



**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@mdlab.org.

Respectfully Submitted,

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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>.

