

Maryland Should Invest in Good Jobs; Clear Standards, Transparency Will Help

Position Statement in Support of House Bill 652

Given before the House Health and Government Operations Committee

Maryland's budget is a moral document that has the power to move us toward broadly shared prosperity if invested wisely, and just as much power to move us in the wrong direction if not. Investing Marylanders' shared resources in decent jobs that pay a family-supporting wage is vital to support a healthy, equitable economy. House Bill 652 would advance these goals while strengthening our long-term care workforce. For these reasons, the Maryland Center on Economic Policy supports House Bill 652.

Long-term care workers provide essential services to aging Marylanders and people with disabilities, but the state struggles to meet the need for these workers. Demographic change is expected to worsen this shortfall in coming years and decades. Paltry wages and dangerous working conditions are an important contributor to this worker shortage, and disproportionately harm women of color, who constitute the bulk of this workforce.ⁱ

Long-term care provided in the community rather than in residential facilities enables seniors and people with disabilities to access needed supports while maintaining significant independence and can lead to lower Medicaid costs. However, the private agencies the state relies on to provide these services do not consistently follow labor law—such as by misclassifying care workers as independent contractors rather than employees.ⁱⁱ This misclassification excludes workers from basic wage and hour protections and shifts tax responsibilities from the employer to the worker.

Strengthening protections to ensure workers are properly classified and paid appropriate wages would directly benefit workers and would also reduce barriers to maintaining a sufficient home care workforce to provide essential supports to aging Marylanders and Marylanders with disabilities.

House Bill 652 would ensure that home care agencies are aware of applicable labor law and enables the state to monitor compliance. A three-page, plain-English explanation of agencies' responsibilities will make it easier for agencies to be confident they are following the law.

The bill's reporting requirements are equally important. Maryland lawmakers have taken a number of smart steps to ensure that state investments are made transparently, such as by requiring employers subject to prevailing wage laws to report wages and by requiring online publication of state procurement contracts. House Bill 652 creates a simple reporting process to ensure the Maryland Department of Health knows how much home care agencies pay their workers. This helps the state invest in a healthy economy. The process is designed to avoid creating burdens for employers:

- The process simply adds two columns to a spreadsheet the agencies already provide to the state

- The process does not make any information publicly available or available to competitors
- The information is generally submitted only annually.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Health and Government Operations Committee make a favorable report on House Bill 652.

Equity Impact Analysis: House Bill 652

Bill summary

House Bill 652 would require the state to provide Medicaid-funded home care agencies a concise, plain-English explanation of their obligations under Maryland labor law, including criteria for classifying workers as employees or independent contractors. The bill would require agencies to acknowledge understanding of the explanation as a condition of licensure and would require agencies to report basic worker classification and wage information to the state annually.

Background

Researchers have documented a trend of private home care agencies classifying home care workers as independent contractors in spite of working conditions consistent with employment, such as significant managerial control.ⁱⁱⁱ This misclassification violates federal and state labor law, strips workers of wage and hour protections, and shifts tax responsibilities from employers to workers.

Equity Implications

House Bill 652 would strengthen protections for home care workers, who face dangerous working conditions, often take home low wages, and are disproportionately women of color.^{iv} It would also benefit Marylanders with disabilities by increasing the long-term supply of workers available to provide necessary supports.

- 88 percent of home care workers in Maryland are women.
- 61 percent of home care workers in Maryland are Black, and 72 percent are workers of color.
- 40 percent of home care workers in Maryland were born outside the United States.
- Home health and personal care aides in Maryland typically took home only \$12.87 per hour in 2019.^v

Impact

House Bill 652 would likely **improve racial, gender, disability, and economic equity** in Maryland.

ⁱ “The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia,” PHI, 2018, <https://phinational.org/wp-content/uploads/2018/09/DSWorkers-Maryland-2018-PHI.pdf>

ⁱⁱ Caitlin Connolly, “Independent Contractor Classification in Home Care,” National Employment Law Project, 2015, <https://www.nelp.org/publication/independent-contractor-classification-in-home-care/>

ⁱⁱⁱ Connolly, 2015

^{iv} “The Direct Services Workforce,” 2018

^v Bureau of Labor Statistics, May 2019 Occupational Employment and Wage Statistics (formerly Occupational Employment Statistics) for Maryland