

BUSINESS *for a* **FAIR MINIMUM WAGE**

TESTIMONY ON SB 721: “Labor and Employment - State Minimum Wage Rate – Acceleration”

TO: Hon. Delores Kelley, Chair, and members of the Senate Finance Committee

FROM: Alissa Barron-Menza, Vice President, Business for a Fair Minimum Wage

Hearing Date: March 10, 2022

POSITION: SUPPORT

Thank you for the opportunity to testify in support of SB 721, raising Maryland’s minimum wage.

My name is Alissa Barron-Menza and I am the Vice President of Business for a Fair Minimum Wage, a national network of business owners, executives and business organizations that believe a fair minimum wage makes good business sense. I’ve been a District 20 resident for 18 years.

We support Maryland adopting a faster timeline for reaching a \$15 minimum wage and repealing the one-year pause allowed by current law.

We supported the passage of Maryland’s minimum wage increase in 2019, with two dozen of our member businesses and business groups testifying in support of raising the minimum wage to \$15. But we had hoped for a faster pace than the enacted compromise timeline of \$15 by January 2025 or July 2026 depending on the number of employees.

SB 721 is very timely given the pandemic and the rising cost of living. MIT’s Living Wage Calculator indicates that the basic needs wage for a single adult without children working full-time in Maryland is already \$17.25.

It makes sense to act now to increase faster to a \$15 minimum wage.

It’s too often forgotten when talking about minimum wage that workers are also customers. Raising the minimum wage puts money in the pockets of people who most need to spend it. It boosts the consumer buying power that businesses depend on to survive and grow.

Fair pay is good for business in many ways beyond increased consumer spending. Low pay typically means high employee turnover. Raising the minimum wage saves businesses money in lower turnover, reduced hiring and training costs, and lower error and accident rates. Businesses further benefit from better productivity, product quality and customer service.

The pandemic has made it clearer than ever that low-wage businesses have more trouble hiring and retaining workers. Raising the minimum wage faster to reflect current realities won’t hurt

small businesses. It raises the minimum wage floor under all businesses and encourages the better business practices that help them survive and compete.

Many businesses are already paying a \$15 minimum wage or higher. Costco pays starting wages of \$17. Target, Amazon, Best Buy and Wayfair, for example, already pay at least \$15. Many small businesses are paying \$15 or higher now because they know it helps them hire and retain workers and makes them more competitive.

For small businesses to succeed in competition with big chains and online companies with fast delivery, you need to give customers a reason to choose your business. That comes back to customer service and employees who can afford to stay and help you keep up with what customers want. Employees often make the difference between repeat customers or lost customers.

Many of our members supporting Senate Bill 721 are small businesses, such as Vigilante Coffee in Hyattsville and College Park; BA Auto Care in Columbia; Community Forklift in Edmonston; and A Few Cool Hardware Stores, with Waverly Ace Hardware & Garden Center and four other Ace Hardware stores in Baltimore City and Montgomery County – as well as bigger businesses like &pizza, with 15 locations in Anne Arundel, Baltimore, Harford, Montgomery and Prince George's Counties.

There is good precedent for Maryland moving faster to \$15. Montgomery County is already at \$15 for larger employers, and D.C. is at \$15.20 now and will reach \$16.10 on July 1. Howard County just passed an increase to \$16.

We applauded Maryland legislators in 2019 for passing a \$15 minimum wage. And we support this new effort that recognizes Maryland needs a faster pace to \$15 now. Raising the wage floor levels the playing field for businesses, helping those with lower wages to raise pay, decrease turnover, and increase competitiveness and customer satisfaction.

Maryland's minimum wage increases will help workers, businesses and communities continue to recover from the pandemic and build a stronger economy.

We respectfully urge a favorable report for SB 721. Thank you.

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