

Testimony of Del. Tom Hucker in SUPPORT of HB 430, the Living Wage Bill.

Mr. Chairman, Mr. Secretary, and Members of the Committee,

I'm delighted to be invited to be with you today. This bill builds on successful and popular legislation in effect in three of the state's largest jurisdictions. It simply requires large, for-profit state contractors to pay their workers enough to feed their families without food stamps, an hourly rate that produces an annual income of \$23,900/year. The new members of this committee may not know this bill was passed in 2004 by the General Assembly, but vetoed by the former Governor.

I was first invited to testify for this bill before this committee in 1998, and I have been here several years since.

- In 1998, the number of people in poverty in Maryland was 359,000, a little over 7%.
- Today, in 2007, it's 542,000, up 51% to nearly 10%¹.

That means since we began talking about this bill, 183,000 of our neighbors have fallen into the ranks of the poor in Maryland, a population almost twice the size of each of our districts.

And that's happened at a time of record corporate profits, record executive salaries, and record income inequality.

That isn't what the President and Congress envisioned when they created the minimum wage seventy years ago.

They created the minimum wage to ensure that workers who work hard and play by the rules made enough to feed their families. They wanted to reward work, and they wanted to discourage dependency on social programs. That's been at the heart of the American Dream for decades, and bipartisan majorities of the country have embraced that principle.

Rewarding work and discouraging dependency are not considered liberal values or conservative values. They have been considered American values.

And when the President and Congress, acting on those values, created the minimum wage, it was intended to be a living wage.

In fact, when Congress created it, FDR said, "No business which depends for its existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level - I mean the wages of decent living."²

¹ U.S. Census, <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>

² 89 Cong Rec 4960 (1937). FDR challenged the business leaders who opposed the law, asking that no one "...let any calamity-howling executive with an income of \$1000 a day, who has been turning his employees over to the government relief rolls in order to preserve his company's undistributed reserves, tell you (using his stockholders money to pay the postage of his personal opinions) that a wage of \$11 a week is going to have a disastrous effect on all American industry. Fortunately for business as a whole, and therefore for the nation, that type of executive is a rarity with whom most business executives heartily disagree."

I might use different language. But he was right to be critical of a shortsighted business model – one that in business terms externalizes their internal costs – a business model that deliberately pays workers less than a basic subsistence wage, because they know the taxpayers will pick up the rest with welfare, food stamps, subsidized housing, transportation, and health care. We should be skeptical of that business model.

Now, this bill does not fix the minimum wage. It does not cover all employers, only a small percentage of them. It won't end poverty in Maryland. But it does represent a critical first step in the right direction.

Why? Because the first rule of holes is that when you're in one you stop digging. Poverty is increasing in Maryland, year after year, it's common sense that the Assembly should stop using tax dollars to create more poverty. This bill ends our bad habit of using tax dollars to create more poverty, and then funding more social programs to mitigate its effects. It's far more efficient, not to mention better for the workers and their families, just to put enough money in their pockets directly, rather than through a social service bureaucracy.

You'll hear from many proponents today. You'll hear from experts how poverty affects a child's readiness to learn, and understand why family income is the single greatest predictor of a child's success in school – not teacher salaries, class size, or computer access – but family income. You'll hear the impact poverty has on health care, and you'll see why families who struggle to provide food and shelter have to postpone preventive health care and end up costing the taxpayers far more money later on.

You'll hear from Baltimore City, Montgomery and Prince George's Counties. They all have this law in place and would like to extend it. The underpaid workers of state contractors that live in their jurisdiction pay little or no taxes and are a drain on their social services, and their kids are a challenge to local systems.

And you'll also hear from opponents, the same opponents using the same arguments they used in Baltimore, in Montgomery, and in Prince George's. 1) They will tell you this will drive up contract costs, when the studies that have been done in Baltimore and other jurisdictions have shown that the contract costs have risen less than the rate of inflation – as contractors save money because their workers are more productive and they suffer less turnover. Low-wage contractors frequently underestimate the high cost of high turnover among their employees.

2) They will tell you it will somehow hurt the economy, when the truth is it will put millions of dollars into the pockets of our hardworking neighbors – money that will be spent immediately in the local economy.

The bottom line is that none of their dire predictions have come true in any of the state's three major jurisdictions that have this law in place. No jurisdiction has considered repealing it; instead, they're all here to support expanding this common sense principle to the state contractors.

As you know, Mr. Chairman, there's a saying in Annapolis – that sometimes a bill's time has come. This bill has been narrowed and targeted in response to feedback from both your and then-Chairman Busch's Economic Matters Committees. It's been enacted in three of the four largest jurisdictions in Maryland, where it has worked successfully for years, and where the dire predictions of its opponents have been proven to be untrue. It's been passed by your committee and by the entire House of Delegates in 2004 under your able floor leadership, Mr. Chairman. It's been passed by the Maryland Senate as well, by a 31-15 margin. It's now supported by a new Governor and a new Comptroller, both of whom won their races after campaigning explicitly in support of this bill. And finally, it's supported by nearly a 3-1 margin of Maryland voters, according to a poll question written by a well-respected Republican pollster. The public showed broad majorities of support in every region of the state, as well as majorities of the members of both parties.

Mr. Chairman and Members of the Committee, this bill's time has come. I thank you for your leadership and support in the past, and I humbly ask for a favorable report for the working families of Maryland. Thank you.