

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

Position Statement in Support of Senate Bill 600

Given before the Senate Finance 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. Senate Bill 600 would advance these goals while strengthening our long-term care workforce. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 600.

Long-term care workers provide essential services to aging Marylanders and Marylanders 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. For example, they may misclassify 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.

Senate Bill 600 would build on the progress legislators made by passing House Bill 652 of 2021, which requires the state to provide a concise, plain-English explanation of relevant labor laws to home care agencies. Senate Bill 600 would make this communication reciprocal by requiring agencies to annually report the following information to the state for each personal care aide who provides care through the agency:

- Hourly wage
- Classification as employee or independent contractor
- Access to employer-provided health insurance
- Access to workers' compensation coverage
- Access to earned sick and safe leave

These reporting requirements are in line with reporting requirements across a wide range of state services. 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. Senate Bill 600 creates a simple reporting process to ensure the Maryland Department of Health understands the status of the direct care workforce and the quality of direct care jobs.

The requirements are designed to be easy for agencies to satisfy:

- Agencies already possess all required information
- 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 Finance Committee make a favorable report on Senate Bill 600.

Equity Impact Analysis: Senate Bill 600

Bill summary

Senate Bill 600 would require Medicaid-funded home care agencies to report the following information annually for each personal care aide who provides care through the agency:

- Hourly wage
- Classification as employee or independent contractor
- Access to employer-provided health insurance
- Access to workers' compensation coverage
- Access to earned sick and safe leave

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

Senate Bill 600 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 \$13.51 per hour in 2020.^v

Impact

Senate Bill 600 would likely **improve racial, gender, disability, and economic equity** in Maryland.

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- 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 2020 Occupational Employment and Wage Statistics for .Maryland