

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

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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

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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:

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