



MARYLAND STATE & D.C. AFL-CIO

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**SB 801 – Labor and Employment – Economic Stabilization Act - Alterations
Senate Finance Committee
March 4, 2021**

OPPOSE

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Madam Chair and members of the Committee thank you for the opportunity to submit testimony in opposition to SB 801 – Labor and Employment – Economic Stabilization Act - Alterations. My name is Donna S. Edwards, President of the Maryland State and DC, AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

The Economic Stabilization Act, as it was originally passed, provided workers time to plan before abruptly losing their job. With 60 days' notice to workers of a closure, the Act ensures that people have at least some amount of time to seek other employment, instead of leaving them out in the cold. SB 801 upends this system, completely. From changing the definition of who can be counted in the determination of the reduction of operations, to subjectively defining the word "permanent" to allow businesses to claim closures and job losses are temporary with no evidence to prove it, this bill completely guts the intent of the law.

The most pernicious portion of SB 801 is in 11-305 section (C), where businesses are given carte blanche to completely ignore the reporting, altogether. Any business that wanted to avoid giving proper notice to their workers could simply claim they were actively seeking capital at the time of the business closure decision or that they "reasonably believed" that providing notice of a closure would put the acquisition of capital in jeopardy. This massive subjectivity in the language would allow for the wholesale disregard for the entire law.

Closures of businesses leave workers and their families struggling to maintain their quality of life, and oftentimes announcements of closures come with little to no notice, at all. This leaves hundreds of impacted workers in an awful position, having to immediately find new work, almost always at a lower salary, just to keep food on the table. A full 40% of Americans cannot afford a \$400 emergency, and the majority are one or two paychecks away from economic

disaster¹. Layoffs and downsizing only exacerbates this existing problem for American workers. It is imperative that advance notice of business closures and protection of workers is strengthened so that Marylanders do not get left in the cold to fend for themselves by corporate executives who are not affected by the decision to close or significantly downsize business operations.

While workers are struggling during this pandemic, SB 801 takes away their protections and creates a framework for unscrupulous businesses to legally ignore their workers, leaving them with no advanced notice of an impending closure.

For these reasons, we ask for an unfavorable report on SB 801.

¹ Federal Reserve - <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>