



JANUARY 31, 2024

# For a Healthy Economy, Strengthen Marylanders' Rights in the Workplace

## Position Statement in Support of House Bill 385

*Given before the House Economic Matters Committee*

Strong legal protections for workers are an essential tool to steer our economy along a healthy growth path that delivers broadly shared prosperity. Maryland has made important advances in recent years by protecting workers' right to earn paid sick days and take time off for a serious illness or major life event, and by raising the minimum wage to \$15 per hour. However, our current labor laws do not guarantee workers the information they need to effectively exercise their rights. This undermines the effectiveness of Maryland's existing worker protections, hurting all working people and especially heightening barriers that hold back many women and workers of color. **The Maryland Center on Economic Policy supports House Bill 385**, which would strengthen the transparency standards that make other worker protections meaningful.

House Bill 385 requires employers to provide the following basic information on workers' regular pay stubs:

- The employer's legal name, address, and telephone number
- The dates of the covered pay period
- The number of hours worked during the pay period, for a non-exempt employee
- The worker's hourly, annual, or other wage/salary, or piece rate if applicable
- Gross pay, net pay, and the amount and purpose of any deductions
- A description of the information used to calculate the worker's pay

This is the bare minimum information workers need to verify that they are being paid appropriately, and to take legal action if not – just as employers universally require mechanisms to verify that workers are performing their duties. Moreover, employers must have this basic information readily available in order to calculate pay.

Nationwide, wage theft – including minimum wage violations, overtime violations, off-the-clock work, and other forms of illegal underpayment – rivals or exceeds the value of all other forms of theft, according to multiple credible estimates. While limited data on wage theft exist (partly because of inadequate enforcement), a 2017 analysis found that minimum wage violations alone add up to about \$15 billion per year nationwide, more than the sum of robberies, burglaries, larcenies, and motor vehicle thefts.<sup>1</sup>

We should measure the health of our economy not simply by the number of dollars exchanged or the number of people who go to work each day, but by its ability to raise all families' standard of living. Yet our economy has largely moved in the opposite direction over the last half century, as typical workers saw little improvement in their

wages despite explosive growth for the wealthiest 1%.<sup>ii</sup> Basic standards push against this negative trend, helping to ensure that everyone shares in the benefits of a growing economy—and these standards are meaningful only if workers have the information they need to exercise their rights.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Economic Matters Committee make a favorable report on House Bill 385.**

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## Equity Impact Analysis: House Bill 385

### *Bill summary*

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### *Background*

Nationwide, wage theft – including minimum wage violations, overtime violations, off-the-clock work, and other forms of illegal underpayment – rivals or exceeds the value of all other forms of theft, according to multiple credible estimates. While limited data on wage theft exist (partly because of inadequate enforcement), a 2017 analysis found that minimum wage violations alone add up to about \$15 billion per year nationwide, more than the sum of robberies, burglaries, larcenies, and motor vehicle thefts.

### *Equity Implications*

Current labor law provides especially weak protections to part-time workers, low-wage workers, and tipped workers. These weaknesses heighten economic roadblocks facing many workers who already face obstacles in the labor market. For example, 60% of tipped workers in Maryland are women, and workers of color are more likely than their white counterparts to work for low wages.

House Bill 385 would reduce barriers facing these workers by making it easier for them to enforce their existing rights.

### *Impact*

House Bill 385 would likely **improve racial, gender, immigration, and economic equity** in Maryland.

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<sup>i</sup> David Cooper and Teresa Kroeger, "Employers Steal Billions from Workers' Paychecks Each Year," Economic Policy Institute, 2017, <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/>

<sup>ii</sup> Christopher Meyer, "What a \$15 Minimum Wage Would Mean for Maryland: Good Jobs, Secure Families, and a Healthy Economy," Maryland Center on Economic Policy, 2018, [http://www.mdeconomy.org/wp-content/uploads/2018/02/MDCEP\\_FF15\\_report-2.pdf](http://www.mdeconomy.org/wp-content/uploads/2018/02/MDCEP_FF15_report-2.pdf)