

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HOUSE BILL 0489: Residential Service Agencies - Reimbursement - Personal Assistance Services

TO: Chair Joseline Peña-Melnyk and Members of the House Health and Government Operations Committee

FROM: Ioana Stoica, Policy Advocate

DATE: Tuesday, February 21, 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 House Bill 489 as a means of protecting healthcare workers as well as businesses that correctly classify workers and that are at an unfair disadvantage when competing with businesses that do not.**

When workers are misclassified as independent contractors, they are not entitled to overtime time, job-protected family or medical leave, worker's compensation, and unemployment insurance. These workers are also not covered by anti-retaliation protections, and they are subject to a much higher tax burden than individuals who are correctly classified as employees. HB489 would ensure that ALL 20,000 personal care aides who work under certain Medicaid programs are properly classified as employees and not misclassified as independent contractors, and by doing so, would provide these workers with security, stability, and the ability to better provide and be there for their families.

Worker misclassification is a racial, gender, and economic justice issue: about 90% of Maryland's personal care aides are women and about 70% are black. All of these aides are low-income workers, and research shows that they are paid significantly less on average than workers who are correctly classified. These individuals are stuck in a separate and unequal economy where they are underpaid, put in harm's way on the job, and left to fend for themselves.

Not only is misclassification a problem for workers, it poses issues for businesses that follow proper classification procedures, and introduces large losses to state and local coffers. According to the National Employment Law Projects, when workers are incorrectly classified as independent contractors, billions of dollars of payroll are never reported to state and municipal governments, resulting in lost revenue that translates into fewer services provided for low-income residents.

Correct classification of workers is sound fiscal policy and helps families, businesses, and our state. And, this bill would *not mandate* specific classifications – it would leave this decision up to employers. HB489 would simply *incentivize* correct classification, which the state Maryland has already done via the Prevailing Wage Law (for public works contracts) and the Living Wage Law (for certain state contracts for services).

For these reasons, we urge a favorable report on House Bill 489.

For more information, contact:

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