
BILL NO: House Bill 181
TITLE: Four-Day Workweek Pilot Program and Income Tax Credit - Established (Four-Day Workweek Act of 2023)
COMMITTEE: Economic Matters
HEARING DATE: February 9, 2023
POSITION: **Favorable**

The Women's Law Center of Maryland is dedicated to ensuring the physical safety, *the economic security*, and the bodily autonomy of women throughout the State. One way we work towards this goal is by supporting systemic changes to our current economic policies and practices that disproportionately affect women. House Bill 181 is a step towards establishing these systemic changes, which is why the Women's Law Center of Maryland urges a favorable report.

HB 181 would provide the option for public and private businesses, with at least 30 employees, to participate in its Pilot Program ("Program") of operating under a 4-day work week. In doing so, employees of participating businesses would not see a reduction in their salary or benefits, and participating businesses would be eligible for a tax deduction for their involvement in the Program. Employers would allow the Department to conduct employee surveys and additional research on the Program's impact on participants. The Women's Law Center understands that some friendly amendments have been proposed to clarify that the Program will operate by proportionally reducing the hours worked per week and not by compressing the employee's current work week into 4 days. The WLC would support such amendments; while compressed workweeks can be an appropriate option for some employees and employers, it does not provide the same benefits, nor does it warrant tax incentives, as the reduction of hours does.

Although Maryland would be one of the first states to enact this type of legislation, this Program is far from the first of its kind. In 2022, 4 Day Week Global, a non-profit think tank, launched a 6-month pilot program comprised of 33 companies from the United States, Ireland, and Australia. The companies involved in this pilot program transitioned into 4-day 32-hour work week schedules without reducing employee salary or benefits. The results were overwhelmingly positive for both employers and employees. Overall employer feedback reported, "revenue rose approximately 8% over the trial and was up 37.55% in comparison to the same period in 2021. Hiring rose, absenteeism was reduced, and resignations declined slightly." Employee self-reporting of work performance and overall work satisfaction went up. Significantly, "70% of employees reported that in order to go back to a 5-day 40-hour work week they would require a 10% to 50% pay increase."¹

Over the last (almost) three years, the COVID-19 pandemic has underscored the cracks already breaking in the current labor market standards. Not only did the pandemic force employers to implement changes to their operations, but it allowed employees to reevaluate their relationship with work and their work-life balance. One of the most notable issues brought to light during the pandemic is the crushing inequity suffered by working mothers, and particularly those who are women of color. In Maryland, Hispanic and Black women earn \$0.46 and \$0.68 respectively to every dollar their white male counterparts earn. And although women are working outside of the home, they still carry the majority of the childrearing responsibilities². Of the women surveyed by the Maryland Commission for Women regarding their work-life experience during the pandemic, 50% had difficulty juggling children's care and school with their own work schedule, and 24% were concerned that employers would not provide the flexibility needed to juggle their children's schedule and work. Women were forced to leave the job market at unprecedented

¹ 4 Day week Global Foundation, <https://www.4dayweek.com/us-ireland-results>

² Maryland Commission for Women, https://dhs.maryland.gov/documents/MD-Women-A-Status-Report_FIN-2.pdf

rates. 82,700 women left the labor force between March 2020-September 2021, while 17,700 men joined³. Implementing a 4-day 32-hour work week would be a step toward the systemic changes needed to rectify these inequalities.

Working mothers and families would benefit from incentivizing businesses to participate in the Program. Respondents who participated in the 4 Day Week Global trial reported an increase in ability to carry out paid work and family care responsibilities, as well as an increase in overall life/work balance. Shortening the work week allows for more time to care for family and personal needs. It also provides the opportunity for male parents to take on child and homecare responsibilities. According to the report published by Maryland Commission for Women, the average overall childcare cost for families in Maryland is \$17,622. Implementing a 4-day 32-hour work week would benefit families financially by cutting down on childcare costs while maintaining existing salaries.

The labor standards established in 1938 no longer meet the needs for working families in Maryland and throughout the country. The legislature must take action to make systemic changes that do work for the people. Therefore, the Women's Law Center strongly urges a favorable report on House Bill 181.

The Women's Law Center of Maryland is a private, non-profit legal services organization that serves as a leading voice for justice and fairness for women. It advocates for the rights of women through legal representation for individuals and statewide advocacy to achieve systemic change.

³ Maryland Commission for Women,

<https://dhs.maryland.gov/documents/Initiatives/Maryland%20Womens%20Commission/FINAL%20%20%20AT%20THE%20HEART%20OF%20THE%20PANDEMIC.pdf>