

Taking Away Worker Protections Would Move Maryland Backward

Position Statement in Opposition to Senate Bill 502

Given before the Senate Finance Committee

Lawmakers made a wise choice in 2019 by gradually raising Maryland's minimum wage to \$15 per hour over several years. Strong worker protections ensure that we all benefit as our economy grows, not just the wealthy few. Workers at farmers markets and farm stands work just as hard as anyone else—just as farm workers, young workers, and tipped workers do—and deserve the same protections. The Maryland Center on Economic Policy opposes Senate Bill 502 because it would reverse our state's progress toward an inclusive, healthy economy that works for all of us.

We should measure the health of our economy not simply by the number of dollars exchanged or the number of people who go to work each day, but by its ability to raise all families' standard of living. Yet our economy has largely moved in the opposite direction over the last half century. As total economic activity continued to grow, typical workers fell further behind while the wealthiest 1 percent doubled their slice of the economic pie.ⁱ

Basic standards like minimum wage and overtime protections push against this negative trend, helping to ensure that everyone shares in the benefits of a growing economy. But policymakers have too often undermined these protections by carving out special exclusions—in many cases with an explicit goal of excluding workers of color.ⁱⁱ Maryland's wage and hour laws already exclude a staggering number of workers, including:ⁱⁱⁱ

Certain seasonal employees; part-time employees younger than age 16; salesmen and those who work on commission; an employer's immediate family; drive-in theater employees; employees training in a special education program in a public school; employees of an establishment that sells food and drink for on-premises consumption and has an annual gross income of \$400,000 or less; employees employed by an employer who is engaged in canning, freezing, packing, or first processing of perishable or seasonal fresh fruits, vegetables, poultry, or seafood; and certain farm workers.

Adding yet another arbitrary exclusion would only serve to entrench our legacy of racist labor policy, chip away at the number of workers with full legal protection, and reverse Maryland's recent steps toward an inclusive, equitable economy.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make an unfavorable report on Senate Bill 502.

Equity Impact Analysis: Senate Bill 502

Bill summary

Senate Bill 502 would exclude workers at farmers markets and farm stands from basic minimum wage and overtime protections.

Background

The General Assembly in 2019 passed legislation to gradually raise Maryland's minimum wage to \$15 per hour over several years. As introduced, the bill would have raised wages for 573,000 workers by \$2.6 billion and benefited 273,000 children once fully phased in.

However, lawmakers weakened the bill by adding a number of special carve-outs. While the minimum wage increase benefits hundreds of thousands of workers, it will also leave many behind:

- The law will continue to allow companies to pay tipped workers just \$3.63 per hour, less than 25 percent of the full minimum wage.
- The law will continue to exclude farm workers.
- The law takes away minimum wage protections from some young workers who stay at the same job for more than six months.
- The law does not include any provision to ensure the minimum wage keeps up with inflation in future years, meaning that workers will have to rely on lawmakers just to make sure the purchasing power of their wages doesn't erode over time.

Equity Implications

Historically, policymakers have often excluded certain workers from basic standards like minimum wage and overtime protections in order to advance, protect, or compromise with a white-dominated racial hierarchy.^{iv} The workers harmed by these carve-outs do not always look the same as when the exclusions were created, but they are still more likely to face a range of economic roadblocks than those who benefit from the law's full protection:^v

- Although Senate Bill 502 targets a relatively small set of specific jobs—which means there are not enough data to evaluate the specific impacts, these jobs exist at the intersection of two disproportionately low-wage industries. While typical Maryland workers overall take home about \$59,600 per year, agricultural workers take home only \$27,100 and retail workers take home only \$34,700.
- Compared to other industries, agricultural workers in Maryland are disproportionately likely to be Latinx, white, or members of a racial group not represented in Census Bureau categories. Compared to other industries, retail workers are disproportionately likely to be American Indian/Alaska Native, multiracial, Black, or members of a racial group not represented in Census Bureau categories

Impact

Senate Bill 502 would likely **worsen racial and economic equity** in Maryland.

ⁱ Christopher Meyer, "What a \$15 Minimum Wage Would Mean for Maryland: Good Jobs, Secure Families, and a Healthy Economy," Maryland Center on Economic Policy, 2018, http://www.mdeconomy.org/wp-content/uploads/2018/02/MDCEP_FF15_report-2.pdf

ⁱⁱ Rebecca Smith, Sarah Paoletti, Erin Argueta, Robert Manzanares, Chris Newman, and Chivy Sok, "Labor and Employment Rights in the United States: A Critical Look at U.S. Compliance with the Convention on the Elimination of All Forms of Racial Discrimination," U.S. Human Rights Network, https://www.nelp.org/wp-content/uploads/2015/03/CERD_labor_chapter_FINAL_120607.pdf

ⁱⁱⁱ Senate Bill 403 Fiscal and Policy Note.

^{iv} Smith et al.

^v MDCEP analysis of 2014–2018 IPUMS American Community Survey microdata.