MDCEP
MARYLAND CENTER ON ECONOMIC POLICY
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Paid Family and Medical Leave Program Should Remain Available to All Workers

Position Statement in support of Senate Bill 225

Given before the Finance Committee

The Maryland General Assembly adopted the Time to Care Act in 2022 to ensure workers can afford to take time off to care for a new child or a family member dealing with a serious illness. Once implemented, this program will provide significant benefits for families, communities, and Maryland's economy. In order for the program to be as successful as possible, it must be designed to meet the needs of all workers, including those who are self-employed. **The Maryland Center on Economic Policy supports Senate Bill 225 because it will allow the Department of Labor to craft regulations that better meet the unique needs of self-employed workers than the design outlined in the current statute.**

The thousands of Marylanders who are self-employed deserve to have access to the same Family and Medical Leave Insurance (FAMLI) program as those who work for an employer. The Small Business Administration estimates that there are nearly 560,000 businesses in the state with no employees.[i] However, the scope of self-employed workers represents a broad range of incomes and individual situations, from gig workers and home child care providers who may just barely be making ends meet and cannot afford unpaid time off to highly paid lawyers and consultants who may have more ability to cover their expenses when taking time away from work.

SB 225 will provide the Department with more flexibility to craft an effective FAMLI program that meets the needs of self-employed workers from all backgrounds. Based on the experiences of other states, which have generally seen low uptake of their FAMLI programs for self-employed workers, it is essential that Maryland's program does not create administrative or cost barriers that keep essential paid leave out of reach, particularly for self-employed workers with lower incomes.[ii] Mirroring the process for the employer-based program, as the original Time to Care legislation envisioned, will likely repeat the same results seen in other states.

If we want to foster broadly shared prosperity across our state, we should create a Maryland where workers can keep their jobs and their livelihoods while dealing with some of life's most significant events. If working Marylanders cannot take off from work to deal with important family matters without risking their economic stability, we are all worse off. Ensuring hardworking Marylanders – including those who are self-employed – have financial support and flexibility during their times of need is essential to a thriving Maryland.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee make a favorable report on Senate Bill 225.

Equity Impact Analysis: Senate Bill 225

Bill summary

Senate Bill 225 removes specific guidance for the Family and Medical Leave Insurance program for self-employed workers from statute and instructs the Department of Labor to develop regulations and policies to govern such a program. It retains the requirement that self-employed workers have the ability to opt in to the state's FAMLI program.

Background

The 2022 Maryland Time to Care Act provides up to 12 weeks of job-protected paid family and medical leave insurance open to all people working in Maryland.

Equity Implications

Maryland's current lack of a paid family and medical leave guarantee as program implementation is finalized poses significant equity concerns:

- Sixteen percent of workers nationwide needed to take family or medical leave in the last two years but were unable to do so, according to a 2016 survey by the Pew Research Center. This group includes 19% of women, 23% of Latino workers, 26% of Black workers, and 30% of workers with less than $30,000 in annual income.
- Workers with an unmet need for leave were more likely to cite inability to afford the lost income as a reason for taking no leave or less than they needed than any other factor (72% of those taking no leave, 69% of those taking less leave than they needed).
- Many workers who took a pay cut during their time off work dealt with the loss of income by dipping into savings intended for another purpose, cutting their leave short, taking on debt, or putting off paying bills.
- Research suggests that parents who take no leave, insufficient leave, or unpaid leave may face a higher risk of experiencing mental health problems; their children may face a higher risk of health problems or even death. Workers who face barriers to taking the leave they need—who are disproportionately workers of color or low-wage workers—are especially likely to face these risks.

While self-employed workers have more flexibility in their schedules and don't face the risks of job loss or retaliation that other workers face, many still could not afford to miss a significant period of work without pay. **More than half of small businesses in the state without employees are owned by people of color, according to the Small Business Administration.**

Impact

Senate Bill 225 would **improve racial, gender, and economic equity** in Maryland if the resulting regulations result in a more effective FAMLI program for self-employed workers.

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[i] 2024 Maryland Small Business Profile, U.S. Small Business Administration Office of Advocacy, https://advocacy.sba.gov/wp-content/uploads/2024/11/Maryland.pdf

[ii] Molly Weston Williamson, "Self-Employed Workers' Access to State Paid Leave Programs in 2023," Center for American Progress, August 2023, https://www.americanprogress.org/article/self-employed-workers-access-to-state-paid-leave-programs-in-2023/