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## **SB 107 -Labor and Employment – Secure Maryland Wage Act Hearing before the Senate Finance Committee, January 28, 2021**

### **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 107** and urges a **favorable** report.

**SB 107 Will Advance Economic, Health, and Race Justice While Protecting Travelers.** Raising the wages of workers at heightened security locations will protect the traveling public by ensuring that such workers are paid wages that better enable them to maintain their health and well-being. A majority of service workers at heightened security facilities are Black and brown, and they have been forced to work through the COVID pandemic while at higher risk for the disease and too often lacking affordable healthcare. In fact, contracted transportation workers are overwhelmingly immigrants and people of color, who are two to three times more likely than their white counterparts to contract COVID-19, and nearly three times as likely to die from the virus. Increasing the wages of this workforce will not only better enable workers to care for themselves and their families, it will also promote the well-being of communities of color that have been hit hardest by the pandemic.

**Low Wages Increase Employee Turnover, Increasing Business Costs and Decreasing Security.** 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.<sup>1</sup> High turnover is

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<sup>1</sup> 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).

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particularly costly at heightened security facilities, where repeated staff changes may affect the traveling public.

**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.<sup>2</sup> 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 absenteeism, reduced overtime hours, and reduced job training relative to the control group of establishments.”<sup>3</sup>

**SB 107 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 107 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 107 and requests a **FAVORABLE** report.

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

<sup>3</sup> 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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