



Wider Opportunities for Women

**TESTIMONY OF KATE C. FARRAR, ASSOCIATE DIRECTOR OF
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WOMEN
MARYLAND STATE LEGISLATURE, HOUSE OF REPRESENTATIVES,
ECONOMIC MATTERS COMMITTEE PUBLIC HEARING ON HOUSE
BILL 430: AN ACT CONCERNING STATE PROCUREMENT
CONTRACTS --- LIVING WAGE
FEBRUARY 20, 2007**

Honorable Chairman Dereck Davis and other members of the Economic Matters Committee, thank you for the opportunity to speak today. My name is Kate Farrar and I am the Associate Director of National Programs and Policy at Wider Opportunities for Women in Washington, D.C. Wider Opportunities for Women (WOW) has worked nationally and in its home community of Washington, DC for over 40 years to achieve economic independence and equality of opportunity for women and girls.

My remarks today will focus on HB 430: “An Act Concerning State Procurement Contracts --- Living Wage”. WOW applauds the sponsoring members of this bill for submitting a proposal that establishes a living wage. WOW believes the bill is an effective strategy that invests in increasing economic opportunities for Maryland families while bringing long term prosperity to each of your communities. This proposal is a policy for women, for children, for families and for fairness.

The most recent Maryland Budget and Tax Policy Institute report concluded that the wage trends in Maryland show that: 1) the gap between high earners and everyone else is widening, 2) the education gap in wages among middle earners affects a large portion of Maryland’s workforce, and 3) working families are facing greater challenges to maintain and/or increase their standard of living.¹

¹ The State of Working Maryland, November 2006:
http://www.marylandpolicy.org/documents/SWM_2006_000.pdf

According to the U.S. Census Bureau in 2006, 9.8 percent of Maryland lives in poverty; or below \$15,735 for a family of three.² Of all families in Maryland, 25% percent of households with children are headed by single mothers, and in these families with children under the age of 18, approximately 25% live in poverty.³ Research shows that nearly 70% of employees earning the minimum wage in Maryland are women.

A major concern for WOW is that Maryland residents have enough income to meet the basic needs for themselves and their families. This legislation is a positive step that could help low-income workers and their families move toward self-sufficiency. Maryland would be the first state in joining one hundred and twenty American cities and counties already who have living wage laws, including Baltimore City, Prince George's County and Montgomery County.

Even those who oppose a state living wage can agree that the current minimum wage is not enough to sustain a family. For the past 10 years, WOW's Family Economic Self-Sufficiency Project has conducted research on what it takes to be truly self-sufficient in 35 states and the District of Columbia.

The Self-Sufficiency Standard for Maryland⁴ reports how much income is needed, for a family of a given composition in a given county, to adequately meet its basic needs – without public or private assistance. By including the costs of housing, food, child care, health care, transportation, and taxes (including tax credits), the Self-Sufficiency Standard provides an accurate measure of the income needs of families at the most minimal level—no Happy Meals, take-out pizza or cable TV are figured in the calculation.

According to the Self-Sufficiency Standard for Maryland (updated with the 2006 Consumer Price Index), depending on where they reside; an adult in a family with an infant and preschooler needs to earn anywhere from \$16.86 per hour (Caroline County) to \$30.87 per hour (Montgomery County) in order to make ends meet. For a family with two adults and two children, each adult would need to earn \$10.44 per hour (Caroline County) to \$16.50 per hour (Montgomery County).

² 2-year Average % of People in Poverty 2004-2005. U.S. Bureau of the Census, Current Population Survey: <http://www.census.gov/hhes/www/poverty/poverty05/table8.html>

³ U.S. Census Bureau. American Community Survey 2005.

⁴ The Self-Sufficiency Standard for Maryland 2001 and The Self-Sufficiency Standard for Washington, D.C. Metro Area 2005 Wider Opportunities for Women and Diana Pearce, Center for Women's Welfare, School of Social Work, University of Washington. Updated with April 2006 Consumer Price Index

In Baltimore City, an adult in a family with an infant and preschooler must earn \$21.82 per hour in order for the family to achieve self-sufficiency. For a family with two adults and two children, each adult would need to earn \$13.03. Clearly, the \$6.15 of the Maryland minimum wage or the \$7.75 paid by many of the private companies that win state contracts does not come close to meeting these families' basic costs.

States across the country are adopting the Self-Sufficiency Standard as an official measure of the cost-of-living. The State of Connecticut first required the calculation of a self-sufficiency measurement in 1998. State agencies in other states have incorporated the Self-Sufficiency Standard into their targeted job training, direct service and program development and evaluation. Plus, Workforce Investment Boards (WIBs) in over a dozen states have defined and implemented the concept of self-sufficiency in pursuit of an economically-sound community and thriving workforce. Even here is Maryland; a previous Poverty Commission under Governor Glendening endorsed the "self-sufficiency standard" as a more appropriate gauge of the cost-of-living in the state.

The two basic approaches to address the gap between income and costs are: 1) to raise the income of low-income families, and 2) to reduce their costs through public or private assistance. Unfortunately, the federal budgets over the past few years have led to cuts in funding for programs that provide key supports and services to low-income Americans, including Food Stamps, Medicaid, and child care. Given that federal government programs are likely to be cut rather than increased, enacting a living wage in Maryland has become even more critical.

Although many employers cannot pay full self-sufficiency wages to all their employees, the proposal should accurately reflect the cost of living in Maryland, and should at least match the Living Wage provisions of your current living wage ordinances in Baltimore City, Montgomery County, and Prince George's County. Moreover, this bill's provision to "alter a certain wage rate based on a certain Consumer Price Index" is an essential component to ensuring that this legislation represents the changing reality of costs for Maryland families.

Thank you for the opportunity to testify today. Wider Opportunities for Women looks forward to the Maryland legislature taking a leadership role in bringing true economic well-being to the state and its families.