

Well-Paid Maids Support Testimony SB0555 March 2 2

Uploaded by: Aaron Seyedian

Position: FAV

Well-Paid Maids

**Testimony on Senate Bill 555
Fair Wage Act of 2023 Before the Senate Finance Committee
March 2, 2023**

**Aaron Seyedian, Owner, Well-Paid Maids
Position: SUPPORT**

My name is Aaron Seyedian and I am the owner of Well-Paid Maids, a home cleaning company serving customers across Montgomery and Prince George's Counties, in addition to D.C., Northern Virginia, and New York City. I'm also a member of Business for a Fair Minimum Wage. I strongly support Senate Bill 555.

All employees at Well-Paid Maids make at least \$22 per hour and receive a full benefits package including health, dental, life and vision insurance and paid time off. In our experience, offering good wages and benefits leads to a happier, healthier, and more productive workforce. And – having doubled in size over the last year – I can tell you it leads to more customers, as consumers search for the quality and reliability that comes from fairly-compensated employees.

In a sector known for low pay, Well-Paid Maids' success is proof that fair wages are not only good for business, but that they are compatible with every industry.

Now, despite all the data showing that a higher minimum wage is good for the economy, many will cite the pandemic's long tail of business impacts to make the case that now is not the right time. Having raised our own wage floor by \$3 in the spring of 2021, immediately following the most acute phase of the pandemic, I can tell you that's not the case.

By most accounts – after seven months of being closed and six months of barebones operations due to low demand because of virus fears – spring 2021 was not the “right time” to raise wages. But my staff had been through a lot, and we knew our employees needed higher wages to get by. Having seen the benefit of higher wages since our founding, we trusted our experience and implemented the increase.

The benefits of this pay increase surprised even me. The \$3 per hour bump massively boosted the number of applicants applying for our open positions. And it also improved our retention over the next year, cutting turnover by almost 30%. Due to this increase in our wage floor (and another smaller one since then) we have had no trouble finding qualified applicants to fill and remain in our open positions.

Financially speaking, increasing our starting wage *saved* us money and time. Turnover is incredibly expensive. We've calculated it costs us \$6,000 every time an employee leaves to advertise the job, interview for it, hire a candidate, and train and equip the new employee. Higher wages allow us to reduce turnover and save that investment of money and time. What's more, higher wages keep our employees productive and efficient and keep morale high, which helps us retain and grow our

Well-Paid Maids

customer base. In almost six years, we have grown to a staff of over 30 full-time employees and are continuing to hire and expand to meet growing customer demand.

In short, I have seen the difference a living wage makes for my employees, my business, and the local economy.

Hopefully, our experience helps make clear why it's time for Maryland to accelerate its path to a \$15 minimum wage. A higher wage floor for our state will improve productivity, ease hiring, reduce turnover, and delight customers, all while putting more dollars in the pockets of hardworking Marylanders.

But we can't stop there. We must add indexing to Maryland's minimum wage so that it keeps pace with rising costs and doesn't fall behind again. This can't be a one-time fix, only for the minimum wage to start losing purchasing power again next year. Businesses and our economy depend on consumer spending, which depends on income.

Two of the jurisdictions where we operate have indexed their minimum wage to the rising cost of living: Montgomery County and Washington, D.C. Montgomery County started indexing the minimum wage for the largest employers last year. D.C. reached a \$15 minimum wage in 2020 and has had annual COLAs since. In 2021, D.C.'s minimum wage increased to \$15.20. In 2022, it increased to \$16.10.

These have *not* been huge jumps, but rather incremental annual adjustments that ensure the minimum wage continues to reflect cost of living – and that the purchasing power of the minimum wage remains strong. Annual indexing is good for business because it ensures working people are making enough to live and to fuel our consumer-driven economy.

Maryland needs to follow suit and ensure the minimum wage keeps up over time.

Too often in the minimum wage debate, we struggle to see what's plainly in front of us. Why are some businesses and industries struggling to hire and retain workers? Why are we facing a lopsided recovery from the pandemic, where many people are unable to make ends meet while others grow wealthier than ever? Too many workers are not getting paid enough to live on. That's not just bad for workers – it's bad for businesses and for economic growth.

I respectfully urge the Committee to give a favorable report to Senate Bill 555. Thank you.

Aaron Seyedian
Founder & Owner
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SB 555_Business for a Fair Minimum Wage_FAV.pdf

Uploaded by: Alissa Barron-Menza

Position: FAV

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

TESTIMONY ON SB 555: “Fair Wage Act of 2023”

TO: Hon. Melony Griffith, Chair, and members of the Senate Finance Committee

DATE: March 2, 2023

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

POSITION: SUPPORT

Thank you for the opportunity to testify in support of SB 555, the Fair Wage Act of 2023.

My name is Alissa Barron-Menza and I am the Vice President of Business for a Fair Minimum Wage, a network of business owners, executives and business organizations that believe a fair minimum wage makes good business sense. Our organization is based in Silver Spring and I’ve been a District 20 resident for nearly 20 years. You’ll hear from a range of our members in support through oral and written testimony, from retail to food service, and from service sector businesses to fellow business organizations that support.

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. Further, there was no provision for cost of living adjustments after reaching \$15.

The Fair Wage Act is very timely given dramatic increases in the cost of living since \$15 was passed. MIT’s Living Wage Calculator indicates that the basic needs wage for a single adult without children working full-time in Maryland is already \$19.61.

It makes good business sense now to speed up implementation of \$15 to restore the lost buying power of the minimum wage, and then adjust the minimum wage annually to keep up with increased cost of living so that the minimum wage does not lose value.

We can’t build a resilient economy and thriving local businesses and communities on a minimum wage that’s too low for people to live on.

It’s important to remember that workers are also customers. When people earn more as workers, they can afford to spend more as customers. Minimum wage increases go right back into the economy as spending at local businesses.

Raising the minimum wage is good business in important ways beyond increased consumer spending. Low pay typically means high employee turnover. Low-wage businesses have more trouble hiring and retaining employees, as workers look elsewhere to make ends meet.

Raising the minimum wage pays off for businesses in lower turnover, reduced time and money spent hiring and training new workers, less product waste, and lower error rates.

Businesses benefit from better productivity and product quality. And businesses benefit from better customer service, which keeps customers coming back.

Keeping the minimum wage low does not help small businesses.

The pandemic has made it clearer than ever that low-wage businesses have more trouble hiring and retaining workers. Raising the minimum wage floor under *all* businesses will boost consumer spending and encourage the better business practices that help small businesses 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.

There is good precedent for Maryland moving faster to \$15 and adding annual cost of living adjustments in future years. For larger employers, Montgomery County is already at \$15 with indexing, and D.C. is at \$16.10 now and will reach \$17 on July 1. Howard County passed an increase to \$16 with annual cost of living adjustments thereafter. Maryland would join 19 other states that already index their minimum wage to cost of living.

There's a long record of research showing that raising the minimum wage has positive effects – not negative effects. Extensive research refutes the claim that increasing the minimum wage causes increased unemployment and business closures. You can find a summary of research since the 1990s on minimum wage and employment on our website, [Research Shows Minimum Wage Increases Do Not Cause Job Loss](#). Further, our [Business and Minimum Wage Research Summary](#) explores some of the many studies on the positive impact of wages on employment, productivity, employee turnover, customer service, spending, profits, health, safety, and more. 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, with cost of living adjustments in future years so the purchasing power of the minimum wage doesn't fall behind

again. 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.

Raising and then indexing the minimum wage will strengthen Maryland's workforce, businesses and communities.

We respectfully urge a favorable report for SB 555. Thank you.

Alissa Barron-Menza

Vice President

Business for a Fair Minimum Wage

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In Support of SB 555-Fair Wage Act-Maryland Legal

Uploaded by: Anthony Davis

Position: FAV



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

Senate Bill 0555

Fair Wage Act of 2023

In the Senate Finance Committee & Budget and Taxation Committee

Hearing on March 2, 2023

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 555 at the request of Senator Nancy King.

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, including housing, family law, public benefits, bankruptcy and other debt collection matters, and criminal record expungements.

Maryland Legal Aid asks that the Committee report **favorably** on SB 555.

SB 555 takes aim at a core issue affecting all working families and individuals – the ability to meet their basic needs on the income that they earn – by accelerating scheduled increases in the current State minimum wage and then tying increases thereafter to inflation. Eligibility for MLA clients is usually based on income that is half of the State's median income, but a large number of our clients have incomes at or below 125% of the federal poverty guidelines. The economic burdens faced by our clients include the high cost of housing, the lack of access to transportation, rising inflation, and the increase in the cost of necessities, particularly food. The wages paid to our clients go right back into the economy to pay for basic needs and thus essentially pass through to stimulate the economy.

For our clients, the issue is one of real wage growth vs price growth – whether wages and income can keep up with the cost of food, housing, clothing, transportation expenses, utilities, as well as other necessary goods and services. Despite the efforts of hard-working people and the recent increase to the State minimum hourly wage and increases provided by employers, the reality is that wages and income are not increasing at the same rate as the cost of living.

What's the value of a dollar if it doesn't buy what it used to and it doesn't afford what you need? A wage that doesn't account for the increase in the cost of the goods and services needed to live, is not a

livable wage. For households making less than the median household income at any poverty level,¹ is vitally important and according to the Bureau of Labor Statistics, the purchasing power of a dollar in 2022 ²eclined about 7.4 percent between 2021 and 2022 due to inflation.³ . What's the value of a dollar if it doesn't buy what it used to, if it doesn't afford what you need. A wage that doesn't account for the increase in the cost of the goods and services needed to live, is not a livable wage.

MLA believes that to have a basic standard of living, wages must keep pace with the cost of inflation. SB 555 would align wage increases to the consumer price index to help working people earn a real wage, a livable wage that allows them to maintain the same level of purchasing power year-after-year. So, a dollar in 2023 buys roughly the same as a dollar in 2024 and beyond. It is common sense and an equitable piece of legislation.

Keeping wages aligned with inflation means our clients have the means to meet household expenses, pay bills, save a little money, participate in economic activities that help move the economy. If we want to grow our economy, wages must grow, not prices alone. Tying wage rates to the consumer price index is measurable, not arbitrary. Real wages and real income are needed.

Maryland Legal Aid urges the Committee to issue a FAVORABLE report on Senate Bill 555. If you have any questions, please contact Anthony Davis, (410) 951-7703, adavis@mdlabor.org.

Respectfully Submitted,

Anthony Davis, Esq.
Director of Advocacy for Consumer Law
Maryland Legal Aid, Inc.
500 E. Lexington Street
Baltimore, Maryland 21202
(410) 951-7703

¹SEE: US BUREAU OF LABOR STATISTICS, Factsheet: Purchasing Power and Constant Dollars (Updated February 9, 2023). <https://www.bls.gov/cpi/factsheets/purchasing-power-constant-dollars.htm>.

² Id.

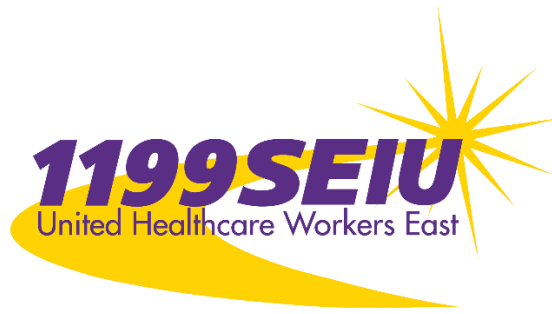
³ SEE: US BUREAU OF LABOR STATISTICS, Factsheet: Purchasing Power and Constant Dollars (Updated February 9, 2023). <https://www.bls.gov/cpi/factsheets/purchasing-power-constant-dollars.htm>.



1199SEIU Ricarra Jones Fair Wage Act Testimony FAV

Uploaded by: Brige Dumais

Position: FAV



Testimony on HB549/SB555
Fair Wage Act of 2023
Position: **FAVORABLE**

To Chair Wilson & Members of the House Economic Matters Committee;
To Chair Griffith & Members of the Senate Finance Committee:

My name is Ricarra Jones and I am the Political Director of 1199SEIU United Healthcare Workers East. We are the largest healthcare workers union in the country, with over 10,000 members in Maryland and Washington DC. Our union is a founding member of the Fight for \$15 Maryland coalition. We urge a favorable report on the Fair Wage Act of 2023 with no weakening amendments. This bill will put hard earned cash in the pocket of working Marylanders and will especially benefit the essential workers who kept us afloat during COVID19.

There is a short staffing crisis across the healthcare industry in Maryland. One of the major contributing factors to short staffing in healthcare facilities is low wages. We have seen healthcare workers bearing the burden of COVID19 choose to leave healthcare all together because they could make comparable wages in other industries with less risk to their health and safety. Short staffing negatively impacts healthcare workers physical and mental health, and patients suffer when they are not able to see a healthcare provider in a timely manner due to short staffing. The Fair Wage Act of 2023 will raise wages for union and non-union healthcare workers alike, which will help to recruit and retain healthcare workers across our state.

The Fair Wage Act of 2023 will accelerate the timeline so that all affected workers will be making \$15 by the end of this year. This will partially make up for the rising cost of living we have seen since the pandemic. To ensure workers do not fall behind again, the bill will also tie the minimum wage to the consumer price index. This way, wages will keep pace with cost of living, so that workers will at minimum be able to afford the necessities. Without indexing, workers earning the state's basement wage will continue to see the value of their work erode as costs rise.

Healthcare workers and low-wage essential workers are overworked and underpaid. The time to raise their wages is NOW. Please vote YES on this bill.

In Unity,

Ricarra Jones
ricarra.jones@1199.org

SB0555 Fair Wage Act of 2023 FAV.pdf

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR SB0555 Fair Wage Act of 2023

Bill Sponsor: President

Committee: Finance

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0555 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of individuals and grassroots groups with members in every district in the state with well over 30,000 members.

Our members strongly supported the Fight for \$15 legislation during the 2019 legislative session, but were disheartened that business profits won out against everyday workers when the minimum wage was delayed and many categories of workers were cut out. This bill pulls the \$15 minimum wage forward by two years for all covered workers. Additionally, it indexes the minimum wage, starting in 2025, to the Consumer Price Index and caps it at 5%.

We applaud this bill and hope that it is not weakened this time around. History has shown that a higher wage DOES NOT harm small businesses. However, it does help the overall economy because workers have more wages to spend.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

3.1.23 SB 555 Testimony_FAV.pdf

Uploaded by: Christian Gobel

Position: FAV

Testimony in Support of Senate Bill 555 Fair Wage Act of 2023

Senate Finance Committee
March 2, 2023

Christian Gobel
Government Relations

The Maryland State Education Association strongly supports Senate Bill 555. Senate Bill 555 accelerates the increase in the minimum wage to \$15.00 per hour beginning October 1, 2023. Under current law, the minimum wage increase of \$15.00 per hour would not occur until January 1, 2025. MSEA applauds Governor Moore and the legislative sponsors for introducing this legislation. Senate Bill 555 is desperately needed to lift the living standards for thousands of Marylanders across the state.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our almost 900,000 students so they can pursue their dreams. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3-million-member National Education Association (NEA).

In addition to accelerating the minimum wage increase, Senate Bill 555 also indexes future minimum wage increases to inflation, up to five percent, beginning July 1, 2025. Currently, nineteen states and the District of Columbia index their minimum wage for inflation.¹ Lawmakers have the responsibility to act to ensure future minimum wage increases are not subject to political will, but rather reflect the changing economic climate that workers experience every day.

Senate Bill 555 is an important step to bring economic relief to working families. Research finds that Senate Bill 555 would increase wages for approximately 175,000

¹ The Economic Policy Institute, *Minimum Wage Tracker*, (Values as of January 1, 2023), <https://www.epi.org/minimum-wage-tracker/> (last accessed 2/28/2023).



workers and benefit approximately 126,000 children.² Workers benefiting from this legislation on average would experience a wage increase of \$0.74 per hour, amounting to \$1,070 per year.³ Within the group of workers receiving a wage increase under Senate Bill 555, fifty-eight percent are women and forty-three percent have family income less than double the poverty line.⁴ The acceleration of the minimum wage is critical to working families' economic well-being. The purchasing power of workers over the course of the past year has been eroding due to rising inflation. Rising prices, whether for gas, food, clothes, or housing, has squeezed far too many families into making difficult financial decisions. The Fair Wage Act of 2023 will bring meaningful relief to hundreds of thousands of Marylanders.

We urge the committee to issue a Favorable Report on Senate Bill 555.

² Christopher Meyer and Jasmin Aramburu, Maryland Center on Economic Policy, *The Fair Wage Act Would Benefit 175,000 Workers in Maryland* (Feb. 27, 2023), <https://www.mdeconomy.org/minimum-wage/>.

³ *Id.*

⁴ *Id.*

SB555_Maryland Center on Economic Policy_FAV.pdf

Uploaded by: Christopher Meyer

Position: FAV

Fair Wage Act Provides Maryland Workers Relief Today and Security Tomorrow

Position Statement in Support of Senate Bill 555

Given before the Senate Finance Committee

The last several years have been an unusual and challenging time for Maryland's economy – and from inadequate safety protections to sharp price increases, low-wage workers have borne the brunt of it. The Maryland General Assembly took an important positive step in 2019 by putting the state on the path to a \$15 minimum wage, and has since enacted several more measures to benefit working families. But in the intervening four years, surging prices worldwide have increased the urgency of raising wages. A \$15 purchase made in 2019 would cost close to \$18 today. **The Maryland Center on Economic Policy supports Senate Bill 555 because it would strengthen wage protections today and protect them in the long term.**

The fact is, workers in Maryland cannot get by on low wages. Between housing, food, clothing, and other essentials, there is nowhere in Maryland where even a single adult, working full time and not caring for children, can afford a basic living standard on less than \$15 per hour.ⁱ Basic living expenses are higher still for workers supporting a family. The Fair Wage Act would make an important difference:ⁱⁱ

- Senate Bill 555 would **increase wages for about 175,000 workers** (7% of workers statewide) on October 1 of this year and **raise family incomes for 126,000 children**. On average, affected workers would see their wages increase by \$0.74 per hour, equivalent to \$1,070 per year.
- Altogether, Maryland workers would take home an additional \$47 million during the last three months of 2023, equivalent to \$187 million on an annual basis. Total wage gains would likely be substantial in future years as well.
- **The Fair Wage Act protects the value of the minimum wage in the long term.** Without inflation adjustment, the purchasing power of **the minimum wage will likely fall below its current value of \$13.25 per hour by mid-2028.**

A stronger minimum wage makes Maryland's economy more just and inclusive. Workers getting a raise under the Fair Wage Act include:

- 71,000 white workers (6% of white workers statewide)
- 64,000 Black workers (10%)
- 26,000 Latinx workers (11%)

- 7,600 Asian and Pacific Islander workers (6%)
- 6,100 workers belonging to other racial or ethnic groups (10%)ⁱⁱⁱ
- 101,000 women (8%)
- 76,000 workers whose family income is less than double the federal poverty line (24%)

Inflation Adjustment Provides Long-Term Security

The Fair Wage Act’s benefits are not limited to the next few years.

One of the most crucial elements of Senate Bill 555 is the provision to adjust the

minimum wage for inflation annually, beginning in July 2025. As has become all too clear in recent years, price increases can eat away at wage gains, especially when a perfect storm of global crises accelerates inflation.

Lacking scheduled inflation adjustments, our current wage law essentially bakes in gradually declining real wages over the long term, forcing workers to hope politicians will take action as they watch their standard of living decline. Under current law, the purchasing power of the minimum wage is likely to drop below its current value of \$13.25 per hour by mid-2028.^{iv} **The Maryland Center on Economic Policy strongly urges lawmakers to maintain this provision in the bill.**

Long-Lasting Benefits

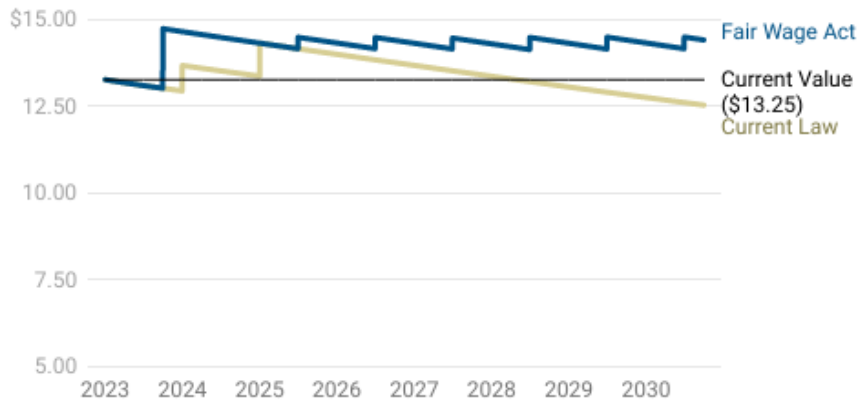
The Fair Wage Act would benefit Maryland families and children for decades to come. A large body of research shows that when families earn enough to afford the basics, the benefits ripple out to nearly every part of their lives. A 2013 systematic review of academic literature linked higher family incomes to:^v

- Fewer families struggling to put food on the table
- Fewer underweight births and lower infant mortality
- Increased spending on children’s clothing, reading materials, and toys
- Fewer behavioral problems, less physical aggression, and less anxiety among children
- Improved academic and cognitive test results, and more years of schooling completed

Raising the wage floor is the right choice for Maryland’s economy. Increased pay for low-wage workers who live paycheck to paycheck translates almost immediately into higher spending, which means stronger sales at local businesses. Evidence also shows that higher wages reduce employee turnover, which means more experienced workers and lower hiring costs.^{vi} Family-supporting wages make Maryland a more attractive place to live and work, which means a deeper talent pool for employers to draw from.

Fair Wage Act Protects Workers' Long-Term Purchasing Power

Projected inflation-adjusted value of Maryland minimum wage under current law and Fair Wage Act, 2023–2030. Note truncated y-axis.



Values are in constant 2023-Q1 dollars. Assumes that the Washington regional consumer price index grows at the same rate as the index for all U.S. cities.

Chart: Maryland Center on Economic Policy • Source: Based on Congressional Budget Office May 2022 Economic Outlook, projected CPI-U • Created with Datawrapper

Despite dire predictions from minimum wage opponents, a robust body of credible research shows no significant link between the minimum wage and the number of jobs available.^{vii} For example, a 2019 study described as “the most important work on the minimum wage in 25 years” examined 138 state minimum wage changes between 1979 and 2014. The study found no evidence of any reduction in the total number of jobs for low-wage workers and no evidence of reductions affecting subsets of the workforce such as workers without a college degree, workers of color, and young workers. Similarly, a 2016 meta-analysis of 37 studies on the minimum wage published since 2000 found “no support for the proposition that the minimum wage has had an important effect on U.S. employment.” The verdict is in: Raising the minimum wage works.

A Minimum Wage that Leaves No One Behind

It is beyond debate that Senate Bill 555 represents a major step forward for Maryland workers, families, and communities. **Lawmakers should build on this foundation by extending full minimum wage protections to the workers current law leaves behind:**

Agricultural Workers: When Congress established the federal minimum wage in 1938, lawmakers specifically denied protections to agricultural workers, one of many New Deal compromises demanded by racist Southern Democrats.^{viii} While the demographics of agricultural workers have changed, their work remains vital to Maryland communities and our economy. It is past time to correct this historical injustice and grant agricultural workers minimum wage protection. Including agricultural workers in the minimum wage increase would benefit another 1,200 workers and 950 additional children.

Tipped Workers: Because of a similar New Deal-era bargain, employers are required to pay tipped workers in Maryland a subminimum wage of only \$3.63 per hour. Because tipped workers cannot rely on a stable, decent wage, they are often at the mercy of customers for adequate pay. While sexual harassment occurs across all industries, it is more prevalent in the accommodation and food services industry, where women represent a majority of workers often in low-paying jobs subject to the tipped subminimum wage.^{ix} By applying the minimum wage uniformly, we can guarantee tipped workers receive equal treatment and are paid fairly for their work.

Guaranteeing the full minimum wage to tipped workers would **increase wages for an additional 47,900 workers** and increase family incomes for 27,900 additional children. It would also raise tipped workers’ pay by **\$130 million** in the last three months of 2023 alone, **more than tripling the dollar impact** of Senate Bill 555 as introduced.

Young Workers: Despite its other benefits, the 2019 minimum wage bill *weakened* protections for certain young workers. Youth workers’ earnings may serve as a lifeline for many struggling families who rely on extra income to stay afloat, especially during difficult economic times. Guaranteeing the full minimum wage for young workers would enable them to help keep their families afloat, contribute to their education, and build economic security for the future.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 555.

Equity Impact Analysis: Senate Bill 555

Bill summary

The core provisions of Senate Bill 555 concern the state minimum wage:

- The bill increases the minimum wage for covered workers at all employers to \$15 per hour effective October 1, 2023.
- This does not repeal or alter exemptions or reductions to the minimum wage for agricultural workers, tipped workers, or youth workers.
- The bill establishes annual inflation adjustment to the minimum wage beginning in July 2025, capped at 5% per year.
- The bill permanently empowers the Board of Public Works to cancel scheduled inflation increases under certain circumstances and repeals a provision of current law limiting the Board’s current power to a single cancellation.

Similar to past minimum wage bills, Senate Bill 555 mandates increased appropriations for certain health care and social service provider rates to cover providers’ increased wage costs.

Background

Chapters 10 and 11 of 2019 put Maryland on a path toward a \$15 minimum wage for most workers by 2025, with the wage floor for small employers reaching \$15 in 2026.

Maryland’s minimum wage law is modeled after federal wage and hour law. When Congress enacted the federal employment law framework in the 1930s, New Deal proponents made concessions to win the votes of Southern Democrats, generally denying protections to workers in disproportionately Black industries and occupations or weakening these protections. Some, but not all, of these exemptions remain on the books at the federal level and in Maryland.

Equity Implications

Structural barriers built into our economy through policy have disproportionately kept Black workers, other workers of color, women, and workers in other marginalized groups out of high-paying jobs. As a result, increasing the minimum wage generally delivers particularly large benefits to workers in these groups. Table 1 provides examples, with notable impacts highlighted.

Table 1. Distributional Analysis of Senate Bill 555							
	All Workers		Workers with Wage Increase			Total Wage Increase Oct.–Dec. 2023	
	# 1,000s	% of Total	# 1,000s	% of Total	% of Group	\$ Millions	% of Total
Total	2,396	100%	175	100%	7.3%	\$47	100%
Gender							
Men	1,203	50%	74	42%	6.1%	\$20	42%
Women	1,194	50%	101	58%	8%	\$27	58%

Table 1. Distributional Analysis of Senate Bill 555

	All Workers		Workers with Wage Increase			Total Wage Increase Oct.–Dec. 2023	
	# 1,000s	% of Total	# 1,000s	% of Total	% of Group	\$ Millions	% of Total
Race & Ethnicity							
White	1,286	54%	71	41%	5.5%	\$17	37%
Black	638	27%	64	37%	10.0%	\$18	39%
Latinx	244	10%	26	15%	10.8%	\$8	16%
Asian/Pacific Islander	166	7%	8	4%	4.6%	\$2	4%
All Others	63	3%	6	3%	9.7%	\$2	4%
Workers of Color Total	1,111	46%	104	59%	9.3%	\$29	63%
Family Income							
< \$25,000	162	7%	46	26%	28.4%	\$13	28%
\$25,000 to \$49,999	329	14%	27	15%	8.2%	\$7	15%
\$50,000 to \$74,999	356	15%	24	13%	6.6%	\$6	13%
\$75,000 to \$99,999	329	14%	19	11%	5.7%	\$5	11%
\$100,000 to \$149,999	518	22%	26	15%	5.1%	\$7	15%
\$150,000+	687	29%	26	15%	3.8%	\$7	14%
Poverty Status Family income % of federal poverty line							
< 100%	103	4%	40	23%	39.0%	\$12	26%
100 to 199%	211	9%	36	20%	16.9%	\$9	19%
< 200% Combined	314	13%	76	43%	24.2%	\$21	45%

Source: Economic Policy Institute analysis of Current Population Survey–Outgoing Rotation Group data.

Notes:

Census data currently require respondents to identify themselves as either male or female, precluding impact estimates for workers of other gender identities.

All racial groups exclude Latinx workers. Latinx workers may belong to any racial group. "All others" includes American Indian/Alaska Native workers, multiracial workers, and workers belonging to racial groups not specified in census data. Small sample size precludes reporting impacts for these groups individually. Note that this group is particularly heterogeneous, and the aggregate estimate does not necessarily represent the experiences of individual subgroups.

Part-time workers are those who usually work less than 20 hours per week. Mid-time workers usually work 20 to 34 hours per week.

Full-time workers are those who usually work 35 or more hours per week.

All dollar figures are in 2022 dollars.

Impact

Senate Bill 555 would likely **improve racial, gender, and economic equity** in Maryland. Lawmakers can increase the bill’s positive impact by repealing exceptions for agricultural workers, tipped workers, and youth workers.

ⁱ Based on the Economic Policy Institute Family Budget Calculator, adjusted for inflation by MDCEP.

ⁱⁱ Throughout this document, impact estimates for Senate Bill 555 are based on Economic Policy Institute analysis of Current Population Survey–Outgoing Rotation Group data. Detailed report forthcoming from MDCEP.

ⁱⁱⁱ Including but not limited to American Indian/Alaska Native workers and multiracial workers. Data limitations prevent reporting estimates for individual groups. Note that this category is particularly heterogeneous and aggregate estimates do not necessarily reflect the experiences of individual subgroups.

^{iv} Based on MDCEP analysis of the Congressional Budget Office May 2022 Economic Outlook.

^v Kerris Cooper and Kitty Stewart, “Does Money Affect Children’s Outcomes? A Systematic Review,” Joseph Rowntree Foundation, October 2013, <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/money-children-outcomes-full.pdf>

The systematic review methodology involves defining in advance how researchers will identify relevant studies, as well as quality control measures to ensure that only studies with credible methodologies are included. This methodology protects against researchers cherry-picking studies that support their viewpoint.

^{vi} Arindrajit Dube, T. William Lester, and Michael Reich, “Minimum Wage Shocks, Employment Flows and Labor Frictions,” IRLE Working Paper #149-13, 2014, <http://irle.berkeley.edu/files/2013/Minimum-Wage-Shocks-Employment-Flows-and-Labor-Market-Frictions.pdf>.

^{vii} David Cooper, “Raising the Federal Minimum Wage to \$15 by 2024 Would Lift Pay for Nearly 40 Million Workers,” Economic Policy Institute, 2019, <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2024-would-lift-pay-for-nearly-40-million-workers/>

^{viii} Juan F. Perea, “The Echoes of Slavery: Recognizing the Racist Origins of the Agricultural and Domestic Worker Exclusion from the National Labor Relations Act,” 72 *Ohio State Law Journal* 95, 2011, <https://lawecommons.luc.edu/cgi/viewcontent.cgi?article=1150&context=facpubs>

^{ix} Jocelyn Frye, “Not Just the Rich and Famous: The Pervasiveness of Sexual Harassment across Industries Affects All Workers,” Center for American Progress, November 2017, <https://www.americanprogress.org/issues/women/news/2017/11/20/443139/not-just-rich-famous/>

SB555-Fair Wage Act-AFSCME-FAV.pdf

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Position: FAV



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SB555 Fair Wage Act of 2023 Finance Committee March 2nd, 2023 Support

Support AFSCME International and our public employees across the country, stand in support of HB 549 Fair Wage Act of 2023. Maryland workers deserve higher wages, and while the Minimum Wage Act of 2019 was a step in the right direction, workers continue to struggle to make ends meet. Inflation is on the rise, and even in one of the wealthiest states in the nation, families are struggling to meet basic human needs despite working full time. There is currently nowhere in the state that even a single adult with no children can afford a basic standard of living on less than \$15 per hour. The Fair Wage Act of 2023 will remedy this by accelerating the timeline set in the 2019 bill and tying the state’s minimum wage to the consumer price index.

AFSCME International represents over 1.4 million public employees across the country. AFSCME members make American happen with members working in hundreds of different occupations, AFSCME advocates for fairness in the workplace and opportunities for all working families. We believe this legislation aligns with our values. We must leave no one behind.

Since the legislature passed the Minimum Wage Act in 2019, Marylanders have weathered a pandemic. Workers, many who were directly affected by the minimum wage law, worked tirelessly to keep our services running and displayed the important work that they do. Because the wage increases implemented by the 2019 law have not kept up with inflation, those workers who rely on those increase are in some cases no better off than they were before.

The Fair Wage Act of 2023 will make two changes to the current law that will have tremendous benefits to Maryland workers and the economy. First, the bill will accelerate the timeline so that all affected workers will be making \$15 by the end of this year. This will partially make up for the rising cost of living we have seen since the pandemic. To ensure workers do not fall behind again, the bill will also tie the minimum wage to the consumer price index. This way, wages will keep pace with cost of living, so that workers will at minimum be able to afford the necessities. Without indexing, workers earning the state’s basement wage will continue to see the value of their work erode as costs rise.

For these reasons AFSCME International requests a favorable report on SB555.

American Federation of State, County and Municipal Employees, AFL-CIO

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Ecolistic Cleaning Testimony SB 555 FAVORABLE Marc

Uploaded by: Courtney Sunborn

Position: FAV



**Maryland Senate Finance Committee -- Hearing on Senate Bill 555
Fair Wage Act of 2023
March 2, 2023**

**Testimony of Courtney Sunborn, Owner, Ecolistic Cleaning,
Anne Arundel County and Baltimore City
POSITION: SUPPORT**

Thank you, Chair Griffith and committee members for the opportunity to testify in support of SB 555 to speed up implementation of Maryland's \$15 minimum wage, and add annual cost of living adjustments so the minimum wage retains purchasing power over time.

My name is Courtney Sunborn, and I am the founder and owner of Ecolistic Cleaning. We were founded in Annapolis in 2003 and provide residential and commercial green cleaning services across Anne Arundel County and in Baltimore City, as well as in Sussex County, Delaware.

I strongly support raising and indexing Maryland's minimum wage. I know from experience that paying livable wages is good business. This is our 20th year in business and we are still growing.

I started as a cleaner, and I know what difficult, physically intense work it is. From our founding, we made the decision to pay livable wages. No employee makes less than \$18 an hour and we pay up to \$24 an hour.

By paying living wages, we keep our staff turnover very low. It saves us a lot of time and money to retain employees who are already trained and already know our clients. Lower turnover also brings increased morale and productivity – and happier clients.

Our clients appreciate the reliability and sense of security that comes from seeing the same faces in their homes and businesses week after week, year after year.

Raising the minimum wage will bring people out of the impossible situation of working at a full-time job and still not making ends meet. It will increase the consumer spending that businesses rely on to survive and grow. When people earn more as workers, they spend more as customers.

It's not enough for Maryland to speed up the path to \$15. Without annual cost of living adjustments, starting next year, the minimum wage will begin falling behind cost of living again.

With a COLA, if cost of living goes up 2%, the minimum wage will keep pace. If cost of living doesn't increase, neither will the minimum wage.



Annual cost of living adjustments makes good business sense because they ensure the minimum wage retains its value over time. That's important for business and our economy.

Raising and indexing Maryland's minimum wage will help workers, businesses and communities succeed now and in the future. It will strengthen Maryland's economy for everyone.

I ask for a favorable report on Senate Bill 555.

Thank you.

Courtney Sunborn

Founder and Owner

Ecolistic Cleaning

Operating in Anne Arundel County and in Baltimore, Maryland

courtney@ecolisticcleaning.com, 302-703-2413

BaltimoreCounty_FAV_SB0555.pdf

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Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

JOSHUA M. GREENBERG
Associate Director of Government Affairs

BILL NO.: SB 555

TITLE: Fair Wage Act of 2023

SPONSOR: The President (By Req. Administration)

COMMITTEE: Budget and Taxation

POSITION: **SUPPORT**

DATE: March 2, 2023

Baltimore County **SUPPORTS** SB 555 - Fair Wage Act of 2023. This legislation would accelerate the timeframe for increasing Maryland’s minimum wage to \$15/hr.

Every person who goes to work deserves to come home at the end of the day with a sense of accomplishment and a decent wage in their pocket. Unfortunately, too many of our neighbors are still living paycheck to paycheck – making difficult decisions and sacrifices to ensure they can put food on the table for their families. For them and their loved ones, a broken car or a medical emergency can mean financial disaster.

Baltimore County Executive John Olszewski has consistently fought to help working families make ends meet and reduce financial strain whenever possible. As a Delegate, County Executive Olszewski championed legislation to establish paid sick leave. In his current role, the County Executive’s latest budget ensures that all Baltimore County employees will earn a \$15 minimum wage. Senate Bill 555 will help lift up working families across the State of Maryland by raising the minimum wage to \$15 before the end of this year, much sooner than the initial targeted date of 2025. This vital legislation will bring the relief so many of our neighbors, friends, and loved ones desperately need.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 555. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB555 - PJC - Fav - final.pdf

Uploaded by: David Rodwin

Position: FAV

SB 555: Fair Wage Act of 2023

Hearing of the Senate Finance Committee, March 2, 2023

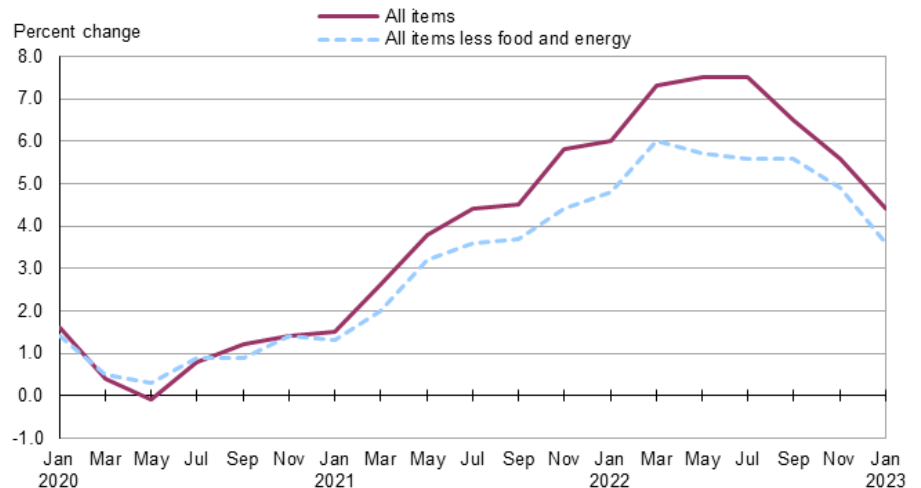
Position: Favorable

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. The PJC **supports SB 555**, which would accelerate the increase to the state's minimum wage rate and tie the minimum wage to annual growth in consumer price index.

SB 555 responds to the economic reality by accelerating the minimum wage increase to \$15 per hour and tying the minimum wage rate to the computer price index.

- Marylanders working minimum wage jobs already live paycheck to paycheck. While inflation has significantly increased prices from the gas pump to the grocery store, these workers continue to bring home the same pay. As a result, minimum wage workers struggle to afford basic necessities and, often, cannot make ends meet.
- SB 555 would address this reality in two ways. First, it would accelerate the minimum wage's increase to \$15 per hour. Second, it would allow minimum wage workers' earnings to automatically keep pace with the rising cost of living, as indicated in the above chart,¹ by

Chart 1. Over-the-year percent change in CPI-U, Washington-Arlington-Alexandria, DC-VA-MD-WV, January 2020–January 2023



Source: U.S. Bureau of Labor Statistics.

¹ U.S. Bureau of Labor Statistics, *Consumer Price Index, Washington-Arlington-Alexandria area - January 2023*. Available at https://www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex_washingtondc.htm.

indexing the minimum wage to the average percentage growth in the consumer price index for the preceding year. In doing so, SB 555 will help maintain the purchasing power of Maryland's low-wage workers, allowing their earnings to cover the same necessities from year to year – regardless of inflation.

SB 555 would benefit Maryland's economy and decrease reliance on public benefits.

- Because low-income workers buy household necessities from local retailers, increasing the minimum wage will inject revenue into local economies.
- Additionally, state programs and service providers subsidize near-poverty wages by helping Maryland families cover basic necessities that their low wages make them unable to afford. For example, a full-time minimum-wage worker and their child qualify for food stamps, Medicaid, and subsidized childcare and housing.
- Increasing actual wages would allow for greater financial independence and lessen the burden on public programs, while helping local economies.

For the foregoing reasons, the PJC **SUPPORTS SB 555** and urges a **FAVORABLE** report. Should you have any questions, please call David Rodwin at 410-625-9409 ext. 249.

NWLC testimony - FAV SB555 and SB803 (3.2.23).pdf

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Position: FAV



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SB 555: Fair Wage Act of 2023

SB 803: Labor and Employment - Payment of Minimum Wage - Tipped Employees

Senate Finance Committee | March 2, 2023

Position: SUPPORT

The National Women's Law Center (NWLC) submits this testimony in strong support of SB 555, the Fair Wage Act, and SB 803 (the "One Fair Wage" bill). SB 555 will accelerate Maryland's minimum wage increase to reach \$15 an hour by October 2023 and tie future increases to the consumer price index—giving approximately 217,000 workers in Maryland a raise, disproportionately women and people of color.¹ The Fair Wage Act will boost pay for roughly one in eight Black and Latinx workers in Maryland; among all workers who will get a raise, nearly six in 10 (58%) are women.² SB 803 will include tipped workers in this increase by July 2027. Both bills are essential to address the pervasive and longstanding pay disparities that women, and especially women of color, face in Maryland—disparities that were only exacerbated by the COVID-19 pandemic.³

Since 1972, NWLC has fought for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. NWLC advocates for improvement and enforcement of our nation's employment and civil rights laws, with a particular focus on the needs of LGBTQI+ people, women of color, and women with low incomes and their families. Ensuring that *all* workers in Maryland are entitled to the same fair minimum wage, regardless of tips, is a critical way to boost women's paychecks, combating poverty and persistent racial and gender pay gaps.

Women working full time, year-round in Maryland typically make only 86 percent of what their male counterparts make, leaving a wage gap of 14 cents on the dollar.⁴ This wage gap varies by race and is larger for many women of color.⁵ One driver of these wage gaps is women's overrepresentation in low-paid jobs.⁶ In Maryland, roughly six in ten workers in the state's lowest-paying jobs are women,⁷ as are more than two-thirds (69%) of tipped workers; more than one-third (35%) of tipped workers in Maryland are women of color.⁸ Especially in states like Maryland where employers can pay just a few dollars an hour before tips, tipped workers experience poverty at far higher rates than the workforce overall⁹—and they also experienced job loss, reduced tips, and great risks to their health and safety during the height of the pandemic.¹⁰

Today, while Maryland law continues to allow employers to pay tipped workers a base wage of just \$3.63 an hour, many question whether they should stay in a profession that leaves them vulnerable to harassment and scrambling to pay their bills¹¹—and many who have already left question whether they should return.¹² Meanwhile, the neighboring District of Columbia will begin raising its tipped minimum wage from \$5.05 per hour to \$16.10 per hour by 2027, after voters overwhelmingly approved Initiative 82 on the November 2022 ballot.¹³ If Maryland does not offer competitive wages for tipped workers, employers in neighboring counties will continue to see an exodus of workers from Maryland's restaurant industry to more attractive pay in the District of Columbia.¹⁴

Raising wages now for Maryland's lowest paid workers, including tipped workers, will also benefit children, families, and the state's economy. Especially in light of recent inflation, many families are struggling to afford the basics; today, one in 10 children in Maryland has a parent making less than \$15

per hour.¹⁵ SB 555 would give these families a much-needed income boost—which research shows can also benefit children’s health and well-being.¹⁶

Decades of research studying the impact of state and local minimum wage increases also show that these measures consistently improve incomes for workers and their families without costing jobs.¹⁷ Similarly, in the seven states that adopted One Fair Wage prior to the pandemic, this policy has not harmed growth in the restaurant industry or tipped jobs: from 2011 to 2019, One Fair Wage states had *stronger* restaurant growth than states that had a lower tipped minimum wage¹⁸—and while the pandemic hit the industry hard, the leisure and hospitality sector has not fared worse in recent years in One Fair Wage states than in states with lower wages for tipped workers.¹⁹ Indeed, because underpaid workers spend much of their extra earnings in their communities, increasing the minimum wage—including the wage for tipped workers—will help ensure a strong, shared recovery in the wake of the COVID-19 pandemic.²⁰ And higher wages can further benefit employers by reducing turnover and increasing productivity.²¹

The Fair Wage Act of 2023 and the One Fair Wage bill will lift up working families during this period of high inflation and, because women are the majority of workers who will see their pay go up, wage gaps will likely narrow as well.²² **Enacted together, these bills will work to diminish historic inequities—but enacting the Fair Wage Act without the One Fair Wage bill would once again leave many women and people of color behind.**

The Fair Wage Act of 2023 and the One Fair Wage bill are two critical and complementary tools to ensure that women can work with equality, safety, and dignity—starting with equal and adequate pay. We respectfully request a favorable report of both SB 555 and SB 803.

* * *

Please do not hesitate to contact Diana Ramirez at dramirez@nwlc.org if you have questions or require additional information. Thank you for your consideration.

¹ *Accelerating the Minimum Wage in Maryland: Good for Workers, Good for the Economy*, MD FIGHT FOR \$15 (Feb. 2023), <http://ff15maryland.org/wp-content/uploads/2023/02/minimum-wage-v3.pdf>.

² *Id.*

³ See generally, e.g., *Resilient But Not Recovered: After Two Years of the COVID-19 Crisis, Women Are Still Struggling*, NWLC (March 2022), <https://nwlc.org/resource/resilient-but-not-recovered>.

⁴ *Wage Gap Overall State Rankings:2021*, NWLC (Sept. 2022), <https://nwlc.org/wp-content/uploads/2021/03/Overall-Wage-Gap-State-By-State-2022v2.pdf>.

⁵ See, e.g., Brooke LePage and Jasmine Tucker, *A Window Into the Wage Gap: What’s Behind It and How to Close It*, NWLC (Jan. 2023), <https://nwlc.org/wp-content/uploads/2023/01/2022-Wage-Gap-Factsheet-1.10.23.pdf>.

⁶ See generally, e.g., Jasmine Tucker & Julie Vogtman, *When Hard Work Is Not Enough: Women in Low-Paid Jobs*, NWLC (April 2020), <https://nwlc.org/resource/when-hard-work-is-not-enough-women-in-low-paid-jobs/>.

⁷ See *id.*

⁸ NWLC calculations based on 2021 American Community Survey one-year estimates using IPUMS. Women of color includes all women who did not self-identify as white, non-Hispanic women.

⁹ See generally *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers*, NWLC (Feb. 2021), <https://nwlc.org/resource/one-fair-wage/>.

¹⁰ See, e.g., *Unlivable: Increased Sexual Harassment and Wage Theft Continue to Drive Women, Women of Color, and Single Mothers Out of the Service Sector*, ONE FAIR WAGE (April 2022), <https://onefairwage.site/unlivable>.

¹¹ See *One Fair Wage: Ending a Legacy of Slavery and Addressing Maryland’s Restaurant Staffing Crisis*, ONE FAIR WAGE (Feb. 2023), https://onefairwage.site/wp-content/uploads/2023/01/OFW_EndingLegacySlavery_MD-1.pdf

¹² Abha Bhatarai & Maggie Penman, *Restaurants Can’t Find Workers Because They’ve Found Better Jobs*, WASH. POST (Feb. 3, 2023), <https://www.washingtonpost.com/business/2023/02/03/worker-shortage-restaurants-hotels-economy/>

¹³ See *Washington, D.C., Initiative 82, Increase Minimum Wage for Tipped Employees Measure (2022)*, BALLOTEDIA, [https://ballotpedia.org/Washington,_D.C.,_Initiative_82,_Increase_Minimum_Wage_for_Tipped_Employees_Measure_\(2022\)](https://ballotpedia.org/Washington,_D.C.,_Initiative_82,_Increase_Minimum_Wage_for_Tipped_Employees_Measure_(2022)).

¹⁴ See *One Fair Wage: Ending a Legacy of Slavery and Addressing Maryland’s Restaurant Staffing Crisis*, *supra* note 11.

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- ¹⁵ *Accelerating the Minimum Wage in Maryland: Good for Workers, Good for the Economy*, *supra* note 1.
- ¹⁶ See generally, e.g., *Set Up for Success: Supporting Parents in Low-Wage Jobs and Their Children*, NWLC (June 2016), <https://nwlc.org/resource/set-up-for-success-supporting-parents-in-low-wage-jobs-and-their-children/>; George Wehby et al., *Effects of the Minimum Wage on Child Health*, 8 AM. J. HEALTH ECON. 412 (2022), <https://doi.org/10.1086/719364>.
- ¹⁷ See, e.g., Arindrajit Dube, *Impacts of Minimum Wages: Review of the International Evidence* (Nov. 2019), <https://www.gov.uk/government/publications/impacts-of-minimum-wages-review-of-the-international-evidence>.
- ¹⁸ *Why the U.S. Needs a \$15 Minimum Wage*, ECON. POLICY INST. (Jan. 26, 2021), <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>.
- ¹⁹ *Decline in Open Hospitality Businesses During COVID-19: A State-by-State Analysis* (Feb. 2021), https://onefairwage.site/wp-content/uploads/2021/02/OFW_DeclineHospBus_3.pdf.
- ²⁰ See, e.g., Zoe Willingham, *Small Businesses Get a Boost from a \$15 Minimum Wage*, CTR. FOR AM. PROGRESS (Feb. 25, 2021), <https://www.americanprogress.org/issues/economy/reports/2021/02/25/496355/small-businesses-get-boost-15-minimum-wage/>; Holly Sklar & Alissa Barron-Menza, *Raising the Minimum Wage to \$15 Helps Small Business*, BUSINESS FOR A FAIR MINIMUM WAGE (Feb. 24, 2021), <https://www.businessforafairminimumwage.org/news/001645/raising-minimum-wage-15-helps-small-business>.
- ²¹ See, e.g., Kate Bahn & Carmen Sanchez Cumming, *Improving U.S. Labor Standards and the Quality of Jobs to Reduce the Costs of Employee Turnover to U.S. Companies*, WASH. CTR. FOR EQUITABLE GROWTH (Dec. 2020), <https://equitablegrowth.org/improving-u-s-labor-standards-and-the-quality-of-jobs-to-reduce-the-costs-of-employee-turnover-to-u-s-companies/>.
- ²² A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Wage Inequality: Is There a Linkage?*, J. Econ. Perspectives Vol. 11, No. 2, 75-96, at 78 (Spring 1997), <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream: Trends in the Gender Wage Differential in the 1980s*, J. LABOR ECON., Vol. 15, No. 1, 1-42, at 28 (Jan. 1997), https://www.jstor.org/stable/2535313?seq=1#page_scan_tab_contents; *Minimum Wages*, Ch. 7.3: *Effects on Gender Pay-Gaps*, INT'L LABOR ORG., https://www.ilo.org/global/%20topics/wages/minimum-wages/monitoring/WCMS_473657/lang--en/index.htm (accessed Feb. 23, 2023).

SB 555 - Fair Wage Act of 2023.pdf

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Position: FAV



MARYLAND STATE & D.C. AFL-CIO

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Secretary-Treasurer

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SB 555 - Fair Wage Act of 2023

Senate Finance Committee

March 2, 2023

SUPPORT

Donna S. Edwards

President

Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 555. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

If Congress had continued to increase the minimum wage in line with productivity growth since 1968, the historical high point of the minimum wage, today it would be over \$22 per hour.¹ Our lowest paid workers have been denied a share of the increase in wealth in this country, nor have they received the benefits of their increased productivity. Leaving no one behind must include our state's lowest paid workers.

The General Assembly passed "Fight for \$15" legislation in the 2019 Session with a slow phase-in of the minimum wage increase until we reached \$15 per hour by 2026. Workers need \$15 now with indexing to Bureau of Labor Statistics data. This guarantees that our minimum wage will remain competitive and will not require yearly bills in the General Assembly to adjust for inflation.

Minimum wage increases at the state level are increasingly common. 23 states and 27 cities increased their minimum wages on January 1, 2023.² These increases covered over 8.4 million workers and are the result of a nationwide movement of workers demanding increased wages to fight higher costs at the grocery store, the gas station, and in their homes. Four additional states will implement increases through the end of the year. Many employers known for hiring workers at minimum wage have already increased starting wages beyond \$15 per hour.³

¹ Ben Zipperer. "The minimum wage has lost 21% of its value since Congress last raised the wage." Economic Policy Institute's Working Economics Blog. July 22, 2021.

<https://www.epi.org/blog/the-minimum-wage-has-lost-21-of-its-value-since-congress-last-raised-the-wage/>

² Mary Ellen Cagnassola. "Minimum Wage Workers Just Got a Raise in These 23 States" Money.Com. January 2, 2023. <https://money.com/states-minimum-wage-increase-2023/>

³ Amelia Lucas. "More than half of U.S. states will raise their minimum wage in 2022, but employers are hiking pay faster." CNBC. December 29, 2021.

A common criticism of a minimum wage increase is that “these are jobs held by teenagers”. However, that is only true of 20% of those who are paid minimum wage.⁴ In fact, the typical worker who benefits from a \$15 minimum wage is a *35-year-old woman with some college-level coursework who works full time*. The Economic Policy Institute found that, “Nearly one-third (31%) of African Americans and one-quarter (26%) of Latinos would get a raise if the federal minimum wage were increased to \$15.” Low pay creates “the working poor” – those who hold down two, and sometimes three, jobs just to make ends meet, and qualify for multiple public assistance programs.

The time to raise the minimum wage to \$15/hour is now. We urge the committee to issue a favorable report on SB 555.

⁴ Economic Policy Institute. “Why the U.S. needs a \$15 minimum wage: How the Raise the Wage Act would benefit U.S. workers and their families.” January 26, 2021.

SB555_EconomicPolicyInstitute_Favorable.pdf

Uploaded by: Elise Gould

Position: FAV

Increasing the Maryland minimum wage to \$15 in 2023 would boost incomes for low-wage workers and advance gender and racial justice

Testimony in support of the Fair Wage Act of 2023 (SB 555) before the Maryland Senate Finance and Budget and Taxation Committees

Testimony • By [Elise Gould](#) • March 2, 2023

Chair Griffith, Vice Chair Klausmeier, and members of the Finance Committee; Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Taxation Committee: Thank you for allowing me to speak with you today in support of the Fair Wage Act of 2023, Senate Bill 555.

My name is Elise Gould. I am a senior economist with the Economic Policy Institute (EPI). EPI is a nonpartisan, nonprofit research organization in Washington, D.C., whose mission is to analyze the economy through the lens of the typical U.S. working family. EPI researches, develops, and advocates for public policies that help ensure the economy provides opportunity and fair rewards for all Americans, with a focus on policies to support low- and middle-income households.

I am testifying in support of the Fair Wage Act of 2023, which would raise the Maryland minimum wage to \$15 per hour by October 1, 2023, and then index it to inflation thereafter. In my testimony, I will demonstrate that legislating \$15 per hour in 2023 simply updates the minimum wage law passed by Maryland legislators in 2019, before the pandemic and the unexpected increase in inflation.¹ The bill would ensure that the intention of the 2019 law is carried out. I will also provide evidence that raising the minimum wage to \$15 in 2023 advances gender and racial justice and will improve Maryland workers' chances of obtaining a

decent standard of living for themselves and their families.

The Maryland minimum wage of \$15 per hour in 2023 restores the intent of past legislation

The minimum wage is a crucial labor standard that serves as a valuable wage floor, bolsters the bargaining power of low-wage workers, and narrows wage gaps between workers by gender, race, and ethnicity. When Maryland legislators set the new minimum wage back in 2019, they did not expect the pandemic recession nor did they anticipate the sustained period of higher inflation resulting from supply-chain bottlenecks and the conflict in Ukraine. This bill is an important course correction given the unexpected labor market dynamics over the last three years.

In 2019, Maryland legislators passed a series of increases leading to the minimum wage reaching \$15 per hour in 2025. Unanticipated cost-of-living increases since that legislation was passed have made that goal outdated. Between just 2019 and 2022, prices rose almost twice as fast as originally anticipated. In fact, if Maryland legislators wanted to make good on the promise they made to low-wage workers and their families in 2019, a cost-of-living equivalent would be more than \$15 per hour today. If we used price expectations from back in 2019, an equivalent wage of \$15 in 2025 would actually be \$15.56 today.² This is because prices increased between 2019 and 2023 even faster than prices were expected to increase between 2019 and 2025. Raising the Maryland minimum wage to \$15 now is an important step toward reaching the goal legislators set four years ago.

Raising the minimum wage will lock in recent wage gains among low-wage workers

A byproduct of the strong recovery from the pandemic recession was tremendously fast wage growth among low-wage workers.

Initially, the pandemic hit low-wage workers hard: They lost their jobs in disproportionate numbers as many businesses, particularly in the leisure and hospitality industry, shuttered.³ Fortunately, federal policymakers stepped in to provide relief for those workers and stimulus to spur the economic recovery.

Demand for those workers surged as employers stepped up their hiring. As a result, workers with historically low bargaining power garnered a bit more leverage to secure higher wages from their employers—or they were able to quit and find better working conditions elsewhere. Between 2019 and 2022, low-wage workers managed to eke out stronger wage growth than that experienced by all but the very highest-paid workers.

Strong labor standards—such as the minimum wage—work hand-in-hand with tight labor markets to provide faster wage growth for lower-wage workers. When the unemployment rate is low, the minimum wage is less likely to bind—that is, employers already have to pay higher wages to attract and retain workers, so fewer workers are directly affected by minimum wage increases. Legislating a higher minimum wage can lock in these gains and

keep workers from falling behind if the labor market weakens.

Indexing the minimum wage in the future will help secure the wage gains of the most vulnerable workers and keep them from losing ground as prices rise. Without indexing, the inflation-adjusted minimum wage will lose value year after year, lowering the ability for workers and their families to make ends meet.

Higher minimum wages advance gender and racial justice

Increasing the Maryland minimum wage to \$15 per hour in 2023 will directly affect 84,700 Maryland workers who are currently paid less than \$15 per hour. Another 91,000 will be indirectly affected by the minimum wage increase. These indirectly affected workers currently have wages just above the proposed minimum wage and will see their wages rise as the wage floor rises. In total, about 175,700 workers—or about 7% of Maryland’s wage and salary workers—will benefit from an increase to Maryland’s minimum wage.⁴ In particular, women and Black and Hispanic workers will benefit disproportionately from the minimum wage increase.

Due to occupational segregation, discrimination, and other impacts of systemic racism, racial pay disparities are one of the persistent, structural features of the U.S. labor market.⁵ Black and Hispanic workers are more likely to be found in lower-paid jobs in the Maryland economy. An increase to the Maryland minimum wage will significantly raise the pay of these historically marginalized workers.

As seen in **Figure A**, Black and Hispanic workers are almost twice as likely as white workers to experience gains from raising the Maryland minimum wage to \$15 in 2023. A \$15 minimum wage this year will raise the wages of about 63,900 Black workers and 26,700 Hispanic workers.

Since women are also more likely to occupy low-wage jobs, they are about 40% more likely than men to be affected by the increase in the minimum wage. Raising the Maryland minimum wage to \$15 this year will increase the wages of more than 101,000 women.

Research has shown that the highest national minimum wage in history—back in 1968—not only substantially raised wages for low-wage workers, but also significantly reduced Black–white earnings inequality.⁶ Similarly, because of the disproportionate impact on women and Black and Hispanic workers, increasing the Maryland minimum wage to \$15 in 2023 will likely narrow gender and racial pay gaps.

Higher minimum wages benefit adults in their career-building years who help support their families

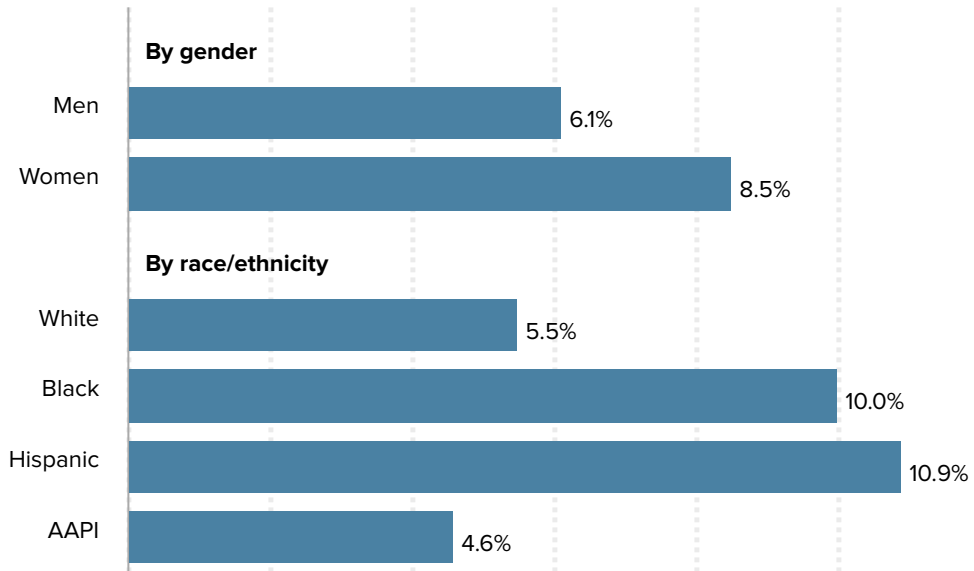
There is sometimes a perception that the workers who would benefit from a higher minimum wage are mostly teenagers in their first jobs. In fact, the data show that only 21% of affected workers are teenagers and 81% work at least 20 hours per week.

Over half of workers who would benefit from the Maryland minimum wage increase are in

Figure A

Increasing the Maryland minimum wage to \$15 in 2023 advances gender and racial justice

Share of workers in each demographic group who would get a direct or indirect pay raise under the Fair Wage Act of 2023



Notes: AAPI stands for Asian American and Pacific Islander. Race/ethnicity categories are mutually exclusive (i.e., white non-Hispanic, Black non-Hispanic, AAPI non-Hispanic, and Hispanic any race). Directly affected workers will see their wages rise to the new minimum wage; indirectly affected workers have wages just above the new minimum (up to 115% of the new minimum) and will receive a raise as employer pay scales are adjusted upward.

Source: Economic Policy Institute Wage Simulation Model; see [Technical Methodology](#) by Cooper, Mokhiber, and Zipperer (2019).

Economic Policy Institute

families that make less than \$75,000 a year, and 23% live in families that are below the poverty line. Furthermore, 127,000 of Maryland's children live in families with at least one worker who would benefit from the increase in the minimum wage.

Higher minimum wages help Maryland workers cover the most basic family budget

Even at \$15 an hour, it is hard for workers in Maryland to support themselves, let alone a family. According to the Economic Policy Institute's Family Budget Calculator, there is no county in Maryland where \$15 per hour is enough to afford a modest yet adequate standard of living, even as a single adult with no children, with no time off, working 40 hours a week, 52 weeks a year.⁷

For example, it currently would cost a single individual with no children in Allegany County, Maryland (one of the least expensive counties in the state) \$36,527 annually to make ends meet.⁸ This equates to a full-time wage of \$17.56 per hour, far higher than the \$15 per hour

proposed in this legislation. Similarly, a single individual with no children in Washington County (another relatively low-cost area of Maryland) would need \$38,613 annually—the equivalent of \$18.56 per hour full time. Thus, \$15 per hour in October 2023, as proposed in this bill, is a conservative target for setting a wage floor that affords a decent quality of life, even in the lowest cost areas of Maryland. Of course, for many workers and families, especially those in more expensive parts of the state, \$15 per hour is even more woefully inadequate. In Charles County, for instance, a full-time minimum wage worker who is single with no children would earn less than half of what it takes to afford a decent quality of life.

Raising the minimum wage provides an economic boost to families without sacrificing employment

The immediate benefits of a minimum wage increase are in the earnings boost for the lowest-paid workers. Increasing the minimum wage to \$15 in 2023 and indexing it moving forward will lock in the gains low-wage workers have experienced and help secure those gains at times when the labor market weakens.

Even so, whenever any minimum wage increase is proposed, one concern is raised repeatedly: *Could such a policy change have an adverse effect on employment—and thereby hurt the workers it’s meant to help?* This is one of the most heavily studied questions in economics, and the resounding conclusion of empirical research over the past several decades is a clear “no.”

A comprehensive review of nearly all published minimum wage research over the past 30 years concludes that “the overall body of evidence suggests a rather muted effect of minimum wages to date on employment.”⁹ Even research on the highest minimum wages enacted at state or local levels has shown no evidence of any reduction in the total number of jobs for low-wage workers.¹⁰ Other research, using data from low-wage counties, where minimum wage increases have raised labor costs much more than in high-wage labor markets, has found that the minimum wage policies significantly reduced poverty and had essentially no employment impact.¹¹ Another study, of 21 city-level minimum wage increases, found that they raised wages in those cities with little effect on the number of low-wage jobs.¹²

Raising the minimum wage is a smart choice for Maryland

You have the opportunity to give Maryland workers a higher minimum wage to help low-wage workers keep up with higher prices, to advance gender and racial justice, and to enable workers and their families to make ends meet.

Thank you for taking the time to review the evidence supporting the Maryland Fair Wage Act of 2023. I respectfully urge you to seize the opportunity to pass this important legislation.

Notes

1. Labor and Employment – Payment of Wages – Minimum Wage (Fight for Fifteen), HB166/SB280, 2019 Regular Session.
2. Price differences are based on Congressional Budget Office’s 10-year Economic Projections of the Consumer Price Index in January 2019 compared with February 2023.
3. Elise Gould and Jori Kandra, *Wages Grew in 2020 Because the Bottom Fell Out of the Low-Wage Labor Market*, Economic Policy Institute, February 2021; Elise Gould and Melat Kassa, *Low-Wage, Low-Hours Workers Were Hit Hardest in the COVID-19 Recession*, Economic Policy Institute, May 2021.
4. These estimates are based on EPI’s Wage Simulation Model; see David Cooper, Zane Mokhiber, and Ben Zipperer, *Minimum Wage Simulation Model Technical Methodology*, Economic Policy Institute, February 2019.
5. Valerie Wilson and William M. Rodgers III, *Black-White Wage Gaps Expand with Rising Wage Inequality*, Economic Policy Institute, September 2016.
6. Ellora Derenoncourt and Claire Montialoux, “Minimum Wages and Racial Inequality,” *Quarterly Journal of Economics* 136, no. 1: 169–228 (February 2021).
7. The Economic Policy Institute’s Family Budget Calculator, last updated in March 2022, reports monthly and annual household costs in 2020 dollars. We adjust these costs to 2023 dollars to reflect current cost of living, using the latest CBO economic projections of inflation.
8. In these examples, we adjust the 2020 Family Budget Calculator annual costs to 2023 dollars, using the latest CBO economic projections of inflation.
9. Arindrajit Dube, *Impacts of Minimum Wages: Review of the International Evidence*, report prepared for Her Majesty’s Treasury (UK), November 2019.
10. Doruk Cengiz et al., “The Effect of Minimum Wages on Low-Wage Jobs,” *The Quarterly Journal of Economics* 134, no. 3: 1405–1454 (August 2019).
11. Anna Godøy and Michael Reich, “Are Minimum Wage Effects Greater in Low-Wage Areas?” *Industrial Relations*, January 2021.
12. Arindrajit Dube and Attila Lindner, “City Limits: What Do Local-Area Minimum Wages Do?” *Journal of Economic Perspectives* 35, no. 1: 27–50 (Winter 2021).

SB555_FAV_AlzheimersAssociationMD.pdf

Uploaded by: Eric Colchamiro

Position: FAV

Testimony of the Alzheimer's Association Greater Maryland and National Capital Area Chapters
SB 555 – Fair Wage Act
Position: Favorable

Chair Griffith and Vice Chair Klausmeier,

The Alzheimer's Association – representing the over 110,000 Marylanders with Alzheimer's and other forms of dementia, along with their caregivers – is here today in strong support of Senate Bill 555, the Fair Wage Act. This legislation increases the State minimum wage rate in effect for certain periods of time; increases, except under certain circumstances, the State minimum wage rate in effect for certain periods of time based on annual growth in a certain consumer price index; alters the authority of the Board of Public Works to temporarily suspend an increase in the minimum wage rate; and repeals the requirement that the Governor's budgets for certain fiscal years include certain provider rate increases.

There are over 110,000 Marylanders with Alzheimer's and dementia in Maryland. As we understand more about this cruel disease—and what contributes to it—recent research has shown that lower socioeconomic status in childhood, and persistently low wages, is linked to a risk for dementia and faster memory decline.¹

- Individuals who experience high socioeconomic deprivation — measured using income/wealth, unemployment rates, car/home ownership and household overcrowding — are significantly more likely to develop dementia compared to individuals of better socioeconomic status, even at high genetic risk.
- Lower-quality neighborhood resources and difficulty paying for basic needs were associated with lower scores on cognitive tests among Black and Latino individuals.
- Higher parental socioeconomic status was associated with increased resilience to the negative effects of Alzheimer's marker ptau-181, better baseline executive function and slower cognitive decline in older age.
- Compared with workers earning higher wages, sustained low-wage earners experienced significantly faster memory decline in older age.

A solution for this is this bill, and a solution for this bill is higher wages. The Alzheimer's Association thanks the Governor for pushing this forward, and urges a favorable report.

¹ https://aaic.alz.org/releases_2022/lower-socioeconomic-dementia-risk.asp

A Few Cool Hardware Stores SB 555 FAVORABLE.pdf

Uploaded by: Gina Schaefer

Position: FAV



TESTIMONY ON SB 555 - “Fair Wage Act of 2023”

TO: Hon. Melony Griffith, Chair, and members of the Senate Finance Committee

FROM: Gina Schaefer, Owner, A Few Cool Hardware Stores

DATE: March 2, 2023

POSITION: SUPPORT

My name is Gina Schaefer, owner of A Few Cool Hardware Stores. Since opening our first store twenty years ago, A Few Cool Hardware Stores has grown to a company of 12 stores in Maryland, Washington, D.C. and Virginia. We have three stores in Baltimore, including Canton Ace Hardware, Federal Hill Ace Hardware and Waverly Ace Hardware & Garden Center, as well two stores in Montgomery County, Old Takoma Ace Hardware and Silver Spring Ace Hardware.

We strongly supported raising Maryland’s minimum wage to \$15 when it passed in 2019. Given large increases in the cost of living in Maryland, affecting low-income workers and communities particularly hard, we support Senate Bill 555 to speed up implementation of the \$15 minimum wage and add an annual cost of living adjustments to ensure the minimum wage keeps pace in the future.

We couldn’t have grown to 12 hardware stores without our dedicated employees and the customers they serve every day. We know from experience that raising pay at the bottom is good for the bottom line.

Our employee retention rates are higher than the industry average. That saves us time and money in hiring and training new employees due to needless turnover rather than intentional workforce expansion. Paying fair wages helps us attract and retain good employees, increase sales, expand our business, and hire more employees.

When employees earn a decent starting wage, they can concentrate on their job and our customers without continual stress over how they are going to afford basics like rent, groceries or transportation. They can focus on delivering great customer service, which is vital for local businesses like ours. We never forget our customers have a choice – and they choose us!

Fair pay has always been key to the great service that keeps our customers coming back. And paying better wages and benefits was key to our ability to retain and hire staff throughout the pandemic, when many other retailers had difficulty with hiring and retention.

Our employees showed tremendous dedication throughout the pandemic. They are the people responsible for upholding our reputation and interacting with our customers in good times and in bad. Satisfied customers don’t just keep coming back themselves, they tell their friends and families about us.

A few cool 
Hardware Stores

Raising the state minimum wage is an excellent way to boost the economy. Minimum wage increases don't go into workers' pockets and disappear. The money recirculates as spending at local businesses like ours. Whole communities are strengthened.

Annual cost of living adjustments are also vital – not just for workers, but for business. When the minimum wage falls behind cost of living, people have less money to spend at businesses across the state. With indexing, we ensure the minimum wage retains its purchasing power over time.

We operate in two places where the minimum wage is indexed: Montgomery County and Washington, D.C., and it's been good for business in both. In D.C., annual adjustments have taken the minimum wage from \$15 in 2020 to \$16.10 in 2022, with a new adjustment coming this July.

These annual updates have been very manageable and the predictability of these incremental adjustments helps our business plan, just like we do for all our costs and investments. And we know that we'll have an adequate minimum wage supporting our workers and our local economy.

The state of Maryland should adopt this common sense approach, which many other states plus D.C. already use.

Improving Maryland's minimum wage will help businesses hire and retain workers, building more sustainable businesses for the long-term. It will make it more possible for all our communities to thrive.

I urge a favorable report on SB 555. Thank you.

Gina Schaefer
Owner
A Few Cool Hardware Stores
1022 Binney St.
Baltimore, MD 21224
Gina@acehardwaredc.com
(410) 327-0404

Vigilante Coffee_SB 555_SUPPORT March 2023.pdf

Uploaded by: Glenn Roessler

Position: FAV



Senate Bill 555: Fair Wage Act of 2023

Testimony from Glenn Roessler, Vigilante Coffee Company

**Submitted to the Maryland Senate Finance Committee, Hon. Melony Griffith, Chair
March 2, 2023**

Position: SUPPORT

Thank you for the opportunity to share Vigilante Coffee's support for Senate Bill 555. My name is Glenn Roessler and I am the business development coordinator of Vigilante and share our support on behalf of our founder and owner Christopher Vigilante.

This is our eleventh year in business, with a roastery and cafe in Hyattsville and a café in College Park. Despite the pandemic, we are growing, and recently opened a third location – a new roastery and café in California – last year. Fair pay is a cornerstone of our business success.

We strongly supported Maryland's minimum wage increase to \$15, and we support this new effort to reach \$15 faster and to add annual cost of living adjustments in the future. The cost of living in Maryland is outpacing the minimum wage. When people working full-time struggle to afford the basics, businesses and the economy suffer.

We've always paid higher wages in order to attract and retain good employees. Our workers are on the front lines, interacting with customers and acting as the face of our business. They are often the reason people come back again and again, and tell their friends about us. Without our dedicated team, we wouldn't have weathered the pandemic, nor won the numerous awards we have over the years, including U.S. Roaster Championship Top 5 and "Best Coffee" by the Washington Post Express, and many others.

But when working people still can't afford the basics, how can we expect them to frequent Vigilante cafes? Getting to a \$15 minimum wage faster will help businesses like ours by putting more money in the hands of those most likely to spend it locally. Businesses across Maryland will see increased consumer demand as workers have more money in their pockets.

Raising the minimum wage to \$15 faster will also raise more working people up and away from the social safety net. This will level the playing field for businesses like ours, while raising Maryland's wage floor will make it easier for lower wage businesses to raise pay together rather than individually.



Employers paying an increased minimum wage will find that employees stay longer with their companies, are more efficient, work harder and are more productive. I see many workers, especially in the food service industry, who have to work two or even three jobs to make ends meet.

The pandemic has made work in our industry even harder. If employees are exhausted because they're working numerous jobs just to pay the bills, or constantly worried about how they're going to clothe or feed their children, they're not able to put their best foot forward at work. And that hurts the bottom line.

We are in good company in supporting this legislation as a member of Business for a Fair Minimum Wage. Never has it been clearer that people are our most precious resources. When you invest in your employees, they invest in your business.

We urge a favorable report for Senate Bill 555. Thank you for your time.

Glenn Roessler

Vigilante Coffee Company

Hyattsville Roastery & Cafe: 4327 Gallatin Street, Hyattsville, MD 20781

College Park Cafe: 8200 Baltimore Ave, College Park, MD 20740

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2023-03-02 SB555 Support.pdf

Uploaded by: Hannibal Kemerer

Position: FAV

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Attorney General



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March 2, 2023

TO: The Honorable Melony Griffith
Chair, Finance Committee

FROM: Hannibal G. Williams II Kemerer
Chief Counsel, Legislative Affairs, Office of the Attorney General

RE: SB555 - Fair Wage Act of 2023 - **Support**

The Office of the Attorney General requests a favorable report on Governor Moore's Senate Bill 555 the Fair Wage Act of 2023. Senate Bill 555 accelerates the planned increase to a \$15 minimum wage, fully implementing that wage for all covered employers as of October 1, 2023. This legislation will increase the family income of hundreds of thousands of Marylanders. Beginning July 1, 2025, the bill further indexes the minimum wage to the Consumer Price Index, capped at 5% per annum. Such indexing allows for employee wages to keep pace with inflation and provides more predictability for businesses who can plan around regularly scheduled, incremental increases in labor costs.

For the foregoing reasons the Office of the Attorney General requests a favorable report on Senate Bill 555.

cc: Committee Members

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us.

SB 555 - Supp w concerns - to FIN- Fair Wage Act

Uploaded by: Henry Bogdan

Position: FAV



marylandnonprofits.org

1500 Union Avenue | Suite 2500 | Baltimore, MD 21211
410.727.6367 | 800.273.6367 | Fax 410.235.2190

March 2, 2023

Testimony on Senate Bill 555
Fair Wage Act of 2023
House Economic Matters Committee

Position: Favorable with Concerns

Maryland Nonprofits is a statewide association of more than 1500 nonprofit organizations and institutions. We are urging support for the Moore Administration's proposed acceleration of the state's phase-in to a statewide \$15 an hour minimum wage. However we must also express concern that without some form of at least temporary government assistance, this may negatively impact the ability of many smaller nonprofits to maintain their level of services to people and communities around the state.

Nonprofit organizations have historically been leading advocates for addressing the needs of lower income workers, including fair and adequate wages, in Maryland and across the country. The Fair Wage Act of 2023 will further this goal and is particularly important at a time when low-wage earners, who suffered the most from the dislocations caused by the Covid pandemic, are still far from experiencing 'full recovery'.

We are encouraged that the Administration has recognized the importance of providing necessary adjustments in this year's budget for organizations providing public services on behalf of the state to implement this increase. But there are several thousand smaller nonprofit organizations that provide a wide range of community level services, and rely substantially on charitable support from the public, federated funders and foundations. Many of these provide services for free or below cost. To generate additional revenue for payroll they will be largely dependent on increased charitable fund-raising and possible government support.

We believe that the state, working with local governments, must find ways to assist these groups make the adjustment to a \$15 an hour wage that many had not anticipated in their planning for the next 2+ years.

We urge support for Senate Bill 555 and encourage further action at all levels of government to address this concern.



SB555 FAV JOTF Testimony - Fair Wage Act of 2023.p

Uploaded by: Ioana Stoica

Position: FAV

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF SENATE BILL 0555: Fair Wage Act of 2023

TO: Chair Melony Griffith and Members of the Senate Finance Committee

FROM: Ioana Stoica, Policy Advocate

DATE: Wednesday, March 1, 2023

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. **JOTF strongly supports Senate Bill 555 as a means of providing Maryland workers with security, stability, and the ability to better provide and be there for their families.**

Senate Bill 555 accelerates the minimum wage to \$15 per hour by October of 2023, and mandates subsequent raises indexed to the consumer price index, or by a maximum of 5%. This bill is not a radical proposal - estimates are that, had the federal minimum wage kept pace with productivity since 1968, the inflation-adjusted minimum wage would be \$24 an hour.

According to most recent Census data, over 618,000 Marylanders live below the poverty line, including over 187,000 children. These individuals cannot afford to meet basic needs, such as healthcare, food, and housing. For example, according to the National Low Income Housing Coalition, Marylanders working at minimum wage would have to work for 78 hours a week in order to afford a modest one bedroom rental home at Fair Market Rent.

Although Maryland has made progress, many of the lowest paid Marylanders have been passed over. Of individuals living below the poverty line, 56% are women and 68% are people of color, data that supports the observation that a racial and gendered wage divide is a persistent feature of the labor market. In Maryland, while the data shows a percentage better than the national average, women still receive 84 cents for every dollar that a man makes. According to the National Partnership for Women and Families, Black women are paid 69 cents, Latinas are paid 47 cents and Asian women are paid 83 cents for every dollar paid to white, non-Hispanic men. Even further, of the 304,000 family households headed by women in the state, about 19 percent of those families fall below the poverty level. Senate Bill 555 would play a role in addressing these historical inequities.

The Fair Wage Act would also lessen the economic burden on the State and would increase individuals' spending power, thus helping local businesses. State programs and service providers subsidize near-poverty wages. A full time worker earning the minimum wage and their child qualify for food stamps, Medicaid, subsidized child care, and subsidized housing. Given the challenge they

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

face to make ends meet, they also likely rely on charitable organizations to meet basic needs. Increasing actual wages would allow for greater financial independence and lessen the burden to public programs. Additionally, as low-income workers will immediately use their income to purchase household necessities from local retailers, increasing the minimum wage will inject revenue into local economies.

The existence of poverty in the wealthiest state in the U.S. is not a problem of scarcity; it is a problem of exclusion. The recent economic expansion had led to a growing inequality, with 95% of all new income going to the wealthiest 1%. SB 555 is a step to ensuring greater inclusion in Maryland's prosperity. **For these reasons, we urge a favorable report on Senate Bill 555.**

For more information, contact:

Ioana Stoica / Policy Advocate / ioana@jotf.org / 240-643-0059

WDC 2023 Testimony SB0555_Final.pdf

Uploaded by: JoAnne Koravos

Position: FAV



MONTGOMERY COUNTY, MARYLAND
WOMEN'S DEMOCRATIC CLUB

P.O. Box 34047, Bethesda, MD 20827

www.womensdemocraticclub.org

Senate Bill 555 – Fair Wage Act of 2023
Finance Committee – March 2, 2023
SUPPORT

Thank you for this opportunity to submit written testimony concerning an important priority of the **Montgomery County Women's Democratic Club (WDC)** for the 2023 legislative session. WDC is one of Maryland's largest and most active Democratic clubs with hundreds of politically active members, including many elected officials.

WDC urges the passage of [SB0555](#). This bill will expedite the implementation of the State \$15 hourly minimum wage so that it will take effect on October 1, 2023, for both large and small employers, instead of January 1, 2025, for large employers and July 1, 2026, for small employers. This bill also requires that the minimum wage shall be increased by the average percentage growth in the Consumer Price Index (CPI) or 5 percent, whichever is less, beginning July 1, 2025, and for each twelve-month period thereafter. As provided under current law, the Board of Public Works may temporarily suspend an increase in the minimum wage rate if the Board determines that seasonally adjusted total employment is negative.

This bill will ensure that hard working Marylanders will not have to wait to receive a fair wage. By providing for annual wage increases based on the CPI, the wages of lower-income workers will keep pace with inflation without legislative action – something the current minimum wage law does not do.

A job should lift families out of poverty, not keep them in it. Over sixty percent¹ of low-wage workers are women, many working full-time and supporting families. This bill will help reduce their dependence on social safety-net programs that are financed by our tax-payer dollars and subsidize those businesses that pay low wages. It will also help close gender-based pay gaps. In addition, raising the minimum wage will be good for the Maryland economy. An estimated \$2.6 billion will circulate through increased spending by low-wage workers who spend most of their incomes on basic necessities,² often at local businesses. Studies show that when hourly wages are increased to \$15, businesses can attract more potential workers, overall jobs are not lost, and businesses do not close.³

We ask for your support for HB0555 and strongly urge a favorable Committee report.

Diana E. Conway
WDC President

Ginger Macomber
WDC Advocacy Committee

¹ Maryland Women: A Status Report (April 2021). *Maryland Commission for Women*. https://dhs.maryland.gov/documents/MD-Women-A-Status-Report_FIN-2.pdf

² [Maryland Center on Economic Policy Report](http://ff15maryland.org/the-facts/) – The Facts. <http://ff15maryland.org/the-facts/>

³ Ibid.

BGE-FIN-SUPP-Senate Bill 555- Fair Wages Act of 20

Uploaded by: John Quinn

Position: FAV

Support
Finance
3/2/2023

Senate Bill 555 - Fair Wage Act of 2023

Baltimore Gas and Electric Company (BGE) supports *Senate Bill 555 - Fair Wage Act of 2023*, which would accelerate the increase of the Maryland minimum wage to \$15 per hour by October 1, 2023. Senate Bill 555 would hasten the delivery of the minimum wage target already codified in state law and would establish a more sustainable wage sooner for workers at the lower end of the wage scale.

BGE supports family-sustaining wages for workers and the opportunities they offer to create wealth over time. BGE compensates its employees competitively and invests in strategies and programs that build and strengthen the state's future workforce by providing the necessary training, coaching, and support for individuals entering the energy industry workforce. To ensure that our work in this area advances equitable outcomes in our communities, BGE focuses its workforce development strategy on developing the skills of individuals living in historically underserved local communities. For example, in 2022, BGE committed \$18 million to local nonprofit organizations and workforce development efforts. BGE's Workforce Collaborative, an adult vocational program, recruits, and trains residents for entry-level careers in the utility sector. Individuals who complete this innovative program earn an average starting wage equating to approximately \$37,000 annual income. Intentional and focused steps to develop the workforce and financial opportunities for Marylanders support them on the path toward upward economic mobility.

As another example, BGE's High School Internship program serves as an entry point from career technology education programs into entry-level roles at BGE. Internships and other opportunities provide the company with new, diverse talent developed from within the communities that BGE serves. Since 2016, BGE has hired 33 high school interns into full-time roles in the company. Importantly, BGE makes direct investments to mitigate critical barriers to employment, including funding driver's education opportunities for local high school students and provided funding for consumable classroom materials needed for hands on instruction. The students in our program are provided with the tools to not only be successful, but that helps to ensure that the local Maryland economy has the needed pipeline of skilled workers to thrive now and in the future.

BGE is committed to achieving equitable and sustainable outcomes in the communities we serve, through measured and thoughtful workforce engagements with our community partners. We support Senate Bill 555, which will accelerate the provision of a more sustainable wage to workers that are critical to the state's economic success.

For the reasons stated above, BGE respectfully request a favorable report for Senate Bill 555.

HFAM Testimony SB 555.pdf

Uploaded by: Joseph DeMattos

Position: FAV



**TESTIMONY BEFORE THE
SENATE FINANCE COMMITTEE**
Senate Bill 555: Fair Wage Act of 2023
March 2, 2023
Written Testimony Only

POSITION: FAVORABLE

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to express our support for Senate Bill 555: Fair Wage Act of 2023.

HFAM represents skilled nursing centers, assisted living communities, and associate businesses in Maryland and our members provide services and employ individuals in nearly every jurisdiction of the state. HFAM member skilled nursing and rehabilitation centers provide more than 2.3 million days of Medicaid care annually.

Senate Bill 555 repeals the near-term “Fight for Fifteen” minimum wage increases to accelerate the last two years of the \$15 per hour minimum wage phase-in period, resulting in a \$15 per hour minimum wage beginning October 1, 2023. This legislation also provides provisions for tying the future minimum wage increases to the Consumer Price Index (CPI) published by the Federal Bureau of Labor Statistics.

We are supportive of accelerating the minimum wage; however, we are extremely concerned about the wage indexing provisions due to the potential for future market changes and instability in the economy at large. We believe, based on our review of the language of this legislation, that the intent is for any future increases in the minimum wage based on the CPI to be accompanied by increases in the Medicaid rate. We ask that linkage between the minimum wage and Medicaid rate be made more explicit in the language of the bill, the record of public hearings, and adoption of the measure.

Unlike other businesses, skilled nursing and rehabilitation centers cannot simply raise prices to cover increasing expenses – they are reliant on federal Medicare and state Medicaid revenue in the form of reimbursement rates.

In addition, as outlined in this testimony, it is incredibly important that the FY24 budget be passed with the appropriate Medicaid rate increase for Medicaid providers to support the accelerated minimum wage increase to \$15 per hour, which is currently included in Governor Moore’s budget.

The original Fight for Fifteen minimum wage legislation included an annual 4% rate increase for Medicaid providers from FY21 through FY26 to help cover wage increases. As mentioned, these providers are reliant on Medicaid reimbursement rates for the majority of their revenue. Importantly, the FY24 budget includes an appropriation to ensure that employers who rely on Medicaid rates will receive a rate increase to cover the previously approved 4% Medicaid rate increases they would have received in both FY25 and FY26.

Along with the 4% Medicaid rate increase in the FY24 budget, these additional funds to cover the FY25 and FY26 rate increases are essential to skilled nursing centers and other Medicaid providers who continue to serve as a safety net to Marylanders in need.

Employees should earn as much as possible relative to the government-set rates, and other costs associated with providing quality care. Due to market conditions and some local jurisdiction requirements, very few employees in Maryland skilled nursing and rehabilitation centers currently earn less than \$15 per hour. Additionally, it is important to note that accelerating the minimum wage increase will cause wage compression in our sector and others – those employees already earning more than \$15 per hour will expect an increase relative to lower wage earners.

Most skilled nursing centers have already been paying these higher wages, despite the costs not being funded by reimbursement rates. Examples of wages in our setting, based on Medicare and Medicaid cost reports and federal Medicare payroll-based journal data, include:

- In January 2019, the average hourly wage of any professional with nursing licensure (GNA, LPN, RN) was \$23.55.
- In the second quarter of 2022, the average hourly wage of any professional with nursing licensure (GNA, LPN, RN), was \$29.51.
- On average, the blended hourly average nursing wage (GNA, LPN, RN) has increased by 25 percent from the first quarter of 2019 to the first quarter of 2022.

In terms of care, relative to staffing, based on Medicare and Medicaid cost reports and federal Medicare payroll-based journal data:

- Although some data is incomplete due to COVID, in the first quarter of 2020, Maryland skilled nursing and rehabilitation centers reported an average of 3.85 nursing hours per day.
- In two quarters in 2020, skilled nursing and rehabilitation centers averaged 4.00 nursing hours per day.
- In the entire calendar year of 2020, skilled nursing and rehabilitation centers averaged 3.98 nursing hours per day.
- In the first and second quarters of 2022, nursing hours per day in Maryland skilled nursing and rehabilitation centers were about 3.71 hours per day.

The payment system for skilled nursing and rehabilitation centers was not designed to account for the current financial instability left in place by the pandemic. Our centers are facing historically low occupancy, historically high wages and benefits, and double-digit inflation.

Skilled nursing and rehabilitation center occupancy in Maryland and across the country remains extremely low compared to pre-pandemic levels. According to federal payroll-based journal data, Maryland's average occupancy is currently 82.7% and the national average occupancy is 76.7%. Skilled nursing and rehabilitation centers remain a fee-for-service sector—meaning, lower occupancy results in lower revenue.

For all these reasons, we support accelerating the \$15 per hour minimum wage if the FY24 budget includes the critical \$413 million appropriation for Medicaid providers who would have received a 4% rate increase in both FY25 and FY26 **and** that the budget includes the 4% Medicaid rate increase for FY24. This funding is essential to skilled nursing and rehabilitation centers and other Maryland Medicaid providers so that they can continue providing quality care while paying competitive, market-driven wages and benefits.

For these reasons, we request a favorable report on Senate Bill 555.

Submitted by:

Joseph DeMattos, Jr.

President and CEO

(410) 290-5132

NASW Maryland - 2023 SB 555 FAV - Fair Wage Act -

Uploaded by: Judith Schagrin

Position: FAV

**Senate Judicial Proceedings Committee
Senate Bill 555 - Fair Wage Act of 2023**

March 2, 2023

SUPPORT

On behalf of the National Association of Social Workers, Maryland Chapter (NASW-MD) Committee on Aging, we would like to express our support for Senate Bill 555 – Fair Wage Act of 2023.

NASW is the largest national organization of social workers representing over 120,000 social workers and over 16,000 of those are licensed here in the state of Maryland. The primary mission of the social work profession is to enhance human well-being and help meet the basic human needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. A historic and defining feature of social work is the profession's focus on individual well-being in a social context and the well-being of society. Fundamental to social work is attention to the environmental forces that create, contribute to, and address problems in living.

This bill will help Marylanders have a minimum wage and will help to attract more Americans to move to Maryland to have a fair wage. We know that the current minimum wage doesn't help everyday Marylanders in helping to support everyday living and that oftentimes it is a struggle in providing for everyday needs to our most vulnerable Marylanders on a daily basis. Social Workers work every day with many citizens who are trying to make ends meet in their household. Social workers have been and will continue to be on the forefront of these efforts. Social workers are trained to be sensitive to cultural and ethnic diversity and are committed to ending economic injustice, discrimination, oppression, poverty, and other forms of social injustice particularly with the communities and people we serve.

NASW-MD urges you to support Senate Bill 555 and boost the economy and create more inclusive Maryland. Thank you for all you do to reach a stronger Maryland!

Respectfully,

Mary Beth DeMartino, LCSW-C, Executive Director, NASW-MD
Philip Pratt, MSW, Co-Chair Legislative Committee, NASW-MD

UFCW 400 Written Testimony in Support for SB 555 -

Uploaded by: Kayla Mock

Position: FAV

SB 555 – Fair Wage Act of 2023
SUPPORT
March 1, 2023

To: The Honorable Chair Griffith, Vice Chair Klausmeier, and Members of the Senate Finance Committee

From: Kayla Mock, Political & Legislative Director
United Food and Commercial Workers Union, Local 400

Dear Chair Griffith and members of the Senate Finance Committee:

I appreciate the opportunity to share my testimony on behalf of our over 10,000 members in Maryland, who have worked the frontlines and have been essential employees in grocery, retail, food distribution, law enforcement, healthcare, and cannabis. Through collective bargaining, our members raise the workplace standards of wages, benefits, safety, and retirement for all workers.

We strongly support SB 555, The Fair Wage Act of 2023 and urge this committee to vote favorably.

The Fight for Fifteen movement began in 2012 when 200 fast food workers walked off their jobs in New York City to demand union rights and a minimum wage of \$15 an hour. The same problems that empowered those fast-food workers to take action in 2012 has amplified the call to raise minimum wage over the last decade: workers cannot afford to live on the current, stagnant minimum wages.

As of January 1, 2023, the minimum wage in Prince George's County, Maryland is currently \$13.25 an hour; Therefore, a two-person family unit working 40 hours each week would earn approximately \$1,060 a week (\$530 each) and \$55,120 a year (before taxes). According to the Economic Policy Institute Family Budget Calculator – a modest calculator which includes the cost of housing, food, childcare, transportation, healthcare, other necessities, and taxes - a family of three (2 parents and 1 child) would have to earn \$79,551 (or \$6,629 a month) to live in Prince George's County. This is a prime example of the current minimum wage insufficiently meeting the requirements of working Marylanders in only a small portion of the state.

A study completed by CreditWise in December of 2020 stated that worries about finances came in as the number one cause of stress, with 73% of people rating it as their top cause of stress. According to Forbes, “High levels of financial stress, as with other stressors, can manifest itself through physical symptoms such as anxiety, headaches/migraines, compromised immune systems, digestive issues, high blood pressure, muscle tension, heart arrhythmia, depression, and a feeling of being overwhelmed. Individuals with high financial stress are twice as likely to report poor health overall and are four times more likely to complain of ailments.”

Building a healthy, thriving economy means raising the minimum wage with strong indexing, so workers can thrive. **With that, we urge a favorable report on SB 555, The Fair Wage Act of 2023.**

2023 Written Testimony SB 555 Fair Wage act of 202

Uploaded by: Kenneth Phelps, Jr.

Position: FAV



THE EPISCOPAL DIOCESE OF MARYLAND

The Maryland Episcopal
Public Policy
Network

TESTIMONY IN SUPPORT OF SB 0555
The Maryland the Beautiful Act
****FAVORABLE****

TO: Senator Guy Guzzone, Chair, Senator Jim Rosapepe, Vice Chair, and members of the Budget and Taxation Committee; Senator Melony Griffith, Chair, Senator Katherine Klausmeier, Vice-Chair, and members of the Finance Committee
FROM: Rev. Linda K. Boyd, Co-Chair, Maryland Episcopal Public Policy Network, Diocese of Maryland
DATE: March 2, 2023

The Episcopal Diocese of Maryland strongly supports this bill. Families today are struggling. Times are difficult with increased prices of virtually everything that a family needs to survive and thrive. We are concerned about their struggle, as a people of faith who believe that each person is a beloved child of God. They need our help.

The annual inflation rate in the United States in January 2023 was 6.4%. The cost of shelter increased faster (7.9%) as did the cost of energy (8.7%). Maryland's minimum wage increased to \$13.25 on 1/1/2023, and is scheduled to reach \$14 on 1/1/2024. This amount is insufficient for a family to exist, much less thrive. Given these economic pressures, families are at risk of inadequate nutrition, heat, and housing. This bill is an important step toward helping low-income families to provide for necessities of life. This is an important step toward assisting such families and will thus benefit the entire community.

The Diocese of Maryland requests a favorable outcome for this bill.

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WWW.EPISCOPALMARYLAND.ORG

SB 555_HorizonFoundation_FAV.pdf

Uploaded by: Kerry Darragh

Position: FAV



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March 2, 2023

COMMITTEE: Senate Finance Committee

BILL: SB 555 – Fair Wage Act of 2023

POSITION: Support

The Horizon Foundation is Howard County's community health foundation and the largest independent health philanthropy in the state of Maryland. We lead community change so everyone in Howard County can live a longer, better life.

The Foundation is pleased to support SB 555 – Fair Wage Act of 2023.

SB 555 will increase Maryland's minimum wage to \$15 per hour for most workers two years ahead of schedule.

According to the Centers for Disease Control and Prevention, economic stability is a social determinant of health – a factor that is necessary for good health in our communities. Rates of chronic diseases like asthma, diabetes, and heart disease are strongly linked to income, meaning poorer Marylanders are often at risk of poorer health outcomes. This is likely because these individuals and families are unable to access higher quality health care, childcare, safe and affordable housing, and advanced education. Making matters worse, low-income Marylanders are often people of color and/or immigrants, further exacerbating historic health inequities in our communities.

In Howard County, SB 555 would help close gaps in health and economic outcomes. According to the Maryland Center on Economic Policy, in Howard County, 33% of Black workers, 51% of Hispanic workers, 25% of Asian and Pacific Islander workers, and 75% of workers in low-income families would benefit from a minimum wage increase. Moreover, study after study shows that raising the minimum wage does not hurt overall employment rates, lessens families' need for government assistance, and provides additional revenue for lower-income individuals to support themselves – money that ultimately will be reinvested in the local economy.

The Horizon Foundation has prioritized access to care and health equity. Along with a broad coalition of health providers, grassroots advocacy organizations, and health institutions, the Foundation supported a successful \$16 per hour minimum wage increase in Howard County, CB82-2021 - with the understanding that higher wages would confer benefits upon all county residents, especially those facing the greatest health and economic uncertainty.

While CB82-2021 contributed to across-the-board economic security, there is some question regarding whether the same holds for SB 555. ***Maryland must ensure that health services providers receiving Medicaid and CHIP reimbursement are able to adequately compensate their workers who provide critical services to our most vulnerable communities.*** Provided these concerns are accounted for, the Horizon Foundation believes SB 555 will markedly improve health outcomes across the state.

SB 555 will increase wages for all Marylanders, providing additional economic opportunity and uplifting our most vulnerable residents' health. For these reasons, the Foundation **SUPPORTS SB 555** and urges a **FAVORABLE** report.

Thank you for your consideration.

SB 555_Fair Wage Act_Support.pdf

Uploaded by: Kevin Anderson

Position: FAV



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: March 2, 2023
BILL NO: Senate Bill 555
BILL TITLE: Fair Wage Act of 2023
COMMITTEE: Senate Finance
Senate Budget and Taxation
POSITION: Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 555- Fair Wage Act of 2023.

Background:

Senate Bill 555 establishes the State's minimum wage as \$15.00 per hour beginning October 1, 2023, and indexes future minimum wages to inflation each year beginning July 1, 2025 with the exception of certain conditions.

Rationale:

In 2019, Maryland became one of the first states to move toward a minimum wage of \$15.00 per hour. While this was an important step toward improving the lives of Marylanders, this bill ensures our citizens are able to earn a fair wage sooner. Data has shown that increasing the minimum wage largely results in increased wages and without loss of employment for those employees.

Increasing Maryland's minimum wage will support businesses in the State. Maryland is lagging behind the rest of the country in our economic recovery, and a large reason for that is a decrease in workforce participation rates. Providing fair wages will make businesses more competitive in their ability to attract and retain talented employees. Indexing the State's minimum wage to inflation will assist in keeping Marylanders in the workforce when faced with increasing costs of workforce participation such as childcare and transportation expenses. Additionally, when employees are earning fair wages that meet their financial needs they are happier, more engaged, and more willing to contribute to the success of their employer. Senate Bill 555 will help businesses remain competitive, not just within Maryland but within our region and the nation.

Commerce respectfully requests a favorable report on Senate Bill 555.

Minimum Wage Testimony SB 555 - March 2023.pdf

Uploaded by: Krishnan Natesan

Position: FAV

March 1, 2023

Testimony in SUPPORT of SB 0555
Chair Melody Griffith
Senate Finance Committee

Greetings Chair Melody Griffith, Vice Chair Katherine Klausmeier and members of the Committee. I am writing on behalf of Love AME Church today to request a favorable report on SB 555 - Fair Wage Act of 2023. Maryland workers deserve higher earnings, the Minimum Wage Act of 2019 was a step in the right path, but our workers remain struggling to pay for their necessities. Inflation is on the increase, and even here in one of the wealthiest states in our country, families are continuously grappling to meet essential human needs despite working full time. In the state of Maryland there is currently no zip code that even a single adult with no children can afford a basic standard of living on less than \$15 per hour. This is an intolerable situation, and the Fair Wage Act will remedy this by speeding up the timeline created in the 2019 bill and connect the state's minimum wage to the consumer price index.

Love AME Church is outreach focused and through partnerships we have fed thousands, clothed hundreds, and provided baby formula to countless babies all here in Maryland. Many of the people we serve work minimum wage jobs but remain struggling to make pay for basic needs. They need help and need it now! Since the legislature approved the Minimum Wage Act in 2019, Marylanders have endured a pandemic. Frontline workers were critical to our survival, many that were significantly affected by the minimum wage law, worked diligently to ensure our essential businesses and services kept running. They showed us all how vital their work is. Unfortunately, the wage increments put in place by the 2019 law have not kept pace with inflation, meaning that those workers who we relied on so heavily are in some cases still finding themselves struggling for basic needs. To remedy this, The Fair Wage Act of 2023 makes two changes to the current law that have enormous benefits to Maryland workers and the economy. First, the bill will speed up the timeline so that all affected workers will make \$15 by year end. This will partly make up for the increased cost of living we have witnessed since the pandemic. To ensure workers do not fall further behind again, the bill will also connect the minimum wage to the consumer price index. This way, wages will keep pace with cost of living, so that workers will at minimum be able to better afford their necessities. Without indexing, workers earning the state's bottom wage will continuously see the value of their work diminish as prices rise. Indexing the minimum wage will help employers, who will have more predictable labor costs. For these reasons Love AME Church requests a favorable report on SB 555.

Regards,



Reverend Krishnan Natesan
Founding Pastor

sb555- minimum wage, state- FIN (B&T) 3-2-'23.pdf

Uploaded by: Lee Hudson

Position: FAV



Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony Prepared for the
Finance Committee
and the
Budget and Taxation Committee
on
Senate Bill 555
March 2, 2023
Position: **Favorable**

Misters Chairmen, and members of the Committees, thank you for this opportunity to testify about the right to a sufficient livelihood. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community with three synods in every part of our State.

As advocates for living wages in numerous prior sessions of the General Assembly, we have supported the use of public funds to pay adequate wages. A reduced standard of living as public policy is paying for poverty. It won't help the State's economy, or State finances, to increase demand for public assistance with its labor market.

The current minimum wage scale in Maryland does not adequately reflect a minimum living wage, that is, the cost of survival in Maryland's prosperous context. That means it has fallen below an actual cost-of-living.

Further, the current U.S. inflationary episode is detached from wage. Workers are being edged toward the margins independent of their work-value and -opportunity. The only consensus policy for addressing inflation is wage suppression. The signature of inequity, therefore, is rising costs and flat, or declining wages. Meaning everything is extracting value out of the working economy except workers.

Wage suppression is a rush to the bottom, an economic dystopia that shifts the costs of a sufficient livelihood (which is the stated interest of our community) onto the public. **Senate Bill 555** modestly adjusts these givens by accelerating a State minimum wage increase previously agreed to by the MGA. Its indexing provision *may*, according to DLS, result in a wage increase of about \$3 over ten years. No one really expects actual living costs to be as moderate. So, the modesty of this bill's effect argues for its reasonableness; and the timeliness of its influence on wage floors, for its relevance. We urge your favorable report.

Lee Hudson

Testimony SB0555.pdf

Uploaded by: Lower Shore Progressive Caucus

Position: FAV

Fair Wage Act of 2023

Bill Sponsor: Senate President Ferguson

Committee: Finance Committee

Organization Submitting: Lower Shore Progressive Caucus

Person Submitting: Jared Schablein, LSPC Chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0555 on behalf of the Lower Shore Progressive Caucus. The Caucus is a political and activist organization on the Eastern Shore, unaffiliated with any political party, committed to empowering working people by building a Progressive movement on the Lower Eastern Shore.

As we speak our economy faces two significant issues. The first of these issues is that Inflation is the highest it has been in over 40 years, and wages are not increasing fast enough to match the rising cost of living. This is resulting in low wage earners on the Eastern Shore and around the state having to work two to three jobs just to stay afloat.

The second issue is that small businesses are struggling to retain employees due to paying lower wages than many large businesses. That means small businesses are at a competitive disadvantage. This is being seen in a big way on the Shore where due to low wages so many Shore businesses are struggling to find workers because of the low salaries they offer.

The solution to these problems is the passage of this bill because when low wage earners get a raise, they are most likely to immediately spend that money on basic-necessities and goods & services in the local economy. The increased customer base combined with increased spending

in the local community will be *good* for businesses. There is data to back this up the idea that Raising wages will boost the economy as we recover from the economic crisis caused by COVID19. Raising the minimum wage will circulate \$2.6 billion in the Maryland economy through increased consumer spending. It will also lift 152,000 children up the economic ladder, meaning better pay earlier in life.

The Eastern Shore needs this committee to stand with Governor Moore and pass this bill. 90% of minimum wage workers are over the age of twenty and half of the workers who will benefit from this raise are women and people of color, helping to narrow the gender and racial pay gap.

It is for these reasons the Lower Shore Progressive Caucus supports this bill and recommends a **FAVORABLE** report in committee.

SB 555 - MoCo_Elrich_FAV (GA 23).pdf

Uploaded by: Marc Elrich

Position: FAV



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 2, 2023

TO: The Honorable Melony Griffith
Chair, Finance Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 555, *Fair Wage Act of 2023*
Support

I am writing to express my strong support for House Bill 549, *Fair Wage Act of 2023 (Fair Wage Act)*, which accelerates an increase in the State minimum wage rate to \$15.00 on October 1, 2023, and indexes future minimum wage rates to inflation (up to 5%) beginning on July 1, 2025.

Montgomery County enacted a law in 2017 that phased-in an increase in the local minimum wage from \$11.50 to \$15.00. The law required annual rate increases over a four-year period for large businesses (more than 50 employees), over a six-year period for mid-size businesses (11 to 50 employees), and over a seven-year period for small businesses (less than 11 employees). After reaching \$15.00, the rate must be adjusted annually for inflation. In addition, the rate for mid-size and small businesses must increase by an additional 1% annually until it equals the minimum wage rate for large employers. The attached chart shows the status and future implementation schedule for Montgomery County's minimum wage rates.

Although there are some differences between the County's minimum wage law and the Fair Wage Act, they both reflect the shared goal of a \$15.00 minimum wage for working people who seek to earn enough to put a roof over their heads, feed their families, and not have to choose between food on the table and medical visits. Multiple studies over the last decade have demonstrated that low wage earners are more likely to put their income directly back into the economy. That is because low wage workers spend a larger portion of their budget on immediate needs, like food, clothing, transportation, and shelter.

It is critically important to index future minimum wage rates to inflation to keep pace with the rising cost of living so that minimum wage workers do not lose purchasing power each year. In Montgomery County, the minimum wage for large employers reached \$15.00 on July 1, 2021,

The Honorable Melony Griffith
Re: Senate Bill 555
March 2, 2023
Page 2

and became \$15.65 on July 1, 2022, after being adjusted for inflation for the first time. It will be adjusted again for inflation this year and will become \$16.70 on July 1, 2023. The minimum wage rate for mid-size employers and small employers will reach \$15.00 on July 1, 2023, and July 1, 2024, respectively, and will be adjusted for inflation each year thereafter (plus up to 1% annually until equal to large employers). Like the *Fair Wage Act*, our local law includes an “off ramp” that allows for a temporary suspension of increases to the minimum wage rate under challenging economic conditions.

Importantly, the Governor’s proposed budget includes \$413 million to accelerate planned increases to the reimbursement rates for a variety of community providers serving the most vulnerable individuals in our communities (individuals with disabilities, mental health needs, and substance abuse disorders and those needing nursing home, medical day care, private duty nursing, personal care, and other home and community-based services). Current law requires an annual increase of 4% for provider rates in fiscal years 2024, 2025, and 2026. Contingent on enactment of the *Fair Wage Act*, the Governor’s budget would fund a 12% increase in fiscal year 2024 instead of annual 4% increases over the next three years.

I respectfully request that the Senate Finance Committee give the *Fair Wage Act* a favorable report.

cc: Members of the Finance Committee
Attachment

NOTICE



EFFECTIVE JULY 1, 2022



Montgomery County, Maryland

MINIMUM WAGE INCREASE

Montgomery County Code Section 27-68

Effective date	Large employer	Mid-sized employer	Small employer
July 1, 2022	\$15.65	\$14.50	\$14.00
July 1, 2023	Increased annually by CPI-W	\$15.00	\$14.50
July 1, 2024		$\$15.00 + \text{CPI-W} + 1\%^2$	\$15.00
July 1, 2025		Increased annually by CPI-W + up to 1%, until equal to large employers	$\$15.00 + \text{CPI-W} + 1\%^3$
July 1, 2026 and subsequent years.			Increased annually by CPI-W + up to 1% until equal to large employers

A **“large employer”** is an employer who employs 51 or more employees;

A **“mid-sized employer”** is:

- an employer who employs between eleven and 50 employees; or
- an employer who employs eleven or more employees and:
 - has tax exempt status under Section 501(c)(3) of the Internal Revenue Code; or
 - provides “home health services” as defined by 42 C.F.R. § 440.70 or “home or community-based services” as defined by 42 C.F.R. § 440.180, and receives at least 75% of gross revenues through state and federal Medicaid programs.

A **“small employer”** is an employer who employs 10 or fewer employees.

¹ Beginning July 1, 2022, the minimum wage required under County Code Section 27-68 must be adjusted annually, to the nearest five cents, according to average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year.

² Beginning July 1, 2024, until it is equal to the minimum wage required under Section 27-68, the minimum wage for mid-size employers must be adjusted annually, to the nearest five cents, by the annual average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year plus, if the CPI-W increase is less than \$0.50, one percent of the minimum wage required for the prior year, up to a total increase of \$0.50.

³ Beginning July 1, 2025, until it is equal to the minimum wage required under Section 27-68, the minimum wage for small employers must be adjusted annually, to the nearest five cents, by the annual average increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Washington-Baltimore for the previous calendar year plus, if the CPI-W increase is less than \$0.50, one percent of the minimum wage required for the prior year, up to a total increase of \$0.50.

SB555_EconAction_FAV (2023) (1).pdf

Uploaded by: Marceline White

Position: FAV



Testimony to the Senate Finance Committee
SB 555: Fair Wage Act of 2023
Position: Favorable

March 2, 2023

The Honorable Melony Griffith, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance Matters

Honorable Chair Griffith and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are writing in strong support of SB 555 and urge a favorable report.

SB 555 will increase the minimum wage in Maryland to \$15 by October 2023 and index the minimum wage to the Consumer Price Index (CPI) beginning in 2025.

Much of our work around economic rights concerns the struggle of low-wage households to meet their basic needs as well as the criminalization of poverty that occurs when households fall behind on their expenses. Raising the minimum wage to \$15 would assist financially fragile families by increasing their household income.

This increase is particularly important right now as the price of food, utilities, gas, auto insurance, and rent have soared over the past 12 months. Rent has increased 12% on average over the past few months, with food prices in [Baltimore](#) rising at the same rate, and car insurance soaring with an average [14% increase](#) nationally with some areas seeing a 20% increase in car insurance rates.

These skyrocketing prices strain already struggling households with low-income communities and communities of color bearing the brunt of these costs. The surging prices we've seen over the past twelve months illustrate the importance of indexing the minimum wage to the CPI. Wages



are not keeping pace with inflation. So in real terms, families are falling behind.

The CPI measures change over time in the prices paid for a basket of consumer goods and services. SB 555 will peg changes in Maryland's minimum wage to increases in the CPI, a practice known as indexing wages.

Today, nine states (Alaska, Arizona, Colorado, Maine, Minnesota, Montana, Ohio, South Dakota and Washington) index wages to the CPI. Indexing the minimum wage assures that low-wage workers do not lose ground to rising prices—ground they cannot afford to lose—and offers their employers predictable and steady changes in the legal standard.

Indexing is already used for some federal benefits such as SNAP as well as minimum wage increases for some workers as part of federal contracts.

While opponents may argue that indexing the minimum wage might drive wages up too high, resulting in job loss and inflation, the facts don't bear this out. According to the [Economic Policy Institute](#) during recessions, indexing will typically cause only a single, small, nominal minimum wage increase.

States that already index minimum wage to the CPI have not seen any negative effects and in some cases saw lower inflation than states that do not index wages.

To increase assets for struggling families and ensure that wages keep up with inflation, I strongly support SB 555 and urge a favorable report.

Best,

Marceline White
Executive Director

&Pizza_SB 555 Testimony_FAV.pdf

Uploaded by: Michael Lastoria

Position: FAV



Testimony on Senate Bill 555 – Fair Wage Act of 2023
Before the Senate Finance Committee
The Honorable Melony Griffith, Chair
March 2, 2023

Michael Lastoria, Founder and CEO, &pizza
Position: SUPPORT

My name is Michael Lastoria and I am the CEO and founder of &pizza. We are members of Business for a Fair Minimum Wage. Thank you for the opportunity to testify in support of SB 555 to raise and index Maryland's minimum wage.

Founded in 2012, we have succeeded in the greatly competitive fast casual restaurant industry by investing in our employees. We currently have 15 locations in Maryland across Anne Arundel, Baltimore, Harford, Montgomery and Prince George's Counties. We have grown to about 60 locations – and counting – across Maryland, D.C., Virginia, Pennsylvania, New Jersey and New York.

We believe that when you take care of your people, they take care of your customers, and your business thrives. It's a simple, but critical concept too often overlooked in the business community.

Fair pay has been a vital ingredient in our company's success, culture, and the well-being of our employees. Our focus has always been on providing quality jobs, and higher wages are the clearest way to say to our workforce, 'We value you.' This focus has been even more indispensable during the pandemic.

There are real and tangible benefits in Senate Bill 555 for businesses and the local economy. When workers get a raise, it's almost immediately put back into the economy through consumer spending.

At &pizza, as a result of fair wages, we've seen higher employee productivity and increased employee dedication and retention along with pride in work. More employees, who we call f&mily members, are incentivized to convert from part-time to full-time, and from full-time to salaried roles. Our employees are proud to work for &pizza; with it, our customer satisfaction, customer experience, and our bottom line benefit accordingly. We save time and money by avoiding employee turnover. Our employees are our loudest brand ambassadors.

Since the start of the pandemic, &pizza has opened 20 new locations. Our new locations are staffed with engaged employees who see future growth potential with &pizza, and we plan to open many more this year. It's a testament to the power of fair wages and benefits, and a corporate culture that puts people first.

Let's remember that employees are also customers. The cost of living in Maryland has increased significantly since the \$15 minimum wage bill was passed. Getting to a \$15 minimum wage faster, and adding annual cost of living adjustments, will be good for businesses and the state economy.

When people don't have to worry about making rent and putting food on the table for their families — when they can rest knowing they will be compensated fairly and can afford the basic necessities — they become stronger consumers in their local community. They are far less likely to depend on the social safety net to make up for inadequate wages. It's a virtuous cycle.

When we raise the wage, we raise up people and our communities. This, in turn, helps businesses grow.

I urge the Committee to give a favorable report to Senate Bill 555.

Thank you.

Michael Lastoria
CEO and Founder
&pizza
<https://andpizza.com/>
ml@andpizza.com

SB 555 - WLCMD - FAV.pdf

Uploaded by: Michelle Siri

Position: FAV

BILL NO: Senate Bill 555
TITLE: Fair Wage Act of 2023
COMMITTEE: Finance (Budget & Taxation)
HEARING DATE: March 2, 2023
POSITION: **SUPPORT**

Since the legislature passed the Minimum Wage Act in 2019, Marylanders have weathered a pandemic and sustained economic instability. Frontline workers, many of whom were directly affected by the minimum wage law, worked tirelessly to keep our essential businesses and services running, and showed just how valuable their work is. Unfortunately, the wage increases implemented by the 2019 law have not kept up with inflation, meaning that those workers who we relied upon so heavily over the past several years are in many cases no better off than they were before the passage of the 2019 law.

To fix this, The Fair Wage Act of 2023 will make two changes to the current law that will have tremendous benefits to Maryland workers and the economy. First, the bill will accelerate the timeline so that all affected workers will be making \$15 by the end of this year. This will partially make up for the rising cost of living we have seen since the pandemic. To ensure workers do not fall behind again, the bill will also tie the minimum wage to the consumer price index. This way, wages will keep pace with cost of living, so that workers will at minimum be able to afford the necessities. Without indexing, workers earning the state's basement wage will continue to see the value of their work erode as costs rise. Indexing the minimum wage will help employers, who will have more predictable labor costs. The Women's Law Center of Maryland (WLC) supports Senate Bill 555 as a necessary step to addressing the worker wage imbalance.

Women account for less than half of the U.S. working population, yet nearly 6 in 10 workers earning the minimum wage are women¹. Many are working full time and yet they are still living below the poverty line². In Maryland, two-thirds of families now have women as sole, co, or primary breadwinners. Women of Color constitute 23% of minimum wage workers, yet only 16% of the general workforce³. These statistics underline the need for progressive minimum wage laws that accurately reflect the growth and demands of our communities.

Maryland workers deserve higher wages, and while the Minimum Wage Act of 2019 was a step in the right direction, workers continue to struggle to make ends meet. Inflation is on the rise, and even in one of the wealthiest states in the nation, families are struggling to meet basic human needs despite working full time. There is currently nowhere in the state that even a single adult with no children can afford a basic standard of living on less than \$15 per hour. This is unacceptable and the Fair Wage Act will remedy this by accelerating the 2019 timeline and tying the minimum wage to the consumer price index.

Therefore, the Women's Law Center of Maryland, Inc. urges a favorable report on Senate Bill 555.

The Women's Law Center of Maryland is a private, non-profit, legal services organization that serves as a leading voice for justice and fairness for women. It advocates for the rights of women through legal assistance to individuals and strategic initiatives to achieve systemic change, working to ensure physical safety, economic security, and bodily autonomy for women in Maryland.

¹ Pew Research Center, <http://www.pewresearch.org/fact-tank/2014/05/05/more-women-than-men-earn-the-federal-minimum-wage/>

² U.S. Department of Labor, <https://blog.dol.gov/2015/03/19/facts-about-women-and-the-minimum-wage>

³ National Women's Law Center, <http://nwlc.org/resources/fair-pay-women-requires-fair-minimum-wage/>

MD Catholic Conference_FAV_SB0555.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

March 2nd, 2023

SB 555
Fair Wage Act of 2023

Senate Finance Committee
Senate Budget & Taxation Committee

Position: Support

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 555 increases the State minimum wage rate in effect for certain periods of time; increasing, except under certain circumstances, the State minimum wage rate in effect for certain periods of time based on annual growth in a certain consumer price index; altering the authority of the Board of Public Works to temporarily suspend an increase in the minimum wage rate; and repealing the requirement that the Governor's budgets for certain fiscal years include certain provider rate increases.

Work has a special place in Catholic teaching. Work is more than just a job; it reflects our human dignity and a way to contribute to the common good. Wages earned from work are the primary way people meet their material needs and contribute to the common good. The family is the fundamental cell of society and where we first learn, love, and develop. A living wage is a fundamental right of workers and a moral imperative of employers because it provides workers with the means and resources to form and support a family.

As stated in the Catechism of the Catholic Church "A Just wage is the legitimate fruit of work. To refuse or withhold it can be a grave injustice. In determining fair pay both the needs and the contributions of each person must be taken into account. 'Remuneration for work should guarantee man the opportunity to provide a dignified livelihood for himself and his family on the material, social, cultural, and spiritual level, taking into account the role and the productivity of each, the state of the business, and the common good.' Agreement between the parties is not sufficient to justify morally the amount to be received in wages."

The Conference appreciates your consideration and respectfully urges a **favorable** report for Senate Bill 555.

Fair Wage Act FIN Testimony.docx (1).pdf

Uploaded by: Myles Hicks

Position: FAV

**STATE OF MARYLAND
OFFICE OF THE GOVERNOR**



*Chairwoman Melony Griffith
Senate Finance Committee
3 East Miller
Senate Office Building
Annapolis, Maryland 21401*

WES MOORE.
GOVERNOR

STATE HOUSE
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TTY USERS CALL VIA MD RELAY

Madam Chairwoman, Vice Chair Klausmeier, and Members of the Finance Committee,

On behalf of Governor Wes Moore, I urge a favorable report on SB555, the Fair Wage Act of 2023. This legislation accelerates the planned increase to a \$15 minimum wage, fully implementing that wage for all covered employers as of October 1, 2023. This legislation will increase the family income of hundreds of thousands of Marylanders, including more than 152,000 Maryland children. The Fair Wage Act also indexes the minimum wage to the Consumer Price Index beginning on July 1, 2025, capped at 5% per year. Indexing allows for employee wages to keep pace with inflation and provides more predictability for businesses who are able to plan around regularly scheduled, incremental increases in labor costs.

In 2019, the Maryland General Assembly laid the groundwork by passing legislation that would raise the minimum wage to \$15 for all workers in 2026, with most workers reaching \$15 by 2025. Today, 1 in 10 kids in Maryland has a parent earning less than \$15 per hour. As our state continues to adjust to life after the pandemic it is imperative that we expedite the minimum wage increase to combat the cost of living. Data has shown us higher minimum wage means higher incomes for the families who will spend that money fastest. More than anyone else, families living paycheck to paycheck quickly cycle every dollar of income back into the local economy by buying essentials. This, in turn, means stronger sales at local businesses across Maryland.

During Governor Moore's State of the State address, he mentioned the need to change the trajectory of our state for generations to come and set up our children to win the next decade. Accelerating the increase to a \$15 minimum wage step in the right direction that will ensure that more kids in Maryland have enough food on the table, clothes on their backs, and a safe place to live.

Again, I urge a favorable report on SB555, the Fair Wage Act of 2023.

Best Regards,

Myles Hicks
Deputy Legislative Officer

NCADD-MD - 2023 SB 555 FAV - Fair Wage - Senate.pd

Uploaded by: Nancy Rosen-Cohen

Position: FAV



Senate Finance Committee

March 2, 2023

Senate Bill 555

Fair Wage Act of 2023 Support

NCADD-Maryland supports Senate Bill 555 to accelerate the planned increase in the minimum wage. What does an increase in the minimum wage mean? Increases in the minimum wage mean:

- A more robust economy as people can better afford to spend on essentials such as food and gas;
- Greater stability in housing as people can better afford their rents or mortgage payments;
- More stability in employment as workers are more satisfied and less anxious about how to pay the bills; and
- An increase in revenue from taxes and a lessening of reliance on public assistance programs.

Because of inflation, speeding up the planned increase in the minimum wage is especially important. When people earn more money they are better able to meet their basic needs. This in turn can help support people in recovery when there is less stress that could lead to relapse.

We are appreciative of the funding the Governor has included in the proposed FY 24 budget that would ensure the planned Medicaid reimbursement rate increases would also accelerate with passage of this bill and we urge a favorable report.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery, reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.

SEIU 500 SB 555 - Fair Wage Act of 2023.pdf

Uploaded by: Pia Morrison

Position: FAV



**Hearing Testimony March 2, 2023
Senate Finance Committee
Service Employees International Union, Local 500, CtW, CLC**

Senate Bill 555 – Fair Wage Act of 2023

SUPPORT

Good afternoon, members of Senate Finance Committee. My name is Pia Morrision and the President SEIU Local 500, a Montgomery County Schools employee and a proud Prince George's County Resident. SEIU Local 500 represents over 20,000 working people in Maryland, Washington D.C., and Virginia. Our union represents the support staff at the Montgomery County Public School system, Family Child Care Providers, Faculty and Staff at several Maryland colleges and universities, staff at non-profits and many other working people across the region. SEIU Local 500 enthusiastically supports Senate Bill 555 the Fair Wage Act of 2023. We thank Governor Moore for making this one of his legislative priorities during his first term as Governor. While all our members at SEIU Local 500 that are paid hourly are already making \$15 an hour we, like the Governor, believe a rising tide lifts all boats.

For months, Maryland's workers have been contending with inflation, rising costs, and stagnant wages that make it difficult to meet basic needs such as housing, groceries, and child care. Even before today's economic volatility, however, the fact is that nowhere in Maryland can a single adult who works full time achieve a basic standard of living on less than \$15 per hour. Families with children face even bigger challenges, and today 1 in 10 kids in Maryland has a parent earning less than \$15 per hour. I'm willing to bet that every single person here today would agree that Maryland's families deserve financial security.

Yes, the state's General Assembly has laid the groundwork for a \$15 minimum wage by 2026, Maryland's workers simply cannot afford to wait 2-3 more years before it goes into effect. We are grateful to see that during the first term of the Moore Administration he is taking on the serious responsibility of ensuring that those earning the state's basement wage are lifted. This effectively gives our state legislators the power to raise wages for 9% of the state's workers. Just as important is Governor Moore's proposal to index wages to the Consumer Price Index (CPI) to make sure that pay keeps pace with the cost of living here on out. Without indexing low-income families will experience a pay cut every year that Maryland experiences inflation.

**Service Employees International Union, Local 500, CtW, CLC
901 Russell Avenue, Suite 300, Gaithersburg, MD 20879
301-740-7100 www.seiu500.org
Pia Morrision, President**



If SB 555 is passed almost a quarter of one million Maryland workers will receive a pay increase – including women, communities of color, and households on the poverty line. This will bring in an additional \$216 million that will go into the state’s economy. Additionally, this legislation would guarantee increased economic security for 151,000 children who live in households that would see their income increase. This is 11% of all kids in Maryland.

Additionally, this policy is overwhelmingly popular with voters in Maryland. According to polling conducted by HITstrategies in 2023, approximately 80% of Maryland voters support Governor Moore’s proposal to both accelerate but also index the minimum wage to ensure that minimum wage will rise with the cost of living.

It’s no secret that the business community has voiced concerns over the wage increase. But extensive research on the topic makes clear that increased wages benefit local businesses by resulting in additional spending. Fairly compensated workers free from the stress of figuring out how they will make rent or afford groceries are positioned to help a business increase its productivity. It also results in reduced turnover and cultivates a stable, experienced workforce.

With so many of Maryland’s workers facing economic insecurity, we are counting on our legislators to alleviate the growing financial burdens on our communities. Today, we join the chorus of calls urging Maryland’s legislators to help Maryland’s working families put food on the table, to make sure they can pay for housing, and to assist parents in providing their children with the toys, books, clothes, and tools needed to succeed in school. We call on the legislature to support Maryland’s working families, we can help Maryland’s families do more than survive—together, we can move one step closer to securing a fair wage for our workers and help ensure our state thrives.

Members of the Senate Finance Committee, we can, and we must do better. **We ask for your support for SB 555 and strongly urge a favorable committee report.** Thank you each for your dedication to our state and for considering our testimony.

**Service Employees International Union, Local 500, CtW, CLC
901 Russell Avenue, Suite 300, Gaithersburg, MD 20879
301-740-7100 www.seiu500.org
Pia Morrison, President**

SB0555_CC_Vaughan_FAV.pdf

Uploaded by: Regan Vaughan

Position: FAV



**Senate Bill 555
Fair Wage Act of 2023**

**Finance Committee
March 2, 2023**

Support

Catholic Charities of Baltimore supports SB 555 which would accelerate the increase of the minimum wage to \$15.00.

Inspired by the Gospel to love, serve and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need. For 100 years, Catholic Charities has accompanied Marylanders as they age with dignity, obtain empowering careers, heal from trauma and addiction, achieve economic independence, prepare for educational success and feel welcome as immigrant neighbors. We serve working individuals and families who despite having full-time jobs must seek assistance and services to meet their basic needs.

Our experience demonstrates that when individuals we work with want to break the cycle of poverty, they need to find “good jobs”. The US Departments of Commerce and Labor list 8 principles of a good job.¹ These include:

1. jobs that pay a stable and predictable living wage before overtime, tips and commissions;
2. jobs that provide full-time and part-time workers with family-sustaining benefits (health insurance, a retirement plan, worker’s compensation, paid leave);
3. jobs that promote skills training and career advancement; and
4. jobs that embrace diversity, equity, inclusion and accountability

Although Maryland has made progress incrementally to create and sustain more good jobs. Those positions are still out of reach for many of the lowest paid Marylanders. These are the same workers that we cheered during the pandemic for holding essential jobs in retail, healthcare and childcare. The essential workers who risked their health and the health of their families to keep our economy moving during the worst of COVID.

Accelerating the increase of the minimum wage brings us one step closer to creating a base of good jobs so that all Marylanders can find family supporting positions. This is critical for Maryland’s economy, for Maryland’s businesses and most importantly, for Maryland’s children.

For the reasons listed above, Catholic Charities of Baltimore appreciates your consideration, and urges the committee to issue a favorable report for SB 555.

Submitted By: Regan Vaughan, Director of Advocacy

¹ Good Jobs Principles. US Departments of Commerce and Labor.
<https://www.dol.gov/sites/dolgov/files/goodjobs/Good-Jobs-Summit-Principles-Factsheet.pdf>

Testimony - SB0555 - Fair Wage Act of 2023.pdf

Uploaded by: Richard KAP Kaplowitz

Position: FAV

My name is Richard Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of SB#/0555, Fair Wage Act of 2023.

I approach the aims of this bill from my Jewish religious belief's framework. Malachi 3:5 –“I will come near to you to judgement and I will be a swift witness against ...those who oppress the hireling in his wages”. This view of how the Lord views the payment of fair wages should be the principle for a favorable report on this bill.

It is common sense that the lifting of our fellows through increased wages creates an economic boon as more disposable income means more purchasing power for essentials like food and gas and lodging. The business paying more in wages finds new customers spending their new income in their establishments. Indexing the increases adds predictability to the equation for the wage payer and wage earner in retaining purchasing power despite increased costs due to inflation.

This bill addresses a commonsense approach to removing families from economic distress and provides increased equity and justice to those struggling in poverty. Stronger families means a stronger economy and a stronger Maryland. **I respectfully urge this committee to return a favorable report on SB0555.**

MDDCSAM - 2023 SB 555 FAV - Fair Wage - Senate.pdf

Uploaded by: Scott Whetsell

Position: FAV

Senate Finance Committee

March 2, 2023

SB 555 – Fair Wage Act

Provided by Scott J. Whetsell, MD, MBA, FASAM

SUPPORT

MDDCSAM is the Maryland state chapter of the American Society of Addiction Medicine whose members are physicians and other health providers who treat people with substance use disorders.

Maryland's Fair Wage Act of 2023 proposes to accelerate the planned increase the state's minimum wage to \$15 per hour by October this year. MDDCSAM supports this legislation as it could attract and retain skilled workers, improve patient outcomes, reduce staff burnout, and lessen financial stress.

- **Attract and retain skilled workers:** The treatment of substance use disorders is labor intensive and requires skilled workers across a wide range of care. By increasing the minimum wage, treatment organizations can reduce high turnover rates by attracting and retaining skilled workers that will ensure patients receive quality care from more experienced professionals. In Maryland, on average, a peer support specialist makes \$15 per hour. These trained professionals with “lived experience” are crucial in providing support to those who struggle with substance use disorders and \$15 per hour should be the floor and not the mean.
- **Improve patient outcomes:** Paying skilled workers a fair wage can improve job satisfaction which may lead to better patient outcomes. Fairly compensated employees are more likely to be motivated, engaged, and invested in their work which can lead to better patient care and a more positive treatment experience.
- **Reduce staff burnout:** Substance use disorder treatment can be emotionally and physically demanding with workers often being exposed to stressful and traumatic situations. A fair wage can help reduce burnout leading to lower turnover rates, better continuity of care, and improved patient outcomes.
- **Less financial stress:** Financial stress can lead to or exacerbate mental health illness and drug addiction. Financial stress can also be a barrier to one receiving mental health or addiction treatment making an untenable situation even more consequential.

We ask for a favorable report.

Anne Arundel County_FAV_SB555.pdf

Uploaded by: Steuart Pittman

Position: FAV



March 2, 2023

Senate Bill 555

**Fair Wage Act of 2023
Senate Finance Committee**

Position: FAVORABLE

The Fair Wage Act of 2023 would accelerate the implementation of the \$15 minimum wage from January 2025 to October 2023, and tie future increases to inflation. This legislation would raise wages for an estimated 175,000 Maryland workers and their families.

Many Maryland families have struggled to pay for necessities like rent and food while facing rapidly rising costs as a result of the economic impacts of the COVID-19 pandemic. The pandemic laid bare the weaknesses in the foundation of our economy, and clearly showed us that families at the low end of our economic scale are especially vulnerable. The federal and state government took swift action during the pandemic to protect families and workers by providing stimulus checks, unemployment support, the child care tax credit, extended paid leave, and student loan reprieves. But many of these temporary safety nets have ended now.

Recognizing this, our FY23 budget included funding to raise the lowest wages for Anne Arundel County employees to at least \$15 per hour. Livable wages increase economic security for our workers, provide long-term benefits for their children, and benefit our communities and local businesses through increased spending. Higher minimum wages are also particularly meaningful for those who are frequently held back by structural barriers in the labor market, like women and workers of color.

Our economy is only as strong as the lowest paid worker, and this bill will help our families meet their daily needs. I ask for a **FAVORABLE** report on SB 555.

A handwritten signature in blue ink, appearing to read "Stuart Pittman".

Stuart Pittman
County Executive

SB555 Fair Wage Act Allen Testimony.pdf

Uploaded by: Susan Allen

Position: FAV

Testimony on SB555: Fair Wage Act of 2023
Position: Favorable

Dear Chairperson Griffith, Vice Chair Klausmeier, and Members of the Senate Finance Committee:

My name is Susan Allen and I live in Annapolis MD. I am a volunteer with the MD Poor People's Campaign—we have no paid staff—and our organization strongly supports HB549.

Personally, I am supporting this Fair Wage Act because three of my close relatives have worked as credentialed nurses and have struggled financially.

My niece Amanda currently is a community-based nurse, her mother Priscilla provided day care services, and my cousin Carol worked for years in nursing homes.

These women supported their families and one of them retired without enough money for secure housing. Her sister bought a house for my Carol cousin to live in. Carol is one of the 55% of Americans who have no savings at retirement.

I appreciate that this bill raises wages for community service providers working with people with disabilities and others who need personal care services.

Here's what I understood about this complicated bill:

These service providers will start earning \$15.00 an hour on October 1, 2023 and will get cost of living raises.

I know these service providers are grateful for these increases. As an ordinary citizen, I am too. If I need these services, I want my service providers to be fairly paid.

BUT in this expensive state, \$15.00 an hour is not a living wage.

Keep working to give these service providers safe and secure lives into retirement.

Respectfully submitted,

Susan Allen
Chair, Policy Work Group
MD Poor People's Campaign (all volunteer)
3463 Rockway Avenue
Annapolis, MD 21403
susanallen0@mac.com
410-626-2068

SB555AFTsupport.pdf

Uploaded by: Todd Reynolds

Position: FAV

**Written Testimony Submitted to the
Maryland Senate Finance Committee
SB 555 – Fair Wage Act of 2023
March 2, 2023**

FAVORABLE

Good afternoon Chair Griffith and members of the committee, AFT-Maryland is the state federation for public sector unions in Maryland including the Baltimore Teachers Union, the City Union of Baltimore, the Baltimore County Federation of Public Employees, the Baltimore County Federation of Public Health Nurses, the Maryland Professional Employees Council (state professional workers), and AFT-Healthcare Maryland (state public health workers). We call for a favorable report on SB 555, the Fair Wage Act of 2023.

While this bill may not directly benefit our members, they know first hand the negative impacts poverty-level wages have on the health and well-being of a community. Whether we see it in our classrooms with students living with food insecurity, city and county residents who are struggling to pay their water bills, or residents in desperate need of state health interventions, our members have direct experience working with the Marylanders this legislation would most directly benefit. Through our work, we in the union have realized this fundamental truth: the lifeblood of any healthy economy is its workforce, and studies prove time and again that a better-compensated workforce improves lives for the entire community.

We applaud the state's enactment of raising the minimum wage. Yet the task of really addressing this issue was again pushed aside, and since the enactment of that bill in 2019, inflation and the COVID-19 pandemic have stretched Marylanders dollars even further. No one has been harmed more by these economic troubles than the lowest wage earners in our state. Due to these downturns, the original plan of slowly ramping up to a new \$15 per hour minimum wage is no longer enough to meet basic living standards in our state.

This bill will fix the oversights of the past by accelerating the timeframe in which a \$15 per hour minimum wage will be the state standard, and it will adjust the minimum wage to keep up with inflation. Finally, indexing the minimum wage will help employers who will have more predictable labor costs. Again, for the overall health of our communities, we call for a favorable report on SB 555. Thank you.

SB 555_Maryland Rise_FAV.pdf

Uploaded by: Trap Jervey

Position: FAV



Contact: Trap Jervey: trap@marylandrise.org

Testimony in SUPPORT of SB 555
Chair Melony Griffith
Finance Committee

Good Afternoon Chair Griffith, Vice Chair Klausmeier and members of the Committee. I am writing on behalf of Maryland Rise today to **request a favorable report on SB 555 - Fair Wage Act of 2023**. Maryland workers deserve higher wages, and while the Minimum Wage Act of 2019 was a step in the right direction, workers continue to struggle to make ends meet. Inflation is on the rise, and even in one of the wealthiest states in the nation, families are struggling to meet basic human needs despite working full time. There is currently nowhere in the state that even a single adult with no children can afford a basic standard of living on less than \$15 per hour. This is an unacceptable state of affairs, and the Fair Wage Act will remedy this by accelerating the timeline set in the 2019 bill, and tying the state's minimum wage to the consumer price index.

Since the legislature passed the Minimum Wage Act in 2019, Marylanders have weathered a pandemic. Frontline workers, many of whom were directly affected by the minimum wage law, worked tirelessly to keep our essential businesses and services running, and showed just how valuable their work is. Unfortunately, **the wage increases implemented by the 2019 law have not kept up with inflation**, meaning that those workers who we relied on so heavily are in some cases no better off than they were before.

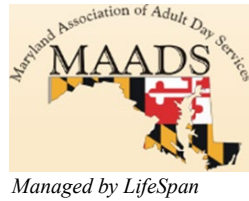
To fix this, The Fair Wage Act of 2023 will make two changes to the current law that will have tremendous benefits to Maryland workers and the economy. First, the bill will accelerate the timeline so that all affected workers will be making \$15 by the end of this year. This will partially make up for the rising cost of living we have seen since the pandemic. To ensure workers do not fall behind again, the bill will also tie the minimum wage to the consumer price index. This way, wages will keep pace with cost of living, so that workers will at minimum be able to afford the necessities. Without indexing, workers earning the state's basement wage will continue to see the value of their work erode as costs rise. Indexing the minimum wage **will help employers, who will have more predictable labor costs**. For these reasons Maryland Rise requests a

favorable report on SB 555.

SB0555_FWA_LifeSpan_MAADS_MNCHA_HPCNM_Fair Wage A

Uploaded by: Danna Kauffman

Position: FWA



TO: The Honorable Melony Griffith, Chair
 Members, Senate Finance Committee
 The Honorable Moore-Miller Administration

FROM: Danna L. Kauffman
 Pamela Metz Kasemeyer
 Christine K. Krone
 410-244-7000

DATE: March 2, 2023

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 555 – *Fair Wage Act of 2023*

On behalf of the LifeSpan Network, the Maryland Association of Adult Day Services, the Maryland-National Capital Homecare Association, and the Hospice and Palliative Care Network of Maryland, we respectfully **support with amendment** Senate Bill 555. Senate Bill 555 accelerates the minimum wage to \$15/hour beginning October 1, 2023. In doing so, the proposed Fiscal Year 2024 budget accelerates the required rate increases for specified Medicaid providers.

By increasing the minimum wage to \$15/hour with reimbursement rate acceleration, it will assist health care organizations in addressing the healthcare workforce shortage and enable them to be more competitive in hiring. However, while we support the acceleration of the minimum wage, we oppose the inclusion of the CPI indexing. It is important to note that, on a practical basis, each time the minimum wage is increased, it creates a “domino effect,” putting additional pressure on businesses to increase all staff salaries. For those that care for Medicaid and Medicare recipients or for those caring for Maryland’s seniors and the disabled on fixed incomes, this becomes unsustainable, given that additional expenses cannot be shifted to the consumer as in other businesses.

If the indexing is not removed, at the very least, the Medicaid reimbursement rates must be indexed comparable to the minimum wage increases, similar to the steps taken by the Maryland General Assembly when it passed the bill to begin increasing the minimum wage. Again, without the indexing of the Medicaid reimbursement rates, it becomes an unfunded mandate on providers caring for the most vulnerable residents of the State without the ability to shift costs.

If the General Assembly maintains the indexing, then we would request the following amendments.

Amendment No. 1: (Medicaid Providers)

On page 8, in line 26, after “(5)” insert “THE GOVERNOR’S PROPOSED BUDGET FOR FISCAL YEAR 2026 AND THEREAFTER SHALL INCLUDE A RATE INCREASE NO LESS THAN THE PERCENTAGE INCREASE IN THE STATE MINIMUM WAGE TO TAKE EFFECT IN THE SAME FISCAL YEAR, AS DETERMINED UNDER § 3-413.1 OF THE LABOR AND EMPLOYMENT ARTICLE.”

Rationale: Amendment #1 requires that the Governor’s proposed budget include a comparable rate increase for organizations providing care under the Medicaid program for nursing home services, medical adult day care services, private duty nursing services, personal care services, home-and-community based services, services under the Community First Choice Program. The purpose is to offset any increases in minimum wage for the provider types reliant on the State for revenue and that provide care to those enrolled in the Medicaid program. This amendment aligns with the previous steps taken to increase rates comparably for each increase in the minimum wage to \$15/hour.

AMENDMENT NO. 2

On page 10, line 25, strike “MARCH 1, 2025, AND EACH MARCH 1 THEREAFTER” and replace with “OCTOBER 1, 2024, AND EACH OCTOBER 1 THEREAFTER”.

Rationale: This amendment ensures adequate time to determine the minimum wage to be able to include funding in the proposed budget.

SB 555_Cecil County Chamber of Commerce.Min Wage w

Uploaded by: Katie Lewis

Position: FWA



216 East Pulaski Highway
Elkton, Maryland 21921

Senate Bill 555

Fair Wage Act of 2023

LEGISLATIVE POSITION: Request Favorable With Amendment

March 1, 2023

Dear Chair Senator Melony Griffith and Members of the Senate Finance Committee:

On behalf of the Cecil County Chamber of Commerce and our over 400 member companies, I am writing to express our opposition to SB-555, which, if enacted without amendment, would create an enduring financial and staffing hardship on the businesses in Cecil County.

Of major concern are the features of the bill creating an automatic annual wage increase indexed to the consumer price index in the MD-DC-VA market. We believe auto-indexing of any kind takes a large degree of control away from our future legislators, and thus citizens in Maryland. Automatic indexing hinders the process of all citizens of our state to affect the outcome of the costs of their everyday life. This sentiment is expressed and reflected throughout the Fiscal and Policy Note for SB-555.

We ask for your recognition of the adverse effects of the indexing mechanism, and therefore the removal of this feature from SB-555, returning Maryland's minimum wage control to votes of the legislature as warranted. It is a matter of fairness and equity to the businesses of our state to have a full and timely analysis of market conditions executed before Maryland's minimum wage level is changed.

For the reasons noted above, we respectfully **request an amendment to remove the automatic CPI index adjustment provision.**

If you have the need for further clarification of the Chamber's position on SB-555, please contact Executive Director, Megan McRay, mmcray@cecilchamber.com or (410)392-3833.

Thank you for your attention and consideration.

SB555_Coalition_SWA_Howell .pdf

Uploaded by: Laura Howell

Position: FWA



MARYLAND DEVELOPMENTAL DISABILITIES COALITION

Dedicated to the rights and quality of life for people with developmental disabilities in Maryland

Senate Finance Committee

March 2, 2023

SB 555 - Fair Wage Act of 2023

Position: Support with Amendment



8601 Robert Fulton Dr
Suite 140
Columbia, MD 21046



1500 Union Avenue
Suite 2000
Baltimore, MD 21211



8835 Columbia 100 Pky
Suite P
Columbia, MD 21044



Maryland Developmental
Disabilities Council

217 E Redwood Street
Suite 1300
Baltimore, MD 21202



7000 Tudsbury Road
Windsor Mill, MD
21244

The Maryland Developmental Disabilities Coalition (DD Coalition) is comprised of five statewide organizations that are committed to improving the opportunities and outcomes for Marylanders with intellectual and developmental disabilities (IDD). As such we are pleased to support this bill, with two amendments, which will help people with intellectual and developmental disabilities hire and retain staff who will support them as they build their lives in the community.

We support the Fair Wage Act, as workers, including direct support professionals, need to earn a liveable wage. We applaud the Administration for addressing the need to accelerate the rate increases for IDD community providers as part of the effort to accelerate the minimum wage to \$15 per hour by October 1, 2023. The need for the rate increase acceleration is clear, and we are grateful to Governor Moore that these increases have already been included in the FY 2024 budget.

Direct support professionals play a critical role in the direct care and support of people with developmental disabilities. They help people daily, and help to make sure people with IDD have good lives. There are a lot of requirements for direct support professionals – they must pass training and accreditation requirements and be able to work independently, among other things. Direct support professional turnover is high. The most recent data in Maryland indicated that 1 in 3 direct support professionals don't stay in their jobs for six months, and over half don't stay a year. The vast majority leave voluntarily because of high stress, low-wage work; they can make as much if not more working for retailers or other private employers. **In order for there to be an adequate, quality supply of direct support professionals, these jobs must offer starting wages above the minimum wage.**

Consistent with legislation passed in 2014 and again in 2019 by the General Assembly, we strongly recommend two amendments that would specify a rate increase in the Governor's budget annually tied to any increase in the minimum wage. The first amendment would add a rate increase for developmental disability services no less than the annual inflationary increase to the minimum wage starting July 1, 2025. The second would adjust the date that the Administration must decide if there will be an increase due to inflation to October 1 annually, rather than of March 1. This is critical because it allows time for any needed changes to the rates to be included in the next year's proposed budget. The proposed amendments are:

1) Insert on page 3, line 3:

THE GOVERNOR'S PROPOSED BUDGET FOR FISCAL YEAR 2026 AND THEREAFTER SHALL INCLUDE A RATE INCREASE NO LESS THAN THE PERCENTAGE INCREASE IN THE STATE MINIMUM WAGE TO TAKE EFFECT IN THE SAME FISCAL YEAR, AS DETERMINED UNDER LABOR AND EMPLOYMENT, § 3-413.1.

2) On page 10, line 25, strike "MARCH 1, 2025, AND EACH MARCH 1 THEREAFTER" and replace with "OCTOBER 1, 2024, AND EACH OCTOBER 1 THEREAFTER"

These amendments can also be found on the next page with an explanation included.

We appreciate your support for Marylanders with developmental disabilities, and strongly support the Fair Wage Act of 2023, with the amendments.

For more information contact Laura Howell, Executive Director, Maryland Association of Community Services (MACS) at lhowell@macsonline.org or (443) 848-1384 (m).

SB 555 – Fair Wage Act of 2023

DRAFT AMENDMENTS:

- 1) Insert on page 3, line 3:

THE GOVERNOR’S PROPOSED BUDGET FOR FISCAL YEAR 2026 AND THEREAFTER SHALL INCLUDE A RATE INCREASE NO LESS THAN THE PERCENTAGE INCREASE IN THE STATE MINIMUM WAGE TO TAKE EFFECT IN THE SAME FISCAL YEAR, AS DETERMINED UNDER LABOR AND EMPLOYMENT, § 3-413.1.

- 2) On page 10, line 25, strike “MARCH 1, 2025, AND EACH MARCH 1 THEREAFTER” and replace with “OCTOBER 1, 2024, AND EACH OCTOBER 1 THEREAFTER”

Explanation:

Developmental disability providers have been reliant on statutory rate increases tied to the minimum wage, since legislation setting this requirement was passed by the General Assembly in 2014, and again in 2019.

Direct support professionals do vital work that makes it possible for adults with developmental disabilities to live, work and participate in their communities. They provide support that ranges from helping someone to get and keep a job, to managing health care and medications under the direction of a registered nurse, to building life skills that increase independence. These jobs are not minimum wage jobs, and adequate funding to ensure that community providers are able to provide starting wages above the minimum wage is critical.

Historically, increases in the minimum wage have resulted in wages that have decreased in relative proportion to the minimum wage. These amendments are needed to ensure that the annual increase in the minimum wage does not result in further negative impact on direct support professional wages, and funding for developmental disability services overall.

For more information, contact Laura Howell, Executive Director, Maryland Association of Community Services, lhowell@macsonline.org, (443) 848-1384 (m).

SB 555-CBH-FWA.pdf

Uploaded by: Lori Doyle

Position: FWA



Testimony on SB 555

Fair Wage Act of 2023

Finance and Budget & Taxation Committees

March 2, 2023

POSITION: SUPPORT WITH AMENDMENTS

The Community Behavioral Health Association of Maryland (CBH) is the leading voice for community-based providers serving the mental health and addiction needs of vulnerable Marylanders. Our 110 members serve the majority of those accessing care through the public behavioral health system. CBH members provide outpatient and residential treatment for mental health and addiction-related disorders, day programs, case management, Assertive Community Treatment (ACT), employment supports, and crisis intervention.

We thank Governor Moore for accelerating in his budget the last two years of mandated rate increases- as included in the Fight for Fifteen legislation passed in 2019 - for behavioral health providers so that we can in turn meet the accelerated timeline for implementation of the \$15 minimum wage as of Oct. 1 of this year. Our workforce challenges predated the pandemic but have gotten progressively worse over the past two years. Given the demanding nature of the work we do, we must pay significantly more than minimum wage if we are to compete in the marketplace for a qualified workforce.

SB 555 indexes the minimum wage to the lesser of the Consumer Price Index or 5%. However, providers in the public behavioral health system have no guarantees that their rates will also be indexed accordingly in future years. We serve primarily Medicaid recipients, so our costs cannot be passed on to our clients. Unlike providers in other areas of health and human services, behavioral health providers went for decades without basic inflationary increases. We were uncomfortably close to the financial cliff, so mandated rate increases for community behavioral health providers were included in the Fight for Fifteen minimum wage bill. Despite those increases, our providers continue to feel the effects of decades of neglect and face ongoing high staff turnover and vacancy rates.

It is critical that we not repeat the mistakes of the past by ignoring the ongoing impact of inflation on provider rates and viability. **We therefore ask that SB 555 be amended to include rate indexing for community behavioral health providers commensurate with that applied to the \$15 minimum wage in this bill.**

We urge a favorable report on SB 555 with the following amendment:

Amendment No. 1

On page 5, in line 14, after “(6)” insert **“THE GOVERNOR’S PROPOSED BUDGET FOR FISCAL YEAR 2026 AND THEREAFTER SHALL INCLUDE A RATE INCREASE NO LEASS THAN THE PERCENTAGE INCREASE IN THE STATE MINIMUM WAGE TO TAKE EFFECT IN THE SAME FISCAL YEAR, AS DETERMINED UNDER LABOR AND EMPLOYMENT, § 3-413.1, FOR THE FOLLOWING:**

- (I) **OBJECT 08 CONTRACTUAL SERVICES IN PROGRAM M00Q01.10 MEDICAID BEHAVIORAL HEALTH PROVIDER REIMBURSEMENT – MEDICAL CARE PROGRAMS ADMINISTRATION;**
- (II) **OBJECT 08 CONTRACTUAL SERVICES IN PROGRAM M00L01.02 COMMUNITY SERVICES – BEHAVIORAL HEALTH ADMINISTRATION, AND;**



**(III) OBJECT 08 CONTRACTUAL SERVICES IN PROGRAM M00L01.03
COMMUNITY SERVICES FOR MEDICAID STATE FUNDED
RECIPIENTS – BEHAVIORAL HEALTH ADMINISTRATION.**

Amendment No. 2

On page 10, line 21, strike “**MARCH 1, 2025, AND EACH MARCH 1 THEREAFTER**” and replace with **“OCTOBER 1, 2021, AND EACH OCTOBER 1 THEREAFTER”**

For more information contact Lori Doyle, Public Policy Director, at (410) 456-1127 or lori@mdcbh.org.

Min Wage Testimony - 2023 - r.pdf

Uploaded by: Robert Malone

Position: FWA

Date: March 2, 2023

To: Senator Melony Griffith, Chair, Senate Finance Committee and All Committee Members

From: Rob Malone, Chief Executive Officer, The Arc Prince George's County

Re: Testimony In Favor of SB 555, With Amendments

Dear Committee:

Thank you for the opportunity to submit testimony in favor of the 2023 Fair Wage Act, Senate Bill 555. I support this bill with an amendment to ensure that future community service provider rate increases will have a floor that is indexed to the minimum wage increases.

I am in support of this bill because I don't believe we should place the burden of care and support of our most vulnerable citizens on the backs of poor people. The direct care workforce is meeting a significant need. Moreover, there is significant demand for their services as evidenced by a waiting list of a few thousand of our residents.

I hope that bolstering our state's minimum wage demonstrates and reinforces the type of society we want to have and the value we place on everyone who is willing to work. It may cause short term problems, loss of jobs and some impact to small businesses. However, over time, it will create a new norm where everyone is truly valued for their work.

I believe you feel the same way I do. Your heart breaks as you see people who work hard and for many hours and they have very little to show for it. They are exhausted. And, their families are challenged and strained by the things that take away their attention – like overdue bills, unreliable childcare. With regards to DSPs working in disability services, it's actually unsafe to have these workers working two to three jobs. DSPs are responsible for advancing the health and safety of people with complex medication conditions. They don't have the mental or emotional capacity to meet the needs of people they support after working those numbers of hours.

In many ways, the DSP role has been significantly degraded over time. It is not a minimum wage job, based on the highly sensitive nature of the work and training required. Years ago, this job required a college degree. However, providers have abandoned that criteria as funding to support people with disabilities has been inadequate – despite an increase in duties, responsibilities and compliance requirements. The margin above minimum wage for this position has dropped from 70% some years ago to less than 20% today. And, the vital supports that DSPs provide to around 20,000 people with disabilities in Maryland enable parents and family members to work and remain economically self-sufficient.

Our support of this minimum wage bill includes support for a funding mechanism to maintain starting wages for Direct Support Professionals at a level where vacancy rates and turnover rates are below 20%.

Thank you for taking my remarks and the sentiment of thousands of workers in our state to heart. Raising the minimum wage to \$15 an hour is the just thing to do and it will raise the quality of life for residents in our state.

I do want to note that even if SB 555 is not passed, the DDA rates need to be raised by more than 4%. Please reference the 1-page summary that reflects the state of services and the lack of supports available to people in Prince George’s County as evidence. The data demonstrates the following:

- Turnover rates of ~30% for direct support professionals
- More than 200 people and their families/caretakers are waiting for services – even though they have already been accepted and removed from the DDA waiting list. They will not receive services unless providers can hire and retain the staff required to support them.

Simply put, a 4% increase is not sufficient to ensure our system of supports is available to all those we wish to support.

In addition, the following charts demonstrate how the pace of minimum wage increases has already overshadowed rate increases for the DD rates.

Year	2015	2016	2017	2018	2019	2020	2021	2022	CAGR Calc
Change in DDA Rate	2.0%	3.0%	3.5%	3.5%	3.5%	3.5%	4.0%	4.0%	
Rate Value	1.02	1.05	1.09	1.13	1.16	1.21	1.25	1.30	3.6%
Minimum Wage	\$ 8.25	\$ 8.75	\$ 9.25	\$ 9.25	\$ 10.10	\$ 11.00	\$ 11.75	\$ 12.50	
Change in Min Wage	0.0%	6.1%	5.7%	0.0%	9.2%	8.9%	6.8%	6.4%	
Rate Value	1.00	1.06	1.12	1.12	1.22	1.33	1.42	1.52	6.1%

The chart below shows that a continuation of 4% rate increase will only continue to leave the system of supports for people with disabilities in dire straits.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR Calc
Change in DDA Rate	2.0%	3.0%	3.5%	3.5%	3.5%	3.5%	4.0%	4.0%	4.0%	4.0%	4.0%	
Rate Value	1.02	1.05	1.09	1.13	1.16	1.21	1.25	1.30	1.36	1.41	1.47	3.7%
Minimum Wage	\$ 8.25	\$ 8.75	\$ 9.25	\$ 9.25	\$ 10.10	\$ 11.00	\$ 11.75	\$ 12.50	\$ 13.25	\$ 14.00	\$ 15.00	
Change in Min Wage	0.0%	6.1%	5.7%	0.0%	9.2%	8.9%	6.8%	6.4%	6.0%	5.7%	7.1%	
Rate Value	1.00	1.06	1.12	1.12	1.22	1.33	1.42	1.52	1.61	1.70	1.82	6.2%

And, this final chart shows that we could recover and restore meaningful, quality supports to people with disabilities and their families if we would be progressive in increasing rates at 10%

for the next couple of years. This progressive effort also addresses an equity lens in worker advocacy.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR Calc
Change in DDA Rate	2.0%	3.0%	3.5%	3.5%	3.5%	3.5%	4.0%	10.0%	10.0%	10.0%	10.0%	
Rate Value	1.02	1.05	1.09	1.13	1.16	1.21	1.25	1.38	1.52	1.67	1.84	6.1%
Minimum Wage	\$ 8.25	\$ 8.75	\$ 9.25	\$ 9.25	\$ 10.10	\$ 11.00	\$ 11.75	\$ 12.50	\$ 13.25	\$ 14.00	\$ 15.00	
Change in Min Wage	0.0%	6.1%	5.7%	0.0%	9.2%	8.9%	6.8%	6.4%	6.0%	5.7%	7.1%	
Rate Value	1.00	1.06	1.12	1.12	1.22	1.33	1.42	1.52	1.61	1.70	1.82	6.2%

It is our hope that we will, in fact pass SB 555, and support the Governor’s budgeted DDA rates increases associated with accelerating minimum wage. We also hope that you will continue to escalate the DDA rates in a similar fashion to minimum wage in future years.

We are hoping that you recognize the urgency to act. Direct service providers and the families who need them – **deserve aggressive action**. Your actions will be the backdrop for whether families have hope or despair.

Please move SB 555 forward with a favorable report with amendments.

Rob Malone
 Executive Director
 301-266-2515

PGPC Fact Sheet - Annapolis.pdf

Uploaded by: Robert Malone

Position: FWA

FACT SHEET

PEOPLE WITH
DISABILITIES AND THEIR
FAMILIES NEED OUR
SUPPORT



Website: <https://pgprovidercouncil.org>

Email: info@pgprovidercouncil.org

Challenge

Turnover rates
increased to 31% from
30%

Improvement

From February 2022 to
October 2022 vacancy
rates have declined to
25% from 35%

Challenge

Over 200 people
enrolled in DDA services
are not being served,
because providers can't
find and keep DSP staff

Improvement

We have more than 428
vacancies (down from
over 500), but remains a
challenge.

ASK...

Fully fund the developmental
disability rates.

SB 555 - Unfavorable - MHLA - Rohrer.pdf

Uploaded by: Amy Rohrer

Position: UNF

MHILA
Maryland Hotel
Lodging Association

SB 555 – Fair Wage Act of 2023
Senate Finance Committee
March 2, 2023
Position: Oppose

Dear Chair Griffith and Members of the Committee:

As the sole statewide trade association dedicated to advocacy for Maryland’s lodging industry, with more than 25,000 employees at 750 hotels, we urge an unfavorable report on SB 555 for several reasons.

Just a few years ago, in 2019, legislation was passed and enacted regarding the state’s minimum wage gradually increasing over a period of nearly 6 years (for large employers) to \$15 per hour.

Since then, the lodging industry has been among those most severely impacted by the pandemic. According to the American Hotel & Lodging Association’s [2023 State of the Industry Report](#), while hotels continue to make significant strides toward recovery, “real revenue recovery” will take several more years.

2023 budgets that include labor projections, *based on current minimum wage law*, have already been established and presented to hotel investors and financial institutions. Increasing minimum wage mid-year will have a negative impact not only on our members’ profitability amid recovery, but quite possibly will affect the debt service ratios that are established in existing mortgage agreements. If these ratios are negatively affected, higher interest rates on loans could be triggered or other penalties may be imposed (i.e. demand for cash to be placed in escrow until proper ratios are achieved, canceling of a loan).

Our members are already dealing with the skyrocketing costs of doing business, which cannot be offset, dollar for dollar, by passing it on to guests. Therefore, while revenues are trending in a positive direction, our bottom-line profitability would be greatly impacted and further reduced with an unanticipated increase in minimum wage this year.

Additionally, any future “automatic wage increases”, based on CPI or otherwise, are problematic and flawed. Basic economics teaches us that economies experience peaks and valleys, times of boom and recession, and periods of inflation and stagflation. Currently, we are at a point of unprecedented inflation that has our economy on the brink of recession. Prudence needs to be demonstrated by the Maryland General Assembly as economists continue to evaluate and debate the link between increased wages and inflation.

Ultimately, passage of SB 555 would circumvent the current law and the negotiations that went into it on behalf of the business community, significantly jeopardizing trust between the private sector and government.

For the reasons expressed in this letter, the Maryland Hotel Lodging Association respectfully requests an Unfavorable Report on SB 555.

CRS Report on Minimum Wage Indexation (2016) (2).p

Uploaded by: Andrew Griffin

Position: UNF



**Congressional
Research Service**

Informing the legislative debate since 1914

The Federal Minimum Wage: Indexation

Updated October 26, 2016

Congressional Research Service

<https://crsreports.congress.gov>

R44667

Summary

In 1938, the Fair Labor Standards Act (FLSA) established a federal minimum wage of \$0.25 per hour. The minimum wage provisions of the FLSA have been amended numerous times since then, typically for the purpose of expanding coverage or raising the wage rate. Since its establishment, the minimum wage rate has been raised 22 separate times, most recently in 2007-2009 when it was increased from \$5.15 per hour to its current rate of \$7.25 per hour in three steps.

The federal minimum wage changes only when Congress amends the FLSA. Since 1938, Congress has amended the FLSA to raise the minimum wage 10 times for a total of 22 rate increases, with periods between increases ranging from 1 to 10 years. An alternative to periodically amending the FLSA to increase the minimum wage would be to index, or link, the federal minimum wage to another variable so that the minimum wage changes automatically when the other variable changes. Indexing the minimum wage provides regular adjustments to and reduces the volatility of minimum wage rates, maintains the relative value of the minimum wage to other economic indicators (e.g., prices), and decouples rate changes from other policy considerations. On the other hand, indexation may also reduce regular oversight of minimum wage changes because it automatically adjusts the rate and changes one part of the FLSA while leaving other parts of the act unchanged subject to congressional action. Although Congress has considered indexing the federal minimum wage at various points, it has not done so.

The most common proposed indices for the minimum wage include different versions of the Consumer Price Index, personal consumption expenditures, employment costs, and hourly earnings. Based on a review of seven possible indices and a simulation of federal minimum wage rates under different indices, the minimum wage in 2016 would have been highest had it been indexed to average hourly earnings and lowest had it been indexed to personal consumption expenditures. Linking the value of the federal minimum wage to consumer prices would have generally resulted in minimum wages higher than the current rate, depending on the starting point.

Currently, 17 states and the District of Columbia index (or have enacted laws that will in the future) their state minimum wages to some economic measure. In addition, indexation is used in some federal entitlement programs, such as Social Security and Supplemental Nutrition Assistance Program (SNAP) benefits, as well as in other federal wage regulations, such as the minimum wage for employees on certain federal contracts. Most of the numerous proposals in recent Congresses to increase the minimum wage would combine a series of nominal rate increases, followed by indexation to a consumer price index.

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The Federal Minimum Wage

The Fair Labor Standards Act (FLSA), enacted in 1938, is the federal legislation that establishes the general minimum wage rate that must be paid to all covered workers. In general, the FLSA mandates broad minimum wage coverage.¹ It also specifies certain categories of workers who may be covered by other FLSA wage standards, such as workers with disabilities or certain youth workers. The FLSA was enacted because its provisions were meant both to protect workers and stimulate the economy.² The act also created the Wage and Hour Division (WHD), within the Department of Labor (DOL), to administer and enforce its provisions.

In 1938, the FLSA established a minimum wage of \$0.25 per hour. The minimum wage provisions of the FLSA have been amended numerous times since then, typically for the purpose of expanding coverage or raising the wage rate. Since its establishment, the minimum wage rate has been raised 22 separate times, through 10 separate amendments to the FLSA.³ The most recent change was enacted in 2007 (P.L. 110-28) and increased the minimum wage from \$5.15 per hour to its current rate of \$7.25 per hour in three steps.⁴ For employees working in states with a minimum wage different from that of the federal minimum wage, the employee is entitled to the higher of the two wage rates.⁵

The minimum wage—at the federal, state, and local levels—has been the source of a voluminous literature in labor economics and the subject of much congressional debate over time. Most of the debate in the literature focuses on the impacts of minimum wages on labor market outcomes, such as employment, earnings, poverty, and hours worked. A full discussion of the wide range of issues related to minimum wages is beyond the scope of this report, which focuses on indexation of the federal minimum wage.⁶ That is, this report addresses the issue of indexing, or linking, the minimum wage to an economic measure so that the rate would adjust automatically with changes in that economic measure.

Indexation and the Minimum Wage

Generally, indexation is linking one variable's (e.g., a minimum wage, a benefit) value to changes in another, independent variable (e.g., an average wage, cost of living). For example, a price

¹ The FLSA extends labor standards to individuals under two types of coverage—"enterprise coverage" and "individual coverage." An enterprise is covered if it has annual sales or business done of at least \$500,000. In addition, the FLSA applies to certain other enterprises—such as hospitals and federal, state, and local governments—regardless of the dollar volume of business. Even if individuals are not employed by a covered enterprise, they may be covered if they engage individually in interstate commerce. Thus, employees are covered if they meet the FLSA criteria for either category.

² For example, §2 of P.L. 75-718.

³ That is, some amendments to increase the minimum wage contained one-time increases (e.g., 1949 amendments), while others contained multi-year increases (e.g., 1977 amendments).

⁴ The federal hourly rate was increased from \$5.15 to \$5.85 on July 24, 2007; then to \$6.55 on July 24, 2008; and finally to \$7.25 on July 24, 2009.

⁵ For details on the interaction between the federal minimum wage and state minimum wages, see CRS Report R43792, *State Minimum Wages: An Overview*, by David H. Bradley.

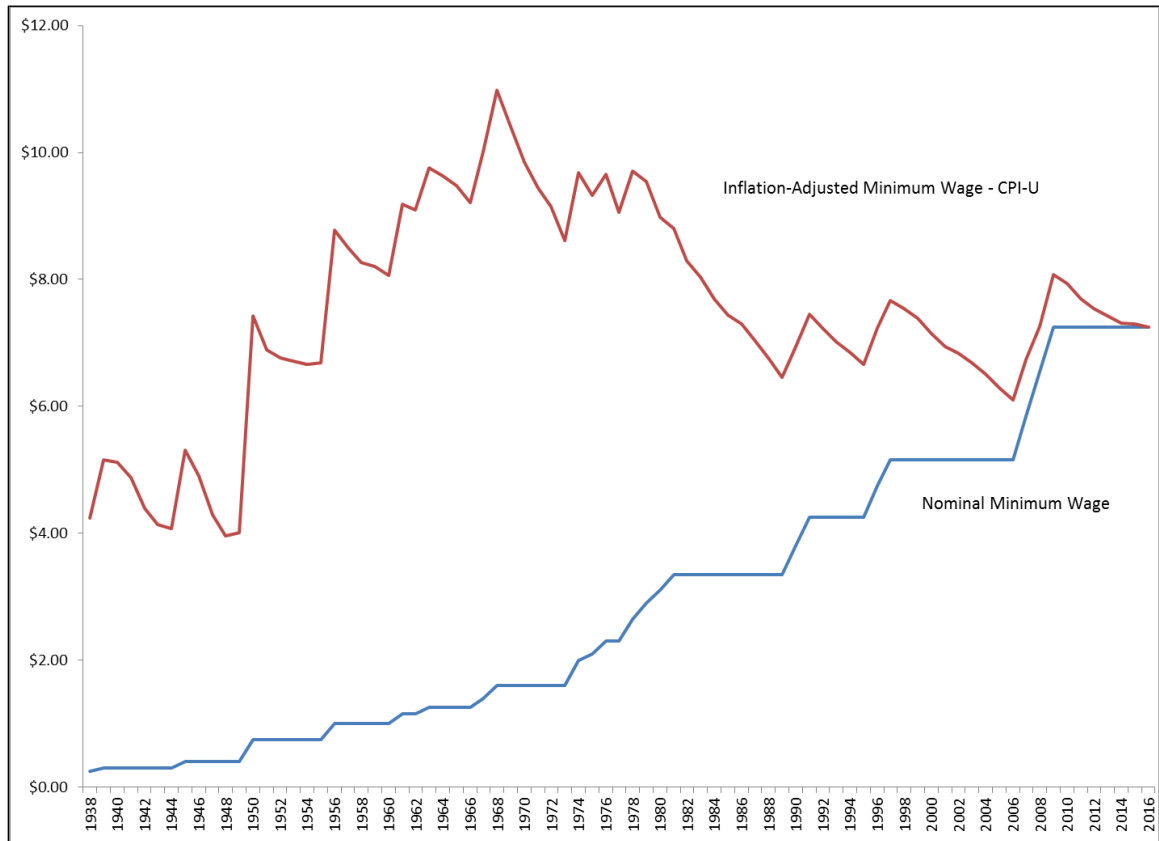
⁶ For additional information about the minimum wage, see CRS Report R43089, *The Federal Minimum Wage: In Brief*, by David H. Bradley. For information about the tip credit provisions of the FLSA, see CRS Report R43445, *The Tip Credit Provisions of the Fair Labor Standards Act (FLSA): In Brief*, by David H. Bradley. For information about the FLSA, see CRS Report R42713, *The Fair Labor Standards Act (FLSA): An Overview*, by David H. Bradley, Benjamin Collins, and Sarah A. Donovan.

index is constructed by dividing the price of a market basket of goods and services in a given year by that same basket's prices in a base year.⁷ In the case of the minimum wage, indexation would mean the minimum wage rate changes when the index (e.g., prices, wages, costs) changes. If a minimum wage rate is established as a fixed nominal amount and not increased (through either legislative action or indexation), its real value will erode over time due to the tendency of prices and wages to increase over time. That is, relative to other economic indices that may be increasing (e.g., prices, wages, productivity), a nominal wage loses value unless it too is adjusted. In general, to maintain the relative value of a wage over time, that wage may be indexed to some measure in the economy. For this reason, several states, but not the federal government, have attempted to maintain the value of their minimum wage rates by indexing the rate to some measure of inflation. This mechanism provides for automatic changes in the minimum wage over time as the index changes and does not require legislative action to make periodic adjustments. Finally, as will be discussed further in the remainder of this report, most indices that have been operationally tied to minimum wages at the state level aim to keep pace with consumer prices. There have been recent proposals, however, that aim to tie the minimum wage to changes in average or median wage levels.

As an illustration of indexation, **Figure 1** shows the nominal and inflation-adjusted value (in 2016 dollars) of the federal minimum wage since it was enacted in 1938. As will be discussed in greater detail later in the report, there are several possible indices for the minimum wage; the data in **Figure 1** illustrate the concept behind indexation using the Consumer Price Index for All Urban Consumers (CPI-U). As noted, Congress has increased the minimum wage rate 22 times since it was enacted in 1938, from an initial value of \$0.25 per hour to its current level of \$7.25 per hour. In constant (inflation-adjusted) 2016 dollars, however, the value of the minimum wage has varied from \$3.96 (1948) to \$10.98 (1968).

⁷ For additional information on the construction of indices measuring inflation, see CRS In Focus IF10477, *Introduction to U.S. Economy: Inflation*, by Jeffrey M. Stupak.

Figure I. Nominal and Inflation-Adjusted Value of the Federal Minimum Wage
In 2016 dollars, adjusted by CPI-U



Source: CRS analysis of data from the Department of Labor and the Bureau of Labor Statistics.

Notes: Inflation-adjustment is for the Consumer Price Index for All Urban Consumers, U.S. City Average. See the section in this report entitled “Consumer Price Index for All Urban Consumers (CPI-U)” for details of this index.

To Index or Not—Considerations

The issue of indexing the federal minimum wage has been a part of the discussion since the FLSA was enacted in 1938. For example, during debates on the passage of the FLSA in 1938 at least one amendment was made that would have indexed the original minimum wage to a DOL measure of inflation.⁸ Since that time there have been numerous congressional proposals to index the minimum wage. These proposals have included linking the federal minimum wage to indices of consumer prices, productivity, earnings, poverty, Social Security, and salaries of Members of Congress.⁹

Despite numerous proposals in the past, the federal minimum wage rate is not indexed and changes only when Congress amends the FLSA. Since its enactment in 1938, the minimum wage rate has been increased 22 times through 10 separate laws. Indexation is used in some federal

⁸ See CRS Report RL33791, *Possible Indexation of the Federal Minimum Wage: Evolution of Legislative Activity*, by William G. Whittaker.

⁹ See **Table 2** for minimum indexation proposals in recent sessions of Congress.

entitlement programs, such as Social Security and Supplemental Nutrition Assistance Program (SNAP) benefits, as well as in other federal wage regulations, such as the minimum wage for employees on certain federal contracts.¹⁰

Indexing the minimum wage, like indexing any labor standard, is ultimately a policy choice about how a federally established standard should be structured and maintained. This section highlights some of the issues associated with indexing the minimum wage.

Frequency and Rate of Change

Indexation would provide relatively less volatile, more uniform changes in the minimum wage, given that the values of the possible indices that could be used tend not to vary widely from year to year. On the other hand, indexation would deemphasize congressional consideration of the minimum wage rate because changes would become automatic.

As noted previously, the minimum wage rate has increased 22 times since 1938, with periods between rate increases ranging from 1 to 10 years. However, this does not mean the FLSA was amended 22 individual times for purposes of a rate change, nor does it mean that the rate was increased about every four years. Rather, in many instances Congress amended the FLSA and included multiple increases in the minimum wage rate, phased in over a number of years. The frequency of adjustment has not been even in this period. From 1938 to 1978, Congress amended the FLSA (with regard to the minimum wage rate) seven times for a total of 15 rate changes. From 1978 through 2016, Congress amended the FLSA (with regard to the minimum wage rate) three times for a total of seven rate changes. Even within these periods, congressional action has varied. For example, in three FLSA wage rate amendments over 11 years (1966-1977), Congress enacted nearly half (9 of 22) of all the minimum wage rate changes since 1938.

In part due to the irregular pattern of rate changes, minimum wage increases may represent sizeable percentage increases in a short period of time, especially compared to the changes in the values of the indices that might be used to adjust the minimum wage rate. Those same increases, however, would have been lower on an annual basis had they been spread across multiple years. For example, the minimum wage rate increased from \$5.15 to \$7.25, or 41%, in the 2007 to 2009 period, compared to a change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in that period of 6.4%. However, between 1997 (the previous time the minimum wage rate was increased) and 2007 the CPI-W increased 33%, much closer to the 41% increase in three years for the minimum wage.

Relative Value of the Minimum Wage

One of the goals of the FLSA in general, and the minimum wage specifically, is to “correct and as rapidly as practicable to eliminate” labor conditions “detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers.”¹¹ Determining what constitutes a “minimum standard” and what minimum wage rate supports that standard is a policy choice. That said, a minimum wage rate is one variable among

¹⁰ For a review of federal indexation in federal benefit programs, see CRS Report R42000, *Inflation-Indexing Elements in Federal Entitlement Programs*, coordinated by Dawn Nuschler. Executive Order 13658, which established a minimum wage of \$10.10 per hour for all workers on federal construction and service contracts, provided for an annual adjustment to this minimum based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). See Department of Labor, Wage and Hour Division, “Establishing a Minimum Wage for Contractors,” *79 Federal Register*, October 7, 2014.

¹¹ 29 U.S.C. §202.

many that affect the standard of living, such as housing costs, food prices, educational opportunities, wage growth, and productivity increases, to name a few. Over time the price of goods and services tends to rise. Thus if the minimum wage rate remains fixed, the real value of the minimum wage will decline over time. Indexation is one method of maintaining the relative value of the federal minimum wage to the price of other goods and services in the economy, while not indexing or increasing it implicitly lowers its relative value over time due to rising prices or wages. On the other hand, requiring congressional action to change the minimum wage rate allows for the role of the minimum wage in the larger context of the economy (e.g., its relationship to poverty) to be considered with each rate change.

Relationship to Other Policy Considerations

Prior to the 1996 amendments, the amendments to the FLSA that increased the minimum wage were narrowly targeted on increasing the rate (e.g., 1955 amendments); more broadly focused on increasing the rate along with the scope of coverage (e.g., 1966 amendments); focused on the wage rate and various exemptions, such as the tip credit (e.g., 1989 amendments); or some combination of all of these. The 1996 and 2007 amendments, however, included minimum wage rate increases as part of broader legislation that dealt with tax policy, pension rules, and trade policy (1996 amendments) or as part of supplemental appropriations legislation (2007 amendments). In the case of the 1996 and 2007 amendments, the minimum wage increases were explicitly tied to tax provisions for smaller businesses.

Indexation of the minimum wage would generally decouple rate setting from other policy considerations related to wage setting. If the minimum wage were indexed, the rate itself would adjust periodically rather than being considered on its own as part of a larger legislative vehicle. While indexation could decrease legislative consideration of the minimum wage and would require no congressional action to change the rate, it would also ensure that the rate itself changes without it being tied to unrelated policy.

Elements of Indexation

Before discussing possible indexation options, it is worthwhile to note briefly the main elements of minimum wage indexation. While the most important element of indexing a minimum wage is the index itself, there are additional elements that may affect the performance of a minimum wage index.

- **Index.** The index itself determines the changing value over time of the minimum wage; different indices may vary in growth and volatility. The index also reflects the underlying purpose of an index. That is, should an indexed minimum wage reflect changes in consumer prices, productivity, earnings, economic growth, or some other variable?
- **Initial value.** The starting point of indexation affects future values, regardless of the index used. Because there is a tendency for any index (e.g., inflation, wages, growth) to increase over time, the initial value of a minimum wage “locks in” past growth. For example, if a minimum wage is set at one point in time and not increased through a period of high consumer price inflation, then it loses real value (i.e., purchasing power in the case of consumer price increases) despite having the same nominal value. If indexation begins after a period of inflation without an adjustment to its initial value, then it locks in the erosion associated with the high inflation, compared to raising the nominal rate and then indexing it going forward.

- **Limits.** An indexed minimum wage is by definition tied to changes in another variable. Depending on other considerations (e.g., consumer prices may increase but wages may stagnate), limits may be placed on changes in the index such that a minimum wage is not adjusted downward despite a decline in the index (a “hold harmless” provision) or a minimum wage is not allowed to exceed a certain level (e.g., an increase may be the lesser of the change in the index or some other percentage).
- **Triggers.** Because an indexed minimum wage reflects changes in one variable, as opposed to multiple variables, indexation policies may include triggers that allow for the consideration of other factors not explicitly in the index. For example, an indexation policy may indicate that if the unemployment rate is above a certain threshold or economic growth below a certain level, then the minimum wage rate will not increase regardless of the change in the index value.
- **Periodicity.** Indexation of state minimum wages is typically structured on an annual basis. It is possible, however, to structure adjustment over different periods of times. For example, the recent DOL rule on the overtime exemptions for executive, administrative, and professional employees includes an automatic adjustment mechanism for the salary threshold that occurs every three years.¹²

Federal Minimum Wage Index Options

This section provides an overview of seven possible minimum wage indices, each of which is discussed in more detail below.

- Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W),
- Consumer Price Index for All Urban Consumers (CPI-U),
- Consumer Price Index Research Series Using Current Methods (CPI-U-RS),
- Personal Consumption Expenditures (PCE),
- Employment Cost Index (ECI),
- Average Hourly Earnings for Manufacturing Workers (AHE-Manufacturing), and
- Average Hourly Earnings for Production and Nonsupervisory Workers (AHE-Production).

This is not an exhaustive list; it reflects indices used in the states (see **Table A-1**) or proposed in past or recent legislation (see **Table 2**). Indices used by states are considered first. These include versions of the CPI or the PCE.¹³ Specifically, indices comprised of the CPI—the CPI-W, the CPI-U, and the CPI-U-RS—or the PCE are discussed below. Recent congressional proposals have included indexing the federal minimum wage to measures of hourly earnings.¹⁴ To examine this concept of linking the minimum wage to measures of wages rather than measures of prices,

¹² For additional information on the overtime rule, see CRS Report R44138, *Overtime Provisions in the Fair Labor Standards Act (FLSA): Frequently Asked Questions*, by David H. Bradley. The rule provides that the threshold will be updated every three years to match the earnings of the 40th percentile of full-time, salaried workers in the lowest wage Census region.

¹³ In addition, a recent proposal to increase and index the federal minimum wage would use the CPI-W. See H.R. 4508, 114th Congress.

¹⁴ See, for example, H.R. 2150 and S. 1150, 114th Congress.

average hourly earnings for manufacturing workers and for production and nonsupervisory workers are also considered as indices.

For each index in this section, a brief description is provided, followed by estimates of the federal minimum wage if it had been indexed to that measure at each statutorily set increase since it was enacted (or at each point from which the index is available).

Data in **Table 1** show the indexed values of the federal minimum wage using the seven indices discussed in this section. The first two columns show the effective date and the nominal rate (not indexed) of the federal minimum wage for the original rate and the 22 increases that have occurred since 1938. The remaining seven columns show the 2016 value, by index, of the minimum wage had the nominal wage been indexed at the time it was first enacted. For example, if the 1938 minimum wage of \$0.25 per hour had been indexed to the CPI-U upon enactment, the federal minimum wage in 2016 would be \$4.23 per hour; if it had been indexed from its nominal rate of \$1.60 in 1968, it would be \$10.98 in 2016. Each value in the index columns assumes that the minimum wage rates were not subsequently changed after enactment, but only increased due to inflation.

Table 1. Indexed Values of the Federal Minimum Wage

In 2016 dollars

Effective Date	Nominal	CPI-W	CPI-U	CPI-U- RS	PCE	ECI	AHE-M	AHE-P
10/24/1938	\$0.25	\$4.10	\$4.23	–	\$3.53	–	–	–
10/24/1939	\$0.30	\$4.99	\$5.15	–	\$4.20	–	\$12.51	–
10/24/1945	\$0.40	\$5.15	\$5.31	–	\$3.65	–	\$8.88	–
1/25/1950	\$0.75	\$7.22	\$7.43	\$6.45	\$5.86	–	\$11.79	–
3/1/1956	\$1.00	\$8.53	\$8.78	\$7.62	\$6.85	–	\$11.16	–
9/3/1961	\$1.15	\$8.90	\$9.18	\$7.98	\$7.08	–	\$10.68	–
9/3/1963	\$1.25	\$9.45	\$9.75	\$8.47	\$7.50	–	\$10.91	–
2/1/1967	\$1.40	\$9.70	\$10.01	\$8.69	\$7.88	–	\$10.63	\$10.61
2/1/1968	\$1.60	\$10.65	\$10.98	\$9.56	\$8.67	–	\$11.35	\$11.44
5/1/1974	\$2.00	\$9.39	\$9.69	\$8.67	\$7.89	–	\$9.50	\$9.72
1/1/1975	\$2.10	\$9.04	\$9.32	\$8.41	\$7.65	–	\$9.17	\$9.57
1/1/1976	\$2.30	\$9.37	\$9.65	\$8.71	\$7.94	–	\$9.27	\$9.82
1/1/1978	\$2.65	\$9.41	\$9.71	\$8.84	\$8.03	–	\$9.01	\$9.72
1/1/1979	\$2.90	\$9.24	\$9.54	\$8.83	\$8.07	–	\$9.03	\$9.87
1/1/1980	\$3.10	\$8.71	\$8.98	\$8.49	\$7.79	–	\$8.92	\$9.78
1/1/1981	\$3.35	\$8.54	\$8.80	\$8.38	\$7.73	\$10.10	\$8.72	\$9.72
4/1/1990	\$3.80	\$6.86	\$6.94	\$6.68	\$6.23	\$7.58	\$7.20	\$8.02
4/1/1991	\$4.25	\$7.37	\$7.45	\$7.22	\$6.74	\$8.14	\$7.80	\$8.70
10/1/1996	\$4.75	\$7.18	\$7.23	\$7.15	\$6.62	\$7.86	\$7.61	\$8.50
9/1/1997	\$5.15	\$7.61	\$7.66	\$7.59	\$7.12	\$8.26	\$8.04	\$8.89

Effective Date	Nominal	CPI-W	CPI-U	CPI-U-RS	PCE	ECI	AHE-M	AHE-P
7/24/2007	\$5.85	\$6.72	\$6.74	\$6.69	\$6.46	\$6.82	\$6.91	\$7.23
7/24/2008	\$6.55	\$7.23	\$7.26	\$7.21	\$7.24	\$7.40	\$7.54	\$7.81
7/24/2009	\$7.25	\$8.05	\$8.07	\$8.01	\$7.88	\$8.05	\$8.15	\$8.41

Source: CRS analysis of data from the Department of Labor and Bureau of Economic Analysis.

Notes: Minimum wages in **Table 1** and all subsequent figures in this report were indexed to the relevant adjustment factor beginning in the year of the enacted rate change, regardless of the month of enactment. For example, the minimum wage rate was increased to \$2.00 per hour on May 1, 1974, and, for purposes of this analysis, \$2.00 is considered the minimum wage for all of calendar year 1974.

As the data in **Table 1** and the figures below show, the inflation-adjusted value of the minimum wage would have varied greatly by 2016 depending on the choice of index and, importantly, the starting point of indexation. The following figures present indexation of the minimum wage in ways slightly different from traditional presentations. Each figure shows the hypothetical value of the minimum wage in 2016 had the minimum wage been indexed to the relevant economic indicator from each of the 23 times its value was adjusted by Congress.¹⁵ For example, had the minimum wage been indexed to the CPI-W from its statutorily set 1938, 1968, or 1990 rates of \$0.25 per hour, \$1.60 per hour, and \$3.80 per hour, respectively, in 2016 it would be \$4.10 per hour, \$10.65 per hour, and \$6.86 per hour. Thus, the method of presentation shows the hypothetical effects of index choice and timing.

Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)

The CPI is a measure of the average change over time in prices paid by consumers for a market basket of goods and services. Different consumer price indices reflect spending patterns for different populations. Households in the CPI-W, which is a subset of the CPI-U population (see “Consumer Price Index for All Urban Consumers (CPI-U)”) must meet two requirements: at least half of the household’s income is from wage or clerical workers’ earnings and at least one household earner must have been employed in an eligible occupation for at least 37 weeks during the previous 12 months. The CPI-W covers approximately 28% of the total population, and, as the name implies, focuses on wage earners rather than the population as a whole.¹⁶ The CPI-W is published monthly. The Bureau of Labor Statistics (BLS) started regular publication of a national index (the U.S. city average) in 1921 and estimated the index back to 1913.¹⁷

Similar to the CPI-U, the CPI-W is used as an index for several state minimum wages. In addition, the CPI-W is the index for the federal minimum wage for certain contract workers, and is the basis for the annual cost-of-living adjustment for Social Security payments.¹⁸

Figure 2 shows the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the CPI-W until 2016, while providing a comparison to the current rate of \$7.25 per hour. For example, had the minimum wage of \$1.60

¹⁵ In cases where an index value is not available as early as 1938, the figures show as many data points as possible.

¹⁶ Bureau of Labor Statistics, *Handbook of Methods*, Chapter 17, p. 2. Wage earner and clerical occupations include clerical workers, sales workers, protective and other service workers, laborers, and construction workers.

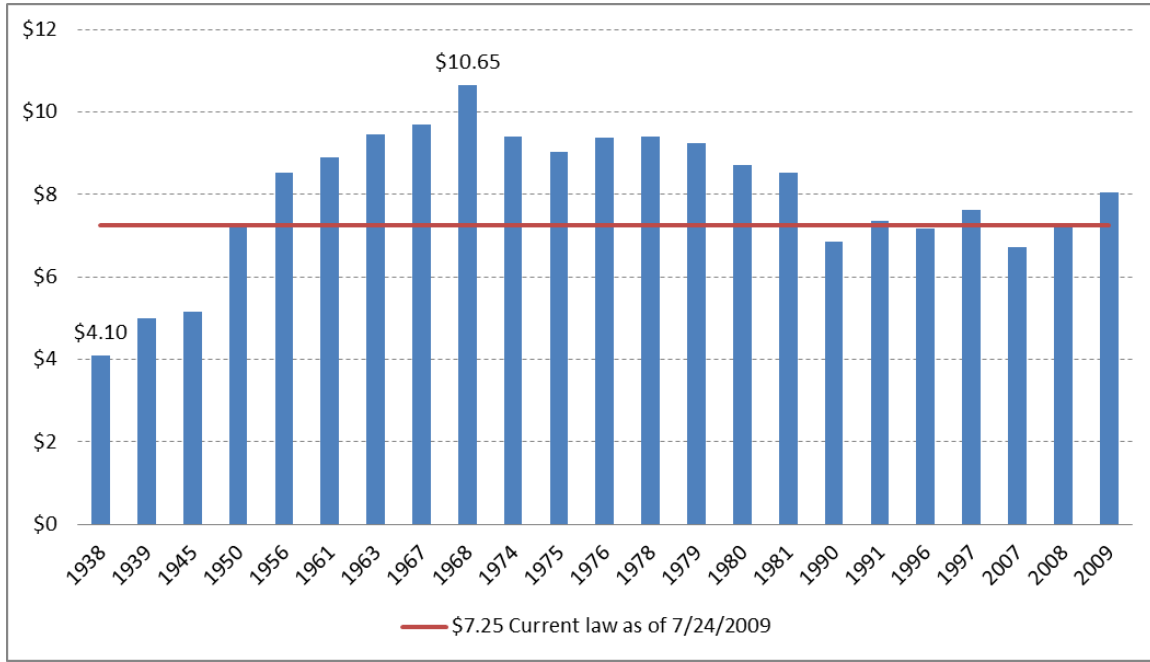
¹⁷ Bureau of Labor Statistics, *Handbook of Methods*, Chapter 17, p. 7.

¹⁸ See CRS Report R43363, *Alternative Inflation Measures for the Social Security Cost-of-Living Adjustment (COLA)*, by Julie M. Whittaker.

per hour enacted in 1968 been indexed to the CPI-W at that time, it would be \$10.65 per hour in 2016. The highest and lowest values are labeled on the figures.

Figure 2. Indexed Values of the Federal Minimum Wage, by CPI-W

Wages in 2016 dollars



Source: CRS analysis of data from the Department of Labor – Historical Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): U.S. City Average, All Items, Annual Average, CPI Detailed Report, Table 27, <http://www.bls.gov/cpi/cpid1608.pdf>.

Note: The CPI-W value for 2016 is an average for the 1st half of 2016. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for each statutorily established new minimum wage level.

Overall, if the federal minimum wage had been indexed to the CPI-W at each point a new statutorily established minimum wage level was enacted since 1938, its value in 2016 would range from \$4.10 per hour to \$10.65 per hour depending on the base year.

Data from **Figure 2** show the following for the 23 possible starting points for indexation to the CPI-W:

- For 8 of the 23 enacted minimum wage rates, if the rate had been tied to CPI-W and not adjusted further, the minimum wage would be below \$7.25 today, ranging from \$0.02 below (2008) to \$3.15 below (1938).
- For 15 of the 23 enacted minimum wage rates, if the rate had been tied to CPI-W and not adjusted further, the minimum wage would be above \$7.25 today, ranging from \$0.12 above (1991) to \$3.40 above (1968).
- Had indexation to the CPI-W started at any of the 12 increases occurring between 1956 and 1981, the 2016 value of the federal minimum wage would be between \$1.28 (1956) and \$3.40 (1968) higher than the current rate of \$7.25 per hour. On the other hand, indexation starting prior to 1956 or after 1990 would have resulted in a minimum wage near or below \$7.25 in 2016.

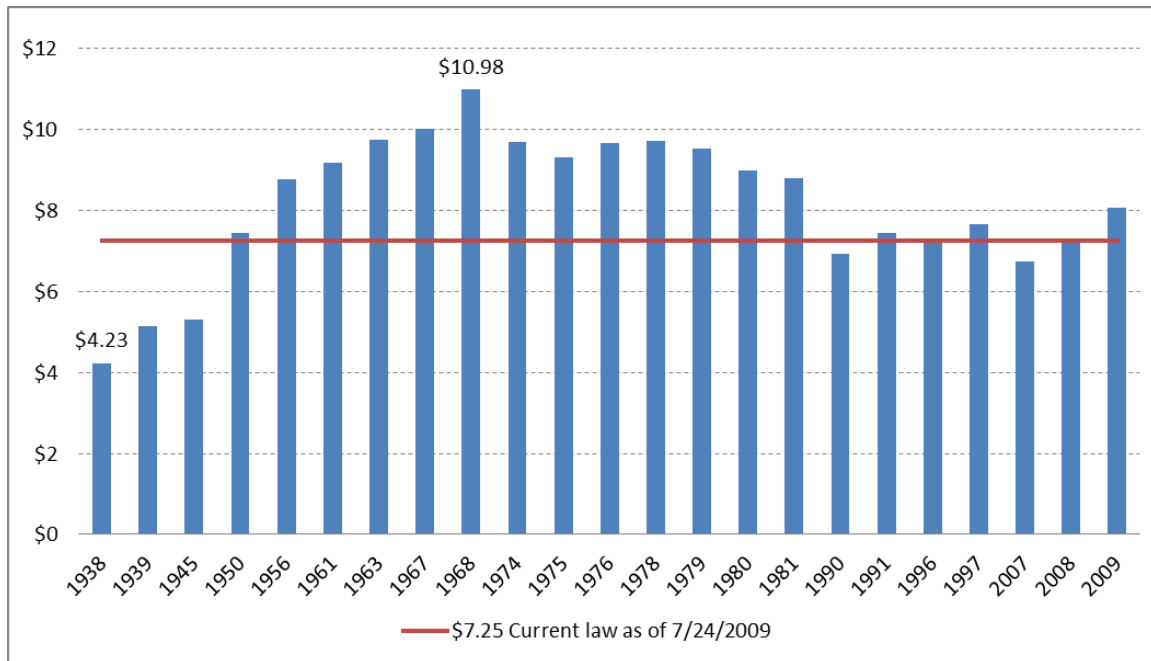
Consumer Price Index for All Urban Consumers (CPI-U)

The Bureau of Labor Statistics (BLS) publishes the Consumer Price Index for All Urban Consumers (CPI-U), which is a measure of the average change over time in prices paid by consumers for a market basket of goods and services. The CPI-U covers all urban or metropolitan area households, which represents approximately 88% of the total population.¹⁹ The CPI-U is published monthly. While BLS first published the CPI-U in January 1978, estimates for the CPI-U are available back to 1913.

In addition to being the index for several state minimum wages, the CPI-U is used to index some federal benefit programs, including some services in Medicare and Medicaid and certain parameters in the Earned Income Tax Credit (EITC).²⁰

Figure 3 shows the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the CPI-U until 2016, while providing a comparison to the current rate of \$7.25 per hour. Thus, for example, had the minimum wage of \$1.60 per hour enacted in 1968 been indexed to the CPI-U starting in 1968, it would now be \$10.98 per hour. The highest and lowest values are labeled in the figure.

Figure 3. Indexed Values of the Federal Minimum Wage, by CPI-U
Wages in 2016 dollars



Source: CRS analysis of data from the Department of Labor—Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, All Items, Annual Average, CPI Detailed Report, Table 24, <http://www.bls.gov/cpi/cpid1608.pdf>.

¹⁹ Bureau of Labor Statistics, *Handbook of Methods*, Chapter 17, The Consumer Price Index, Washington, DC, June 2015, <http://www.bls.gov/opub/hom/pdf/homch17.pdf>. Excluded from the CPI-U are households in rural nonmetropolitan areas, the military, and the institutional population.

²⁰ See CRS Report R42000, *Inflation-Indexing Elements in Federal Entitlement Programs*, coordinated by Dawn Nuschler.

Notes: CPI-U value for 2016 is average for 1st half of 2016. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for each statutorily established new minimum wage level.

Overall, if the federal minimum wage had been indexed to the CPI-U at each point a new statutorily established minimum wage level was enacted since 1938, its value in 2016 would range from \$4.23 per hour to \$10.98 per hour depending on the base year.

Data from **Figure 3** show that of the 23 possible starting points for indexation to the CPI-U:

- For 6 of the 23 enacted minimum wage rates, if the rate had been tied to CPI-U and not adjusted further, the minimum wage would be below \$7.25 today, ranging from \$0.02 below (1996) to \$3.02 below (1938);
- For 17 of the 23 enacted minimum wage rates, if the rate had been tied to CPI-U and not adjusted further, the minimum wage would be above \$7.25 today, ranging from \$0.01 above (2008) to \$3.73 above (1968); and
- Had indexation to the CPI-U started at any of the 13 increases occurring between 1950 and 1981, the 2016 value of the federal minimum wage would be between \$0.18 (1950) and \$3.73 (1968) higher than the current rate of \$7.25 per hour. On the other hand, as with CPI-W, indexation starting prior to 1950 or after 1990 would have resulted in a minimum wage near or below \$7.25 in 2016.

Consumer Price Index Research Series Using Current Methods (CPI-U-RS)

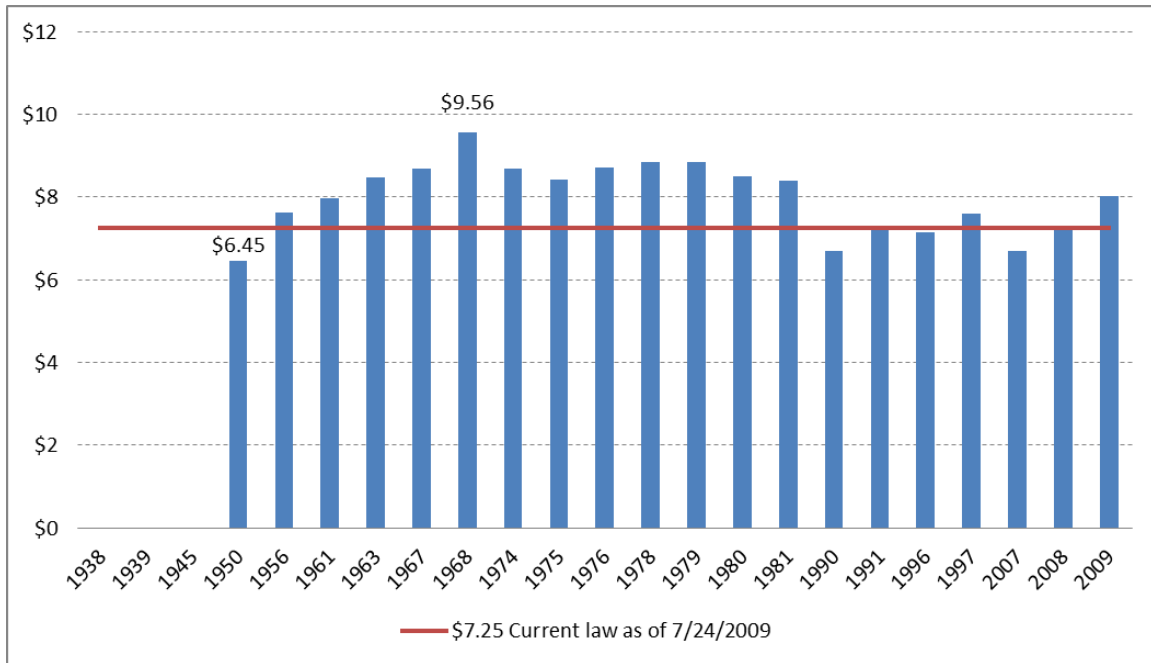
Over several years, BLS has made a series of methodological improvements (e.g., using rental equivalence to measure changes in homeowner costs, quality adjustment of used-car prices) to the CPI-U. The CPI-U-RS adjusts the CPI-U to incorporate most of these improvements.²¹ BLS used them to estimate the rate of inflation in the CPI-U as if they had been incorporated since the original publication of the CPI-U in 1978.²²

Figure 4 shows the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the CPI-U-RS until 2015, while providing a comparison to the current rate of \$7.25 per hour. For example, had the minimum wage of \$1.60 per hour enacted in 1968 been indexed to the CPI-U-RS at that time, it would be \$9.56 per hour in 2016. The highest and lowest values are labeled in the figure.

²¹ For a discussion of the CPI-U-RS and the methodological improvements, see Kenneth J. Stewart and Stephen B. Reed, *Consumer Price Index research series using current methods, 1978-98*, Bureau of Labor Statistics, Monthly Labor Review, Washington, DC, June 1999, pp. 29-38, <http://www.bls.gov/opub/mlr/1999/06/art4full.pdf>.

²² The BLS publishes the CPI-U-RS from December 1977. For the period prior to 1977, the Census Bureau derives the CPI-U-RS by applying the 1977 ratio of CPI-U-RS to CPI-U to the CPI-U from 1947 to 1976. See Bernadette D. Proctor, Jessica L. Semega, and Melissa A. Kollar, *Income and Poverty in the United States: 2015*, U.S. Census Bureau, P60-256, Washington, DC, September 2016, p. 22, <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>.

Figure 4. Indexed Values of the Federal Minimum Wage, by CPI-U-RS
Wages in 2015 dollars



Source: CRS analysis of data from the Department of Labor—Consumer Price Index Research Series Using Current Methods (CPI-U-RS): U.S. City Average, All Items, Annual Average, 1977-2015, <http://www.bls.gov/cpi/cpiursai1977-2015.pdf>. For the period prior to 1977, the Census Bureau derives the CPI-U-RS by applying the 1977 ratio of CPI-U-RS to CPI-U to the CPI-U from 1947 to 1976. See Bernadette D. Proctor, Jessica L. Semega, and Melissa A. Kollar, *Income and Poverty in the United States: 2015*, U.S. Census Bureau, P60-256, Washington, DC, September 2016, p. 22, <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>.

Notes: Unlike the other figures, wages in this figure are in 2015 dollars, which reflects latest available data. Inflation-adjusted minimum wage levels (in 2015 dollars) are presented for all statutorily established new minimum wage levels to which this index can be applied.

Overall, if the federal minimum wage had been indexed to the CPI-U-RS at each point a new statutorily established minimum wage level was enacted since 1950, its value in 2015 would range from \$6.45 per hour to \$9.56 per hour depending on the base year.

Data from **Figure 4** show the following for the 20 possible starting points for indexation to the CPI-U-RS:

- For 6 of the 20 enacted minimum wage rates, if the rate had been tied to CPI-U-RS and not adjusted further, the minimum wage would be below \$7.25 today, ranging from \$0.03 below (1991) to \$0.80 below (1950).
- For 14 of the 20 enacted minimum wage rates, if the rate had been tied to CPI-U-RS and not adjusted further, the minimum wage would be above \$7.25 today, ranging from \$0.34 above (1997) to \$2.31 above (1968).
- Had indexation to the CPI-U-RS started at any of the 12 increases occurring between 1956 and 1981, the 2015 value of the federal minimum wage would be between \$0.37 (1956) and \$2.31 (1968) higher than the current rate of \$7.25 per hour. On the other hand, indexation starting after 1990 would have resulted in a minimum wage near or below \$7.25 in 2015.

Personal Consumption Expenditures (PCE)

The PCE is a chain-type price index published by the Bureau of Economic Analysis (BEA) that measures changes in goods and services consumed by all households and by nonprofit institutions serving households.²³ The PCE is similar to the CPI in that both measure consumer prices, but the two differ particularly in the relative weight and scope of items in the consumption baskets.²⁴ Briefly, the weights of items in the PCE change more frequently (thus more quickly capturing changes in consumer spending) and the PCE includes items that are spent on behalf of consumers, such as the employer’s portion of health insurance.

Minnesota uses the PCE to index its state minimum wage. In addition, the Federal Reserve’s Open Market Committee (FOMC) has established a long-run objective of 2% inflation, as measured by the price index of the PCE.²⁵

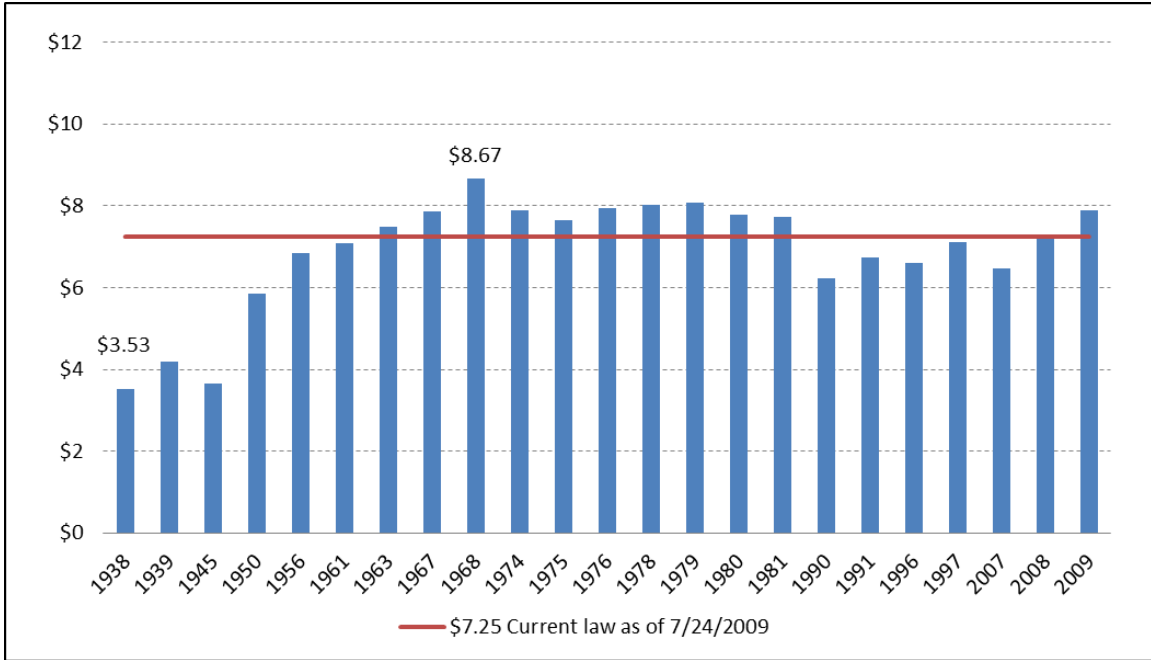
Figure 5 shows the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the PCE until 2016, while providing a comparison to the current rate of \$7.25 per hour. For example, had the minimum wage of \$1.60 per hour enacted in 1968 been indexed to the PCE at that time, it would now be \$8.67 per hour. The highest and lowest values are labeled in the figure.

²³ For details of the PCE, see Bureau of Economic Analysis, U.S. Department of Commerce, *NIPA Handbook, Chapter 5: Personal Consumption Expenditures*, Washington, DC, February 2014, <http://www.bea.gov/national/pdf/chapter5.pdf>.

²⁴ Technically there are often four “effects” identified as explaining the differences between the PCE and CPI—formula, weight, scope, and other. For a technical discussion of the differences in the two indices, see Clinton P. McCully, Brian C. Moyer, and Kenneth J. Stewart, *A Reconciliation between the Consumer Price Index and the Personal Consumption Expenditures Price Index*, Bureau of Economic Analysis, Washington, DC, September 2007, http://www.bea.gov/papers/pdf/cpi_pce.pdf. Some recent analyses have concluded that the weight and scope effects are the largest drivers of divergence between the PCE and CPI. See, for example, Joseph G. Haubrich and Sara Millington, *PCE and CPI Inflation: What’s the Difference?*, Federal Reserve Bank of Cleveland, Cleveland, OH, April 17, 2014, <https://www.clevelandfed.org/newsroom-and-events/publications/economic-trends/2014-economic-trends/et-20140417-pce-and-cpi-inflation-whats-the-difference.aspx>.

²⁵ For example, see <https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-trends/2016-economic-trends/et-20160114-recent-inflation-trends.aspx>

Figure 5. Indexed Values of the Federal Minimum Wage, by PCE
Wages in 2016 dollars



Source: CRS analysis of data from the Department of Labor and the Bureau of Economic Affairs—Price Indexes for Personal Consumption Expenditures by Major Type of Product, Table 2.3.4.

Notes: PCE value for 2016 is second quarter, seasonally adjusted. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for each statutorily established new minimum wage level.

Overall, if the federal minimum wage had been indexed to the PCE at each point a new statutorily established minimum wage level was enacted since 1938, its value in 2016 would range from \$3.53 per hour to \$8.67 per hour depending on the base year.

Data from **Figure 5** show the following for the 23 possible starting points for indexation to the PCE:

- For 12 of the 23 enacted minimum wage rates, if the rate had been tied to PCE and not adjusted further, the minimum wage would be below \$7.25 today, ranging from \$0.01 below (2008) to \$3.72 below (1938).
- For 11 of the 23 enacted minimum wage rates, if the rate had been tied to PCE and not adjusted further, the minimum wage would be above \$7.25 today, ranging from \$0.25 above (1963) to \$1.42 above (1968).
- Indexation of the federal minimum wage to PCE would have resulted in the lowest minimum wage rates compared to any of the other indices. That is, compared to other indices, the PCE index would have produced minimum wage rates from \$1.42 above to \$3.72 below the actual 2016 rate. The high rate (\$1.42) from the PCE index is nearly \$1 below the next lowest (from the CPI-U-RS).

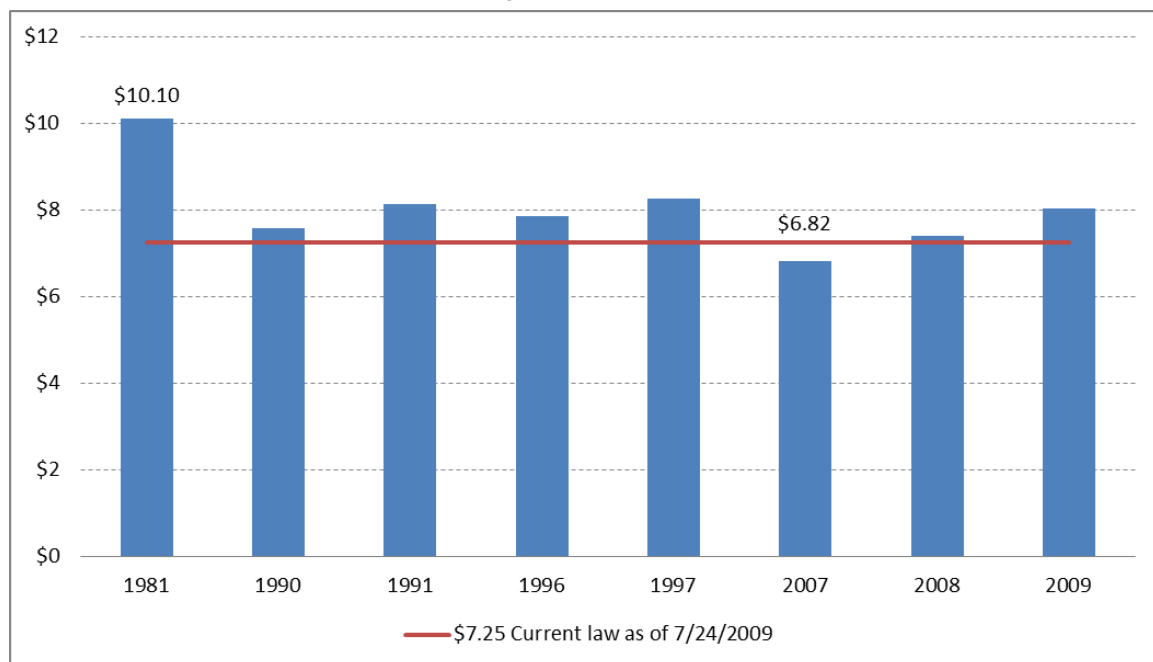
Employment Cost Index (ECI)

The ECI for wages and salaries is a labor cost measure produced by BLS as part of its establishment-based National Compensation Survey (NCS).²⁶ The ECI series on wages and salaries covers establishments in the nonfarm private sector and state and local governments representing about 96% of total civilian employment and measures changes in the hourly costs of labor.²⁷ The ECI is used in some federal programs, such as certain Medicare reimbursements, and as the measure of adjustment for pay for Members of Congress.²⁸

Figure 6 shows the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the ECI until 2016, while providing a comparison to the current rate of \$7.25 per hour. For example, had the minimum wage of \$3.35 per hour enacted in 1981 been indexed to the ECI at that time, it would now be \$10.10 per hour. The highest and lowest values are labeled in the figure. Because the ECI series is only available from 1981, there are fewer data points than for other indicators. Nonetheless, the ECI would have created minimum wage rates generally in the range of CPI-U-RS indexed rates.

Figure 6. Indexed Values of the Federal Minimum Wage, by ECI

Wages in 2016 dollars



Source: CRS analysis of data from the Department of Labor—Employment Cost Index for wages and salaries, for civilian workers, by occupation and industry, Continuous occupational and industry series, Table 8, <http://www.bls.gov/web/eci/ecicois.pdf>.

²⁶ See <http://www.bls.gov/eci/> for additional information on the NCS.

²⁷ U.S. Department of Labor, Bureau of Labor Statistics, *Employment Cost Indexes, 1975-99*, Bulletin 2532, Washington, DC, September 2000, p. 2, <http://www.bls.gov/ncs/ect/sp/ecbl0014.pdf>.

²⁸ For the ECI and Medicare, see U.S. Department of Labor, Bureau of Labor Statistics, *The Employment Cost Index and the Impact on Medicare Reimbursements*, Washington, DC, September 2012, http://www.bls.gov/ncs/ect/medicare2012_impact.pdf. For the use of the ECI in pay adjustments for Members, see CRS Report 97-1011, *Salaries of Members of Congress: Recent Actions and Historical Tables*, by Ida A. Brudnick.

Notes: ECI data are published on a quarterly, not seasonally adjusted basis. Data for **Figure 6** are for the quarter ending June of each year. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for all statutorily established new minimum wage levels to which this index can be applied.

Overall, if the federal minimum wage had been indexed to the ECI at each point a new statutorily established minimum wage level was enacted since 1981 (the first year of data for the ECI), its value in 2016 would range from \$6.82 per hour to \$10.10 per hour depending on the base year.

Data from **Figure 6** show the following for the eight possible starting points for indexation to the ECI:

- For seven of the eight enacted minimum wage rates, if the rate had been tied to the ECI and not adjusted further, the minimum wage would be above \$7.25 today, ranging from \$0.15 above (2008) to \$2.85 above (1981).
- Indexation of the federal minimum wage to ECI would have resulted in a range similar to rates generated by indexing to the CPI-U-RS.

Average Hourly Earnings (AHE)

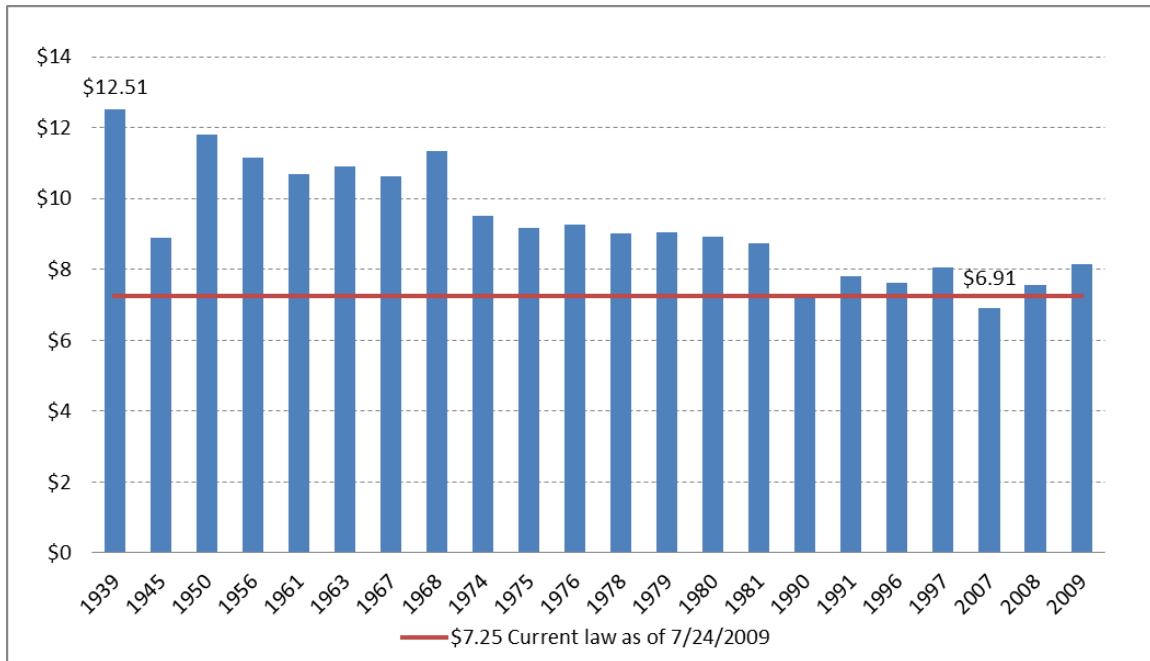
The BLS Current Employment Statistics (CES) survey is a monthly survey of approximately 146,000 business establishments (representing 623,000 individual worksites) that collects data on employment, hours, and earnings by industry and geography.²⁹ Data on average hourly earnings are computed for all private nonfarm employees and for multiple subcategories, including manufacturing employees and multiple types of service sector employees. Hourly earnings reflect the return to the worker from an hour of labor and exclude employer costs on behalf of the employee, such as benefits and payroll taxes. Earnings data for manufacturing workers are available starting in 1939, while comparable data on production and nonsupervisory workers start in 1964.³⁰

Figure 7 and **Figure 8** show the hypothetical effects of indexing the federal minimum wage that was in place during the year shown on the horizontal axis (x-axis) to the AHE both for manufacturing workers (AHE-Manufacturing) and production and nonsupervisory workers (AHE-Production and Nonsupervisory Workers) until 2016, while providing a comparison to the current rate of \$7.25 per hour. For example, had the minimum wage of \$0.30 per hour enacted in 1939 been indexed to the AHE-Manufacturing at that time, it would now be \$12.51 per hour. The highest and lowest values are labeled in the figure.

²⁹ For more information on the CES survey, see http://www.bls.gov/web/empstat/ces_cps_trends.pdf.

³⁰ See <http://www.bls.gov/web/empstat/cesfaq.htm#HoursandEarningsConcepts>.

Figure 7. Indexed Values of the Federal Minimum Wage, by AHE-Manufacturing
Wages in 2016 dollars



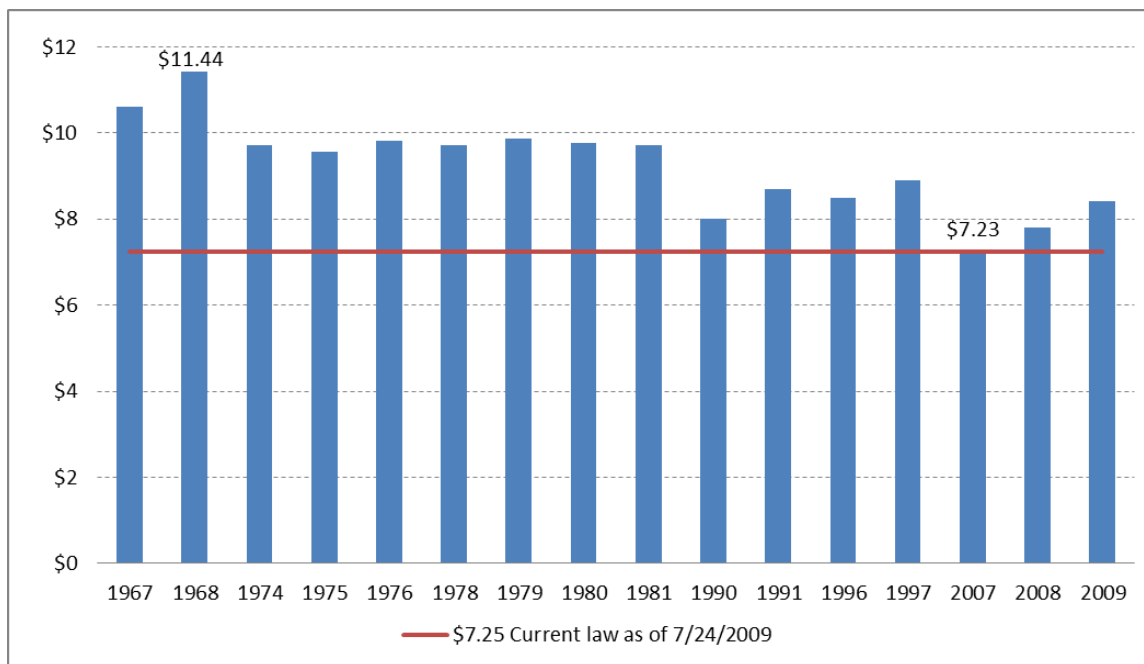
Source: CRS analysis of data from the Department of Labor—Current Employment Statistics, Average Hourly Earnings of Production and Nonsupervisory Employees, Manufacturing, Table B-8, <http://www.bls.gov/webapps/legacy/cesstab8.htm>.

Notes: AHE values are for June of each year, seasonally adjusted. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for each statutorily established new minimum wage level.

- If the federal minimum wage had been indexed to average hourly earnings in manufacturing at each point a new statutorily established minimum wage level was enacted since 1938, the minimum wage in 2016 would have been higher in all but two cases—1990 and 2007.
- Indexation of the federal minimum wage to average hourly earnings in manufacturing would have resulted in the highest minimum wage rates compared to any of the other indices. That is, compared to other indices, the AHE-Manufacturing index would have produced minimum wage rates from \$5.26 above to \$0.34 below the actual 2016 rate.

Figure 8. Indexed Values of the Federal Minimum Wage, by AHE-Production and Nonsupervisory Workers

Wages in 2016 dollars



Source: CRS analysis of data from the Department of Labor—Current Employment Statistics, Average Hourly Earnings of Production and Nonsupervisory Employees, Table B-8, <http://www.bls.gov/webapps/legacy/cesstab8.htm>.

Notes: AHE values are for June of each year, seasonally adjusted. Inflation-adjusted minimum wage levels (in 2016 dollars) are presented for all statutorily established new minimum wage levels to which this index can be applied.

- Similar to the average hourly earnings in manufacturing index, if the federal minimum wage had been indexed to average hourly earnings for production and nonsupervisory workers at each point a new statutorily established minimum wage level was enacted since 1964 (the earliest date available), the minimum wage in 2016 would have been higher in all years except 2007.
- Indexation of the federal minimum wage to average hourly earnings for production and nonsupervisory workers would have resulted in the second-highest minimum wage rates compared to any of the other indices, ranging from \$4.19 above to \$0.02 below the actual 2016 rate.

Minimum Wage Indexation—State Policy and Federal Proposals

This section briefly reviews minimum wage indexation policies in states and recent congressional indexation proposals.

State Minimum Wage Indexation Policies

It is worth noting that as federal changes to the minimum wage rate have become less frequent over time, several states have enacted minimum wage rates above the federal rate and many of

these states have indexed their state minimum wage rates to some measure of inflation. For example, between the federal minimum wage increases from 1997 to 2007, the number of states with minimum wages above the federal rate rose from 8 to 22. Since the final step increase in the federal minimum wage in 2009, the number of states with minimum wage rates above the federal rate has increased to 30 (29 states and DC).³¹

Of the 29 states and DC that have minimum wage rates above the federal rate, a total of 17 states and DC currently, or will in a future year, index state minimum wage rates to a measure of inflation (see **Table A-1** for additional information on state indexation policies). Specifically,

- four states—Arizona, Montana, Nevada, and South Dakota—index the state minimum wage to the CPI-U, U.S. City Average;
- three states—New York, Oregon, and Vermont—will begin indexing to the CPI-U, U.S. City Average in the future;³²
- two states—Alaska and Colorado—use a sub-national version of the CPI-U to index the state minimum wage, while Michigan and DC will use regional CPI-U indices in the future;
- four states—Missouri, New Jersey, Ohio, and Washington—index the state minimum wage to the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), with California scheduled to start using CPI-W in the future;
- one state (Florida) uses a regional version of the CPI-W to index the minimum wage; and
- one state (Minnesota) will use the implicit price deflator for the PCE to index the minimum wage.

It is notable that of the 11 states with inflation indexation in place as of 2016, only 2—Colorado and South Dakota—had adjustments to their minimum wage rates from 2015 to 2016. The other states either had no change in inflation or not enough to trigger an increase in the minimum wage rate (e.g., some states require increases to be rounded to the nearest \$0.05, which could result in no rate increase despite a low level of inflation).

Regarding other features of state minimum wage indexation policies, Nevada limits annual minimum wage increases to the lesser of the CPI-U or 3%. In addition, four states that will begin using indexation in the future—California, Michigan, Minnesota, and Vermont—use caps that limit increases to the lesser of the index change or a statutory percentage increase. Also, California’s and Michigan’s indexation policies include triggers that prevent increases in the minimum wage rate based on changes in other economic characteristics (e.g., unemployment in excess of a certain percentage).

Finally, it is also worth noting that of the approximately 39 localities (cities and counties) with minimum wages above the federal rate, 24 localities currently index the local minimum wage and

³¹ For additional information on state minimum wage policy, see CRS Report R43792, *State Minimum Wages: An Overview*, by David H. Bradley.

³² Following scheduled increases in the minimum wage rates in New York through 2020, annual increases will be determined by the New York Director of the Budget based on economic indices, which include the CPI-U. See <http://www.labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm>.

an additional 11 will begin indexation in the future. Of these 35 localities that currently do, or will in the future, index the minimum wage, all use a version of the CPI.³³

Federal Minimum Wage Indexation Proposals

Table 2 provides information on proposals to index the federal minimum wage from the 112th through 114th Congresses. Of the 18 proposals in the past three Congresses, 12 have proposed using the CPI-W, 2 have proposed using the CPI-U, and 4 have proposed using median hourly earnings as the index. As demonstrated in the analysis in this report, the proposals using median hourly earnings would likely increase the minimum wage at a greater rate than the proposals using a CPI measure. Finally, all of the indexation proposals in the past three Congresses would have provided step increases in the minimum wage rate before starting indexing, rather than starting from the current rate of \$7.25 per hour.

Table 2. Proposals to Index the Federal Minimum Wage
Proposals introduced since the Fair Minimum Wage Act of 2007 (P.L. 110-28)

Congress	Bill Number	Sponsor	Initial Wage	Proposed Index
112 th	S. 2252	Harkin	\$9.80	CPI-W
112 th	S. 3453	Harkin	\$9.80	CPI-W
112 th	H.R. 5901	Jackson (Jesse)	\$10.00	CPI-U
112 th	H.R. 5727	DeLauro	\$9.80	CPI-W
112 th	H.R. 6211	Miller (George)	\$9.80	CPI-W
113 th	S. 460	Harkin	\$10.10	CPI-W
113 th	S. 1737	Harkin	\$10.10	CPI-W
113 th	S. 2223	Harkin	\$10.10	CPI-W
113 th	H.R. 1010	Miller (George)	\$10.10	CPI-W
113 th	H.R. 1346	Grayson	\$10.50	CPI-U
113 th	H.R. 3746	Larson (John)	\$11.00	CPI-W
113 th	H.R. 3939	Neal	\$10.10	CPI-W
114 th	S. 473	Udall	\$10.10 ^a	CPI-W
114 th	S. 1150	Murray	\$12.00 ^b	Median hourly wage for all employees
114 th	S. 1832	Sanders	\$15.00 ^c	Median hourly wage for all employees
114 th	H.R. 2150	Scott (Robert)	\$12.00 ^d	Median hourly wage for all employees
114 th	H.R. 3164	Ellison	\$15.00 ^e	Median hourly wage for all employees
114 th	H.R. 4508	Norcross	\$15.00 ^f	CPI-W

Source: Compiled by CRS from Congress.gov. Abigail Overbay, Senior Research Librarian in the Domestic Social Policy Division, provided the research for **Table 2**.

Notes: “Initial Wage” is the final wage rate established in the legislation prior to the start of indexation. The number of years before indexation would begin is provided only for proposals in the 114th Congress.

³³ See University of California Berkeley Labor Center, *Inventory of US City and County Minimum Wage Ordinances*, Berkeley, CA, September 27, 2016, <http://laborcenter.berkeley.edu/minimum-wage-living-wage-resources/inventory-of-us-city-and-county-minimum-wage-ordinances/>.

- a. S. 473 indexation would begin three years after enactment.
- b. S. 1150 indexation would begin five years after enactment.
- c. S. 1832 indexation would begin five years after enactment.
- d. H.R. 2150 indexation would begin five years after enactment.
- e. H.R. 3164 indexation would begin five years after enactment.
- f. H.R. 4508 indexation would begin eight years after enactment.

Appendix. Indexation of State Minimum Wages

Table A-1. Indexation of State Minimum Wages
As of 2016

State	Rate	Index ^a	Provisions
Alaska	\$9.75	CPI-U, Anchorage	Must be at least \$1 above federal minimum wage Next indexation: 1-1-17
Arizona	\$8.05	CPI-U	Next indexation: 1-1-17
California	\$10.00	CPI-W	Lesser of CPI-W or 3.5% Triggers ^b Initial indexation: 1-1-23
Colorado	\$8.31	CPI-U, Denver-Boulder-Greeley CMSA	Next indexation: 1-1-17
DC	\$11.50	CPI-U, Washington MSA	Initial indexation: 7-1-21
Florida	\$8.05	CPI-W, South Region	Next indexation: 1-1-17
Michigan	\$8.50	CPI-U, Midwest Region	Lesser of 5-Year average CPI-U or 3.5% Triggers ^c Initial indexation: 4-1-19
Minnesota ^d	\$9.50	PCE	Lesser of 2.5% or PCE Initial indexation: 1-1-18
Missouri	\$7.65	CPI-W	Next indexation: 1-1-17
Montana	\$8.05	CPI-U	Next indexation: 1-1-17
Nevada ^e	\$8.25	CPI-U	Lesser of CPI-U or 3.0% Next indexation: 7-1-17
New Jersey	\$8.38	CPI-W	Next indexation: 1-1-17
New York ^f	\$9.00	CPI-U	Initial indexation: 12-31-21
Ohio	\$8.10	CPI-W	Next indexation: 1-1-17
Oregon	\$9.75	CPI-U	Next indexation: 7-1-23
South Dakota	\$8.55	CPI-U	Next indexation: 1-1-17
Vermont	\$9.60	CPI-U	Lesser of CPI-U or 5% Initial indexation: 1-1-19
Washington	\$9.47	CPI-W	Next indexation: 1-1-17

Source: CRS Report R43792, *State Minimum Wages: An Overview*, by David H. Bradley

- a. Unless otherwise noted, “CPI-U” and “CPI-W” in **Table A-1** refer to the U.S. City Average for the respective indices.
- b. California’s minimum wage law (California Labor Code 1182.12) includes triggers that allow the governor to temporarily suspend planned increases in the state minimum wage rate. These triggers include a decline in state employment, a decline in state tax revenue, and a deficit in the state General Fund. Small businesses in California have an additional year to comply with the rate increases before indexation begins.

- c. Michigan's minimum wage law (Michigan Compiled Laws 408.414) includes a provision that automatically suspends the annual increase in the minimum wage if the unemployment rate in Michigan is 8.5% or greater in the year prior to the scheduled increase.
- d. The minimum wage listed for Minnesota is for large employers. The minimum wage for small employers is \$7.75.
- e. Nevada maintains a two-tier minimum wage system. The minimum wage for workers who do not receive qualified health benefits from their employer is \$8.25 per hour, while the minimum wage for workers receiving qualified health benefits is \$7.25 per hour. An annual adjustment, if any, occurs on July 1 of each year and is the greater of the amount of increases in the federal minimum wage over \$5.15 or the cumulative inflation since December 31, 2004.
- f. The rate in **Table A-1** is the general minimum wage in 2016. Minimum wages in New York vary by location (New York City, Long Island and Westchester, and Rest of New York) and employer size (New York City employers with 11 or more employees and New York City employers with 10 or fewer). Rates are scheduled to increase across these different categories until reaching \$15 per hour. Starting in 2021, annual increases will be determined by the Director of the Division of the Budget based on different economic indices, including the CPI.

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SB 555_MDCC_Fair Wage Act of 2023_UNFAV.pdf

Uploaded by: Andrew Griffin

Position: UNF



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 555

Fair Wage Act of 2023

Senate Finance Committee

Thursday, March 2, 2023

Dear Chairwoman Griffith and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

As introduced, Senate Bill 555 would implement a statewide \$15/hour minimum wage effective October 1, 2023. Further, beginning July 1, 2025, and each subsequent year, the minimum wage would increase by the average percentage growth in the Consumer Price Index (CPI) for the Washington-Arlington-Alexandria, DC-VA-MD-WV area, subject to a 5% cap. SB 555 is a significant alteration to the previously negotiated minimum wage phase-in which would have taken full effect January 1, 2025 for employers with 15 or more employees and July 1, 2026 for employers with fewer than 15 employees.

As introduced, the Maryland Chamber of Commerce has several concerns and recommendations to ease the abrupt burden SB 555 places on Maryland businesses.

Consumer Price Index

SB 555 attaches a yearly increase in Maryland's minimum wage to the average percentage growth in a regional CPI. Attaching an annual minimum wage increase to CPI will set the state's labor costs on a perpetual increasing trajectory. According to the U.S. Bureau of Labor Statistics, the CPI increased during the COVID-19 shutdown, one of the worst economic situations in modern times.¹ Adopting a policy that would have automatically increased labor costs across the board during a time when businesses were forcibly closed is no less than extremely problematic.

Further, states possess little control over their economies as they lack the ability to influence monetary policy. Setting the state's labor costs on an ever-increasing track creates additional barriers when a future Governor or General Assembly must influence the state's economic conditions through spending alone, their only available tool.

¹ <https://www.bls.gov/opub/mlr/2021/beyond-bls/consumer-inflation-during-the-covid-19-pandemic.htm>

Finally, utilizing the Washington-Arlington-Alexandria, DC-VA-MD-WV CPI is problematic in that it is a D.C. area-based indicator that does not consider the very real wage differences commanded throughout Maryland's diverse economic regions. It would stand to reason that the wage markets in the Washington, D.C. suburbs should not drive the wage markets of Somerset County or Cumberland. **The Maryland Chamber recommends the committee remove the CPI attachment in SB 555.**

Minimum Wage Phase-in – Small Businesses

As members of the committee will likely recall, during the 2019 minimum wage negotiation a separate phase-in was put in place for businesses with fewer than 15 employees compared to those with 15 or more employees. As introduced, SB 555 does not take this difference into account. As a result, small businesses will experience a larger increase in labor costs than those with 15 or more employees. The current minimum wage for employers with less than 15 employees is \$12.80/hour, therefore, the jump to \$15/hour would represent a ~17% increase in labor costs compared to a ~13% increase for employers with 15 or more employees. **The Maryland Chamber strongly urges the committee to consider phasing in the \$15/hour minimum wage one year later for those employers with less than 15 employees.**

Board of Public Works – Poor Economic Conditions

When the previous minimum wage adjustment was passed during the 2019 legislative session, the General Assembly put in an economic “off-ramp” giving the Board of Public Works (BPW) authority to pause an annual increase in the minimum wage if certain economic conditions were met. During the height of the COVID-19 pandemic there were discussions about the BPW exercising this authority, however, that never came to fruition. The lesson learned during that time is that regardless of the economic conditions, it will never be politically popular or feasible for the BPW to exercise that authority. As such, **the Maryland Chamber firmly recommends the committee remove this “off-ramp” and replace it with an automatic switch whereby the minimum wage would pause instantly based on certain economic criteria.** There are other successful policy examples in Maryland statute where these triggers exist, most notably in the unemployment insurance program and other states utilize automatic triggers, like Michigan, to pause automatic increases in a states minimum wage. Implementing an automatic trigger would replace the current political decision with a policy based on real time economic data leading to a better climate for Maryland businesses.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on SB 555, as introduced.



SB555_OppositionLetter_3.1.23.pdf

Uploaded by: Juli McCoy

Position: UNF

March 1, 2023

The Honorable Melony Griffith
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

Re: SB555 – Fair Wage Act of 2023

Dear Chairwoman Griffith and Chairman Guzzone:

The Allegany County Chamber of Commerce respectfully requests the Economic Matters Committee give an **Unfavorable Report** to **SB555 – Fair Wage Act of 2023**.

In 2019, Western Maryland fought against the increase in minimum wage based on our tremendous variations in cost of living as compared to the I-95 corridor. While we continued to push back against increases beyond the federal minimum wage, our businesses have planned and strategized to make the \$15 per hour threshold work in the timeframe that was agreed upon – 2025. We could not have imagined that following the passing of this bill our country would be crippled by the crisis of 2020 and that going into 2023, our employers would continue struggling to find a workforce. Many of our members have indicated that in an effort to find reliable and suitable workers, they have increased their wages over the last year or more, already putting into effect an accelerated wage. Sadly, this has not worked to create a strong workforce and challenges continue.

Our Chamber of Commerce represents over 200 small businesses (categorized as such with 10 or fewer employees) in Allegany County. Our area has been pushed to the limit already by an economy that continues to squeeze our cost of living – increased food costs, utilities, and childcare – this increase, put into effect in October 2023 will no doubt push our small businesses to again increase prices for goods and services, not only in response to the increases from their own suppliers, but simply to meet the state minimum wage and pay the few employees they can keep employed.


The Allegany County Chamber of Commerce supports workforce development and education, giving our citizens the skills they need to be successful. Increased skills improve self-esteem, productivity and value. A skilled workforce improves business retention and attraction resulting in increased demand, growth and a rise in wages. The Allegany Chamber does **not** support an artificial inflation of wages through government mandates.

An additional area of concern in passing this legislation is tying future increases to the CPI for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan area. This is setting a perilous guide for Western Maryland and other rural areas in the state. We ask that some consideration be given to how different our regional CPI is in comparison to that outlined in the bill. At least in this area, there is a serious danger in losing businesses to West Virginia and Pennsylvania, which are just minutes away.

In a time when we have seen major entrepreneurial investments in Western Maryland, now is not the time to change the business climate and create such an adverse environment. This bill would have that effect. Therefore, the Allegany County Chamber of Commerce **opposes** Senate Bill 555.

Thank you for your consideration.

Sincerely,



Jeremy G. Irons
Legislative Committee Chair



Juli R. McCoy
Executive Director

cc: Honorable Katherine Klausmeier, Vice Chair, Finance Committee
Honorable Jim Rosapepe, Vice Chair, Budget and Taxation
Senate Finance Committee Members
Senate Budget and Taxation Committee Members
Allegany County Delegation

SB 555pdf.pdf

Uploaded by: Kirk McCauley

Position: UNF



WMDA/CAR Service Station and Automotive Repair Association

February 28, 2023

Chairperson: Melony Griffith
Members of Senate Finance Committee

RE:SB 555 Fair Wage Act of 2023
Position: Unfavorable

This bill will hurt small businesses and especially our 24/7 convenience stores. It is not just \$15.00, as they say, "a rising tide floats all boats". This bill will raise payroll across the board to all workers.

CPI adds another layer of uncertainty to businesses, can go up but never come down under dropping cost. Should this bill pass, CPI should be amended out or at the very least a lower percentage.

As labor costs go up, the price at retail goes up, adding to inflation.

We see more self-check out at stores now, trend started with major grocery and box stores and has filtered down to major convenience stores. A.I is becoming cheaper and run away labor costs make it look cheaper yet.

A small business with seven full time and seven part time workers that is open 24/7 would see an increase in payroll of \$10,344 in the last 3 months of 2023. In 2024 they would see an increased payroll of \$32,614.40. Add 20% for taxes, workman comp and unemployment.

A medium size convenience store open 24/7 running 3 shifts at a modest 4 employees on 2 shifts and 2 employees on late shift would cost owner \$560 a week at a \$1.00 increase in wages or \$29,120 in 2024 if this bill were to pass as is. \$11,760 in the last 3 months of 2023 at a \$1.75 increase for 3 months. Add 20% to the total.

Should this bill pass, CPI should be adjusted or eliminated, and the bill should not take effect until January 1, 2024. The cumulative effect of labor bills is smothering small business and this bill decides small business is the same as big business, and that is wrong.

Please give SB555 an unfavorable Report

WMDA/CAR is a trade association that has represented service stations, convenience stores and repair shops since 1937. Any questions can be addressed to Kirk McCauley, 301-775-0221 or kmccauley@wmda.net

MMHA_UNFAV_SB555.pdf

Uploaded by: Lauren Graziano

Position: UNF



Date: March 2, 2023

Committee: Finance

Bill: Senate Bill 555- Human Services – Fair Wage Act

Position: Unfavorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose membership consists of owners and managers of more than 207,246 rental housing homes in more than 937 apartment communities. Our members house over 667,000 residents of the State of Maryland throughout the entire State of Maryland. MMHA membership also includes more than 216 associate members that supply goods and services to the multi-housing industry. More information is available at <https://www.mmhaonline.org/>

Senate Bill 555 (SB 555) amends the State minimum wage requirements. At present, the law requires a gradual phase in of the \$15 minimum wage requirement over a period of 8 years. It is structured such that minimum wage would reach \$15 by 2025. The bill proposes to remove the gradual increase, and beginning Oct. 1st, 2023, institute a minimum wage of \$15. Going forward, the Commissioner of Labor and Industry establishes the State minimum wage based on the following formula: either the lesser of (1) the average CPI growth for the preceding 12-month period or (2) 5%, rounded to the nearest 5 cents. The Commissioner shall announce the average CPI growth rate for the preceding 12 months and the new state minimum wage every year beginning March 1st 2025. If there is no growth, or if CPI declines in the preceding 12 months, the minimum wage shall remain the same for the next 12 months.

As a general proposition, MMHA believes that wages should be commensurate with the cost of living. However, minimum wage should be reassessed and reauthorized by the Maryland General Assembly regularly, rather than predetermined by a rigid formula with limited factors. For these reasons, MMHA requests an unfavorable report on SB 555.

For more information, please contact Lauren C. Graziano, Senior Government Affairs Manager, 518.522.3529

SB0555_PYudelevit_Unfav.pdf

Uploaded by: Paula Yudelevit

Position: UNF

BILL SB0555

HART for Animals, Inc., Paula Yudelevit, Executive Director

Unfavorable

HART for Animals, Inc., located in rural Garrett County, urges you to reconsider or amend HB0549 “Fair Wage Act” which accelerates the minimum wage from \$15/hour in 2025 to \$15/hour on October 1, 2023. As a nonprofit with 40 employees, an increase of \$1.75 per employee amounts to \$9,000 in additional wages a month, or \$108,000 annually. Our net income in the entire year of 2022 was just \$8,000. Once enacted, this increase will result in fewer no/low-cost spay/neuters, higher prices for our underprivileged community, and layoffs of critical staff members. Therefore, HART is requesting an amendment that the state provide monetary relief until the year 2025 to those nonprofits with staff that do not receive state funding that will be unduly burdened by the accelerated timeline.

Our mission to improve the condition of animals in Western Maryland through rescue and transport, accessible spay/neuter surgeries, building and operating a humane animal center, and sheltering and adopting homeless animals is funded by private donations, fundraising, and small grants. Our veterinary clinic performs no and low-cost spay/neuters and emergency care for pets in our low-income households. Since 2009, our clinic has performed 13,072 low and no-cost spay/neuters for pets in our underserved community.

We are for the current legislation. Our current strategy is to gradually offset the costs of minimum wage increases based on the \$15/hour by 2025 legislation. Absorbing a \$9,000-a-month payroll increase (after the .75/hour increase in January) will not be sustainable without increasing our prices by 12%, affecting our low-income families. We already increased our prices in January to accommodate inflation and the minimum wage increase. This new increase will most likely lead to laying off staff who are critical to our mission.

On behalf of the Board of Directors of HART for Animals, we urge you to consider the negative impact on the public service we provide to the region.

Commissioners of St. Mary's Co OPPOSE SB 555.pdf

Uploaded by: Randy Guy

Position: UNF

ST. MARY'S COUNTY GOVERNMENT
**COMMISSIONERS OF
ST. MARY'S COUNTY**



James R. Guy, President
Michael R. Alderson, Jr., Commissioner
Eric S. Colvin, Commissioner
Michael L. Hewitt, Commissioner
Scott R. Ostrow, Commissioner

**Senate Bill 555
Fair Wage Act of 2023**

OPPOSE

February 28, 2023

The Honorable Senator Melony Griffith
Senate Finance Committee
Miller Senate Office Building, 3 East
11 Bladen St.
Annapolis, Maryland 214013 East

Dear Chairman Griffith:

The Commissioners of St. Mary's County **OPPOSE** SB 555 – Fair Wage Act of 2023 which is being heard in the Finance Committee.

We oppose SB 555 and urge an unfavorable report. We do not believe this legislation will benefit the citizens of St. Mary's County. We look forward to working with you on this and other initiatives throughout the session.

Sincerely,
COMMISSIONERS OF ST. MARY'S COUNTY


James Randy Guy, President

CSMC/AB/sf
T:/Consent/2023/059

Cc: Senator Jack Bailey
Delegate Matthew Morgan
Delegate Todd Morgan
Delegate Brian Crosby
Commissioner Mike Alderson, Jr.
Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Scott R. Ostrow
David Weiskopf, County Administrator
John Sterling Houser, Assistant County Attorney

02.27.23 SB 0555 LOO Joint.pdf

Uploaded by: Terry Hale

Position: UNF

Danielle Hornberger
County Executive

Steven Overbay
Acting Director of Administration

Office: 410.996.5202
Email: dhornberger@ccgov.org



Jackie Gregory
Council President

Robert Meffley
Vice President

Office: 410.996.5201
Email: council@ccgov.org

CECIL COUNTY GOVERNMENT
Cecil County Administration Building
200 Chesapeake Boulevard, Elkton, MD 21921

February 27, 2023

The Honorable Melony Griffith
The Honorable Katherine Klausmeier
Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

RE: SB 0555 – Fair Wage Act of 2023
Letter of Opposition

Dear Chairwoman Griffith, Vice Chair Klausmeier, and Members of the Finance Committee:


The County Council and the County Executive of Cecil County unanimously oppose SB 0555 – Fair Wage Act of 2023. The hearing on this legislation is scheduled on March 2, 2023.

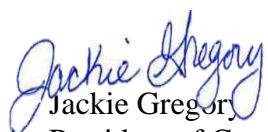
It is our understanding that this legislation will increase the State minimum wage rate in effect for certain periods of time; increasing, except under certain circumstances, the State minimum wage rate in effect for certain periods of time based on annual growth in a certain consumer price index; altering the authority of the Board of Public Works to temporarily suspend an increase in the minimum wage rate; and repealing the requirement that the Governor's budgets for certain fiscal years include certain provider rate increases.

Cecil County is concerned that increasing the minimum wage based on the consumer price index will cause economic harm to our business by mandating wages that may not have been budgeted for that year. We believe that this act could adversely affect economic development in our State and place an undue burden on our existing business owners.

The County Executive and County Council of Cecil County respectfully requests that the Finance Committee send an unfavorable report on SB 0555.

Sincerely,


Danielle Hornberger
County Executive


Jackie Gregory
President of County Council

SB0555.pdf

Uploaded by: Virginia Kolakoski

Position: UNF

SB0555 Unfavorable

This will harm small businesses who can't compete with large corporations, increase inflation and there is no amendment to decrease in an economic downturn.