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**SB 62 -Labor and Employment – Secure Maryland Wage Act
Hearing before the Senate Finance Committee, February 6, 2020**

Position: SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project aims to ensure that our state’s low-wage workers receive fair and full payment for their labor, as well as other basic protections on the job. The PJC **supports SB 62** and urges a **favorable** report.

Low Wages Increase Employee Turnover, Increasing Business Costs. Employee turnover is costly. Turnover causes productivity losses related to the loss of an employee, the costs of hiring and training a new employee, and the slower productivity until that newly employee gets up to speed in their new position. For example, for workers earning less than \$50,000 per year, the median cost of turnover is roughly 20% of the employee’s salary. Similarly, among earning less than \$30,000 per year, the median cost of turnover is roughly 16% of the annual salary.¹

Higher Wages Reduce ‘Churn’ and Increase Productivity. Comprehensive and well-respected economic research shows that raising employee wages leads to both a reduction in employee turnover and increased productivity.² Employees who are paid better are less likely to have to look for other employment to make ends meet; they stay longer and become more experienced and productive in their jobs. Indeed, research on the impact of a living wage ordinance in Los Angeles found that businesses paying a living wage “have witnessed a sizeable reduction in low-wage worker turnover, a drop in

¹ Heather Boushey & Sarah Jane Glynn, *There are Significant Business Costs to Replacing Employees*, THE CENTER FOR AMERICAN PROGRESS (NOV. 16, 2012), [HTTPS://CDN.AMERICANPROGRESS.ORG/WP-CONTENT/UPLOADS/2012/11/16084443/COSTOFTURNOVER0815.PDF](https://cdn.americanprogress.org/wp-content/uploads/2012/11/16084443/COSTOFTURNOVER0815.PDF).

² Arin Dube, et al., *Minimum Wage Shocks, Employment Flows, and Labor Market Frictions*, JOURNAL OF LABOR ECONOMICS (Apr. 2016).

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absenteeism, reduced overtime hours, and reduced job training relative to the control group of establishments.”³

SB 62 Will Promote a Stable and Productive Workforce at Heightened Security Locations in Maryland. Maryland’s Port in Baltimore City, its BWI Thurgood Marshall Airport, and Pennsylvania Station in Baltimore are indisputably critical transportation and logistics or shipping hubs, and they play a critical role in our economy. Ensuring that operations run smoothly and safely at these locations is essential, and the individuals who work at these heightened security locations are the people who make it happen. SB 62 would ensure that the individuals who provide their labor at these critical locations have wages sufficient to reduce turnover and increase productivity and represents smart public policy.

For the reasons indicated above, the Public Justice Center **SUPPORTS** SB 62 and requests a **FAVORABLE** report.

³ David Fairris, *The Impact of Living Wage Ordinances on Employers: A Control Group Analysis of the Los Angeles Ordinance*, 44 *INDUST. RELATIONS, A JOURNAL OF ECON. AND SOCIETY* 84-105 (Jan. 2005).

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