony of Dyana Forester, Director of Political & Community Affairs UFCW Local 400

Before the Senate Finance Committee

In Support of SB0780, the Maryland Economic Stabilization Act-Revisions

February 27, 2020

Chairwoman Kelley, Vice Chair Feldman and Committee Members

I am grateful for the opportunity to share my views about SB0780, revisions to the Maryland Economic Stabilization Act.

As the Political and Community Affairs Director for United Food and Commercial Workers, Local 400, we have unfortunately had recent experience with the voluntary nature of current law when it comes to closures in our industry.

Most of you are likely already aware of the recent closure of fifteen Shoppers Food and Pharmacy stores here in Maryland. The story of Shoppers and these closures is a tragic one with negative impacts not only on our members, but on the communities they served for decades. You will hear the stories of some of those members today, but I want to provide some context for their testimony.

Shoppers has had many owners in the decades it has served Maryland communities. The employees who kept it thriving have been through many ups and downs as it changed hands and economic circumstances changed. In past years they sacrificed wage increases, took benefits cuts, and worked with less staff in the stores in order to help the company in the hard times. Through the collective bargaining process, they were also able to make some gains during the good times, making these jobs some of the best in the retail grocery industry, somewhere you could still earn your way to a decent wage, affordable health insurance, and a reliable retirement.

Unfortunately Shoppers was also not immune to the consolidation that has been occurring over the last several years in the grocery industry. They were owned by SuperValu, a company based in Minnesota that owned several grocery chains in addition to running a network of grocery distribution warehouses that served not just their own stores, but many other grocery operators.

Beginning in the last few years there was a push from SuperValu shareholders to focus on the company on their wholesale and distribution business and to sell their retail operations. They started this by selling off their Farm Fresh banner in Virginia. Unfortunately for workers at those stores, Virginia has no requirements of companies during closures outside of the protections provided by the federal WARN Act and they did not have a union. Most of those employees were suddenly left with nothing as the stores were sold off. In one case a manager at

one of the stores organized a job fair for the employees at his store on his own because there was no support coming from the company.

Shortly after that sale, SuperValu was purchased by another large wholesale and distribution company, United Natural Foods, Inc, or UNFI. When that purchase was announced in late 2018, UNFI's CEO, Steve Spinner, immediately said their intention was divest from the remaining retail operations of SuperValu, including Shoppers.

We immediately started making requests to find out who they were attempting to sell to and to make sure our collective bargaining agreement was followed in the process. UNFI ignored us. Despite our demands, our contract language, and pleas from our members and the communities they serve, UNFI refused to provide any information about what they were doing. No timeline for a sale, no list of potential buyers, and no commitment to making sure a buyer would keep the current employees working under their collective bargaining agreement.

In early December of last year, our local President got an early morning call from the local labor relations head at Shoppers letting him know that in less than 2 hours they would be announcing the sales and closures of a number of their locations. With almost no notice they were putting people out of work with the holiday season approaching. Some stores were covered by the federal WARN Act, mandating that they would at least get paid for 60 days, but others were not, putting them out of work and out of pay almost immediately.

Unlike the workers at the Farm Fresh stores, Shoppers employees had their union and we were able to negotiate a decent severance package and use our collective bargaining agreement to keep those who wanted to remain with Shoppers employed at other stores.

Not all workers in Maryland have a collective bargaining agreement or the power and voice that comes with a union on their side. This bill will definitely benefit our members in the event of future closures, but, as importantly, it will protect all those workers in this state who do not have that representation. The federal requirements and the suggestions currently in Maryland law allow large, often out of state, companies like UNFI, which is based in Rhode Island, to take advantage of Maryland working families. UNFI is not in financial trouble. It is not closing these stores because they are losing money or not meeting sales benchmarks. They made a business decision to get out of the retail industry and have demonstrated that they do not care how that impacts their workforce or our communities.

It is time for Maryland to strengthen this law, protect our working families and their communities, and make sure these companies are not able to abandon our state without first compensating their workforce.

1199SEIU_FAV_SB780

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Position: FAV

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1199SEIU

United Healthcare Workers East

Testimony of Ricarra Jones, Political Director of 1199SEIU

SB 780 – Economic Stabilization Act - Revisions

Position: SUPPORT

February 27, 2020

Dear Chairwoman Delores Kelley and Members of the Senate Finance Committee:

1199SEIU Healthcare Workers East (1199SEIU) is the largest healthcare union in the country with, with over 450,000 members throughout Massachusetts, New York, New Jersey, Maryland, Florida and Washington, D.C. **We fully support any and all measures such as this important piece of legislation designed to protect Maryland working families.**

Every day, the members of 1199SEIU save lives, deliver babies and care for the sick, seniors and people with disabilities. We are nurses, nurse aides, techs, lab workers, clerks, housekeepers, dietary workers, transporters, pharmacists, social workers and many other types of medical professionals. It is often said that a safety net exists for the patients and other individuals we provide care for, however, no such safety net exists for our hardworking members when they are blindsided by the sudden loss of income.

At a minimum, our members should be given reasonable notice when they are going to be laid off. Sixty days is not enough time to find comparable work, save money, and prepare for potential unemployment. Most large companies make closure decisions well in advance of 60 days from the closure and giving employees 90 days-notice gives them more time to prepare without putting an undue burden on the employer.

Equally important as providing ample notice is the importance of ensuring that companies with over 50 employees in the state be required to comply despite the fact that it may have multiple work sites with smaller numbers of employees. If a company - like most, if not all of the nonprofit hospitals in the state that many of our members are employed with - has a large workforce, then the fact that these employees are situated at multiple sites should not prevent those employees from getting adequate notice and severance. Shoppers is a perfect example of this – the company got out of even the 60 day notice requirement at some stores because they did not have over 50 employees who had worked over 20 hours a week in the past year, leaving those employees with sometimes as little as a two-week advanced notice that they would soon be unemployed. **We must do right by Maryland working families.**

For all of these reasons, we respectfully urge the Committee to issue a FAVORABLE report for Senate Bill 780.

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MBIA SB 780 UNFAV

Uploaded by: Graf, Lori

Position: UNF

February 27, 2020

The Honorable Delores G. Kelley
Chair, Finance Committee
Miller Senate Office Building, 3E
11 Bladen Street
Annapolis, MD 21401

RE: Opposition for Senate Bill 780 (Labor and Employment - Economic Stabilization Act - Revisions)

Dear Chairwoman Kelley:

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, opposes Senate Bill 780 (Labor and Employment - Economic Stabilization Act - Revisions).

This measure requires an employer to provide written notice regarding a reduction in operations to their employees, representatives, and elected officials at least 90 days before initiating the reduction.

This procedure is currently voluntary, and working well. Therefore, mandating is unnecessary and expensive. A civil penalty up to \$10,000 per day could be issued against the employer for allegedly violating these requirements. This amount is overly burdensome and unnecessarily punitive; furthermore, many businesses that reduce operations do so for financial reasons and likely don't have the resources to pay such steep penalties. These requirements are needless and the proposed punishment is excessive.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Senate Finance Committee Members

MDChamber_Griffin_UNFAV_SB780

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Position: UNF



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Unfavorable

Senate Bill 780

Labor and Employment – Economic Stabilization Act – Revisions

Senate Finance Committee

Thursday, February 27, 2020

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families.

SB 780 alters the Economic Stabilization Act by redefining the term “employer” and “employee.” Additionally, this legislation would require an employer with 50 or more employees to provide written notice at least 90 days in advance of any reduction in operations to certain employees, collective bargaining representatives, elected officials, and the dislocated worker unit of the Division of Workforce Development and Adult Learning (DWDAL). This piece of legislation instructs the Secretary of Labor to develop a set of mandatory, rather than voluntary, guidelines for employers faced with a reeducation in operations.

The employer community has two primary concerns with SB 780, as introduced. The first, is the mandatory notice requirement of 90 days prior to initiating a draw down in operations. Currently, Maryland employers with more than 100 employees are required by the federal Worker Adjustment and Retraining Act (WARN) to provide written notice of a draw down in operations at least 60 days in advance. Additionally, Maryland law also requires employers who intend to lay off 25 or more employees for longer than 7 days to notify the local Office of Unemployment Insurance. Many employers struggle to meet the current federal 60 notice requirements; SB 780 imposes additional regulatory burden on Maryland companies by extending that time period by an additional 30 days making compliance extremely difficult. SB 780 also imposes a new employee threshold of 50 employees, cutting in half the federal employee requirement of 100 in order to initiate notification requirements. By halving the number of employees, this legislation would place additional regulatory burden of additional, smaller employers – those businesses with the least amount of flexibility.

The second concern is with the new mandatory guideline requirements that would need to be developed by the Secretary of Labor. Mandatory guidelines would fail to consider the unique situation and circumstance experienced in a reeducation in operations by a private company. This lack of flexibility is a major concern for the employer community. For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on Senate Bill 780.

MDCHAMBER.ORG

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