

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

## Position Statement in Support of Senate Bill 641

*Given before the Senate Finance 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 guaranteeing most workers the opportunity to earn paid sick days and gradually raising the minimum wage to \$15 per hour. However, our current labor laws often provide too little information for employees to effectively exercise their rights and too often leaves them vulnerable to retaliation when they do. This undermines the effectiveness of Maryland's existing worker protections, hurting all working people and especially heightening barriers that hold back many women, workers of color, and Marylanders who were born outside the United States. The Maryland Center on Economic Policy supports Senate Bill 641, which would strengthen the transparency and anti-retaliation standards that make other worker protections meaningful.

Senate Bill 641 calls for multiple improvements to the mechanics of Maryland labor law, such as:

- The bill requires employers to provide workers written notification of the terms of their employment within 30 days after hiring. This includes the worker's specific pay structure (hourly, salaried, on commission, etc.), other information necessary to verify the accuracy of pay calculations, and accurate contact information for the employer legally responsible for appropriately paying the worker.
- The bill requires employers to include similar information on pay stubs, allowing workers to verify the accuracy of their pay for each payroll period and making clear who is legally responsible for appropriate payment.
- The bill would clarify the definition of prohibited retaliation by specifying actions employers may not take in response to an employee exercising their rights. In addition to prohibiting an employer from firing workers who exercise their rights, the bill prohibits retaliatory hours reductions, reporting employees to federal immigration officials, or punishing workers who help each other exercise their rights.
- The bill would establish retaliation protections in areas of labor law where none currently exist. For example an employer today is essentially legally allowed to retaliate against an employee who complains that their pay does not match their stated wage, as long as it exceeds the applicable minimum wage.
- The bill would enable the Maryland Department of Labor to proactively enforce worker protections. This would mean that the state could take action when employers are clearly violating labor law, without having to wait to receive an employee complaint.

These reforms would bring Maryland’s bedrock worker protections into line with standard employment law practice. For example, federal law prohibits employers from retaliating against a worker who makes a claim under the Fair Labor Standards Act, the Occupational Safety and Health Act, the Civil Rights Act, the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the National Labor Relations Act, and other employment laws.<sup>i</sup> The Maryland Department of Labor has stated that the lack of protection under current law exerts a chilling effect, effectively allowing employers to intimidate workers out of taking any action to collect the wages they are owed.<sup>ii</sup> The Department has estimated that employers across Maryland retaliate against workers who make claims under the Wage Payment and Collection Law hundreds of times per year.<sup>iii</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 percent.<sup>iv</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 they are backed by effective enforcement.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 641.**

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## **Equity Impact Analysis: Senate Bill 641**

### *Bill summary*

Senate Bill 641 would reform transparency, enforcement, and anti-retaliation standards in Maryland labor law. These reforms would make it easier for workers to know when an employer is violating their rights, make it easier to prove this violation, and prohibit employers from retaliating against workers who exercise their rights.

### *Background*

The Maryland General Assembly enacted the Healthy Working Families Act in 2018, overturning the governor’s 2017 veto. This law guarantees most Maryland workers the right to earn paid sick days at work. The General Assembly acted to raise the state minimum wage in 2019, gradually increasing the wage floor for most workers to \$15 per hour.

However, Maryland wage law currently includes inadequate enforcement provisions to make these protections effective. Employers are not required to disclose some information necessary to file and support a complaint, are effectively allowed to take certain retaliatory actions such as reducing hours or reporting workers to federal immigration authorities, and in some cases are not subject to any anti-retaliation measures.

### *Equity Implications*

Current labor law provides especially weak protections to part-time workers, low-wage workers, tipped workers, and workers born outside the United States. These weaknesses heighten economic roadblocks facing many workers who already face obstacles in the labor market. For example, about two-thirds of tipped workers nationwide are

women,<sup>v</sup> and workers of color—particularly Latinx workers—are more likely than their white counterparts to work for low wages.

Senate Bill 641 would reduce barriers facing these workers by making it easier for them to enforce their existing rights.

### *Impact*

Senate Bill 641 would likely **improve racial, gender, immigration, and economic equity** in Maryland.

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<sup>i</sup> “Fact Sheet: Retaliation Based on Exercise of Workplace Rights Is Unlawful,” U.S. Equal Employment Opportunity Commission, 2015, [https://www.eeoc.gov/eeoc/interagency/fs\\_retaliation.cfm](https://www.eeoc.gov/eeoc/interagency/fs_retaliation.cfm)

<sup>ii</sup> Heather Ruby, “Fiscal and Policy Note: Senate Bill 726,” Department of Legislative Services, 2017, [http://mgaleg.maryland.gov/2017RS/fnotes/bil\\_0006/sbo726.pdf](http://mgaleg.maryland.gov/2017RS/fnotes/bil_0006/sbo726.pdf)

<sup>iii</sup> Ibid. The Department estimated that it would have received “as many as 200 claims per year alleging adverse action violations” under Senate Bill 726 of 2017, which included the same protections as Senate Bill 329 of this session.

<sup>iv</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)

<sup>v</sup> Elise Gould and David Cooper, “Seven Facts about Tipped Workers and the Tipped Minimum Wage,” Economic Policy Institute, 2018, <https://www.epi.org/blog/seven-facts-about-tipped-workers-and-the-tipped-minimum-wage/>