

## SB 555: Fair Wage Act of 2023

Hearing of the Senate Finance Committee, March 2, 2023

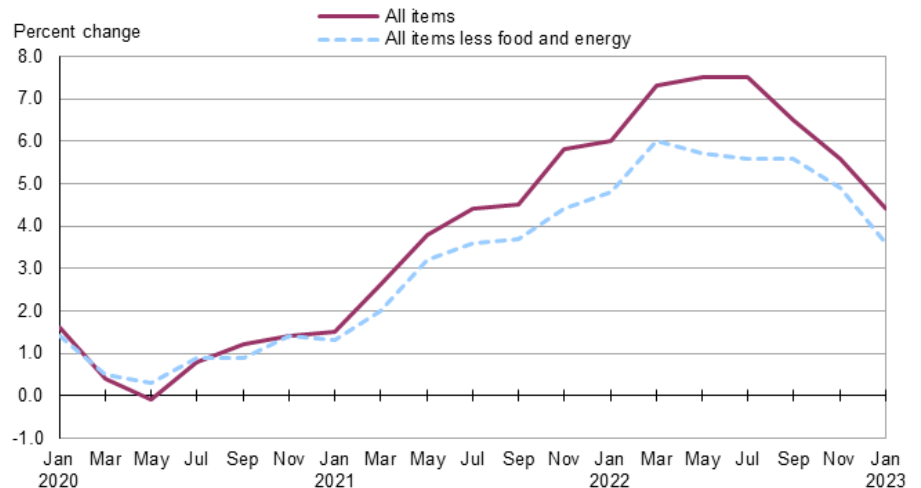
### Position: Favorable

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,<sup>1</sup> 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.

<sup>1</sup> 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](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.