

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

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