

AACo_FAV_SB62

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Position: FAV

February 6, 2020

Senate Bill 62

Labor and Employment - Secure Maryland Wage Act

Senate Finance Committee

Position: FAVORABLE

Senate Bill 62 will take an important step to improve the safety and security of critical transportation hubs by ensuring the attraction and retention of experienced and trained workers.

Recent reports show that wealth is growing at the top of our income scale while people doing many of the toughest jobs in our county cannot afford rent, childcare, or health insurance. President Trump told Americans that cutting the corporate tax rate would give employers the windfall they needed to take care of their workers, but that has not happened.

This Bill requires an employer to pay specified wages and benefits to a covered employee beginning January 1, 2021. A covered employee is a nonexempt employee under the Federal Fair Labor Standards Act (FLSA) who performs work at Baltimore/Washington International Thurgood Marshall Airport (BWI), Pennsylvania Station in Baltimore (Penn Station), or the Port of Baltimore.

BWI Marshall Airport is an economic engine for Anne Arundel County and all of Maryland. Many county residents have careers at the airport, and currently, the low wages at these facilities leads to employee turnover. This means the staff does not have time to be trained and retrained, to gain experience in how to respond to emergency situations or to build the sense of normalcy at their worksites that is required to allow them to detect potential security incidents.

Higher wages at “heightened security locations” are not new and have been applied at LAX, Oakland Airport, the Port of Oakland, EWR, JFK, and LGA, for example. In our region, Dulles Airport and DCA have adopted a wage policy because they concluded it would improve safety and security.

This Bill represents an opportunity to improve security, while also securing higher pay for valued local workers. A practical liveable income is important to the citizens of Anne Arundel County and helps to attract and retain good employees. Notably, another local anchor institution, Anne Arundel Medical Center, recently announced that they will be raising their minimum wage to \$15.

The Secure Maryland Wage Act will help make many lives stable and help support making Anne Arundel County *The Best Place - For All*. **For those reasons, we urge a FAVORABLE report on Senate Bill 62.**

BaltimoreCounty_FAV_SB0062

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Position: FAV



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County Executive

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BILL NO.: **SB 62**

TITLE: Labor and Employment – Security Maryland Wage Act

SPONSOR: Senator Hayes

COMMITTEE: Finance

POSITION: **SUPPORT**

DATE: February 6, 2020

Baltimore County **SUPPORTS** Senate Bill 62 – Labor and Employment – Security Maryland Wage Act. Under this proposed legislation, a higher wage standard would be applied to employees who spend at least half of their time working at a heightened security interest location such as the Baltimore/Washington International Thurgood Marshall Airport (BWI) or the Port of Baltimore.

In jobs at heightened security interest locations – where high turnover rates and inexperienced employees are potentially very dangerous – providing workers with appropriate wages and benefits is critical to national security. It is in the interest of the State to take steps to attract and retain experienced and trained workers. This strategy has already been adopted by Dulles International Airport and Ronald Reagan Washington National Airport for this very reason.

SB 62 stands to benefit more than twenty-five hundred residents from Baltimore County who currently work at BWI, while also attracting more experienced workers to the area. This legislation invests in the hardworking people who go to work every day and keep our key transportation infrastructure points running smoothly, maintaining these sites as hubs for our State and local economies.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 62. For more information, please contact Chuck Conner, Chief Legislative Officer, at 443-900-6582.

32BJSEIU_Fav_SB62

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Position: FAV



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Senate Finance Committee

SB0062 – Labor and Employment - Secure Maryland Wage Act

Testimony of Jaime Contreras, Vice President and Director, Capital Area District, 32BJ SEIU

February 6, 2020

Good afternoon Committee Chair Kelley, Vice-Chair Feldman and Committee Members. My name is Jaime Contreras, Vice President of SEIU 32BJ.

Thank you for the opportunity to testify here today on behalf of the union's 20,000 members in Maryland and the D.C. Metropolitan Area.

This bill will help to make the state safer by working to ensure that experienced employees continue to be employed at heightened security interest locations, all while making a transformational difference in the lives of hard working men and women.

Getting a job at an airport is not a simple proposition; there are numerous security regulationsⁱ and employees are consistently monitored by government agencies to ensure they're upholding safety and security standards.

Work at the Port of Baltimore is similarly intense. Given it is a major shipping terminal, the threat of illegal activity must be constantly defended against. This means extensive training for workers who are the eyes and ears of the Port.

Security incidents of note at these locations in recent years include a man in 2017 driving through a fence at BWI and boarding an empty plane,ⁱⁱ and another individual in 2018 clearing security with knife and no boarding pass, only to be stopped by an airport employee. In regards to the later incident a TSA spokeswoman described airport employees as being one of the "multiple layers of security to protect the traveling public."ⁱⁱⁱ

Despite this, wages for many workers at these locations are woefully inadequate. Workers at BWI and Pennsylvania Station are assured of only the state minimum wage of \$11 an hour. Many workers at the Port are covered by a "living wage" requirement under state law, but the rate,^{iv} is barely sufficient to keep a family above the federal poverty line,^v and can leave workers and their children eligible for public benefits.^{vi}

Research has shown that higher wages correlate to reduced employee turnover. In security and safety roles this is shown to have a measurable impact on security outcomes. A study of security screenings at US Airports found that for every 1% increase in turnover there was a correlation of 0.62% decrease in breach detections.^{vii}

Jurisdictions across the country have recognized this correlation. Similar policies to that proposed here are in place at LAX, Oakland Airport, the Port of Oakland, and the three Port Authority of New York and New Jersey airports.^{viii} In our immediate region, Dulles and Reagan National, passed a wage program in 2017.

SB0062 would set minimum wage and benefit rates based on the prevailing area standard for security guards determined by the DOL. These wage and benefit rates are currently \$14.27 and \$4.54 for Baltimore City and Anne Arundel County.^{ix} There should be no mistake that this will mean luxury for workers.^x These rates are by definition the accepted standard in the area for security guards, but for many workers it could mean access to meaningful health insurance outside of public programs for the first time.

In the tight current labor market,^{xi} this increase could help further ensure the competitiveness and safety of the three covered locations. .

On behalf of the thousands of workers and local communities who stand to gain, I urge you to support this bill, and help make Maryland safer while improving the lives of thousands of workers.

ⁱ BWI, BWI Employee Identification Program, BALTIMORE WASHINGTON INTERNATIONAL AIRPORT, (August 12, 1993), https://www.marylandaviation.com/_media/client/passur/bwitenantdirectives/TD-BWI-301.1.pdf

ⁱⁱ Mike Hellgren, Authorities Investigate Man Who Drove Through Security Fence, CBS LOCAL (May 30, 2017) <https://baltimore.cbslocal.com/2017/05/30/authorities-investigates-man-who-drove-through-bwi-security-fence>

ⁱⁱⁱ Colin Campbell, *Westminster man walked through TSA checkpoint at BWI with knife, no boarding pass*, THE BALTIMORE SUN (July 20, 2018), <https://www.baltimoresun.com/news/maryland/anne-arundel/bs-md-bwi-knife-20180713-story.html>

^{iv} For current “living wage” rates see: <https://www.dllr.state.md.us/labor/prev/livingwagefaqs.shtml> and for the details on tier 1 and 2 areas see: <http://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gsf§ion=18-101&enactments=False&archived=False>

^v The 2020 Federal Poverty Guidelines threshold for a family of 4 is \$26,200 and \$30,680. The annual income for a fulltime worker at the living wage rate is \$29,619. For Poverty guidelines see: <https://www.govinfo.gov/content/pkg/FR-2020-01-17/pdf/2020-00858.pdf>

^{vi} The Medicaid income threshold in Maryland for a household of three is \$29,976 while children in a single adult household qualify for the Maryland Children’s Health Program when household income is below \$36,384. For threshold rates see:

<https://www.marylandhealthconnection.gov/shop-and-compare/medicaid-basics-and-benefits/>

^{vii} See: <http://laborcenter.berkeley.edu/pdf/2017/SFO-literature-review.pdf>

^{viii} L.A., CAL., ORDINANCE 185321At 7-8 (Dec. 8, 2017),

<https://bca.lacity.org/Uploads/lwo/Amended%20Living%20Wage%20Ordinance%20%281%29.pdf>; see also L.A. ADMIN. CODE ch. 1, art. 11, div. 10 (2018);

Press Release, Port Auth. of N.Y. and N.J., Port Authority Board Approves Proposed Minimum Wage Increases for Thousands of Airport Workers, https://nj.gov/governor/news/news/562018/approved/20180322b_min_wage_increase.shtml

OAKLAND, CAL., CITY CHARTER, art. 7, § 728 (2004), https://www.portofoakland.com/files/PDF/responsibility/livi_04.pdf; Press

^{ix} For the current DOL SCA determinations see: https://beta.sam.gov/wage-determination/2015-4266/12?index=wd&keywords=&is_active=true&sort=-modifiedDate&date_filter_index=0&date_rad_selection=date&wdType=sca&state=MD&county=15405&page=1

and for an overview of the Service Contract Act see: <https://www.dol.gov/agencies/whd/government-contracts/service-contracts>

^x The EPI budget calculator estimates that two earners working full time would both need to earn \$21.28 in order to afford a “modest yet adequate” standard of living for two adults and two children in the Baltimore metro area. This is above the relevant combined SCA wage and benefit rates (\$18.81).

^{xi} The Baltimore metropolitan area is currently experiencing a period of historically low unemployment. The rate of 3.2% is lowest records since at least 1990. See data available at <https://data.bls.gov/pdq/SurveyOutputServlet>

EconomicPolicyInstitute_Fav_SB62

Uploaded by: Cooper, David

Position: FAV

Strong wage standards are especially important for heightened-security job sites

Testimony in support of SB62, the Secure Maryland Wage Act

Testimony • By [David Cooper](#) • February 5, 2020

Madame Chairwoman, members of the committee, thank you for allowing me to speak with you today. My name is David Cooper. I am a senior analyst at the Economic Policy Institute (EPI). EPI is a nonpartisan, nonprofit research organization created in 1986 to include the needs of low- and middle-income workers in economic policy discussions. EPI researches, develops, and advocates for public policies that help ensure the economy provides opportunity and fair rewards for all working Americans.

Establishing higher minimum wage standards for heightened security locations in Maryland is a smart and important policy for maintaining the safe and effective operation of the state's primary transportation and shipping hubs. By establishing a higher wage floor for covered workers at Baltimore–Washington Thurgood Marshall Airport (BWI), Pennsylvania Station (Penn Station), and the Port of Baltimore, SB62—the Secure Maryland Wage Act—would set standards that would help contracted service providers attract and retain a skilled workforce, cut down on costly and potentially dangerous turnover, and help ensure the smooth operation of critical pieces of regional and national infrastructure. Strong wage standards, such as those proposed in SB62, will be increasingly important as the labor market continues to tighten and employers face fiercer competition to recruit and retain staff.

A large body of research has shown that raising wages generally, and setting high minimum wage standards specifically, leads to meaningful reductions in employee turnover or “churn” among affected workers. Extensive additional research documents the links between higher wages and improved productivity.

One reason higher minimum wages reduce turnover is that, after a raise, workers stay at their current job longer, as they are less likely to search and find higher paying jobs. A second reason is that, after a minimum wage increase, it becomes more cost-effective for employers to invest in their current employees rather than lay them off and hire new, untrained workers.

The most comprehensive analysis of the turnover-reducing effects of higher minimum wages—by professors Arindrajit Dube, T. William Lester, and Michael Reich, published in the *Journal of Labor Economics* in 2016—finds strong evidence for both of these channels (Dube, Lester, and Reich 2016). Using nearly 200 minimum wage changes resulting from state and federal minimum wage increases, the study finds that raising the minimum wage significantly reduces worker turnover. Employees with the sharpest reductions in turnover are those who would otherwise stay employed at their workplace for only a short amount of time. The study also finds that because wage increases reduce worker turnover, workers become more experienced at their jobs.

These findings have been confirmed by other studies on the minimum wage in the U.S. and elsewhere. For example, San Francisco's adoption of a citywide minimum wage in 2004 led to “substantial increases in job tenure and in the proportion of full-time workers among fast-food restaurants” (Dube, Naidu, and Reich 2007). In their 2015 study of federal minimum wage increases in Georgia and Alabama, Barry T. Hirsch, Bruce E. Kaufman, and Tetyana Zelenska found that one “channel of adjustment” to higher wages is reduced worker turnover (Hirsch, Kaufman, and Zelenska 2015).

These findings regarding reduced turnover and minimum wage increases have also been confirmed by studies of the effect of living wage policies that govern the pay of local government contractors, and by studies of the effects of wage standards at airports. The Los Angeles Living Wage Ordinance, which covers contractors and other companies receiving subsidies or permits through the city, reduced low-wage worker turnover and absenteeism (Fairris 2005). A comprehensive study of the San Francisco International Airport living wage found “dramatically reduced turnover,” with the strongest reductions experienced by the firms that raised wages the most to comply with the policy (Reich, Hall, and Jacobs 2005).

Transit and shipping hubs have a particular interest in reducing turnover, as staff face heightened responsibility to ensure safety, security, and efficiency in their work. Studies of airport security have noted that high turnover rates are a significant contributor to poor performance by airport security screeners. Two such studies come from the U.S. Government Accountability Office (GAO), formerly the General Accounting Office. In the earlier study, GAO concluded that high turnover among airport screeners has been a long-standing and growing problem that negatively affects performance, and that “a key factor in the rapid turnover is the low wages screeners receive” (GAO 2000). In a later audit of safety on airport runways and ramps, GAO surveyed aviation experts who noted that “high job turnover among ramp employees is also part of the problem” in reducing ramp accidents, and that “poor pay attracts a group of ramp workers that exhibit high turnover rates” (GAO 2007).

Lowering turnover, and thereby increasing worker tenure, leads to higher productivity as workers have time to develop their skills and become more proficient in their jobs. At the same time, studies have also shown that higher wages can lead to additional improvements in productivity, independent of increased tenure. A large body of scholarly research shows that higher wages reduce absenteeism, attract better-performing workers, and motivate employees to work harder and provide better quality service (Wolfers and Zilinsky 2015). Higher wages also reduce the exposure of workers to financial problems due to poverty and income insecurity that would otherwise depress productivity (Mani et al. 2013). Finally, higher wages can also increase the efficiency of managers or owners of firms by acting as a shock that compels managers to identify cost savings or remedy longer-term problems (Hirsch, Kaufman, and Zelenska 2015).

As the overall labor market continues to improve, there will be fiercer competition among employers to recruit and retain staff, particularly in the low-wage labor market. At the same time, employers are often reluctant to offer wage raises sufficient to prevent problems with vacancies or recruitment of high-quality workers (Manning 2003; Naidu, Posner, and Weyl 2018). A stronger minimum wage floor helps to solve this problem. By raising wages at the bottom, the minimum wage policy for covered workers at BWI, Penn Station, and the Port of Baltimore will help employers at these locations to reduce turnover for these positions and will also make it easier for employers to recruit for these jobs when necessary.

Relatedly, regularly adjusting the wage floor—as SB62 would do—may also help reduce churn. Low-wage workers experience significantly higher rates of job churn than higher-wage workers (Cooper, Mishel, and Zipperer 2018). This is not surprising since even small

nominal hourly wage increases (from switching jobs) can equal meaningful increases in pay for workers with low total earnings. Yet with predictable pay increases scheduled into the future, there is less incentive to seek a different job—certainly within each heightened security location, but potentially elsewhere as well, as future pay increases at other locations would be less certain.

For jobs performed at transit and shipping hubs, ensuring smooth and efficient operations is particularly important to the broader state, regional, and even national economy. Disruptions of any kind in the movement of people or goods can have long downstream effects, leading to losses and inefficiencies that multiply as they reverberate through supply chains. Thus, measures to improve stability, reduce disruptions, and increase productivity at these locations are smart investments in the long-term health of the economy.

The Secure Maryland Wage Act will improve the operation of three of the state’s most critical pieces of infrastructure. The wage increase will help to attract and retain a skilled workforce, reducing the costs and dangers associated with high rates of turnover. Because BWI, Penn Station, and the Port of Baltimore are hubs for commerce throughout the region, raising pay for workers at these locations should be viewed as an investment in the broader health and security of Maryland’s economy.

References

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PJC_FAV_SB 62

Uploaded by: Dworak-Fisher, Sally

Position: FAV



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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).

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

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).

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

StDominicChurch_Fav_SB62

Uploaded by: Hullinger, Father Ty

Position: FAV



Senate Bill 62 – Secure Maryland Wage Act

Committee: Senate Finance Committee
Senator Delores G. Kelley, Chair

Position: SUPPORT

Date: February 3, 2020

Dear Senator Kelley (Chair) and fellow Committee Members,

I am Father Ty Hullinger, Pastor of St. Anthony of Padua, Most Precious Blood and St. Dominic Roman Catholic Churches in Baltimore City, and I want to express my strong support for **Senate Bill 62, the Secure Maryland Wage Act**. This important bill can be our opportunity to ensure that workers at Maryland's sensitive and secure transportation facilities like BWI Thurgood Marshall Airport, Penn Station and the Port of Baltimore, are able to focus fully on keeping the public safe without having to worry about how to provide for the basic needs of their families. When workers are paid a just wage, it not only helps them provide for their needs, but it also helps to build social and community capital as workers spend locally.

Maryland's diverse faith traditions share a common teaching about workers: **every worker has a fundamental human right to receive a just and living wage for their labor**. We believe that the words of Deuteronomy speak this truth clearly:

You shall not withhold the wages of your workers, because their livelihood depends upon them (Deuteronomy 25:14-15).

Catholic social teaching tradition defines a just wage as a wage that allows for a worker to meet all of the basic human needs of her or his family; including food, clothing, shelter, education, medical care, as well as the opportunity to save for retirement. I have seen first-hand how working families in Baltimore struggle with daily anxieties and worries about how they are going to meet these basic family needs. They must often seek a second job which in turn places even more stress and anxiety upon them and their families. Workers at sensitive sites shouldn't be unduly burdened by these anxieties. This bill will help correct the injustices and help relieve the burdens that afflict the working families in our local community.

The Secure Maryland Wage Act will help to make our communities safer by ensuring the well-being of the very workers who daily labor to make us safe in our travels to and from Maryland. Our workers need your support of this important legislation and I urge a favorable report for Senate Bill 62, the Secure Maryland Wage Act. Thank you for your consideration of this very important matter.

UNITEHERE_Fav_SB62

Uploaded by: Lingo, Tracy

Position: FAV

February 6, 2020

TO: Members of the Senate Finance Committee

FROM: Tracy Lingo, Staff Director, UNITE HERE Local 7

RE: SENATE BILL 0062 – Labor and Employment - Secure Maryland Wage Act

POSITION: SUPPORT

Good afternoon, my name is Tracy Lingo. I am the Staff Director of UNITE HERE Local 7. UNITE HERE represents thousands of airport catering workers, servers, bartenders cooks, baristas and cashier in US airports. There are approximately 1,100 of these food and retail workers at Thurgood Marshall BWI airport. 300 of them are represent by our Union. They work at HMS Host, Hudson News and LSG Sky Chefs. Inside of Marshall of Airport the food and retail operations are under the umbrella of Fraport. This is known as the developer model of providing service to travelers. At Thurgood Marshall BWI this Developer Model creates a race to the bottom that rewards concessionaries that pay the lowest wages and benefits.

The majority of the BWI retail, food and beverage workers are African American and immigrants. They live primarily in Baltimore City and Anne Arundel County and face long commutes on public transportation to jobs that pay low wages, wages at non-union food and retail outlets at BWI hover just above the minimum wage, and either do not offer affordable health insurance. These conditions create extremely stressful situations for workers who must try to balance food, housing, health care, childcare, and transportation costs on poverty level budgets. As a result of these low wages and high stress, we see extremely high levels of turn over. In 2018 alone we saw a 300% turnover in Starbucks baristas for example. This high level of stress and turnover is not only bad for workers but creates a safety concern. Our long-term airport members will tell you that workers who have years of experience with airport customers are able to identity and respond to situations that are suspicion or out of the ordinary much more quickly than new workers, trying to learn a fast paced job while worrying about the home life stresses that poverty level work creates.

This is in sharp contrast to the minimum wages that have been established for airport workers by the Metropolitan Washington Airport Authority, the city of Philadelphia, the Port Authority of New Jersey and New York and other major metropolitan areas. It's time for Maryland to make jobs at ports of entry like our airport more secure by reducing the high turnover produced by low wage jobs.

As hospitality workers, we support HB 629/SB 794 as an essential way to create a level playing field that will bring all port of entry workers above the poverty line. Without meaningfully living wage legislation for these workers, the current developer model at Thurgood Marshall BWI airport will continue to create a race to the bottom that rewards concessionaries that pay the lowest wages and benefits. Creating a higher wage for port of entry workers, like the food, beverage and retail workers at Thurgood Marshall BWI airport will reduce turn over and the stresses associated with poverty level work.

Thank you for the opportunity to speak with you today on this important issue.

BaltimoreNAACP_Fav_SB62

Uploaded by: Little, Kobi

Position: FAV

February 6, 2020

TO: Members of the Senate Finance Committee

FROM: Kobi Little, President, Baltimore City Branch of the NAACP

RE: SENATE BILL 0062 – Labor and Employment - Secure Maryland Wage Act

POSITION: SUPPORT

Chair Kelley, Vice-Chair Feldman, and Members of the Committee. On behalf of the Baltimore City Branch of the NAACP, I am pleased to issue my support for SB62.

This bill recognizes what is intuitive - fair wages and benefits makes jobs more attractive and help to retain workers. When the workers in question are employed at heightened security interest locations such as airports, ports and major train stations, this is clearly an important goal for the state to pursue. Reduced turnover at these critical sites means a more experienced, knowledgeable and well trained workforce, and ultimately, better safety and security for Maryland residents and the travelling public.

Many workers employed at these locations are paid wages that belie the importance of their jobs and deny them the ability to support their families with any degree comfort. We know that all across America it is black and Hispanic workers that disproportionately fill these kinds of low wage jobs.¹ Black workers are more than one and half times more likely than their white counterparts to be paid a wage so low that their family would be in poverty if they were the sole earner, while Hispanic workers are more than twice as likely as white workers.²

We made a start last year on giving low wage workers in Maryland a better future when we set a path to a \$15 minimum wage by 2025. But for jobs that are so crucial to our public safety we must do more and we must do it now.

I urge you to support this bill and bring economic justice closer to being a reality for this hard working and diverse workforce.

¹ See https://www.brookings.edu/wp-content/uploads/2019/11/201911_Brookings-Metro_low-wage-workforce_Ross-Bateman.pdf (page 9)

² 8.6% of white workers earn an income which would put their family beneath the poverty threshold if they were the sole earner, compared to 14.3% of black workers and 19.2% of Hispanic workers. See <https://www.epi.org/blog/workers-of-color-are-far-more-likely-to-be-paid-poverty-level-wages-than-white-workers/>

BaltimoreCityTeacherUnion_Fav_SB62

Uploaded by: Schmidt, Caroline

Position: FAV

SB 0062

February 6, 2020

TO: Members of the Senate Finance Committee

FROM: Caroline Schmidt, Executive Board Member, Baltimore Teachers Union

RE: SENATE BILL 0062 – Labor and Employment - Secure Maryland Wage Act

POSITION: SUPPORT

Chair Kelley, Vice-Chair Feldman, and Members of the Committee. On behalf of the union's more than 7,000 members, I am pleased to issue my support for SB62.

Teachers and school staff know that the most pressing challenge faced by parents of students in the Baltimore school system is the need for a good job that provides livable wages and meaningful benefits.

The Secure Maryland Wage Act is an opportunity to raise jobs standards at locations that are major economic drivers in our communities and where large portions of workers are Baltimore City residents.

Raising standards will also help to promote greater workforce retention - just as it does for teachers¹ – which in these heightened security locations means a better trained, more experienced and higher performing workforce.²

Quality jobs in our communities, or the lack thereof, have a ripple effect into our school system. When parents are paid poverty level wages, students come to school have skipped meals and are unable to concentrate. And when parents are forced to work multiple jobs, they have less time to physically invest in their children's development – be it helping with homework or attending to their emotion and behavioral health. Unfortunately there is no doubting the broad body of research that finds a direct link between household income and student's educational outcomes.³

To truly invest in our children's future we must invest in both our education system and in the hardworking parents who send their children to our schools. In a state as wealthy as Maryland there is no excuse why we cannot do both.

I strongly urge you to stand with the thousands of teachers who want the best for workers in our communities and to give this bill your strongest support.

¹ See <https://www.americanprogress.org/issues/education-k-12/reports/2018/06/14/452130/fact-sheet-yes-increase-salaries-teachers/>

² See <http://laborcenter.berkeley.edu/pdf/2017/SFO-literature-review.pdf>

³ See for example <https://www.epi.org/publication/education-inequalities-at-the-school-starting-gate/#epi-toc-5>

BaltimoreCityCouncil_Fav_SB62

Uploaded by: Scott, Brandon

Position: FAV



Brandon M. Scott
President
Baltimore City Council

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E-Mail: councilpresident@baltimorecity.gov

SB 0062

February 6, 2020

TO: Members of the Senate Finance Committee

FROM: The Honorable Brandon M. Scott, Baltimore City Council President

RE: SENATE BILL 0062 – Labor and Employment - Secure Maryland Wage Act

POSITION: SUPPORT

Chairman Kelley, Vice-Chairman Feldman, and Members of the Committee, please be advised that the Baltimore City Council President **supports** Senate Bill 0062.

This bill requires an employer to pay specified wages and benefits to a covered employee. Maintaining the best-trained professionals in our heightened security interest locations is critical to the safety of our residents. One factor that will assist our recruitment and retention of these workers is ensuring they are paid competitive wages that reflect the value they bring and our reliance on their work. Pennsylvania Station in Baltimore and the Port of Baltimore are two locations in Baltimore City where we must guarantee the safety, security, and welfare of residents and travelers. Securing these wages will lead to lower employee turnover, thus reducing training costs and the loss of institutional knowledge where we need it the most.

Furthermore, this bill will accomplish these goals with a minimal fiscal impact on the State. According to the Fiscal Note, the Net Effect is less than \$250,000 per year. That investment is surely worth the added security that a trained, qualified, and experienced team of professionals would bring to these important locations.

I respectfully request a **favorable** report on Senate Bill 0062.

cc: The Honorable Antonio Hayes

Antonio Hayes_FAV_SB62

Uploaded by: Senator Hayes, Senator Hayes

Position: FAV

ANTONIO HAYES
Legislative District 40
Baltimore City

Finance Committee



Annapolis Office
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410-841-3656 · 301-858-3656
800-492-7122 Ext. 3656
Antonio.Hayes@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 6, 2020

**Testimony of Senator Antonio Hayes in Support of SB 62:
Secure Maryland Wage Act**

Chairman Kelley and Members of the Finance Committee,

Transportation infrastructure continues to be a major focus for the state. **Senate Bill 62** is an additional step in this effort by investing in a trained and experienced workforce for some of our transportation hubs. This bill aims to ensure that a strong workforce is attracted and retained at three “heightened security interest locations”: Baltimore/Washington International Thurgood Marshall Airport (BWI), the Port of Baltimore, and Baltimore Penn Station.

Because of the low wages paid to employees at these sites, employees may be uncertain about their future and stressed about their finances; some even take second jobs to make ends meet and care for their families. By increasing the wages of low-paid direct employees and contracted employees, this bill advances economic justice and provides economic development benefits. This is an opportunity to secure higher pay for workers who are crucial to the functioning of some of the most important components of our state’s infrastructure.

Higher wages policies at heightened security locations already exist in hubs like Los Angeles International Airport (LAX), Oakland Airport, the Port of Oakland, Newark Liberty International Airport (EWR), John F. Kennedy International Airport (JFK), and LaGuardia Airport (LGA). Notably, Dulles International Airport and Reagan National Airport in our backyard adopted wage policies because they concluded it would improve safety and security.

It has been well documented that increases in compensation reduce worker turnover and enable employers to retain employees. A review of the literature exploring the impact of wages and turnover on safety and security at airports has demonstrated the connections between increased wages, worker motivation, higher productivity and improved quality of services. When wages are higher, workers are less likely to quit, are willing to work harder, and are more

committed to their work. Subsequent reduced turnover and less absenteeism often more than make up for the wage increase.

Maryland's minimum wage increased to \$11.00 per hour as of Jan. 1, 2020, and will rise to \$15.00 in 2025. While the minimum wage increase is a significant victory for workers, we need a higher standard for key transportation infrastructure facilities to attract and maintain quality staffing to protect our public investment and maintain these sites as drivers of the state's and local economies.

Wages and benefits are tied to the Guard I classification for the applicable county under the McNamara-O'Hara Service Contract Act. Because the classification is based on the area wage determination, developed by the Federal Department of Labor, it will always be equal to or higher than the Maryland minimum wage. Thus, it will fulfill **Senate Bill 62's** purpose of reducing turnover and its associated deleterious effects on performance and security.

Though determinations are revised periodically, the current prevailing compensation is \$12.97 + \$4.48 (supplements) = \$17.45 for Anne Arundel County (BWI) and Baltimore City (Penn Station and the Port). Workers covered by the Secure Maryland Wage Act would therefore earn a higher wage faster than provided for under the minimum wage law.

I urge a favorable report on SB 62.

Respectfully,

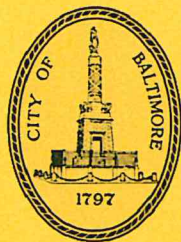
A handwritten signature in black ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes
40th Legislative District - MD

LATE - Mayor Jack Young Baltimore City_FAV_SB62

Uploaded by: Young, Mayor Jack

Position: FAV



BERNARD C. "JACK" YOUNG
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 62

Month Date, 2020

TO: Members of the Finance Committee
FROM: Nicholas Blendy, Deputy Director of Government Relations
RE: Senate Bill 62 – Labor and Employment – Secure Maryland Wage Act
POSITION: SUPPORT

Chair Kelley, Vice Chair Feldman, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 62.

SB 62 recognizes the important public safety interest of recruiting and retaining experienced employees at Maryland's three heightened security transportation facilities, BWI Thurgood Marshall Airport, the Port of Baltimore, and Baltimore Penn Station. SB 62 requires employers at these facilities, beginning January 1, 2021, to pay permanent and contractual employees the combined amount of wages and benefits for an employee in the Guard 1 Classification for the applicable county under the McNamara-O'Hara Service Contract Act as of September 1st of the preceding year.

Employees covered by the bill will always be entitled to a wage equal to or above the Maryland minimum wage.¹ This will help achieve the public safety purpose of reducing employee turnover, which has a documented deleterious effect on performance and security.² Other "heightened security locations" such as LAX airport, the Port of

¹ Wage determinations are developed by the Federal Department of Labor based on available data showing the rates that are prevailing in a specific locality. Currently the determination for Baltimore City and Anne Arundel County is \$17.45 hourly.

² See, Amanda Gallear, The Impact of Wages and Turnover on Security and Safety in Airports: A Review of the Literature, UC Berkeley Labor Center, for the San Francisco Airport Commission (October 18, 2017), available at <http://laborcenter.berkeley.edu/the-impact-of-wages-and-turnover-on-security-and-safety-in-airports/>

Oakland, JFK airport, and nearby Dulles and National airports have adopted similar policies to improve safety and security at those sites.

The bill would also provide an economic boost to the communities where these employees live. An estimated 30.6% of BWI employees and 28.3% of Port of Baltimore employees live in Baltimore City. This means thousands of Baltimore residents who will be spending their increased wages locally.

We respectfully request a **favorable** report on Senate Bill 62.

GBC_UNF_SB62

Uploaded by: Fry, Donald

Position: UNF



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE FINANCE COMMITTEE

SENATE BILL 62 -- LABOR AND EMPLOYMENT – SECURE MARYLAND WAGE ACT

February 6, 2020

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Oppose

Senate Bill 62 would supersede the Maryland Living Wage law by imposing a minimum wage that is based upon the Federal McNamara-O’Hara Service Contract Act for certain nonexempt employees working at areas designated as heightened security locations. The bill defines heightened security locations as the Baltimore-Washington Thurgood Marshall International Airport (BWI), Pennsylvania Station in Baltimore, and the Port of Baltimore. The bill provides that, beginning January 1, 2021, any nonexempt employee who works at least 50 percent of a work week at a designated heightened security location must be paid a wage that is no less than the rate of a Guard I Classification of the Federal McNamara-O’Hara Service Contract Act for the prior year in the County in which the work is performed.

Senate Bill 62 would also cancel any existing labor contracts that do not comply with the new wage rates.

The McNamara-O’Hara Service Contract Act requires contractors and subcontractors performing services on prime contracts in excess of \$2,500 to pay service employees in various classes no less than the wage rates and fringe benefits found prevailing in the locality, or the rates contained in a predecessor contractor's collective bargaining agreement. This practice is commonly referred to as a prevailing wage requirement.

Under current Maryland law, prevailing wage requirements apply to public projects exceeding \$500,000 that meet one of the following criteria: (1) the State or an instrumentality of the State is the contracting body and there is any State funding for the project; (2) a political subdivision is the contracting body and 50 percent or more of the money used for the construction is State money; or (3) a political subdivision is the contracting body for the construction of an elementary or secondary school and 25 percent or more of the money used is State money.

Senate Bill 62 would expand prevailing wage requirements significantly by imposing these requirements based on the geographic location of employment for all covered employees regardless of the funding source or type of work performed at the location. Enactment of Senate Bill 62 would also set a meaningful and potentially damaging precedent by canceling employment contracts negotiated through collective bargaining procedures and for imposing prevailing wage requirements on employers outside of the parameters established by current federal and state statutes.

These actions would signal that the business climate in Maryland is both costly and unpredictable.

The Greater Baltimore Committee (GBC) contends that the enactment of Senate Bill 62 would harm the State’s economic vitality and competitiveness by rapidly and drastically increasing operational costs at

GREATER BALTIMORE COMMITTEE

Suite 1700, 111 South Calvert Street, Baltimore, Maryland 21202-6180
410. 727-2820. Fax 410. 539-5705

Baltimore Penn Station, BWI Airport, and the Port of Baltimore. Absent the enactment of similar legislation in neighboring jurisdictions, the cost of doing business at BWI Airport and the Port of Baltimore would be considerably higher than their regional competitors and could drive business out of Maryland to other jurisdictions.

In the GBC's report, *Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, two of the eight core pillars of a competitive business environment cited by the State's economic development professionals and top business leaders are:

Government leadership that treats business as a partner rather than an adversary. Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.

Competitive costs of doing business. Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.

Passage of this legislation would be inconsistent with both of these pillars of economic growth and job creation.

The efficient movement of goods and people throughout the State of Maryland is paramount to maintaining the State's economic competitiveness. The Port of Baltimore is linked to nearly 130,000 jobs across the State of Maryland and transports more than \$50 billion in goods per year. As the busiest airport in the region, BWI supports 106,000 jobs and generates \$9.3 billion in total economic impact each year. Baltimore Penn Station is a major, multimodal transportation hub that serves more than one million passengers each year and connects the Greater Baltimore area to the Northeast Corridor.

If enacted, Senate Bill 62 would have damaging implications on the market competitiveness and success of these economic drivers for the State of Maryland.

For these reasons, the Greater Baltimore Committee urges an unfavorable report on Senate Bill 62.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 64-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

Maryland AGC_FWA_SB62

Uploaded by: McCulloch, Champe

Position: UNF



SB 62
Labor and Employment – Heightened Security Interest Locations (Secure Maryland Wage Act)
Finance Committee
Position: Oppose unless amended

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors, both open shop and union. AGC of America is the nation’s largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America’s leading general contractors, and over 9,000 specialty-contracting firms, all through a nationwide network of chapters. Maryland AGC opposes SB 62 in its current form and respectfully urges the bill be amended to address concerns set forth below.

SB 62 addresses wages for workers at three specified locations: BWI Thurgood Marshall Airport, the Port of Baltimore and Pennsylvania Station in Baltimore City. The bill provides that an employer must pay a covered employee the wages or combination of wages and benefits for the 12-month period beginning January 1, 2021, and each subsequent 12-month period, that is at least the combined amount of the wage and fringe benefit rate in effect on September 1 of the preceding year for the Guard 1 Classification for the applicable county established under specified provisions of the federal McNamara-O’Hara Service Contract Act of 1965 (SCA).

In §3-1501(b), SB 62 defines employee broadly, so that all types of workers come within the ambit of the bill. Thus, SB 62 applies to work for both public and private owners. This is not consistent with the SCA, which applies only to work for federal agencies and specifically excludes contracts for construction, alteration and/or repair, including painting and decorating of public buildings or public works. SB 62 presents two different sets of issues for construction companies. First, workers on Maryland public work projects must be paid according to the Maryland Prevailing Wage law or the federal Davis-Bacon Act, but SB 62 does not make a distinction and creates a conflict between the proposed Secure Maryland Wage Act and these existing laws.

A different issue is presented by construction work performed at one of the specified locations for a private interest rather than a public owner, for example, one of the freight carriers at BWI or a motor carrier at the Port of Baltimore. The wages and benefits required by SB 62 would adversely affect especially some small contractors, particularly drywall and landscaping contractors. SB 62 would require some of a contractor’s employees to receive wages and benefits that other employees performing the same kind of work but at a different location would not receive. This is a prescription for disgruntled employees and workplace friction, to say nothing of the administrative burden and cost of tracking and implementing such a bifurcated system. The cure, consistent with the SCA, is to exempt all construction work from SB 62.

Accordingly, Maryland AGC respectfully urges the Committee to amend SB 62 to exclude construction work and construction related services, as defined in the State Finance and Procurement Article, §11-101(e) and (f), respectively. An amendment to that effect is attached to this testimony. Without such an amendment, Maryland AGC opposes SB 62 and respectfully requests an unfavorable report.

Champe C. McCulloch
President, McCulloch Government Relations, Inc.
Lobbyist for Maryland AGC

SENATE BILL 62
First Reading File Bill

Amendment No. 1:

On page 4, in the blank line immediately following line 12, insert "**(E) EMPLOYER DOES NOT INCLUDE AN EMPLOYER WHO PROVIDES "CONSTRUCTION" OR "CONSTRUCTION RELATED SERVICES" AS DEFINED IN THE STATE FINANCE AND PROCUREMENT ARTICLE, §11-101(E) AND (F), RESPECTIVELY.**" and renumber "E" and "F" to be "F" and "G", respectively.

MDOT_MPA_MAA_UNF_SB62

Uploaded by: MPA MAA, MDOT

Position: UNF

February 6, 2020

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East, Miller Senate Building
Annapolis MD 21401

Re: Letter of Opposition – Senate Bill 62 – Labor and Employment - Secure Maryland Wage Act

Dear Chair Kelley and Committee Members:

The Maryland Department of Transportation respectfully opposes Senate Bill 62, as it would have a significant, negative impact on our Transportation Business Units (TBUs), resulting in a competitive disadvantage and a strain on the business operations in the State.

This legislation mandates a higher minimum wage for any employee who spends more than 50% of their workweek at “heightened security interest locations,” including Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall), Pennsylvania Station in Baltimore, and the Port of Baltimore. Covered employees would include any individual working at the Port of Baltimore or BWI Marshall, whether or not they work as security guards or perform security-related functions. Notably, the boundaries of the “heightened security interest locations” are unclear, and it is not possible to determine exactly which employees are considered to be stationed at BWI Marshall and the Port of Baltimore and covered under the legislation.

As a threshold matter, Senate Bill 62 places a fiscal and operational burden on MDOT’s TBUs and private industry partners, as it voids all current agreements that do not meet the new increased wage, and allows employees to sue the employer to recover twice the difference between the mandated wage and the actual wage, plus attorney fees and costs.

At the Port of Baltimore, the MDOT Maryland Port Administration (MDOT MPA) works hard to accomplish its mission to increase waterborne commerce through the State of Maryland in a way that benefits the citizens of the State and the City of Baltimore. In doing so, the Port generates 15,330 direct family-supporting jobs for Marylanders. The average wage of those jobs exceeds the statewide average annual wage by 9.5%.

The premise that Senate Bill 62 is needed to protect public safety is misleading. For 11 consecutive years, the state-owned, public marine terminals at the Port of Baltimore received a top rating on an annual security assessment from the U.S. Coast Guard for 2019. The Coast Guard conducts annual and thorough examinations of the Port’s six public marine terminals: Dundalk, Seagirt, North Locust Point, South Locust Point (including the cruise passenger terminal), Fairfield, and Masonville.

The Honorable Delores G. Kelley
Page Two

Furthermore, statistically, employees at the Port of Baltimore experience a below average turnover rate for a similar position in Maryland.

At BWI Marshall, there would be a greater cost for the private sector businesses operating at the airport. This legislation would impact costs for security, retail and food providers, custodial services, airfield handling personnel, ground transportation employees and others. BWI Marshall is the lowest cost airport in the metropolitan region; cost increases for MDOT MAA and its private sector partners will increase the chance of loss of passengers and cargo. Maryland has benefited by the savings to our customers. BWI Marshall accounts for over 106,000 jobs and generates \$9.3 billion in economic impact for the state.

For the Port of Baltimore and BWI Marshall to continue to operate successfully as economic engines for the State, growth cannot be impeded by the unfounded mandate to increase wages with the false notion that it would ensure safety and reduce turnover.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 62 an unfavorable report.

Respectfully Submitted,

Dave Thomas
Acting Executive Director
Maryland Port Administration
410-385-4401

Jeff Tosi
Director of Government Affairs
Maryland Department of Transportation
410-841-2850

Ricky D. Smith, Sr.
Executive Director
Maryland Aviation Administration
410-859-7060

LATE - SouthwestAirlines_UNF_SB62

Uploaded by: Richardson, David

Position: UNF

Southwest Airlines Co.
David Richardson
Senior Director, Governmental Affairs
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david.richardson@wnco.com



February 5, 2020

The Honorable Delores G. Kelley
Chair, Finance Committee
Maryland State Senate
Annapolis, Maryland 21401

Dear Chairman Kelley:

On behalf of Southwest Airlines, I write in opposition to SB 62, the "Secure Maryland Wage Act." Southwest opposes this legislation for a few distinct reasons. First, it would make our operations and BWI Thurgood Marshall Airport (BWI) as a whole less competitive vis-à-vis our regional competitors. Second, it would unfairly single-out BWI-based employers for higher costs without conveying a legitimate nexus to safety or security. Lastly, the General Assembly just enacted a higher minimum wage for Maryland-based employees, including those based at the airport, and so we do not understand why the General Assembly is considering reopening this issue.

First, let me say at the outset that, as a lifelong Marylander and a 13-year Southwest Employee, I am particularly proud of the strong and positive partnership between Southwest and the State of Maryland, which now spans over a quarter century. This close working relationship has propelled BWI to become the largest airport in the Greater Washington region. In 1993, Southwest began at BWI with 10 daily nonstop flights and fewer than 100 Employees. Today, we operate over 240 daily nonstop departures at BWI, with over 4,800 Employees, including a Pilot base, a Flight Attendant base, and a Maintenance base. Concerning our Maintenance base, we are partnering with the State of Maryland to construct our first and only Maintenance facility on the East Coast. That facility, combined with other improvements we are working toward completing (e.g., a new baggage handling system), will position Southwest for further growth in Maryland, including more international flights and eventually new international airline partnership(s).

Second, notwithstanding the above, the decision to deploy scarce aircraft and Employee resources at BWI depends in large part on the airport maintaining its low-cost advantage and especially its low-cost advantage over nearby airport competitors. Fortunately, through the superb stewardship of BWI by the State of Maryland, BWI is the leader in the region in terms of affordable airport fees, rates, and charges, as well as providing an "easy come, easy go" experience for our shared Customers. And, it is no coincidence that low-cost and ultra-low-cost airlines, in particular, have been attracted to BWI and have grown here. Conversely, it is important to recognize the opposite effect – that any major cost increase to our daily operations would likely make certain markets to/from BWI unprofitable or at least not as profitable as other opportunities in our nationwide network where we are not experiencing the same cost increases. Moreover, BWI's historic cost advantage has narrowed recently, especially in comparison to Washington Dulles International Airport (IAD). All of which is relevant to the legislation being considered. Frankly, now is not the time to impose costly new requirements on BWI's airline tenants, especially those looking to grow in the future and have opportunities elsewhere.

Third, although the debate as to whether there should be a "living wage" (or any increase in the minimum wage) is a legitimate issue within the purview of any state government, Southwest believes strongly that any application of any new minimum wage standard should be applied to all industries and all segments of the economy within the jurisdiction contemplating such a new standard. Employees at an airport should be treated no differently than employees at a factory, hotel, restaurant, or office building. In other words, if a "living wage" is being contemplated, we contend that it should be applied broadly to cover all workers in all industries in the State.

There is nothing unique at BWI that justifies a higher minimum wage for only airport-based workers. In fact, if there's one thing that is unique with the work environment at BWI, it is statistically one of the safest places to work in Maryland. If crime is a concern, we cannot think of a recent incident in which there was a violent crime at BWI, thanks in large part to the fine work of the Maryland Transportation Authority Police, as well as the active presence of multiple federal law enforcement authorities. If safety is a concern, I am proud to convey that, in 2019, Southwest had the lowest rate of on the job injuries in our 49-year history. We have not seen any data to suggest that the work environment at BWI is inherently unsafe or insecure. In fact, we believe an objective review of the facts – as well as common sense – will prove the opposite to be true.

Finally, I want to close by highlighting Southwest's record when it comes to Employee issues. I am not aware of another U.S. company – let alone another airline – of our size and with our long history having such an impressive record in this regard. Highlights of Southwest's commitment to our 60,000 (and growing) Employees include:

- 49-straight years of never having a mass layoff or furlough;
- 49-straight years of never cutting wages and benefits of our Employees;
- 46-straight years of Employee profit-sharing, including the equivalent of 12.2% of wages in 2019;
- The most generous salaries and benefits for frontline workers in the airline industry;
- Likely the most generous retirement benefits in the industry, including a 9.3% 401(k) employer match (on top of the profit-sharing);
- "Cadillac" health care plans for all of our Employees;
- 83% unionized – every frontline Employee at BWI belongs to a collective bargaining unit;
- An all-American-built Boeing 737 fleet – the largest all-American-made fleet in the world;
- Call centers based here in the United States

Thank you for considering Southwest's views. If you, your staff, or any of your colleagues have any questions with respect to this matter, please free to contact me at (202) 263-6287 or david.richardson@wnco.com.

Sincerely,



David Richardson



EDITORIAL

Baltimore by Southwest

Our view: Since 1993, Southwest Airlines has grown from discount upstart to BWI-Thurgood Marshall's dominant carrier helping refuel the local economy

Twenty-five years ago, it was clear that Baltimore-Washington International Airport was at a turning point. The facility was aging and unexciting. It couldn't keep up with its neighboring airports, particularly its nearby competitors in Northern Virginia, even as demand for air travel grew. So state transportation officials under Gov. William Donald Schaefer came up with a plan — build a light rail line connection, expand the number of gates and amenities inside the main terminal, and oh, welcome some Dallas-based low-cost upstart airline that specialized in short-hauls, offered discount prices and liked to fly to and from less-congested airports.

This month marks a quarter-century for Southwest Airlines at BWI-Thurgood Marshall, and few businesses have had a greater positive impact on Baltimore's economy during that same period. The airport's transformation from a hub for USAir, an airline that doesn't even exist anymore (having been absorbed into American), to Southwest's second busiest stop is stunning to behold. Not just because Southwest dominates BWI service, handling about 7 out of 10 airport passengers, but because it's cranked up the volume to record levels — and continues to grow. How fitting that the 25th anniversary of Southwest's arrival coincides with its announcement that it is investing, along with the state, in an enormous \$130 million, 130,000-square-foot hangar to help service and store aircraft.

Traveling by Southwest might not be everyone's cup of tea. It doesn't do assigned seats. It doesn't sell tickets through third-party vendors. The onboard comforts are modest; there is no first-class and the seats are not exactly roomy. But the prices are always competitive. The airline doesn't nickel-and-dime customers on checked or overhead bags. Service is friendly. Compared to other no-frills airlines, Southwest is a Cadillac. The formula has been a winner. It generally ranks high in customer satisfaction surveys, and while not the nation's biggest, Southwest is widely regarded as North America's fastest growing carrier.

In other words, Southwest found the right business model for the

deregulated air travel era, and BWI is flying high thanks to that relationship. Not only do more people fly in and out of BWI than through Ronald Reagan National or Dulles International, but it's generated billions of dollars for the local economy. The most recent state-commissioned study estimates BWI generates a total of \$9.3 billion in economic activity and 106,488 jobs, with roughly half coming from the airport directly and half from visitors. The airport handles more than 26 million passengers per year. That's roughly the equivalent of every man, woman and child in New York City — times three. Southwest alone employs more than 4,000 people, which makes it an even larger Maryland employer than Under Armour.

Make no mistake, when economic development officials from Baltimore and surrounding counties make a pitch to businesses — like Amazon's HQ2, for example — to come to Central Maryland, the convenience and affordability of Southwest-driven BWI Airport is near the top of the list of amenities. And how many existing small and medium-sized companies appreciate the convenience of that Southwest connection as well? The ease of business travel is a major benefit for enterprises of all kinds.

Shortly before Southwest's arrival, The Baltimore Sun editorialized that BWI, which had "capacity to spare," should be pleased to welcome Southwest and its flights to Chicago and Cleveland (the only two cities the airline served from BWI initially). But we also fretted it as a "mixed blessing" as it might "drive away marginal competitors." Ouch. That did, indeed, happen, and it proved to be a good thing. Perhaps BWI's role in it was a matter of luck, as the airport had the capacity just when a rapidly-growing carrier needed it. Certainly, there are still challenges ahead — dealing with noise generated by federally-approved redirected flight paths, for example. Still, there's little on the horizon to suggest the growth will falter anytime soon. As a high-octane generator of economic activity, the Southwest-BWI partnership has remained a bright spot in good times and bad.



Airlines for America®

We Connect the World

February 4, 2020

The Honorable Delores G. Kelley
Chair, Finance Committee
Maryland State Senate
Miller Senate Office Building, 3 East Wing
11 Bladen St., Annapolis, MD 21401

Dear Chairman Kelley:

Airlines for America (A4A) is the trade association of the leading U.S. passenger and cargo airlines, many of which serve Baltimore Washington International Thurgood Marshall Airport (BWI), providing safe, affordable services to Maryland residents and businesses. Airlines are proud economic drivers in Maryland and we value the relationship we have with the state and the passengers and shippers we fly in and out each year.

We respectfully write in opposition to SB 0062, which would mandate a wage and benefits package of \$18.81/hour for certain airport workers. In addition to the federal preemption issues which could cause significant legal problems for the state, A4A raises the following policy concerns for your consideration:

This proposal would increase costs and make BWI less competitive. Passengers, shippers and airlines all have choices, and they frequently go to the airport that is the most cost effective. BWI has had tremendous success over the past two decades in part because it is the least costly airport in the region, and increasing costs is bad policy, particularly as Dulles International Airport continues to decrease its costs.

The minimum wage should benefit all employees in the state, not just some. A4A members fully comply with all state and local wage laws, and our members do not take a position on what the statewide minimum wage should be. However, it should apply fairly to all employees and employers in the state. Creating a patchwork of minimum wages that favor some employees over others is bad public policy that hurts airlines, our partners and passengers who rely upon them.

SB 0062 would create state-mandated wage inequality creating winners and losers within the state of Maryland. Practically speaking, under this proposal it is a very real possibility that two workers could live next door to each other in Baltimore, one with a job cleaning aircraft at BWI and the other cleaning an office downtown. Both essentially have the same cost of living, but under SB 0062, the airport employee would have the benefit of state law mandating a wage/benefit package of \$18.81/hour, while the law would allow the employee cleaning the

office building downtown to earn substantially less. The question remains: why would the state create a different wage rate for some employees but not all?

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Williams", enclosed within a thin black rectangular border.

Sean Williams
Vice President, State and Local Government Affairs
swilliams@airlines.org