



SB 641: MARYLAND WAGE PROTECTION ACT

**Hearing before the Senate Finance Committee
February 27, 2020**

Position: SUPPORT

Job Opportunities Task Force (JOTF) works to eliminate educational and employment barriers for low-wage workers by transforming the systems and policies that create and perpetuate those barriers. We seek, as a core value, to advance racial equity in the workplace, including through reform of policies and practices that disadvantage workers of color in particular. **JOTF supports the Maryland Wage Protection Act (SB 641/HB 1097)**, which combats wage theft, a practice that disproportionately deprives Black and Latinx workers of full and fair compensation for their labor.

Wage theft – the denial of minimum wage, overtime, and other promised wages – deprives low-wage workers of an honest day’s pay for an honest day’s work, with Black and Latinx suffering a disproportionate share of the harm. One study found that 32.8% of Latinx employees in low-wage industries had experienced minimum wage violations, while 77.6% had experienced overtime violations. Immigrant Latinx workers, both documented and undocumented, are particularly hard hit – 35.1% have suffered minimum wage violations, and have suffered unlawful denials of overtime pay.¹ Black workers, meanwhile, are three times as likely as their white counterparts to suffer minimum wage violations.² Indeed, wage theft is one of the factors that contributes to the racial wage gap that has been growing throughout the country in recent years.³

¹ Labor Council for Latin American Advancement, *Latino Workers in the United States* (2011), https://www.lclaa.org/images/pdf/LCLAA_Report.pdf.

² National Employment Law Project, *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America’s Cities* (2009), <https://s27147.pcdn.co/wp-content/uploads/2015/03/BrokenLawsReport2009.pdf>.

³ Valerie Wilson & William Rodgers III, *Black-white Wage Gaps Expand with Rising Wage Inequality*, <https://www.epi.org/publication/black-white-wage-gaps-expand-with-rising-wage-inequality/> (2016)

The Maryland Wage Protection Act ensures that Black and Latinx workers – and all workers – receive their hard-earned wages by strengthening Maryland law to combat the most common practices that employers use to commit wage theft:

- **Retaliation Protections:** Employees afraid of retaliation – termination, reduced hours, pay cuts, or for immigrant workers, calls to immigration authorities – often stay silent about wage theft, even when it means going without needed pay. Under current law, district attorneys can theoretically pursue misdemeanor charges against an employer who retaliates against an employee for seeking wages, but such enforcement actions are extremely rare and employees themselves can do nothing to protect themselves from retaliation. The Maryland Wage Protection Act empowers workers to take legal action against retaliation they have suffered, so that they can recover their earned wages.
- **Paystub Transparency:** Employers can mask wage violations with paystubs that have vague or misleading information. An employee who receives a paystub that states only a lump sum or does not list regular or overtime hours has no way of knowing if he or she has been paid correctly. The Maryland Wage Protection Act requires employers to print basic information that they are already required to track – about wage rates, hours, and deductions – on employee paystubs, so that employees know that they are receiving all that they have earned.
- **Prohibition on Misclassification:** True independent contractors are people who are in business for themselves – with broad authority to set their own rates and hours – and who therefore are not covered by the wage laws. Employers misclassify employees as independent contractors as one way to skirt minimum wage and overtime requirements. The Maryland Wage Protection Act clarifies the definition of “independent contractor” to prevent employers from inappropriately applying that label to workers who are under their control and not truly operating their own businesses.

For these reasons, JOTF strongly supports the Maryland Wage Protection Act (SB 641/HB 1097) and **urges a favorable report.**

Should you have questions or concerns, please contact Christopher Dews at christopher@JOTF.org