

Pay Stub Transparency Ensures Everyone is Paid What They Are Owed

Position Statement in support of House Bill 1143

Given before the House Economic Matters Committee

The Maryland Pay Stub Transparency Act of 2017 will help workers make sure that their paychecks include the full wages that they earned. It also ensures that, in cases of wage violations, workers are able to recoup their lost wages. In addition, it provides an option for workers to resolve pay disputes that avoids costly litigation. For these reasons, the Maryland Center on Economic Policy supports House Bill 1143.

Wage violations are common across businesses of all sizes. A study of low-wage workers in a variety of industries in Chicago, Los Angeles, and New York estimated that wage violations were costing workers \$3 billion per year.¹ These are often workers already struggling to make ends meet, so lost wages mean making difficult choices like whether to put food on the table or pay rent. Lost wages also translate into lost opportunities for activity in the local economy.

House Bill 1143 does not require employers to keep records of any information not already required by current laws or needed to correctly calculate an employee's wages. Some businesses may need to make changes to their payroll tracking processes, but the new administrative burden would be minimal. Transparency in the calculation of wages can prevent litigation by allowing an employee to have a conversation with their employer about discrepancies. It is possible for well-meaning companies to make errors in the calculation of wages. By fostering trust with employees through transparency, businesses are also likely to see reduced turn over and higher productivity.

While employees have the ability under current law to take legal action against employers who have committed wage violations, if the employer does not maintain complete records showing the computation of wages, it can be impossible to establish the correct wages that are owed. If employers who cannot provide records including this information face penalties, they will be more likely to keep better records. That

information can then be used to establish whether or not an employee has not received their fair pay and how much they are owed if not.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Appropriations Committee give a favorable report to House Bill 1143.

ⁱ Center for Urban Economic Development, National Employment Law Project, and UCLA Institute for Research on Labor and Employment, *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*, 2009. http://www.unprotectedworkers.org/index.php/broken_laws/index