

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 507 (Delegate Jones, *et al.*)
 Economic Matters

Labor and Employment - Equal Pay for Equal Work

This bill prohibits an employer from discriminating between employees in any occupation by paying a wage to employees of one race at a rate less than the rate paid to employees of a different race, if both employees work in the same establishment and perform work of comparable character or work on the same operation, in the same business, or of the same type.

The bill does not apply to nondiscriminatory seniority or merit increase systems, nor does it diminish an employee's rights under a collective bargaining agreement or relationship.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$56,900 in FY 2004 for additional staff to handle additional complaints received by the Department of Labor, Licensing, and Regulation. Future year expenditures reflect annual salary increases and ongoing operating expenses.

| (in dollars) | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
|----------------|------------|------------|------------|------------|------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 56,900 | 74,300 | 79,400 | 84,900 | 91,000 |
| Net Effect | (\$56,900) | (\$74,300) | (\$79,400) | (\$84,900) | (\$91,000) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Payment of a wage to an employee of one sex that is less than the wage paid to an employee of the opposite sex is prohibited, if both employees work in the same

establishment and perform work of comparable character or work on the same operation, in the same business or of the same type.

State Expenditures: The Division of Labor and Industry indicates that it has not received any complaints regarding the Equal Pay for Equal Work law on the basis of sex in the past ten years. However, in 2001 the agency handled 1,400 claims alleging violation of the State wage and hour laws, which resulted in \$450,000 retrieved for complainants in settlements. The current staffing level of the agency consists of one administrator, one administrative assistant, and three wage and hour investigators who handle approximately 430 cases each. The agency estimates that passage of the bill will increase the number of complaints handled by 1,000 annually.

General fund expenditures could increase by an estimated \$56,864 in fiscal 2004, which accounts for the bill's October 1, 2003 effective date. This estimate reflects the cost of hiring two wage and hour investigators to handle complaints. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|-----------------|
| Salaries and Fringe Benefits | \$53,669 |
| Computer Equipment | 3,000 |
| Operating Expenses | <u>195</u> |
| Total FY 2004 State Expenditures | \$56,864 |

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Human Relations Commission; Department of Budget and Management; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2003
mld/jr Revised - Updated Information - March 11, 2003

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