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SB 721 Labor and Employment – State Minimum Wage Rate – Acceleration

Hearing before the Senate Finance Committee, March 10, 2022

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 works to expand and enforce the right of low-wage workers to receive an honest day's pay for an honest day's work through litigation and public policy. The **PJC SUPPORTS SB 721** and requests a **FAVORABLE** report.

SB 721 Would Accelerate Progress Towards Closing the Wage Gap At a Critical Time

African Americans, Latines, and women disproportionately make up the percentage of the workforce making less than \$15 per hour.¹ Positions in this category are typically front-line jobs, such as those in health care, food service, and retail, which now pose a greater safety-risk as a result of COVID-19.² The lack of progress in closing the wage gap has been attributed to a thirty-five-year period of stagnancy in workers' hourly wages.³ The gap is worse for women workers of color.⁴

When the Maryland General Assembly passed legislation to raise the minimum wage, it recognized the overwhelming benefits that the increase would have. In light of current circumstances around the persistent COVID-19 pandemic, the parallel struggle to recover economically, and worsening racial economic inequality, a reasonable acceleration of the \$15 minimum wage implementation is urgently needed.⁵ The solution proposed by SB 721 can help working Marylanders begin economic recovery sooner rather than later.

¹ Laura Huizar and Tsedeye Gebreselassie, National Employment Law Project, *What a \$15 Minimum Wage Means for Women and Workers of Color* (Dec. 2016), available at <https://www.nelp.org/wp-content/uploads/Policy-Brief-15-Minimum-Wage-Women-Workers-of-Color.pdf>.

² Clare Hammonds et al., University of Massachusetts Amherst Center for Employment Equity, *Stressed, Unsafe, and Insecure at Work: Essential Workers Need a New, New Deal* (June 2020), available at <https://www.umass.edu/employmentequity/stressed-unsafe-and-insecure-essential-workers-need-new-new-deal>.

³ Jesse Wursten and Michael Reich, University of California, Berkeley, *Racial Inequality and Minimum Wages in Frictional Labor Markets* (Jan. 2021), available at <https://irle.berkeley.edu/files/2021/01/Racial-Inequality-and-Minimum-Wages.pdf>. See also, Eileen Patten, Pew Research Center, *Racial, Gender Wage Gaps Persist in U.S. Despite Some Progress* (July 2016), available at <https://www.pewresearch.org/fact-tank/2016/07/01/racial-gender-wage-gaps-persist-in-u-s-despite-some-progress/>.

⁴ Huizar, *supra*.

⁵ Ellora Derenoncourt et al., Washington Center for Equitable Growth, *Why Minimum Wages are a Critical Tool for Achieving Racial Justice in the U.S. Labor Market* (Oct. 2020), available at <https://equitablegrowth.org/wp-content/uploads/2020/10/102920-minwage-racial-justice-ib.pdf>.

SB 721 Would Help Maryland's Low-Wage Workers Meet Their Families' Basic Needs

As the cost of living continues to rapidly increase, families need higher wages to make ends meet. Inflation is at its highest level in more than almost four decades, and wages are not keeping pace with rising living expenses.⁶ More Marylanders will fall into poverty unless there is a significant wage increase now.⁷ By accelerating the time period to implement Maryland's minimum wage, SB 721 will help Maryland's low-wage workers provide for their families' immediate basic needs.

SB 721 Would Support Maryland's Economy

Consumer spending, generated primarily by workers, means that when workers earn more, they can spend more. This is especially true for low-wage workers, who have to efficiently utilize every dollar to buy food, clothes, and necessities for their families. SB 721 will speed up the timeline to increase low-wage workers' income which will, in turn, boost spending and benefit Maryland's economy.

For the foregoing reasons, the PJC **SUPPORTS SB 721** and urges a **FAVORABLE** report. Should you have any questions, please call Tyra Robinson at 410-625-9409 ext. 223.

⁶ Lucia Mutikani, Reuters, *U.S. Consumer Prices Post Biggest Rise in Nearly 40 Years; Inflation Close to Peaking* (Jan. 2022), available at <https://www.reuters.com/world/us/us-consumer-prices-increase-strongly-december-2022-01-12/>.

⁷ Derenoncourt et al., *supra*.