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Have all Members voted? Have all Members voted? Will the Members please check the board to see if their vote is properly cast.

If all Members have voted, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

THE CLERK:

Yes, Mr. Speaker. Substitute House Bill 6591 as amended by House "A".

Total Number Voting	144
Necessary for Passage	73
Those voting Yea	131
Those voting Nay	13
Those absent and not voting	6

DEPUTY SPEAKER RYAN:

The bill as amended is passed.

Are there any announcements or introductions? Are there any announcements or introductions?

Will the Clerk please call Calendar Number 645.

THE CLERK:

Yes, Mr. Speaker. On Page 35, Calendar Number 645, Favorable Report of the Joint Standing Committee on Appropriations, Substitute Senate Bill Number 387 AN ACT INCREASING THE MINIMUM FAIR WAGE.

DEPUTY SPEAKER RYAN:

The Chair recognizes the Chairman of the Labor and Public Employees Committee, Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. It's good to be back. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER RYAN:

The question is acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate. Representative Tercyak, you have the Floor.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. If people remember, this bill originally called for what some thought were too generous an increase in the minimum wage for these times and also called for indexing. These are ideas that haven't proved as popular as we would have liked, so we've got an Amendment that has been passed upstairs and I would ask, the Clerk has that Amendment, LCO Number 7780. I would ask the

Clerk to please call the Amendment and that I be granted leave of the Chamber to summarize.

DEPUTY SPEAKER RYAN:

Will the Clerk please call LCO 78, 7780, excuse me, which will be designated Senate Amendment Schedule "A".

THE CLERK:

Yes, Mr. Speaker. LCO Number 7780 designated Senate Amendment Schedule "A" as offered by Senator Osten and Representative Tercyak et al.

DEPUTY SPEAKER RYAN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? Is there objection? Hearing none, Representative Tercyak, you may proceed with summarization.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. The Amendment is clear and easily understood. Effective next January 1st, the minimum wage would be raised 45 cents an hour and January after that in 2015, the minimum wage would be raised another 30 cents an hour. Over the course of two years it will go up from the present $8.25 to an even $9 an hour. Thank you very much.

DEPUTY SPEAKER RYAN:

Do you wish to move adoption, sir?

REP. TERCYAK (26th):

Yes, I do, and I appreciate your help, Mr. Speaker. Please jump in any time. I wish to move adoption of the bill.

DEPUTY SPEAKER RYAN:

The question before the Chamber is adoption of Senate Amendment Schedule "A". Will you remark on the Amendment? Will you remark on the Amendment? Representative Smith of the 108th.

REP. SMITH (108th):

Thank you, Mr. Speaker. I think I'll reserve my comments for the underlying bill at this time.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative O'Dea of the 108th, the 125th, excuse me, sir.

REP. O'DEA (125th):

I'm also going to reserve my comments for the bill. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, sir. Will you remark further on the Amendment before us? Will you remark further on the

Amendment before us? Representative Lavielle of the 143rd.

REP. LAVIELLE (143rd):

I'll also reserve my comments for the bill. Thank you.

DEPUTY SPEAKER RYAN:

Will you remark further on the Amendment before us? Will you remark further on the Amendment before us? If not, I will try your minds. All those in favor please signify, oh? You were there and then you were gone. Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, I ask that when the vote be taken it be taken by Roll.

DEPUTY SPEAKER RYAN:

The question before the Chamber is that the vote will be taken by Roll. All those in favor signify by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER RYAN:

I think the requisite 20 percent has been made, so when the vote is taken it will be taken by Roll.

Will you remark further on the Amendment before us? Will you remark further on the Amendment before us?

If not, will staff and guests please come to the Well of the House. Will the Members please take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll. Members to the Chamber, please.

The House of Representatives is voting by Roll Call. Members to the Chamber, please.

DEPUTY SPEAKER RYAN:

Have all Members voted? Have all Members voted? Will Members please check the board to determine if their vote has been properly cast.

If all Members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

Yes, Mr. Speaker. LCO 7780 designated as Senate "A".

Total Number Voting	146
Necessary for Adoption	74
Those voting Yea	95

Those voting Nay 51

Those absent and not voting 4

DEPUTY SPEAKER RYAN:

The Amendment passes. Will you remark further on the bill as amended? Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I appreciate this time and apologize for any confusion. I'm sure many people think that we just passed an increase in the minimum wage but unfortunately it was just the Amendment that has now become the bill.

Should we pass this bill as amended now, we're talking about a minimum wage worker earning an additional $936 next year. Every single penny of that is going to go into the local economy. None of it's going to go into buying stocks or be hidden in exotic financial instruments. It's all going to be spent and then the folks who get that, they'll be spending it and it will get spent again and again.

As a society, we've tried influencing our economy and we've done very well for the people at the top. Some people believe that's still the way to go and that this is wrong. I'd like to reassure them. There's no need to worry. All this money that will be

there at the bottom of the economy with our very poorest workers will eventually work its way right to the top.

But in the meantime, doing it this way, many of us are going to have a chance to earn that money and spend it again and keep the economy going, and for those reasons, raising the, among other others, raising the minimum wage is a good idea.

We've got the third highest cost of living in the U.S. in Connecticut. We're slipping. We used to be number one. Over 100,000 workers in Connecticut earn the minimum wage, around 10 percent of all workers. More than half of them are women.

Most of the minimum wage workers, around 80 percent, are 20 years or older and other places are raising the minimum wage, too. The President has seen the need and proposed raising the national minimum wage to $9 an hour, the same modest goal that we're trying to effect here.

We haven't raised the minimum wage in a couple of years. The economy is doing pretty well, but not for the folks at the bottom, and by the way, not for the folks close to the bottom and not for many of us who are tenuously holding on in the middle, either.

But what we're talking about here is Connecticut's economic policy as well as the well being of the folks who are in the minimum wage. You can't doubt that a family that's presently getting by on $17,160 a year can't find good ways to spend another $936.

You can't doubt that having money showing up at the bottom of the economy, having people's wages pay more at the bottom of the economy will have good effects as it ripples through our entire economy.

Now, I imagine we should have a little bit of debate on this. It's an important enough subject. People should speak and be heard. People will cite studies going both ways, but we should remember our experience, too.

We should remember again and again every few years we have a battle over raising the minimum wage and when we're done, the minimum wage workers earn a bit more, nobody's wealthy. Businesses manage to adjust if they can.

Business is hard. I understand that we're asking them to do a bit more. We're asking the people who, I realize that the people who earn a bit above

minimum wage are going to be affected by this as their wages are affected and go up also.

If you own a business in the neighborhood and you're paying minimum wage, if it's like a bodega in the neighborhood around here, the workers around you are earning a minimum wage, too. While you'll be paying your workers a bit more, the folks who shop at your store are going to have a bit more. It's a good thing. It's the way the economy's supposed to work.

So, I hope everybody will join us in doing this. I hope we'll remember something I read in the paper earlier this year.

There's an organization, you may have heard of it. It's called CBIA. It has something to do with business, and their chief economist at one of their things is quoted in the local paper as saying that Connecticut's businesses have above average profits.

Connecticut's working people have above average costs, too, and it's time for us to raise the minimum wage and help people catch up, help our entire economy do a little bit better. I hope folks will join me in voting for this bill as amended. Thank you very much, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. The distinguished Minority Leader, Representative Cafero of the 142nd, sir, you have the Floor.

REP. CAFERO (142nd):

Thank you so much, Mr. Speaker. Ladies and gentlemen of the Chamber, I've been here a long time and there's so many reminders to me of that. One in particular is the debate on the minimum wage bill.

I was saying to one of my colleagues, I said, I believe I've debated this bill at least 10 different occasions. In fact, I think when I first debated the bill the minimum wage was somewhere in the $6 range. That's how long I've been here.

And when I debate the bill, I explain to my colleagues that I have voted in favor of raising the minimum wage on occasion because I think there is a purpose, a good, justifiable purpose for having a thing called the minimum wage.

I think it protects people who go to work knowing that at bare minimum we in a given state, a geographical area known as a state, believe that even at an entry level, even for a part-time job, even for a second income, that if you work you should get a bare minimum amount, and that's a good thing.

There have been times I've stood in this Chamber and spoke in favor of increasing the minimum wage because quite frankly, again, sort of marking my tenure, long tenure in this Chamber, I've lived through good times and bad. I've lived through times when, fortunately, the economy of the State of Connecticut was booming, jobs were being created, businesses large and small were growing, and it was only fair and just that that minimum wage should be adjusted to those good times.

Unfortunately, it's been about seven years now where myself and others who have had the privilege of being State Representatives and State Senators in this wonderful General Assembly have gone and witnessed and lived through tough times, and with all due respect to the good Chairman of the Labor Committee, I'm not so sure that those times have changed to good yet.

You need only turn on the radio or television or pick up the newspaper to learn of yet another company going out of business, downsizing, laying off hundreds of workers and frankly, those are the big companies. Xeroxes, the IBMs, the Sikorskys, the ESPNs, those are the ones that make the headlines.

But you know the businesses that don't make the headlines are those small ones. In some cases, those mom and pops, that insurance, small insurance company or even a law office, beauty salon, variety store, small clothing boutique, plumbing supply, hardware store, those small businesses that all of us know are the backbone of the Connecticut economy, and frankly, the country's economy.

I've often quoted the statistics that in the State of Connecticut, 73 percent of the businesses in the State of Connecticut have nine or less employees. Fifty-three percent of the businesses in the State of Connecticut have four or less employees. We are a state of small business.

And I don't think I'm telling you anything you don't know right now, but right now, and frankly for the past seven years, small businesses are hurting. They are closing their doors in record numbers.

You remember those small businesses that sponsored the Little League teams be it soccer, baseball, that were so much a part of our community, those independent pharmacies, those variety stores, delicatessens, the bodegas, the law offices, the insurance companies, the barbershops. You've got to

admit, there's less and less of them out there, especially in this economy.

My first job was at age 15 for Faramato's Delicatessen. I stacked cans on the shelf. Paid minimum wage, and I could think of all of my friends and tell you all the different places they worked, and these were small mom and pop places.

Well, maybe sometimes they didn't even need the extra help but they wanted to give a kid a chance, his or her first job, get a taste of it. See, they were that much a part of the fabric of the community.

These were men and women and family businesses that they would go without for days and weeks and months sometimes, just to make sure they made the payroll because they realized that the people that worked for them were dependent on getting that paycheck to maybe pay the rent or car payment or tuition payment or nursing home payment.

Maybe for a kid, a college kid in the summer he was earning money to pay for his books for the next semester. Maybe for someone they were working that second job, three, four hours a night just to get that extra cash to maybe pay the tuition on their kid's community college or something like that.

And unfortunately, those kinds of things are fewer and far between. So when these bills come up before us, I think about those small businesses and not from the perspective actually of the business itself. I think of those very people that we are trying to help, or purport to help by this bill.

Now, I mentioned before a statistic where 73 percent of the people in the State of Connecticut, the businesses in the State of Connecticut are small businesses with nine or less employees, so I want to take a hypothetical company, the Acme Widget Company.

And this hypothetical company has nine employees. They have three employees earning $20 an hour in my hypothetical. They have two employees earning $15 an hour. They have two employees earning $10 an hour, and they have two employees earning the current minimum wage of $8.25.

And by the way, in my hypothetical company, those people that are earning $20 an hour and $15 an hour and $10 an hour, they all had to start somewhere, and they started at minimum wage. But like in most places we know, they weren't there long. They proved themselves, they worked hard and their employer rewarded them with a raise or an increased position.

You see, with all due respect, despite some of the rhetoric, it's been my experience that it's hard pressed to find someone who is raising a family on minimum wage for an extended period of time. It's an entry level wage. It's one that believes everyone has to start somewhere but moves toward growing that wage.

So if this bill were to pass, the minimum wage will go up the first time by 50 cents an hour and a year later by another 50 cents an hour, 45 cents an hour. Forty-five and thirty.

Well when that first wage comes through, that first increase in the minimum wage of 45 cents, remember this hypothetical company of nine employees. So the two people making $8.25 an hour are going to get a 45 cent per hour wage. That's around five percent or so, maybe more.

Now human nature being human nature, if you were the two employees that are making $10 an hour, who maybe have been in this Acme company for a couple of years, and worked your way up, so to speak, when you see your colleague who maybe just got the job by a stroke of a pen or the passage of a bill get an immediate increase of five percent an hour, human

nature is, you might say to your boss, hey, what about me?

And the person making $15 an hour in my hypothetical, the two people making $15 an hour might say hey, wait a minute. If Bob and Betty got 45 cents an hour and Sam and Fred making 10 bucks an hour, just got increased by five percent, what about me?

And the good Chairman I think conceded that fact, and that maybe those people making $20 an hour, those three veterans of this small business, those three veterans who have been there 10 plus years, who worked their way up the ranks are all of a sudden seeing those who are less senior than them, with less experience than them, with less tenure than them, get a raise of approximately five plus percent an hour.

And they're going to say, hey, what about me? And if that employer wants to be fair and just to those nine employees, he or she might say, okay, the law is requiring me to give an increase to my two minimum wage earners and I'm going to give a commensurate increase to my more veteran workers, and the following year this law will require yet another increase, oh, I don't know, four percent or so, and the same scenario happens where the person that's

making $10 plus dollars an hour was going to say, hey, what about me, and the person making $15 plus dollars is going to say hey, what about me, and the three people making $20 an hour are going to say, hey, what about me?

And in a two-year span, this small business, my hypothetical business of the Acme Company that makes widgets found that their payroll, their yearly payroll has gone up in year one by about $14,000 a year and in year two, by an additional $6,000 or $7,000 a year.

Now if you're a small business and you're faced with the rising cost of energy, of workers' comp, of unemployment comp, of insurance, of taxes, et cetera, et cetera, and you're one of these small family owned businesses that are holding on by their fingernails and you are faced with this increase, what do you think you do?

You know what I'm afraid they might do? They might go to that minimum wage earner and say, Bob, or Betty, or both, I'm sorry, I can't afford to keep you anymore. And now Bob or Betty or both, lose their job. And they're not able to pay the books for college or that tuition payment or fix the transmission on their care or the leaky roof

or help mom get through the nursing home. They're not able to do that anymore because they're now unemployed.

Are they unemployed because big, bad business threw them out of the street? No. They're unemployed because maybe a family run small business that has been around for three or four generations, that has had a history of giving to employees first, before they take a nickel, that just wants to survive in a tough economy, finds itself in the toughest of economies, a time where every measurement of the State of Connecticut says, this ain't the place to be doing business right now, that with all due respect contrary to the good Chairman, things aren't going so good.

Your personal income growth is below the national average, where the cost of doing business is higher than the national average, where your tax freedom day is the latest in the nation.

And yet another law says, you have to pay more and in paying more, you're hurting the very people we hope to help. That's what concerns me about the timing of these bills.

As I said at the beginning of my talk, I said I've been here a long time. I've lived through the

boom years of the mid-nineties. I lived through the boom years of the early 2000s, and the mid-2000s, but since about 2008 things have been tough, folks, they've been tough. Big and small alike, and I'm looking for the little guy.

Why? Because frankly, the little guy is the guy that employs the people that are making the minimum wage and at that time it is the toughest for them, at that time that despite these tough times, they're still the ones giving those kids, those seniors, those new citizens, that first chance or second chance at a starting wage. It's at that time we're hitting them the hardest, forcing them to say I'm sorry, Joe or Fred, or Betty or Sally. I can't afford to keep you anymore.

That's why today, in this time, this economic time, I'm opposed to this bill. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Smith of the 108th District. You have the Floor, sir.

REP. SMITH (108th):

Thank you, Mr. Speaker. You know, ladies and gentlemen this bill passed out of the Senate on

Thursday evening. Actually, it passed in the day on Thursday and I thought we might even take it up on Thursday evening and we did not, and of course, we were off Friday and the long weekend and when I came in Tuesday morning I knew that minimum wage would be on the Go List and I was all set to go to address this bill, but it wasn't on the Go List.

And I thought to myself well, what happened? Why is it not on the Go List? And then I heard that the Connecticut Restaurant Association was visiting the Capitol as you know as yesterday they did, they provided us with some great food. And why do you think that this bill was not called yesterday and it's being called today.

And maybe it has nothing to do with the fact that the Connecticut Restaurant Association was here or maybe it has everything to do with the fact that the Connecticut Restaurant Association was here because they are one of the businesses and part of the business climate and culture that if this bill was passed, we'll hurt.

This Legislature has over the past 20 years, engaged in legislation and passed legislation that has

put Connecticut in an economic climate that is no longer sustainable.

And you may think that I'm just up here giving you my opinion. Ladies and gentlemen, it's not my opinion. I'm going to give you some facts and I hope you take them to heart, and I know you will.

But I want you to consider what we have created here in Connecticut and what we are proposing to do to exacerbate that condition.

Right now Connecticut has the worst debt situation in the country. That's not my opinion. That's according to Barron's 2012 Report.

Connecticut is noted for the worst state to retire in. That's not my opinion, either. That's 2012 Top Retirements.com report.

And ladies and gentlemen think about this. The worst financial status in the nation, with a debt burden of $49,000 per taxpayer, per the Institute for Truth in Accounting.

We're not done. The worst credit quality. The worst in the nation for achievement gap. The second worst in the nation for income growth.

You heard Representative Cafero talk about, we had the lightest tax freedom day in the country. We

all know what that means here. The public is starting to catch on what that means. It means by the time we get to some day in April, we will have had to reach into our pocket over and over and over just to pay our taxes and these are the types of costs that have been placed on our businesses.

The fiscal policy report card on America's governors by the CATO Institute gave Governor Dan Malloy an F.

CEO Magazine, which is a trade magazine for business leaders ranked Connecticut 45th in the nation for doing business, 45th.

A recent study by the American Legislative Exchange Council reached the same conclusion, although they had us worse.

In the annual Rich States-Poor States, which we all get, the study ranks Connecticut 46th in the nation in economic performance. The same study rated Connecticut 45th worst for its current minimum wage. We're seeking to exacerbate that. We're looking to make us 50th.

I ask you to think about this. Over the last 20 years, Connecticut suffered a net loss of 325,526 residents during that time. That's about one in ten.

The loss of an estimated $4.8 billion in purchasing power, $567 million that would have been paid in the state and local taxes. You know who received those residents? You know where they went? North Carolina, Florida, Georgia, Virginia and South Carolina, five states with lower taxes, lower union membership and a lower cost of living.

This one really astounds me. Connecticut is just one of three states who experienced a net job loss since 1990, including 77,712 jobs between 2000 and 2010. I think I need to say that again.

A net job loss here in Connecticut since 1990, meaning we have not had a job growth in Connecticut. If that doesn't tell us we're doing something wrong, I don't know what does. But we continue to pile onto our businesses over and over and over and over, and the result is what you just heard.

The good Chairman testified earlier about Connecticut Business and Industries Association and gave a quote. I do recall that they came to the Labor Committee and testified about this bill and they testified against this bill. They cited a report, a report that looked at all the credible studies over the past 20 years. It was done out in California by

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the University of California in Irvine, and the Federal Reserve Board, and the report found that 85 percent of the reports revealed the very same result. When there is an increase in minimum wage, there is a reduction in jobs.

Eighty-five percent of the reports indicate that when there is an increase in minimum wage, there is a reduction in jobs. Are we looking to reduce jobs today, ladies and gentlemen, because if we are, then we should pass minimum wage. But if we're not, then we should make sure this bill does not pass.

The other interesting piece of information that was provided to the Committee on Labor was a chart that they had, and they showed this chart, which revealed that the states with the highest unemployment rate also had the highest minimum wage. Is there any correlation? Of course there is.

There was another study done by the Americans for Prosperity Foundation of Connecticut. This was, well, that Foundation reported a study done by the Chicago University, a gentleman by the name of Casey Mulligan. Interestingly enough, it showed that when the 2009 federal wage increase occurred, the economy lost

800,000 jobs, most of which affect the young and low skilled workers.

So I ask the rhetorical question. Would eliminating low skilled and young workers benefit our economy?

Many people showed up to the Committee when this bill was addressed at a public hearing, and many people testified against it.

Another group was the National Federation of Independent Businesses. They cited another study about New York, which was looking to increase their minimum wage, was currently lower than ours. The study found that increasing minimum wage would result in a potential loss of 22,000 jobs, 70 percent of which would come from small businesses.

The question for the Chamber is this. Our Governor, when he was inducted not so long ago, stood on the stage across the street and indicated Connecticut is open for business.

My question to you, to anyone in this Chamber, to anybody listening is, does this open business for Connecticut?

The Connecticut Council of Small Towns, as we know as COST, testified against this bill. You might

think to yourself well, why? Why would the Council of Small Towns be concerned about minimum wage?

So I'll ask the good Chairman a few questions if I may, through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. SMITH (108th):

Would the minimum wage hike apply to our towns and cities? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, yes.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

And is the good Chairman aware that the towns and schools hire many minimum wage workers?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, I think that many could be a fair term, yes.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Will the minimum wage increase, have an impact on the programs offered by the towns as a result of the increase?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, I believe that the judgment on that has been no. It is not expected to have a major effect on the program of the towns.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. And will the minimum wage increase cost our towns and municipalities more in labor costs? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

I'm sorry, Mr. Speaker. Is the question, would you please ask, may I please hear the question again?

DEPUTY SPEAKER RYAN:

Representative Smith, would you please repeat your question, sir.

REP. SMITH (108th):

Be happy to, Mr. Speaker. The question is, will the increase in minimum wage cost our towns and municipalities more in labor costs?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

It will cost more in minimum wage labor costs. It will cost more in the cost of labor that is higher than the present minimum wage but lower than what minimum wage is going up to, but it would be difficult to predict whether any towns have wage savings, what the weather will be, how much disaster work we'll be doing, who will be having to do how much work for what, and what portion of the town's budget will be an increase of the minimum wage versus other pressures on wages.

I'm sure that there are other factors for towns that will raise their wage costs, but it would be no more fair to blame those other factors for every single penny of a wage increase than it would be for the minimum wage going up to be blamed for that. Through you, Mr. Speaker, thank you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker, and the reason I ask the question, through you, Mr. Speaker, is because when looking at the OFA Report that's attached to the bill, it indicates for instance, that the City of New Haven is estimated to incur an additional cost of approximately $50,000 as a result of this bill.

And my question then, through you, Mr. Speaker, is the good Chairman aware of any other cities that would have such an impact such as New Haven? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

No, Mr. Speaker, through you, I'm not familiar with what the effect is predicted on other towns, but

I think it's fair to say that some people are predicting it will cost more than it does now, because raises frequently cost more than not raising things. Thank you very much, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

And the point is well taken, Mr. Speaker. So what we're doing here, ladies and gentlemen tonight is not only increasing the cost to our businesses, we're also increasing the costs to our towns and cities because clearly, if you raise the cost of labor and you raise the cost of payroll, the bottom line has to come up or you have to reduce services or other expenditures somewhere else. There's no other way to get it or you, of course, you could always raise taxes, which we know here in Connecticut all too well.

I was interested at the public hearing when the Connecticut Farm Bureau showed up. Now, they represent 5,000 members, 20,000 jobs in Connecticut. It's a $3.5 billion industry and there was a gentleman, a Mr. Talmadge, who served as a Co-Chair on the Governor's Council for Agricultural Development. It was interesting what he said. He said the Council

conducted over 650 hours of an in-depth stakeholder interviews, 232 producer surveys in four regional listening sessions. Clearly, they did a lot of work and the participants were asked what the top four obstacles are to the growth of Connecticut agriculture.

And my question, through you, Mr. Speaker, does the Chairman recall or remember or know what the number one obstacle was?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I'm not sure but if the good Ranking Member is referring to the National Federation of Independent Business' monthly polls of small businesses, including agricultural workers, the number one cause of weak sales are, the number one hindrance to growth is weak sales, not wage costs, and that that's our key problem holding back hiring and growth.

So I'm not aware of what the other three would be and I'm certainly willing to find out that out of the millions of studies that are done regularly in this country and the hundreds in the state, I wouldn't be

surprised if that wasn't the one being referred to, but that's the one I'm answering with, because that's the one I know. Thank you. Through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. And I thank the Chairman for his answer, but that was not the number one cost. The number one cost was labor, and the number one obstacle was labor and energy, and that's one of the issues that we have with this bill.

And this wasn't a study done by a group down in Ohio or California, or Texas or Florida. We're talking about our farms right here in the State of Connecticut.

It was interesting. The report revealed that Connecticut has the third hardest farm labor cost in the nation. The third highest, the highest in all New England and the northeast, three times the national average, more than double than the State of Vermont.

My question then, based on that information, Mr. Speaker, through you, will this increase in minimum wage put our farmers at a competitive disadvantage with our neighboring states?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

\REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. And the answer is, like it's going to be for most things, it depends. Our farm costs are higher than many in the region. They're like double that of Vermont.

However, let's compare apples and oranges, why don't we? It's expensive for labor to raise shade tobacco in Connecticut. So what's that got to do with farm prices in Vermont?

It's expensive to do many of the farming jobs that we do here. That costs more than the labor for making syrup in Vermont. So what? That's neither here nor there.

It's foolish to say that every problem we're going to have in farming this year is going to be due to the new fungus that's inflicting impatiens plants as it is going to be due to those employers who are raising minimum wage, whose employees aren't already above it.

Business has never been guaranteed. It's still not guaranteed. It's one of the reasons we celebrate business owners. In the best of times it's the

toughest job you could choose. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. I guess I'll ask the Chairman whether it's fair to say that when we raise labor costs here in Connecticut whether it be for our farmers or for our convenience store owners or for our restaurants, whatever it may be, that that will have a bottom line effect of either increasing the cost of the product or reducing the services. Would the good Chairman agree with me on that fact? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

No, I would not agree with that, Mr. Speaker. I would think it would be no fairer to say that the only things that can happen is raising cost or to avoid cost lowering services that assumes that other people who are getting raises will refuse to spend that money. That is absurd at the bottom end of the economic scale.

Every penny spent will be, every penny earned will be spent. That's what happens with people who are at minimum wage. We do have businesses who understand that.

I wouldn't want to give, disparage any motives for why we bring this bill up today instead of yesterday. I wish that we had brought it up on the day that Wade's Dairy came here from Bridgeport to give us free ice cream. Delicious ice cream, by the way, and tell us how they hate the thought of paying people just minimum wage, that that's what holds back sales. It's sales that grow businesses, not low wages, sales.

Wage increase, general wage increases help increase sales. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker, and while certainly I'm no economist, and I don't think the good Chairman is either, but he could be. But I am looking at the studies that we both reviewed and it seems to me with a higher product cost or a higher cost of labor that

the bottom line would be affected, whether that's agreed to or not, we'll just leave that be.

I did the calculations, and again math is not my forte, but I think combined, the increase is 8.5 percent over two years. Am I close to that in being accurate?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Okey dokey. It's 8.25. Now we want to increase it by 75 cents, so 10 percent of 8.25 would be 82.5 cents. If you subtract, so 1 percent would be 8.25 cents, so 8.25 times 2 would be 16.5 cents minus 85 cents, so it comes out around 8 percent. Yes. Through you, Mr. Speaker, I believe that's close enough for the purposes of this discussion. Thank you, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Well, I was intrigued by that answer, how he got to it, but it did work, so I appreciate the answer.

The question I have then for the good Chairman is, is he aware of any other employees who would be guaranteed, be it an 8 percent or 8.5 percent wage increase over the next two years? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, no, I'm not aware of anybody's guaranteed contracts for what their wages will be next year. Through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, and thank the gentleman for his answers.

The public unions, are they guaranteed eight percent over the next two years, four percent each of the upcoming years? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

If any of their employees are earning minimum wage and we pass this bill, they will be and that's

all I know about what public employees unions throughout this state are going to be getting in general in the next two years.

Through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. You know, one of the other entities and businesses that came before the public, before the Labor Committee at the public hearing was the Connecticut Child Care Association, CCCA. Fifteen hundred licensed child care centers in Connecticut provide care for 70,000 children, 20,000 employees.

They testified that the biggest expense they have is labor and payroll. They testified that any increase would result in actually, and higher increase to payroll costs because of the incremental increases that would naturally occur, and I think Representative Cafero touched on that earlier when he talked about his hypothetical.

You have a minimum wage and then a $10 earner and a $15 earner, naturally everybody up the line is looking for a little bit more of the pie.

Now, fortunately, I'm beyond my child day care time frame, so I don't have to worry about that cost today, but I know in speaking with many constituents, that that cost and the amount of that cost is a huge concern for many of our parents who are trying to work two jobs, pay the mortgage, make sure all the students and kids get their activities in, but this now will impact them even more.

So instead of 300, 350, 400 a week to watch our children, now we're going to be talking about just that much more, less money at the end of the day for our folks who are working enough with both mother and father working trying just to make ends meet.

The Connecticut Coalition of Property Owners, the Connecticut Messenger Courier Association, the Greater Danbury Chamber of Commerce, the Lumber Dealers Association of Connecticut, the Milford Chamber of Commerce, the Northwest Connecticut Chamber of Commerce, all testified against this bill. They represent 3,500 employers, 125,000 employees.

One of the pieces of testimony to that was, interesting to me at least was from Beckett and Associates Veterinarian Service. They're out of Glastonbury, Connecticut, and he mentioned that when

he was a child he used to volunteer his services to help out to treat and care for animals. He used to volunteer.

But in today's day and age he was concerned with having people who help out at his veterinarian service to do that because if they got hurt there would be no workers' comp coverage so he actually pays them a minimum wage.

And what his testimony revealed, Mr. Speaker, was that he now has to employ five less people because of the recent increases. He could no longer afford to update his equipment.

These are the types of what may seem like small, yet very important incremental damage that is being done to our small businesses here in Connecticut. It doesn't sound like much.

This year I can't hire another employee, or I have to let somebody go. That machine which has become an obsolete I can no longer fix, all because our labor costs are so high here in Connecticut it just suffocates our businesses.

The good Chairman mentioned one of the dairies that came. I remember somebody from one of the, I think it was Firefly Farms. Mr. Speaker, this farm

employed four people, four people. Again, it doesn't sound like a lot, but basically, that's who Connecticut is.

We employ one, two, three, four, five, not many of us employ more than ten people, some of the larger companies. This gentleman indicated that they work on a very thin margin. Increasing the costs would result in a loss of one job.

Now again, an isolation? A loss of one job doesn't seem like a big deal, but he described how devastating it would be to one of those four families who rely on him for their wages. This is the type of impact that this bill will have on our residents.

New England Convenience Store Association. I suspect we all have a convenience store in our district. They showed up and testified against this bill.

The Connecticut Food Association. These are our supermarkets, our grocery stores. Three hundred stores throughout Connecticut, two hundred pharmacies, thirty thousand employees.

They testified, Mr. Speaker, that because of the sick leave increase in costs, the workers' comp costs

and the high energy costs and now the labor costs, it will result in a loss of jobs.

In fact, according to the Highland Park Market, which owns four stores here in Connecticut, they had to pay over $100,000 to implement just the sick pay leave, and now we are offering this to them.

And I'm not sure when the last time each of us went to the grocery store. But I think the next time you go you'll notice that the price of food is not what it used to be.

I ask you to go into your store and pick up a few items and walk out with anything less than $30 coming out of your pocket. It's almost impossible these days.

All of this gets passed on to me, to you, to your neighbor, to your family, to your friends, and that's what we're doing. And it sends the message that Connecticut is not open for business.

You know, the testimony from the Food Association was noteworthy. It's an industry so dependent on entry-level, first-time job seekers. The testimony was as follows. Consider the effects to Connecticut if the best case scenario is higher food costs in the

northeast or the worst case, closed stores, which reaffirms that Connecticut is not open for business.

So ladies and gentlemen, it's not just me espousing we're not open for business. This is the message that we're sending to our businesses.

The Quinnipiac Chamber of Commerce covers Wallingford, North Haven region, strongly opposed to the increase.

Gateway Limousines, they're from Waterbury, strongly opposed. Mr. DiCerra testified he's been in business for 24 years, 36 jobs he's created in the Waterbury economy. He testified that this bill alone will add $56,100 to his payroll. How is that good for business?

He answered the question this way, passage of the bill will send a clearer message to current small businesses in Connecticut. If you own a firm, move it. If you are considering relocating to Connecticut, find someplace else. This state is not a business friendly state. This is from a guy who employs 36 of our residents in Waterbury.

We had Lori Beth Keller testify before the Committee. She's from Oxford. The reason I mention her name is, I found it interesting that she recently

moved to Connecticut from Texas. She testified that she's witnessed stores closed for businesses. She's worried about the increased wages being passed on to consumers. She now shops on line because it's cheaper than to buy in our state. Of course, Texas has no income tax.

There was a gentleman from Wethersfield, Jack Muirhead. He owns a Burger King franchise. I hope the Chamber is getting the flavor of the people who testified before the Committee because I think, and I'm not done, but I think we're touching upon every single aspect of business that we could possibly think of.

We talked about farmers, we talked about grocery store owners, we talked about veterinarians, professionals. We're now talking about a Burger King franchise owner. Here was his quote, the Legislature needs to know they are crushing small business. This proposal crushes the spirit of entrepreneurs who provide jobs and most importantly, opportunity.

The Waterbury Chamber of Commerce. They serve 13 different towns in the greater Waterbury region. They testified against this bill. It was interesting as well, Mr. Speaker, because Waterbury has the dubious

distinction of having a labor market with the highest rate of unemployment for the past 10 years, so they made an effort to come before the Committee and let us know that this is bad for business. It's bad for their economy.

The testimony that we received indicated the legislation would create yet another obstacle to the region's efforts to move itself out of this ranking. They were also concerned about the effect it would have on teenage wages.

The Connecticut Lodging Association. They showed up. They testified against this bill. They indicated that the industry received a 15 percent hotel tax increase in 2009 and guess what happened? Hotel occupancy in 2012 was, well, it was down. I can't imagine why.

Mr. Speaker, before I wrap it up, I just have a few more questions to the proponent of the bill.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. SMITH (108th):

I was looking at the OFA attached to the bill and the first question I have is just a little bit

unrelated to that, but it just kind of sets the stage for the good Chairman if he knows.

Are we, is the state now borrowing more money to help balance this budget? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Not one line of this bill or the Amendment that has become the bill addresses that. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Will this bill and the Amendment that we're discussing have an increased cost to the State of Connecticut?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

I'm sorry, Mr. Speaker, I was distracted. Everybody wants to help. Could you please ask the good Vice-Chair to repeat the question, and I promise I won't let anybody interrupt my listening this time.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith, would you mind repeating your questions?

REP. SMITH (108th):

I would not mind, no, thank you, Mr. Speaker. The question is, will the state have to hire additional staff as a result of the increased costs to the State of Connecticut?

Let me actually rephrase that, if I may, Mr. Speaker. I think it was a poorly worded question. Is there any additional cost to the State of Connecticut as a result of raising the minimum wage? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, through you. If the question is, does raising the minimum cost more than not raising the minimum wage, the answer is yes. If the answer is, can we predict the future and will raising the minimum wage cost less to spend more money, no we cannot predict the future. There's no way of telling what disasters natural or manmade could cause an increase in state spending, or what natural

occurrences that we have a slow year for will cause a decrease in state spending.

Should we have a winter with no snow and we spend less money on salary, I suggest that we say it's because we raised the minimum wage. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. The reason I ask the question because again, if one were to look at the OFA analysis, there's language in there that states an increase in the state minimum wage will have a fiscal impact on the payroll of the State of Connecticut.

Through you, Mr. Speaker, what impact would that be?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, I repeat, raising wages cost more than not raising wages. That's the fiscal impact. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

And so we have, thank you, Mr. Speaker. And do we have an actual amount? We understand that raising the amount will cost more money, but do we have an actual amount? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

No, we don't have an actual amount, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Yes, and is there a reason that there's not an amount or is it just because we don't know how many people will have to go on payroll. What is the rationale behind not knowing how much this will cost the State of Connecticut if this bill were to become law? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. We don't know how many people who work for the state who will be working for the state in the parks that are now opening and in other jobs that receive minimum wage. We don't know exactly how many people there are. We don't know how many hours they are going to work exactly. That's why we don't know exactly, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. But maybe the Chairman doesn't know and that's fine. I don't have the answer so I'm asking the question. But clearly, I would assume that the State of Connecticut now employs minimum wage workers, and if my assumption is correct, going forward with this increase, will that result in an increased cost to the State of Connecticut? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

I'm sorry, Mr. Speaker, I'm unclear. How many state workers is it that the Ranking Member is saying

that the State of Connecticut will employ over the course of the year?

DEPUTY SPEAKER RYAN:

Representative Smith, I think the question came back to you.

REP. SMITH (108th)

Thank you, Mr. Speaker. And that's not the question. That's the question actually I'm asking. Maybe the Chairman doesn't know. I don't know how many state employees we have that are making minimum wage and my question is to the Chairman if he knows?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. No, I'm not aware of exactly how many minimum wage workers we employ over the course of the year, or whether the weather will be good or bad and how many hours those people will be eligible to receive their wages through working.

Thank you very much, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Thank you. Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. And is the Chairman familiar with the non-service contracts that are provided through the State of Connecticut? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, was that the non-service contracts that are provided through or by the State of Connecticut. If you could explain, Mr. Speaker, or through you, we could get an explanation.

DEPUTY SPEAKER RYAN:

Representative Smith, could you give a further explanation, please?

REP. SMITH (108th):

Maybe I just, I did. I just, maybe I'll rephrase it. That will help the good Chairman with my question.

As I understand it and again, looking at the OFA that's provided as part of this bill, it talks about the bill will increase certain state contract costs. Is the Chairman aware of that? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you. And what would those increased costs be? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

I'm sorry, Mr. Speaker, the question I answered was whether the Chair, whether I was aware that the OFA report said that and yes, I am.

What those costs will be, no, I'm not aware. Thank you very much. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. The analysis also talks about what they call numerous non-service contracts in which vendors employ staff at a minimum wage would also be impacted. Does the Chairman know they that

would, how those contracts would be impacted? Through you.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, no.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you. And is the Chairman aware that when some of these minimum wages are increased, the contracts for the standard wage are also, those wages are also increased because they're tied into the minimum wage. So when the minimum wage increases, the cost of the standard wage also increases. Is the Chairman aware of that?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, I'm unaware of a single contract where the standard wage will go up because the minimum wage will go up. If the Ranking

Member is aware of any contracts where that's true, I'd be very interested in hearing it. Thank you very much, Mr. Speaker. Through you.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you. I'm just again looking at the contract impact as far as the, our Office of Fiscal Analysis has described and may be they're referring to the non-service contracts.

Is the Chairman aware for non-service contracts whether they're tied into the minimum wage and whether that would also cost the state more money if we do in fact increase this wage here today?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I'm aware that these are among the reasons why OFA in the report that the Ranking Member refers to said these costs and the potential and change in them would be difficult to quantify. I agree they are difficult to quantify, so

the answer to the good Member is no. Through you, Mr. Chair, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. I thank the gentleman for his answer and it looks like, at least what our Office of Fiscal Analysis is telling us is that this will cost the State of Connecticut $72,000 for Fiscal Year 14 and $144,000 in Fiscal Year 15. Is that the good Chairman's understanding as well? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker. Yes. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, and thank you for that answer. And is it also the good Chairman's understanding that the Department of Transportation, which has similar types

of contracts will incur additional costs of approximately $100,000?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, I remain convinced that paying somebody more money will cost more than paying them less, so yes, I have read the report. It makes perfect sense under that general rule that paying more costs more than paying less.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. And I think, you know, the numbers that we're just throwing around here should not go unnoticed, ladies and gentlemen. We're talking about roughly between $250,000 in year 14 and $500,000 in Fiscal Year 15, increased costs to the State of Connecticut.

Now again, when we're talking about a million to billion dollars of budgets, maybe that's not the end of the world. But right now, when we have to borrow

money to balance our budget and we have to, we're going to be dealing with a budget I expect some time this week or next week. We'll be talking about increasing the spending cap and all these types of things.

Now what we're doing is just adding more costs to the State of Connecticut as a result of the raise in the minimum wage. So it's not just an impact in our employers, our businesses. It's not just an impact on our towns and our cities, which we've already described. New Haven, $50,000. I assume Bridgeport's got to be the same, Hartford, how could that be different? New Haven, Norwalk, Stamford, New Britain, you name it, the costs will increase to our towns and our cities and now it will also increase to our state.

So the problem is, Mr. Speaker, is that the list goes on and to say that this is a good piece of legislation in our time in our state with the economic climate that we have almost defies logic.

Now, many of you were in the Chamber when I started my discourse here in terms of where we stand nationwide. I could go through it again. It probably bears repeating, but to sum it up this way, we are the worst, or near the worst in pretty much every economic

data that we can put out there. No job growth. No new jobs, since 1990.

Why is that? The reason is because we keep doing things like this. It doesn't seem like a lot in isolation and maybe a different time and a different day it would actually be a good bill.

But today, in these circumstances, in these times, in these economic conditions, it's the wrong bill. It's the wrong time. It's the wrong message.

Connecticut cannot be open for business if we keep closing the door and I ask you not to close the door tonight. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Lavielle of the 143rd, ma'am, you have the Floor.

REP. LAVIELLE (143rd):

Thank you very much, Mr. Speaker, good evening.

DEPUTY SPEAKER RYAN:

Good evening.

REP. LAVIELLE (143rd):

We were all sitting here, or most of us anyway about two years and three or four months ago when we heard the first state of the state address by Governor Malloy. It was his inaugural address, actually, and I

remember three words that he used toward the beginning of the speech, and they were jobs, jobs, jobs.

And we all sat in here and those of us on this side of the aisle and those of us on that one, we all agreed. He said there is nothing more important in this state now than jobs. We must do everything we can to get the economy back together again and help businesses create more jobs.

Last year, Connecticut lost more of its workforce. I don't mean jobs, I mean people who are actually in the workforce, than any other state, about 51,000 of them, about 2.68 percent, more than any other state in the country.

So as I look at this piece of legislation at this proposal to increase the minimum wage, the question I ask myself first is, those three words, jobs, jobs, jobs. How is this piece of legislation going to help us address that issue?

Now, we've had a lot of other bills before us during this Session. We just had one for example dealing with animal welfare. No, that's not going to help us create jobs. I don't think that was the point.

But at least those bills don't stop us from doing that. They don't stop our businesses from doing that. But if a bill puts us at risk of getting in the way and creating a barrier to those jobs, then we have a problem.

So as I look at this bill, that's what I have on my mind. Does it help us and even more so, does it hurt? And with that, I have a few questions for the proponent of the bill, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Please proceed, ma'am.

REP. LAVIELLE (143rd):

Thank you, and I wish the good Chair of the Labor Committee bon appétit.

I would like to start, Representative Smith made a number of points, but there's a few details I'd like to get clear on. They discussed, the Ranking Member and the Chair, they discussed together the possibility of increasing costs for our towns and cities, and I believe that the good Chair of Labor confirmed that raising wages does cost more than not doing so.

So if there are increased costs to our towns and cities due to this piece of legislation, is there any provision for these increased costs in our budget for

town aid for the coming biennium? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, I didn't say that all costs for labor would go up overall. While an individual getting a raise will receive more money than an individual not getting a raise, there is no way to predict whether there will be an increase or decrease in crime that would raise or lower police overtime utilization, which also costs money. There's no way to predict whether the next hurricane will be big or small or in the next two years, or after that. Hurricanes cost more money than not having hurricanes. Big hurricanes cost more money than small hurricanes.

Through all of this there is also some people getting minimum wage and an extra 45 cents an hour. It's no fairer to predict the future based on the 45 cents an hour rate than it is based on, we've had bad weather recently. There's a good chance we will again.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. And it is true, most of the well, what the gentleman has said is true. None of us is clairvoyant. Certainly not in business. Certainly not in government.

But, as he did say before, raising a wage costs more than not raising it and some analysis might be useful in this case.

But another question I would ask, when do most of our towns and cities complete their budget planning and voting and decision making for the coming fiscal year?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Nothing in the language we have proposed changes when the towns set their budgets. Certainly they set their budgets well before we set ours, so I imagine most budgets have been presented. I'm not sure if they've all been finalized.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Perhaps I can put that a bit in context. We are debating this bill now and if it were to pass at least a couple of days or so would go by before it were to have the Governor's signature if he does sign it.

To my knowledge, most of our towns and cities are about done with their budget process. They have allocated certain amount of planned appropriations to personnel costs and this will come at a time when they've already made those decisions and so they would perhaps have to make some changes or they will have to cut something that they hadn't planned on cutting because their personnel costs will go up. That is a concern.

But let's move on to some other questions. Were this bill to pass, when would it take effect?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. As the bill clearly says, in January of next year, a raise of 45 cents will take effect and in January of the following year, a raise of 30 cents will take effect. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. And another question that I have is, actually earlier there was in the dialogue some discussion of what percentage this would represent over two years' time and I think this sort of approximately eight percent. I did it on paper and I came out with nine, 75 divided by 8.25 is 9, which is fine. You know.

Does the Representative have any notion of the source of percentages as raises have been experienced in the past couple of years by employees in the private sector at other levels, whether they be slightly higher than those who make minimum wage, those who are white collar workers, whatever, average increases in salaries in the private sector?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. No, I'm not aware of what the average increase for people who are not earning minimum wage is. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. In other sectors, I know my district for example, the 143rd is quite diverse in terms of income levels. I have some extremely affluent people as constituents and I also have some people who work for minimum wage. I have just about every part of the spectrum in my two towns and a city, and in the time that I have been representing them, many of them have taken pay cuts. Many of them, if they've been lucky enough not to lose their jobs, which was the experience of many. Many of them have simply not gotten raises at all for some time, and I actually have heard of very few raises. Seems to be fairly typical from many of those I've spoken to.

But I'd like to go back to something else that the good gentleman said a while ago, which was that

the raises that, I'm calling it a raise, but the increase in minimum wage that people who work for the minimum wage would receive would be funneled directly into the economy.

And I've also read in the testimony of some who actually favor the minimum wage increase that this would allow employers to offer insurance packages to employees that they could then pay for because they have more disposable income.

I just wondered if the good Representative had a comment to offer on that?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I appreciate this opportunity and no, I do not have a comment.

Through you, sir.

DEPUTY SPEAKER RYAN:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. I will comment myself by saying that I wish that I had Representative Tercyak's confidence that this increase in wages would go directly into the economy because I really don't know where it will go,

and I think it's very difficult to project and predict how anyone will spend or use or save, or whatever they would do.

As I understand it, it is so difficult for people to survive in a state that has a high cost of living that it's very hard to know.

But, let me thank the Representative for his answers to my questions and I will, if you'll allow me, I will make a few comments.

There are a number of reasons that I stand in opposition to this proposal. I've spent the last several months as Ranking Member of the Commerce Committee where one of our main rules is to ensure that businesses have a good environment where they can operate, where the climate for jobs is favorable and where businesses are not in a context that is oppressive. That has been what our role is and it's been very frustrating, I must say, although he work of the Committee has been a joy.

In the environment where we find ourselves it's tough for a number of reasons, and most of them have to do with the climate that this General Assembly has created over the past few years for business in this state and my colleague, Representative Smith has gone

over a great many of the statistics, so I won't repeat them.

But I'll speak to three points, and one is the potential effect on the economy of legislation like this.

I was in the private sector myself for 26 years and during a number of those years I ran a business, and it was a service business, and I learned a number of lessons that one of the most important was that no business is a bottomless pit of money.

Businesses have limited resources and when something that you have to pay for that is as essential as the employees who conduct your business every day, you basically have two alternatives.

One, you must reduce your spending on something else to stay solvent because when the economy is bad you're not being very profitable. You are trying to stay solvent and you're trying to stay alive.

So perhaps you'll reduce benefits to your employees. Most businesses are pretty strapped and close to the bone at the moment.

Or the other thing you might do is raise prices. But you've got to stay competitive so you have to judge whether you're going to raise those prices so

much that you'll price yourself out of the market. It's not an easy choice to make.

If it were true that the extra wages that people would receive were enough to make up for what businesses would lose in paying for them, that would be one thing, but I don't think so. There aren't that many people in Connecticut who work for minimum wage.

What does this do to the businesses, small and large in our state? Representative Smith made, went through again, a number of those examples, a lot of testimony. But let's just look at what those businesses are facing at the moment.

Over the past couple of years they've had to cope with paid sick leave. You had some statistics. One company had said it was costing them $100,000 just to implement it.

They've had increased workers' compensation costs. They've had the payroll tax cut coming from the federal government. They've got increasing energy costs, social security costs and small business owners are also still reeling from the largest tax increase in Connecticut's history that was imposed two years ago.

When you're facing this kind of situation, it's pretty hard to say I'm going to pick up and leave the country because the payroll tax cut just expired. But it's much easier to leave the state, particularly when you're a small business owner and you're paying for these things through your personal expenses.

And so what are the alternatives again, for businesses that will face increased expenses because of this legislation, and it's a large spectrum. Perhaps the least damaging, but this will hurt the very people I think this legislation is intended to help, is reduced benefits to them. Employers may have to reduce their contributions to health plans or retirement plans, which they're probably not paying for anyway, but maybe to other employees who aren't getting the minimum wage.

They can stop hiring new people because they can't afford them anymore. They can cut the hours of their existing employees who are receiving the minimum wage and then it gets worse maybe they'll have to lay some of them off because they can't afford to employ them anymore.

They can close some of their facilities, for example, if they own multiple stores, multiple

restaurants and can't afford to keep them open. There are a number of restaurants like that in my district. In fact, there are a number of stores. They close all the time because they can't afford as it is to keep enough people employed without giving them higher salaries.

And then we might see also some of the larger retailers for example, larger restaurant chains stop investing in Connecticut because they can't afford the employment costs here.

We also might see a lot of the summer jobs that go to young people disappear. It might be harder for them to find jobs because again, a company can't pay enough to hire more of them. In fact, I had a constituent suggest to me recently that we might as well just call this the Youth Unemployment Act because it will cut a lot of young people out of jobs. So that's how this might hit the economy and how it certainly will hit businesses.

But there's another thing that disturbs me. It disturbed me last time we debated this question, and as someone who ran a business for a long time and it was a service business, so basically my assets went home to sleep at night. They were my employees.

I really worry about the implication that the employee is someone who is at the end of the day somehow mistreated, somehow exploited, somehow not given a fair shake and that the employer is someone who doesn't want to give the employee that fair shake.

And as someone who employed people, I can tell you that the last thing you want to do with your employees is to underpay them, is to mistreat them in any way, is to exploit them, because they are your competitive advantage.

And in a down economy, which we still have in Connecticut, we are recovering very, very slowly at a snail's pace. It's even harder to find good employees than it is in a thriving economy.

Employers are not out to pay their employees the least they can because good business will not survive if that happens. We have a competitive marketplace still, and businesses are there to compete.

I suppose there are those who say it's only the profit mode. They're only there to make money. Of course they're there to make money, but if you can't compete, if you can't get the good employees to begin with, you're not going to make any profit at all, and that is not the way a business operates.

Businesses want to do as much for their employees as they can to keep them there and to make sure that they come to work healthy and happy and in a good frame of mind and that they can perform.

So anything that implies that that is not the case goes directly counter to the way that our economy has grown and to the way that businesses had been able to get somewhere in this country.

I'm also concerned that this bill is really in direct conflict with what we have said is a priority. When I say we, I mean the Executive Branch, the Legislative Branch, everybody. We have said jobs are the highest priority.

So far, the policy that we have seen manifest itself most in the last couple of years has been to select individual businesses and to offer them an incentive, a tax credit, a grant, a loan at a low interest rate, a matching grant, which is a one off proposition.

We have seen the First Five. We saw $115 million go to Bridgewater to move from Westport to Stamford. We've seen the Small Business Express Program with much, much smaller matching grants, loans, job creation, tax credits and so on. One time. These are

one time tools to help businesses which must exist over the long term.

They're appropriate when a business is trying to open an export market. We said that before, because that's one move they can make that will lead to long-term benefits. But those are one off, non-structural incentives to help businesses create jobs.

That seems to have been the policy. The policy has not been, let us make the tax environment more favorable for businesses. Let's lower their cost. Let's lower the threshold of what they have to pay every month so that more of them will come here and expand our tax base. That would be a long-term incentive for every business in the State of Connecticut.

No. What has happened has been one shot. The businesses small and large alike, but guess what, the minimum wage increase is forever.

So on the one hand, this is an increase over the long term out to infinity of personnel costs but we have done nothing over the long term to make it easier for these businesses to operate. In fact, we're still increasing taxes next year that we're supposed to sunset.

The state owes it to our taxpayers, our consumers and our businesses to show them that we really mean to help businesses here, to be business friendly, to create a favorable environment because there's a problem.

If, as we've heard, the idea is to pay workers more so that they can spend more on the economy, the problem is, someone has to pay to do that, and that's our businesses and we haven't created a situation where they can afford to do it.

So I do stand in strong opposition to the bill.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, madam. Representative Simanski of the 62nd, you have the Floor, sir.

REP. SIMANSKI (62nd):

Thank you, Mr. Speaker. Good evening to you. And I really appreciate the opportunity to speak on this bill and it's very timely.

You see, the other night when my wife and I were out walking the dogs, she asked me about what type of bills or legislation might be coming up before the end of Session and I told her about this bill. I said

it's a minimum wage bill. It's going to increase minimum wage by 75 cents over two years.

And she said, well, that's a good bill. Well, when I told her I would be voting against it she looked at me as if I was the most evil two-headed vile monster on the fact of the earth, and then she quickly reminded me that our two sons when they were going to high school and college, they worked at minimum wage jobs and in fact she got in my face and pointed out the fact that my oldest son who is an actor, still on occasion works at those minimum wage jobs.

Well, when I explained to her my logic and my position, I think she understood it, but she certainly wasn't convinced, and I believe that many people in the Chamber here tonight may find themselves in the same position.

Because you see, if you take that very narrow focus, if you only look at the employee, well then you have to agree with my wife. This is a good bill.

After all, every one of us here in this Chamber is a compassionate individual. Every one of us here in this Chamber would love to put a couple of bucks in the wallets of our constituents. But in my opinion, I don't think as Legislators we have that luxury.

I believe that as Legislators we're obligated to take a step back and look at the big picture. We are obligated to take a look at the economy here in Connecticut and the effect that this bill will have on every resident here in the State of Connecticut.

At a minimum, I think we need to take a step back and let's look at the business community, and let's face it. Here we're not talking about the Governor's First Five. We're not talking about Jackson Labs. We're talking about small business, the small businesses who have the greatest employment opportunity for the people here in the State of Connecticut.

And the reality when we're talking about this bill as Minority Leader Cafero said, we're talking most likely about mom and pop shops, what effect will this bill have on them.

Now before we take action on this bill, I think each of us should put a face on that mom and pop shop, that small business community. You know who they are. They live and they work in your districts, just like mine. You may shop at their corner grocery store. You may buy parts in their hardware store. You may get your manni-peddi at their salon or take your

clothes to their dry cleaning establishment. You know who they are.

Last time this issue was before the Chamber, in order to illustrate my viewpoint I called upon two fictional characters, Ebenezer Scrooge and Bob Cratchett, and at that time I said, if you take that very narrow focus, if you only look at the employee, well then it's easy to create the fiction in your mind that every employee is like Bob Cratchett, just barely getting by, just barely able to provide for their family.

In that same fiction, you can create the image that every employer is evil and mean like Ebenezer Scrooge, rotten to the core, hoarding all that money to themselves and abusing their employees. Well, nothing could be further from the truth.

This time around, I'd like to use at least one of those characters because when I stop and I consider the economy here in Connecticut, it dawned on me that the reality of the situation is the small business owner is more closely aligned with Bob Cratchett. The small business owner in Connecticut's economy is just barely getting by, just barely able to provide for their own family.

Now in order to appreciate the predicament that the small business owner find themselves in to put a real face on that small business community, I think we need to take a look at the day in the life of a small business owner, and again, you know who they are. They work and live in your community.

They get up in the morning. They're the first ones at the business. Open the doors, turn on the lights, power up the equipment and they greet their employees when they come in.

During the day you'll find them out on the floor working next to their employees. If it's a machine shop they're running a lathe, using the milling machine. If it's a grocery store, you'll find them stocking the shelves, maybe sweeping up the produce aisle. Or if it's a retail establishment, maybe folding some clothes that the customers tried on and cleaning up around the store.

And at lunch time, you'll probably find them taking their brown paper sacks into the office in the back and while they're eating their baloney sandwich they're probably looking at accounts receivable and they're wondering whether they can make payroll and they're getting agida while they're doing it.

After lunch, back out onto the floor, working with their employees and the last one to leave at night. Turn off the lights, power off the equipment, lock the doors, and just like Bob Cratchett, just like their employees, they go home to their families with the same worries and concerns. Can I make rent? Can I afford to pay for the car if it breaks down? God forbid my kids have to go to the dentist or the doctor. Can I afford it?

And just like their employees they go to bed at night. After a long day they're tired. But unlike their employees, they don't fall asleep. They have nightmares. Can I make payroll next month? Next year will the company still be open? Will I be able to keep it open next month or next week?

Now, in order to transition from the abstract to a real-life scenario, last time I told you about one of my constituents, a good friend of mine, a business entrepreneur, Brian.

Brian opened up his own company. In his heyday he did pretty good. He had 15 employees, but as the economy started to go south, he had to lay some of those employees off. In the beginning of last year he was down to five employees.

Now the very interesting thing about Brian's story is that he hadn't taken one penny in payroll over three years. He hadn't taken one cent in salary over three years. He, his son, his daughter and his wife all lived on her salary. She's a nurse.

Now when I asked Brian why he kept the business open when he wasn't making any money, in all sincerity he looked me in the eye and said, Bill, I've got five employees and they have families.

Ladies and gentlemen, that is the true face of the small business owner. They often think more about their employees than they think about themselves.

Well, I'm sorry to tell you that in October of last year the economy finally got the better of Brian and he had to close up his business and now there are five more people on the unemployment rolls.

Now I think that as a Representative, each of us needs to take even a step further back and let's look at the economy here in the State of Connecticut, and I have to tell you right here. My wife got in my face again. She started challenging me. She asked me a lot of pointed questions and they may be similar to the thoughts that are running through your brain right now.

She said, aw, come on Bill, do you really think that if this bill passes, some employer is not going to hire a college kid during the summer? Do you really think that if this bill passes, some employer is not going to hire high-school kids part time? And she got even a little more probing. Got in my face. She's Sicilian by the way, so she's pointing a finger at me and she says, come on, Bill, do you really, really think that if this bill passes that some employer is going to go out of business.

And then finally, like really pointing at me, she says, do you really, sincerely think that if this bill passes, some entrepreneur is not going to come to Connecticut and open up their business but they're going to go to some other state that's perceived as friendly to business?

And you know what? I really, really do. The answer to all those questions from my perspective is yes. Now I don't think I convinced my wife. I'm pretty sure I didn't convince you, either.

So to illustrate my viewpoint, I want to take a different tact and once again with the Chamber's indulgence, I want to call upon a fictional character. This time I want to use Frosty the Snowman.

You see, everybody knows Frosty, a happy, jolly fellow, very vibrant and very alive. Well, I think that's a good analogy for Connecticut's economy. At one time, Connecticut's economy was very vibrant and very alive.

Let's face it, Connecticut was a manufacturing mecca. At one time, Connecticut was the Insurance Capitol of the world. What happened? The economy started to slow down. The economy started to go south. We all know what happens to Frosty when he goes south. He sheds a couple of pounds, and as our economy goes further and further south, we lose more and more jobs.

Now, I believe every time we pass a law that's even perceived as harmful to the business community, it's like cranking that thermostat up a couple degrees. Frosty sheds a couple more pounds, Connecticut loses a few more jobs.

In my opinion, when we passed mandatory paid sick leave, that must have been like cranking the thermostat up at least five to ten degrees. Connecticut lost a lot of jobs just like Frosty lost a lot of weight.

Now do I think this bill will have the same effect? No, I don't, but in my mind it's going to crank that thermostat up at least a degree or two, and Frosty who's already looking pretty thin and pretty svelte, is going to lose a couple more pounds, and Connecticut's economy, which is already pretty gaunt and pretty anemic, is going to lose a few more jobs.

So ladies and gentlemen in the Chamber, when it comes time to vote on this bill, I would ask you, please don't take that narrow focus. Don't only look at the employee, but take a step back. At a minimum, take a look at the small business owner. You know who they are. I already said you shop at their stores, you utilize their services, your children may go to school with theirs, you may sit next to them at church or in the synagogue. They're good people and I truly believe like Bob Cratchett in today's economy, they're just barely getting by.

I also believe in my heart of hearts that they're good people who would give their employees a raise if they could afford to. They don't need a law to tell them they must do it.

And I would ask you to at least consider my analogy. Frosty at one time was very vibrant, very

alive, but as things started to go south as we turned the thermostat up with some of these business, anti-business bills, Frosty is losing a lot of weight. And let's face it, Frosty at this stage of the game is very thin, very svelte, he cannot afford to lose any more weight.

Connecticut's economy at one time was very vibrant, very alive. But as the economy started going south we started losing more and more jobs and our economy right now is very gaunt, it's very anemic. We cannot afford to lose any more jobs.

So, Mr. Speaker, I sure hope my wife is watching this on CT-N because now maybe she understands why I have to vote no on this bill. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Rutigliano of the 123rd, sir, you have the Floor.

REP. RUTIGLIANO (123rd):

Thank you, Mr. Speaker. Mr. Speaker, I thought it would be important to at least discuss for a moment, exactly how many people make the minimum wage. Nationally, only 2.1 percent of workers over the age of 16 are currently making the minimum wage.

And why do they make the minimum wage? Because the minimum wage is an entry-level job, perfect for our young people. These jobs for the most part require very little schooling, no training, and certainly not higher education. They are perfect for a candidate just entering the job market.

I'd like to speak also, Mr. Speaker, about the employers who provide these jobs for our young people. One could say or one can think that we're actually providing a service. We take a young person who's never conducted themselves in the job market, we teach them how to punch in, how to conduct themselves in the workforce, how to behave in an environment with other people. We are actually providing a service to our communities by providing these jobs for our young people.

Since Connecticut last raised the minimum wage and passed paid sick leaves, our unemployment rate amongst our young people is well into the twenties and our overall unemployment rate is but eight percent or above, lagging way behind the national average and behind other states.

This is best demonstrated through a study that was done by the University of California at Irvine,

which is certainly no bastion of conservative thought that 85 percent of most of the studies show that after the minimum wage has gone up that employment has dropped.

It has been argued by some that the increase in the minimum wage would reduce turnover. Well, I say to you that there's supposed to be turnover. These aren't supposed to be permanent jobs. These are entry-level jobs. No one starts their first job as a lawyer, a doctor, a pharmacist, a chef or a manager. I mean, I was going to say Legislator, but for some that might be true, that this was their first job.

So I went around the Chamber this morning, Mr. Speaker, and I asked some of the fellow Legislators what their first job was, and we had a lot of interesting answers. A lot were dishwashers, not unlike myself. We've had some ice cream scoopers, a caddy, a delivery boy, a lot of retail, T.J. Maxx was represented this morning, camp counselor, ushers at the movie theater. We even had, Mr. Speaker, a shampoo girl, which I thought was kind of interesting.

We must absolutely be aware of the recent burdens we've put on employers. Don't forget that we are all still paying an unemployment surcharge for every

employee that we have. We have paid sick leave to deal with, not to mention the unrealized costs of the Affordable Care Act, which kicks in next year.

This nine percent increase in labor cost, it appears to some that we as employers or as business owners have a magical pot of gold in our back yard that we can just reach back there and grab and just absorb these costs. Well, sir, that's not true.

I also find it ironic that this government can tell certain employers what they can and can't afford, considering that we're running about a billion dollar deficit every year and we can't pay our own bills.

As for the inflationary aspects of the minimum wage, sir, wouldn't it be easier if we just reinstated the sales tax, the no sales tax on clothing under $50 and how about not instituting a 3 percent, an 11 percent increase in the gas tax this summer. These are real cost borne by everybody especially the young and the people who are making minimum wage.

Mr. Speaker, the Clerk has an amendment. It is LCO 8131. Would you please ask the Clerk to call the amendment and I be allowed to summarize.

DEPUTY SPEAKER RYAN:

Will the Clerk please call LCO 8131 designated House Amendment Schedule "A".

THE CLERK:

Yes, Mr. Speaker. LCO Number 8131 designated House Amendment Schedule "A" offered by Representative Cafero and Representative Rutigliano.

DEPUTY SPEAKER RYAN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? Is there objection? Hearing none, Representative Rutigliano, you may proceed with summarization.

REP. RUTIGLIANO (123rd):

Thank you, Mr. Speaker, simply put, this Amendment creates what we like to call a training wage. What it does is for workers entering the job market under the age of 24, it allows the first 90 days of employment to be at the current minimum wage, not the increased minimum wage.

As we know, through statistics that most people that start with the minimum wage are well above the minimum wage within the first one to twelve months. This incentivizes employers to continue to hire our

young people and our inner city youth, and I urge its adoption.

Mr. Speaker, I'd like to have the Amendment called by Roll.

DEPUTY SPEAKER RYAN:

The question before the Chamber is a Roll Call Vote. All those in favor of having a Roll Call Vote signify by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER RYAN:

That was really overwhelming. I believe we'll be having a Roll Call Vote. Would you remark further on the Amendment before us? Representative Rutigliano, okay. Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. Mr. Speaker, I rise in strong support of the Amendment. Ladies and gentlemen, this Amendment simply states that you can hire someone, particularly a teenage person that has no job skills at all. They don't even know how to fill out a time card or anything and you could give them a training wage for 90 days.

The employer is more apt to hire someone at that entry level than the new wage. These are people that have no job skills at all. All the Amendment is asking for is that you provide a 90-day window for an employer to train that employee to bring them up to speed.

I think it makes sense and I think it's something that would help with the youth that are out there get jobs this summer. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. I do have a list of folks in front of me who want to speak on the underlying bill. If you want to speak on the Amendment, would you sign to me. Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker, if I may, a question to the proponent of the Amendment.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. In looking at Line 35 through 45 there's several references to institutional

training programs specifically exempted by the Commissioner. What might those include?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Rutigliano.

REP. RUTIGLIANO (123rd):

Thank you, sir. I'm not sure, Representative, but that is current law.

DEPUTY SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I thank the proponent.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Yaccarini. Yaccarino, excuse me. Wait until your microphone, okay, now.

REP. YACCARINO (87th):

Oh, sorry about that. Thank you, Mr. Speaker. I rise in strong support of this Amendment. I have owned my own business for many years and I've hired many, many people and in the first few months with the training it takes many hours and it's very costly in some cases. And unfortunately, sometimes the employee

doesn't want the job after three months or four months or they just don't work out.

You hope that happens, doesn't happen, but it does happen unfortunately in the real world. So I think this is a smart Amendment. It's a business friendly Amendment.

But more than that, it's a jobs friendly Amendment, and we need every job we possibly can have in this state, so I am in strong support of this Amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Anyone else want to speak? Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker. And I do rise in strong support of this legislation. You know, in current law we actually have a training wage already in current law that states as of, and many people don't know this, that prior to this legislation going through, you can pay a training wage for 200 hours at 85 percent. Nobody typically uses that, and I don't think many people know that is in legislation.

But I look at the benefit to this, and I know a question came up and was asked to the proponent of the Amendment, the first Amendment that became the underlying bill, is that, what about the local towns and municipalities, the ones that are hiring the lifeguards, the ones that are hiring the camp counselors, and what is going to be the impact fiscally on either services and/or on your taxes that for most towns their budgets have been decided. But maybe those workers are going to work for the public works in the summer.

This gives the opportunity for those municipalities to keep those employees on in the full level staffing that they were intended to staff it at.

But also, we fund an excellent program called Connecticut Workforce Development, in which we have a pool of money that they've been asking us for year after year after year to increase because of the true value that the Connecticut Workforce Development provides.

In that when we raise the minimum wage, that we're going to be able, they're going to have the same pool of money, which means somebody's hours are going

to get cut or we have less people that are on the rolls, and they have a waiting list to get on that.

So I believe that this piece of legislation, this Amendment that's been put forth is a good piece of legislation and should have some merit and please consider voting for that. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Anyone else wish to speak? Yes, Representative Carpino. Make sure you push your button.

REP. CARPINO (32nd):

Thank you, Mr. Speaker. I stand in strong support of this Amendment. I was the ice cream scooper the proponent mentioned earlier. That was my very first job in high school, and frankly, my employer taught me probably more than the $4.25 I was making an hour.

He taught me how to treat a customer. He taught me that a customer was always right. He taught me to be to work on time, how to show respect to somebody who came in and who may disagree with how we did things and taught me responsibility. That $4.25 an hour was something that went a long way in my world, but I had no idea that the level of respect,

responsibility, hard work and lifelong skills that the employer was teaching me was worth more than the money I was being paid.

I think this is a great Amendment. I think this is a wonderful balance and I urge all of my colleagues to support it. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. I, too, stand in very strong support of this Amendment. I mentioned a while ago that the passage of this bill could make it more difficult for young people to find jobs because employers might not be able to afford to hire anyone else because they're paying their existing employees more money.

This Amendment, however, would have the exact opposite effect. I think it would make it far easier for companies to hire young people at low risk, at a lower rate, in a context where they have the luxury to train them.

And it is a shock for people to go into the workplace for the first time. There are many, many

internships at the moment where no money is paid at all, so really it's quite a win, both for the young people seeking jobs and for the employers who are looking for new blood, new trainees, people to give experience to, and I think it would go a long way to helping the businesses in our state create jobs.

So I do stand in very strong support of the Amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Anyone else wish to speak on the Amendment? Representative Carter.

REP. CARTER (2nd):

Thank you. Good evening, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Good evening, sir.

REP. CARTER (2nd):

You know, since it seems like we're king of baring all in this Chamber tonight, my first job was actually cleaning toilets. And I worked in a lumber company where my dad worked and I had the opportunity to you know, meet the manager there one time and you know, it was back in the day where you know, you could give somebody a chance to try something as menial as

cleaning toilets. But it didn't take long and I was able to move my way up through loading in the yard, and eventually I was out there in sales.

Actually, I had the same job as my dad when it was all said and done.

But the nice thing about this Amendment is it gives somebody a leg up. I mean, somebody can come out and hire somebody for the littlest money starting out, give them 90 days, which is good for the business, and it gives something that, you know, they can hold out there for that person to do while in that first 90 days and something to achieve.

You see, the problem with a lot of the laws that we pass in this Chamber, we don't do anything that makes somebody want to do better. We keep raising the minimum wage. We keep telling them we're just going to give them more on the backs of business and we don't do anything that fosters somebody working a little harder or something that's going to be a little bit of a reward to them at the end.

I think something like this is very, very simple. It's not going to cost us a lot of money to do it, sends a message to businesses. We're giving you a little something out there that you can give to a

really sharp young person who wants to work their way up in your company.

I would urge everybody to support the Amendment.

Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. You know, looking around the Chamber, many of the Members were here when I first starting talking a while back and as you know, I, in preparation for this discussion I read so many different studies about the effect of minimum wage just to make sure that we were in line with what my beliefs were.

So when I read these studies, the one thing that kept popping out over and over and over again was the impact of minimum wage on our youngsters, on those just entering the job market, and it's one of the reasons why I can stand up and truly support this bill because those who will be hurt by this legislation if this Amendment is not passed, clearly based on all the different studies that have been done throughout the country over the years, are our youngsters.

If you take a look at this Amendment, we are talking about 21 and under, so we have a limited group of people that we can truly help here and try to keep them employed.

We all know how hard it is just to find a job for anyone right now and many of the people who would normally be doing different types of work, they're a little bit older. They're now starting to take the jobs that our youngsters are typically engaged in, so this would allow our employers to employ young people, give them a job for the summer, give them a job while they're home from college, let them make some wages to help them pay for their books and pay for their living costs.

So this is a bill I truly believe we can all support and I hope you will join me in doing that.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Anyone else wish to speak upon the Amendment? Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. The idea of having a training wage is not new and is in fact present law. We have a training wage as has been

mentioned. It's for 200 hours. It is for people 18 and under and not for under 25.

I don't think it's fair to call people 24 years old unskilled entering the workforce and unworthy of a minimum wage.

I would urge my colleagues to reject this Amendment and side with Mr. Simanski and I. Let's reject this Amendment and move on to more debate on the underlying bill. Thank you very much, through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment? Representative Bolinsky.

REP. BOLINSKY (106th):

Thank you, Mr. Speaker. A question for actually, I'm sorry. I'm in the Amendment here.

My comment is going to be very, very simple. I stand in strong support of this Amendment because a training wage happens to be a very, very good idea regardless of the smirks of the proponent of the bill.

The fact of the matter is, 2.9 percent of the Connecticut residents, 2.9 percent, different than the number that was national, 2.1 percent, work at the minimum wage. Actually the number is 0.5 percent at

the minimum wage, 2.4 percent are under the minimum wage and those are going to be the people that are in the food service industries.

Gee, what have we got to lose by having a training wage for 90 days? Seems like a very, very good idea for me and it seems like a way that perhaps we can save these jobs for documented residents as opposed to the undocumented people that are now going to be driving, thanks to us.

Thank you very much, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment before us? Will you remark further on the Amendment before us?

If not, will staff and guests please come to the Well of the House. The Members please take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll.

The House of Representatives is voting by Roll.

Will Members please report to the Chamber immediately.

DEPUTY SPEAKER RYAN:

Have all Members voted? Have all Members voted? The Members please check the board to determine if the vote is properly cast.

If all Members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

House "A", Senate Substitute Bill 387, House "A".

Total Number Voting	138
Necessary for Adoption	70
Those voting Yea	53
Those voting Nay	85
Those absent and not voting	12

DEPUTY SPEAKER RYAN:

The Amendment fails.

Representative Rutigliano, you still have the Floor. Give me a second, sir. Could we ask Members to quite down? All right. Take your conversations outside please.

Representative Rutigliano.

REP. RUTIGLIANO (123rd):

Thank you, Mr. Speaker. Mr. Speaker, I urge rejection of this bill, not because I don't want to

pay somebody the minimum wage. I reject this bill for the opportunities lost that it represents.

Our young people in Connecticut struggle. We are number one in the country in the loss of 18 to 34-year-olds and that's by no coincidence that our labor costs are too high and our job opportunities are too low, and that may not all be tied to the minimum wage, but it is definitely tied to the overall cost of doing business here in the State of Connecticut.

And thank you, Mr. Speaker, and that concludes my remarks.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative D'Amelio of the 71st.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. Mr. Speaker, you know, I love this place that we serve in because each and every one of us comes from a different walk of life. Each and every one of us has a different profession outside of this building.

A lot of people talked about the small employer in the State of Connecticut. Well, I rise today to speak about my experience as a small employer here in the State of Connecticut.

As many of you know, I own and operate a business in the City of Waterbury and I've got to tell you, ladies and gentlemen, since 2008 it has been a struggle. It has been a struggle for me and for many other businesses throughout the State of Connecticut.

You know, I want everyone to know that as an employer, your employees mean everything to you. I know my employees mean everything to me. As a matter of fact, if it wasn't for my employees, I wouldn't be able to serve here in this great Chamber with you.

You try to do the best you can to take care of your employees. You try to give them a fair wage. They provide a good service for yourself and for the customers that help make your business successful. Without employees you really can't survive. A business would not be able to operate.

So every time we bring up this minimum wage bill, I find myself in the last few years getting up and going against it. And the reason why, ladies and gentlemen, is because when you operate a business, there are many expenses in doing so.

There's many expenses that I call fixed costs of doing business, such as your mortgage payment, your insurance payment, your food cost. There are so many

different fees that go along with operating a business.

The only one thing that an employer can control is his wages. As an employer, if things aren't going that good that day, you have the option to cut an employee to try to keep your margin, your expense at a certain level for that day.

And when you're in a small business like myself, that's even hard to do because your employees need to earn. They need a paycheck at the end of the week because they have expenses that they need to meet at the end of the week.

So you find yourself many times just trying to absorb that loss for that day, and there's been many days, ladies and gentlemen, especially in this economy where going out to eat, for example, is a luxury. You don't really have to go out to a restaurant. You need to provide a meal for yourselves but you can do that by going to a grocery store.

So you find yourself many days just trying to make ends meet and sometimes they don't meet. So you go without a paycheck if you have to.

You know, when we talk about raising the minimum wage, it's not because you don't want to give your

employees more money. It's because you really don't have any more money to give, and that's the truth.

You know, I've been in business for a while, for 15 years in the location that I'm at now. The people that earn minimum wage in my business are people that are entry level. They're kids from the neighborhood that I hire for busing and they actually get tipped out at the end of the day. Wait staff provides like 15 percent to them, so they're actually earning over minimum wage.

But as Representative Cafero said earlier, if you're going to force me to pay more for an entry level position, then the person that I have there that's been with me for eight months, nine months, that's earning $9 an hour, I'm going to have to bump that person up because I don't think it's fair that that person stays there at $9 if someone who comes in to work who has no skills, doesn't know anything about what you expect of them, earns the same amount.

So what do I do as an employer? Well, ladies and gentlemen, I'm telling you the truth, that this bill, as well intentioned as it is, will cost jobs. There's no other way about it.

You know, you could talk to your local grocer. I've spoken to my IGA, the guy who owns an IGA in my district. He hasn't been hiring seasonal workers or high school kids. You know, you'll see his produce manager or his butcher manager out there in the parking lot collecting carriages, because that's what you do when you operate a business. You try to find ways to make ends meet. You try to find ways to keep your employees employed.

By passing this, we're going to create even more of a gap, especially among our teens. You know, ladies and gentlemen, they say that unemployment among our teens here in the State of Connecticut is as high as 25 percent, and with our minority population, it's 40 to 50 percent.

So what good does it do by passing a bill that's going to even make it harder for these kids? I have a son that's 17 years old. He couldn't find a job anywhere. He applied everywhere. I always tried not to have any of my children work with me. I always thought it was important that they would go and work with somebody else so that they would know what it's like to work somewhere else.

My two daughters, they're well into their twenties now never worked for me. My son couldn't find a job anywhere. I was tired of hearing my wife nag about him not doing much so I opened up a position for him. He was chief dishwasher and bottle washer at the restaurant, and I had to do that because there was nothing for him.

You know, when we increase the minimum wage, every time we increase it by 10 percent, according to the U.S. Bureau of Labor Statistics, the unemployment rate among teens goes up 4.6 to 9 percent. Think about that.

Every time we raise the minimum wage, the unemployment rate for our teenagers goes up.

As an employer, I'm telling you, that's the God's honest truth. There is nowhere else to squeeze a dollar, especially in this economy. I mean, we do things up here that, you know, sometimes boggle my mind and a lot of people, your constituents, you have the same constituents I have. Everyone needs to work. Everyone is trying to make ends meet. You know, I'm sure you're talking to your small business owners out there. They're telling you how tough it is.

So how in good conscience could we do something like that, and put an extra burden on people. We're trying to create jobs in the State of Connecticut. We're not going to create anything with laws like this..

You know, ladies and gentlemen, I have a constituent in my district. It's one of the oldest amusement parks in the State of Connecticut. It's located in Middlebury, Connecticut. It's called Quassy Amusement Park. It's 105 years old, and the owner of the amusement park testified before the Labor Committee, I believe it was last Session, and the Hartford Courant did an article on him.

By raising the minimum wage 50 cents on this particular business, it would cost him well over a half a million dollars. He has over 300 employees. They're all part-time workers. I'm sorry, it would be $150,000. I misspoke. Sorry about that.

What does that mean to him? It's not only Quassy, it's Lake Compounce down in Bristol that have a large amount of seasonal workers that this would really affect horribly.

He states that any capital improvement projects that he has ongoing at the park would have to stop

because he couldn't raise his gate fee. He can't raise the cost of his tickets to get into the park because people just wouldn't be able to afford it and it would knock him right out of the block. So he would have to stop all improvements to that park.

And I could attest to that, too, ladies and gentlemen. You know, many people say, well you know, you're in the restaurant business. If it costs you more to do business you know, you have an increase in minimum wage or if you have an increase in your insurance or if your lighting bill, if we have an extremely hot summer, your electricity bill, that's another story. I mean, the highest in the nation. I don't have to tell you guys. You should just raise your menu prices to cover that.

Well, the reality is, you can't. You have to be competitive. We haven't raised prices in a couple of years because we simply can't, and many restaurant owners and small businesses will tell you that. You can't possibly raise your prices on your customers, remain competitive and cover all your bills. It just can't be done. Not in this state. Not in the business climate that we're in. That's the reality, ladies and gentlemen. I'm living this reality.

Getting back to Quassy Amusement Park, ladies and gentlemen< I think it's very important that we really think about these seasonal jobs. Right now there's many kids out there applying for a job. In the last two weeks alone, I counted this morning before I came up here, I had 102 applications for jobs.

The college kids are out of school. High school kids are finishing their sports. They're looking toward the summer. They want to be employed. I don't have any openings at all, none at all, because I have to scale back my workforce during the summer months, so my employees that I have existing, we just alter their schedules.

If you pass this bill, many other people that have openings, they're not going to hire people. They're just going to go on with the existing force that they have and do the same thing. They're going to be creative.

We're actually thinking of putting, getting rid of bus people. You know, that's something that we have to think about in running our business to try to save some money and it's unfortunate.

But you know, for the seasonal workers, ladies and gentlemen, I think there's something that we can

do to help out. Mr. Speaker, the Clerk has an amendment. It's LCO 8187. May he, would you please ask the Clerk to call and I be allowed to summarize.

DEPUTY SPEAKER RYAN:

Will the Clerk please call LCO 8187, which will be designated House Amendment Schedule "B".

THE CLERK:

House Amendment Schedule "B", LCO 8187 introduced by Representative D'Amelio.

DEPUTY SPEAKER RYAN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? Is there objection? Hearing none, Representative D'Amelio, will you please proceed with summarization.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. Mr. Speaker, the Amendment simply says that the minimum fair wage would remain the same for seasonal workers based on 120 days during a calendar year.

Ladies and gentlemen, I think this is important to help out all those seasonal businesses out there that are struggling just like all the other businesses that are out there.

By passing this Amendment, I think we'll create more jobs and opportunities for our teenage kids that are looking for employment this summer.

You know, like I said, ladies and gentlemen, I'm sure you have spoken to a lot of your small business owners. This could only help with the unemployment rate among our teens and I urge adoption.

DEPUTY SPEAKER RYAN:

The question before the Chamber is adoption of House Amendment Schedule "B". Will you remark on the Amendment? Representative Betts.

REP. BETTS (78th):

Thank you, Mr. Speaker. I rise in strong support of this Amendment and I'll be very specific. About a month ago the Bristol delegation went out to Lake Compounce and they hire over, they're projected to hire over 1,300 employees for this season. That's 1,300, and that general manager there told me point blank, you raise the minimum raise and we are going to have less employees. Period. Not any discussion or negotiation. He said it's just simple arithmetic.

This Amendment will allow those 1,300 employees to be hired. If we don't support the Amendment, there

will not be 1,300 employees hired. It's as simple as that. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Yaccarino.

REP. YACCARINO (876th):

Thank you, Mr. Speaker. One question to the proponent of the Amendment, please, through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. YACCARINO (87th):

Through you, Mr. Speaker, this Amendment, will it also affect seasonal workers for holidays and Christmas shopping? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative D'Amelio.

REP. D'AMELIO (71st):

Yes, I believe it will. It states 180 days, excuse me, 120 days during the calendar year. So like Quassy Amusement Park in my district would be the summer months, but there are businesses that are seasonal during the Christmas holiday, so they would

all fall into this Amendment. Through you, Mr. Speaker.

REP. YACCARINO (87th):

That makes so much sense because we all have kids coming home from college during November, December and January that are looking for part-time work.

And back to Quassy Park, if you have to cut back on employees, seasonal employees, it also can be dangers. I rise in strong support of this Amendment. It makes so much sense for jobs and the economy. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Aman.

REP. AMAN (14th):

Thank you, Mr. Speaker. I, too, rise to support this. I'm looking at it and early on in the discussion the reason for raising the minimum wage was often given for the person that was raising a family and needed a raise to be able to continue to exist and all of us, I think, have a tremendous sympathy for them.

I don't think this would impact that group at all because those people are tied to minimum wage jobs that last a lot longer than 120 days. Where this

would have a tremendous effect is I think on our municipalities because if you think of it, they are one of the biggest users of minimum wage youth. They have the referees for the soccer, baseball and basketball games. They work a few hours on Saturday throughout the course of the year. They cut the lawns in our parks and things during the summer and there's a tremendous amount of those people working for the municipalities.

And let's face it. They have a certain dollar amount to be spent and when that dollar amount is gone, they stop hiring. They are not like a business that we've been told can just raise their prices. They have a limited amount of money they can spend. So I think for the municipalities it would help tremendously.

Other people have talked about how it will affect the youth again for a very short time, employment for during the summer, over the Christmas holidays, et cetera.

So I do think this Amendment addresses a problem of some of our municipalities and also gives the youth a chance to get started and does not affect the group that we were told earlier tonight is the main reason

for increasing the minimum wage. So I thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Ziobron. Just remember to push your button.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker, I apologize for the delay. I, too, rise in strong support of this Amendment and I think we've overlooked significant employee population when it comes to seasonal employees, and that goes directly to our state park system and the State of Connecticut.

Our state parks employ more employees in the seasonal times than any others, and if it wasn't for those seasonal employees, our state parks would be rendered in an unsafe, unclean condition.

We've heard time and time again about the ability or lack of the ability for DEEP to have the kind of stewardship we expect in our state park system. Their seasonal employees make up a great deal of that, so it does something twofold.

Not only does it ensure that our state park system is kept at a standard that we've become accustomed to and luckily for us we have great

employees that are able to keep those state parks clean with the limited, limited resources that we've allocated to them, but it does a lot of things for us.

As a former employer of a seasonal business, I can tell you that it's critical for us to have this carve out for seasonal employers. When I was the President of the Friends of Gillette Castle State Park, we ran a small gift shop. I immediately had to lay off two of our staff, look at our hors, because even though we were only operating three months a year, we still had to carry the same amount of unemployment compensation, insurance, and all the other things for a year round use.

I really urge the Members, please, let's do a carve out for seasonal employers. It makes sense. It gets right to the heart of the matter regarding employing our youngest folks. It keeps our state parks clean in this fiscal crisis, and I really urge for your support.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment? Representative Rutigliano.

REP. RUTIGLIANO (123rd):

Thank you, Mr. Speaker. I strongly urge the adoption of this Amendment. It just doesn't affect seasonal workers, which is important, we have lots of returning college students every year that are always looking for employment.

So I think this is a win/win common sense Amendment to help our Connecticut young people. Thank you very much.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Good evening, sir.

DEPUTY SPEAKER RYAN:

Good evening.

REP. NOUJAIM (74th):

Mr. Speaker, I rise in support of this Amendment. Mr. Speaker, I remember crystal clear when I had the honor to serve as Ranking Member of the Labor Committee when you were Chairman, and I remember that a human resources manager of a company that is located in East Hartford that do hire seasonal employees came and testified before our Committee.

You were there. Senator Prague was there. I was there and the rest of the Committee and basically what

he said is that we have X number of dollars to spend. If we pay more here, we have to cut there. And unfortunately, we don't want to cut anywhere. We want to try to keep people employed.

We have in our shop, not so much we do not have, our people are skilled workforce, but we do have suppliers who supply us shop supplies and he immediately said to me last week when he came to deliver the supplies, basically specifically said that we are having a difficult time right now trying to keep up with the demands, that they do have seasonal employees essentially during peak months of the season.

So it is a situation where it is very important. This Amendment will help. And quite honestly, Mr. Speaker, if you look, I'll give you an example.

In Waterbury, we have a program, which is a wonderful program. Companies donate to buy newspapers and they call then Newspapers for Patients. So what they do is, if you contribute, they will take and they will make a stamp for you and they stamp your name on the newspapers and they deliver every day like 25 newspapers to a convalescent home, to a hospital, to an emergency care facility and every now and then they

publish in the newspaper the names of those companies that contribute to the Papers for Patients and basically, you don't see any large or huge corporations. You just see, as Representative Cafero said, the ma and the pa shops that essentially donate for the community. These are the community people.

So these are the people that we are going to hurt. These are the people that we are going to hurt if we continue with this bill and if we do not support this Amendment. Thank you, Mr. Speaker. I'm honored by your presence, also.

DEPUTY SPEAKER RYAN:

Thank you, Representative. It's always good to hear from you. Will you remark further on this Amendment? Will you remark further on this Amendment? Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Again, I urge rejection of this Amendment for much the same reason as before. Our 200 hours for training wages covers much of a part-time worker for an entertainment season.

And again, operating a business is as tough as it gets. I'm not pretending that raising the minimum

wage is going to make it easy on anybody, but by the same token it's not the only thing going on and doesn't necessarily predict failure.

When people have to raise the minimum wage for their employees and amusement parks are a good example. Many of their customers and potential customers are getting an increase in the minimum wage and will be able to go and take advantage of the opportunities for entertainment, for food, for whatever that's available with their increased income, too.

So I would urge people to reject this Amendment and before we take a vote on it, would it be okay if we took this vote by Roll Call? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

The question before the Chamber is a Roll Call Vote on the matter. All those in favor of a Roll Call Vote signify by saying Aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER RYAN:

Once again, I think we have reached the level for a Roll Call Vote, so when the vote is taken it will be

taken by Roll. Will you remark further on this Amendment? Will you remark further on the Amendment? Representative Santiago.

REP. SANTIAGO (130th):

Thank you, Mr. Speaker. I think it's important to note that there is a current statute on the books that basically allows an employer to pay 85 percent of the minimum wage to an employee for the first 200 hours of employment for any persons under the age of 18, which we basically consider our training wage at this time.

So there is current statute that does make a cut out for this. I just wanted to make sure that that was clear.

Thank you very much.

DEPUTY SPEAKER RYAN:

Will you remark further on the Amendment before us? Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Mr. Speaker, I also rise in favor of this Amendment. Just briefly, you know, I guess I don't understand this.

I mean, we sit here year after year, every couple of years and we debate this. We debate the

philosophies of whether this should be increased as far as minimum wage overall and you, know, what part of the state we live in and who likes it, who doesn't like it, why it's good, why it's bad. And that's one argument that like for this moment we put to the side.

Because to me, even if I, even if I agree that it should be raised overall, typically speaking, seasonal employees, you know, are exactly what they are. They're seasonal employees. They're at pool clubs and they're at parks and they're at amusement places and places of that nature, and typically those employees are kids in school and things like that.

And it seems to me from all the debate and all the argument we've heard for the proponents of the underlying bill, whether I agree with the underlying bill or not, if I take the arguments of the proponents in a genuine way, which I do, then almost by definition it wouldn't apply to seasonal employees because that's not people that are, you know, that are living, this is their livelihood, this is how they're living their lives, this is how they're raising their family, by definition typically. Not always. Not always, I understand, but typically.

So I think for, whether, though even if you agree with this overall, this Amendment makes sense for those types of employees and is the best policy for the state.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment before us? Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Very briefly. I stand also in strong support of the Amendment because on the one hand the bill is asking businesses to pay more for the employees they already have or may hire on a long-term basis.

If they have to pay the same thing to their seasonal employees who by definition are there for the short term, maybe they can't do it. Maybe they can't have as many. Maybe they can't hire more long-term employees. This actually enables them to be able to do what the bill is asking that they do.

So I really can't see any reason why one would want to reject this Amendment. It's a very good Amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment? Representative Adinolfi.

REP. ADINOLFI (103rd):

Thank you, Mr. Speaker. Just, through you, no, I'll just directly say, I take exception to where we're going to gain anything where somebody 18 years old can work for under the minimum wage for two months.

Most of these seasonal jobs, especially in the summer are high school students that just graduated high school. They're 18 years old and they're only going to work a couple of months until they're ready to go to college or go into the business community after.

So I'd like to know, through you, Mr. Speaker, how much effect in people going to work that that two months under 18 does? Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you. Who do you direct your question to, sir?

REP. ADINOLFI (103rd):

Going to the Chairman, but he could yield to the other gentleman.

DEPUTY SPEAKER RYAN:

I'm sorry. You're directing your question to the proponent of the Amendment or the Chairman of the Committee.

REP. ADINOLFI (103rd):

The Chairman of the Committee, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak, can you answer Representative Adinolfi's question?

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. And I'm sorry, the acoustics were bad. Not that it wasn't loud enough, because it was. Not that there was too much conversation, because there wasn't. People are generally attentive to this debate, because the acoustics just were bad on that time. Could I please ask the good Representative to repeat just the question, please.

DEPUTY SPEAKER RYAN:

Representative Adinolfi, would you please repeat your question?

REP. ADINOLFI (103rd):

Certainly, Mr. Speaker, through you. My question was, where under 18 years old, you know, students just graduated high school and you're 18 years old and you could go to work for under two months, for two months or under and you did not have to be paid the minimum wage. That's what I heard before.

Now, these ex-students that graduated high school and are getting ready to go off to college are all over 18. There might be a handful under 18.

So I'm saying, what effect would this two-month reprieve have in dollars or in numbers? That's all. I wonder if you had that information?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, and through you, I thank the good Representative for repeating the question. I appreciate it.

Although I fear that I'm being asked to predict something that I've just been able to tell. I'd like to go on and on about how much low wage, minimum wage workers are going to spend their money, their raises right in that amusement park, making sure it all goes

right back to the boss, but I can't predict that for sure. It's what I believe.

So I'm sorry, I don't know how many people will be between 16 and 18 after high school, or, I'm sorry, if I got it correctly, how many will be over 18 after graduating from high school as the Representative mentioned, and I just wouldn't be too comfortable speculating about those numbers. Through you, sir.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Adinolfi.

REP. ADINOLFI (103rd):

I thank him for the answer, but I would like to say here, if we don't know the numbers, how could we come up with a fiscal note on any of these bills like this?

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Are there any other remarks on the Amendment as presented? Representative Carter.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker. As I sat here and watched the, or listened to the debate with

respect to this Amendment, you know it occurred to me one of the biggest problems in my district with respect to raising the minimum wage is my YMCA.

You know, every year when you look at the camps that are starting in these seasonal positions, those are the folks, you know, in our districts who are going to have a hard time.

When you think about these nonprofits who put all these camps every summer, now we're going to end up raising the minimum wage. We're going to make it much more difficult for those camps to function. That's a big deal.

It's funny, I hadn't thought about it until just a moment ago when we're talking about the seasons and over and over and over again, my YMCA has been talking about this being one of the biggest issues that they face.

Now, we sit here in this Body today and we need to make sure that we at least give some of this some common sense. You know, we need to give some of this a look because this is going to be a real burden on the nonprofits in our areas.

So next time you think about, you know, those kids getting shipped off to camp, just think about how

many of those slots are going to be going away over the next few years because we're not going to be able to afford to fund those camps.

So keep that in mind and I would urge everybody in the Chamber to support this Amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment before us? Will you remark further on the Amendment before us?

If not, will staff and guests please come to the Well of the House. Will Members please take your seats, and the machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll. The House of Representative is voting by Roll.

Will Members please report to the Chamber immediately.

DEPUTY SPEAKER RYAN:

Have all Members voted? Have all Members voted? Would the Members please check the board to determine if their vote is properly cast.

If all Members have voted, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

THE CLERK:

Substitute Senate Bill 387, House Amendment "B".

Total Number Voting	138
Necessary for Adoption	70
Those voting Yea	52
Those voting Nay	86
Those absent and not voting	12

DEPUTY SPEAKER RYAN:

The Amendment fails.

Will you remark further on the bill as amended with Senate Amendment "A"? Representative Sawyer of the 55th District.

REP. SAWYER (55th):

Thank you, Mr. Speaker. One of the problems of this particular bill is, it doesn't take into account the economy of the small towns. Mr. Speaker, we know that in the smallest of towns they have been inching along in their budgets.

Presently, in one of my small towns, they have not yet been able to pass a budget and we will go back again on Monday. But I do know that in these small

towns they hire teenagers every summer. I think I've had the same discussion with the good Chairman of the Labor Committee when we've had this debate in the past and I hear from my First Selectmen that say, you know, we count on the summer help, the young people that come to work for us in the summer to clean the parks, to do some of the light maintenance, to do some of the mowing, to move some of the furniture in and out of the buildings when certain projects are being done. They are essential to moving work along.

But the problem comes in, Mr. Speaker, is that we do not have a lot of money. We certainly have not been able to pass a budget, and the concern is, do we hire 12 kids or do we not have enough money and we'll have to only hire 11 kids, which leaves another statistic in the unemployment ranks.

If you go and look on a wonderful website called mimimunwage.com and you can type in your state, you can also type in the surrounding states and not only does it give you the current minimum wage for your state, you can look at the other states as well, and you see that where we are right now for minimum wage is, we are higher than our surrounding states.

But the other interesting statistic on there, Mr. Speaker, is the average teen unemployment rate. It shows on this particular chart the unemployment rate for Connecticut from 2011 and then it goes to 2012, and that number didn't go down, Mr. Speaker.

According to this website it says that Connecticut's teen unemployment rate increased. Now, knowing that we're already higher than our surrounding contiguous states in our minimum wage, we're going to go significantly higher than those other states, significantly higher.

If Massachusetts current minimum wage is $8 and you look at Rhode Island's minimum wage of $7.75 and New York's at $7.25, New Jersey's $7.25, New Hampshire, $7.25, $9 an hour, Mr. Speaker, is significantly more.

But what concerns me is watching the teenage unemployment rate go up. We've heard from so many people here that talked about the economy. We've heard that so many people here have talked about being bosses, being businessmen, knowing how it has affected companies in their districts, but I wanted to talk about it from the small town point of view, from the municipal point of view, and that's different.

So this does go in the wrong direction and shows that our, sadly in 2011, our teenage unemployment rate was 23 percent and it increased last year to over 25 percent, actually two and a half percentage points more.

So when I looked at my small towns and the lower numbers that they would be able to hire, that just shows me that we're going to add to that rate, the unemployment rate for a lot of these kids that may be not their first job, but maybe the second season that they're doing it, and for some of the college kids they're working very hard to help support the next year in college, many going to the community college, many going to the tech schools, and each and every one of those dollars is very valuable not only to them but to their families.

I appreciate the dollar amount. You know, we looked at our rates and I tried to go back, and what was our unemployment, I mean, what was our minimum wage back in the good years when Connecticut was rolling in money.

Mr. Speaker, in 2006 our minimum wage was $7.40. We were actually comparable to the contiguous states that they re now, and here we are, Mr. Speaker, we're

going to jump way ahead of those other states and we do not have an economy that has turned around. Our unemployment rate hasn't come down.

And specifically for that age group of youth it has gone up. Mr. Speaker, I'm sad to say that though I would love to give everyone a raise in this state, because I know many people, including the people in this Chamber, Mr. Speaker, like you and myself have not had a raise in over a decade in this particular job.

But, Mr. Speaker, we're talking about people who need each and every dollar to live, to get their schooling, to help their families, but they need that job. Not a lack of job, they don't want to be a statistic and they don't want to be in the unemployment line. For these kids, they can't even get in the unemployment line, Mr. Speaker, because most of them have not held a job before.

So I will not be supporting this because I do not believe Connecticut is at the vantage point to be able to do it and do it well and have it say to the businesses, we're open for business, which we've heard before. This is a chill, Mr. Speaker. This is a chill onto the state's business climate. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Candelora of the 86th.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, I rise with concerns with the underlying bill. I think we've heard it here tonight and, you know, I think in particular, the impact that it has certainly on the jobs in Connecticut, but on the people that are currently holding jobs, who may not be making minimum wage and may be more indirectly affected by this.

When we continue to increase the minimum wage, it hits a certain sector of our job market and a certain area such as our retail markets, and a lot of these businesses are structured in such a way that they have the high school students, the younger age workers who are there at an entry level position that are making the minimum wage and they could work toward higher positions, you know, within that organization that might be of a greater amount of money.

And we continue to raise the minimum wage and in this type of economy where businesses don't have the resources to give people appropriate salary increases, the individuals with the middle management jobs end up

having to forego raises, and I know anecdotally from what I've heard, we continue to increase the minimum wage and our middle class citizens, our true working families, have not seen increases in their salaries.

And so, it seems that we're sort of artificially trying to push the salary increases up through, from the bottom up, but if the money just isn't there, businesses aren't going to be able to do that.

We also heard some discussion on the seasonal employees and the ability for businesses to utilize the credit that's currently offered on the books. One of the things that I've heard is that this credit really is of no use to the employer because of the way it is interpreted and administered in the State of Connecticut.

And I think that if, as we've heard tonight, there is a remedy afforded to seasonal workers, but if that remedy is not workable for the good of the seasonal workers and the employer and to help create jobs, then I think we have an opportunity here to fix that, and so with that, the Clerk is in possession of LCO 8195 and I ask that it be called and I be allowed to summarize.

DEPUTY SPEAKER RYAN:

Will the Clerk please call LCO 8195, which will be designated House Amendment Schedule "C".

THE CLERK:

Mr. Speaker, LCO 8195 designated House Amendment Schedule "C" offered by Representative Cafero.

DEPUTY SPEAKER RYAN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? Is there objection? Hearing none, do you object, Representative Srinivasan? Oh no, okay.

Representative Candelora.

REP. CANDELORA (86th);

Thank you, Mr. Speaker. Mr. Speaker, what this does is under current law, seasonal workers are able to receive, I guess, or new hires, are able to receive a credit, well, let me back up.

The new hires are paid 85 percent of the minimum wage for the first 200 hours of working and the concept of this is that these individuals get hired by the employer and for those first 200 hours there's training involved and it gives the employer to make sure that on both ends the employer and the employee have a good relationship that will turn into a long-

term relationship and after the 200 hours it would kick up to a minimum wage.

And what this provision will do is allow that clock to begin running at the time that individual is hired by each and every employer who they hire as opposed to the current interpretation where once this credit is utilized by an individual it can no longer be accessed.

And so, with that, I move adoption.

DEPUTY SPEAKER RYAN:

The question before the Chamber is adoption of House Amendment Schedule "C". Will you remark further on the Amendment? Representative Candelora.

REP. CANDELORA (86th):

Mr. Speaker, I ask that when the vote be taken it be taken by Roll.

DEPUTY SPEAKER RYAN:

The question before the Chamber is on a Roll Call Vote for this Amendment. All those in favor signify by saying Aye..

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER RYAN:

I believe the requisite 20 percent has been met so when the vote is taken, it will be taken by Roll. Representative Candelora, are you all set?

Okay, Representative Ackert, speaking on the Amendment?

REP. ACKERT (8th):

Thank you, Mr. Speaker, and I rise in support of this Amendment. I look at this as a chance for essentially two summers. It still includes the under 18 years of age and also it's essentially only five weeks of full-time employment.

So if an individual this summer at the age of 16 were to go out and look for a part-time job and be, fall into this category then they would be able to be paid that training wage for this summer, and try that job out as many interns may do and in training and that job just doesn't fit them.

The following year they can go to another establishment and still be part of this training wage and maybe find a better fit for their job, but I think it helps that individual try the waters in some of the different establishments that they may, he or she may be interested in working.

So I think it's a small adjustment to what we're tryi8ng to do here but a laudable one, so I stand in support of this Amendment.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment? Will you remark further on the Amendment? Representative Carter.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker. I rise in strong support of the Amendment. You know, earlier we were speaking of what happens in the seasonal role with young men and women who were going out and trying to find their first jobs.

You know, in speaking to somebody about what happens at the YMCA for instance, one of the things they do is they actually try to pay people a little more than the minimum wage.

And one of the fears that I have, I mean, with the economy being what it is, is that we're going to take away that opportunity for a little while.

What this Amendment does is, by putting that medium step in there about $8.70 an hour, there is an opportunity where somebody can come out and maybe get paid a little more than minimum age. Maybe they're

going to start paying them at $9 an hour for doing a great job, but there's that extra little bit of ability to reward somebody for doing a good job, and I think that's important. I mean, that's an important theme that we need to be talking about, is how do we reward these kids to do a better job and at the same time when the economy has not recovered yet, we're giving businesses an ability to move into this gradually.

So I think this Amendment makes a lot of sense. I would urge all my colleagues to support it. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment? Will you remark further on the Amendment? Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Again, I'd like to thank the folks who brought forth this Amendment for their concern for employers and employees, but we philosophically disagree once more.

I believe that the present training wage is sufficient to help people enter the workforce and that is what a training wage is for. It's not to suppress

wages so that more people can be hired. It's to train people. People don't need to be trained for their first job every year.

So I'd respectfully ask my colleagues to reject this Amendment. Through you, Mr. Speaker. Thank you very much.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Will you remark further on the Amendment before us? Remarking further on the Amendment before us?

If not, will staff and guests please come to the Well of the House. Will the Members, I'm sorry. Will the Members please take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber, please.

The House of Representatives is voting by Roll Call. Members to the Chamber, please.

DEPUTY SPEAKER RYAN:

Have all the Members voted? Have all Members voted? If the Members would please check the board to determine if your vote is properly cast.

If all Members have voted, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

THE CLERK:

Substitute Senate Bill 387, House Amendment "C".

Total Number Voting	140
Necessary for Adoption	71
Those voting Yea	50
Those voting Nay	90
Those absent and not voting	10

DEPUTY SPEAKER RYAN:

The Amendment fails.

Will you remark further on the bill as amended by Senate Amendment "A"? Will you remark further? Representative Adinolfi. You have the Floor, sir.

REP. ADINOLFI (103rd):

Mr. Speaker, through you, I have a few questions for the proponent of the bill.

My first question is, are nonprofit organizations that hire included in this bill? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER RYAN:

Representative Adinolfi.

REP. ADINOLFI (103rd):

Thank you. That's a good answer. My other question is, my second question is, through you, Mr. Speaker, are private clubs included in the minimum wage laws?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER RYAN:

Representative Adinolfi.

REP. ADINOLFO (103rd):

I have a, Mr. Speaker, I have a problem with that answer because I'm aware of many, many, many private country clubs that collect on the dues, on top of the dues, all the money that they spend on restaurants in that particular facility. The ones that I'm familiar with charge you 18 percent gratuity, okay, and I guess gratuity is a tip, unless there's something different on that, but 18 percent gratuity.

Yet, they pay their employees the minimum wage. They get no percentage of that. It goes to the club to cover all the golf expenses, all the landscaping expenses, and so on, so how would this affect a private club when it comes to the minimum wage? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. In this bill the only change is in how people are affected is that those who pay the minimum wage will pay 45 cents more the first year and 30 cents more the second year.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Adinolfi.

REP. ADINOLFI (103rd):

But I thought that they had to receive tips. I mean, are these clubs doing the right thing by charging their customers 18 percent gratuity when they use the restaurant or the bar and then they pay their employees the minimum wage? Is this a good way to do business, or do we have any control on that? Anyone

in this room, Mr. Speaker, that belongs to a country club or something is familiar with this.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, and I do not belong to a country club and I'm not familiar with that.

DEPUTY SPEAKER RYAN:

Representative Adinolfi. Could I just ask Members in the Chamber to please take your conversations outside. It's getting a little difficult for us to hear Representative Adinolfi's questions and Representative Tercyak's answers. Thank you.

REP. ADINOLFI (103rd):

Through you, Mr. Speaker, I didn't hear the answer. If the good Representative will repeat it.

DEPUTY SPEAKER RYAN:

Representative Tercyak, you may repeat your answer.

REP. TERCYAK (26th):

Thank you, Mr. Speaker. I do not belong to a country club and I'm not familiar with how they operate.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Adinolfi.

REP. ADINOLFI (103rd):

Well, that's the way it works, I mean, the way I explained it and I think there's something wrong there, because we say in our bill that if they're working in a restaurant and they are receiving tips and so on, there's a different affect on the minimum wage.

So I just want to make that clear and I would suggest that would think about that and perhaps doing something about that in the future.

The other question I had, and it's my last question. What about veterans' organizations, like you can go to the FW Post, American Legion Post and they have waiters and waitresses there that don't accept tips and would the veterans' organization be required to pay them this minimum wage also? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Nothing in this bill changes in terms of who is eligible for the minimum wage, who is eligible for less than the minimum wage because it's a training wage or because they get servers' wages with a tip credit or because they get bartenders' wages with a separate tip credit.

To collect tips from customers and then withhold those tips from services is called wage theft, and in the states around us, wage theft is punished by not just for storing the wages but double penalties. We may address that later in the Session, but in this bill we do not.

However, it is still called wage theft and is worth reporting to the Department of Labor.

For veterans' organizations or other places where there are servers who are not allowed to collect tips and nobody collects tips in their names, then they are expected to be paid the straight minimum, at least the straight minimum wage because there are no tips to be offset by a tip credit.

Thank you very much, Mr. Speaker, I hope that answers the question, through you, sir.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Adinolfi.

REP. ADINOLFI (103rd):

I want to thank the good Representative from the Labor Committee for his comments and thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Srinivasan of the 31st District.

REP. SRINIVASAN (31st):

Good evening, Mr. Speaker.

SPEAKER SHARKEY:

Good evening.

REP. SRINIVASAN (31st):

Mr. Speaker, I have been listening to this debate for a few hours now and I recall vividly listening to this debate in the last Session as well. And when you look at this, we have to look at this problem in its totality and my concern is that when you raise this minimum wage, what we accomplish on the one hand we are unfortunately losing on the other side.

And the people who are going to pay the most for this are the younger generation. My concern is, that

if you look at what all the analysts have said, that unemployment among residents under the age of 25 will rise. Unemployment among the age of 16 to 18 will rise once again.

So in doing this, the people that we're going to impact negatively, unfortunately will be our younger workers, the people to whom we need to give the helping hand. That is the very group of people that we will be affecting adversely.

It is believed that only 1.2 percent, 1.2 percent of hourly paid employees are above the age of 24. The rest of them are the younger age group. So in the larger group of people that are going to impact by this increase in minimum wage will be those between the ages of 16 and 19, the greatest impact, and the second impact will be up to the age of 24 or 25, and that listening to the debate, listening to all the speakers that have gone ahead of me is my concern.

Employers will start thinking, not once, not twice, many, many times before they hire because obviously, they have to decide between this new employee who is a trainer, who is on a training wage, but unfortunately needs to be paid, not what we would

call as a conventional training wage, but it will be a full minimum wage that we will be paying these people.

So the group of people that I'm concerned about is a) the younger generation and also the people who are just entering the workforce in the ages of 24 and 25.

As the previous speakers have mentioned, this impact will have a major overall affect on our labor costs. If the minimum wage is X, the next person in that payroll, the person after that in the payroll, obviously doing more in that office environment, will have to be earning more as well. It all adds up and if you think it doesn't, we have not been in the real work world where people talk about what they make, how much they make, secret as much as we want it to be, it does not happen.

So when the wage of your minimum employee, minimum wage is in the ball park where you are talking about this evening, then next year and the year after that automatically goes up and the net impact will be, without a doubt, increased labor costs across the board.

So here we are in our state, looking at businesses, looking at our unemployment rate. Our

slogan always had been Connecticut is open for business, and every single step of the way what we're trying to do, and unfortunately succeeding quite frequently, is to make sure that businesses leave Connecticut and head in other directions.

And I'm sure as we all heard from the previous speakers this afternoon or actually evening into night now, that more and more businesses are leaving our state. More and more people are being unemployed or moving out and that all is the ripple effect of something good we want to accomplish, raise the minimum wage. Those are the consequences that we will be all facing when we raise this wage.

I vividly recall, Mr. Speaker, that about 20, 25 years ago when my son was looking for his first job, he knocked on the door in our town, in Glastonbury, was offered the position right away. Obviously the minimum wage at that time was very different, and what he learned on the job is important life lessons.

And it is extremely important that responsibility, part and parcel of what you make, what you spend, balance out the ins and outs are important things we can teach them, pure advice, or you can do it in a practical realistic way. And giving our

younger age group, giving our youth that opportunity will make that difference.

The opportunity that my son got with that minimum wage at that time, 20 to 25 years ago, right now we are not able to offer it to others, and that, indeed, is a sad state of affairs.

We are all, many of us here in the Chamber are small businessmen and so am I, and every year, year after year, people have come, knocked on my door and asked for a temporary job, which could be anywhere from two months from six months in that ballpark, and we have been able to give those jobs to those people because I realize the importance of giving that opportunity. Do I really need to give them that particular job? That's a debatable issue. But at the end of the day I realize what we do as a society when we can hopefully afford it, is the right thing to do.

But what we are doing here this evening is going to be taking away that opportunity because it goes beyond what one is able to be able to pocket and move on with an opportunity to these children.

Mr. Speaker, when these people now call my office and ask for a job, we are going into the summer months pretty soon and these people have had jobs before.

They have come to my office before, year after year after year, and they are not in a training position necessarily. But when you increase the rate I have to tell the kids whose siblings I have hired for the last 20 to 30 years, that at this point in time, I'm not able to employ you because of the impact it is going to have not just on them, on the employees, but the total impact as far as the labor cost is concerned.

We are aware that this position that we talk about is a combination of training as well as work. The training is not only about the job that they do. That is important. But equally important to the training is responsibility, accountability and that is the right kind of a balance we need to teach our youth.

And what will happen if we were to continue this? Unfortunately as I said, it would not head in the right direction.

And finally, Mr. Speaker, the only people that I see that will gain, the only people for whom there will be increased work if this were to become the law of our state will be those who are in the real estate business, those who are in the moving industry because what will happen is Connecticut that is open for

business as we call, will definitely not remain that way at all.

More and more businesses, unfortunately the small businesses, the bulk of our state will have to close their doors and more people will be leaving our state for better opportunities in different, other parts of our country.

So for that reason, Mr. Speaker, I stand here confused on the one hand about the right thing to do for our children, for our youth, to give them the right opportunity, aware that we need to pay them reasonably as well, but the way we are right now in Connecticut's economy compared to where we were ten years ago, compared to where we were 20 years ago, we have to strike the right balance.

If the balance is not struck, what will happen, unfortunately, is our unemployment will go up, will increase and the major impact will be on those who we are trying today very hard to help, the younger generation.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Yaccarino of the 87th, sir, you have the Floor.

REP. YACCARINO (87th):

Thank you, Mr. Speaker, a couple of questions to the proponent of this bill, please.

DEPUTY SPEAKER RYAN:

Representative Tercyak, please prepare yourself. Representative Yaccarino, proceed with your questions.

REP. YACCARINO (87th):

Thank you, Mr. Speaker. Through you, Mr. Speaker, how did we come up with this, or did you come up with this formula or this 70 cent fee over two years for the increase of minimum wage? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, I came up with the 70 cent formula by getting my heart broken and my dreams dashed. I originally wanted 75 cents each year and then indexing the minimum wage forever and ever after that through the consumer price index or something else so we wouldn't have to have these arguments every year.

But unfortunately we live in a world where I seldom get all my dreams coming true and in this world

in our climate of politics while we talked it over, a decision was made that what I hoped we could do was too ambitious for many people and so we end up where we are and that's the whole of it. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you, Mr. Speaker. If that's the case, your heart was broken, why didn't we go to $20 an hour?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

I thank you, Mr. Speaker. Because when people said 75 cents each year was too high, I understood that I was not being asked to come up with a suggestion like raising it to $20 an hour. When people said it was too high, they were looking for an answer that was lower.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Excuse me for that. I was just being facetious and I apologize. But overall, do you believe this will help our overall economy of the State of Connecticut?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you, Mr. Speaker. Through you. Yes, of course I believe this will help the entire economy of the State of Connecticut, which is still a great place to come and run a business if you'd like to end up rich. Thank you, Mr. Speaker, through you.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you, sir, and do you have any evidence of that through the federal minimum wage which we're currently a dollar higher and we're higher than every other state but three? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, could I please hear the question again? I misunderstood the part about federal something or another.

DEPUTY SPEAKER RYAN:

Go ahead, Representative Yaccarino.

REP. YACCARINO (87th):

When we put forth this proposal to increase the minimum wage, which is serious, but you have to look at the positive and the negative, the cause and effect. Positive for businesses, more than businesses, jobs in the economy in the State of Connecticut, which we're currently probably one of the worst in the country. Our state economy is terrible. Our national economy is terrible. The world economy is terrible.

So when you put something this serious forth, we should really give it some thought. Is this going to benefit society, the whole society as a whole, or is it going to benefit a few people that it eventually might, the cause and effect will actually be detrimental to businesses and jobs ultimately? That's my question.

So when you came up with this formula and this increase, which I, you know, it's laudable and I

applaud you for that, but what facts did you have when you came up with this number? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

This was not done in response to some sponsored study by a university. It wasn't done in response to the pro Raise Minimum Wage Study out of Princeton or the anti Minimum Wage Study out of UC, wherever.

This is done as it is most years because we come to a recognition that it's time to not have these arguments is why about 13 states have linked their minimum wage increases to something like the CPI because then that would be more scientific, that as costs go up or linking it to something, then so would the minimum wage.

We choose not to link it to anything and so we do this. Thank you. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you for that answer. We'll go to the next. So when we come up to 70 cents over two years, do we

take into effect the increased social security, the unemployment the workers' compensation and the tax liability for businesses, which multiplies approximately at $9 an hour, $4 more an hour? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, yes, we do take that into effect as well as we take into effect the increased purchasing power of the lowest paid workers among us.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you for that answer. And through you, Mr. Speaker, I believe the proponent earlier in the evening said over two years 70 cents per hour would multiply about $936 a year for each employee. Is that correct, Mr. Speaker?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

No, it is not, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you. I wrote down earlier that it was, I thought you said $936. I calculate it at 25 hours at 75 cents per hour, it would come out to over $900 per year. And if you do the multiplier effect of what I said earlier, social security, unemployment, that's $1,404 that the employer has to pay each employee.

So I do agree in some case if somebody's making 75 cents more an hour they might have a little more money to spend in the community, but overall the businesses are not going to hire as much. They're not going to be able to invest in equipment. I believe, and the facts are to show that it creates unemployment.

Again, I applaud that we want to, I have my own business. I've owned my own business for 22 years. I've never paid a minimum wage, but the fact is, it's what the market bears.

So to impose this on employers in this society, I mean in this jobs climate it's just the wrong, wrong

message. I think in time it will do it on its own through the market.

Like I said earlier, we're a dollar more than national average. We're higher more than every state and that's great and we should because we have such a high cost of living in our state because of so many of our poor policies.

But I think we have to be careful when we try to do this year in and year out, almost everything we've done in this building this year is detrimental to business. I don't know, I know we have different opinions and different philosophies but we have to use facts, and the facts show this just doesn't work.

Most local businesses we're talking about are small businesses, are involved in the community that sponsor Little League, sponsor girls' softball, donate to Girl Scouts, Boy Scouts, Boys Clubs, Girls Clubs and it's very costly but that's part of being in business and part of being in the community.

I've hired many, many people through the years, all good people, and like I said earlier in the Amendment, sometimes they don't work out in the beginning and you spend a lot of time training, trying to teach what's right and wrong, customer service.

It's much more than just the wage. It's everything and we have to be careful.

That's just my personal opinion. We have to be careful when we do things like this.

My opinion is, we should be focusing on high paying jobs, better jobs in our state, not focusing on the minimum wage at this point. I think in the future, yes, but right now we're in dire straits in Connecticut. We need to bring companies in to create high paying jobs for our families to do things, to spend money in the community.

So I can't support this. I've always paid above minimum wage. I think most people do. But these, the jobs you're talking about are entry level jobs that don't support families, and any decent employer is going to pay much more than minimum wage for a man or a woman that needs to make a living. I just know that because I've seen it my whole life.

So I can't support this. I think it's the wrong message and it doesn't, it actually hurts poorer people I think, in the long run, because companies can't hire, they can't hire more people. They have less money. You have to look at the overall good and to me, there's not much good in this. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Shaban of the 135th.

REP. SHABAN (135th):

Thank you, Mr. Speaker. I rise to make several comments, more than I have several questions, because I think most of the questions have been posed at this point, but perhaps some that will come to mind.

You know it's funny. At the beginning of this discussion, the proponent of the bill said that this money will get put back into the economy. This is going to be good for the State of Connecticut because it's going to get put back into the economy.

You know, it's funny. We're a state. We don't print our own money. This money comes from somewhere. Where does this money comes from? Well, it's our money, it's your money, it's the money that goes around inside of Connecticut, and the unstated assumption, the assumption of this entire rationale is that the evil employers who employ minimum wage workers, McDonald's. the hardware store, the pizzeria, the evil employers are not putting that money back into the economy. Somehow they're hoarding that money and by raising the minimum wage 75 cents or a dollar

we're going to free this money that's otherwise being sat on and hoarded. That is what the rationale behind this is.

There's no other way to put it. You're saying that without a minimum wage, this money is not going to be put into the economy because our evil employers are hoarding it.

Well, you know, it's funny. I worked for a minimum wage, too. I wasn't a shampoo girl. I think I was one of the dish washers that we heard about earlier. Oh, I tried for the shampoo girl job. I didn't get it.

The employers put the money, put the money back into the economy by one of two ways. They either hire more employers, employees, rather. Instead of having one kid working at the hardware store, maybe you've got to. Instead of having one pizza delivery kid, maybe you've got two. Instead of having two camp counselors, maybe you have three. That's what the evil employers do with that money that you're assuming they're hoarding, or maybe they'll buy equipment. Maybe they buy a new pizza oven. Maybe they buy another delivery truck. Maybe they buy more supplies

so they can sell to their consumers. That's the unstated assumption of this entire rationale.

If we don't free this money up through the increase of minimum wage that somehow this money's not going to get back in the economy. That is just abstract nonsense.

A basic economy of any state suggests, or not even suggests, it proves that can't happen. That can't happen. Money comes from somewhere and economies are an exchange of goods and services for either the goods and services themselves, barter or a unified form of currency, money. And here the money gets exchanged.

So by imposing more burden on our employers, you're hurting the employees. We've heard about that the better part of a couple of hours now.

You know, in the last couple of years, we've been doing things like this, I've gotten up a few times and kind of flagged what I believe to be, and I'm a partner in a law firm, it's a small business, relatively speaking to most big law firms.

You know, there's three, maybe four cost drivers for any small business, actually for all businesses,

but especially for small businesses. You know, first is government regulation and taxes.

Second is energy and transportation. And third, labor costs, people costs. What's it going to cost you to run your business?

Over the last two, three years, we keep ticking up all three. Every time we turn around here, not every time, many times when we turn around in here we tick up all three. You know, how does that help our small businesses? How does that help our employers? It doesn't. I mean taxes, we've talked about that. We increased income tax a year or two back. We actually get it retroactive in certain circumstances.

We increased the sales tax. We increased, that's not necessarily a pass through tax, depending on the business you're running. We hit everything from clothing to prescription drugs to yoga studies to anything else you can think of, and most of our small businesses operate as LLCs, limited liability companies.

So when you increase that one cost driver, the first of those three cost drivers I mentioned, that hits their bottom line.

Second cost driver, energy and transportation. Well, what did we do there? We're going to increase the gas tax here in short order. That cost the delivery truck guy some money. That costs everybody money just getting to and from work.

We had a generation tax. That kind of comes and goes and comes and goes. That pushes up your energy costs and your transportation costs and every year we get another conversation about tolls. Again, more transportation costs.

Finally, your labor costs. Your people costs. This is what we're talking about here. In the last couple of years we passed paid sick leave. We talked about, you know, a whole bunch of pro litigation laws, a whole bunch of pro litigation laws, paid sick leave being one of team, but you know, the certificate of rehabilitation we talked about last night. That's going to be a pro litigation statute for all employers. Not just state employers, all employers, so we're ticking up that cost driver, too, for our businesses.

The certificate of merit comes back and forth. That takes up the, that's another cost driver, a litigation cost driver for doctors, small businesses.

So we're driving that up. And here we are again. Here we are again.

The third and most major cost driver of any small business if your people, potentially your lease or your people, depending on your business. We're going to drive that up, too. And why? Why?

Because what we're saying is, well, the stated rationale from the proponent of the bill that unless we do this, this money is not going to get back into the economy. That is just frank, it's wrong. It's just wrong.

This is the wrong time to do this. It's the wrong way to do this, piled onto everything else we've been doing for the last couple of years. It is no wonder that the thing we're leading in the country right now is businesses leaving and it doesn't have to be that way. It doesn't have to be that way.

So I can't support this bill, and everybody understands the intention. But it's wrong. It's on a pile of more wrong things at the wrong time and doing it to the wrong people.

So, Mr. Speaker, I thank you and the Chamber for its time, but I'll be a no on the bill. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Betts of the 78th.

REP. BETTS (78th):

Thank you, Mr. Speaker, and I appreciate the extra time. Good evening. I'd like to just try a different approach in talking about this bill, and one of the things that I've learned in listening to the discussion is, we have a lot of things in common and many of you heard me say, we focus too much on what we don't have in common as opposed to what we do have in common. So let me start out with the things that I think we do have in common.

I think we all agree that Connecticut's an expensive state to operate in, and we also understand the need to have increased wages in such an expensive state and we also understand jobs for the most part are the ones we want to create are from the business community.

But here, you know, we come in these annual debates, and despite the businesses' requests, business community's request to say, please do not harm, do not interfere with our business so we can do our business, we come in and we have an annual debate on the minimum wage.

So rather than pitting each side against each other, I have a third suggestion on how to approach this, and that is to look at ourselves. If we took a look at what we do and how we control our expenses, there would be much more money in the pockets of the employees as well as in the owners.

Now think about that. For example, you know, this is the land of opportunity. We have people who want to be entrepreneurs, people who want to try and make a go of it, and that's great. We want innovators. So how do we reward that? We charge them a business entity tax of $250 for the privilege of taking the initiative to start a business. We, the government do that for them. Okay?

Then we do other things. We say we need more money so we're going to go and we're going to get it from people or companies that make money. Again, we're taking money away from the people who are earning it, whether it's the employees or the employers.

Now, imagine if we left some of that money in their pockets, and I think another thing we all have in agreement is, we don't believe employers are evil. And as you've heard from several of the previous

speakers, particularly the small business owners, they would love to be able to give more money to their employees, and who wouldn't? Because if you had it, you'd like to make other people feel better. You like to see them succeed.

If they succeed and they're happy, you're going to succeed. But because of the economy, which has lasted such a long time, and because of what we, state government have done over the last several years, the companies are not able to be in that position, nor are the employees.

So I take a look at some of the things that we've done to make life difficult, or take money away from people who could, if we left this money with them, on their own, might be able to increase the minimum wage without a law being passed by a state government.

I mentioned the business entity tax. How about businesses, we just had a debate not too long ago whether they'ré foreclosing or they're just simply closing down, how about the idea that we make them pay a fee just for closing down, and that's only because the government needs money.

How about the mandates that you just heard Representative Shaban talk about? If you think about

it, wouldn't it be nice if we were, instead of being a hindrance, a good partner that would support both the small businesses and big businesses and the employees.

I would suggest that if we did take that approach, we would not be pitting employee versus employer, that the employer, in fact, would be having more money in their pockets so they would raise the wages, and we'd be looking at Connecticut not being a place where you don't not only want to do business, but where you cannot recruit business. We'd be having a much different welcoming feeling here and we would be a lot more competitive nationwide.

So think about that as we're doing this debate. What roll do we in state government play in this entire debate, and I would submit to you we play a very large role, and not a constructive one, unfortunately.

Now one of the things that we all do is, we say, what can we do to help people, and they come and they give us suggestions. I would submit to you that not many of us are really that qualified to know what it takes to operate a business because we have different types of jobs.

Well, that puts us, we should be a lot better listeners, because if I don't know what you're doing, I need to learn and understand what you're doing, including the cost of doing business. I need to understand and want to understand the impact of what I'm doing, whether it's with a payroll, whether it's with insurance, whether it's with mandates, I need to understand that, and that's not just limited to businesses. That's not limited to just employees.

How about our towns and schools? Look at all the unfunded mandates that we impose on people and they're in the same position that the businesses are in now and the employers are in. They're in the same position we are. They're broke.

So what do we do in response? Instead of working together and finding common ground like I had said earlier we just continue to turn our backs on them. We don't even have to eliminate the mandates. All we have to do is suspend them, and that turns out to be real cash, real savings to businesses, schools and municipalities.

I submit that we can do a lot more and a lot better without doing the minimum wage bill just by

doing things ourselves to help other people. I wonder if we've ever looked at this debate in that context.

We are not powerless to be able to make some very wise decisions that will not cost the state any cash, but it will give cash, it will give relief, it will give money to those to whom we have pledged to help, and by doing that, we can make this state not only a greater state to operate in, we can retain that reputation we had a long time ago of being a thriving, wonderful place to raise a family and to get jobs.

And let me suggest to you with all due respect, what I said earlier on about Lake Compounce, who's putting in millions of dollars into their facility, they don't have to impress me. They're just telling me the simple truth, and they're also telling me and other people are telling me, you know what? We might not even hire young people any more. We may go and do the opposite. We may end up hiring older people.

And what's going to happen to our youth then? How are we going to keep people in this state? Why are they going to stay in this state? They can't get a job. They can't afford to live here.

And what are we doing to help them? We're making it very difficult for them to even get an interview, much less a job, much less minimum wage.

I think we're looking at this in a very narrow sense and that we need to change the way we approach business and the way we're going to help people. Status quo is not getting the job done.

As I said to somebody the other day, I'm no longer even considering the question of how to attract or recruit business. I've seen too many places in my district, as I'm sure you have in yours, where there's a ton of homes that are for sale. People are packing it in because they're losing confidence in our ability to help them.

They are moving out of this state. Our future is not wanting to come in here. I say that we can do a complete 360 and help folks and avoid these debates, because when the money goes back to the employers, when the money goes back to the towns and the cities, when the money goes back to where we need to have it, the economy will get better.

And I just would like to ask one question if I could, through you, Mr. Speaker, before I conclude, to the proponent of this Amendment if I could.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. BETTS (78th):

Early on, Mr. Chairman, I had heard you in response to a question about how much this is going to cost the state, this increase and I realize how difficult it is because we don't seem to know how many are being paid minimum wage.

But I believe we would agree that there is going to be a cost of several hundred thousand dollars on the conservative side, and unless you disagree with that, I assume that's a reasonable assumption.

I'd like to know, through you, Mr. Speaker, has that money or has a sum of money been set aside and will it be in the upcoming proposed budget that we're going to have to consider in the next day or two? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you. Yes, we're going to pass a budget that is expected to cover wages that the State of Connecticut will be paying over the biennium.

DEPUTY SPEAKER RYAN:

Representative Betts.

REP. BETTS (78th):

Thank you, and I thank you for that answer, and that's very reassuring, because obviously we need to do that. I wonder if the good Chairman could give me an idea as to what sum is being set aside for this, because obviously we're only a day if that, away from the budget. You must have some sense as to what this is going to cost over the next two years, through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. All funds will be paid out of the general fund. We're not setting aside a distinct fund to pay for an increase in minimum wage.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Betts.

REP. BETTS (78th):

I thank you, Mr. Speaker. I guess, I'm not sure I understand that answer and perhaps the Chairman

could go and elaborate on that. I understand the money's going to be coming from the general fund. What I'm trying to understand is, you needed to provide some kind of range or some kind of figure to be plugged into the proposed budget upcoming and I'm just simply asking what that range is, to give us, and to give the Chamber a general sense as to what kind of financial commitment we're going to be making if this law is passed? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak. And Representative Tercyak, could you just speak up a little bit so we could all make sure we hear you, okay? Thank you.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker, I will try to speak a bit more loudly. I'm sorry, I've lost track now, but I am speaking louder.

So, through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

I'm sorry. Representative Betts, could you repeat your questions?

REP. BETTS (78th):

I'd be happy to. We have a budget upcoming now and obviously in order for that budget to be presented

to us, a number had to be provided to the Chair people and to the negotiating team that would cover or is estimated to cover the expense for the minimum wage should it be adopted.

Obviously, we could not be considering this unless that was done. I'm asking the Chairman what the range, or what the estimated amount was provided so that would be plugged into the budget, because as you said, the general fund will be paying for it, so I was just simply asking that information through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, as amended by Senate "A", the Office of Fiscal Analysis reported that various state agencies will have a cost of less than $262,000 in Fiscal Year 14 and the Office of Fiscal Analysis while analyzing An Act Increasing the Minimum Fair Wage as amended by Senate "A" says that various state agencies in Fiscal Year 15 will spend less than $528,000 out of our

billions and billions of dollars budgeted. Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you. Representative Betts.

REP. BETTS (78th):

Thank you, very much and I appreciate that answer. I'm just trying to make sure we are aware as we go through this process, we are aware of not only the financial commitment to the state, but also the financial commitment that it's going to cause on the towns and the municipalities which have already, or are about to by the end of this week, approve their budget, and they are now going to have to adjust their budgets if we end up passing this legislation.

So again, I would suggest to you that rather than divide and have this traditional battle between the employers and the employees, I would submit to you that we could play a leadership role, be constructive and try and help overcome this very anti, very divisive issue and I hope my colleagues will really take that into factor as we move into ensuing debates, not only for this Session but in the future Sessions.

So for those reasons, I'm going to be opposing it, but I certainly hope we can get a new attitude and

a new change on how we approach this, and I thank you very much, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Lesser of the 100th, you have the Floor, sir.

REP. LESSER (100th):

Good evening, Mr. Speaker. Mr. Speaker, I rise today, tonight, in support of this bill as amended. I've listened to the debate for several hours. I've also spoken to constituents and business owners in my district about this issue, and I believe at the end of the day that this is a bill that needs to be supported.

Minimum wage workers are as many people have pointed out tonight, kids, but they're not just kids. They're also farm workers on our farms picking apples. They're store clerks. They're working for the holiday season. They're landscapers, they're single mothers and they're women reentering the workforce.

Mr. Speaker, a 2013 study came out just this year from the National Low Income Housing Coalition and found out that the fair market rent of a two-bedroom apartment in the State of Connecticut is $1,208 per month.

To make the rent to afford that, a worker would have to work 113 hours a week on the current minimum wage. That would be 16 hours a day, 7 days a week, 365 days a year just to pay for the rent for a two-bedroom apartment to raise a family.

In order to work enough and earn enough to afford that apartment working a 40-hour week Monday through Friday, that same worker would have to earn $23.22 as a minimum wage in order to afford that apartment.

Mr. Speaker, this bill doesn't raise the minimum wage to $23 an hour. It doesn't come close to that. It raises the minimum wage by 75 cents an hour over the next two years.

Mr. Speaker, this is a bill that does a small distance toward making this state a little bit more affordable for those folks who are at the bottom of our economic system.

Mr. Speaker, I urge adoption.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Thank you. Representative Albis of the 99th.

REP. ALBIS (99th):

Thank you, Mr. Speaker. Mr. Speaker, minimum wage is a very emotional issue in different ways for

different people. It's emotional for the single mother who is struggling to put food on her table for the children and it's emotional for the small business owner who's trying to make payroll at the end of the month.

I think we've heard a lot of anecdotes on both sides of the debate tonight and I want to take a moment to mention some of the statistics and other factors that are involved in this debate.

Mr. Speaker, approximately 100,000 folks in the State of Connecticut, that's ten percent of our entire workforce in the state, do have minimum wage jobs, and with those jobs they earn just about $17,000 a year working on a full-time basis and that is $2,000 below the federal poverty limit.

That puts not only a strain on these families and their own budgets, but it puts a strain on the state budget as well.

Mr. Speaker, out of those 100,000, 83 percent of minimum wage workers in the state are over the age of 20. Out of those 100,000 people, 77 percent work more than part-time hours, 50 percent are adult women and another 50 percent have some college education or more.

Now, since 2008 we've seen a new economy than in years past and the focus is either on high skill jobs or service sector jobs, which could be restaurants, retail, home health care, and these are jobs that tend to pay minimum wage or very close to it.

There's been a question about whether wages go directly back into the economy for these low-income workers and that is without a doubt true. Economists on both sides of the aisle will agree that workers who make a lower amount of money, especially those at the very bottom of the income scale, any time they earn a greater amount of money, that goes directly back into the economy.

Economists on both sides of the aisle also agree that consumer spending is what really drives our economy. Mom and pop stores in each of our communities, whether it be a hardware store, the diner, or another type of establishment. They rely on sales. They rely on consumers to come in and spend. We need these low-income workers to be spending money at our community stores and mom and pop establishments.

Mr. Speaker, there have been many studies that have shown an aggregate of studies throughout the

country that show no discernible effect on employment when the minimum wage is raised.

As with the economy during any point in time, good or bad, there will be jobs lost and jobs gained. Minimum wage does not have a discernible effect.

Increases in minimum wage also do not affect jobs going over state borders and studies have backed that up as well. Mr. Speaker, since the recession hit in 2008, low-wage sector jobs are seeing reductions in their yearly salaries while salaries at the top end of the income scale are rising astronomically. Income equality is one of the greatest challenges of our time and we need to help the folks who are making the minimum wage to be able to afford the things that we can afford every day.

So, Mr. Speaker, I am proud to stand in support of raising the minimum wage to $9 an hour and I urge my colleagues to do the same. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Is Representative O'Dea here? Okay, let's go to Representative Kokoruda of the 101st. I'll come back.

REP. KOKORUDA (101st):

Good evening, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Good evening.

REP. KOKORUDA (101st):

You know, I've listened to this debate just as Representative Albis just said, for hours and you know, I think I would agree that it would be a great thing to do to be able to raise the minimum raise.

But you know, I'm really concerned. First of all I think a lot of the discussion today, I wish there had been more study done. I heard more in the last ten minutes than I've heard all night, and I was concerned at some of the answers.

When we were talking about how many people in the state that work for the state are at minimum wage, we were told they didn't know.

When we were asking about employment contracts, no idea of the impact.

When we asked about non-service contracts tied to minimum wage, we were told OFA and the proponent of the bill, it was difficult to quantify. We heard this again and again all night and I'm concerned about businesses. I'm concerned about our small towns and cities and our cities especially, and I'm also worried about our safety net, folks.

If we are saying now that this money, as far as the state employees is in the budget, that's news, that we just heard in the last ten minutes. That's good news.

But let me just say, the other night, last week, an Amendment was put up in this Chamber that did not pass, and what it said was, would we take some of these nuisance fees for businesses and give our businesses some relief. I think it came to $400,000, and it didn't pass here.

And what we were told by the Chairman of one of the committees was, it was a great idea but it's just the wrong time, because we just can't afford to give businesses that relief.

But tonight, we're saying it's a great idea but it's the right time, because that money will go back into the economy, but by the way, the $400,000 that businesses would have saved, those families that own those small businesses, they wouldn't have put that money back in the economy. Is that what we're being told?

So we're hearing two stories and for someone that sits and listens to these day after day it's pretty frustrating when we have a set of rules for businesses

that we say we're pro business and we have a set of rules for everybody else.

Last year I had an opportunity to meet with all my safety net people in one of the towns I represent at Guilford, and they told us, I wasn't the only Legislator there, they told us, Mr. Speaker, that they were worried about keeping their doors open, and they can't afford to pay more right now. It's just the wrong time for them. They're being cut back by state funds, federal funds and even their clients can't afford to pay the bill. So the safety net people asked for some relief and it seems like with this bill we've ignored that.

Tonight we talked about what this would do to municipalities. Well, what we were told was, we really don't know the impact to municipalities or cities. Well, I don't know about you but my towns have passed their budgets already. The voters have voted, they set their mill rates. They're ready to go.

And you know, they talk about, we heard tonight that you can't predict it. But you can't predict hurricanes, you can't predict crime, but we don't legislate hurricanes. We don't legislate crime. But

we are legislating towns to have to pay minimum wage after the budgets have been passed.

So I just want to end with, I wish there had been more studies done. I wish we had more information than what was presented here tonight and I just think that we, we're out of touch up here. We say we want to keep our municipalities, we want to hold them harmless and then we pass a bill, we're going to pass a bill after they pass their budgets and tell them to change the rules.

We're telling businesses we can't afford to give you any relief on those fees, but by the way, because it's just the wrong time. It's a good idea. It's a wrong time. But it's not the wrong time for you to have to raise your wages.

And then we're telling safety net people, our providers of the neediest continue doing your work but we're going to make it harder for you.

So I just think we're out of touch and we're not listening to businesses. We're not listening to municipalities and we're not listening to the safety net providers. My question really, I wasn't expecting an answer is, who are we listening to up here?

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Larry Miller of the 122nd, sir, you have the Floor.

REP. MILLER (122nd):

Thank you, Mr. Speaker. I have a couple of questions for the proponent.

DEPUTY SPEAKER RYAN:

Please proceed, sir.

REP. MILLER (122nd):

On our agenda, our Go List, we have a program, the Janitorial Work Pilot Program for Persons With Disabilities. Would they be minimum wage employees under that program and would they be subject to this increase?

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, while that bill is not part of this bill, I believe the answer is no.

DEPUTY SPEAKER RYAN:

Representative Miller.

REP. MILLER (122nd):

Yes. And through you, Mr. Speaker, there's a wonderful organization in Bridgeport called The Kennedy Center and they deal with a lot of handicapped people and there are a few they find jobs for, probably at minimum wage. Would they be covered under this bill?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, I'm not sure I heard every detail of the question, but I believe that I might be able to answer it accurately by pointing out that we are not changing who is affected by this bill. We are raising the minimum wage for the same people who already get minimum wage by 45 cents in year one, by 30 cents in year two.

I earlier said that, when asked was no, that's not $936 total at the end of the two years. That's what it will be for the first year and the second year it will be less.

So over the course of two years it will cost, or somebody will earn, an additional $1,660.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, I'll assume that they will get the benefit of this increase.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Through you, Mr. Speaker, yes, that's part of the benefits of this. Thank you very much, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Miller.

REP. MILLER (122nd):

We have another organization, through you, Mr. Speaker, we have another organization in the Valley called TEEM and they provide jobs for the needy. They're part-time jobs, obviously, but still these people that do get these jobs, and generally they're not teenagers. They also will be covered under this provision in this bill?

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Through you, should those workers be earning minimum wage, they will be covered under this bill. Should they be earning wages higher than the $9 an hour that this will go up to January after next, then at that time they will not be covered by this bill because they'll already be earning more.

Through you, Mr. Speaker. Thank you very much.

DEPUTY SPEAKER RYAN:

Representative Miller.

REP. MILLER (122nd):

And through you, Mr. Speaker, the one thing that we don't hear about, living on minimum wage is difficult in the State of Connecticut. We have some of the highest rental property in the country, our taxes are through the ceiling, and certainly the General Assembly doesn't make it any easier for anybody.

But low-income earners may be living on minimum wage, they do get help. We're a very, very compassionate state. We have all sorts of programs. For instance, some of these people on minimum wage would get heating assistance. They would also get

some health care assistance. They probably don't pay an income tax because they don't make enough money. Charities give them food and clothing. I know I used to deliver turkeys around Christmas time to the needy for the Red Cross and other organizations and also clothing as well.

And there's all kinds of programs to help these needy people who have children. You know, the WIC Program, SNAP and other type of food stamp operations that the state does give.

So you know, we try to make it as easy for them as possible, and as I said, we're a very compassion state. We try to help them as much as possible

Unfortunately, some of these people have no background as far as skills or education and they take, you know, the only job that they can get.

I often get calls from constituents in my district who are out of work for two and three years and they're begging me to help and get a job and some of them have great backgrounds. And I know I tell them to send up a resume and I'll see what I can do. Maybe the state is interested in somebody.

And these are the people that probably will take some of these jobs now that the income is a little

better plus it's going to be a double hit because you've got the consumer price index in there that will also provide a continuing increase over the future years.

I think, you know, at this point I would just say that I think the economy is such that this is not the right time to do it. I think we're going to force a lot of young people who normally might have a job, they're going to be on the unemployment line and they'll also be taking jobs that normally go to children, young teenagers.

So we're going to have a lot of children out, and that's not a good thing in the summer months. Kids get a little whacko in the summer months so it's best to keep them busy, but anyway, thank you for your answers and thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Perillo of the 113th.

REP. PERILLO (113th):

Mr. Speaker, good evening. Thank you very much. Very much has been said about this and I really don't want to repeat what has already been stated, but my greatest fear here is that despite our well

intentions, despite our desire to help individuals to give them a leg up, to give them a greater opportunity, to put a little bit more in their check every week or every other week, I worry that we are actually, in effect, harming those same individuals we wish to help.

And I think it comes to the simple fact that we fail to recognize that the pot of money from which employees can be paid is only so big. Money doesn't grow on trees for these small businesses and large businesses. There's only so much money available to pay however many employees can possibly be employed at the rate that those employees need to be paid.

Common sense dictates that as you increase the rate of pay, given that that pool of money is only so large, a company must reduce its work force or reduce the number of hours it gives to those existing number of workers. This is simple math. This is not complex. This is not confusing.

There are studies economists on both sides of the issues who have written and written and hypothesized on this for many, many years, but we can't argue with simple mathematics.

What this bill does, while it makes us feel good, feel great to put a little bit of extra money in somebody's pocket on a weekly basis, it does not help that population of individuals who is earning income at or slightly above the minimum wage. It simply doesn't.

And in fact, it increases the risk that they will either lose their jobs because that pot of money, as I said, is only so big, or that their hours will be reduced such that they're working to make the same amount of money. This isn't helping folks. This is hurting folks.

And further, I'm concerned that what we end up doing is pricing our lowest skilled workers out of the job market. We price them out by increasing that minimum amount that we can pay them. There are only so many jobs, and as we increase that wage, the number of jobs goes down.

Demand remains the same but the supply goes down. The end result of that is that the lowest skilled workers are not included in that remaining supply of jobs that are available.

As I said, this isn't complex. This isn't confusing. It's very, very simple and again, while I

know this is so well intended, the end result I feel, will actually be detrimental to those individuals who we wish to help.

We all want to do the right thing here. We all want to do the right thing for employees, but unfortunately, I do not believe this bill is it. I can't support it. I wish these employees well. I'm sure some will make out in this deal, but too many won't. Too many will lose their jobs. Too many will make less money because they're working fewer hours and that's the simple reality.

So I wish only to say that and I thank the Chamber for its time in indulging me. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Ziobron of the 34th.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker. I, too, rise to speak about this bill. Earlier on the Amendment I talked a lot about what it's going to mean to the State of Connecticut and to our precious state park system. It's still going to affect us and not in a good way.

We have 74 full-time employees in DEEP who take care of over 100 state parks. Once the seasonal time comes they hire 110 employees and somehow even with those limited resources, they get us through those summer months.

This is going to be a hit on the State of Connecticut. We've heard a lot about municipalities who run park programs and again, we go back to the seasonal discussion and I really wish my colleagues had really taken a sincere look at the effects of not allowing some carve out for the seasonal employees, but I understand that ship has sailed.

But it makes me sad because I spend a lot of time in our state parks as a volunteer. I see them struggling, our state employees struggling to make a difference there and year after year after year we cut their budgets and now we're going to raise the minimum wage so now they can't hire as many employees as they normally once would, and that's on our shoulders.

I received an e-mail from a business owner in one of my towns, East Haddam. This business is right across the street from the iconic Goodspeed Opera House. I hope my colleagues have had a chance to visit my neck of the woods. It's a beautiful area.

This young couple started a catering business in Chester across the river, eight tables and worked their way up to open up a wonderful Italian restaurant called La Vida Gustoso.

Jackie and her husband Lorenzo do an amazing job there. The heading of her e-mail is very simple. We will not survive this. We will not survive this. Here's a business that started with a dream. They certainly did not anticipate they'd have 150-seat restaurant when they started cooking up the wonderful food that they make there, and here they are today, serving food in East Haddam.

They've taken a lot of personal sacrifice, investing, expanding the restaurant over the years, working night and day. One of our State Reps earlier talked about our first job. My first job was as a waitress as well. I made $2.10 an hour.

But in her letter to me, she said Melissa, we have 28 employees this year. In previous years we've had 45. A majority of our employees are students working their way through college, teachers, teachers earning extra money in the summer months. They're single parents trying to support their families and currently their payroll is running 40 percent of their

entire cost and in the winter is more. And in the winter it's more because of the nature of their location and the minimum wage hike will add 11 percent to our expenses.

Ladies and gentlemen, I've been watching when I wasn't a Member of this Legislature, what we've done as a state and there's that saying and I probably am going to get it wrong doing the same thing over and over and over again and expecting a different result is the definition of insanity. Well that's what we've been doing here year after year after year, hoping and praying, hoping and praying that we would break through, create more jobs, create revenue and it hasn't happened.

Let's try something different. Let's try cutting taxes. That would be an amazing thing to see up here.

And again, I got to that hope, because in Jackie's e-mail to me the other day, that's exactly what she does every day is hope, and in it she writes the restaurant business is not as easy or as glamorous as people think. They take pride in what they do, almost 14 years of working day and night and now they spend that time hoping, hoping they can pay their

bills. Hoping they don't have to lay off yet more employees, and hoping they can keep their doors open.

Ladies and gentlemen, please, let's think about what we are doing in our state. We have children who can't find jobs. My daughter's 18, my son's 14. My daughter looked at me the other day and she said, mom, I'm not sticking around here. She's looking at China and doing things away from this state.

When are we going to start thinking about the ramifications of what we're doing sending people further south, not only for jobs, houses and everything else.

Mr. Speaker, I urge people to vote no on this bill. Thank you very much.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Genga of the 10th district, sir, you have the Floor.

REP. GENGA (10th):

Thank you, Mr. Speaker. Mr. Speaker, I've heard a lot of discussions tonight, comments regarding doing the right thing and keeping things well balanced and the need for study and I found in my own concerns, a study that was done by the Center for Economic and Policy Review in Washington, D. C.

This study pointed out that minimum wage is one of the most studied topics in the United States. The study that was completed in February of this year had a Meta study. The Meta study means it's a study of all studies. There were 64 studies that were reviewed between 1972 and 2007. The conclusions with the data involved point out that much was said tonight in contradiction.

The study pointed out there's a zero effect on employment based on minimum wage increases. No statistically and economically meaningful employment losses have been associated with minimum wage increase.

Overall, the study pointed out to me that businesses are really sharp and when faced with challenges they know how to meet them. The evidence pointed out that minimum wage reduces labor turnover, which is the most significant cost savings for the businesses.

Also, their improvements in organizational efficiency, small price increases and the conclusion, no discernible effect on employment of low-wage workers due to modest increases of minimum wage.

That's what we're considering here tonight. I think this is the right thing to do and I believe the facts show that. Thank you for this opportunity, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Carter of the 2nd District, sir, you have the Floor.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker. You know, ladies and gentlemen, I definitely understand what my good colleague just mentioned across the aisle with respect to studies.

You know, frankly, there have been a lot of studies done about the minimum wage and I would take issue with the fact that they've all conclusively proven that the minimum wage has no effect on employability or the economy because it does.

There are a number of studies out there that show that it affects job growth when you raise the minimum wage. There are fewer people who may hire multiple people. I think one of the business owners here tonight said that you know, if you've got a couple of people who are going to be waitresses, or I shouldn't say waitresses, but let's say kitchen people, if

you're going to pay them a higher wage you may not be able to hire two, and I think that's a real issue.

We're talking about when somebody might be a pizza guy. Well, it's going to be a lot more difficult for somebody to hire an extra pizza delivery guy when you're going to be paying a higher minimum wage, and we certainly see that with respect to our nonprofits, which I mentioned earlier tonight.

You know, I know that my YMCA is going to take a $50,000 hit next year, you know. What does 50 grand mean to the programs for YMCA? You know, is it going to mean that we're not going to be able to offer as many scholarships for kids to come in free. I mean, that's what the YMCA does.

It's not about, you know, just a business. It's about doing something good in our community and there are going to be a lot of kids who aren't going to have the ability to come to camp just because we raised the minimum wage.

You know, economies are a strange thing. I've had the feeling in this building and in this, I should say this professional politics, that people believe that we don't affect the economy as much as we really do. I think there's a sense that our economy just

lumbers along and somehow all these bills that we pass with respect to things like the minimum wage aren't going to have a real effect, that down the line the economy is just going to bounce right back and it's all going to be okay.

And somehow, we have just allowed more people to live a better lifestyle, and oh, they're spending that money in our economy and everything's going to be well and good.

Well, the bottom line is, I don't think it works that way, folks. I think the things that we do in this building matter. With bills like the minimum wage, we create all kinds of uncertainties for employers. We make it much more difficult for them to do their jobs and I think now that we're going to take a little more money out of the employers' pocket to pay a higher minimum wage and increase their cost of labor, I don't get that. That really doesn't make a lot of sense to me.

Now, you can read as many studies as you like out there, but I don't know how raising the minimum wage in a bad economy passes the common sense test. I just can't see it.

Ladies and gentlemen, as we move through the night, I hope that we can have an opportunity to really have a dialogue with some of the Amendments that folks have been bringing up because the way this stands now, if we're going to go to $9 an hour, this is going to put a significant strain on our local businesses, on our nonprofits and as I said, when we're looking at these young kids who are the ones picking up these minimum wage jobs, I think in the long run we're going to hurt them.

We're not going to create more opportunities for them to get out and get a job because it's going to be more difficult for the employers to hire them. Thank you very much and I would hope that we would reject this bill. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Alberts of the 50th District, sir, you have the Floor.

REP. ALBERTS (50th):

Hello, Mr. Speaker. I've had the opportunity to listen to the debate for the past several hours and I've been here long enough as a Legislator that I've had the opportunity to vote both in favor of and against minimum wage increases and as I've listened,

I've come to the conclusion that I probably will be voting against an increase tonight.

One of the biggest industries we have in the state and particularly in northeastern Connecticut is the farming industry and I've listened with interest to the comments going back and forth between the proponent and other folks and my observation, just looking at some of the statistics, our industry is about $3.5 billion and it employs about 20,000 individuals across the state.

When you match that up against the entire base of private enterprises, it would be the second largest private enterprise if everything was rolled under one, which of course it isn't. But looking at the farm labor costs of the state, the statistics that I saw was that Connecticut had the third highest farm labor cost per $100 of farm sales in the nation, and actually those statistics are the highest in all of New England and the northeast.

And we can have spirited conversations about the good that minimum wage increases do, and I do believe that there is some benefit to it at different times, but I also believe that when you're in a position like we are as a state, and the costs are as great as they

are, that is not good for the state's economic position.

So I've been trying to find some ray of sunshine in everything that I've been reading and one of the things that I've held to be a truth is that we are a fantastic state in terms of having a very well-trained workforce that we still have that capacity, and it's a treasure that is going to keep us in good shape for some time to come.

And then I came across another statistic, I guess too much research, Mr. Speaker, is a bad thing. CNBC did a rating of all the states and in a 2012 rating for the annual business survey that they do, their annual business rating, we came in 44th.

And what bothered me the most in that, because we've heard the statistics before about Connecticut not being open for business was the quality and availability of our work place, of our workforce, rather. We went from 33rd to 40th. And of course the costs of doing business according to CNBC was the fifth worst state in the nation.

So again, I'm disappointed to be casting a no vote tonight on this. I'd much rather be in a position of having a positive economy where I believe

we could support a minimum wage increase, but I don't think that will be my vote tonight, so thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, Representative. Representative Candelora of the 86th for the second time.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, I think in listening to the debate in isolation, a minimum wage increase at some point in time makes sense and has to happen and it's, I guess this is the second time that I've debated a minimum wage bill, actually a third time, and all three times I have stood in opposition.

And we could talk about whether or not it has a negative or a positive impact, and I think certainly at times it wouldn't have a negative impact on an industry or on jobs in the state.

But I think that it's difficult to look at this bill in isolation and not look at all the other impacts that come into play for a business that affects jobs in Connecticut.

Some things are not by our own fault, but some are. Living in New England gives us some challenges. We have the weather changes, and I think that could be

challenging for any particular type of business that might be in operation.

But then we have the effect of government on business and what we do, and I think that the way I view this bill is more so of another opportunity of government getting into job creation and sort of tinkering with that and potentially adversely affecting it.

One of the things I struggle with is that I have not had any constituent in my district come to me and ask for this particular proposal. What I do here in the district is people coming to me and talking about their concerns for jobs, their concerns for where their children are going to end up once they graduate from college, their concerns for high energy costs and so I don't hear this type of issue at all.

So I sit here and I struggle with the fact, you know, is it the right time or is it something that we should be doing? And I think about my own life and my own business and as an employer within the state, my family employs probably over 70 people in the state with our two businesses and it hasn't been easy.

I think at times it's easy for anybody just to complain. The grass is always greener. But I have to

say over the last five years it's become growingly difficult to continue operating a business in the State of Connecticut and some of it is outside forces. It's the foreign market that impacts us. I'm in manufacturing and so the importing and exporting business has an impact on us and certainly we have seen job decline and I can't blame that on minimum wage.

And then I have another business with a service industry and we've seen declines there, and so we've seen restrictions in the job markets that we've offered on that level and I can't say that an increase in the minimum wage was the cause for that job loss.

But there is something going on in the State of Connecticut that's bigger than just this minimum wage bill that I wish we would pay attention to. I go back again to the impact of the indicators that we're seeing in the market and what impact that's going to have on jobs where we see the sales tax really kind of limping along, which seems to indicate that the retail markets aren't bouncing back and those are the markets that are going to be the most impacted by a minimum wage increase.

And then I think of the stories that I hear. I just received a phone call yesterday from an employer and I was driving up to Hartford, and he talked about the fact that he spent a number of days with the State of Connecticut in his business going through a sales tax audit.

And if you haven't gone through one of those audits, it's quite the experience, because the sales tax audit is quite complicated and it takes a lot of time. It can be very consuming.

So this individual took a couple of days out of his time to comply with these state regulations and go through this audit, and in the end he was given a clean bill of health. There were no issues.

And subsequent to that, the very next day, he got another notice from DRS to go through a different type of audit. It might have been the Department of Labor for unemployment compensation audit and that again is going to have another half a day or day out of his time to go through that audit and make sure that he's in compliance.

And the point I'm making and how it relates back to the minimum wage is, none of us really know the impact of what that has on a business and it doesn't

really get discussed in this context, but I think it's important that we really listen to those things because number one, it is a cost of doing business that you have to go through in the State of Connecticut that might not happen elsewhere, but it takes away from an employer's ability to earn money.

And so if they're constantly in defensive mode with the government and not working in cooperation, the thought of a minimum wage increase takes on a very different perception for them. It's not looked at as something that the State of Connecticut is regulating and it is the floor and we need to continue to look at it, you know, biannually or every decade or every five years, whatever we choose, and we do it in cooperation with the private sector. It doesn't happen that way, and I think a lot of bills that we end up doing up here doesn't necessarily happen that way.

And sometimes it's not by anyone's fault other than the fact that you know, we're sort of two ships passing in the night, you know. Businesses are worried about making money and earning a dollar and, so they're not necessarily paying attention to all the activities that are going on in Hartford, and their ability to earn that dollar and make that dollar

certainly has a great impact on their employees because it trickles down to them and at times the employers could just give people increases, so minimum wage is sort of the theoretical floor, but no businesses in the State of Connecticut would be operating under that floor. They'd be paying them two or three dollars above the minimum wage.

I think ultimately that would be all of our goals that this debate would be theoretical in nature only and wouldn't have a practical impact. But it isn't the case.

And what happens is, this legislation gets passed. The businesses may not communicate with us, and so we could Google the information and look at whether or not this has an impact on jobs in Connecticut and we could say it does and we could say it doesn't.

But I think we should take a step back and talk to some of the small businesses in our communities to get a sense of what that intangible feeling might be and what kind of impact it would have on them, and that's what I struggle with, with this bill because right now again, I haven't had individuals come up to

me and say to me, we really need this minimum wage increase.

But what I do hear from businesses is, I can't afford another cost. And so whether we like it or not, this is a cost that we're placing on them, and I think as I did the math, this increase over the course of two years is an 8.3 percent increase on the wage. That's a lot of money, especially when inflation is sort of at one or two percent.

And I'm not sure how much the cost of living has gone up for individuals, but I certainly know the cost of business has gone up. We certainly all know that the unemployment tax has increased because as the economy failed and we saw a lot of people go onto unemployment, it put a lot of pressure on our unemployment tax and it can't be lost on any of us that it's the private sector, not government, that pays for those unemployment benefits.

And so as more and more people were getting on those and receiving those benefits, it was the private sector that stepped up to the plate and is paying for that fund to make sure that people that don't have jobs have a stream of income coming in.

And as the economy hopefully is starting to recover, something that can't be lost on any of us is that those costs are still being borne by the businesses. The assessment didn't come down, I think, until about six months ago on a lot of different companies and those payments are going to be paid well into the next biennium when the effective date of these increases are born by the employers.

So it is sort of an issue of we are piling things on. As the economy starts to recover, it's going to take a while for the businesses to start making money above and beyond the costs that are being imposed on them.

And so, you know, in bringing up these issues, it sounds fairly sterile, I think, to talk about it in this nature and to not necessarily consider the employees and those individuals who are making minimum wage.

But again, when I speak to people in my district, many of them are on minimum wage and the individuals that are, anecdotally speaking, because I tried to get some of the data, but it is difficult for us to get and to extrapolate.

But there are anecdotally, some indication that these individuals are all students or part-time workers, many of them. Many of them have full-time jobs elsewhere and they're working a part-time job for additional spending money. They have that flexibility.

And so, these very people aren't the people that are coming to me saying you really need to increase this wage and I feat what is going to happen as this wage increases again in these economic times, that we are going to see a constriction on the job market. We are going to see our smaller employers maybe try to get a little bit smarter with the way they put things together.

They might take two part-time employees and turn them into one full-time employee because the cost of doing business does increase with each and every individual that you hire, so this may result in a net job loss.

You know, on a personal note, when paid sick leave went in, my business was affected by that bill and we went from 65 employees down to 45 employees, in part because it was difficult to comply with those provisions. I'm happy to see that there's a fix moving through the Chamber to address those issues

because I think that might help free up some of those stumbling blocks for businesses.

But I am concerned that the impact of this minimum wage and what it will have will ultimately be negative on the State of Connecticut, and I think as we move forward, we should really make an attempt to look at these things more on a holistic level and not on an individual level.

Because standing here debating a minimum wage bill, we are talking about 75 cents over two years. Doesn't sound unreasonable but it can be and it can be dramatic on the State of Connecticut.

Now this morning, we talked about a transparency bill where we're trying to get some of that data put forth on DECD and their efforts of job creation and in addition some of the impacts of the various tax categories, and it probably makes sense to take a look at the minimum wage and what impact we are having on our various segments throughout Connecticut.

You know, will this hurt retail? Will it help retail? Will it help our working poor? Will it hurt them? All I also see is, you know, across the board we've seen a loss in median income because of the slowing economic times.

So after implementing the earned income tax credit, which certainly would help individuals working full-time at minimum wage, are these the individuals right now that are the most dramatically impacted, or is it our middle class?

We hear about the shrinking middle class in Connecticut and we're seeing the disparity grow between our rich and our poor. What has happened to our middle class and I don't think this minimum wage increase gets to that issue at all.

And what I've also seen anecdotally and I spoke to this before, is each time we increase the minimum wage, if an employer doesn't have the resources or the profits to pay for that minimum wage, they've got nowhere else to go but to make cuts and what ends up happening is, speaking personally to my business, we have our middle and upper management levels. You know, they're all making, you know, upward of $40,000 a year to $100,000 a year and those individuals will forego increases. We might see their health insurance, they're going to have to pay a higher percentage so that we could afford to pay the minimum wage on our part-time workers that may be high school kids that are on their parents' health insurance that don't have

any financial responsibilities other than maybe paying for gas or going to a movie.

Is that what we want to be focusing on? It does scare me a year from now, looking at the impacts of health care. I've heard that we may see a 25 percent increase in health care costs for our private sector businesses and that cost has got to go somewhere and it's probably going to be the same middle class individuals that potentially will get hit with having to foot the bill along with the employer, because I think employers are in no position right now to be able to absorb any additional costs.

I mean, that's certainly what I hear out there. So while I think I understand what we're trying to accomplish here, I think this bill is sort of putting the cart before the horse and we probably should really back up a little bit and do a sincere evaluation of the corporate structure in Connecticut in terms of how this is going to impact our middle class.

And I think ultimately, they are going to be a lot worse off. Our teenagers might be happy. They might go to a few more movies, so we might have the movie theaters a little bit happy, but I'm not seeing

that right now. I didn't see it with the last minimum wage increase. We don't see restaurants improving. They're still struggling.

So I'm not sure that this trickle=down effect of raising the minimum wage and giving teenagers more spending money is going to have any type of economic boom for the State of Connecticut and so with that for the second time, I stand regretfully in opposition to this bill.

Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Williams of the 68th District, sir, you have the Floor.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. For the first time and good evening. Mr. Speaker, there's a lot of good intentions here in this room, a lot of good intentions up in the Senate. I think everybody who comes here to this Chamber works really hard to get elected to the office that you seek and every single person here has successfully sought that office and everyone has a good intention. We all want to do what's right for our constituents. We all want to improve the economy.

I think we all run every year to try to create more jobs and increase the quality of life. If you sort of look at the bullet points on the palm cards that we put out or the mailings that we put out very year, the words may change, but I think some of the themes are all the same, right? We want to increase the quality of jobs. We want to increase the productivity of our economy, quality education, et cetera.

And jobs for the last few years have actually been the number one issue, I think, in most state legislative, the House and Senate races whether you ran unopposed or whether you had an opponent in the last couple of cycles. We didn't really see a whole lot of focus on social issues, on things that we had seen in the past where people talked about abortion and same sex marriage and the war in Iraq and all these other things.

It was jobs, it was the economy, it was the quality of life, and I think in some cases this very issue that we're here debating is at the forefront of our ability to create more jobs as a state, our ability to create more jobs as a country.

So I think everybody who comes to this debate, whether or not you're for this bill or for this concept or you're against it, or whether you believe in the idea of a minimum wage or you are against it, I think everyone comes to this debate at least with a healthy understanding of the fact that we need to do the best that we can to create as many jobs, as many quality jobs as we can so that families can provide, can be provided for by, whether it's a mother or a father or whether it's a child pitching in to help out pay the mortgage or pay the electricity bill or what have you. I think we all come to this debate with a healthy understanding of that.

You know, it's funny. We hear all these war stories, people who have been here for, you know, north of a couple of terms will talk about the bills like the minimum wage that we debated in the past. You heard Representative Cafero and others talk about previous minimum wage debates that we've had and people have actually had different opinions in the past than they have today. Sometimes peoples' positions change for the, sometimes people are for it and then they're against it. Sometimes they're against it and then they're for it.

I think that's a good healthy debate. A good healthy debate will help to shape peoples' opinions of various issues like what we're seeing here today.

I think when you look at studies of things like the minimum wage you could get a study to tell you pretty much anything, right? I could go on my IPad here and Google studies surrounding minimum wage and make it frame my argument one way and others could find a study and make it, frame it a different way.

In fact, I think about the movie JFK, and there was at one point in the courtroom somebody said you know, I forget how he worded it, but he said, we could get a study to show you that an elephant can hang off of a cliff while his tail is tied to a daisy and he'll still stay there.

We can get a study to show you that minimum wage increases don't impact the number of jobs that we have available in the labor market. We could get a study to show you that the minimum wage greatly reduces the number of jobs that are available to people searching for jobs in the labor market.

But I think we have to use a little bit of basic economics and common sense as we consider what the impact of a minimum wage change, whether it's a

minimum wage decrease or a minimum wage increase will be.

I think about that basic economics and some of the things that people have talked about and you just, you don't have to have ever studied economics or ever have listened to an economist talk in order to understand what some small businesses here in the state are struggling through.

And you've heard some real true life testimonies from people here in this Chamber who are small business owners. We've heard it in public hearing process. We've heard from small business owners. I think that so often we tend to think of businesses as the big, bad nasty corporations that have caused economic failures, whether it's the big banks that were too big to fail or whether it was Enron back in the 90s and the early part of the 2000s.

We think about businesses sometimes and we happen to demonize them and think about those Enron types or those too big to fail types. But when I think of business, I think that when so many of you think of business, I'm thinking about the small businesses that are engine of the economy, the businesses that are 50 employees or less, or maybe even a little bit larger

than that, those guys that are just struggling to get by, whose profit margins are far smaller than conventional wisdom might dictate to some people in government.

Those profit margins are small. They're getting squeezed every which way. They're getting squeezed based on their energy costs. They're getting squeezed based on their insurance costs. They're getting squeezed based on their taxes. They're getting squeezed based on the fact that there is not enough capital for them to acquire and then reinvest to create more jobs and to create more wealth to get the economy going again. They're getting squeezed in a lot of different ways and I think that unfortunately increasing the cost of labor as we are proposing to do here tonight and as we have done in the past, can inhibit the very goal that we're actually seeking to achieve.

Because again, I think all of us share that same vision, that same vision that we should do our best to ensure that anybody who wants to have a job in this state can get one.

Actually, I think about it, as we're talking about movies, I think about the movie Dave, where the

president has a heart attack and they find a guy who looks exactly like the president who actually does impersonations of the president and they bring him in and they ask him to stand in for the president for a couple of weeks so that the country doesn't get all out of shorts that the president has had a heart attack or a stroke or something like that, and the president, the new president, the stand-in president says that his goal is to personally ensure that every American who wants to have a job can get one, that every American who wants to find a job can find one.

And it's corny. I get it. I know that it's corny. But I think, I know I feel that way, and I think that most people here in this room feel that way.

And yet, sometimes I think we do a disservice to our own goals when we see proposals like what we have before us. I think it's an honest disservice. I don't think that people mean to do it. I don't think that we mean to inhibit job growth. I don't think we mean to say to people that despite the fact that you really want to work, despite the fact that you want to find a job, that some action that your government took that your House of Representatives and Senate and Governor

took caused you not to be able to find that job. I don't think anybody means to do that.

But unfortunately, the economic reality is that that's the end result.

You know, I think about when people say during debates like this that we've raised the minimum wage in the past and the world didn't end. The world didn't explode or the economy didn't come to a screeching halt, and that's true, right?

The last time we raised the minimum wage many of us are still here. Many of the people that we know are still employed. Many of the businesses that we know are still in business in the State of Connecticut. That's true. The world did not come to a screeching halt because of some action that we took the last time.

But I do think that actions like this when added up together ultimately result in death by a thousand cuts as the old saying goes. Whether it's a few increases every couple of years in the minimum wage, whether it's an issue like paid sick leave, whether it's an issue like we've seen in the past, other labor restrictions like we've seen in the past such as disallowing employers from talking to their employees

about issues of politics or religion, the captive audience bill. Big businesses take a look at investing in Connecticut and creating jobs in Connecticut, they look at us with a little bit of a quizzical eye every time a proposal like that comes up, every time a proposal like this comes up.

And not every year does a proposal like this pass. I get it. It took a few years for paid sick leave to pass. The captive audience bill has still not become law. Minimum wage does not go up every single year. It goes up potentially every few years. It doesn't happen all of the time.

But I think all of these things when added together in totality make investors and make small business owners look at us just a little bit more funny than they might have the Session before, and I hear small business owners all the time tell me that when they're looking to invest in different states, they actually look at what the Legislatures are doing. They look at the bills that are being proposed, not just the bills that are passed into law, but the bills that are proposed.

And so whereas in the past the minimum wage bill or the paid sick leave bill or the captive audience

bill did not make its way through the entire process and over to the Governor's office here on the second floor of the Capital for a signature, the threat of that issue, of that bill becoming law is just enough for them to look at another state that might be a greener pasture for a small business to invest.

So if that's the case then you look at an issue like this where we're here tonight one week from the last night of Session where the minimum wage bill has already passed the Senate and where it is looking pretty favorable that it's going to pass the House, is a small business going to look here or are they going to look somewhere else where the labor market might be a little bit more favorable, where there might be just as any people looking for work, just as many skilled workers looking for work, but coupled with the other things that might be better about that state like lower energy costs, like lower health insurance costs, like lower taxes and then add into the equation that the minimum wage did not go up that year, this year like it is poised to go up this year and like it is poised to go up next year.

My guess is that business is going to look to invest somewhere else beside the State of Connecticut

and I say that not, I don't think there's any study that's ever going to prove that that's the case, right? Because if there is, for every study that proves that that is the case, someone else can find a study that will prove that that's not the case, as is the case that Representative Genga mentioned earlier and others.

But I think you've got to get out there. I think you've got to talk to those small business owners who are creating those jobs. You've got to get out there and talk to the small business owners who are struggling by a thread to keep their doors open because all of the things the state government has done, including an increase in the minimum wage as are poised to do here today.

And this is not just a minimum increase just this year as we know. This is a proposed minimum wage increase over a two-year period, which is a daunting task for a lot of small business owners. They're not just looking at one year of increase but they're looking at two years of increases.

So it's like a death by a thousand cuts and it happens over and over and over again, and here we are poised to do just one last little cut.

I'll admit that if this bill becomes law in the next, let's say 30 days, the world is not going to end. I get it. I think most of my colleagues here on this side of the aisle who oppose this bill, we get it. It's not going to end.

But 20 years from now when we look back on what we have done, will we be able to say, and will history judge us as Legislature, as having been pro worker, pro jobs, pro growth in our economy? I don't think we can say yes to that. I really don't.

I think this bill that's before us is a big part of that no answer. Look, there's nobody who doesn't want to see people's wages go up. I'm all for it. I want my wages to go up. I want the Speaker's wages to go up. I want everybody here in the Gallery's wages to go up and everybody outside of the Chamber. I want everybody's wages to go up.

And as Representative Yaccarino said earlier, I actually, I mean, if this is so good it has no impact on the economy, why not 20 bucks and hour? Why not 30 bucks an hour? Why not 50 bucks an hour. Everybody can live like kings.

The reality is, it's just not economically feasible. It's just not economically feasible. Basic

economics tells us that when you increase the cost of doing business, that that cost either a) gets passed on to the consumer or b) that increased cost causes the business to have less capital to reinvest in the economy and possibly may cause that business to close if they can't make a profit.

Because, we like all the products that we purchase, whether it's food or whether it's electronics. People have IPads and IPhones and other devices that we really like, but at some point we can't afford them anymore. At some point if the cost of business keeps going up, we can't afford those products anymore.

So I would encourage everyone to give some consideration to the fact that what we're doing here, while very laudable, a very laudable goal, may have a very negative economic impact.

Sometimes it's easy to vote yes and say we'll deal with it later, but the harder thing for us to do is to say no, we're not going to do this right now. We're going to come back. We're going to retool. We're going to figure out how to make this state a better place in which to live. We're going to make some tough decisions. We're going to grow this

economy and we're going to put Connecticut back to work. Thank you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Thank you, sir. Representative Vicino of the 35th, sir, you have the Floor.

REP. VICINO (35th):

Thank you, Mr. Speaker. Just wanted to point out that when I hear all the conversations in the room, this part of our workforce is really hurting. This part of the workforce, our teenagers, people over 20, seniors, these are the people that we need to support.

We hear about these, the 18 to 34-year-olds constantly leaving the state. They're leaving the state because we're not paying them. They can't afford to live here. This is an expensive state to live in. These are the people that we need to support. This is the future workforce for the state, this is an investment for our state.

By pushing them away, by not paying them and them going somewhere else and we blame it on a number of things, the bottom line is, we're just, they just can't afford to live here.

By putting these people back to work and paying them a proper minimum wage, they'll go out and buy

cars, rent apartments, buy clothing, food, basic survival. This part of our society is suffering. We need to do what we can to help them.

What we're doing here by not supporting them is, we're promoting poverty. We're contributing to our welfare costs, healthcare costs. All of our entitlements we talk about. By putting them to work and paying them a fair wage that they can pay their way, it helps out all of us.

And when I look at the whole conversation and it comes down to 45 cents the first year, that's a cup of coffee. Everyone walking in this room is spending more on coffee than our fellow workforce.

I promote that we support this workforce and help them so they can survive day to day and this is a step in the right direction to help our state. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, sir. Would you care to remark on the bill as amended? Would you care to remark on the bill as amended?

If not, will staff and guests please come to the well of the House. Will the Members please take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll.

The House of Representatives is voting by Roll.

Will Members please report to the Chamber immediately.

DEPUTY SPEAKER RYAN:

Have all the Members voted? Have all the Members voted? Will Members please check the board and make sure your vote is properly cast.

If all the Members have voted, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

THE CLERK:

In concurrence with the Senate, Senate Substitute Bill 387 as amended by Senate "A".

Total Number voting	142
Necessary for Passage	72
Those voting Yea	89
Those voting Nay	53
Those absent and not voting	8

SPEAKER SHARKEY:

The bill as amended passes in concurrence with the Senate.

Are there any announcements or introductions? Representative Noujaim.

JOINT
STANDING
COMMITTEE
HEARINGS

LABOR AND
PUBLIC EMPLOYEES
PART 1
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2013
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CHAIRMEN: Senator Osten
Representative Tercyak

VICE CHAIRMAN: Senator Gerratana
Representative Santiago

MEMBERS PRESENT:
SENATORS: Markley

REPRESENTATIVES: Esposito, Kiner, McGee, Williams

SENATOR OSTEN: -- committee meeting to order. Mike are you all set? Okay. Thank you everybody for coming in today.

We expect the hearing to go along smoothly. Just a short reminder that in the -- for anybody who wants to submit testimony we would appreciate getting most things by e-mail so that we can cut down on the amount of paper that we use in an effort to go a little bit green. And we'd like to call Senator Looney up.

Thank you very much, Senator.

SB387
SB56

SENATOR LOONEY: Good afternoon, Senator Osten and Representative Tercyak, members of the labor and public employees committee. I'm Martin Looney, State Senator for the 11 District representing New Haven, Hamden and North Haven, Senate Majority Leader and I'm here to testify in support of House Bill 5713, AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM AS WELL AS IN SUPPORT OF AN INCREASE IN THE STATE'S MINIMUM WAGE.

First of all do students know the story of the

Students should know what is at stake in this challenge. Organized labor was a crucial partner in the fight for mine safety laws, workers compensation laws, and the passage of the Occupational Safety and Health Act of 1970. Labor fought for the Pregnancy Discrimination Act of 1978, the Americans with Disabilities Act of 1990 and the Family and Medical Leave Act of 1993 among many other initiatives. Currently organized labor is a key supporter of marriage equity.

Without the contributions of organized labor the average worker, even the average nonunion worker would have many fewer rights and benefits in employment. We owe it to the children of Connecticut to teach them of these extraordinary contributions. On the second matter they -- the cost of living is high in Connecticut as we know and workers who earn minimum wage should not be asked to bear a disproportionate share of the burden in our sluggish economy.

I appreciate the need for a bill such as Senate Bill 387, AN ACT INCREASING THE MINIMUM FAIR WAGE, however I'd also like to suggest a slightly different format for raising the minimum wage such as the one I set out in Senate Bill 56, AN ACT CONCERNING AN INCREASE IN THE STATE MINIMUM FAIR WAGE, which would increase the minimum fair wage by 75 cents on January 1, 2014 and by an additional 75 cents on January 1, 2015.

The minimum wage was last raised in 2010 as a result of legislation passed in 2008 and that is a substantial time gap since the last increase. Workers who earn minimum wage are the least able to survive without increases to the system and offsetting the increases in the cost of living. Since final General Assembly

passage may not occur until relatively late in the session a July 1 effective date may not be workable or realistic.

An October 1 or January 1 effective date would provide more time for adjustment and planning but I think the concept is one that needs to be acted upon in this session. Thank you for considering these important issues. And again thank -- thank the Chairs and this committee for all of the -- all of its good work consistently. Once again, thank you.

SENATOR OSTEN: Thank you very much, Senator Looney.

Are there any questions for the good Senator?

Senator Markley.

HB 5713

SENATOR MARKLEY: Thank you and it was good to see you as always, Senator Looney and I don't know that I've had the opportunity to ask you questions before so I'll jump in. And I'll ask one that I've been -- I intended to ask in reference to the bill concerning the teaching of labor history. I -- I think that it would benefit -- everything you laid out would be a benefit to everything to students to understand and to know.

As you might guess I hesitate to mandate anything to anybody but I would ask this, could you say -- or do you have a notion; you're as likely to as anyone in this room, what other aspects of history are mandated to be taught to students in -- in Connecticut public schools?

SENATOR LOONEY: Whether it's a general mandate to -- to teach history I know that the -- the statutes that said the public schools shall offer instruction to include the following subject matter as taught by legally qualified

SENATOR OSTEN: PCSW.

NATASHA PIERRE: Yes.

SENATOR OSTEN: Please. You're next.

NATASHA PIERRE: Good afternoon, Senators Osten, Markley, Representative Tercyak and (inaudible) members of the committee. Thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women regarding Senate Bill 387, AN ACT INCREASING THE MINIMUM FAIR WAGE.

The PCSW supports an increase in the minimum wage and the concept of basing future increases on the consumer price index. This proposal would allow workers a minimum amount of financial security by ensuring that their wages keep pace with the real cost of living in Connecticut without requiring legislative action every year.

But as far as the impact on women increasing the minimum wage will assist all families in remaining self-sufficient since 33.5 percent of Connecticut women and 24.3 percent of Connecticut men age 16 or older earn minimum wage which amounts to about $17,500 a year or less. These workers are very close to the federal poverty level which is 11,200 for a family of one, 15,100 for a family of two and 19,100 for a family of three.

Since the minimum wage rarely registers as a viable number to determine the cost of living in an expensive state such as Connecticut, PCSW has contracted with researchers to develop two reports that more accurately report what is needed to be self-sufficient in Connecticut.

These reports are the Family Economic Self

Sufficiency Standard which calculates the working family's need to meet basic expenses and the basic economic standards table which calculates a working family's basic expenses plus a marginal amount of savings. Both of these reports measure the true cost of living by region and family size in the State of Connecticut. Full time workers earning minimum wage are well below these two standards.

According to PCSW's research a person living in Connecticut needs to make $10.56 an hour to meet their basic needs and $17.61 to meet their basic needs and have a modest -- modest amount of emergency savings. Increase in the minimum wage to keep pace with inflation is fair and it will also have a significant impact of women and all low end moderate wage workers.

If we want workers to succeed and to be able to support themselves and their families then we have to create a realistic floor on wages not one that leaves working adults and their children out -- at or below poverty. We look forward to working on this issue with you and we thank you for your consideration.

SENATOR MARKLEY: Thank you very much.

Is there -- are there any questions?

Representative -- excuse me. Oh, Representative Smith.

REP. SMITH: Good afternoon and thank you for coming today.

NATASHA PIERRE: Good afternoon.

REP. SMITH: It's the first time I've been in this room. It's so -- it seems a little awkward doesn't it like you're way down there --

NATASHA PIERRE: Yeah.

REP. SMITH: I mean we're way up here.

NATASHA PIERRE: Well usually there are people here so I don't feel so far away.

REP. SMITH: Okay. Okay. You threw out some stats on the number of men and the number of women and I didn't have a chance to write it down. I thought it was 33 percent and 20 something percent differential for those who are on minimum wage right now.

NATASHA PIERRE: Yeah.

REP. SMITH: And my question for you is if you know, are there primary jobs or would those be secondary jobs.

NATASHA PIERRE: We don't know how they break it out. This is based on the Connecticut Census so they just track -- it's full time. So it's full work whether it's two jobs to get to the full time range or three jobs. So it's some -- it's full time meaning you worked 40 hours a week, 52 weeks a year. So you may have two to three jobs that cobble that together or maybe one job to cobble -- to have that.

REP. SMITH: And are you aware of any studies of the impact on the employer if the minimum wage would be raised? How that would affect those who are actually receiving minimum wage whether their employer would be okay with that or would have to perhaps cut jobs? I'm just wondering if you have -- come across any studies along those lines.

NATASHA PIERRE: I may have. I'd have to go back and look because of course I didn't put it in

here because that wasn't my objective. But I can easily go back and see if there employer impact studies out there and e-mail that to you -- if e-mail works for your e-mail that to you.

REP. SMITH: If you could because obviously we have to look at both sides. We have to be fair to the employer and be fair to the employee and make sure there's a balance there that works for everybody so that we can continue to hopefully drive our economy forward and not take a step back. But I do appreciate you coming. If you can get me that I'd appreciate it.

NATASHA PIERRE: You prefer e-mail?

REP. SMITH: Sure.

NATASHA PIERRE: Okay. I'll definitely get on that tomorrow.

SENATOR OSTEN: Thank you.

Senator.

REP. WILLIAMS: Thank you so much for being here. Just a quick question.

I certainly appreciate where you're coming from and your advocacy on behalf of the people that you serve. My question to you is do you think that there's any breaking point, any curve at which the government's increasing of the minimum wage may actually defeat the purpose of what the bill is trying to accomplish and instead may have the opposite intended impact which perhaps might be that there may be less jobs available?

Do you think that this is a modest increase or do you think that this is a completely

necessary increase? Or do you think that this is a generous increase and if you do, do you think that there's any point at which this might have opposite impact and cause less jobs to be available in the job market?

NATASHA PIERRE: I'd have to get the job-- the employer perspective to fully answer that. But what -- what I will say is that if people were earning $10.61 an hour which is the basic minimum to have basic needs, we're not talking about fancy eating, going out anything like that; then those people wouldn't be getting government assistance or they wouldn't qualify for government assistance at that level.

So there would be less people getting government assistance and more money for government to help businesses move along. So I can't say -- for us the breaking point is 10.61 would be too much. I mean as of today and the environment we're in today. But -- so I think it's a tradeoff. If people are earning more the government's helping less and then that money could be freed up to do other things.

REP. WILLIAMS: No but I guess just theoretically speaking do you think that there's -- that this has any impact on the ability of employers to offer jobs to employees?

NATASHA PIERRE: It may. And I'd have to look at that because as I said that is never our perspective to go that angle first. We look at the population and what they're living off of and how it -- so I appreciate that.

And I think that's one of the biggest struggles that we have here in this building is that we collectively don't always take into consideration what the impact of the bills are that we are either supporting or voting on or

voting or voting against.

And I think that you will -- we will hear today from employers who will speak from personal experience as to how the government's interference in this type -- in this area of labor may in fact have the opposite intended effect -- the very women that you're talking about that there will be less jobs available in that market for them because they just can't afford to provide those jobs. And I hope you'll stick around and listen to that.

NATASHA PIERRE: So for this we didn't look at that. And -- when I will. But for other issues we do look at that. When we look at FMLA we look at the cost benefit to employers and what employers say about having the employee that they don't have to retrain. So we look at it in different areas we just not -- have not looked at it in this area.

REP. WILLIAMS: Thank you.

SENATOR OSTEN: Are there any further questions?

Thank you very much for coming.

NATASHA PIERRE: Thank you.

SENATOR OSTEN: And we really appreciate it.

Representative D'Amelio.

Did I say your name right?

REP. D'AMELIO: Yes, you did.

SENATOR OSTEN: Thank you.

REP. D'AMELIO: Good afternoon, Senator Osten. I hope I said your name right. Representative

Tercyak, Senator Markley and Representative Smith. I appreciate being given the opportunity to speak on Senate Bill 387.

I submitted testimony and primarily what my testimony's about is an article that was written about an amusement park, Quassy Amusement Park that's been -- that's in the Town of Middlebury which is the district I represent. I should say my name's Anthony D'Amelio. I represent the 71 District which is the Town of Waterbury and -- the City of Waterbury and the Town of Middlebury. But I submitted that article that was written by the Hartford Courant so that you could review it at your leisure.

It talks a lot about the impact that the minimum wage would have primarily on George Francis's business, Quassy Amusement Park that's been established here in the State of Connecticut for over 100 years. He employs a lot of teenagers in his business so it's a dramatic impact that the minimum wage increase has on his business.

But I want to talk to you a little bit today about my experience. I'm a small business owner in the City of Waterbury. I own and operate a restaurant called Paisano's for the past 15 years. I've been in business for myself for the past 30 years. And I've got to tell you folks, since 2008 it's been extremely difficult.

The economy in this State as we all know is -- is very difficult. We're -- as operators -- as small business owners we're trying to be as creative as we can to provide the service to our customers. By raising this minimum wage by 18 percent -- I mean we're looking at 75 percent increase this year and a 75 percent

increase next year that comes out to an 18 percent increase.

I don't think there's any business in the State of Connecticut -- small business, restaurant that is doing or has increased their business by 18 percent over the last four years. By doing this we're going to -- we're going to -- it's going to cost jobs. Let's not kid ourselves. There's only so much revenue that comes into any business. And we have fixed costs as business owners.

Our mortgage is a fixed cost, our CL&P bills a fixed cost, our insurance, our gas bill and so on. The only thing that we really can't control is our food cost in my business and labor. We had -- we've had to lay off people since this recession has started unfortunately.

My employees are doing more. They're being asked to do more because we're not -- we're not doing the ticket count that we -- that we used to do. And in order for them to be provided a job you know they're -- we're having people host and bus for an example, to do double duty on a slower night. I think everybody out there is doing that.

You need to do what you have to do to keep your doors open. I know, you know we all have different constituency but, you know and everybody is advocating for someone different in this place but you know each and every legislator here is about jobs.

I mean we've been talking about that for the last several sessions, how do we create jobs, how do we maintain jobs. By even proposing this legislation I've got to be honest with you I think it just creates a negative effect when it comes to businesses in the State of

Connecticut. It tells people out there that we're not a business friendly State because we're going after businesses again. So you know, I just hope that the community can take into consideration.

I'm just trying to explain to you my experience. This is what I do for a living. It will definitely cost jobs. I've talked to my local IGA grocer. He -- his staff is down since this recession started and if we keep imposing these mandates on him he's just going to have fewer and fewer employees to do the job.

That's just the reality of what's going on. So I know the very constituency you're trying to help will be the very constituency that's going to be hurt by this bill.

I thank you for your time and if you have any questions for me I'd be happy to answer them.

SENATOR OSTEN: Thank you for coming.

Are there any questions?

Representative Smith.

REP. SMITH: I always relish the opportunity for a public hearing. It gives me a chance to speak and say hello to good friends. So welcome here today.

The one question I do have because you do have your own business and you are -- or could be directly affected by this if you have an employee now who say let's -- let's say he or she is earning ten dollars or 10.50 per hour and this bill were to get passed so now we have a minimum wage of say 9.75 per hour what effect if any would that have on the person who's

already making 10.50? Could you address that?

REP. D'AMELIO: Sure. You know minimum wage is an entry level position basically. I mean, you know, you're basically teaching a person how to do everything within your business. And if that person's good you bump them up. Now I've been in business in a lot -- for a while and all my employees have been with me for a while so all of them are earning more than minimum wage but it would definitely -- that's a great question because what would happen is I would have to bump everybody up.

If I'm hiring someone that has no skill sets at all to do a job and I'm teaching that person and I'm paying them 9.75 an hour or nine dollars an hour and someone that's been there for a year and knows the job is making ten, I mean there's no incentive for that person unless I bump their wage up which, you know, it just creates that domino effect and it costs more and more money for employers.

So you know I'd have to take a hard look at it and really hire only people that I need. You know even, you know in the summer time when the teenagers are available, you know there's a lot more catering and stuff going on and I tend to hire a lot of high school kids. I'm going to have to take a really good look at it and you know, probably not hire as many people as I would normally because, you know there's a negative cost effect.

REP. SMITH: Thanks for that answer and I do appreciate you coming down to give us some insight.

It's always helpful when we have somebody who actually owns their own business and can relate directly to the proposals that we seek to make

here.

So we look forward to discussing this further with you as we go along.

SENATOR OSTEN: Are there any further questions for the Representative.

Excuse me, Representative, you still have other people who want to ask you questions.

REP. WILLIAMS: Representative.

SENATOR OSTEN: You're trying to run too far, sir.

REP. D'AMELIO: I thought I got away.

SENATOR OSTEN: No.

REP. WILLIAMS: Thank you.

Representative D'Amelio, I'm always in awe of people like yourself who are legitimate business owners who are trying to make an honest living who are trying to provide a service to customers and who are trying to employ people in our society to help them better themselves. And I know you personally and I know your business and I -- I know that you speak from the heart when you say that this will have the opposite effect than what is intended here.

I also know personally -- I have met George Francis who you referenced from Quassy Amusement Park in Middlebury. He employs every summer and early fall many people on a seasonal basis. And he has indicated to me anecdotally that this will in -- under no uncertain terms this will reduce the number of employees that he's able to hire. I know that you represent him -- his business here in the General

Assembly.

Can you elaborate a little bit for the committee and for the public as to what Mr. Francis has told you how this would actually impact his ability to hire employees this summer?

REP. D'AMELIO: Well if you read part of my testimony and the article that I'm referencing, Quassy's a 104 year old amusement park in this -- in the State of Connecticut. And we're referencing last year's hike which would have been 50 cents. It would have cost Quassy about $150,000 more annually a year for wages.

It would have been a really devastating effect on his business. He states in the article that he had a water park that -- I believe it's open now but he would have had to put that on hold because there's no way his business in the economy that we're in now can absorb that type of an increase. You know I did a little research, Employment Policy Institute, there's -- unemployment rate among teenagers is over -- around 25 percent, 24.3 percent right now.

And I have -- I have to believe that because a lot of the -- a lot of the jobs that -- that I used to give to teenaged high school kids, college kids are now doing because they can't find jobs, you know in other fields that they normally would take. So we're employing older teenagers than the normal high school kid because, you know, because we can and they're a little older. But the unemployment rate among our teenagers is extremely high.

You know and every time you cost a business money there's only one place that they can really, you know, make those cuts like I said

in their buying power of the goods that they're offering and in employment. Everything else is pretty much a fixed cost so you know the more you're demanding them to pay out someone's going to feel that and unfortunately it's costing jobs.

REP. WILLIAMS: So in this very real example of a small -- legitimate small business in the Town of Middlebury, Connecticut which is not some faraway distant place but right here in the heart of Connecticut, the 50 -- if I'm understanding correctly the 50 cent increase that had been proposed last year would have resulted in $150,000 in increased wages, presumably significantly less jobs than had been offered the previous season and a 1.50 increase then it would stand to reason would be an almost half a million dollar increase to this business which could be the difference between staying opened or staying closed or -- or -- one of two things, he either stays opened or he stays closed -- one of three things, lays off employs or prices go up dramatically. Is that fair to say?

REP. D'AMELIO: Absolutely. And he states in the article that, you know, in this environment he couldn't possibly raise his prices because that would have a real big negative effect on his business. He also mentions as Representative Smith alluded to before that his returning employees he would have to give them an incentive, a bump up so that would cost him money. So you know, his capital -- his capital project was in jeopardy if that bill had passed last year.

And you know -- you know the more money you're taking out of-- out of the hands of operators to make those capital improvements or to invest into the -- into the economy won't be there.

So there's a negative effect that goes on and on whenever we're doing something like this. It's just not the right time. The business environment hasn't -- hasn't gotten better. You know, we flat-lined but it hasn't gotten any better.

REP. WILLIAMS: That's a lot to think about.

Thank you, Representative.

SENATOR OSTEN: Are there any further questions for the Representative?

Thank you very much.

Representative Rutigliano. Good afternoon.

REP. RUTIGLIANO: Senator Osten, Representative Markley, Representative Smith, my name is David Rutigliano. I'm the Representative of the 123 District of Trumbull. I am also a partner in the SBC Restaurant Group. SBC operates five restaurant breweries here in Connecticut. We are located in Stamford, Southport, Milford, Stratford and Branford. We have -- we have been in business for 17 years and employee about 250 full and part time people.

We're also a proud member of the Connecticut Restaurant Association. I am here today to testify in opposition to Senate Bill 387. The past four years in my industry has been very challenging to say the least. We operate in an environment of extreme uncertainty, intrusive government, increasing costs, higher taxes and shrinking customer counts. In Connecticut it's been a bit of a perfect storm of bad news.

Our insurance rates of this year increased 25 percent in the aftermath of Hurricane Sandy. Some of our fellow association restaurant

members had their rates double. Our unemployment assessment this past year reached $20,000. The assessment was put upon us because we extended our unemployment insurance to Connecticut residents and borrowed money from the federal government that now has to be paid back.

We didn't even lay anybody off and yet we still pay the assessment and our insurance for unemployment has gone up also. Our customers have been subject to massive tax increases and close to four years of four dollar a gallon gasoline which acts as a drag on disposable income.

We incurred a double digit health insurance rate increases as we lead up to the implementation of the Affordable Care Act. I defy anyone here to explain to me how a labor heavy, low margin industry like myself are going to pay for Obamacare. We talk to consultants all the time. We have no idea how to pass these cost through or how to absorb it. An increase in our service wage is unwarranted.

Our servers receive tips and are well compensated far above the minimum wage. An increase for them only limits the amount of potential earnings by other employers in the restaurant. A minimum wage increase also decreases employment amongst our young people and low skilled workforce. The current unemployment rate amongst the teenaged population in Connecticut is upwards of 25 percent.

I understand the want for a living wage but I think we should concern ourselves with a learning wage by raising the minimum wage you're robbing our young people the opportunity to get valuable experience and job training.

The minimum wage has not been proven to stimulate the economy. It will have an inflationary effect which raises prices to meet increased costs. Connecticut is already one of the most expensive states in the country to do business in.

This bill will only increase the cost of doing business and result in a loss of jobs and opportunity. Connecticut currently is number one in the nation in the loss of 18 to 34 year olds. We need to figure out a way to make our State more attractive for employers, businesses and job creators. We are -- everybody here has had neighbors and friends move out, college kids that go away to school and don't ever come back. This isn't the way it's supposed to be. We have to -- I believe that Connecticut needs a progrowth philosophy and that will solve a lot of our problems.

At SBC we are a Connecticut company. We were all born and raised here, got married, started families here and we decided to start a business here. We want Connecticut to succeed and prosper, we just don't believe that this is the way to go about it.

Thank you for your time. I'm available for any questions you might have.

SENATOR OSTEN: Thank you very much, Representative.

Are there any questions?

Representative -- Senator Gerratana.

SENATOR GERRATANA: Thank you so much for giving your testimony.

I am new to the labor committee and I don't understand the term in your testimony where you

state in the paragraph, I understand the want for a living wage. I submit to you the way to get there should be through a learning wage. What is a learning wage?

REP. RUTIGLIANO: It's a phrase that I use. Most of the -- most of the minimum wage people that receive the minimum wage are young people. And as Tony stated before me we provide a valuable service. We teach these kids how to come to work, how to punch in, how to conduct themselves in the workplace. They gain valuable experience for their future career and future job market. So listen, I get that a living wage standard is something a lot of people achieve for but we need to be able to allow our young people to gain some valuable experience.

SENATOR GERRATANNA: That's very cool. Thank you.

REP. RUTIGLIANO: You're welcome.

SENATOR OSTEN: Are there any further questions?

Representative Smith.

REP. SMITH: Thank you and good afternoon, Representative. Good to have you here.

REP. RUTIGLIANO: Thank you.

REP. SMITH: A couple questions I had based on some of the comments you made. You talked about the impact that your business has been effected due to the increase costs in unemployment assessments. And I'm not sure if other than those who are employers out there how many are actually aware of what impact that has on a business. Could you just go into that a little bit further --

REP. RUTIGLIANO: Sure.

REP. SMITH: -- and describe what's going on there?

REP. RUTIGLIANO: We're in our third year of what we -- the Department of Labor calls an assessment. We borrowed a billion dollars from the federal government to cover extending the unemployment benefits for people that didn't have jobs. But now the government wants their money back and they want it with interest so about three years ago the State started assessing you for every employee you have. It started out about 38 bucks an employee and the bills came out in July and the payment was due in August.

Our first bill was for $8,500 so -- because we have so many employees, so many restaurants. They didn't discern full from part time. Well they changed the formula now to hours worked but the State's still going after that assessment in August but now the federal government has got involved and they're assessing us in January. I brought it with me in case anybody wants to see it.

We just paid $12,200 in additional unemployment insurance that they take sort of right out of your payroll account. And so now we're doing it twice a year. We were doing it once a year from the State and now the feds grabbing it in January and the State's doing it in December.

So listen, in the grand scheme of things -- and my business is fairly successful but 12-- $20,000. I mean, that's employees, that's remodeling the bathroom, buying new equipment, operating a little better, maybe even saving for expansion and creating more jobs here in Connecticut. It's going to -- there's no end in sight to the assessment. I have no idea when this is going to end. So we're in our

third year. We have to go until we pay it back.

REP. SMITH: And I believe you said -- but I'm still checking, that during this whole three year period that you talked about there were no layoffs of any employees by your company. Is that accurate?

REP. RUTIGLIANO: No. We didn't have a mass layoff. I mean, people leave, people collect unemployment but it's not like we -- we took a whole group of employees and laid them off sort of like a manufacturing plant or a large company that lays a group of people off in mass.

So they penalized everybody equally despite -- or whether or not they were at fault per say. I did not contribute significantly to the expense of the State for unemployed personnel but I pay the same amount as the person that did.

REP. SMITH: Thanks for helping to clarify that. And I thought you also mentioned in your testimony that the rate -- raise in the minimum wage would not stimulate the economy. And I haven't had a chance to look through the packet yet and I don't know if you had any substance in terms of any type of study that actually shows that or is that just your opinion?

REP. RUTIGLIANO: No, no. Listen, we read everything that comes across our desk. There are a couple that say it does. There are many that say it doesn't. Through my own reasoning and reading the reports and the research I believe that the minimum wage has an inflationary affect so the cost of things just rises to the amount you're paying the people extra. They are in the same position they will

-- they are now going forward because if-- take my business for example.

If you raised my labor cost that much I raise prices so it costs more to come to the restaurant. Everything starts costing more. The grocery stores, labor goes up well the prices go up. So you may receive more in your check but now you're paying more out for the goods and services that you were getting at a lower rate previously.

REP. SMITH: And just one last question. And I -- I didn't catch the full comment you made. You said Connecticut is the number one in the country in -- and I didn't quite catch it. Do you recall what that was?

REP. RUTIGLIANO: Eighteen to 34 year olds. We lose more young people than any state in the country.

So we like to say in my town we're pretty education focused so we fight over the education budget every year. And we say we fight every year, we spend all this money for what? For North Carolina, Florida, Colorado? Our kids don't stay here. We -- we need our young people.

REP. SMITH: Thank you for those comments. It was very insightful.

REP. RUTIGLIANO: Thank you.

REP. KINER: Thank you, Madam Chair. Good afternoon, Representative.

REP. RUTIGLIANO: Good afternoon.

REP. KINER: Nice to meet you.

REP. RUTIGLIANO: Nice to meet you also.

REP. KINER: I'm the Legislator from Enfield. Quick question for you.

REP. RUTIGLIANO: Sure.

REP. KINER: You mentioned that you're a partner in the SBC Restaurant Group.

REP. RUTIGLIANO: That's right.

REP. KINER: What is the SBC Restaurant Group? Do you represent restaurants? Do you own restaurants?

REP. RUTIGLIANO: No, I own restaurants.

REP. KINER: Own restaurants.

REP. RUTIGLIANO: I'm an employer. Right.

REP. KINER: What kind of restaurants do you own?

REP. RUTIGLIANO: It's the Southport Brewing Company. That's the S and the B and the C.

REP. KINER: Okay.

REP. RUTIGLIANO: So we have restaurant breweries right all along the I-95 corridor. We start in Stamford and end in Branford and we have a little tavern in Stratford called Sitting Duck.

REP. KINER: What's the average price of one of your meals?

REP. RUTIGLIANO: Oh we range. We're pretty kid friendly and we go all the way up to you know, Black Angus steaks all the way down to burgers. So you can say we're from eight bucks to 25.

REP. KINER: By kid friendly you mean people who usually earn minimum wage?

REP. RUTIGLIANO: No I mean people that have children.

REP. KINER: Okay. So you do have meals ten, 11 dollars a plate?

REP. RUTIGLIANO: Even less.

REP. KINER: Even less?

REP. RUTIGLIANO: Sure.

REP. KINER: Okay. Just wanted to know if you were high end or -- to me it just makes sense that people who earn a minimum wage they usually spend their money in Connecticut that they would be spending their higher wages at your restaurant so I was just curious there. All right. Thank you.

REP. RUTIGLIANO: You're welcome.

SENATOR OSTEN: Representative Williams.

REP. WILLIAMS: Thank you, Madam Chair.

And Dave, to Representative Kiner's point, I've always had this debate with folks about the minimum wage by you know saying that if the minimum wage increases don't actually impact employment then all it's geared towards is increasing the quality of life for people who earn a minimum wage then let's make it $50 an hour or a hundred or two hundred dollars an hour and then everybody can live like kings.

And I know that you know from a practical perspective that that's just not reasonable.

It's not going to happen. Right.

REP. RUTIGLIANO: Right.

REP. WILLIAMS: You talked a little bit about the economics of the restaurant industry being a little bit different than you know, other types of employers because you're -- you have a tip credit and because your employees earn tips. So can you talk a little bit A about what those folks earn sort of despite the minimum wage --

REP. RUTIGLIANO: Sure.

REP. WILLIAMS: And what -- how that impacts their quality of life.

REP. RUTIGLIANO: That's what -- why restaurants -- why the minimum wage impacts us so much is -- and that why -- people have a hard time understanding that we have what's called a tip wage or a cash wage.

Our servers make less than the minimum wage. In Connecticut I think it's 31 percent less. It's 5.69 an hour. But they must make enough tips to at least match the minimum wage or we have to pay them the full minimum wage.

Our servers claim tips on average around 20 to 25 dollars an hour. So to give this staff an increase A, doesn't make any sense B it takes away we believe from the other people in the company, cooks, you know bus staff and dishwasher staff that need increases or want increases. We're unwarrantingly giving the servers increases that don't really need it. Does that make sense? It's tough. A lot of people have a hard time understanding the cash wage -- the tip wage, the fact that we get to pay less for a server but their tips make -- they make so much money on tips. I mean that's

the idea behind it.

REP. WILLIAMS: Thank you.

SENATOR OSTEN: Are there any further questions?

Thank you very much, Representative.

REP. RUTIGLIANO: Thanks for your time.

SENATOR OSTEN: This is the end of the public officials and now we get on to the public. The first person is Janet Wicks-Lim and next would be Henry Talmage.

SB387

JANET WICKS-LIM: Hi. Thank you for letting me testify on this minimum wage proposal. Thank you to the labor and public employees committee. My name is Janet Wicks-Lim. I am -- I have a PhD in economics. I am a research -- assistant research professor at the Political Economy Research Institute of the University of Massachusetts.

My research focus is primarily on the low wage workforce in the U.S. and I've studied for over ten year's minimum wage and minimum wage proposals across the U.S. I'm happy to say that a lot of my research along with my colleagues work is compiled in a book called A Measure of Fairness and that is a book that you can find much of the details that I talk about today.

And also I am happy to say that it got high praise from one of the preeminent labor economists in the U.S., Richard Freeman of Harvard University who said in his words that the books shines in empirical -- provides empirical sunshine on an economic topic traditionally shrouded with ideology instead of evidence.

So what I'm hoping to do today is to provide a little bit of empirical sunshine on this issue that tends to be very contested.

So because time is short, I understand I only have three minutes, I wanted to primarily focus on one issue which is what the impact of a minimum wage hike of this nature would have on businesses.

One of the things that my colleagues and I at Perry, the research institute I work for, look at every single time we look at a living wage or minimum wage proposal is what is the actual cost impact on employers because we take very seriously the notion that businesses will be affected in an adverse way and that could as a consequence have an adverse impact on the very workers we're trying to help, the low wage workers who are supposed to be getting these raises.

So let me tell you what we have found and it's actually good news I'm going to tell you up front. What we found over and over again, and this is about you know a dozen studies that we've done when we've estimated the cost increases to businesses, what we've found is that businesses typically face a modest cost increase relative to their sales revenue. And because of that they should not have to lay off their workers or you know cut back on their workforce.

So let me just explain to you what I mean by a modest cost and how we get that number. We look at labor department data and we actually crunch the numbers and say how many workers are there? What kind of raises would they get? Is that my time?

SENATOR OSTEN: Continue please.

REP. TERCYAK: Okay. I'm sorry. How many hours they work? You know what the size their raise would be. We add that all up. We also take into account ripple effect raises which we've already heard about. These are the raises that go to workers who earn more than the minimum wage but employers want to give them a raise in order to keep their raise hierarchy the same before and after the minimum wage hike. We also take into account payroll tax increases. So again, since my time is short let me just get to the bottom line here.

When we look at these business cost increases and we consider a 20 percent wage hike which is roughly what you're considering here, the average businesses would experience a cost increase equal to two tenths of one percent of their sales revenue. And now to put your -- you know wrap your heads around what that figure actually means, that means the average cost -- the cost of an item that's $20 would have to be raised by four cents in order to completely cover the cost increase of that minimum wage.

Now this is the average business. If you're looking at some business like a restaurant, you know we've already heard about restaurants who have a very labor intensive low wage workforce. Again even as we -- after we punch all these numbers what we find is their cost increase it amounts to one percent of their sales revenue. So again, if you think about a $20 meal at a restaurant, what we're talking about is raising that $20 by 20 cents. Twenty dollars to 20 cents. That would cover the entire cost increase that that business would face from a 20 percent minimum wage hike.

I don't want to overstay my time but I just wanted to give you a sense of what does empirical data say about what is the actual cost increases to businesses and what does that mean in terms of their adjustments. What we consider -- what we have found is that these kinds of cost increases are very modest and price increases of this size are something that doesn't really affect the business revenue that they are able to bring in.

So with that I'll just say thank you very much for letting me overextend my time and if there are any questions I'd love to answer then.

SENATOR OSTEN: Thank you very much.
Are there any questions?

Representative Williams.

REP. WILLIAMS: Thank you, Madam Chair.

I -- I guess I'm a little bit confused. I'll take you at your word that the data that you've provided us here is honest data. But you're talking about these increases being a percentage of sales revenue, total revenue taken in by a business. Is that correct? So at the end of the year my business takes in $100,000 and what you're suggesting is that this is going to represent two tenths of one percent of increase of that number. Right?

JANET WICKS-LIM: Right.

REP. WILLIAMS: A few minutes ago you saw Representative Rutigliano how also happens to be in that restaurant business talk about all the things that have gone up for him just in the last few years; electricity rates, taxes, unemployment compensation, insurance. I mean insurance went up 50 percent. He got whacked

with a $12,000 bill I think he said for this quarter for interest on unemployment compensation notes that are due back to the federal government. So how do you react to that?

JANET WICKS-LIM: Yeah.

REP. WILLIAMS: I mean I -- these numbers may be very real on an excel spreadsheet but when it comes to actually employing people and having the economic ability to employ more people we've heard from actual business owners that this has a very real impact and I'd ask you to react to that.

JANET WICKS-LIM: Right. Yeah. I mean certainly in this economic context businesses are facing very real costs are very difficult for them to handle. What I'm looking at is what would the cost increase be based on this minimum wage proposal and it's not just for information you know what we've gotten from labor department data and estimating what these cost increases will be.

This is based on you know years and years of research when you look at the economic research on this question -- this very question of when minimum wages go up does employment go down. What we've found in the most rigorous research is that there is no discernible employment affect. And so the question then comes back to us well you know, how can that be -- how can it be that labor costs would go up but employment doesn't go down. And so that's what led us to do this -- this kind of exercise where we try to understand well what is it actually that businesses are facing in terms of cost increases.

Now of course if there are large cost increases

that makes it hard for businesses to employ workers but when you look at a minimum wage hike of 20 percent, something on this order you're talking about a very small cost increase. So in this -- this kind of cost increase is pretty modest. Again the numbers I gave you -- I have in written testimony (inaudible) more carefully but also what we've seen in the data is -- and research is that often what businesses do is they do pass along some of this cost increase in price increases.

And that's why I wanted to give the illustrations of how small those price increases because customers don't typically react very strongly to increases that are that small.

We're talking again about a 4 percent increase on a $20 item generally, as an average business. And if we're looking at restaurants we're looking at a 1 percent price increase so again a $20 meal is going up by two dimes, by 20 cents.

So these are relatively small increases associated with this particular proposal.

REP. WILLIAMS: Except that Representative Rutigliano in his practical experience as the owner of a restaurant talked about how his costs other than this are very high. It's a very high cost business and a very low margin business.

So the -- you know, I think we can play around with the numbers and I think we can talk a lot about the numbers but would you agree that in a low profit margin business that any increase would -- would be a higher percentage of their very small margin than it would be in other high margin businesses?

JANET WICKS-LIM: Yes although the thing that businesses typically do is they'd raise their prices by a very small amount so this is something that's taken on by customers. And I think what we've found in surveying customers when you talk about modest price increases they seem to be perfectly happy to take small price increases as an exchange for knowing that their workers -- these workers are being paid a more fair minimum wage.

And one of the other things that you can think about in terms of you know what impact this has on prices is that you know the large majority of the electorate tends to support these minimum wages. You know a large proportion of the workforce doesn't earn the minimum wage but still voters over and over again vote in favor of these kinds of laws.

So I think that there is this kind of understanding that they are -- they support the spirit of this law and it doesn't seem to have a very large negative affect on their -- their households or their families and so the tradeoff seems quite acceptable. And we've -- these things pass by wide margins across the country.

REP. WILLIAMS: Oh I'm sure they do but in the context of studying the -- what you're telling us is a rather minimal impact in terms of price increases or what you're terming a rather minimal increase in the minimum wage did you also study what the impact is to the lowest wage earners in terms of their purchasing power.

In other words, the price goes up at the restaurant, the low wage earner has to pay that and it's almost in my opinion regressive

because the person with a lot of disposable income has more money and might not notice that very small increase in their hamburger or their French fries or what have you. But did you also study what the impact is to the very lowest wage earner who then also has to pay those inflated costs?

JANET WICKS-LIM: Right. I don't think we actually took a breakdown of the consumer budget of a low wage worker but if you can think about you know what industries are most impacted by these kinds of laws they're restaurants, hotels, amusement and those aren't the kinds of businesses where very low wage, low income workers are going to be you know going to all the time.

Restaurants cost a lot of money. If you can cook at home you can save a lot of money by cooking at home.

So these small price increases tend to actually come from middle to income -- level household income pay the smaller price -- small price increases and the lower income workers and their households would be less affected by those kinds of price increases.

REP. WILLIAMS: Well how about Wal-Mart?

JANET WICKS-LIM: Well Wal-Mart's a retailer and actually retail stores provide their cost increase -- I don't have the number in front of me. It's definitely in our book. It's actually much smaller than what you find in restaurants because the cost increase relative to the sales revenue is -- I wish I could remember the exact figure but a lot smaller than 1 percent of their sales revenue so any price increase that they would be talking about -- again you're talking about maybe an item

going up -- a $20 item going up by maybe a dime, you know something like that.

So I think that that price increase is even smaller than what you're just talking about in terms of the restaurant industry.

REP. WILLIAMS: And you've submitted this data with your testimony?

JANET WICKS-LIM: Yeah. I have written testimony but also I referenced this book A Measure of Fairness that covers roughly ten years of research we've been doing on this topic.

REP. WILLIAMS: Thank you.

SENATOR OSTEN: Are there any further questions?

Senator Markley.

SENATOR MARKLEY: Thank you.

Professors, it's interesting and surprising to me that the impact of the minimum wage increase is so small according to your research but it encourages me to think that if a 20 percent increase has such a modest affect is there a tipping point at which the affect starts to kick in dramatically?

JANET WICKS-LIM: Right. Yeah. Of course. I mean, you know I think that the conversation that happened earlier that wow you know wouldn't it be nice if everybody was paid $50 an hour. Of course that would be really nice.

Everybody would be really happy with that but realistically minimum wage hike of an extreme amount would be -- would be too large.

I mean it would not be something that a

business could absorb. So you know what we've done is looked at what minimum proposals -- minimum wage hikes have been proposed you know in Arizona, Florida, a citywide minimum wage in Santa Fe, Santa Monica, et cetera and considered those.

Now I think that there is a tipping point. I've tried to estimate what this tipping point would be and I looked at a more robust economy than what we have now something that's growing at a more average rate of like 2.5 percent annual GDP growth. And I found that something that could be absorbed is something more on the border of 60 to 70 percent of minimum wage increase. Now that is assuming a few different things in terms of how the economy's doing. I think in this economy it's more difficult to do something like that.

But I think when you're taking account of both what is the actual cost increase the businesses face, how much they could realistically pass on to consumers in their price increases, how much they actually save in labor costs because once they raise their wages of their workers they tend to see a lower turnover rate. Their employee turnover rate goes down, they retain their employees for longer periods of time, spend less on training, spend less on recruitment. You know once you take all those factors into account you can start to get an idea of what the tipping point would be.

REP. MARKLEY: Thank you very much.

JANET WICKS-LIM: Can I just add --

SENATOR OSTEN: Are there any other --

JANET WICKS-LIM: I'm sorry. I just meant to add one more thing is that Santa Fe is a place

where there was -- if I remember correctly a 65 percent minimum wage increase there and the city did a study to see what the impact was of that minimum wage increase and they found no negative employment effect.

So I think we have examples that approach what I was talking about where the negative fee -- the anticipated negative effect of a minimum effect of this size never materialized. So -- so that's one example to look at.

REP. WILLIAMS: Since we have you and your expertise before us, it was also mentioned earlier the question of minimum wage increases as a stimulus to the economy. Have you -- is that something you've looked at in your research?

JANET WICKS-LIM: I had looked at this in two different ways. Let me give you a specific example because we looked at this pretty carefully when we cited Florida's minimum wage in 2004 I want to say and they also indexed their minimum wage translation.

And one thing that we looked at was their two channels that we thought the economy could be stimulated by a minimum wage increase and that is one by out of state vendors because Florida has such a large tourist industry you could actually add up what the raises would be that would be going to workers from the minimum wage increase that would be paid for by out of state tourists visiting the state and how much that would stimulate the economy. Now of course it's been since 2004 I can't remember the actual magnitude of it but we did find modest but positive stimulative effects from that particular channel.

Also the other thing we looked at was, you know given that a large portion of the minimum

workers that would be getting these raises live in low income neighborhoods, those particular neighborhoods would experience a kind of stimulus effect because their higher earnings would be spent primarily in their local neighborhood in their area and the businesses in their area.

And those businesses would experience a stimulus effect from that higher level of spending from the workers living in those communities. And so in those two ways we could see the economy being stimulated by a minimum wage increase.

REP. WILLIAMS: Thank you.

I -- does that mean that these effects then would be relatively limited, that their special cases more or less. I guess I'd say that my own feeling would be that generally speaking it's the shifting around of the same dollars that you're not going to get a large impact because whatever money is added on the minimum wage side is spending that's not being done otherwise. So are you saying that it would be in fact limited to -- and Florida's a special case because of the tourists, the idea of saying because we need economic development in low income areas that there's a policy advantage to it but that as a general rule it wouldn't necessarily help overall.

JANET WICKS-LIM: Well, I think in the case of Connecticut I would have to look more carefully at the -- you know what the industries are in Connecticut. It's not clear to me whether or not the same thing would hold.

The one way I do think it's helpful to think about this stimulus effect is when we look at Florida I'm not remembering one of the things

that we figured out, what we calculated was the stimulative effect actually paid for about a third of the cost of increases from the minimum wage.

So in a way it paid for itself, you know by about a third. And so the cost increases that actually were born you know by the economy were much less than what we had actually estimated once we took that into account.

REP. WILLIAMS: Well thank you. Thank you very much for a very interesting testimony.

JANET WICKS-LIM: Thank you.

SENATOR OSTEN: Are there any further questions?

Representative Smith.

REP. SMITH: Thank you, Madam Chair.

Good afternoon, Professor.

JANET WICKS-LIM: Good afternoon.

REP. SMITH: Did you actually do a study here in Connecticut?

JANET WICKS-LIM: I didn't do an actual study with -- in Connecticut. I did do some you know empirical exercises just to get a sense of what Connecticut's economy looked like. For example I looked at in the context of the last time this kind of minimum wage hike was being considered what kind of workers would actually be impacted by the minimum wage hike. And one of the things I found by looking at -- again this is labor department data.

This is the current population survey which is a widely respected and widely used source of

labor market data. I looked to see, you know so who are the workers who'd actually get raises and what I found was 75 percent of those workers were adults who are not in school. So that means that then 25 percent were either teenagers.

I think they were about 15 percent of the effected workers and about ten percent were young adults enrolled in school at least part time. So I have done that kind of thing. I haven't done a full fledged Connecticut study myself.

REP. SMITH: And when you did what you did, did you concern yourself with the other variables that we talked about such as the increase costs of the businesses in Connecticut are enduring such as uncompensation -- unemployment compensation, insurance, higher taxes, lower business volume. Did those factors get played in at all?

JANET WICKS-LIM: No. I didn't look at it in terms of the other costs the businesses are absorbing right now. What I looked at was what specific costs associated with this particular proposal. You know what is it that would happen if this proposal would pass to a business. You know what would the cost of business look like.

REP. SMITH: I've said this on the record before so it's no surprise to anyone that math is not my forte but I got a little -- little lost when you were talking about the response to Senator Markley's question about the tipping point.

You had your own theories on where the tipping point might be and I was trying to follow your analogy when you were talking about how if you raise the price of wages people have more to spend and it helps the business guy down the street who's in the neighborhood in which they

live.

But there is a tipping point and I'm wondering to myself is there really a tipping point because if everybody earned $50 an hour as we were talking about surely that would be costly to the employer but the logic in my mind would be well if everybody's getting $50 an hour then they have a lot of discretionary income for which they would go out and spend. And then because people were spending their money the employer's busy and his volume now increases and then it just goes up and up and up. So is there a tipping point or am I just imaginary here?

JANET WICKS-LIM: There is. No, I appreciate your question.

There is, of course, a tipping point. I think the idea is you know these are all proportions. You know if a business had to raise their lowest paid workers wage to $50 an hour that worker of course would spend more but the cost increase that the business would face would be so much larger than we -- additional economic business and the additional sales that they would get that there's no way that that would offset the cost that they would be -- you know that they would incur paying these workers such a high wage. So that's where the --

REP. SMITH: Is that true though? I mean have you done that study?

JANET WICKS-LIM: Well I have done this -- you know, what I was talking about earlier was I have looked at -- so what are the various cost increases for like a ten percent, a 20 percent and a 30 percent, you know et cetera, 40 percent higher minimum wage.

What would that translate into in terms of cost increases for businesses? You know how much do they have to raise their prices? How much can you expect that they would save from lower turnover rates? About a ten percent of that cost increase you can knock off for that.

And then the other thing I look at is well if the economy is growing how much would their sales revenue be growing by virtue of being in a healthy economy and how much would that help them offset that -- that cost increases they are trying to both pass onto their customers or absorb other ways. And so you know, when I -- when I looked at the average growth rate in the U.S. and what that could absorb-- what business could absorb at that kind of growth rate. I found that about 70 percent was what I considered the tipping point.

And I think it was helpful for me to know that in our past studies we have seen minimum wage increases of this size in areas where there has not been a negative employment effect and so I thought that that reassured me that I wasn't too far off the mark in terms of (inaudible).

REP. SMITH: Well the one good thing is that I'll have to go back to economics at UNH so I'm happy about that. I'm going to stop my questioning along those lines there because I'm sure I'll bore the audience with any further detail along those lines.

But I did have a concern whether or not these studies are the empirical data that you reference in your testimony. Are they in isolation?

In other words because you haven't really focused on Connecticut as Connecticut exists in today's economy with the increased costs that

we referenced already whether the percentages that you have mentioned that would actually cause an employer to absorb and you defined them as very small percentages are we really talking in isolation because we're not factoring in these other real data that we have to deal with on a day to day basis?

JANET WICKS-LIM: Well I think given the -- you know we -- I have you know our own set of reports, our own research but given to the body of the research in economics on this question certainly there are always outliers.

There can be cases where things are so, you know difficult or so unusual in a particular area that that would be you know an outlier and you want to group of businesses or areas that you're studying.

But when you look at the vast majority of the research over the last you know -- I want to say since 1970s, you look at what kind of findings economists have come up with in terms of the impact on employment what you find over and over again is the most accurate, precise estimates find that unemployment effect is zero. So that would -- you know that's an average that gives us an idea of what the typical situation would be.

And I think in terms of Connecticut's own situation the cost increase that the business would be facing from the minimum wage proposal itself are modest.

I think in the context of other things perhaps businesses are having a difficult time dealing with other cost increases but their choice to layoff or reduce their workforce would be by virtue of these other things not because of the minimum wage proposal that's being considered

today.

REP. SMITH: But would it not be an aggregate of all those things. You know this -- you know we're talking about the tipping point is some you break the camel's back because you just put one more straw on there and one more cost on the employer that -- and we're usually talking the smaller businesses in Connecticut which make up the majority of the businesses here.

So at some point in my mind there has to be a tipping point that says I can't do it anymore. I just can't make ends meet. The margin that Representative Williams was talking about when you have a small profit margin and now that's -- maybe it's just 1 percent or two tenths of 1 percent whatever it may be but at some point when you factor in these other costs it just makes the whole thing come tumbling down. So that's my concern.

I appreciate your data and I appreciate you know the studies that you have done but I think for us to be -- for it to be helpful here in Connecticut we have to look what we're dealing with here in Connecticut and not down in Florida and some of these other studies that -- I didn't get when they were all done but I heard one ten years ago or '04 perhaps.

So it's a different economic time. It's a different climate here in Connecticut and I think we really have to focus in my mind on how much more can the employer before the camel's back is broken. But thank you for your testimony.

JANET WICKS-LIM: Thank you.

SENATOR OSTEN: All set Representative Smith?

REP. TERCYAK: You know what, I do appreciate you asking that because I still have one more question that I did -- one of the earlier Representatives testified I think you might have been in the room about the costs and the impact to a business we have here in Connecticut, Lake Quassapog I believe it is which is an amusement park type of facility whose costs would go up I thought he said $150,000 which you know that's a lot of money to all of us in this room.

And I don't know what percentage that is of his business that really didn't come out but to me that's a real live number, a real live cost and it doesn't seem to jive some of the studies and data that you've brought forth today. I'm not -- I don't mean to disparage your studies at all. That's not my intent. I'm just wondering how we reconcile that.

JANET WICKS-LIM: Well let me just say one thing about that is I think it's really important to know what it is relative -- that cost increase is relative to because that gives you a sense of how much capacity does the business have to absorb that cost increase. So I don't know what the sales revenue is of that business but that would be really helpful to know. And I just also wanted to mention that one of the studies we did -- again this is the Santa Fe citywide that was being considered there and again I think it was a 65 percent increase.

One of my colleagues actually testified in a court hearing about that because there was -- it was a pretty contested proposal as you can imagine. And they -- because of this trial he and another colleague of mine, Mark Brenner were able to actually get the payrolls from three restaurants who were arguing against having this citywide minimum wage hike. And

even with those restaurants particular payroll data and their sales data they were able to estimate within one tenth of 1 percent accuracy in terms of what the cost increase would be.

So I can't speak to very specific individual's businesses but I think our methodology has been proven to do quite well relative to actual businesses in the area.

So again I can't speak to those businesses but I think that it gives you -- what I have presents -- it gives a pretty good idea of what a typical business would experience and a typical restaurant would experience.

REP. SMITH: I'm not sure if we could do this but it certainly would be helpful to the committee to look at the actual data here in Connecticut, the climate that we're in, the cost that the employers are facing and get an actual figure of what -- how that might impact your small business shop.

JANET WICKS-LIM: Okay. But we should -- certainly should talk about that because I think it would help you.

SENATOR OSTEN: All set, Representative Smith?

Representative Esposito.

REP. ESPOSITO: Thank you, Madam Chair.

Where does Connecticut fall in regards to the rest of the country as far as our minimum wage? What percentile or --

JANET WICKS-LIM: Yeah. I don't know exact percentile but it is upwards in terms of the other states in this country. You know 8.25 is relatively high I mean compared to other

states. The federal is 7.25 which is sort of-- think of it as mode, the most -- a larger number of states have 7.25 federal minimum wage as their going rate.

REP. ESPOSITO: Now I know I've asked this question privately before but now I'll make it public today.

If it's something that should be done why isn't it done federally instead of-- so states don't have to keep competing with each other? If the federal government raised their minimum wage it's an equal playing field for everyone. And I think that's where your fight should be not pitting one state against the other to see who can get the highest minimum wage. I know the minimum wage has been a point of contention for many years for the workers and rightfully so.

But to pit our state against another state that's considerably lower and say we need more money, I think the federal government should weigh in on this and say listen this is the way it's going to be for all states. But that being said I think those studies should have been made part of the research that's being done. It's why the federal government hasn't stepped in and stopped all this bickering among -- among states or competitiveness I guess. Thank you.

SENATOR OSTEN: Are there any further questions?

Representative -- are you all set Representative Esposito?

Thank you very much.

Representative Williams.

REP. WILLIAMS: Just one follow up, Madam Chair.

You I believe acknowledged that there is some breaking point or tipping at which it -- there obviously is a point of diminishing returns. Right? I used tongue in cheek the -- the question earlier if we raised minimum wage to 75 or 100 dollars I mean it's not going to work. Right? That would have the opposite of the intended impact.

Where is that point for you here in Connecticut? Where do you think that tipping point is? Are we -- are we at that tipping point it we were to pass this bill into law or ten dollars more, five dollars more?

JANET WICKS-LIM: Right. Again, what I've -- when I've looked at this question of a tipping point the number that I came out with -- with average growth rate is something on the order of 70 percent. So that's certainly a lot higher than the 20 percent --

REP. WILLIAMS: How much?

JANET WICKS-LIM: Seventy percent. That's at --

REP. WILLIAMS: Seventy percent increase?

JANET WICKS-LIM: Yes. Seventy percent increase. So that's you know much higher than the 20 percent minimum wage hike that's being considered here in Connecticut so certainly --

REP. WILLIAMS: You're talking about during -- with average growth though?

JANET WICKS-LIM: Yeah, with average growth.

REP. WILLIAMS: How about now with this growth.

JANET WICKS-LIM: So now I would say -- I'd have to look at the latest data but it'd be something more in the order of between 50 and 60 percent for increase. So again I mean this is -- you know going back to what are the numbers actually saying in terms of what are the business costs that are being incurred by these kinds of minimum wage hikes.

I think that one of the things that may be missed in terms of how to think about minimum wage increases is that you know the minimum wage increase does not mean that the wage bill of an employer increases by 20 percent. You know a 20 percent minimum wage hike doesn't mean a 20 percent wage bill increase.

It means the plum portion of their workforce is going to get some portion of that raise because many of the workers within a business don't even make the minimum wage or make something much higher than -- they make something much higher than the minimum wage or they work at a wage that's near the minimum wage but slightly above it so they get a portion of the minimum wage. And then finally labor costs are one portion of a business cost.

So we're talking about a fraction of a fraction of a fraction in terms of what the labor costs -- the cost increase would be to a business due to a minimum wage increase. So I think it's just helpful to have those numbers in our mind as we think about what are the actual impacts on businesses. What are their alternatives for absorbing them? And again I want to go back to that idea that I think the consumers widely support these kinds of laws and so small price increase in the name of raising the minimum wage is something that's quite acceptable to a lot of consumers.

I think that what we've seen in other cases where there's a living wage proposal or something quite a lot higher in terms of the increase businesses were able to put (inaudible) in their window saying I'm a living wage employer and that actually attracted more business to them. So it varies -- you know there are several different things to think about in terms of how would these cost increases get absorbed.

SENATOR OSTEN: Senator Williams, are you all set?

Thank you.

And I'd entertain a friendly amendment to go up 50 to 100 dollars an hour on this.

Okay. Just a small -- small point of levity having worked in a family restaurant for 40 years. I know what that's like.

Thank you very much for your valuable testimony today. I really appreciate it and I'm certain everybody here does too.

JANET WICKS-LIM: Thank you so much.

SENATOR OSTEN: Thank you very much.

Henry Talmage is next, Connecticut Farm Bureau.

Thank you.

HENRY TALMAGE: Good afternoon, Senator Osten, Representative Tercyak and the member of the committee.

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My name's Henry Talmage, I'm the Executive Director of the Connecticut Farm Bureau. We represent 5,000 farming families in Connecticut of all types across the State. And I come here

before you today to raise our opposition to Senate Bill 387 and the provision to increase the minimum wage. Connecticut agriculture is a three and a half billion dollar industry with over 20,000 jobs according to a UConn study of 2010.

I'm proud to serve as co-chair of the Governor's Council on Agricultural Development and in the past year we have been looking very hard at the issue of looking at agriculture for its opportunity for growth in the model of economic development in the State. We've conducted over 650 hours of in-depth stakeholder interviews, 232 producer surveys and four regional listening sessions where we asked the question as to what are the four top opportunities and what are the four top obstacles to growth of Connecticut agriculture. Number one obstacle is -- was listed as input costs and specifically the cost of labor and energy.

Farm Credit East the primary farm lending organization in New England published a report in 2011 titled Northeast Agriculture and Farm Labor. The report showed that Connecticut currently has the third highest farm labor costs per $100 of farm sales anywhere in the nation and it has the highest of all of New England and the northeast states. In fact Connecticut's farm labor costs per $100 of sales is $27. That's three times the national average and more than double of Vermont.

This legislation would increase the minimum wage by 20 percent over two years. All farmers would be impacted with the increase -- with this and the increase.

In specialization and value added agriculture payroll is often the largest single expense to

our growers. Many of our producers compete directly with growers from neighboring northeast states and other low cost areas from around the world. Raising the minimum wage would put our producers at an even greater competitive disadvantage and our producers simply cannot raise their prices and hope to be competitive.

SENATOR OSTEN: Are you all set there?

HENRY TALMAGE: I'm fine. I'm -- yes.

SENATOR OSTEN: Are there any questions for Mr. Talmage? We have your written testimony.

HENRY TALMAGE: Okay.

SENATOR OSTEN: So does anybody have any questions?

Representative Smith.

REP. SMITH: I just want to -- not being familiar too much with the farm industry or the agriculture industry, who are your typical minimum wage employees?

HENRY TALMAGE: Well like other employers have talked about many of the jobs in agriculture, the production labor jobs in agriculture which might be working fields or processing tend to be a lower wage entry level jobs.

Many jobs pay more than minimum wage now. I think the issue of-- kind of the ratcheting effect which we've heard about in some of the other testimony is one of pretty high concern. But -- so I would say as a whole agriculture has a pretty high percentage of the lower wage model that perhaps is different than what the professors talked about in her testimony in that, you know, there's a big difference

between an agricultural employer where wages are a very high percentage of the total revenue compared to say a company that manufacturers jet engines, minimum wage might be a very small component.

So I think there is a difference between industries. And our -- I would argue the tipping point for agriculture is therefore much lower because many of these -- I mean think about that $27 dollars of every dollar received goes directly to labor in agriculture in Connecticut so that's a very high percentage of labor costs as a percentage of sales.

So a -- and a large majority of that is happening on the relatively low end of the rate -- wage scale so this would have a -- it would have a much higher impact as a -- as a percent compared to gross sales.

So that's maybe a distinction.

REP. SMITH: Thank you.

Thank you, Madam Chair.

SENATOR OSTEN: Are there any further questions?

Thank you very much for your testimony. We really appreciate it.

Jay Kamins and after him will be John DiCarlo.

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JAY KAMINS: Thank you very much. You have my written testimony already. Is my time on? I want -- oh. How's that? Can you hear me? Okay.

You have my written testimony already from this morning but just a few points. There's an awful lot of employers here, job creators. I

am one of them as you know. But there's not a lot of employees here today. And there's a reason for that. It's because they're working their tails off right now and they don't have time to follow the politics and the inside baseball and the punditry.

Some of them are -- a lot of them are working minimum wage and they're not all kids and they're not all high school students living in their parents basement. And many of them have to work more than one job just to make ends meet so they don't even catch this. They don't catch the evening news, see the 30 second blurb. Okay.

What we're talking about here is more than just minimum wage, not minimum wage. We're talking about a choice. You know we have a State and a country that is increasingly full of the working poor. There are no longer a substantial middle class.

Everything has been eating away at the middle class particularly in this Wall Street induced recession. And now we are slipping more and more into a nation of working poor.

So that's what it means when people want to say, when you have an employer that comes in here and says we have to maintain the status quo here. We can't raise the minimum wage. You're saying that these people, the working poor, making a minimum wage and still not above poverty level are stuck. Stuck with increasing healthcare costs. Stuck with increasing cost of living adjustments, out of control prices across the board.

Now, you know just a few points. You know we've heard some talking points here. We've obviously heard job creator. I heard

progrowth. And you're going to have to excuse me. I'm a stranger in a strange land. This is the first time I've ever been here.

So I'm -- you know, I'm just kind of-- I'm not quite -- this is all new to me. But I've seen progrowth, the struggles of the Obamacare, affordable healthcare act and free market pressures. You know I heard the restaurant owner, Mr. Rutigliano from SBC talking about a learning age.

A lot of these people are well over 30. I mean they're not learning anymore. They know what they're doing. You know. They're just trying to make ends meet. You know they're not kids.

May I finish?

SENATOR OSTEN: You have 30 seconds.

JAY KAMINS: Thank you. Mr. D'Amelio, he talked about it's not a good time, it's bad for business. It's bad for the people that are working at minimum wage in this country. You know -- you know Mr. Rutigliano talked about the average person -- the average waiter makes $25 an hour. That's not 50 -- that's not 50 weeks a year and 40 hours a week. That would be a $50,000 job.

I mean I would do that, you know if I could. You know. That -- that is -- they do not make that kind -- they do not work 40 hours a week. They do not consistently make that -- those funds.

So, you know there's a lot of-- there's a lot of stuff going on here that I just want to take issue with. And I just want to say if anybody's making a successful business, again if you consider yourself to have a successful business

you're doing that and that is predicated on minimum wage workers that might be working full time for you and still be at the poverty level you can call that a lot of adjectives but I would not use the word -- the adjective successful. That's the fact.

And thank you very much and I appreciate your time.

SENATOR OSTEN: Are there any questions?

Thank you very much for your testimony.

John DiCarlo and next Reverend Scott.

JOHN DiCARLO: Good afternoon, Senator Osten, Representative Tercyak and members of the labor and public employees committee.

I'm John DiCarlo, public policy and economic development director for the Waterbury Regional Chamber.

The Waterbury Regional Chamber which serves 13 towns in the Greater Waterbury region and represents the collective interests of nearly 1,000 members in matters of public policy and economic development strongly opposes Senate Bill 387.

Waterbury has a dubious distinction as the labor market with the State's highest unemployment rate for the past decade. Passage of this legislation would create yet another obstacle to our region's efforts to move itself out of this ranking.

An ongoing economic downturn that's the worst since the Great Depression is clearly not the right time to enact legislation that further hinders business growth. Doing so would send

the wrong message to both businesses and prospective hires. Enacting this legislation would convey to businesses that State policy will continue increasing costs of doing business with every given year.

In addition it would negatively impact prospective hires particularly seasonal positions for teenage workers. These positions provide our youth important opportunities to develop a good work ethic and gain initial positive experiences in the workforce. The number of these opportunities would be significantly curtailed as a result of this legislation.

Employers facing increased labor costs also traditionally hire workers with the most experience and highest skill levels therefore a decrease in entry level positions not only limits the increase of teenage workers to find current job openings it also sets them up for increased difficulties later in their career.

Finally the State is considering new funding for summer youth employment programs which are especially important to the State's cities.

Increasing the minimum wage would directly limit the number of young people who would benefit from these programs.

Thank you for your consideration and I welcome any questions you may have.

SENATOR OSTEN: Thank you very much.

Are there any questions?

Thank you, Representative Smith.

REP. SMITH: Thank you again, Madam Chair.

Just one question, is -- in your position in Waterbury has your group ever done any type of study on the impact of raising this minimum wage?

JOHN DiCARLO: Not directly for the Waterbury region, none that I'm aware of. We do have labor statistics of-- as I mentioned earlier what the unemployment rate is in our area but not what the minimum wage impact would be of this proposal.

REP. SMITH: Okay. Thank you.

SENATOR OSTEN: Thank you very much for your testimony.

Are there any further questions?

Thank you very much.

JOHN DiCARLO: Thank you.

SENATOR OSTEN: Reverend Laurel Scott followed by Brian Anderson.

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REVEREND LAUREL SCOTT: Good afternoon, Chairman Osten and members of the committee. I thank you for this opportunity to contribute these remarks and I do so on behalf of those who have no voice, opportunity or access.

And while we may not see or hear them they are among us. You do have copies of my written testimony which will be shortened because it can't be given in three minutes.

I'm Pastor of United Methodist Congregation in Manchester, Connecticut. I also speak on behalf of the United Methodist Church in the six New England states.

Before becoming an ordained minister I worked as a policy analyst and special projects director for the City of New York, Department of Social Services and for the Community College Prep Program Director.

I've worked on behalf of the poorest of citizens, people who either made the minimum wage or received public assistance. I'm a practical theologian. I approach things first from the situation as it is and then I go to the sacred text to see what the sacred text has to say about the situation.

So practically this is basic math. When a person makes 8.25 an hour which -- in our State which is among the top three in the nation in terms of cost of living, they're not able to meet basic living expenses.

If a person is single and fortunate enough to share expenses with others he or she might be able to make it on 330 a week but someone who is in a family of three if there is a single wage earner there is no way they can make it. Here's an example.

If you take away $750 for rent, $350 for transportation and $300 for food that's all there is. There is nothing left for incidentals, for healthcare, for medication, for clothing, for utilities, for books and tuition if there is a student in college.

As the CPI continues to rise we also need to raise the minimum wage. If we do not the working poor will become poorer even as they continue to -- to work as hard as they do now.

So I turn to the theoretical, the theological. Our moral obligation to maintain a civil

society is to take care of the least of deeds, the person's that least able to take care of themselves. The sacred text states clearly that we have a duty to attend to the needs of the poorest among us. I chair the board of a nonprofit organization here in Connecticut.

Over the past five years our food pantry has seen increases as has our thrift shop in demands for our services.

I, therefore, would like to conclude my testimony by saying I support this bill on behalf of those who are least able to help themselves.

SENATOR OSTEN: Thank you very much, Reverend.

Are there any questions?

Thank you very much for taking your time to testify before us today.

Next is Brian Anderson followed by John Murphy.

BRIAN ANDERSON: Good afternoon, Chairman Osten and members of the labor committee. I'm Brian Anderson. I'm a legislative and political rep for AFSCME Council 4 representing about 35,000 mostly government employees.

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The Council supports Senate Bill 387, the minimum wage increase. The goal of the minimum wage was to lift people out of poverty to make work pay. Surely given the cost of the living in Connecticut nine dollars per hours isn't too high or 9.75 the next year. Historically our economy has been the envy of the world because of it's been a strong consumption based economy.

When a large number of Americans can't afford

the things that -- that bring you into the American dream that economic engine of consumption gags and certainly we have seen an economic disparity equal or greater to that in the gilded age. We're in a situation where most of the economic increase from our gross national product has gone to the very wealthy in the country.

We have seen a situation where the middle class has greatly lost its footing to a point where -- that I would never have expected I would see in my lifetime, that 50 percent of all Americans according to the U.S. census last survey either are below -- are basically poor or working poor.

It's a very frightening thing for a democracy to have economic statistics like that. That really ought to wake people up who are serving in the legislature. And it kind of pains me a little is that a former republican can see the Republican Party sort of attack this when Theodore Roosevelt was one of the biggest pushers of the minimum wage.

It didn't occur during his presidency but he was certainly someone who got behind a Robert La Follette, a strong Republican U.S. Senator was one of the strong pushers for this. Now it seems like an (inaudible). I suppose I just don't get it.

We also support House Bill 5756, an act requiring the standard wage to be paid by folks who are getting government contracts, government assistance certainly makes sense that in this dire time of financial distress for the average citizen that if someone is going to get a government contract that they pay a standard, a livable living wage to a worker.

I told them no, don't do that we have enough democrats. Get in your party and change it. Bring it back to what it used to be.

REP. SMITH: I hope you leave it there.

BRIAN ANDERSON: Because it used to be a good prolabor party and now it's not.

REP. SMITH: Well I think you and I can have a nice argument over a cup of coffee and we'll see (inaudible).

SENATOR OSTEN: And I'm hoping that we're all done arguing right now. Thank you very much.

Are there any further questions for Brian Anderson?

Thank you very much, Brian.

BRIAN ANDERSON: Thanks.

SENATOR OSTEN: Appreciate it.

John Murphy followed by Dan Rauizza. I'm sorry if I said your last name wrong.

JOHN MURPHY: Good afternoon, Senators Osten and Markley, Representatives Tercyak and Smith and members of the committee.

My name is John Murphy. I'm here in favor of Senate Bill 387. I'm testifying on behalf of over 20,000 member families of the Connecticut Citizen Action Group as well as the International Brotherhood of Electrical Workers, Local 1228. I want to go back in history a little bit here from my written testimony just to help put some perspective on this.

In 1967 which is the year I entered the workforce we started doing farm work here in Connecticut, I made $1.05 an hour. The federal minimum wage was raised from $1.25 to $1.40 which was an increase of 12 percent.

The following year they raised the minimum wage to $1.60 which was an increase -- a one year increase of 14 percent and increase of 28 percent over that two year period. Yet the unemployment rate went from 3.8 percent in 1967 to 3.6 in 1968 down to 3.5 in 1969.

The next time unemployment rates came close to those levels after the minimum wage raise was 1996 and 97. Business Week observed in 2001 many economists have backed away from the argument that minimum wage laws lead to fewer jobs. The federal minimum wage had kept pace with the rising cost over the past four years it would be about $10.52 an hour today. That's far above our 8.25 we have now.

Even with our proposed increases here they're good but they still wouldn't bring us up to wage parity with -- if wages had kept place -- kept pace with inflation.

And in terms of timing you know research by economists by the Federal Reserve Bank of Chicago in 2008 when we were on the precipice of that second great depression showed an increase in the minimum wage would not cost jobs it would help families of minimum wage workers help make ends meet and strengthen the economy by providing a stimulus when it was needed the most.

Your constituents want an increase in the minimum wage. Last August a Quinnipiac poll showed that 70 percent of Connecticut favored an increase in the minimum wage. And there are

some business leaders that are supportive of increasing the minimum wage. Last August Bloomberg Business Week reported that Margot Dorfman, Chief Executive of the 500,000 member U.S. Women's Chamber of Commerce supports an increase.

She said raising the minimum wage would increase the tax base and decrease the need for government relief. Last month New York, when the General Assembly approved a bill to boost their minimum wage to 8.50 from 7.25, the Wall Street Journal reported that the Greater New York Chamber of Commerce President, Mark Jaffe said that most members surveyed don't consider the State's wage proposal a hindrance to job creation. He said it will spur the economy and challenge businesses to make sure they're not wasting money in other efforts.

Increasing the minimum wage in Connecticut would benefit Connecticut's families and put more money back into our economy. Please vote for Senate Bill 387 and help Connecticut's low wage workers survive.

Thank you.

REP. TERCYAK: Good timing. Have you testified before?

BRIAN ANDERSON: Once before.

REP. TERCYAK: Thank you very much, Mr. Murphy.

Are there any questions for Mr. Murphy?

No. Thank you very much.

Next up will be Danny Rauizza and while he's making his way to the table I'd just like to point out for folks here and at least as much

REP. SMITH: Well, I strongly agree with your proposal. I think given the opportunity the students would give more if we gave them the time to learn more.

I don't think that it's they're unable to do so but I think we're throwing too much at them and it's a rat race to get to the top and take the AP courses and not -- and get a good grade but it's not so much of digging into the subject and really coming away with an understanding and retaining it.

So I appreciate your comments and thank you for coming today.

STEVE KASS: Thank you.

SENATOR OSTEN: Just let me check, does anybody else have any questions?

Thank you very much.

STEVE KASS: My pleasure.

SENATOR OSTEN: Senator Gomes followed by Ed Leavy.

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EDWARD GOMES: Good afternoon, Chairman Osten and Tercyak. I'm glad to be here today. I'm -- I had made a little pact with Senator Prague -- Edith Prague that me and her would on the first day that they had a minimum wage we would both show up here.

Edith happens to be laid up just getting out of the hospital today so I'm speaking for her and myself. I won't speak in specifics as I've heard here on the some of the testimony about figures and all this stuff not in detail.

But what I want to say about the minimum wage is like last year when we went through the

minimum wage that's when I was a Senator. By the way I'm not a Senator anymore. All right. I'm Ed Gomes citizen.

But the thing of it is we tried to push a minimum wage last year and there were a lot of senators that said this was not a good time for it. I guess that's because it was election year which I never gave a damn about because I always figured when your time comes your time comes you know.

I always said it right to everybody's face. I was elected to do what I wanted to do and if anybody wanted to remove me that's what the elective process was all about and that's why I'm not here anymore you know. But I just want to ask you guys one thing. I want you to be kind to me and not do to me what I did to other people that were sitting in this seat when I was over there. But when you talk about the minimum wage element you're -- they said that it's not the time for it.

There is no time for the minimum wage. The time for the minimum wage is every year because every year the cost of living goes up and people do not meet the cost of living. Their families, they're not able to take care of themselves because they're not making a decent wage. They say in order for you to rent a two bedroom apartment you have to be making in Fairfield County $23 an hour. Now if you working a minimum wage job that means you have to work three jobs.

There was a report last year of one guy in the paper though who was working for Dunkin Donuts for two jobs, for two different Dunkin Donut holders, two jobs every day full -- two full jobs. This guy was working 16 hours for $8.25 an hour. And what does $8.25 give you 330 a

week? We're still in the poverty level when we do that. Then there was another article where a woman was working 14 years -- 14 years for this -- this person, this industry, this shop and every year she asked for a raise and she never got a raise per say.

The only raise she ever got was when they raised the minimum wage. For 14 years the employer kept her at a minimum wage for 14 years. Sort of like they were talking about history, it sort of makes us think about old time and labor history when they talked about the giants of industry which we referred to as the robber barons and they said that why pay a man a dollar when you can pay a kid 50 cents. They put kids in the mills, got them mangled up, put them in the mines. All kinds of sordid things happened.

And you talk about history and you talk about what you want to teach in history if you didn't teach all of it there's no sense teaching any of it. Like would you tell somebody that -- about 1937 Memorial Day Massacre in Chicago where they had a picket line and they had a group of picketers and the police fired into the crowd, deliberately fired into the crowd killing at least ten people and wounded about 15 others. (HB 5713)

Labor history, some of it's good and some of it is real, real bad. And if you're not going to teach all of it you shouldn't teach any of it. That's just like the civil rights movement. If you're not going to teach what civil rights is all about and who suffered and who got the worst of it then you shouldn't teach any of it.

And when we talk about -- I'll get back to talking about the minimum wage. People do -- you never catch up to the cost of living. SB387

You've got one -- what it amounts to is you've got -- you've got the super rich, you've got the rich and they say we got the middle class.

There's no damn middle class anymore. You have the working class and they're fast making the working class into the working poor. And what else could you do to anybody but put them on a eight hour day job and give them a minimum wage that it's only about a third of what they need in order to feed their families and have a decent living. So minimum wage can never be one of these things that they're talking about obstruction to business and so on and so forth. I saw this person talked about the $150,000 they would have to pay.

I've seen all these expenditures that they talked about that they had to pay. There's worker's comp, this and that and everything. But nothing about gross receipts or the gross revenue that they have received. Now one is relative to the other. And it's easy to come in here and cite all the things that you have to pay in order to be in business and not mention how much profit that you're making.

That's what they did years ago when they called these people the giants of industry. The robber barons were making unconceivable money and making slaves out of people. And this is all they're doing now. You've got people working out there can't even make a decent living. We talk about third world countries.

We're headed that way right now because they're making the working class into working poor. And if we don't do something about it and you don't give a person to at least make a decent living -- and by the way when they talked the economy and what the monies that are expended by the people who work in the -- a minimum

wage -- a minimum wage job then you got to remember one thing, they don't have -- what do they say expendable cash? All of their money goes into the economy because they don't have enough to save. It all goes into the economy.

So whether it's a little bit or a lot or anything but they are contributing percentage wise more than a lot of other contribute to the economy. So I believe that we should have an increase in the minimum wage this year, next year, the following year and every year that you have a cost of living rises every year.

Thank you. Any questions?

SENATOR OSTEN: Thank you very much.

Are there any questions for the good Senator? Which he will always be.

Representative Smith.

REP. SMITH: Senator, I just am so happy to see you again. It's -- I'm surely going to miss you in judiciary because you always brought the common sense approach and enabled me to hear some things that I certainly didn't think of. And I hope you're feeling well. I know you've battled some things but it's good to see you.

You look well and it's great to have you back. I was interested in your comments that you know you were elected and you did things the way you thought you should be done and that's why you're not here but I'm -- I was thinking to myself that's kind of how I act too so I might be sitting with you next year.

EDWARD GOMES: That's what I remember about you. That's why I say you were one of my favorite people. You asked the -- you asked the hard

question. And the thing about it is I enjoyed myself here and to clear up everybody's mind I'm as healthy as a person my age could be and I'm not going to tell you that.

So the thing of it is I enjoyed myself up here. I thank everybody that I dealt with. We all dealt like -- you dealt like gentlemen and ladies and gentlemen and it was an anomaly. We hashed out the issues but it wasn't no beating up on each other personally or anything.

REP. SMITH: Again, Senator, thank you for -- for being here. I actually did have one question for you and while you were testifying you were talking about the gentleman who worked two jobs -- two basic full time jobs at Dunkin Donuts.

EDWARD GOMES: For two different people.

REP. SMITH: Oh, two different people. My question is would you feel any different about the minimum wage being applied differently to those who worked full time and needed that money to sustain their livelihood versus those who you know may be a kid out of high school or a kid out of college who has a summer job and you know is looking to make a few bucks during that season. Do you think there should be any distinction between the two?

EDWARD GOMES: If I come out of high school and work an eight hour job and you are feeding your family and working that eight hour job why should we get different pays?

REP. SMITH: I think that answers my question. Thank you.

EDWARD GOMES: Thank you.

SENATOR OSTEN: Representative Williams.

REP. WILLIAMS: Thank you, Madam Chair. And thank Senator, thank you for being here. Welcome back.

Just two quick questions. I think I heard you say that the current minimum wage is one third -- did you say that it is one third of what one needs in order to survive?

EDWARD GOMES: No, I mentioned that in Fairfield County there is a statistic that in order to rent a two bedroom house that on average you have to be making $23 an hour. Now if you take 8.25 an hour that's almost --

REP. WILLIAMS: Right. Okay.

EDWARD GOMES: -- three -- three jobs.

REP. WILLIAMS: I got it. So if you -- do you believe that this is a sufficient enough increase what is being proposed here before us. I understand that you're here supporting it. Is this a sufficient enough increase?

EDWARD GOMES: This year my 50 year in labor, I started in 1963. Do I think it's sufficient? Hell no. I would like to see -- I would like to see it come up to a living wage. That 10.61 that lady mentioned a little while before that's still a poverty level job at 10.61 an hour.

REP. WILLIAMS: So in an ideal world what would you say the minimum wage should be? Ideal world.

All things are equal.

EDWARD GOMES: An ideal world. If we're talking about the ideal world and everybody's out there making a living I don't believe there should be

a minimum wage. I believe -- I believe not a minimum wage per say. I believe there should be a living wage. But if minimum wage is the way we go in order for -- and is here to stay and isn't going to leave then it should be dealt with accordingly.

REP. WILLIAMS: But do you have a dollar figure in mind as to what -- I mean because I was intrigued by your scenario about Fairfield County. You're from there and I'm not. I was intrigued by that housing scenario. I mean is there a number that you have in mind as to what it should be.

EDWARD GOMES: Not really -- not particularly. I just mentioned Fairfield County but that's not to individualize Fairfield County as being the criteria for the minimum wage --

REP. WILLIAMS: Right.

EDWARD GOMES: -- because of the simple fact that people got to live wherever they are. But here we are Fairfield County and Bridgeport sits in the middle of Fairfield County in one of the richest counties in the world and got more poverty than any other poverty -- than any county anywhere near Fairfield County.

REP. WILLIAMS: So do you believe lastly that there's any relationship between how much we increase the minimum wage and how many jobs are available to laborers in the job market? In other words if we -- if we raise the minimum wage as I said earlier -- I don't know if you were here but I said earlier to $50 an hour or -- if I think of an extreme example 50, 70, 80 $90 an hour is there any relationship between how many jobs will be available and what the minimum wage is?

EDWARD GOMES: I don't -- I can't answer that but I'll tell you something I don't believe any wage that you're talking about is going to meet that criteria you're talking about because it -- if that was solely on -- they claimed that labor jobs took all the labor away from -- from certain areas.

We don't have any jobs anymore and guess where they are? They're all overseas. (Inaudible.) It's not foreigners that are eating our lunch. It's American industrialists that went overseas and found a way to take slave labor or more -- less pay in order to get their product out and come back in and sell it.

Every one of you guys said Wal-Mart a little while ago. What a nasty word Wal-Mart. I wouldn't step foot in a Wal-Mart. Five billionaires -- a family of five billionaires that have more in fines than anybody you can imagine. Millions of dollars in fines.

REP. WILLIAMS: Well and I asked about Wal-Mart because I -- in a totally different context than we're even talking about.

EDWARD GOMES: Every time I do that I almost want to puke.

REP. WILLIAMS: Well I didn't make you -- I didn't mean to make you ill. And you just got through saying how healthy you were too.

EDWARD GOMES: That's the only thing to make me puke.

REP. WILLIAMS: So just to clarify you don't think that any increase in the minimum wage will affect the number of jobs that are available to working people then?

EDWARD GOMES: I don't think it's relative. I -- you know, you know you've got people that are coming here citing all kinds of figures today and they didn't cite any profits or what their gross revenues or their gross receipts were. They just cited what cost they had.

There's a cost to every business. And some of the people that -- SBC he's been in business for quite a while and I don't see him going out of business. He's got more than one place.

REP. WILLIAMS: He might be but I don't want to wait to find out.

I don't want to keep pushing the envelope and I think we're continuing to squeeze the balloon and at some point that balloon is going to pop.

Now this may not be the -- the point --

EDWARD GOMES: So what is your solution for people not to have a job?

REP. WILLIAMS: Nope. I'm concerned that less people are going to have jobs as a result of the continuing costs that government puts on small businesses and you know he mentioned some of the very real -- I'll give you an example that you may have heard Representative D'Amelio earlier talking about Quassy Amusement Park down in our area of the State.

Just simple math if you look on the -- on an excel spreadsheet and do the math it was $150,000 a year in increased costs -- I think it was $150,000 a year under the previous minimum wage increase proposal. Where the -- that was at 50 cents I believe.

Today we're talking about $1.50 increase which means $450,000. So that's real money is my

point and I don't want to wait until that breaking point happens. I want us as a government, us as people who care about providing jobs to working class people to make sure that that doesn't happen.

I appreciate your passion and your interest in these issues as always. I thank you for being here.

EDWARD GOMES: I think what -- I think what some people say with a grain of salt. You talked about D'Amelio, when I was the Chairman of housing he used to come before housing and his thing was properties.

So he's still in business.

REP. WILLIAMS: So there's no end then? I mean there's no -- you know, does it end? We just keep piling on and on and on and on?

I don't know that I agree with that. And we can have this debate offline. There's people who are here.

EDWARD GOMES: Oh please. Yes, thank you.

REP. WILLIAMS: People are here to well --

EDWARD GOMES: When you talk about --

REP. WILLIAMS: There's other people here to testify but I thank you for being here.

EDWARD GOMES: Yeah. That's fine. Have a good day.

REP. WILLIAMS: You didn't throw up yet.

REP. TERCYAK: Thank you very much.

Before you leave, Senator, I'd like to just say

a couple of things. It was going to go on and on congratulating you on 50 years in labor but we're gone on and on enough.

I wanted to -- I hope Senator Prague is watching at home and I'd like to reassure her that had she been able to be here we would have let her testify first.

EDWARD GOMES: You always do that to me.

REP. TERCYAK: And one other thing to your original comment about being here as a citizen, we welcome all citizens here.

We're reminded by your comment of Judge Brandeis who said in America we only have one title higher than the title of President and that's the title of citizen. So thank you very much for joining us citizen Gomes.

We appreciate your input today.

EDWARD GOMES: Thank you, Peter.

Okay. While we wait for the next -- they were clapping for you, citizen Gomes not for me.

While we wait for Ed Leavy to come up followed by Asia Avery and Doug Hall I'd like to mention that if people are interested in submitted testimony you can submit it to mike.vansambeck@cga.ct.gov.

I'm hoping CTN is going to put that on the screen as part of their commitment to open government and the people's access to government. It should be on the screen now. Mike -- mike.vansambeck@cga.ct.gov.

Thank you very much. Sorry for holding up your testimony, sir.

many special interest groups that all are important but all cannot be taught in our school system. So I appreciate your testimony and your honesty and thank you for coming today.

ED LEAVY: Thank you.

SENATOR OSTEN: Any other questions, Representative Smith?

Representative Williams.

Thank you very much. Thank you very much for your testimony. I appreciate it.

ED LEAVY: Thank you.

SENATOR OSTEN: We have Asia Avery now and then Doug Hall.

ASIA AVERY: Okay. Co-chairs and members of the committee, my name is Asia Avery. I'm from Stafford Springs, Connecticut and I'm submitting testimony in support of a raise in the minimum wage.

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As a full-time student at Asnuntuck Community College to which I must commute I am obligated to pay for car insurance, maintenance and gas. To cover these expenditures I work part time as a kitchen assistant for which I earn the current minimum wage of $8.25.

I've been working this job for over six months and I do not anticipate a pay raise any time soon. I am very aware of the essential goal of college education (inaudible) in improving one's chances of finding well-paying jobs.

To obtain a college education though I must pay for tuition, insurance and upkeep on my 17 year

old car. Additionally I will likely need to replace my car sometime in the near future. Within the last six months the cost of repairs to my car totaled over $1,000, a bill that a minimum wage salary did not foot with ease. Investing in my education is crucial to having access to a middle class quality of life but in order to attend college I need to make enough money to get there.

Raising the minimum wage will enable me to earn enough money for my education, invest in my future, finish school and become a productive member of Connecticut's workforce giving back to our State's economy.

I've heard opponents of the raise in minimum wage that it will mostly benefit young people who do not need to support a family and who's only use for the pay raise will be extra spending money.

But for me and many other young people our earnings go toward our education, transportation, helping with family bills and various other necessities. We are working hard and trying to make the most of every opportunity presented to us.

These responsibilities are part of our daily lives and if we cannot meet them our futures and our families are contested. We cannot progress if we cannot support our most basic needs. I ask you therefore to please support S.B. 387 to increase the minimum wage. Thank you.

SENATOR OSTEN: Thank you very much, Asia.

Are there any questions for -- thank you very much.

Doug Hall is next and followed by him will be Dave Roche.

DOUGLAS HALL: Good evening, Chairwoman Osten, Chairman Tercyak and members of the -- of the committee. I thank you for this opportunity to testify today.

I'm Douglas Hall. I'm a Director of EARN at the Economic Policy Institute which is a D.C. based progressive economic think tank. We and our -- the member groups of EARN which includes Connecticut Voices for Children believe that putting forward a public policy is to improve the wellbeing of working families is the best way to build up a strong -- a strong economy and share prosperity for all.

I'm testifying today in support of raised Bill 387. Connecticut has historically been one of the states that has the highest minimum wages. Right now three states, Washington, Oregon and Vermont have slightly higher minimum wages.

I want to dispel some myths around the minimum wage here in Connecticut particularly around the types of folks that are benefitting from this. Over the course of two years of phasing in the proposed minimum wage 246,000 folks would directly and indirectly see raises in their income as a result of the proposed increase, 59 percent of those are women, so it's very much a women's issue, 83 percent of folks are 20 years of age and older, so certainly that dispels that -- the notion that we're talking about you know high school kids working after school to you know buy some nice new jeans.

I really appreciate Asia's comments. Certainly even if we were only talking about you know young folks there's no question that they do

not deserve to have -- be paid subpoverty wages and certainly they're facing huge expenses including increased tuition costs that -- that are in the benefit of Connecticut overall to see them be able to bear. A great number of them, about 50 percent have some college education whether it's a bachelor's degree or an associate's degree or have simply attended college.

And I think the fact that over -- that about 65 percent or about two thirds of them are white, nonhispanic, there's also a data point that might surprise some folks. But it's the economic impact that I think is perhaps the point that -- that I've heard some of the greatest misconceptions around. You know whether it's the right time or the wrong time for this. This is very much the right time and it's the right time for two reasons. Certainly folks including those earning minimum wage are struggling to come out of you know the great recession.

That's all very well and true but it's also true that putting money in the hands of our lowest income families is actually the best way to see some economic growth. We know -- economists across the spectrum agree that you know they call it the -- the marginal propensity to consume.

Putting money in the hands of lowest income folks gets that money generating most quickly and most directly in the economy and they're most likely to spend it locally making all of your communities stronger. I think it's also important to think of this in terms of the impact on inequality.

We at the Economic Policy Institute just released a report with the Center on Budget and

Policy Priorities which noted among other things that Connecticut is actually the State that has had the greatest growth in income and inequality since the late 1970s. That's the greatest growth in income inequality. And certainly part of that is because those at the very top have done quite well. They're -- they're real income suggested for inflation have more than doubled. I think it's 110 percent increase. But what's also true is that those at the bottom -- the bottom 20 percent those are the folks that are going to benefit from this, they have seen their real incomes shrink by 4 percent.

I don't care what town you represent or what part of Connecticut you represent, anybody who thinks that it's okay that folks at the bottom are losing ground they're not thinking the way I'd like them to think and they're not thinking about the well-being of their communities and the long term prosperity of a State that really should be known for investing in its workers and having a strong and very well educated workforce rather than looking for opportunities to suppress the wages of those at the very bottom.

Thank you.

SENATOR OSTEN: Thank you very much for your testimony.

Are there any questions?

Thank you very much. We appreciate it.

Dave Roche followed by Kari Hoehne. Thank you. Thanks.

DAVID ROCHE: Senator Osten, Representative Tercyak, rest of the labor committee, it's a pleasure to

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be here today to speak in front of you. I'm going to speak on three bills so I'll be brief. I'm not a big statistician guy. I'm more down to you know the bones and guts of these things. So I'll try to make some sense. First on the minimum wage.

SB 387

Obviously being the President of the Connecticut State Building Trades you might not think it affects us but it does.

I have workers that work in a production shop. It's not a restaurant. It's not an amusement park. It's people that make siding panels for buildings that could range anywhere from 50 to 500 pounds that move them all day long that start at minimum wage. These aren't kids -- college kids, high school kids. These are people coming in, young people maybe in their twenties to thirties that are trying to raise a family.

So it affects more than just some of the workers we've talked about today. I wanted to give you a little bit more of the workers that are out there that this could affect. Standard wage in House Bill 5756. I just think it makes a lot of sense that if the State of Connecticut's going to give away money under the DECD or any other program like that that it's going to create jobs that are good jobs with a living wage.

You know if we're going to make an investment in a company, the company should make an investment in Connecticut and its workers. So I just think that's a no brainer to be honest with you. And on labor history you know labor history I think is -- I don't know how you can teach history without that part of it. There's many different things that it affects. The struggles, you know the eight hour work day.

HB 5713

So many, so many things.

You know the Representative earlier and unfortunately he's not in the room. He mentioned what would you do if teachers were on strike, would you allow the students to go out there and -- and join them? Well you know what if they were taught labor history they'd be able to make an objective decision on whether they wanted to go out there and join them.

You know whether -- it's their choice and if they knew why they were out there the decision could be made in a much smarter way. You know -- many of you know that I ran the Senate this last term unsuccessfully unfortunately but one of my -- one of my dreams if I was to become Senator and that quest isn't over yet by any means was to sit on this committee because of the history of this committee.

You see this committee is labor history. Many of the things you decide today are because of the history of labor. The past, the present, decisions that will be made will be part of labor history.

This committee itself I hope someday you're legacy can be taught by somebody in the school.

Thank you.

SENATOR OSTEN: Thank you very much, Dave. I appreciate all your comments.

Are there any questions?

Nope, thank you very much.

Kari then John Lugo.

KARI HOEHNE: Good afternoon, Senator Osten, SB387

Representative Tercyak and members of the committee. Thank you for allowing me the opportunity to speak today.

My name is Kari Hoehne. I am the Organizing Director and a union representative with the United Food and Commercial Workers, local 371. We represent Connecticut workers in a variety of industries primarily retail, food production and service industries.

I'm here to speak in favor of Senate Bill 387. Each day I meet workers working hard at minimum wage jobs while falling farther and farther behind. They are at work today so I'm here to share their stories. I want to tell you about Caesar, a talented meat cutter who works full time in a New Haven supermarket and has worked there for ten years.

He makes minimum wage and the only raises he has seen in ten years is when the minimum wage goes up. He makes ends meet by living in a two bedroom apartment with two friends. He dreams of owning his own butcher shop.

I'm here to tell you about Anna, a housekeeper that I've known for several years who works at a Fairfield County hotel. She supports her daughter and herself by making minimum wage. She supplements her income with food stamps, housing assistance, Husky and Care for Kids.

She wants to better her life and teach her daughter to be self-sufficient and she dreams of moving to a safer neighborhood and being able to afford to send her daughter to college. I'm here to share the story of Besenza, a full time employee at a food processing plant in West Haven who has made minimum wage for eight years and shares a small apartment with six family members.

They work different shifts so that not everyone is in the same apartment at the same time. None of these individuals are students living at home with their parents. These are grown adults working to support their families and perhaps do better than their parents did. They want to better themselves. They want to own homes and they want to get off public assistance.

While the economy is improving and companies are beginning to make money again that wealth is not being shared. In fact when adjusted for inflation today's minimum wage workers are not even making what they were making 45 years ago. Each of these workers has turned to our union for help.

As a union representative every day I fight in organizing campaigns and at the bargaining table to raise wages for the workers I represent. I will continue to do that.

However these workers in our State cannot afford to wait for victories at the bargaining table. They're transportation costs are increasing now, they're rents are being raised now and their families are hungry now. Connecticut can and should do better for its workers. Thank you.

SENATOR OSTEN: Thank you, Kari.

Are there any questions?

Thank you. Good job. Thanks.

Okay John. And John you had a couple of people that wanted to join you at the -- sitting with you?

JOHN LUGO: Three people.

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SENATOR OSTEN: Yes. They're all traveling together and need to get back on the same ride.

JOHN LUGO: Yeah we're from New Haven. Thank you very much for giving us the opportunity to be here. We're here in support of the Senate Bill 387. We're members of Unidad Latina Accion.

SENATOR OSTEN: Okay John, you can each grab a chair if you want to. You don't all have stand. There's chairs all around. If somebody could help them out with that. Thank you.

JOHN LUGO: (Inaudible.)

SENATOR OSTEN: Yeah that's all right.

JOHN LUGO: Yeah. So again we're members of Unidad Latina Accion which is like a Latino organization created back in 2002. We have around 200 members. The organization was created to fight you know against workplaces that don't pay the minimum wage and also they are involved in wage theft.

A large percentage of our members -- you know again you know they just make the minimum wage. They are like -- they have families, they have kids. But because they're not making enough money they are forced to like -- to hold a second and sometimes a third job to -- again to support their families. Some -- you know I had to say like I don't -- 70 percent of our members I don't see them. They haven't their own apartment. They always share their apartment with another family so sometimes you have to see like seven, eight, nine people living in the same place.

So we feel increasing the minimum wage is

crucial but it's not enough, not for Connecticut. Connecticut's too expensive. So again -- but we feel like this is the -- the beginning and we feel strongly that we want to support you know S.B. 387 and at the same time you know -- you know they -- this is the faces of our membership. In this case we have --

BLANCA CORREDA: (Speaking in Spanish.)

JOHN LUGO: So my name is Blanca Correda. I work for Burger King and my -- I have been working in this place for two years and my salary is like 8.25 for an hour.

BLANCA CORREDA: (Speaking in Spanish.)

JOHN LUGO: You know I used to be a full time worker and since the Obamacare they -- they cut my hours so right now I'm a part time worker because the company doesn't want to pay the health services so -- benefits.

BLANCA CORREDA: (Speaking in Spanish.)

JOHN LUGO: So I have four kids and this money is not enough to take care of my kids.

RAYMUNDO DIAS: (Speaking in Spanish.)

JOHN LUGO: So Raymundo he works for (inaudible) supermarket in East Haven and he has been -- he has worked -- been working there for ten years and you know he just made the minimum wage.

RAYMUNDO DIAS: (Speaking in Spanish.)

JOHN LUGO: I have like four kids and I had to pay rent and I had to pay the location for my kids and an apartment and everything and this -- this salary is not enough.

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EDGAR SANDRO: Good evening. My name is Edgar Sandro. I used to work for a fiberglass company for the last seven years and I start under the minimum wage. And when I was ended I make a little over the 8.25 which took me like seven years to get that.

And for the last four months I was out of a job because the guy he was holding my checks for like three months and every time now that I try to find a job they offer the minimum which is $8.25.

And like I said I was making a little over 8.25 and I'm a father of three kids and that wasn't enough to live. One dollar for most people is not enough but people who used struggle they make a lot of a dollar.

Thank you.

SENATOR OSTEN: Thank you.

Are there any questions?

REP. TERCYAK: Thank you very much for coming.

Do any of you have children on -- who have Husky for their insurance?

EDGAR SANDRO: Well my kids they are a little grown so they are in California but I still you know provide for them. They do have Husky.

REP. TERCYAK: Thank you very much. Thank you for taking the time to come to us.

We appreciate from people here who are directly affected.

SENATOR OSTEN: Tim Adams is next followed by Kim Glassman.

TIM ADAMS: Chairman and members my name is Tim Adams.

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I'm a member of the Connecticut Restaurant Association, a member of its board and a past chairman.

My partner and I are owners of J. Timothy's Tavern in Plainville and have operated there for 33 years. Nothing much has changed since last year when I sat before you to testify about the impact of minimum wage.

Unemployment continues to rise, a mandatory paid time off is in full swing. The unemployment compensation fund is (inaudible) rates of increase. Commodity prices are expected to climb again this year and are directly reflected in the cost of goods and pricing to consumers. Workers comp costs have increased. State income tax rates and sales tax rates have increased along with our State debt. Retailers and restaurants have been forced to raise prices to stay afloat and even with this their margins increase.

Our workforce continues to flee the State. Most recently I believe our past Governor joined these ranks and now resides in Florida. So maybe some things have changed but not for the better. Increasing minimum wage has -- well that was a fast three minutes. Increasing the minimum wage has never been the answer to increasing individual or community prosperity.

Minimum wage is a place to start. It is not and never was meant to be a wage that supports a family. It is for teenagers and those who are entering the workforce with a limited skill set. In the constantly maligned service industry movement from the minimum wage is

rapid and significant for those employees who show up, show up on time and do their job. It can be a quick path to building a resume from which to grow. I currently have no minimum wage employees in my restaurant.

If there is a need for higher wages then our industry can support a staffer will have the ability to move on with a resume that shows they are a capable worker and ready to improve their life in another field. They are then a strong potential job candidate and ready to move forward economically. Minimum wage is a place to start. It's the beginning of a hand up. Constant increases in the minimum wage, expanding taxes, regulatory constraints on small business will only serve to destroy the businesses that provide the opportunities for workers to prosper.

An unintended side effect of minimum wage is that while it increases wages for already highly paid servers, mine are well in excess of $20 an hour, it decreases the available pool of money for those in the back of the house. Low skilled and entry level staff is paid an inflated mandated wage making it more difficult to award those who have worked hard and attained the skills necessary to do more complex jobs.

Repeated government intervention into the operation of the free market continues our State's long standing practice of the vilification of the business community. Our industry is where America learns to work. We are not part of the problem. If you permit us we are a solution.

Thank you for the time in considering an alternate point of view.

SENATOR OSTEN: Thank you very much.

Are there any questions?

Thank you for taking the time.

Kim Glassman followed by Jennifer Britton.

Thanks, Kim.

KIMBERLY GLASSMAN: Senator Osten and members of the labor committee, thank you so much for holding this public hearing today. My name is Kimberly Glassman.

I'm the Director of the Foundation for Fair Contracting of Connecticut. Foundation for Fair Contracting of Connecticut is a nonprofit labor management organization created to monitor public construction projects throughout the State.

We monitor projects to make sure that our labor laws are being followed. I represent both a number of building trade unions and I also represent contractors associations so I do represent contracting companies based here in Connecticut. I am here to speak in support of Senate Bill 387, House Bill 5756 and House Bill 5713. I wanted to start with Senate Bill 387, AN ACT CONCERNING RAISING THE STATE'S MINIMUM WAGE.

On January 15 there was an article published in The Day newspaper. It was entitled ranks of working poor growing in the State. The working poor families project which is a national initiative to help people achieve middle class prosperity found that in Connecticut families struggling to make ends meet have risen to 21 percent of the working population.

The article went on to say that quote low income working families are defined as those earning less than twice the official U.S. poverty threshold which in 2011 was $22,811 for a family of four end quote. Currently in Connecticut our minimum wage is $8.25 per hour which means that if someone earning the State's minimum wage worked full time they would earn just $17,160 which is well below the U.S. poverty threshold. Therefore I do believe that now is the time to raise the State's minimum wage. I applaud you for raising this bill, for holding this hearing and I do hope that this bill has your support and passes on this committee.

I also wanted to speak in support of House Bill 5756. I do support this bill and the reason I do support this bill is because currently the State of Connecticut hands out a lot of business assistance dollars in the form of tax subsidies, State grants, loan guarantees and unfortunately we don't have wage standards attached to those monies and so what happens is we find that a lot of-- a lot of the jobs created from this -- these financial assistance go to either out of state contracting companies that's bused in a workforce and that the workers are paid substandard wages.

We believe that the service employees whether it's janitorial workers, security workers, cafeteria workers that are employed because of business assistance dollars that they should be paid a standard wage. We think that this makes sense and the organization fully supports the idea behind this bill and we fully -- we do support this bill. I won't get too much into it because you do have my written testimony.

I'm going to try to be quick and just wanted to also touch very quickly on House Bill 5713. We

It's not -- this is -- Aetna's still paying the basic service.

So I just think we're on the -- you know in the interest of time and --

KIMBERLY GLASSMAN: Sure.

SENATOR OSTEN: I think Kim could have said the same thing.

REP. SMITH: I'm sure she could have a little -- but I thank you for the clarification. And just one last question while I have you up here.

KIMBERLY GLASSMAN: Sure.

REP. SMITH: The association -- the contractor's association that you represent are they also in favor of the language that imposes the penalty without the hearing of due process? Would they be in favor of that?

KIMBERLY GLASSMAN: I don't know.

REP. SMITH: Good answer. Thank you.

SENATOR OSTEN: Are there any other questions?

Thank you very much, Kim for coming.

KIMBERLY GLASSMAN: Thank you.

SENATOR OSTEN: We appreciate it.

Jennifer followed by Lisa Roger. Hi Rochelle. For the record this is Rochelle.

ROCHELLE PALACHE: Representative Tercyak and members of the labor committee. My name is Rochelle Palache.

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Today I'm here on behalf of my mom, Jennifer Britton who couldn't be here due to work and actually right now she's watching her granddaughter, my daughter.

We're in strong support of Senate Bill 387, an increase in the minimum wage. As an immigrant mom came here with the hope of giving me and my sister a future, a better life and as a mother and now a grandmother she wonders if that will be possible. She's been working for Marshall's for the past seven years and she currently makes $9.62 per hour with no benefit.

She works really hard and she takes pride in the work she does. As a store attendant she assists customers in the fitting room and around the store. She takes inventory and she does merchandising. It is back breaking work. You're on your feet the entire day.

Some of her coworkers and her young and old are constantly in pain because of standing all the time. Sometimes when my mom sees her paychecks it makes her just want to cry. She works so hard and at the end of the week she has nothing to show for it. It is a shame that after seven years of hard work she only $9.62 per hour and she can barely take care of her basic needs. She's not asking for much. She just wants to receive a fair wage for an honest day's work. She hates to have to choose between putting food on the table and paying the bill.

Everything else is increasing; food, utilities, why not people's wages. She believes it should be at least ten dollars an hour. That would make a huge difference in buying food, paying rent, and paying mortgages. We urge you to increase the minimum wage now because people like my mom, my daughter's grandmother are hurting. Thank you.

SENATOR OSTEN: Thank you, Rochelle.

Are there any questions? Thank you very much.

Lisa Roger followed by Rick Willard.

LISA ROGER: Good evening. My name is Lisa Roger and I am the Family Self Sufficiency Manager at the Norwalk Housing Authority. SB 387

Our team of three serves approximately 1,500 low income families in public housing and subsidized rental section eight housing. We help residents with their needs including employment, education, childcare and more to enable them to become more economically self-sufficient and independent.

USA.com ranked Connecticut as a state with the fourth largest median household income at $64,576. This was based on a 2010 data from the U.S. Census American Community Survey Bank. And also according to ACS filed a median household income for the City of Norwalk was $76,161.

The median income of the South Norwalk census track which is where the majority of the population that we serve lives for a family with two and a half persons was just under $20,000. Many people -- I heard Tim Adams and Representative D'Amelio mention that the minimum wage is a place to start for teens.

It's not just teens and high school dropouts that receive the minimum wage of $825 per hour. The fact is that ten percent of all the workers in Connecticut earn less than $9.75 per hour which is the proposed minimum wage rate for July 2014. And of these 80 percent are 20 years and older and 80 percent of them have at

least a high school diploma.

Sarah is a Norwalk Housing Authority resident in her mid-fifties and she works part time at a major retailer as a cashier. Sarah has a 20 year old unemployed son who has also been working as a cashier. Both Sarah and her son have their high school diplomas and although Sarah has requested a full time job her employer has repeatedly denied her request.

And almost in minimum wage Sarah's annual salary had been approximately $16,000 a year. Her hours are inconsistent making it difficult for her to either take on a second job or advance her education and improve her English because her schedule is constantly changing. In the past she requested a schedule change that would allow her to take English classes. She was reprimanded with a significant cut in hours.

If the minimum wage increased this year her salary could increase by $1,000 annually and could help her to better make ends meet. Thank you Representative Tercyak, Senator Osten and members of the committee for allowing me this opportunity to come before you and speak on behalf of Sarah and other low income people in my home State of Connecticut.

As resident of Connecticut we each have a vested interest in helping our friends and families to succeed during these difficult times.

SENATOR OSTEN: Thank you very much.

Are there any questions?

Representative Smith.

REP. SMITH: Thank you, Madam Chair.

You gave some percentages which I tried to track but I wonder if you have the percentage of employees in the State that actually receive minimum wage?

LISA ROGER: Connecticut has 83,000 low income working families in 2011, 21 percent of all working families is the numbers that I have from Connecticut Association of Human Services.

REP. SMITH: All right. I'm sure we can get that from our services here at the Capital but I just wanted if you happened to know.

Thank you.

SENATOR OSTEN: Any further questions?

Thank you very much for taking the time and staying so late. I really appreciate it.

Rick Willard is next. Not here?

James Alexander followed by J.R. Romano.

JAMES ALEXANDER: Good evening, members of the committee. Thank you for the opportunity to testify to you tonight.

I'm going to be speaking on raised Bill number 387 which would raise the minimum fair wage and index that raise to the rise in consumer prices.

I'm an attorney at New Haven Legal Assistance in New Haven, Connecticut and we are the major legal services provider for low income communities in New Haven County which includes New Haven, Milford, West Haven, the lower Naugatuck Valley and a little slice of the

shoreline.

We represent low wage people on a range of legal problems including employment problems which is what I mostly deal with. In fact, many, many of my cases have to do with workers who are not receiving the minimum wage but by that I do not mean they're receiving more than the minimum wage. They're receiving less.

This bill is actually of crucial importance to my clients because as the number -- as people have thrown around the numbers you realize that the consumer price index, the price of basic goods and services like clothing and shelter and fuel, transportation, drugs and other goods and services have been going up while the minimum wage has stayed steady.

It's been mentioned but I wanted to stress that the majority of these workers are adults and not children, 77 percent of them -- at least that's the number I heard -- have are 20 or older and they're usually not working at mom and pop stores, two-thirds of them work in businesses of at least 100 workers and half of them work at businesses with more than 500 workers.

And I've come to know these people quite well because they are my clients. They're hard working single moms who work in warehouses in Branford, tagging, labeling and boxing clothes for large retailers.

The receptionist working 30 hours a week at minimum wage at medical offices in Hamden while trying to put themselves through community college, they're dishwashers in New Haven working long into the night waking up early the next morning to work a second job, taking the bus both ways.

They are clerks at pharmacies. They're janitors. They're sandwich makers. They're day laborers. They're building security guards. And I just urge you to look at this issue from -- from their point of view to look out at the crowded restaurant from the back of the kitchen, look at the pharmacy from behind the desk, look at the office building from the security guard's point of view or from behind a broom.

We all know how hard these people work. We know this work needs to be done and we don't want people doing this necessary work to fall further and further behind. This -- people of this State have decided a long time ago that there is a floor beneath which a working person should not be allowed to fall and what I see in my day to day work is that there major cracks in this foundation and that we can -- I hope we'll fill this in by passing this bill.

I did want to quickly address the question about the students because I'm an attorney I couldn't help but notice such an interesting question about whether students could go on strike with their -- with their professors.

I think the answer would be -- as a good lawyer I always have to say it depends. I think they have every -- they have every right to go out and do it. Does that mean they have a right to pass the class that they -- that they missed three sessions of? I'm not sure. And I think it's very unlikely to be true of high school students.

It may be possible for college students but it would depend. But I thought that was actually a very -- very interesting question. And that's all I have. Thanks.

SENATOR OSTEN: Thank you very much.

Questions?

Representative Smith?

I'm just letting you know you're getting to your quota.

REP. SMITH: Madam Chair, this is not a question actually so you can't count this.

But I wanted to commend the gentleman for the work that you do do. I know legal services is stretched so thin these days and your workload has I'm sure tripled in this -- any maybe more so in this economy.

So I commend you on what you do. I congratulate you and appreciate the fact that you came up here tonight as well to testify.

JAMES ALEXANDER: I thank you very much for that.

SENATOR OSTEN: Any other questions?

Thank you very much.

JAMES ALEXANDER: Thank you.

SENATOR OSTEN: J.R. Romano followed by Kennard Ray.

J.R. ROMANO: Good evening council. Thank you so much for having me here. My name is J.R. Romano.

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HB 5713

I represent an organization called Americans for Prosperity. And what I'm doing here today is to talk about basically against all three of these raised bills. First on the minimum wage, looking at the minimum wage is like a pool of

water where if you add to the pool the water's going to simply rise. So if you add or increase the minimum wage it will just increase the cost of average day goods.

In the State of Connecticut what no one is recognizing is is the fact that we are becoming a poorer state is because of government regulation and taxation. We pay the highest gas tax, one of the highest property taxes.

We have the latest tax freedom day which is sometime in September. Forty nine percent of each individual in this room's $49,000 in debt to the State of Connecticut. These are all things that are impacting business in every day working families. Fifty-3 percent of the average family's income is paid out in tax, that's not the 1 percent. That's the average family in the State.

You just saw a 2 percent increase in the social security to everyone that collects a paycheck. That's what's affecting the working poor. Our government is growing and taking more and more capital away from the average person and they have less to spend on themselves. Increasing the minimum wage would simply do a 20 percent increase across the board as that study from UMass indicated.

What I find ironic is there were so many unions here representing and talking about how they need an increase in minimum wage, why don't they just cut the union dues by 20 percent. After all it's their -- those employees earnings already. Correct? Just give them back what they've already earned 20 percent and you would solve some of that problem. On the labor education board union education is already mandated.

HB5713

My mother just retired as a history teacher. Eight sections are taught on unionization in this country. There's no question that contributions that unions have made to this country are vital. But who's going to write the curriculum? Currently most curriculum is written literally out of the State of California and Texas because text books -- those are the big buyers.

So who's going to write this curriculum? Is it going to include literature and information about right to work and what it means to be a right to work statement? And the Taft-Hartley Act. Who's going to administer and teach these classes?

If there's any questions I'd be glad to take them.

SENATOR OSTEN: Thank you very much for taking your time.

Are there any questions?

Thank you very much.

Kennard Ray please followed by Karen Schuessler -- Schuessler. Sorry.

KENNARD RAY: Thank you to the co-chairs and the members of the committee. Thank you for allowing me to speak.

I'm testifying in support of S.B. 387. You -- members of the committee you've heard plenty of testimony today. You know the numbers. You know the facts. I really want to talk about the families. Just two days ago walking home from here I stopped at the Subway at -- at the train station. I talked to a Subway worker. She had been there -- well she has been at

Subway for the last three years or more. She makes 8.75. That's a 50 cent increase from the minimum wage over three years. She has three children, a spouse that's out of work. There's no way -- there's no way that you can survive off making that. That -- her life is subsidized by the State. You know this -- raising the minimum wage is a revenue neutral way to bring some of our folks out of poverty.

You've seen the reports. There's over 700,000 people in this State living at, near or below the poverty line now. Of that 700,000 -- or actually 720,000 106,000 are employed and working at minimum wage. It's not high schoolers. And it's just not you know kids trying to make extra money. It's people really trying to take care of their families, really working hard and not getting the boost that they need. That was pretty quick. All right. Thanks, Mike. You know there's no -- there's -- we can't leave it up to business. I'm sorry. I would love to --I would love to hope that businesses did the right thing.

I just talked to a business man yesterday who wasn't able to make it here today and after hearing the testimony from the dairy folks or the farm workers -- I'm not sure who they were but talking to this guy he runs a business in Bridgeport, a dairy businesses that's been -- been running for four generations, Wade Dairies. It's been open since the 1890s. So that's every depression, every recession, and it's still open. And it's still -- they're still kicking butt. Let's just say that. Fourteen dollars an hour is the lowest they pay.

This man's greatest thrill in business is seeing one of his employees become a homeowner. How many times have you heard that from

somebody from Wal-Mart? Have you? You know I don't want to you know question the committee but have you ever heard that? I haven't. I hear Wal-Mart subsidizing through the State their employees' healthcare. When I think of Mr. Wade -- Doug Wade down at Wade Dairies that's a real business owner.

That's someone who's responsible in their practices making sure that people aren't at the poverty, that people aren't just treading water but have the opportunity to get ahead. You know I could bore you forever with the facts, the figures, the stories but you already know them and it's time that we act. It's time that we do the right thing.

I'll leave it at that and I'll take any questions that you have. Thank you.

SENATOR OSTEN: Are there any questions?

Hold on one minute.

REP. TERCYAK: Thank you very much.

Actually it's not a comment for you. It's for the folks following at home. You were referring to Wade's Dairy.

KENNARD RAY: Wade's Dairy. He's --

REP. TERCYAK: He submitted testimony.

KENNARD RAY: Right.

REP. TERCYAK: It's available online. It's well worth reading and I'd like to thank Mr. Wade for his submission. And if he promises not to tell our doctors Senator Gomes and I will go there soon.

Thank you very much.

KENNARD RAY: Thank you.

SENATOR OSTEN: Thank you very much.

KENNARD RAY: Thank you.

SENATOR OSTEN: Karen followed by Lori Peletier.

KAREN SCHUESSLER: Good afternoon or good evening. My name is Karen Schuessler and I'm the Director of Citizens for Economic Opportunity which is a coalition of community and labor groups addressing healthcare reform and corporate responsibility. And I strongly support S.B. 387. Raising the minimum wage is not only an issue of justice and fairness but also it's good common sense -- good economic common sense.

And I just want to address the issue of companies being able to pay their employees more but they are not doing so. And according to the National Employment Law Project, it's a New York -- New York based advocacy group for employment rights for low wage workers, the majority of low wage workers are employed by large corporations mainly national chains not small businesses.

And retail is Connecticut's largest low wage industry with approximately 162,000 workers and 57 percent of those workers are at the very largest national chains with 500 or more employees.

And these five largest low wage employers, Wal-Mart, McDonalds, Yum Brand, they operate Pizza Huts, KFC, Taco Bell, Target, Sodexo, it's a provider of food and facilities management services, have an estimated 30,000

Connecticut workers and their cash holdings are -- I looked at the Standards and Poors analysis. They're cash holdings, dividends and profits of these companies are higher than before the 2007 recession and they could well afford to pay their employees more. Their compensation for their CEOs average 14.5 million for these five largest low wage employers.

And in June of 2011 a group of economists presented 15 years' worth of research at the Center for American Progress which is a public policy research and advocacy organization in Washington. And they argued that higher minimum wage has actually pumped money into the economy. They don't cut job growth. Research has shown that businesses' do not suffer from having to pay higher wages but that you know employees will stay longer, they're more experienced, they're more productive. And unfortunately low wage work has become the livelihood for an expanding number of workers.

The National Employment Law Project says that the majority of jobs lost during and after the recession were in mid waged occupations and approximately three quarters of the jobs added as the job growth resumed are low wage. And so -- and they've also seen a 2.3 percent decline in wages since the recession began. So it's good for the country. It's good for democracy to raise the minimum wage.

People have more money to spend on -- on healthcare, education, reduce social assistance. And like I said it's good economic sense. There's more money. These people spend the money. They pump it right back into the economy.

So I just hope you all pass this legislation.

SENATOR OSTEN: Are there any questions?

Representative Smith.

REP. SMITH: Good evening.

KAREN SCHUESSLER: Good evening.

REP. SMITH: You talked about the big chains in Connecticut and I have -- my main concern is with the small guys, small businesses in Connecticut trying to make sure that they're able to open the door every Monday and close it on Friday and reopen on Monday or sometimes seven days a week as it is today.

So my focus lies there and while I appreciate the fact that the larger national chains do employee a lot of people in Connecticut there is a percentage in Connecticut that constitutes small businesses which is predominate. I have a number in my mind. I wonder if you know what that is.

KAREN SCHUESSLER: I don't. I don't know that. But I know small businesses are the hardest working people. I mean it's seven days a week and it's all day long and -- go ahead with your question though.

REP. SMITH: Well I think it's you know -- I'm probably wrong but I believe it's 83 percent or somewhere in that area of businesses in Connecticut are run by small business and I think we have a small business institute guy coming up to testify. He may have the answer to that question.

My point being that while your -- your facts are correct in terms of the bigger chains and probably they could absorb it a little bit more

certainly and help out if they -- and it would be nice if they did.

But I think the bulk of the people in Connecticut -- the businesses in Connecticut, the mom and pops who are working the seven days I'm not so sure that and that's what I'm --

KAREN SCHUESSLER: Well it seems like --

REP. SMITH: -- that's what I'm struggling with. I'm not so sure they can. I know we had testimony just --

KAREN SCHUESSLER: I can get you more information on the small businesses because the studies that I have it's like people stay longer. They don't have as much money to spend on looking for help you know which is costly in itself. And it seems like people are productive and the turnover rate is less.

So it's sort of that it helps their businesses in the long run.

REP. SMITH: And here's the other factor that I think we keep losing focus -- and you know I'm sure I've been sitting up here all day and I probably sound so cold to those who are actually in need of the additional money to help them get through the day and get through the week. And I do want you to know I empathize with that.

And I wish there was something else that we could do and whether this becomes law or not I know that's an issue that needs to be addressed. I had a -- I just lost my train of thought as to where I was going but I think the biggest concern or the factor that we keep putting aside it's -- you know if we did it in isolation and say okay we're going to raise

minimum wage to whatever is proposed here, in and of itself I think you're accurate that that's not that big of a deal, that most employers could probably absorb it whether the big chain or a small guy.

But when you add these other costs that Connecticut keeps imposing on these businesses that the gentleman just spoke about not too long ago.

When you add all those together it gets to the point where how am I going to take another increase. And that's the biggest the concern I have. I wish we could do away with some of the taxes. I wish we could do away with some of the costs that these regulations are burdening our businesses with. It we could do that the wages in and of itself is not the issue. So that's where I'm trying -- that's the hurdle I'm trying to get over.

KAREN SCHUESSLER: I understand. I understand your concerns. I just saw though an article recently the Congressional Budget Office says the income of the wealthiest Americans has increased by 480 percent. Middle class income has increased by 21 percent.

So when you think of it like that, just the inequality you know it's that we do have to do something to help people you know who are at the bottom. I mean they've suffered a lot you know and the wealthy people keep getting wealthy.

I understand the concern of the small business people.

SENATOR OSTEN: All set, Representative Smith? Thank you very much.

is going on now.

SENATOR OSTEN: Are you all set, Senator?

SENATOR MARKLEY: Yes and thank you both very much.

SENATOR OSTEN: Anybody else have any questions?

Thank you very much for taking your time.

Lori Peletier followed by Liz Dupont.

LORI PELETIER: Good evening members of the labor and public employees committee. I'm Lori Peletier. I serve as the Secretary Treasurer of the Connecticut AFLCIO and I'm delighted to be able to testify at this first of many public hearings in the labor committee. The efficiency of submitting testimony electronically means I don't have a copy in front of me.

So I will leave the testimony to what was submitted but I would like to address a few issues that I've heard this afternoon.

SB 387

On the issue of minimum wage, again we're talking about people who put every nickel and penny of what they earn back into our economy and we all know from very basic economic classes that that's what help move us out of situations as we're in today.

HB 5713

On the piece of labor history I would welcome an education for our -- for our students in high schools about right to work. That right to work states are worse off, that they have more dependency on social programs that they are less safe, that more workers are killed. I would welcome that conversation.

I would welcome the conversation about how for

SENATOR OSTEN: Questions?

LORI PELETIER: Thank you to the committee.

SENATOR OSTEN: Thank you very much, Lori.

Liz then followed by Stacey Zimmerman.

SB 387

ELIZABETH DUPONT-DIEHL: Good evening, Senator Osten, Representative Tercyak, members of the committee. Thank you for allowing me to testify.

My name is Liz Dupont-Diehl. I'm with the Connecticut Association for Human Services. CAHS is a nonprofit. For about 100 years we have worked to end poverty and empower families to build a secure economic future.

In addition to our advocacy CAHS also offers a number of programs to help people become self-sufficient such as volunteer income tax assistance, financial literacy classes, helping people connect with eligible benefits to help them access healthcare, meet their basic needs and become self-sufficient.

As advocates CAHS sees a lot to be concerned about lately. I will also try not to repeat what you've already heard but I will reemphasize some of the things that are important. CAHS and the working poor families project reported last week that the number of working poor families in Connecticut and that we consider families earning 200 percent of poverty or less or that's $45,000 for a family of four. That number rose 5 percent since 2007. Now 21 percent of our 389,000 working families are considered low income.

That report also found that 61 percent of those

low income families have a high housing burden paying more than 33 percent of their income for rent.

And the rise in low-income families is increasingly affecting children. I don't need to repeat what the minimum wage is for workers and how that impacts people. I want to remind you also that raising the minimum wage won't do it alone.

We need to ensure that working families can get by, that they can get affordable housing and healthcare that they can afford to provide for themselves and their communities and to save for their retirement.

We need to retain the earned income tax credit, raise the minimum wage and protect the safety net. These are all things we know how to do and they're investments that we need to make. We all know that when families can't pay for their basic necessities we all pay. We know that children in poverty don't attain their full educational success or earning potential in later life. Many working families are relying on State programs now for their basic necessities which can run us depending on their situation between $1,200 and $1,700 a month.

We hear today also that Connecticut residents are not saving for a rainy day. We don't have enough money in the bank to get by for a few months if we lose our jobs. How can we be surprised? Increasing the minimum wage is critical and it's within our reach. Connecticut is heading down a dangerous road with 21 percent of our working families not earning enough to provide the basic skills.

I also had the pleasure of speaking with Doug Wade and he's a business owner from Bridgeport.

He has 47 workers who he's never paid the minimum wage nor would he. And I'm going to close with something that he says best in your testimony.

He said we can be a better society and we must not take the can down the road. He's showing us how. This is something that we can do. It's something that we need to do.

Thank you very much.

SENATOR OSTEN: Thank you.

Questions?

Thank you very much.

Stacey Zimmerman followed by Lindsay Farrell.

STACEY ZIMMERMAN: Good evening chair people and members of the committee. My name is Stacey Zimmerman. I'm with the Service Employees International Union, Connecticut State Council. I just want to say I agree with the Restaurant Association and CBIA. No, I'm kidding.

SB 387
HB 5713
HB 5756

So I think we can look -- we support all three bills on the agenda today. We think that almost as a package they actually will propel Connecticut into a state that really shows it cares about its educational system and quite honestly its poor people, its working poor people.

Some people quote -- say that Churchill said you know history is written by the victors. He may or may not have said that but some people say he actually said it. I think we can pretty see -- clearly see who the victors are today. We have a society in which the gap between rich and poor is larger than any time in history.

We have a situation where corporate profits are higher than they ever have been yet they are not hiring people, and they are not paying people except for apparently their CEOs many of which live in Connecticut. We can address these issues starting today in this committee. I've heard a lot of questions coming from folks, will this hurt small businesses? Well I managed a Subway which is independently owned when I was in college. This was 20 years ago. God I hate to say that. But we never paid people minimum wage at Subway because the owner knew that to keep people he had to pay them fairly. And we kept people for years.

People worked their whole college career through there. Some people worked through their master's degree. We can do better in Connecticut and we must do better. I've submitted written testimony which you can read if you choose. But it's a pretty easy solution. We should have done this last year but we didn't. This is the year to do it. This is the year we must do it. Poor people shouldn't be the bottom of a State.

We should bring them up. We should make sure everyone has opportunity and we haven't done that and corporate American isn't going to do it unless they're forced to do it. The same people that are against the minimum wage now -- not necessarily the same people but the same organizations or types of organizations are the same people that were against it when it was created and I've never once heard the business community say damn it's a good time for a raise in the minimum wage.

I mean I would love to hear it. But I've been doing this for about 17 years here out of this building and not once have I ever heard that

saying maybe today is raise day. It's not going to happen unless we force them to do it and that's what government is here to help people not to help corporations. Thank you.

SENATOR OSTEN: Thank you very much, Stacey.

And for those of you who didn't notice on the signup sheet that Stacy is from Sandy Hook and we certainly send our prayers down to the people in your community.

STACEY ZIMMERMAN: Thank you.

SENATOR OSTEN: Does anybody have any questions for him? Thank you very much.

STACEY ZIMMERMAN: Thank you much.

SENATOR OSTEN: Lindsay and then Paul Rapanault.

LINDSAY FARRELL: Good evening. I represent Connecticut Working Families Organization and I want to thank everybody who's still here for enduring this very, very long hearing. I think if ever there was a reason why we should index the minimum wage this -- this is it. But my colleague Kennard spoke about the minimum wage so I'm just going to talk about the other two bills. Working Families supports 5713 to include labor history in the curriculum in our schools. You know our students need to learn about a history that reflects the diversity of this country -- this country's history.

HB5756

And you know we learn about the founding fathers but we also need to ensure curriculum that is about more than just a list full of powerful white men who have led the system for most of our history.

Students need to see a vision of democracy that

And I think that if we use the -- the statutes from -- I'm sorry -- the statute from 1994 we can draw upon language that already exists to clearly create a requirement here.

SENATOR OSTEN: Thank you, Lindsay.

Any questions?

Thank you very much.

LINDSAY FARRELL: Thank you.

SENATOR OSTEN: Paul is not here I believe?

Jennifer Britton is not here. I believe she is already gone.

And next would be Eric.

ERIC GJEDE: Good evening.

SENATOR OSTEN: I'm sorry. I didn't know you were waiting for me. I'm sorry.

ERIC GJEDE: No. Absolutely. Good evening, Senator Osten, Representative Tercyak and members of the labor committee.

My name is Eric Gjede. I'm Assistant Council with CBIA which is an organization that represents 10,000 small and large businesses throughout the State of Connecticut. I'm here to testify in the opposition today on two bills. One would be the minimum wage bill which I'd like to touch just briefly on. SB387

And then I'd like to spend a little bit more time on the standard wage bill because there are some things in there that I think you should be made aware of that could be problematic. Academic -- recently academics HB5756

actually in the last two weeks -- academics at the University of California Irvine released a comprehensive review of all of the studies done on the minimum wage and the effects on the economy done in the last 20 years.

And the single thing that united all of these studies including some of the studies I think performed by some of the folks we heard from tonight the one thing that it found was 85 percent all indicated that raising the minimum wage has absolutely no effect on stimulating the economy and it typically leads to job losses. Another thing I'd like to point out to you is that census data and labor statistics data indicates two -- or a couple misconceptions about the minimum wage.

Number one is that the vast majority of the people that receive the minimum wage are either teens that live at home with their parents or they're people that are earning -- taking a minimum wage job to supplement another income. What you also see in that same data is that most of the people of working age that are living in poverty are not in the workforce. So raising the minimum wage really would have no effect on reducing poverty because it's not getting at people actually in the workforce.

Additionally you have to look at the societal effects when you raise the labor costs. Number one is you reduce the opportunities for younger workers because that's typically who takes the hit when you raise the minimum wage those jobs are reduced. Those younger workers are denied their first work opportunities which teach them valuable skills about what it's like to be in the workplace. Another thing is you actually end up hurting the very people you're trying to help because when labor costs rise businesses typically are forced to raise their prices.

And since all people consume goods and services the prices for those are now risen. It ends up hurting again the very people you want to help.

HB5756

But anyway I'd like to go on to the standard wage bill because I think that we had heard enough about that tonight if you would permit me to go a little longer. Anyway the proponents of this bill last year called this the good jobs bill when in actuality it should be called the no jobs bill. For one I've heard a number of times tonight that this would only apply to economic assistance dollars handed out by DECD, CDA which no longer exists but is still in the bill and Connecticut Innovations but in actuality if you look at line three of the bill it says any State agency. So now we're talking any loan, any tax credit given out by any State agency.

You have to look at the type of businesses that are getting assistance from State agencies. There's two types. You have the struggling businesses who can barely get by who are getting a onetime injection of capital from let's say a DECD in exchange for ten years of paying an above market union wage to workers just for the receipt of that. That doesn't help their problem. You're actually obligating them and exacerbating the problem.

The other type of businesses that are receiving State aid or financial assistance in the form of tax credits or grants or loans are businesses who are either trying to attract to the State or businesses we're trying to incentivize to grow in the State because for some reason we found that that is an ideal suit for Connecticut.

So it's going to be really hard for Connecticut to compete against other states who are doing

ERIC GJEDE: Actually thank you. That's the -- the very flaws I was trying to get at a second ago. You will see in the bill that it requires any entity that is receiving financial aid and doesn't pay the standard wage to not only pay the financial assistance back but also a 5 percent increase as a -- as a penalty.

The problem with that is that the bill does not provide any sort of hearing process or due process for a company to come in and say hey wait a minute you're actually wrong we are paying this. So you're denying basically a constitutional right to these folks to come in and say hey you're punishing us unjustly without having any sort of hearing.

So thank you.

SENATOR OSTEN: Any more, Senator Markley?

SENATOR MARKLEY: Going back to the beginning of this -- your testimony the study you referred to that was kind of a compendium of studies. What -- could you repeat that or is that something that's available?

SB387

ERIC GJEDE: Absolutely. If you go to the -- actually I could send it to you but it's -- it was published just on January 12 of this year. It's from the University of California Irvine and yes as I said it looks at all of the studies done on minimum wage during the last 20 years including like I said I think there some of the folks in the room tonight -- some of their studies were included in that. And it talks about the flaws when -- in some of the data that they've used.

And what they do say is that 85 percent of all of those studies over the last 20 years have come to the exact same conclusion. Raising the

minimum wage always leads to job losses and it does not have any sort of stimulative effect on the economy.

SENATOR OSTEN: Senator Markley.

SENATOR MARKLEY: Thank you.

It might be useful if you could get that information or a copy of that study if it's not -- if it's not egregiously (inaudible).

ERIC GJEDE: You'll have it tomorrow.

SENATOR MARKLEY: Thank you.

SENATOR OSTEN: Representative Smith.

REP. SMITH: Thank you, Madam Chair. And good evening, Sir.

ERIC GJEDE: Good evening.

REP. SMITH: This -- this study and I missed a portion of the first part of your testimony but the study you were referring to who did that?

ERIC GJEDE: It was -- I don't -- I can't remember the author's name but it was some academics at the UC Irvine.

REP. SMITH: So was any -- was not any type of particular organization, prolabor or against labor just independent study.

ERIC GJEDE: I'm not aware of their ideology.

REP. SMITH: And getting back to the penalty that's inserted in this Bill 5756, I must say I am concerned especially as a lawyer that somebody could be penalized with the obligation -- I mean it could be in year nine as I read this

so if you can read it all. Best wishes during that to you.

REP. SMITH: Maybe I'll take the -- what do they call it?

ERIC GJEDE: I think there's a two-page summary so.

SENATOR OSTEN: Are you all set, Representative Smith?

Senator Gerratana.

SENATOR GERRATANA: Thank you.

SB387

I was reading through your testimony and I was trying to find the report online actually. I've been looking and looking for it. Perhaps you could do me the kindness and send me the link to the actual report.

There's a lot online of course with the whole debate on minimum wage and you know businesses saying -- quoting the report and you know others refuting it. But I -- I was actually trying to find the report so if you could send me the link to the actual report. There's a YouTube video from 2009 that the author of that report -- I'm not going to play it here in the committee but I thought it was interesting you know a little bit. But I'm trying to you know find the actual report and so far I haven't been able to.

ERIC GJEDE: I believe it's on the employment policies institute website.

SENATOR GERRATANA: Well, actually, I had that and it's just a summary. It's not the -- it's not the whole report.

ERIC GJEDE: Yeah. The link is a little hard to

find. I will gladly send it to the entire committee.

SENATOR GERRATANA: Yeah. It says download the study summary in PDF. It does say you can download the whole summary but what I'm looking for is not actually who has if you will taken it and put a link to it or put it on their website but actually the study. I guess that would take a little bit more because there is commentary in here but I wanted to read the raw science if you will or the data.

ERIC GJEDE: I will provide that to the entire committee tomorrow.

SENATOR GERRATANA: Thank you.

SENATOR OSTEN: Any further questions?

Next is Matt O'Connor followed by Maria Rosa and then Matt Anderson.

HB5756
HB5713
SB387

MATTHEW O'CONNOR: Good evening, Senator Osten, Representative Tercyak if I may I'm going to ask Matt Anderson who's a member of our union to join me.

Maria, also a member of our union couldn't stay and is not here tonight. Would it be all right if Matt joined me and we just did both of our testimony quickly in the interest of time?

SENATOR OSTEN: Yeah. That would be great.

MATTHEW O'CONNOR: Matt come on up. I'll give you the fancy chair.

SENATOR OSTEN: So after you two take three minutes we have Jodey Lazarus and Leslie-Ann Lewis.

MATTHEW O'CONNOR: Members of the labor committee

thank you for your time this evening and for the opportunity to testify, Senator Osten, Representative Tercyak. Thanks for putting us together.

I'm Matt O'Connor. I'm the Connecticut District Political Director for Local 32BJSEAU. We're a union of property service workers with more than 125,000 up and down the east coast, 4,500 at home work here in Connecticut, most are janitors, security officers and food service workers.

I'm here today to speak in favor of House Bill 5756 and to recommend substantive changes that we believe it will ensure it achieves its intended goals. H.B. 5756, the good jobs bill would hold service contractor that benefit from State business assistance accountable for creating family sustaining jobs right here in our State. I'm sure we all agree that the public's tax dollars should never be used to subsidize poverty level jobs. Unfortunately that is exactly what happens when companies that receive State economic development funds in turn hire contractors that pay poverty level wages to their workers.

The good jobs bill is a good start towards fixing that problem. It levels the playing field by requiring that contractors hired by economic development recipients pay baseline wages and provide basic benefits to their employees. In order to accomplish this objective the bill extends Connecticut's standard wage law which requires services in buildings whose owners and tenants benefit from State business assistance funds follow the law. That law already covers service contractors to the State of Connecticut, most service contractors and has helped to raise thousands of families out of poverty.

we can reach this important policy goal. We urge passage of this bill. And I also want to say that out union supports S.B. 387 and H.B. 5713. We did have a worker who was here earlier to speak in support of S.B. 387, the bill to raise the minimum wage and she couldn't be here this evening.

So I'll gladly take any questions and then we'll hear from Matt as well.

SENATOR OSTEN: Questions?

Representative Smith.

HB5756

REP. SMITH: It seems to me you might have some information about what some of the other states since you're up and down the coast -- what are some of the other states doing in this area in terms of ten year limit is that a standard in the industry so to speak or what are they doing?

MATTHEW O'CONNOR: That's not atypical. I don't know -- I honestly don't know what the standard if you will is. The State of New Jersey has a similar policy where recipients of business assistance are required to pay prevailing wages particular to construction contractors. City of New York, Chicago, Philadelphia, Washington, D.C. which are all of course major cities in terms of population equivalent to Connecticut or even larger. Jersey City, New Jersey has a similar policy. The ten year window if you will is -- is not unusual but again I couldn't speak to whether that's the standard in most cases.

REP. SMITH: Well it might be interested to know that. To me ten years seems like a long time, a long look back period. There's got to be some rationale why the number ten came up

MATTHEW ANDERSON: Thank you for having me.

REP. TERCYAK: We appreciate you taking the time to come. Thank you. Next up Jodey Lazarus followed by Leslie-Ann Lewis. Is Jodey Lazarus here? Is there any other Lazarus here in case we misread the first name? We're having a discussion about that. If your last name is Lazarus this is your opportunity people. Okay. Is Leslie-Ann Lewis here? It's your turn Leslie. Thank you very much, Leslie. Take your time. Come on up.

Is there anybody else who wanted to speak who hasn't signed up? Is there anybody else who wants to speak? You can see the Clerk right over there. Mike Van Sambeck who's busily cataloging people's testimony as it comes in online. Thank you very much, Miss Lewis.

LESLIE-ANN LEWIS: Thank you.

REP. TERCYAK: I'll shut up so you can start.

SB 387

LESLIE-ANN LEWIS: Again my name is Leslie-Ann and I'm actually one of the young people that Representative Smith and his close colleague the restaurant owner was referring to earlier. People -- young people who are thinking of or about to leave our State. And you know I've watched my classmates and close friends wrestle with staying in Connecticut as well.

And I've heard so many times today the idea that minimum wage jobs are entry level positions, that workers should you know have these jobs for a time and get educated and move on from this position.

Now this is being said by the same Connecticut government that's discussing raising the cost

of education this very year. And so you know -- it's being put out of reach for people like myself. I am a first generation American and my parents were not allowed to bring anything into this country when they moved here so we started with nothing.

My minimum wage job when I had one was meant to help my parents put me through school. Instead after working 50 hours a week a Target and still not being able to afford rent and groceries it landed me at my school's nurse's office and then later at the mental health center.

I was exhausted, I was hungry and somewhat defeated. My parents dreams to see us achieve what they couldn't overseas prodded me to continue pushing even as I made myself sick. Today we're debating over an owner adding 20 cents to a burger or to a product versus a worker affording rent and groceries.

When we're discussing raising the minimum wage we're discussing honoring America's promise for opportunity. Opportunity that is fast disappearing for my generation. The minimum wage of your generation and in years past when adjusted to today's inflation is much higher than the proposed changes that we're discussing and look at the wealth it created then.

I'm here on behalf of students like myself who are struggling to find the scraps on the proverbial boot. People like my classmates who want a chance to achieve the American dream like the generations before. Thank you.

REP. TERCYAK: Thank you very much.

Are there any questions from the committee?

Yes, Sir. Representative Smith.

REP. SMITH: First off I want to -- I want to thank you for hanging in there and saying what you said. It certainly came from the heart. It's nice to hear from somebody who's gone through the process and struggled as you have and it sounds like you're on your way up.

I'm interested though in your comment that you were thinking of leaving Connecticut and looking at other states to potentially go to.

And I was wondering how far or how close you actually came to leaving and what states you were looking at and why.

LESLIE-ANN LEWIS: When I've been this -- I've been playing with the idea. I don't want to leave Connecticut really.

My dream was to teach here but when I'm looking at my friends who have graduated before me and it did take me a while to graduate because I had to pay for school myself.

They graduated before me and they are working at you know Subway and some of them are paraprofessionals and that hasn't been discussed whatsoever that our paraprofessionals, the people who are with our students also make minimum wage. You know some of them work with people who are -- who are unable to live alone and it's very hard work and they are despite their degrees making 8.25 an hour or if they're lucky *.75 an hour.

And so seeing that has made me look at other states that as far as the degree that I have are hiring more teachers and you know in the past with the Dan Malloy issue didn't seem to be attacking teachers and their rights as much.

REP. SMITH: Well the reason I asked the question is you know it's clear that we here in Connecticut in the legislature and throughout I mean we have an issue with people like yourselves -- yourself who would like to stay here it sounds like.

It sounds like you were raised here for the most part and if possible you would stay here and hopefully you will but we're losing too many of you to sister states or other states or states down south that provide a better -- better opportunity.

And I think that's what we're all wrestling here with is what's the right medicine. You know. How are we going to get there? How can we keep you and my son and my daughter and around the committee the same thing how can we keep them here in our great State and keep them employed especially those coming out of college with a degree and they can't find a job or they're bartending or they're washing dishes or they're doing whatever else they can do just to have some money in their pocket.

So it's an issue and it's a tipping point. It works both ways. You know how far can we go before you break the back as I described earlier.

So it's something we're struggling with and I hope we can figure it out to keep you and others like you.

LESLIE-ANN LEWIS: If I -- if I could say something the thing that drives most people out is -- isn't just that there aren't jobs in Connecticut but of the jobs that are available it's hard to find somewhere to live if you're making 8.25.

You know it's somewhat demoralizing and I've had to do this myself to be you know 20 plus and you're moving back home with your parents or you have like six roommates or as I've had to do in the past I've had to look at less safe neighborhoods because I can afford the rent you know working for 8.25 I can afford the rent but the tradeoff is safety.

So if the minimum wage was raised and people had better options especially with living situations. If the minimum wage is raised then more people are able to rent in better places and the idea of making a minimum wage doesn't demoralize them as much as it does currently well at least in my experience.

REP. TERCYAK: Thank you very much.

Any further questions?

Thank you very much for waiting and appearing in front of us. We appreciate it.

LESLIE-ANN LEWIS: Thank you.

REP. TERCYAK: Drucella Lewis.

And again inviting anybody else who's been waiting if you'd like to testify now would be a good time to tell Mike over there.

Thank you very much.

SB 387

DRUCELLA LEWIS: Hello. How are you doing tonight? My name is Drucella Lewis. I'm a Hartford resident. I live in Hartford all my life. I'm a -- I was a teenaged mother since I've been 15 and I overcame a lot of adverse -- a lot of stuff that goes on in Hartford. I also support raising the minimum wage because there are a

lot of parents like me that do have to -- we have to raise kids. We have to buy school uniforms.

We have to provide rent for our apartments. We have to provide food for our kids. When I go to work the only thing I expect out of my paycheck is to be able to pay for -- pay for housing for my kids and basically that's all I can do. I cannot bring my kids out to the movies. We can't go to restaurants to eat. I can't provide money for school trips, school supplies. If the minimum wage is risen this would -- it would help out my family and probably a lot more tremendously.

So thanks for your time.

REP. TERCYAK: Thank you very much.

DRUCELLA LEWIS: You're welcome.

REP. TERCYAK: Well spoken.

Any questions committee?

Okay. Perfect. No questions. Well said.

Is there anybody else who like to testify? Is there anybody else who would like to testify? Is there anybody else who would like to testify? If not this hearing is closed. Thank you very much for your patience folks.

VanSambeck, Mike

From: Douglas Wade <Doug@wadesdairy.com>
Sent: Wednesday, January 30, 2013 3:47 PM
To: VanSambeck, Mike
Subject: Minimum wage legislation

587

Hello Mike,

I'm a fourth generation business owner in Bridgeport, Ct and my company provides employment for 47 people. We do are best to provide a livable working wage for all our employees.

I'm in full support of increasing the minimum wage in CT and then indexing it for inflation.

This legislation will act as a safety net for our most needy citizens and pump some money back into the economy.

Thank you for your consideration,

Douglas H. Wade Jr.
President

Wade's Dairy, Inc
1316 Barnum Avenue
Bridgeport, CT 06610

T (800) 247-9233
F (203) 696-6121

doug@wadesdairy.com

Wade's Dairy, Inc.
1316 Barnum Avenue
Bridgeport, CT 06610
(800) 247-9233

Thursday, January 31, 2013

Testimony IN SUPPORT of SB 387 An Act Increasing the Fair Minimum Wage

To Senator Osten, Representative Tercyak, Senator Markley and Representative Smith, and the Labor Committee as a whole.

Submitted by Doug Wade, President, Wade Dairy Inc.

Senator Osten, Representative Tercyak, I thank you for the opportunity for allowing me the opportunity to submit testimony. My business, Wade's Dairy has been in my family for four generations. We've gone though the greatest of depressions, recessions, and pretty much any other financial monkey business you could think of. There were nearly 1,000 small dairy farms in Ct since Wade's started in 1893. In 1992 Wade's Dairy moved to Bridgeport after spending 75 years in Fairfield. There were naysayers, people said that the move to Bridgeport would hurt us, and yet, twenty years later we are still here providing a local service. You want to know what our secret to success is? We honestly care deeply about our customers needs and our employees. We are a family run business with family values. hy we've been able to withstand the test of time because we care and our customers and employees know it.

I have lived and breathed the dairy business since I was five years old and it's taken a lot of hard work and dedication to keep this operation running through the good times and the bad. My name is on every half pint of milk served to in our public school contracts and on every gallon of milk in your local store. Wade's Dairy sells pure fresh milk, gently pasteurized to assure the consumer's safety while maintaining the natural flavor. Our customers deserve the best products and service that we can provide.

I do my best to pay my employees good wages that are in tandem with their efforts. This is a team business that needs every player to be sharp and committed to servicing our customers. We have forty seven employees that make my company viable and we have almost no turnover because we pay fair livable wages. There is nothing that makes me prouder than when one of my employees is able to purchase a home or start a family. The American dream carrying on.

There is no way that a person can live in other than poverty making $8.25 per hour. Minimum wage laws have been in place since 1938 in our country and they have simply not kept pace with inflation. The minimum wage serves an essential purpose in protecting human rights. Bringing the minimum wage up to $9.75 per hour is barely keeping up with the minimum wage that we had in place back in 1969. We can be a better society and we must not kick the can down the road. For far too many men and women in this state, the American Dream has become an illusion. The average worker has done all they can to take one step forward, only to be dragged two steps back by rising cost of everyday items, without a rise in pay. We're pricing the American Dream out of reach for the average family and it's time that we do the right thing, put the Dream back into focus and show that we care again.

Members of the committee, I thank you for your time, and I urge you to support SB 387 to increase the minimum wage. Please feel free to call or stop by our place of business anytime and while you're at it, invite along any business owner that opposes this bill along with you and we'll be happy to teach them how to operate a business that cares.

Respectfully,

Douglas H. Wade Jr.
President

Wade's Dairy, Inc
1316 Barnum Avenue
Bridgeport, CT 06610

T (800) 247-9233
F (203) 696-6121

doug@wadesdairy.com

VanSambeck, Mike

From: Mark <markd@gatewaylimos.com>
Sent: Wednesday, January 30, 2013 7:50 PM
To: VanSambeck, Mike
Subject: Senate Bill 387

Dear Members of The Labor & Public Employee Committee,

I am an employer and small business owner in the city of Waterbury for the past 24 years providing 36 jobs to the local economy.

Over the past 5 years my company has been faced with many economic challenges from the recession and lack of a recovery.

Raising the minimum wage at this time in this economy will present another hardship on my firm and many companies of similar size.

We have struggled to maintain the numbers in our current work force, without layoffs.

Raising the minimum wage to $9.00 per hour will increase my annual payroll by roughly $56,100.00

This will just not be an increase that my company can sustain.

I strongly oppose this bill and encourage this committee to reject this bill, and preserve the precious jobs that we currently have in CT.

Passage of this bill will send a clear message to current small business in CT. If you own a firm move it, if you are considering relocating to CT. find some place else this state s not a business friendly state.

I remind you that small business is the engine that drives the economy.

DON"T KILL THE ENGINE

Respectfully

Mark DiChiara
President
Gateway Limousine Inc.
74 Mattatuck Heights
Waterbury,CT. 06705
Tel. 203-753-5466
Fax 203-757-2622
E-mail markd@gatewaylimos.com
Web www.gatewaylimos.com

Testimony on

S.B. 387

Increasing the Fair Minimum Wage

before the

Labor and Public Employees Committee of the

Connecticut General Assembly

Margot Dorfman

Chief Executive Officer

U.S. Women's Chamber of Commerce

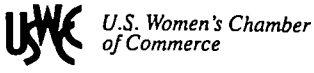
January 31, 2013

Legislative Office Building

300 Capitol Avenue

Hartford, Connecticut

700 12th Street, NW, Suite 700, Washington, D C 20005
uswcc org | 888-41-USWCC toll free



Thank you Senator Osten, Representative Tercyak, Senator Markley, Representative Smith, and the rest of the Labor and Public Employees Committee for the opportunity to submit this testimony. My name is Margot Dorfman I am the CEO of the U.S. Women's Chamber of Commerce. I represent American women business owners, in Connecticut and nationally, who support raising the minimum wage

Introduction

The U.S. Women's Chamber of Commerce was founded to support the continued economic advancement of women in America. The Women's Chamber has over 500,000 members – young and old, students and retirees, employees and business owners. We have members in every state, including more than one thousand member business owners in Connecticut. As is typical of women's businesses across the U.S., our businesses tend to be small, fewer than 25 employees, with a concentration in service, retail and restaurant industries.

While some may say minimum wage will hurt employers, particularly small businesses, my members tell me that just is not true. The migration of women from the workforce into business ownership has been one of the great economic achievements of the American dream. As women moved from employees to business owners, we have brought a new perspective to America's business leadership. Women now own over thirty percent of all firms in the United States and are exercising the decision-making authority that comes with that role to effect positive changes in the workplace. Our members tell us that – even as business owners – they understand and respect the ongoing struggle against wage discrimination that women continue to face, and they recognize the need to support workers as they seek fair treatment in the workplace.

As a matter of fact, businesses that pay unfairly, may actually be competing unfairly with women-owned firms who recognize the right to fair pay and work hard to assure that their employees are paid fairly.

The business owners with whom I talk every day believe that, far from hurting their businesses, raising the minimum wage in fact helps small businesses, women workers and the broader

economy. Raising the minimum wage reinforces their business strategies, rather than undermining them

It is vitally important to understand that the problem I do hear from my members for the last several years is that the recovery is slow because sales are still weak. Too many of their customers have been out of work, or are working now for lower pay, and as a result are cutting back on their spending. Raising the minimum wage helps with that, by putting more money in the pockets of customers, who will spend it at our local businesses.

Also, while my members are business owners, they're also women They realize that most of the people working for low pay in Connecticut and across the country – the waitresses, the home health aides, and the cashiers – are women. Many of my members were once employees themselves; they know that raising the minimum wage helps working women and families in their struggle to get by on paychecks that are worth less and less every year. That's why the U.S. Women's Chamber of Commerce supports raising Connecticut's minimum wage to $9 75 by 2014 and then indexing it for inflation so that it doesn't erode again.

1. **Small Businesses Are Showing That Paying Higher Wages Is Economically Realistic**

There are two roads to profitability· the high road and the low road. Businesses can invest in their workforces with decent wages and benefits, and enjoy the benefits of a dedicated workforce with less turnover and higher productivity. Or businesses can pay poverty wages and churn through employees. These businesses enjoy substantial payroll savings, and they just treat as a cost of doing business the significant expense of higher turnover, constant recruitment and retraining, higher absenteeism, and a less experienced workforce.

While both roads to profitability are viable business strategies, only one delivers us a strong middle class, upward mobility and the promise of the American dream The business owners supported by the U S Women's Chamber of Commerce have chosen the high road strategy for building their businesses they pay better wages and their businesses benefit as a result. They

report to me that this approach attracts more stable, dependable employees That's not surprising since better wages makes it easier for their workers to put gas in their cars, pay for day care and have the sorts of stable lives that make them dependable employees.

At small, mom and pop businesses, business owners and employees work side by side on a daily basis, working together to offer the best goods and services to their customers The businesses that are my members know that they cannot compete with the big box stores or the chain restaurants on price Instead, their competitive advantage is higher quality service, and a connection to the community and its residents.

In our experience, workers who get paid poverty wages work overwhelmingly for the big chains, not for main street businesses. Connecticut Voices for Children detailed this in their report last year showing that in Connecticut's retail industry, median wages are, in fact, lower for large retailers than for small businesses.

The reality is that my members and other main street businesses have a lot in common with low-wage workers: both are being squeezed by the national chains. The low wages that the big retailers and restaurant chains pay are one of many factors that contribute to their price advantage over small and local businesses Raising the minimum wage to a more realistic level helps level the playing field for businesses like my members that believe in treating their workers well, but are put at a competitive disadvantage as a result.

2. **Weak Consumer Spending Is Hurting Small Businesses, and Raising the Minimum Wage Can Give It a Boost**

There are a few top problems that I hear a lot about constantly from my members about the challenge of keeping a business afloat in this economic environment. One of them, of course, is rising health insurance costs. But for the last three or more years, one of the biggest problems my members have been reporting is that their customers just aren't spending. They aren't eating out, remodeling their kitchens, or enrolling their kids in gymnastics like they used to before the recession. Families just don't have the money.

To: The General Assembly Committee on Labor and Public Employees
Date: Thursday, January 31, 2013

Testimony on behalf of the Connecticut Child Care Association (CCCA) in opposition to the passage of **RSB 387, "An Act Increasing the Fair Minimum Wage"**

Chairpersons and Members of the Labor Committee,

Our names are Gerry Pastor and Haylee Marcuccio and we are the owners of Connecticut, for-profit day care centers and members of the Board of Directors of the Connecticut Child Care Association of Connecticut.

The CT Child Care Association represents the interests of numerous private child care providers across the state. At this time there are more than 1,500 licensed child care centers in Connecticut of which approximately 1,100 subsist primarily on private funded tuitions. These programs represent a total capacity of approximately 70,000 children and approximately 20,000 employees.

CCCA would like to offer comments to you today in response to **RSB 387, "An ActIncreasing the Minimum Fair Wage".** We believe the current proposal of an 18% increase, or, $1.50 per hour over the next two years and subsequent indexing to inflation would impose a severe financial hardship on child care providers and the families they serve across the state.

As active participants in the childcare industry, owners and managers understand the incredible hard work, energy and commitment that childcare teachers invest on a daily basis. This is not a question of the value of employees; this is a question of financial stability for the child care industry in the state of Connecticut and our ability to meet our bottom lines.

In the childcare industry (as with many others), the single largest expense is payroll which consumes approximately 50% of revenues. The remaining 50% is used for

benefits, rent, supplies and maintenance. The most financially successful programs may show an actual profit of only 10-15%. Most are struggling to reach single digit profitability. These profits are what allow for program improvements, expansion, new hires, tuition reimbursements and both planned and unanticipated capital expenditures.

In order to ensure a competitive workforce, the majority of centers already pay employees over minimum wage. An increase in minimum wage would by demand be applied to all salaries and further increases would prove to be nearly 20% rise in payroll costs and 10% rise in overall operating costs. For programs operating with single digit profitability, the increase would be devastating.

With the current economy, passing on a cost of living increase to our families is difficult. How many families could afford childcare at a rate of $350-$400 per week? When consideration is given to the economic factors that the childcare industry has been forced to accommodate in recent years (paid sick leave, impending insurance mandates, decreased enrollments due to increased unemployment), programs have been forced to do more with less. Increasing the minimum wage at this time would force them to make additional cuts to programs. When programs meet the point that the cuts no longer allow them to meet the overall needs of the children, families and employees in their programs, they will be force to shut down. That time is rapidly approaching.

We thank you for your consideration of our concerns and ask that you not act favorably on this proposal.

Testimony in Support of SB 387
"AN ACT INCREASING THE MINIMUM FAIR WAGE"
The Rev. Joshua Mason Pawelek
President, Greater Hartford Interfaith Coalition for Equity and Justice
Minister, Unitarian Universalist Society: East, Manchester, CT
January 31, 2013

Members of the Labor and Public Employees Committee:

It is an honor to submit testimony to you in support of SB 387, "An Act Increasing the Minimum Fair Wage." I support this bill for a number of reasons.

First and foremost, as has been pointed out by many other proponents of this bill and its recent predecessors, the average full-time minimum wage earner in Connecticut working 40 hours a week, 52 weeks a year, earns $17,160 a year. There are approximately 106,000 workers earning their income at this rate. This is simply not enough money for an individual to procure all of life's necessities (housing, food, medicine, transportation, utilities, computer access, clothing, etc.) through the course of a year in Connecticut. This is not enough money to ensure that an individual can conduct a safe and healthy life. This is certainly not enough money for an individual to engage in meaningful long-range financial planning. And if that individual has children, $17,160 per year is a picture of economic hopelessness. It is simply not enough. Will SB 387's proposed increase in the minimum wage be enough to alter the face of poverty in Connecticut? Not on its own. But it will help plug some economic holes in the lives of minimum wage workers. It is one positive step among many state government ought to take to help ease the economic burdens minimum wage workers currently face.

Second, I am persuaded by the argument that higher paid workers are more satisfied, loyal, motivated and productive. I refer back to Professor Johnny Williams explores the data supporting this argument in his February 19th, 2012 *Hartford Courant* op-ed entitled, "Higher Minimum Wage Good for Workers, Economy." While some argue that raising the minimum wage creates an unfriendly climate for business, I'm not so sure. Do we want to live in a state that is racing to the bottom in terms of wages, where low-income and minimum wage workers have less money to spend and create an ever-growing drag on government resources and services? Or do we want to live in a state where wages keep pace with inflation, where fewer workers live in poverty, and where the work-force is more motivated, healthy and productive? In my view, the latter is the more business-friendly climate. Yes, it costs businesses slightly more to have such a climate, but I suspect the extra cost pales in comparison to the costs associated with a more impoverished work-force.

Finally, I support SB 387 because I believe it is the right thing to do. Life is hard for minimum wage workers. As a society we ought to make it our priority to do whatever we can realistically do to ease the burdens of the most vulnerable. Raising the minimum wage is one of those things we can realistically do.

Respectfully submitted,
The Rev. Joshua Mason Pawelek

VanSambeck, Mike

From: Pat Ranaudo <paranaudo@yahoo.com>
Sent: Wednesday, January 30, 2013 6:31 PM
To: VanSambeck, Mike

Dear Mike, stop this bill to increase min. wage.It's no good.

Patrick A. Ranaudo
Woodbury, CT 06798

My members see the stagnant wages and economic anxiety that most American families are facing as one of the major factors holding the economy back. And across the political spectrum, economists recognize that until we restore wage growth for working and middle class Americans, consumer spending will not be where we need it to be to help businesses thrive and grow

That's why local businesses support raising the minimum wage—because that extra money in the pockets of the lowest paid workers will be spent immediately in the local economy. These workers are not taking fancy trips to Europe or making investments in mutual funds. They are spending it at the grocery store, the pharmacy, and the auto-repair in their communities. In fact, since most low-wage workers work for the major chains, boosting the minimum wage means that rather than going to Wal-Mart or McDonald's bank accounts – whether in Bentonville or Chicago or in the Cayman Islands – more revenue from Connecticut's customers will be paid back out to Connecticut's workers who will spend it at local businesses.

Too many people forget that workers are also consumers Consumer spending drives 70 percent of our economy, and we must repower consumer spending if we are going to repower our economy.

3. Raising the Minimum Wage Disproportionately Helps Working Women

Finally, as a representative of women-owned businesses I want to emphasize that working women, particularly women of color, represent the greatest percentage of workers to benefit from increasing the minimum wage. The typical low-wage worker is an adult woman. Think of your waitress at Applcby's, or the cashier who rings you up at Wal-Mart. Think of the childcare center worker who takes care of your son or daughter, or the health aide who helps your mother or grandfather.

Many of the women business owners who belong to the U.S Women's Chamber of Commerce left the workforce to start their own businesses because they felt that jobs where women worked

VanSambeck, Mike

From: Lecours Jean <jlecours2@gmail.com>
Sent: Thursday, January 31, 2013 9.27 AM
To: VanSambeck, Mike
Subject: bill-387

Business in this state is suffering enough!!!! Increasing the wage will result in less jobs and less expansion of business.
Do any of you understand economics????????
We are spending more money on useless projects--busways---railroads---corporation welfare !!!!!!!! We have one of the worst business climates in the country and you want to continue to put a stain on business???????
We really need people in government that understand the economy.
This administration certainly does not have that ability!!!!!!

Jean Lecours

Government Relations
46 Round Hill Road
Salem, CT 06420
(860) 859-1555
E-mail mrcollinssr@sbcglobal net

Marshall R. Collins & Associates

TESTIMONY OF THE

CONNECTICUT COALITION OF PROPERTY OWNERS
CONNECTICUT MESSENGER COURIER ASSOCIATION
GREATER DANBURY CHAMBER OF COMMERCE
LUMBER DEALERS' ASSOCIATION OF CONNECTICUT
MILFORD CHAMBER OF COMMERCE
NORTHWEST CONNECTICUT CHAMBER OF COMMERCE

BEFORE THE LEGISLATURE'S LABOR COMMITTEE
2:00 PM, THURSDAY, January 30, 2013
ROOM 1D, LEGISLATIVE OFFICE BUILDING
HARTFORD, CONNECTICUT

Good morning. My name is Marshall R. Collins. I am appearing in my capacity as Counsel for Government Relations for the aforementioned seven organizations (the "Organizations"). Collectively they represent more than 3,500 employers of approximately 125,000 men and women in Connecticut. **The Organizations cannot support *SB-387-AA Increasing The Minimum Fair Wage*.**.

The proposal would increase Connecticut's current minimum wage which is already one of the highest in the nation during a time of high unemployment. Increasing the minimum wage would not create one job.

Furthermore, the increase would be inflationary and increase the already high costs of living and doing business in Connecticut. Higher costs are always passed on wherever possible. Thus increasing the minimum wage only exacerbates the economic distress of both employers and those low income earners. Simultaneously costing Connecticut jobs and increasing the cost of living is not in the public interest. The proposal should be rejected.

And least persuasive is the argument that the Minimum Wage has not increased in five years. This Committee is well aware that the Prevailing Wage has not increased in nearly 20 years. Time does not seem to demand indexing.

This completes my testimony. Thank you for your consideration.

Connecticut Chapter

TESTIMONY SUBMITTED BY:

Stephen Ryan, Executive Director

Connecticut Chapter

New England Convenience Store Association

January 30, 2013

RE: S.B. No. 387, An Act Increasing the Minimum Wage

Chairman Osten, Chairman Tercyak and members of the Committee, thank you for the opportunity to submit this testimony.

My name is Stephen Ryan. I represent the Connecticut Chapter of the New England Convenience Store Association. We oppose S.B. No. 387, legislation that would increase the current minimum wage by over 18% by July of 2014 and automatically increase it in all subsequent years in accordance with the Consumer Price Index. **This is a staggering financial burden to place on small businesses in Connecticut that we respectfully but unequivocally oppose.**

Aside from the short-term economic harm and job losses that a nearly 20% increase in minimum wage would cause in the next 18 months, allowing the minimum wage to increase every time the cost of living grows would be harmful to our industry for a number of reasons. **First, convenience stores operate with a very small profit margin. Increasing the minimum wage in this fashion will cost retailers thousands of dollars in additional taxes each year and salaries paid to their employees, most of whom receive their first raise after approximately four months.**

Additionally, convenience stores, well as other businesses are facing economically tough times. If this bill passes, retailers will not be able to effectively budget or make plans to reinvest in their companies because they could face annual increases in labor costs. Plus, employers would have to raise the wages of all their employees, commensurate with their skills, responsibility, tenure and productivity, not just those earning the minimum.

The impact of an increase in the minimum wage each year will be felt by many businesses across Connecticut. For many it will mean additional jobs or new hires may be postponed or eliminated, some businesses may even be closed as costs outstrip revenues. In the convenience store industry it will also drive current owners to work expanded hours. You may ask, why not pass the additional costs on to consumers? Some stores will. But, today's retail marketplace is highly competitive and customers are very price conscious. Customers would simply drive elsewhere to purchase items for less money.

1044 Central Street Suite 203 ~ Stoughton, MA 02072 ~ Phone: 781-297-9600 ~ Fax: 781-297-9601

Many of the industry's employees work in convenience stores as a second job to save for a new car or house. Others are students who work part time. Most typically, they are not the sole breadwinner in their families and store owners should not be obligated to pay these employees more than what the marketplace will bear or, faced with such a dramatic increase in labor costs simply eliminate the position and the owner then covers the shifts themselves.

Moreover, many of these employees already make more than the minimum wage. Please do not jeopardize their livelihood. **The convenience store business is perhaps one of the few remaining industries in this country where many new, entry-level hires can, through hard work and commitment, become store owners themselves one day. If these entry level jobs disappear, many will lose out on that opportunity.**

Based upon the full impact of this measure on those employers who will have to pay for the costs of such an increase and for the above reasons, our membership asks that you oppose this legislation. Thank you.

1044 Central Street Suite 203 ~ Stoughton, MA 02072 ~ Phone: 781-297-9600 ~ Fax: 781-297-9601

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Chairman

JEFFREY INGRAHAM
Vice Chairman

BERNADINE TATEM
Treasurer

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Commissioner

CURTIS O. LAW
Executive Director

CANDACE E. MAYER
Deputy Director

LATTARULO LAW FIRM, LLC
General Counsel

UNITED WAY
COMMUNITY PARTNER

Testimony before the Labor Committee
January 31, 2013

Re: S.B. 387, An Act Increasing the Minimum Fair Wage

Submitted by Lisa Roger, Family Self-Sufficiency Manager, Norwalk Housing Authority, lroger@norwalkha.org, 203-838-8471 X188

Good afternoon. My name is Lisa Roger, and I'm the Family Self-Sufficiency Manager at the Norwalk Housing Authority. Our team of three serves approximately 1500 low-income families in public housing and subsidized rental Section 8 housing. We help residents with their needs including employment, education, childcare, and more to enable them to become more economically independent.

USA.com ranked Connecticut as the state with the fourth highest median household income at $64,576. This was based on 2010 data from the U.S. Census American Community Survey (ACS). Also according to ACS, while the median household income for the city of Norwalk was $76,161, the median income of the South Norwalk Census tract (044100) where most NHA residents reside was $39,493. Finally, in comparison, the average income of all NHA family households with an average family size of 2.5 persons is $19,841.

Many people wrongly assume that only high school kids or drop-outs receive minimum wage at $8.25 per hour. The fact is that 10% of all workers in Connecticut earn less than $9.75 per hour, the proposed minimum wage rate for July 2014. Of these, 80% are 20 years and older, and 80% have at least a high school diploma.

Sara is a Norwalk Housing Authority resident in her mid-fifties and works part-time at a major retailer as a cashier. Sara has a 20-year old unemployed son who had also been working as a cashier. Both Sara and her son have their high school diplomas. Although Sara has requested a full-time job, her employer has repeatedly denied her request. At almost minimum wage, Sara's annual salary had been approximately $16,000 per year. Her hours are inconsistent making it difficult for her to take on a second job or advance her education and improve her English because her schedule is constantly changing. In the past, she requested a schedule change that would allow her to take English classes. She was reprimanded with a significant cut in hours. If the minimum wage increased this year, her salary could increase by $1,000 annually and could help her to better make ends meet.

Thank you, Representative Tercyak, Senator Osten and members of the committee for allowing me this opportunity to come before you to speak on behalf of Sara and other low-income people in my home state of Connecticut. As residents of Connecticut, we each have a vested interest in helping our friends and families succeed during these difficult economic times.

Housing Authority of the City of Norwalk
P.O. Box 508, 24 1/2 Monroe Street, Norwalk, Connecticut 06856-0508
203-838-8471 Fax 203-838-6535. TDD 1-800-545-1833 ext. 437
www.norwalkha.org
AN EQUAL OPPORTUNITY EMPLOYER

TESTIMONY
OF
JODEY LAZARUS
IN SUPPORT OF SB 387
AN ACT TO INCREASE A FAIR MINIMUM WAGE

Contents

- Pages 1 – 2..... Written Testimony, Credit: Jodey Lazarus
- Pages 3 – 8..... Article: "Connecticut's Ribbon of Hardship" as featured in Bloomberg Businessweek and CNN, Credit: Esme E. Deprez

January 31st, 2013

To the Co-Chairs and members of the Labor Committee:

Testimony in SUPPORT of SB 387, AN ACT INCREASING THE FAIR MINIMUM WAGE

From the desk of Jodey Lazarus: Mother, Worker, and Student - Stamford CT

Senator Osten, Represenative Tercyak, and Members of the Labor Committee, thank you for raising the issue increasing the minimum wage and allowing me to speak on it today.

Recently Connecticut has been marred with the distinction of being a state of extreme haves and have-nots, where the rich make more money than most can imagine, and the poor barely make enough to get by. I know this all too well; as both my children and I were featured in an article in Bloomberg Businessweek last summer entitled "Connecticut's Ribbon of Hardship." Since the article was published, I've paid more and more attention to the plights of hardworking families in our state. As a single mother of two who struggles to get by, I know that I am not alone in my hardships and that it is time to address these issues by looking at the laws that affect families all across our state, starting with the minimum wage.

Before being contacted by the Bloomberg reporter, I had no idea that Connecticut had become a place so unequal, that it now holds the second largest income inequality gap in the country, a gap that is growing faster than any other state in our nation. When I moved here from the Bronx nearly six years, I looked at this state as a land of opportunity. Instead, it seems like every opportunity that I have had has come up short. I currently attend community college and am employed at the local Marriott as an assistant spa superivsor, booking appointments for $14 an hour. Now of course you'd say, that's a lot more than minimum wage, but the truth is, as the Businessweek article detailed, my hours are all but fulltime. I make as little as $125 a week some weeks, and on a good week, only $325; not nearly enough to take care of myself, let alone two children. Essentially, I make the same as if I was working for $8.25 an hour, it's just at my current rate, I make a little less.

Public assistance helps to keep us afloat, but never enough to rise. I left my South Bronx housing project for more, for a better life, not to be stuck in the same pattern of poverty. I've learned since the Businessweek article that if the federal minimum wage had kept pace with the cost of living over the past 40 years as it had in the late 60's, the wage would now be over $10.50 an hour. That's closer to a real living wage. The current proposal of $9.75 an hour over the next two years does not quite get us there, but it's a start. And if index to the cost of living as it should have been since the late 60's, it will ensure that our state's lowest-wage workers are never allowed to fall so far behind again.

Today I am asking you, for myself and anyone who has ever come to this state with a dream of better opportunity, to raise the minimum wage. Protect workers like me who are at the whim of our employers and only have our dreams of greater opportunity to fuel us. I will continue to work hard as I have everyday that I have lived in Connecticut, and I will count you to make sure my work is rewarded with a fair wage. SB 387 is a good bill that will help families all across the state realize their dreams and opportunities and grow. Please vote yes to raise the minimum wage.

Thank you

Bloomberg Businessweek

Global Economics

Connecticut's Ribbon of Hardship

By Esmé E. Deprez on July 05, 2012
http //www.businessweek com/articles/2012-07-05/connecticuts-ribbon-of-hardship

Jodey Lazarus's brown eyes follow the red grapes down checkout lane 11's conveyor belt, then focus on the cash register to verify she's getting the 99¢-a-pound price promised in the weekly ShopRite (VLGEA) circular. The bill is just short of $70. Lazarus, 29, takes a breath, drops her gaze and extends her silver state benefits card. The card machine fails to read the damaged magnetic strip. The cashier squints at the numbers.

"It doesn't swipe?"

"No. It doesn't swipe," Lazarus murmurs.

The cashier types the card code, and Lazarus signs for the groceries. This is the second time today she's gone through this routine with a store clerk; the morning found her at La Marqueta, where onions were cheaper and the payment process just as awkward. As she pulls out of the parking lot, her 14-year-old Dodge Caravan shrieks. Just a belt or something worse? She's not sure. It's too expensive to repair right now anyway.

Francesco Nazardo for Bloomberg BusinessweekLazarus, with her daughter, Ahhsha, is working to move to the middle class

Armed with coupons for seven supermarkets in Stamford, Conn., where she lives, Lazarus is a pro at stretching her food stamp allowance. Lazarus works at the nearby Marriott (MAR) booking appointments at the spa for $14 an hour and no benefits. Although she was hired to work full-time, her shifts have been gutted: Some weeks she earns $335, others $125.

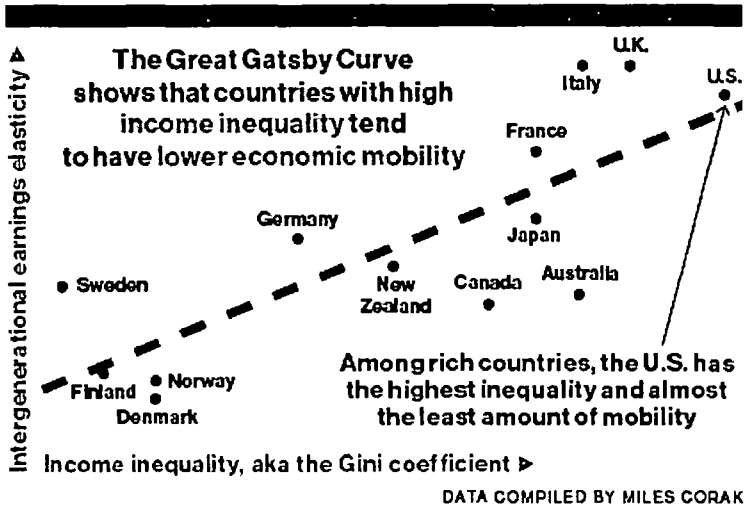
Lazarus has a round face and pronounced cheekbones, the slightest Caribbean accent from a youth spent in Grenada, and a relaxed yet determined air. Soon after high school she was running a makeshift day-care center from a moldy public housing complex in the South Bronx, where she raised her two children with little help from their undependable father.

Determined to forge a better future for Gerahmee, 9, and Ahhsha, 8, Lazarus moved to Stamford five years ago for a more stable job and better schools. She has since signed up for college classes and taken advantage of every public program she can find to help families like hers help themselves—including rental assistance, student financial aid, Medicaid, heating-oil assistance, an earned income tax credit, and free lunch for the kids at school. A scholarship program providing academic and career coaching helped her set up a budget, pay off prior debt, and begin to build up savings. Overall, these programs provide enough assistance to get by, but not ahead. "I want to be able to pay my bills with no help, I want to be able to buy my own house," she says. "My mom says just be thankful I have a job and stop complaining. But at the end of the day, I'm barely making enough money, you know? The money comes in and it goes out."

The dream of achieving a better life than one's parents is fundamental to the American identity, but the probability that Lazarus or her kids will break ranks with their low-income peers and move up is slimmer than it is in other industrialized countries. It's becoming more and more clear that the relationship between our parents' incomes and our own is closer than we've long assumed.

In Lazarus's lifetime, the wealth gap between rich and poor has widened significantly. A growing body of research now suggests that this may be hindering her ability to rise through the ranks and escape poverty. In the decades following the Great Depression, incomes in the U.S. grew more equal. Lazarus's birth in 1982, however, coincided with the beginning of a stark shift to a period in which the rich would gain wealth at a spectacularly accelerated rate compared with everyone else. According to a recent report by the Congressional Budget Office, after-tax income for the top 1 percent of the population (adjusted for inflation) grew by 275 percent from 1979 to 2007. For the bottom fifth, where Lazarus's family resides, it climbed by just 18 percent.

In the recently published *The Great Divergence*, Timothy Noah suggests that the growing gulf between rich and poor may be the most important change in the U.S. in our lifetime. The world's richest nation, he writes, has gone from one that viewed "the prospect of growing income inequality to be unacceptably antidemocratic" to one that's economically beginning to "resemble a banana republic." In *The Price of Inequality*, released last month, Nobel Prize-winning economist Joseph Stiglitz points out that, at $90 billion, the combined wealth of the six Walton family heirs to the Wal-Mart (WMT) fortune is equivalent to that of the entire bottom 30 percent of Americans. Stiglitz argues that even the rich will be hurt when we reach the point "when inequality spirals into economic dysfunction for the whole society."



DATA COMPILED BY MILES CORAK

A recent finding nicknamed the Great Gatsby Curve may be the most controversial of all. With it, University of Ottawa economist Miles Corak makes the strongest case yet that inequality and mobility are intertwined—the more unequal a society is, the greater the likelihood that children will remain in the same economic standing as their parents. His research comes as the country—and the presidential candidates—debate inequality and what, if anything, government should do to slow or reverse its trajectory. According to the Pew Charitable Trusts' Economic Mobility Project, Americans believe more ardently than their global counterparts that "people are rewarded for intelligence and skill." And yet, according to Corak, it's as simple as this: "More inequality means less opportunity."

The Connecticut portion of Interstate 95 was dubbed the "ribbon of hope" by state planners for its promise of prosperity when it was built in the 1950s. It's still an apt nickname for those living in the hedge fund hubs along it: Greenwich and Westport.

In Bridgeport, 35 minutes northeast of Greenwich, and where Lazarus attends community college, I-95 is more like a ribbon of hardship. Officials in this onetime industrial capital turned poorest city in the region have been aggressively courting private developers and spending millions in public funds to clean up brownfields and revitalize the downtown. Even so, driving along Barnum Avenue, named after Bridgeport's famous son, circus promoter P.T. Barnum, it's difficult to imagine how different it must have felt 50 years ago, when block after block of factories buzzed with workers. At its peak in the 1930s, the city was home to some 500 plants; big employers included General Electric (GE), Singer, and Remington Arms. The artery now connects two of the roughest neighborhoods, the mostly black East End and the mostly Hispanic East Side, its factories reduced to structural skeletons beset by graffiti and squatters.

Bridgeport/ Greenwich

Population

144,229 / 60,809

Number of $1m+ homes

95 / 9,852

Median household income

$41,047 / $124,958

Unemployment rate, May 2012

11.9% / 5.9%

Food stamp recipients

17.8% / 0.9%

Families with female head of household

32.9% / 8.8%

Working in finance, insurance, real estate

5.5% / 23.4%

DATA: U.S. CENSUS
CONNECTICUT LABOR MARKET

The Bridgeport metro area consists of 24 towns in Fairfield County in the state's southwestern corner, including small, prosperous hamlets like Darien and New Canaan, and bleak pockets of poverty in Stratford and Norwalk. It's home to nearly 1 million people. If the region were a country, it'd be the world's 12th-most unequal, ranking just below Guatemala. Economists measure income disparity using the Gini coefficient: A measure of 0 means all money is evenly distributed; 1 means one person has it all. The U.S. had a Gini of .467 in 2010, up 2 percent since 2000, census data show. (With the exception of Chile and Mexico, it has the highest level of disparity of the 34 countries that belong to the Organization for Economic Cooperation and Development.) The Bridgeport region's Gini grew 17 percent during this time, to .537, making this 625-square-mile swath home to the biggest income divide of any metropolitan area in the U.S.

To get behind those numbers, one need only take a 10-minute drive south on I-95 from Stamford to Greenwich. Squeals of excitement from a dozen prepubescent girls reverberate throughout a white van making the trip to where houses are bigger and the grass literally greener. It's school vacation week and Lazarus's daughter Ahhsha gazes out the window as they pass exits for Old Greenwich and Cos Cob.

"Greenwich looks very different," says Ahhsha, a rail-thin girl with five perfect fresh braids tracing her scalp. "They have more sun than us, more windows on the houses, more beautiful houses."

Ahhsha and her friends spill into the bright yellow locker room of the Boys & Girls Club of Greenwich,

where they wriggle into pint-size bathing suits. With looks of terrified delight, one by one they jump into the pool. Many are learning to swim for the first time.

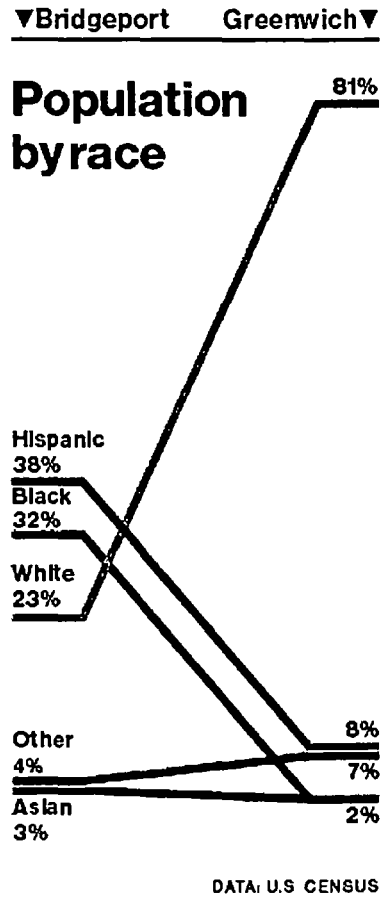
This club, two blocks from a Lexus dealership, is a stark contrast to the Boys & Girls Club of Stamford, where Ahhsha usually plays and which borders a housing project. "It's more better, not near alleys where cats have no homes," Ahhsha says of her current surroundings. "There's not men committing crimes. It's safer. I'm thinking of moving one day."

The region's diversity is a mixed bag for Lazarus and her kids. Their neighborhood and public schools in Stamford are better than where they used to live in the Bronx, but rents are higher, and with fewer buses and no subway system they need a car. Opportunities like going to Greenwich to swim or watch a billionaire's personal fireworks display broaden Ahhsha's and Gerahmee's worlds, and Lazarus hopes they'll be motivated to work tirelessly toward achieving that life.

At the same time, the gulf between the towns is a constant weight. As dozens of residents from the area repeatedly relayed in interviews, living among such excesses can make bridging the gap feel impossible. "We're in an area where there are pockets of extreme wealth and pockets of extreme poverty, and they're butting up against one another," says Carla Miklos, a former investment banker who runs a food pantry and homeless shelter in nearby Fairfield. "The low-wage jobs are not enough to get by, and the high-paying jobs are not available to poor people." Barbara Edinberg, a 63-year-old Fairfield resident, works at the Bridgeport Child Advocacy Coalition, which aims to reduce the state's achievement gap between poor and rich students, the worst in the country. In the Bridgeport of her childhood (the '50s), factory work at manufacturers like General Electric propelled her parents' generation toward middle-income stability. "You could get a job right out of high school in those plants and earn a decent wage and make enough money to move to the suburbs," she says. "Those opportunities don't exist anymore."

The Bridgeport metro area is a harbinger for where the U.S. may be heading, warns A. Fiona Pearson, a sociology professor at Central Connecticut State University. "You see manufacturing jobs leaving. The jobs coming in are service jobs, and the rise in the financial sector—with firms relocating from Manhattan—helps contribute to growing income inequality," she says. The area's history of institutional corruption and ineffectual management has only added to its problems. "When difficult decisions need to be made," Pearson says, "the already diminishing resources for individuals at the bottom are the first to go."

The idea that people like Lazarus can rise above their parents' economic status and that their children will do the same is an article of faith for most Americans. After a decade of research, however, the University of Ottawa's Corak concludes that upward mobility from the bottom is more folklore than reality—and that in a world of ever-growing inequality this may be increasingly true. Building upon the work of a dozen economists, Corak plotted intergenerational earnings elasticity—how mobility is passed from one generation to the next—against the Gini coefficient measure for 22 countries. The data form an upward slope, indicating a positive relationship worldwide between the degree of disparity and the extent to which poverty or wealth is passed on through generations. (A flat line would imply that countries with different levels of inequality have the same degree of mobility.) "The United States is among the most unequal of the rich countries and it is also among the least mobile. The strong tie between family background and the chance of success runs counter to what we commonly understand as the American Dream," Corak says.



Corak is quick to point out that his findings reflect association, not necessarily causation. Suddenly giving poor Americans truckloads of money wouldn't make it like Denmark, positioned opposite the U.S. and near the base of the slope where inequality is least and mobility highest. Mobility, he says, is based on the interaction of three main forces: families (the degree to which they transmit advantages, both material and nonmaterial), the labor market (the availability of secure jobs for people of all skill levels and the premium placed on education), and public policy (how level the playing field is, especially for the disadvantaged).

What the Great Gatsby Curve illustrates is that where Lazarus and her kids ultimately end up on the income spectrum will be more a reflection of their family background and not of their talents. "The most important thing that the U.S. is leaving behind as it moves up the curve is the vision of itself," Corak says. "It's not just poverty of money that matters but also poverty of experience and expectation."

Alan Krueger, a labor economist who chairs President Barack Obama's Council of Economic Advisers, used Corak's data in a January speech to extrapolate that mobility would further diminish for the next generation. "Children of wealthy parents already have much more access to opportunities to succeed than children of poor families," he said. "This is likely to be increasingly the case in the future unless we take steps to ensure that all children have access to quality education, health care, a safe environment, and other opportunities that are necessary to have a fair shot at economic success."

The curve has its critics, and Scott Winship, a fellow at the Brookings Institution and former research manager at Pew, has been one of the loudest. "My basic argument is not that inequality is necessarily good,

it's just that for people who say that it's bad, the burden is on them to show that and we don't have much good evidence either way," he says. Crunching different measures of economic well-being yields different results, he adds. "So you end up with folks who just point to how much inequality we have—which by all measures is a lot—and they just assume away this central question of whether the gains of people at the top have come at the expense of people at the bottom."

If income inequality is a topic of ferocious political disagreement, the issue of mobility provides at least one thing that liberals and conservatives generally agree on: Inching from one end of the economic spectrum to the other is too hard, especially for people born into poverty. According to Pew, roughly 40 percent of children whose parents are in the poorest quintile will remain there until they die, as will 40 percent born to parents in the top quintile—twice as high as would be expected by chance. Children of middle-income families have a roughly equal chance of falling down or climbing up. The numbers are significantly worse for black children: Nearly half born to middle-income parents will fall into the poorest quintile compared with 16 percent of white children.

Corak's findings about the connection between inequality and mobility are "political dynamite," says Justin Wolfers, a Princeton University economist. "The right-wing critique of attention to inequality has been that this is the politics of envy and envy is very un-American—we like those and hold up those who succeed," he says. "The Gatsby graph reframes the conversation about inequality in terms of mobility and opportunity, which everyone is for."

Janet Delesanti doesn't know which surprised her more: when the acceptance letter from Yale University arrived a few months after her 36th birthday, or graduation day, when she sat among her fellow members of the class of 1993. The daughter of middle-class, second-generation Italian immigrants felt like she'd overcome the odds. "I was like wow, who is this Brooklyn kid at Yale and graduating with the cap and gown and the whole nine yards?" recalls Delesanti, who earned a bachelor's degree in psychology before completing a master's at George Washington University.

Two diplomas in hand, Delesanti was sure she'd be able to top the $43,000 salary she'd worked her way up to in the travel department at American Express (AXP) before heading back to school. Now at 58, she finds herself working two jobs to afford her mortgage and subsidize the care of her elderly mother.

On a Saturday morning at her ranch home in the Bridgeport suburb of Trumbull, Delesanti balances the daily chaos. "She may be dozin' right now, Dorna," she says to the tall Jamaican woman walking down the hall to greet Delesanti's groggy 86-year-old mother lying in a hospital bed. It's 8:15 a.m., and the arrival of Dorna, the caretaker, means a few hours of respite for Delesanti; her mother moved in last year as she descended into delusional dementia. Delesanti can't bear the idea of putting her mother in a facility, but can't afford the live-in care that would make her own life more manageable. She kisses her mother goodbye and walks out the door.

Soon, Delesanti is standing before her 30 Child Psychology and Development students at Housatonic Community College in Bridgeport, and she finds her rhythm. Her dry wit lights up the classroom and students thank her on the way out. She keeps notes of gratitude from past pupils and colleagues at home in a bookcase next to her computer.

Despite the praise, Delesanti's combined salaries from her teaching position and a gig selling insurance for Aflac (AFL) barely reached $30,000 last year—and she's failed to net any of the 50 or so positions she's applied for in the past four years that would have provided the security, pay, and benefits she currently lacks as a nontenured adjunct professor. She longs to buy a new shirt on impulse, or get a massage after an especially stressful week—a life more like the one she led, ironically, before going back to school. For

Delesanti and many people around her, late middle age hasn't brought the stability they grew up expecting. "I just got a notice that my house went down $60,000 in value," she says. "Luckily I'm not underwater, because I've had a house for a long time, but I'm halfway. I got half a mortgage on my house, which is way too much, I think, at my age."

Down the hall from where Delesanti lectures on Freud's id, Lazarus picks at a plate of overcooked ziti. On a winter afternoon, peppy orientation leaders cluster the 60 or so new students into groups according to their intended majors to discuss what had brought them there and what they hope to achieve. Lazarus thinks of her kids. "I can't be a hypocrite. I can't preach to them about education if I don't do it myself," she says.

Lazarus is studying to become a registered nurse, a job she estimates will more than double her wages to $33 per hour and enable her to move to a better neighborhood and replace Gerahmee's shoes before they develop holes. She'd be the first in her family to get a bachelor's degree.

The education achieved by a person's parents is one of the greatest determinants of her socioeconomic status. According to Pew, a four-year college degree is one of the most powerful drivers of economic mobility from the bottom, quadrupling a poor person's chances of making it to the top. But the poor are the least likely to attend college, tending to lack the funds and academic preparation. A typical college graduate earns $650,000 more than a high school graduate over a 40-year work life.

In his 2011 book *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*, World Bank economist Branko Milanovic likens inequality to cholesterol. Just as good cholesterol helps the body avert fat buildup, " 'good' inequality is needed to create incentives for people to study, work hard, or start risky entrepreneurial projects," he writes. It also ensures that people aren't so mobile that they can fall at any time. Too much of the bad and the arteries become blocked, triggering disease: "Rather than providing the motivation to excel, inequality provides the means to preserve acquired positions." When access to education and the best jobs are limited to those at the top, he writes, society is deprived "of the skills and knowledge of a large segment of its members (the poor)."

The point at which inequality becomes too great is largely dependent on one's political convictions. For Krueger, the U.S. has already "reached the point that inequality in incomes is causing an unhealthy division in opportunities, and is a threat to our economic growth." James Q. Wilson, the late Pepperdine University public policy professor, wrote that rather than worrying about inequality and taxing the rich to lessen it, we should instead focus on poverty reduction by doing things like teaching the poor "marketable skills" and encouraging work and marriage.

While academics and politicians squabble over the meaning of the statistics, Delesanti comes to a definitive conclusion as she looks at the numbers in front of her: The money coming in won't cover expenses for food, mortgage, and her own health insurance—let alone retirement savings—for much longer.

In Stamford, Lazarus sees education as her ticket to getting ahead. Delesanti did, too. Yet now she feels farther behind than ever before. To solve this equation, Delesanti sees only one route: Returning to her former job as an American Express travel agent for the same salary she earned 25 years ago—if she can get the position back. "I doubt I'll stop teaching," she sighs, "but someday I would like to be normal and only have one job. I've got a lot of ground to make up."

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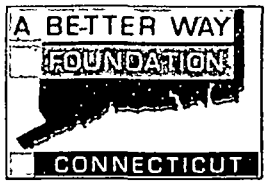

A Better Way Foundation is a Connecticut non-profit organization that is dedicated to a sensible shift in drug policy from one of incarceration to substance abuse treatment and public health

A Better Way Foundation's Testimony
Labor and Public Employees Committee
Raised SB 387 AN ACT INCREASING THE MINIMUM FAIR WAGE

January 29, 2013

Good evening Appropriations Committee. My name is LaResse Harvey and I am the Director of Strategic Relations at A Better Way Foundation. A Better Way Foundation is a statewide advocacy organization with more than 8,000 members throughout the state of Connecticut. A Better Way Foundation works with more than 200 agencies, organizations and community groups. We use research, public education, advocacy and organizing in order to create progressive drug policy and criminal justice reform in Connecticut.

A Better Way Foundation supports increasing the state minimum wage. According to **Meeting the Challenge: The Dynamics of Poverty in Connecticut** a report done by CONNECTICUT ASSOCIATION FOR COMMUNITY ACTION CONNECTICUT CENTER FOR ECONOMIC ANALYSIS released this month states, in 2010, there were more than 720,000 people or 21% of Connecticut residents living at or near poverty in Connecticut.

In 20 years residents living below Federal Poverty Guidelines increased by 45%:

- Here are a few Connecticut towns who's residence are living below Federal Poverty Guidelines population in 2010:

  - **Willington 16%**
  - **North Canaan 14%**
  - **New Britain (current) 20.5%**

- Nearly 1 in 10 residents had incomes below the Federal Poverty Line (FPL), about $11,000 for an individual or $22,000 for a family of four.

- Approximately 10% of Connecticut residents have a criminal record. Most are unable to obtain employment.

Equal employment opportunity along with a fair living wage will decrease the number of poor in our state and those in need of social services. Please support **Raised SB 387 AN ACT INCREASING THE MINIMUM FAIR WAGE.**

Respectfully,
LaResse Harvey, BSW
Director of Strategic Relations
A Better Way Foundation

PO Box 942 * Hartford, CT 06101
lharvey@abwfct.org * www abwf-ct org

VanSambeck, Mike

From: Rory Ronan <RRonan@kohlerronan.com>
Sent: Wednesday, January 30, 2013 5:25 PM
To: VanSambeck, Mike
Cc: Sen. Kane, Rob
Subject: Minimum Wage

367

Raising minimum wage rates makes it more difficult for unskilled workers to enter the labor force and get experience.

The vast majority of minimum workers are not at minimum wage one year later. It is a transitory position with people constantly entering and leaving.

An increase in the minimum wage will make it less likely that a business owner will be willing to hire and train entry level employees. It is already a tremendous investment to hire a new worker when FICA, insurance, workers comp, etc. are considered.

I am a business owner with employees in CT and NY. I have no minimum wage employees at this time but occasionally hire summer interns in great need of real world experience. There comes a point when it becomes just too expensive to pay and train an inexperienced worker.

Raising the minimum wage is bad for business, which in turn is bad for workers.

Rory S. Ronan, P.E. | LEED AP
Kohler Ronan, LLC | www.kohlerronan.com
rronan@kohlerronan.com

1370 Broadway, New York, NY 10018
212 695.2422 F 212 695.2423

301 Main Street, Danbury, CT 06810
203 778 1017 F 203 778 1018

Please consider the environment before printing this e-mail

VanSambeck, Mike

From: Laurie Beth Keller <chrislbkeller@gmail.com>
Sent: Wednesday, January 30, 2013 5:19 PM
To: VanSambeck, Mike; Sen. Kane, Rob
Subject: Senate Bill 387

As a consumer, I am highly opposed to the labor rate increases. I have watched door after door close in CT in the short 2.5 years we have lived here. Ultimately the cost increase gets passed to the consumer. When I can't afford to shop locally anymore, I shop online with companies in other states that can afford to business more economically. CT business owners are already paying higher taxes and health care costs where appropriate. To increase their salary costs means fewer employees, lower customer service, or ultimately shutting their doors. Even major corporations like UTC struggle to avoid layoffs by doing furloughs as they have for the past 2 years. To increase the cost of their labor force means to increase the likelihood of another layoff which means less cash flow to the rest of the state or worse the state having to pay out more in unemployment benefits.

Increasing labor costs in Connecticut is a lose lose situation. The issue isn't labor costs but the overall cost of living in Connecticut. My husband and I lived in Texas for 7.5 years with no income tax and only property & education tax when added equates to my property tax. They are able to support a vast state's infrastructure on far less that the second smallest state in the nation which makes no sense to me.

Raising minimum wage puts a bandaid on a problem that can't be fixed by paying employees more. Ultimately those costs trickle down and affect our beautiful state negatively.
Please vote no to minimum wage increases.

Laurie Beth Keller
Oxford, CT

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line 10

CITIZENS FOR ECONOMIC OPPORTUNITY
Corporate Responsibility Campaign

S.B. 387 - An Act Increasing the Minimum Fair Wage

My name is Karen Schuessler and I am the Director of Citizens for Economic Opportunity (CEO). CEO is a coalition of community and labor groups addressing health care reform and corporate responsibility.

I strongly support S.B. 387. Raising the minimum wage is not only an issue of justice and fairness but also economic common sense. According to the U.S. Minimum Wage Directory, full time minimum wage workers in Connecticut earn a total of $330 per week and approximately $17,160 per year. Approximately 106,000 people in CT earn the minimum wage. According to the National Employment Law Project, (a New York based advocacy group for employment rights for lower wage workers), the majority of low-wage workers are employed by large corporations, mainly, national chains, not small businesses. For instance, retail is Connecticut's largest low-wage industry with approximately 162,000 workers and 57% of those workers are at the very largest national chains with 500 or more employees. Furthermore, the five largest low-wage employers Wal-Mart, McDonald's, Yum Brands (the operator of fast food chains Pizza Hut, KFC, and Taco Bell), Target and Sodexo (a provider of food and facilities management services) have an estimated 30,000 Connecticut workers. The cash holdings, dividends and profits of these companies are higher than before the 2007 recession and they can well afford to pay their employees the minimum wage. In addition, compensation for their CEO's averaged $14.5 million for these five largest low-wage employers.

It is good for the country and good for democracy to raise the minimum wage. It helps reduce the gap in incomes between the poor and the wealthy. Raising the minimum wage would strengthen our society by allowing for the improved health of workers (they have more money to spend on health care), greater educational opportunities and reduced social assistance. As the minimum wage increases there is more taxpayer money going into improving other areas of the community. Putting more money in the pockets of the lowest-paid workers, who have little choice but to spend money immediately helps restore consumer spending.

Unfortunately, low-wage work is becoming the livelihood for an expanding number of workers. According to an analysis of the National Employment Law Project, the majority of jobs lost during and after the recession were in mid-wage occupations, and approximately three-quarters of jobs added since job growth resumed are low-wage.

In June of 2011, a group of economists presented 15 years worth of research at the Center for American Progress (a public policy research and advocacy organization in Washington D.C). They argued that higher minimum wages pump more money into the economy and do not cut into job growth. Michael Reich, an economics professor and director of the Institute for Research on Labor Employment at the University of California, Berkeley, said his research has shown that businesses do not suffer from having to pay slightly higher wages to their lowest

C.E.O. ◆ 111 South Road ◆ Farmington, CT 06032 ◆ (860) 674-0143 ◆ Fax: (860) 674-0196

CITIZENS FOR ECONOMIC OPPORTUNITY
Corporate Responsibility Campaign

paid employees. He stated turnover rates are reduced when there is a minimum wage increase. He argued that employees will stay longer and be more experienced and more productive.

Now is the time to raise our voices to ensure we help workers who are struggling to afford the basic necessities of life. Passing S.B. 387 is the fair and moral thing to do.

Karen Schuessler
Director
Citizens for Economic Opportunity
860-674-0143

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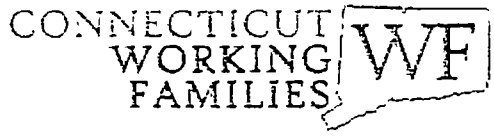
line 6



30 Arbor St Suite 210
Hartford, CT 06106
(860) 523-1699
http //connecticutworkingfamilies org/

January 31, 2013

To the Co-Chairs and members of the Labor and Public Employees Committee:

Testimony in SUPPORT of SB 387 An Act Increasing the Fair Minimum Wage

Submitted by Kennard Ray, Legislative Director

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and Members of the Labor Committee, thank you for raising the issue of increasing our state's minimum wage and allowing me to speak on it today.

I on behalf of Connecticut Working Families would like to lend my support to SB 387. Supporting this bill will be a big step – but not the only – in helping lift more than 106,000 workers in Connecticut out of a pattern of earning poverty wages.

Just a short walk from here, through Bushnell Park, into Union Station, there is a small Subway Restaurant. Makeda, a server at Subway that has taken my order and serviced me with a smile and care several times over the last two years, works hard to make sure her customers are happy. So it came as somewhat of a shock when I found out, just Tuesday night of this week, that for the more than three years that Makeda has been employed at Subway, she has only seen a raise of fifty cents. At $8.75 an hour, with three children and an underemployed spouse, Makeda just can't make ends meet without public assistance. At some point, Makeda says her employer offered her a benefits package so weak and so costly that she was forced to forgo it and opt for the state's Husky healthcare plan for her and her children. Makeda, like the 106,000 other workers who are working for minimum wage or just slightly above, is living in poverty – making enough to get by, but never ahead.

In recent weeks and months, Connecticut has gained national media attention for all of the wrong reasons. CNN, Bloomberg, BusinessWeek, Forbes, and more have all pinpointed Connecticut as ground zero of economic inequality, being the second most unequal state in the nation. The divide between rich and poor in our state has gotten so bad, studies show that if Fairfield County was a nation of it's own, it would be the 12th most economic disparate in the world – more unequal than third world countries such as Guatemala and Swaziland. There is no excuse for this.

In recent years our state has taken the right steps to remedy these problems. Good legislation like the state EITC and Paid Sick Days, work to protect and uplift workers who have financially been left behind by inflation and bad corporate policies. I pause to think of Makeda when I say this because each time inflation has increased the cost of living over the last three years without Makeda receiving a raise, she in essence took a pay cut that she did not sign up for. It is really simple math, if your dollar is not worth what it was worth yesterday, today – then you are that much poorer. And when that's coupled with bad corporate policies like that of Subway, that charge their employees a cost prohibitive co-pay for incomprehensive benefits, then the state is left holding the bag, and Subway gets away with the profits.

EITC and Paid Sick Days are great bills, but they won't work alone. There is no silver bullet that will pass this session and end poverty by June. Poverty in our state has to be comprehensively addressed by a battery of legislation reminiscent of President Johnson's "War on Poverty" that ensures that work pays. Already having been declared as the ground zero of economic inequality, now is the time that Connecticut makes the tough decisions to do what it takes to reclaim our state from poverty.

Just days ago a report was released right here in the Legislative Office Building, by the Connecticut Association for Community Action and Connecticut Center for Economic Analysis citing nearly 720,000 or 21 percent of Connecticut's resident's currently living at or near the poverty line. Now that's astoundingly bad. But what makes matters worse, is that of Connecticut's 169 municipalities, 131 have seen increases in poverty over the past two decades. While increasing the minimum wage will not help all that are in poverty, it will be a healthy start in lifting the 106,000 workers who are treading on the poverty line, up towards economic independence.

And fiscally, for our state, this is a good deal. It's revenue neutral, costing the state nothing, yet adding new payees onto the tax rolls. As the saying goes, "the rising tide lifts all ships" and a boost to the minimum wage will not only help those lowest paid among us, but will also lift those working above minimum wage as well. It also puts money back on Main Street, allowing minimum wage workers to spend more money right at home, at businesses in their towns and local centers.

Just for some history on minimum wage, the minimum wage was created in 1933 to battle back against the Great Depression and help workers deeply affected by poverty. The policy was a boost for the economy and helped the working poor ascend to what is now known as the working and middle class. From the point it was created until 1968, the minimum wage was raised frequently enough to keep pace with the cost of living, known today as indexing. A family's earnings were able to keep the pace with the economy without the fear of falling behind. Had the federal policy of indexing remained intact and passed down to all of the states, our country's minimum wage would be now at $10.68, more than one dollar less than the currently proposed $9.75 in SB 387. Instead, in real terms when adjusted for inflation, the minimum wage fell more than 29 percent over the nearly three decades between 1979 and 2003. That's why we must be diligent in ensuring that the raise in minimum wage includes a cost of living adjustment (COLA) index so that

families are not left behind each time the cost of living goes up. Ten states – Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont, and Washington – currently index their minimum wage. The tricky thing is, again, making sure inflation comes after the increase, so that we're not indexing at a pace that will lock workers into poverty wages in perpetuity. Nine states with indexing in place automatically increased their states' minimum wages this pass January 1st, once costs went up, a boon for workers and those state's respective economies. While the increases average only between 15 and 20 cents with automatic index increases, this goes a long way for a worker who needs an additional 20 cents at the pump or in the checkout line. What's more, it will put the minimum wage legislative story to bed so that we can focus on the complementary and corresponding pieces of legislation needed to lift our state's 700,000 plus families out of poverty.

And it's important that we put this in proper perspective. 57.4 percent of low-wage workers in the United States are over the age of 30. The argument that the opposition makes – that low/minimum wage workers are high school kids looking for an entry way or stepping stone is just not true and needs to be put to rest. Take a walk across the street to the Dunkin Donuts at Capitol and Lawrence and I challenge you to find a teenager working behind the counter. I challenge you to then ask those same adult workers how long they've been working there and how much they are paid per hour. I am sure you will be as shocked as I was. The most disturbing argument made during last session's minimum wage debate was levied by Stan Sorkin of the Connecticut Food Association, who in a release to the press said that not only were minimum wage workers most often under 18, but of those young people pulling in a minimum wage, many were not just working for extra pocket money, but also to "help support their families". That is broken, unacceptable thinking. No 16 or 17 year old should be left to shoulder the burden of their family's economic well-being. This can only happen when poor economic policy prevails, when businessmen like Mr. Sorkin are allowed to make money hand over fist, while the workers that they represent are left to languish at, near, or below the poverty line. Furthermore, in the argument of teen employment and teen pay, let's not turn a blind eye to the world and ignore our reality – teen parenting is by no means a new phenomenon. Connecticut's cities over the years have all taken turns leading the nation in per capita teen pregnancy rates. While it may not be ideal, it is a reality and if there is just one teen parent working in this state – which is not the case – to provide for themselves and their family, then we have to do all we can to make sure that their right to make a fair and living wage is protected and not prejudge or discriminated because of their age.

It's important to note that we know exactly who is paying minimum wage in Connecticut and across the country. The ten most egregious offenders here in Connecticut and nationally are the usual suspects: Wal-Mart, Yum Brands (Taco Bell, Pizza Hut, KFC), McDonald's, Target, Sears, Subway, Burger King, ARAMARK, Starbucks and DineEquity which owns both Applebee's and IHOP. Small business owners by and large are not paying the minimum wage – it's the corporate behemoths who have adopted a perfected a national plan of paying workers as little

as wage standards allow, and leave healthcare and benefits in the hands of state and federal safety nets. This is wrong. This is corporate fleecing of our state and federal resources and it is time that we all held these corporations accountable. Again a big step in doing that is increasing and indexing the minimum wage. It's time that we kept Connecticut's economic wealth right here at home in our economy and stop sending it away to corporate CEOs and shareholders. It's time that we get up to speed, and play catch up to responsible business owners like Doug Wade, president of Wade Dairy in Bridgeport – a business that has lasted through four generations, in place in Connecticut since the 1890's and start's their employees off at $14.00 an hour. Doug and his family's business have proven to be depression proof and recession proof while all the while being dedicated to employing Connecticut families and boosting our local economy. In our conversation just yesterday with Doug, he told me that his "biggest thrill is when one of my employees becomes a homeowner" and that's exactly the kinds of business people our state needs - those looking to add on, both socially and economically, to our state's landscape – not poke holes in it. Doug knows what all good business owners know – a fair, living wage only helps your business because your human capital is the most important capital in any business. It encourages employee loyalty as Mr. Wade told me that most of his 47 employees have been with him upwards of 8 years. In turns families feel a real – not imagined – sense of financial security, allowing them to pay attention to their families health and education, instead of worrying about pulling in a second or third job to make ends meet.

Now is the time to raise Connecticut's minimum wage – working families just can't wait. It's time to restore Connecticut's good name and pull us up in the minds of the media. The economic ground zero of inequality is not what our state should or want to be known for. New York's Governor Cuomo has called for an increase in the minimum wage this year, and rightly so. Please do the right thing and support SB 387.

Thank you for your time and the opportunity to speak.

Indexed State Minimum Wage Rates, January 2013

State	State Minimum Wage	Tipped Minimum Wage	How Tipped Minimum Wage is Calculated	Effective % of Full Minimum Wage	Indexing?
* = no state minimum wage					
** = state minimum wage below the federal minimum wage					
Arizona	$7.80	$4.80	State minimum wage minus $3.00	62%	X
Colorado	$7.78	$4.76	State minimum wage minus $3.02	61%	X
Florida	$7.79	$4.77	State minimum wage minus $3.02	61%	X
Missouri	$7.35	$3.68	50% of state minimum wage	50%	X
Montana	$7.80	$7.80	Full state minimum wage	100%	X
Nevada	$8.25	$8.25	Full state minimum wage	100%	X (referencing 2004 value of min wage)
Ohio	$7.85	$3.93	50% of state minimum wage	50%	X
Oregon	$8.95	$8.95	Full state minimum wage	100%	X
Vermont	$8.60	$4 17	Set at $3.65 on 1/1/2008, increased annually by same percentage as full state minimum wage	48%	X
Washington	$9.19	$9.19	Full state minimum wage	100%	X

NELP · National Employment Law Project

DATA BRIEF
July 2012

Big Business, Corporate Profits, and the Minimum Wage

Executive Summary

America's low-wage economy is marked by two extremes. On the one hand, workers earning at or near the minimum wage are seeing the real value of their paychecks diminish steadily over time, as the cost of living increases while their wages remain stagnant. After nearly half a century of neglect, today's federal minimum wage of $7.25 per hour is decades out of date In terms of purchasing power, its value is 30 percent lower today than it was in 1968.[1]

On the other hand, many corporations are posting record-breaking profits. *The Wall Street Journal* reported earlier this year that, after sinking from 2007 to 2009, corporate profits had successfully caught up to their pre-recession peak by the beginning of 2010 – and that by the third quarter of 2011, total profits for U.S. corporations reached a new record high of $1.97 trillion.[2]

This report examines the connection between these opposing extremes of stagnant wages and soaring corporate profits While a great deal of attention has been directed at the role of Wall Street and the financial sector in driving economic inequality in the U.S , it is important to recognize that the top low-wage employers also bear responsibility for the growing disparity between corporate profits and worker compensation

The central finding of this report is that the majority of America's lowest-paid workers are employed by large corporations, not small businesses, and that most of the largest low-wage employers have recovered from the recession and are in a strong financial position.

Specifically:

- The majority (66 percent) of low-wage workers are not employed by small businesses, but rather by large corporations with over 100 employees;
- The 50 largest employers of low-wage workers have largely recovered from the recession and most are in strong financial positions. 92 percent were profitable last year; 78 percent have been profitable for the last three years; 75 percent have higher revenues now than before the recession, 73 percent have higher cash holdings; and 63 percent have higher operating margins (a measure of profitability).
- Top executive compensation averaged $9 4 million last year at these firms, and they have returned $174.8 billion to shareholders in dividends or share buybacks over the past five years.

Three years after the official end of the Great Recession, the U S continues to face a dual-crisis of stagnant wages and sluggish job growth Critics argue that a higher minimum wage will discourage companies from hiring, and that most low-wage employers are small businesses that are still struggling in a weak economy. In fact, this report demonstrates that the majority of low-wage workers are employed by large corporations, most of which are enjoying strong profits

Background

Low-Wage Jobs Are Concentrated in a Small Number of Industries

In 2011, more than one in four private sector jobs (26 percent) were low-wage positions paying less than $10 per hour.[3] These jobs, moreover, were concentrated in industries where low-wage workers make up a substantial share – in some cases more than half – of the entire workforce.

While these heavily low-wage industries account for only one-third of all private sector employment in the U.S., **52.1 percent** of all low-wage workers were employed in these five industries in 2011 (see Table 1).

Because these few industries employ such a significant share of America's lowest-paid workers, the wages that prevail in these sectors help set standards for the bottom end of the labor market as a whole.

Table 1: Top five low-wage industries

Industry	Percent of industry that is low-wage
Food services	57.4
Accommodation	40 0
Retail trade	36 5
Arts, entertainment & recreation	34.2
Administrative services	33.2

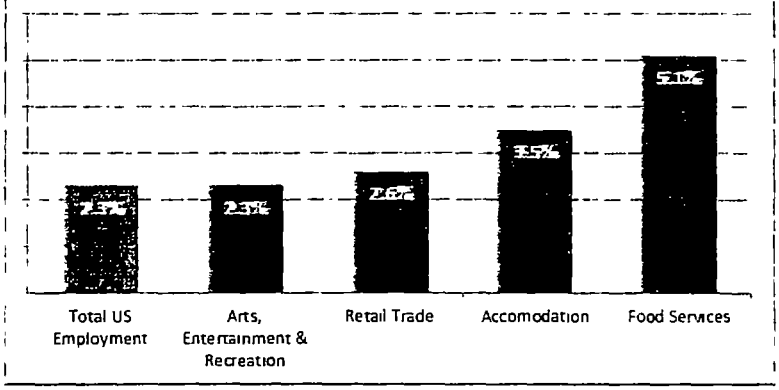
Source: NELP Analysis of Current Population Survey (2009-2011)

Low-Wage Industries Are Growing Faster Than the Rest of the Economy

For more than 30 years, the U S. economy has seen growing wage inequality, as middle-wage jobs in manufacturing have moved overseas and new growth has been concentrated in lower- and higher-paying service industries. This trend has been exacerbated by bottom-heavy growth since the recession. In the two years since U S. employment reached its lowest-point in February 2010, jobs in low-wage industries have grown significantly faster than employment as a whole (see Figure 1).

This trend, moreover, is expected to continue: the Bureau of Labor Statistics estimates that 7 out of the top 10 top growth occupations over the next decade are low-wage ones.[4]

Figure 1: Employment growth by industry, Feb. 2010 - Feb. 2012



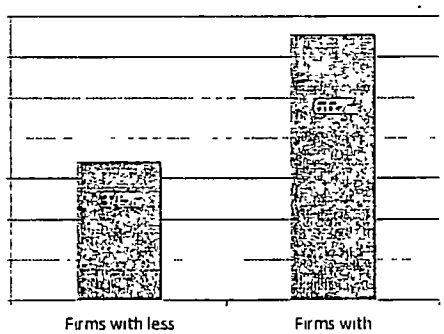
Source NELP Analysis of Current Employment Survey

Findings

1. Big Businesses Employ the Majority of Low-Wage Workers

In addition to their concentration in a handful of industries, the majority of low-wage workers are employed by large firms rather than small businesses. **Two-thirds** of all low-wage workers (66 percent) are employed by firms with over 100 total employees (see Figure 2).

Figure 2. Share of workforce that is low-wage, by firm size



Source NELP Analysis of Current Population Survey (2009-2011)

Contrary to what critics sometimes suggest, the majority of the impact of any increase in the minimum wage will therefore be felt by large companies and corporations rather than small mom-and-pop establishments.

2. Most Large, Low-Wage Employers Have Already Recovered from the Recession

Opponents of raising the minimum wage argue that an increase will slow down the post-recession recovery, and is more than struggling employers can absorb at this point in the business cycle. To shed light on this claim, we examined the financial position of the nation's largest employers in low-wage industries – the businesses that employ a disproportionate share of the workers that would be affected by a minimum wage increase.

Examining the top 50 low-wage employers using a variety of financial performance measures, we found that **most of the nation's largest low-wage employers are in a strong financial position** and that, by several measures, **the substantial majority have fully recovered from the recession and are in an even stronger position than before.**

Among the 50 largest low-wage employers, we find:

- 92 percent were **profitable last year**
- 78 percent were **profitable for the past 3 years**
- 75 percent are earning **higher revenue** now than before the recession
- 63 percent are earning **higher profits** now than before the recession
- 63 percent have a **higher operating margin** (a measure of profitability) now than before the recession
- 73 percent have **higher cash holdings** now than before the recession

The names of the 50 largest low-wage employers and data on their financial performance are presented in Appendix I. The sources and methodology used in conducting this analysis are explained in Appendix II

As most of the largest low-wage employers in the U.S. have successfully recovered from the recession, they have shared their profits generously with their top executives and shareholders, while wages for frontline workers in these industries have remained stagnant:

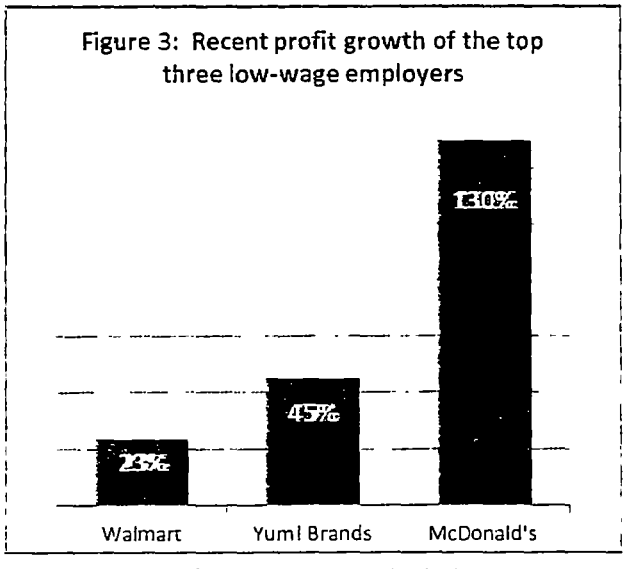
- In the most recent fiscal year, the top-paid executive at each of these 50 companies was awarded an average **$9.4 million in compensation** – even as many of their employees are paid at or near the minimum wage (just over $15,000 per year).[5]

- The top 50 low-wage employers have distributed **$174.8 billion in dividend payments and share buybacks** to their stock holders over the past five fiscal years.[6]

These numbers make clear that most of the low-wage employers that would be disproportionately affected by an increase in the minimum wage are in a strong financial position and can afford the cost of a higher minimum wage The fact that post-recession profit growth for these businesses has not resulted in higher wages for the lowest-paid workers in their industries reveals the critical importance of a strong minimum wage in setting fair pay standards.

3. In Focus: The Top Three Low-Wage Employers

The three largest low-wage employers in the United States – Wal-Mart, Yum! Brands (the operator of fast food chains Pizza Hut, Taco Bell, and KFC), and McDonald's – offer a revealing look at the resiliency of low-wage employers in the post-recession economy



Source NELP analysis of Standard & Poor's Capital IQ database

Each of these corporations was profitable during all of the last three fiscal years, and each of them now earns profits that are substantially higher than their pre-recession levels. Figure 3 shows the profit growth of these top low-wage employers over the last four fiscal years

As their profits have rebounded, these companies have awarded their top executives multi-million dollar compensation packages. At the same time, a very large amount of firm revenue – totaling thousands of dollars per employee per year – has been returned to shareholders through dividends and stock buybacks. Taken together, the scale of the executive compensation packages, dividends and stock buybacks illustrate the resources readily available to cover the cost of a higher minimum wage.

Table 2: Executive compensation and dividends/share buybacks (most recent fiscal year)

	Compensation of highest-paid executive	Hourly compensation of highest-paid executive	Dividends and share buybacks	Dividends and share buybacks per worker
Walmart	$18.1 million	$9,066	$11.3 billion	$8,104
Yum! Brands	$20.4 million	$10,206	$1 2 billion	$1,401
McDonald's	$4.1 million	$2,037	$6.0 billion	$6,945

Source NELP analysis of Standard & Poor's Capital IQ database

Conclusion

Those who oppose an increase in the minimum wage often argue that they are looking out for the best interests of low-wage workers. They suggest that even a modest increase in the minimum wage would force businesses to cut their payrolls, reducing employment opportunities for the very workers that this policy is intended to help.

In reality, however, the facts do not support the claim that employers cannot afford higher wages. As this report makes clear, the majority of low-wage workers are actually employed by large corporations. Financial indicators for the nation's top low-wage employers show that most are in a strong financial position, are earning profits above their pre-recession levels, and are sharing those profits generously with their top executives and shareholders. Taken together, these indicators show that the nation's top low-wage employers can readily afford to pay for a higher minimum wage for their lowest-paid employees.

Appendix I: Financial Condition of 50 Largest Low-Wage Employers (ranked by size of U.S. workforce)

Company	U.S Workforce	Compensation of Highest-Paid Executive (Last Fiscal Year)	Profitable In Last Fiscal Year	Profitable Over Last 3 Fiscal Years	Current Levels as Compared to Pre-Recession Levels			
					Higher Revenue	Higher Profits	Higher Operating Margin	Higher Cash Holdings
Wal-Mart Stores, Inc	1,400,000	$ 18,131,738	x	x	x	x	X	x
Yum! Brands, Inc (Taco Bell, Pizza Hut, KFC)	880,330	$ 20,411,852	x	x	x	x	x	x
McDonald's Corp	859,978	$ 4,073,748	x	x	x	x	x	x
Target Corp	365,000	$ 19,707,107	x	x	x	x		
Sears Holdings Corporation	264,000	$ 9,932,924						
Doctor's Associates, Inc (Subway)	250,810		x		x	x		
Burger King Holdings, Inc	191,815	$ 4,015,619	x	x	x		x	x
ARAMARK Corporation	180,000	$ 7,379,520	x		x	x		x
Starbucks Corporation	176,533	$ 16,079,480	x	x	x	x	x	x
DineEquity, Inc (Applebee's, IHOP)	173,350	$ 5,392,402	x		x	x		x
Compass Group PLC	171,596	$ 3,649,441	x	x	x	x	x	x
Macy's, Inc	171,000	$ 17,650,702	x	x	x	x	x	x
The Wendy's Company	168,672	$ 16,537,725	x		x		x	x
Darden Restaurants, Inc (Olive Garden, Red Lobster, Capital Grille)	165,475	$ 8,480,148	x	x	x	x	x	x
J C Penney Company, Inc	159,000	$ 53,281,505						
Kohl's Corp	142,000	$ 9,422,443	x	x	x	x	x	x
Dunkin' Brands Group, Inc	132,000	$ 1,957,925	x	x				
The TJX Companies, Inc (T J Maxx, Marshall's)	129,600	$ 11,087,649	x	x	x	x	x	x
Sodexo S A	117,323	$ 4,690,465	x	x	x	x	x	x
Domino's Pizza, Inc	98,220	$ 6,348,151	x	x	x	x	x	x
Sonic Corp	92,800	$ 1,918,812	x	x				x
Jack in the Box, Inc	90,747	$ 5,305,780	x	x				
Dollar General Corporation	90,000	$ 3,832,369	x	x	x	x	x	x
Brinker International, Inc (Chili's)	85,952	$ 3,618,325	x	x			x	
Bloomin' Brands, Inc (Outback Steakhouse)	85,200	$ 8,547,239	x					
Abercrombie & Fitch Co	81,474	$ 48,069,473	x	x	x			x
Denny's Corporation	72,415	$ 2,329,017	x	x		x	x	
Papa John's International, Inc	72,000	$ 2,745,219	x	x	x	x	x	x
Dollar Tree, Inc	71,046	$ 6,144,416	x	x	x	x	x	x
Panera Bread Co	67,755	$ 3,023,829	x	x	x	x	x	x
Cracker Barrel Old Country Store	67,000	$ 6,437,444	x	x	x			x
CKE Restaurants, Inc (Carl's Jr, Hardee's)	63,861	$ 4,485,055						x
Ross Stores, Inc	53,900	$ 12,478,239	x	x	x	x	x	x

Seven & I Holdings (7-11)	53,784		x	x			x	x
Buffalo Wild Wings, Inc	52,745	$ 2,115,112	x	x	x	x	x	
Family Dollar Stores, Inc	52,000	$ 4,747,395	x	x	x	x	x	
Bob Evans Farms, Inc	46,818	$ 3,634,208	x	x		x	x	x
Alimentation Couche-Tard, Inc (Circle K)	44,892	$ 3,509,252	x	x	x	x	x	x
Gap, Inc	43,624	$ 9,711,500	x	x			x	
Ruby Tuesday, Inc	42,799	$ 4,633,115	x					
American Eagle Outfitters, Inc	36,112	$ 14,404,763	x	x	x			x
Big Lots, Inc.	35,399	$ 11,924,662	x	x	x	x	x	x
Office Depot, Inc	34,952	$ 6,941,935	x					x
Texas Roadhouse, Inc	33,000	$ 614,800	x	x	x	x		x
Staples, Inc	32,991	$ 8,861,104	x	x	x			
The Cheesecake Factory Inc	32,200	$ 4,136,642	x	x	x	x	x	x
Chipotle Mexican Grill, Inc	30,940	$ 19,391,571	x	x	x	x	x	x
Red Robin Gourmet Burgers, Inc	30,254	$ 2,467,703	x	x	x			x
Barnes & Noble, Inc	30,000	$ 1,888,341			x			
Biglan Holdings Inc (Steak 'n Shake)	29,289	$ 4,922,655	x	x	x	x	x	x
Total	**7,852,651**	**$ 451,070,519**	**92%**	**78%**	**75%**	**63%**	**63%**	**73%**
Average	**157,053**	**$ 9,397,302**						

** Fields are shaded where data was not available*

Source: NELP Analysis of Standard & Poor's Capital IQ database. See Appendix II for detail on sources and methodology.

Appendix II: Notes on Sources and Methodology

1) *Financial Indicator Comparisons* For the top 50 employers in low-wage industries by U S employment (identified as detailed below), retrieved a range of financial data from the five most recent fiscal years using Standard &Poor's Capital IQ For non-U S -based companies that report their financial results in other currencies, converted all figures to U S dollars based on the historical exchange rate for the year in which the results were reported.

2) *Pre and Post-Recession Comparisons* Evaluation of pre and post-recession financial performance in Appendix I and Figure 4 was based on comparison of selected financial indicators from the most recent available fiscal year with those of the fiscal year four years prior. For example, for companies whose most recent fiscal year ended in 2011, post-recession financial performance was evaluated by comparing indicators from FY 2011 with those from FY 2007 However, for the many retailers that have fiscal years ending in January (in order to include holiday sales), compared indicators for FY 2012 with those for FY 2008 Because pre-recession financial data was unavailable for two of the 50 companies, Dunkin' Brands, Inc. and Bloomin' Brands, Inc., some of the summary figures are based on the top 48 companies rather than the full 50

3) *Identifying Top 50 Employers in Low-Wage Industries*

   a *Identifying Low-Wage Sectors* Using BLS/Current Population Survey report on Characteristics of Minimum Wage Workers (http://www bls gov/cps/minwage2011tbls htm#5), identified three sectors that together employ 69 9% of workers paid at or below the minimum wage – 2 96 million workers at or below the minimum wage out of 3 8 million nationally. Sectors Leisure and Hospitality, Retail Trade, Education and Health Services. Using crosswalk of Census Industry Classifications to 2007 NAICS codes (http //www bls gov/cps/cenind pdf), pulled NAICS sector codes associated with each sector identified (Retail Trade (44-45), Leisure and Hospitality (71-72), Education and Health Services (61-62).

   b *Identifying Lowest-Wage Industries within Low-Wage Sectors* Using industry-specific employment and wage estimates from the BLS Occupational and Employment Statistics (OES) program (http://www.bls.gov/oes/oes_dl htm), identified industries that fall within the sectors identified in (a) Filtered these industries to identify those for which the median percentile hourly wage is $10 00 per hour or less. This yielded 12 industries encompassing 13.6 million total employees Using crosswalks of 2007 NAICS to 2002 NAICS to 1987 SIC, translated Low-wage NAICS industry codes into SIC codes

   c. *Identifying Companies within Low-Wage Industries* Used Capital IQ Screening tool to generate a list of companies meeting the following criteria. Primary SIC Code matches low-wage list generated in (b), Incorporated in the US, FY 2011 Total Revenue >$0. Yield 106 companies (102 after de-duping by parent company and removing firms without reported employees Then used Capital IQ Screening tool to generate a second list of global companies that do not report U S. locations, yet have substantial U S segment revenue and meet the following criteria Primary SIC Code matches low-wage list generated in (b); NOT Incorporated in the US, Geographic Segment Revenue· United States Segment Revenue >10%. Yield: 5 companies Then removed companies from list whose primary business is operating franchised locations of brands owned by other companies on the list, removed companies from the list that have starting wages above $10 00 per hour (source Glassdoor.com employee-generated reports), and added companies that are large franchisors in low-wage industries, using the Franchise Times 2011 list of Top 200 Franchisors (link)

   d *Determining Companies' U S Workforces.* Using available public information, estimated each company's total U S. workforce. When possible, pulled the U S workforce from public companies' SEC filings. When SEC filings were unclear or unavailable, calculated estimated U S workforce numbers based on a range of sources, including press reports, ratio of U S locations to overseas locations, and public estimates of average workers per location. For franchisor companies, attributed all estimated U S employment by franchisees to the franchisor itself This attribution is justified given the widely-

recognized significant degree of influence that franchisors exercise over the business operations of franchisees

Endnotes

[1] NELP analysis using Consumer Price Index, available at http.//www raisetheminimumwage com/facts/entry/amount-with-inflation/

[2] David Reilly, "U S. Tax Haul Trails Profit Surge," *Wall Street Journal*, Jan 4, 2012, available at http·//online wsj com/article/SB10001424052970204368104577138891310893150.html

[3] NELP analysis of Current Population Survey (2009-2011).

[4] U S Department of Labor, Bureau of Labor Statistics, "Occupational Employment Projections to 2020," published in the Monthly Labor Review, Jan. 2012, *available at* http //www bls gov/emp/ep_table_104.htm

[5] Executive compensation data unavailable for Doctor's Associates, Inc and Seven & I Holdings

[6] Dividend payment and share buyback data unavailable for Doctor's Associates, Inc and Seven & I Holdings

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EDITORIAL

Bad Timing On Minimum Wage

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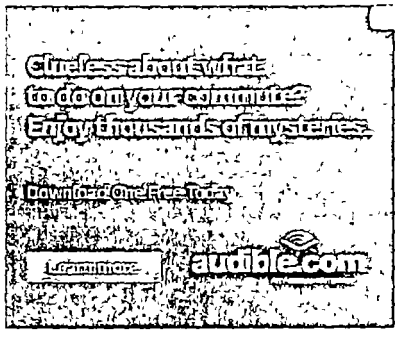
Hikes on top of tax increases, sick pay would look business-unfriendly

February 02, 2012

House Speaker Christopher Donovan and other Democratic lawmakers are proposing hikes in Connecticut's minimum wage that could make it highest in the nation.

It's probably meant as a kindhearted gesture from the Menden Democrat who is running for Congress. But it would be cruel to at least one vulnerable group of workers — teenagers.



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Last summer, nationwide, only a quarter of teens 16 and older held jobs. That 25 percent jobless rate equaled the nation's unemployment rate at the height of the Great Depression.

For African American teenagers, the jobless rate was 46 percent.

Compare those rates with 1994, when more than half of teens had summer jobs.

A minimum-wage job is often a rite of passage for teenagers. But will Connecticut employers hire more teens at higher wages? Common sense says no. So do studies at major universities, which have found that for every 10 percent increase in the minimum wage, there's a significant decline in teen employment, from 3 to 9 percent.

The hike proposed by Democratic lawmakers would raise the $8.25 hourly pay to $9 in July (making it the second highest in the nation) and $9.75 next year. Thereafter the hike would be tied to the rate of inflation.

This is not the way to lift Connecticut off the bottom of the job-creation floor.

Supermarkets are a major employer of teenagers. The Connecticut Food Association said Thursday that a minimum wage hike would hurt the industry that makes a profit of just one penny on every dollar it brings in and that is already struggling under the state's sick-leave mandate.

Up to 40 percent of a supermarket's part-time workers are 18 or younger. They're usually enrolled in high school and working not just for pocket money but in many cases to help support their families. A higher minimum wage would threaten not just their jobs but those of higher earners as well, the Food Association said.

In the past year, the Democratic-controlled legislature has also enacted the Earned Income Tax Credit and a big tax increase to balance the budget. Fortunately, a voice of reason has called for pause. Gov. Dannel P. Malloy wonders if this is the right time to add yet another burden on businesses just starting to emerge from a brutal recession.

He need not wonder. It's a bad time if Connecticut is trying to send the message that it's open for business.

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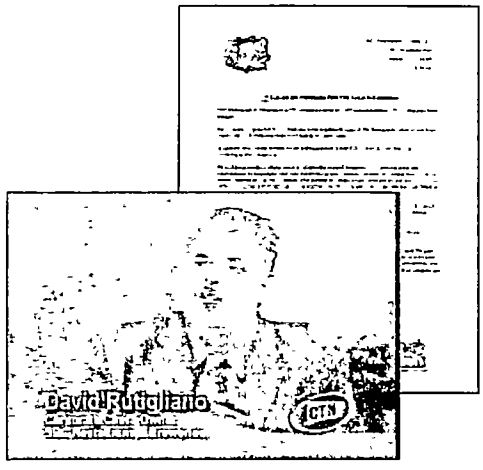

After opposing Paid Sick Days under the auspices that it would be hurtful to business in the spring of 2011, business owner and now State Representative David Rutigliano and partners at SBC Co. opened a new location, only months after the bill was passed into law. Proof that good bills for workers are also good for business.

SBC reinvents itself with Sitting Duck Tavern

STRATFORD — With the economy in a rut, the creators of Southport Brewing Co. are re-imagining the local restaurant chain's concept.

Smaller dining rooms. Smaller, more creative menus. That's what locals want from their neighborhood eatery, said SBC's Chief Executive Officer Bill Dasilva. And that's what this slowly recovering economy best supports, he said.

So far that theory is working. In late August, the company opened Sitting Duck Tavern. SBC's premier sister restaurant on Main Street. Dasilva described Sitting Duck as a small neighborhood pub with a cozy, coastal ambiance and boldly flavored American foods.

Sitting Duck is similar to SBC restaurants — penne rustica, a SBC favorite — is also on the tavern's menu, but Dasilva points out a couple of important differences: size and creativity in the kitchen.

Rochelle Palacha

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line 15
Speaking in place of her Mother Jennifer Britton

In support of SB 387-minimum wage

My name is Jennifer Britton.

I am here to support an increase in the minimum wage.

As an immigrant, I came here with the hope of giving my children and future grandchildren a better life. As a mother and now grandmother I wonder if I will be able to do so.

I have been working for a retail establishment for the past 7 years. I currently make $9.62 per hour with no benefits. I work really hard and I take pride in my work. As a store attendant I assist customers in the fitting room and around the store. I do inventory and merchandizing. It is back-breaking work. You are on your feet the whole time. Some of my co-workers and I, young and old are constantly in pain because of standing all the time.

Sometimes, when I see my paycheck I cry. I work so hard and at the end of the week I have nothing to show for it. It is a shame that after 7 years of hard work I only make $9.62 per hour. I can barely take care of my basic needs.

I am not asking for much. I just want to receive a fair wage for an honest day's work. I hate to have to decide between putting food on the table and paying a bill. Everything else is increasing; food, utilities why not peoples' wages. My understanding of the minimum wage is that if it had kept pace with inflation my co-workers and I would be making at least $10 per hour to start. That would make a huge difference in buying food, paying rent and paying our mortgages. I urge you to increase the minimum wage now because working people are hurting... I am hurting.

Thank you,

Jennifer Britton
39 Lenox Street
Hartford, CT 06112

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Testimony before the Labor Committee
January 31, 2013

Re: S.B. 387, An Act Increasing the Minimum Fair Wage

Submitted by Lisa Roger, Family Self-Sufficiency Manager, Norwalk Housing Authority, lroger@norwalkha.org, 203-838-8471 X188

Good afternoon. My name is Lisa Roger, and I'm the Family Self-Sufficiency Manager at the Norwalk Housing Authority. Our team of three serves approximately 1500 low-income families in public housing and subsidized rental Section 8 housing. We help residents with their needs including employment, education, childcare, and more to enable them to become more economically independent.

USA.com ranked Connecticut as the state with the fourth highest median household income at $64,576. This was based on 2010 data from the U.S. Census American Community Survey (ACS). Also according to ACS, while the median household income for the city of Norwalk was $76,161, the median income of the South Norwalk Census tract (044100) where most NHA residents reside was $39,493. Finally, in comparison, the average income of all NHA family households with an average family size of 2.5 persons is $19,841.

Many people wrongly assume that only high school kids or drop-outs receive minimum wage at $8.25 per hour. The fact is that 10% of all workers in Connecticut earn less than $9.75 per hour, the proposed minimum wage rate for July 2014. Of these, 80% are 20 years and older, and 80% have at least a high school diploma.

Sara is a Norwalk Housing Authority resident in her mid-fifties and works part-time at a major retailer as a cashier. Sara has a 20-year old unemployed son who had also been working as a cashier. Both Sara and her son have their high school diplomas. Although Sara has requested a full-time job, her employer has repeatedly denied her request. At almost minimum wage, Sara's annual salary had been approximately $16,000 per year. Her hours are inconsistent making it difficult for her to take on a second job or advance her education and improve her English because her schedule is constantly changing. In the past, she requested a schedule change that would allow her to take English classes. She was reprimanded with a significant cut in hours. If the minimum wage increased this year, her salary could increase by $1,000 annually and could help her to better make ends meet.

Thank you, Representative Tercyak, Senator Osten and members of the committee for allowing me this opportunity to come before you to speak on behalf of Sara and other low-income people in my home state of Connecticut. As residents of Connecticut, we each have a vested interest in helping our friends and families succeed during these difficult economic times.

Housing Authority of the City of Norwalk
P O. Box 508, 24 1/2 Monroe Street, Norwalk, Connecticut 06856-0508
203-838-8471 . Fax 203-838-6535. TDD 1-800-545-1833 ext. 437
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TESTIMONY OF JAMES BHANDARY-ALEXANDER
New Haven Legal Assistance

Good afternoon, members of the Labor and Public Employees Committee, and thank you for the opportunity to testify today on Raised Bill No. 387, which would raise the minimum fair wage and index that wage to the rise in consumer prices. My name is James Bhandary-Alexander, and I am a staff attorney at New Haven Legal Assistance. New Haven Legal Assistance is the major legal services provider for the low-income communities of New Haven County, which includes the cities of New Haven, West Haven, and Milford, as well as the communities of the Lower Naugatuck Valley and part of the shoreline.

Our office represents low-income people on a range of legal problems in a range of different venues, from federal court to administrative hearings and at the legislature on matters of important policy like the minimum wage. The vast majority of people in our client community are engaged in low-wage work, and would benefit from the passage of this bill.

The appropriate level of the minimum fair wage is an issue of critical importance to our community. Raising Connecticut's minimum wage and indexing it to the rise in consumer prices will help Connecticut's low-wage workers catch up to the position they once enjoyed in our state. The minimum wage in 1968 was $1.60 per/hour, which is $10.58 in today's dollars.[1] The bill before you doesn't catch our communities up to where they were 45 years ago, but does close the gap significantly.

But raising the minimum fair wage is not just important to close the gap between where low-wage workers were decades ago and where they are now; but rather it is important to close the gap in today's workers' lives between dignity and indignity, between stability and instability, between bare survival and a decent life. Let's look at the facts of life in Connecticut today:

- 11% of Connecticut residents live in poverty and that number is increasing.[2]
- The bottom 20% of Connecticut income-earners earns only 4% of Connecticut's income.[3]
- Connecticut workers at the 90th percentile have seen average wages increase over 16 dollars per hour since 1979; workers at the 10th percentile gained just 17 cents. If two workers both worked 40 hours per week, 50 weeks per year, the 90th

[1] See http://www.raisetheminimumwage.com/facts/entry/amount-with-inflation/ .
[2] Poverty, Median Income, and Health Insurance in Connecticut: Summary of 2011 American Community Survey Data, Connecticut Voices for Children, September 20, 2012, available at http://www.ctvoices.org/sites/default/files/econ12censuspovertyacs.pdf
[3] Pulling Apart: Connecticut Income Inequality 1977 to the Present, Wade Gibson and Sara Kauffman, November 2012, available at http://www.ctvoices.org/sites/default/files/econ12pullingapart.pdf.

percentile wage-earner would have gained $32,700; the 10th percentile earner, just $340.[4]

- Since 1992, with the exception of one year, 2009, the price of prices of food, clothing, shelter, fuels, transportation fares, charges for doctors' and dentists' services, drugs and other goods and services that people buy for their day-to-day living has risen steadily.[5]

In other words, for low-wage workers, things have just been getting worse and worse and worse and the gap between bare survival and a decent life grown ever-wider. Their buying power has decreased and their selling power, the price of their labor, has remained stagnant. By linking the minimum fair wage to the consumer price index, we are in a position to at least hold the line, to keep the gap manageable.

And this is not about teenagers. I understand that the difference between $8.25 per hour and $9.50 per hour may not make a big difference in the life of a high school student from an affluent family who works at the local mall for pocket change or to learn life skills. And I understand that when we talk about raising the minimum wage, that may be what springs to mind. I will have failed if I don't disabuse you of that notion. The overwhelming majority of low-wage workers are adults: 77% of minimum wage workers are 20 or older. And these folks are usually not working at mom-and-pop stores, two thirds of them work in business with at least 100 workers and half of them work at businesses with more than 500 workers.[6]

I know who these people are because they are my clients. They are hard-working single moms who work in warehouses in Branford: tagging, labeling, and boxing clothes for large retailers. They are receptionists working thirty hours a week at minimum wage at medical offices in Hamden while trying to put themselves through community college classes. They are dishwashers in New Haven working long into the night and waking up early the next morning to work a second job, taking the bus both ways. They are clerks at pharmacies. They are janitors. They are sandwich makers. They are day laborers. They are building security guards.

We have to look at this issue from the point of view of the low-wage worker. Look out at the crowded restaurant from the back of the kitchen, look at the pharmacy from behind the counter, look at the office building from behind the security guard's desk, or from behind a broom. We know these folks work hard. We know that this work needs to be done. We do not want people doing this necessary work to fall further and further behind. We do not want people doing this necessary work to be behind on their rent, behind on their bills, constantly stressed, always struggling to catch up to rising prices.

The people of this state decided many years ago that there is a floor below which a working person cannot be allowed to fall. There are major cracks in the foundation. Let's fill them in. I urge you to pass this bill.

---

[4] Id.

[5] http://www1.ctdol.state.ct.us/lmi/cpi asp

[6] http://jaredbernsteinblog.com/what-may-be-the-most-commonly-misunderstood-fact-about-the-job-market/

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J. Timothy's Taverne

Testimony before the Labor Committee- Senate Bill 387

Good afternoon, my name is Tim Adams; I am a member of the Connecticut Restaurant Association, a member of its board, and a past chairman. My partner and I are the owners of J. Timothy's Tavern in Plainville and have operated there for thirty three years.

Nothing much has changed since last year when I sat before you to testify about the impact of minimum wage.

- Unemployment continues to rise
- Mandatory paid time off is in full swing
- The unemployment compensation fund is in debt and rates have increased. We are paying the federal government interest on its loans and we are paying a special assessment on top of it all.
- Commodity prices are expected to climb again this year and are directly reflected in increased cost of goods and pricing to consumers
- Workmen's comp costs have increased
- State income tax rates and sales tax rates have increased along with our state debt. Coincidentally we have failed to address long term issues and at the same time have chosen to subsidize an already prosperous hedge fund and build roads that no one needs or wants.
- Retailers and restaurants have been forced to raise prices to stay afloat, while even with this their margins decrease.
- Our work force continues to flee the state. Most recently I believe our past Governor joined these ranks and now resides in Florida

So, maybe things have changed, but not for the better.

Increasing minimum wage has never been the answer to increasing individual or community prosperity. Minimum wage is a place to start. It is not and never was meant to be a wage that

supports a family. It is for teenagers and those who are entering the workforce with a limited skill set. In the constantly maligned "service industry", movement from minimum wage is rapid and significant for those employees who; show up, show up on time, and do their job. It can be a quick path to building a resume from which to grow. I have no minimum wage employees at my restaurant.

If there is a need for higher wages than our industry can provide, a staffer will have the ability to move on with a resume that shows they are a capable worker and ready to improve their life in another field. They are then a strong potential job candidate and ready move forward economically.

Minimum wage is a place to start! It is the beginning of a hand up. Constant increases in the minimum wage, expanding taxes, and regulatory constraints on small business only serve to destroy the businesses that provide the opportunities for workers to prosper.

An unintended side effect of minimum wage is that while it increases wages for already highly paid servers, mine all earn in excess of Twenty Dollars an hour; it decreases the available pool of money for the back of the house staff. Low skill entry level staff is paid an inflated wage making it more difficult to reward those who have worked hard and attained the skills necessary to do more complex jobs.

Repeated government intervention into the operation of the free market continues our states long standing practice of the vilification of the business community. Our industry is where America learns to work. We are not part of the problem. If you will permit us, we are the solution.

Thank you for your time and considering our industries point of view.

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AMERICANS FOR PROSPERITY®
CONNECTICUT

TESTIMONY OF JR ROMANO

STATE DIRECTOR OF AMERICANS FOR PROSPERITY

LABOR COMMITTEE

Bill it to Increase Minimum Wage

Jan 31st 2013

My name is JR Romano and I am the state director of Americans for Prosperity here in CT.

I am here today to express our opposition to an increase in the minimum wage.

Just as the idea of the minimum wage runs contrary to the concept of the free market, the suggestion to raise the minimum wage during a time when jobs and employers are fleeing our state makes no additional sense.

The fact is we already have a minimum wage in the state one dollar above the federal standards. Meddling in the market further makes no sense at this time.

While a minimum wage increase may sound good and be well intentioned, the statistics bear out that it will lead to severe unintended consequences and actually hurt those it sets out to help.

In the absence of a minimum wage, employers and workers are able to freely negotiate and come to mutual agreement on a contract – with employers paying a wage in return for the worker's labor. In a free market both parties must voluntarily agree to the terms of the contract, and the transaction will

occur only if both believe the arrangement will leave them better off. No worker would agree to work for less than what they believe is acceptable compensation, and no business would agree to pay more for labor than what it is worth to their operation.

However, minimum wage laws dictate to employers and workers that their agreed upon wage isn't high enough, invalidating otherwise mutually beneficial employment opportunities. Similarly, the minimum wage raises the cost of labor for businesses, leaving employers with a difficult choice when their budgets are limited: stop hiring new workers, cut hours or benefits for current employees, or start laying off existing employees all together. This can have a devastating impact on the economy, and it hits those who are currently unemployed and looking for a job particularly hard.

Increases in the minimum wage tend to increase unemployment by inflating labor costs and resulting in fewer hires. For example, studies reveal that with every 10 percent increase in the minimum wage, the affected area experiences a 1 to 3 percent decline in employment.

Additionally, increasing the minimum wage often has a ripple effect on wages causing employers to feel pressure to increase wages for other employees as well which only compounds the problem.

March 2012 • No. 0036

NEED TO KNOW AMERICANS FOR PROSPERITY FOUNDATION

The Minimum Wage

Politicians created the minimum wage in the wake of the Great Depression, arguing that compensation below a certain level is exploitative and inadequate to support a family. In 1938, the Fair Labor Standards Act instituted a federal minimum wage at $0.25 per hour. Since then, Congress has raised the minimum wage multiple times, adopting the current $7.25 per hour rate in 2009.[1] State governments may pass legislation to raise the minimum wage even higher within their state, but they are not allowed to set the rate below the federal level. Unfortunately, this well-intentioned effort has had severe unintended consequences, hurting the unemployed and the very same young and low-skilled workers it is intended to help.

The Minimum Wage and Labor Shortages

In the absence of a minimum wage, employers and workers are able to freely negotiate and come to mutual agreement on a contract – with employers paying a wage in return for the worker's labor. In a free market both parties must voluntarily agree to the terms of the contract, and the transaction will occur only if both believe the arrangement will leave them better off. No worker would agree to work for less than what they believe is acceptable compensation, and no business would agree to pay more for labor than what it is worth to their operation.

However, minimum wage laws dictate to employers and workers that their agreed upon wage isn't high enough, invalidating otherwise mutually beneficial employment opportunities. Similarly, the minimum wage raises the cost of labor for businesses, leaving employers with a difficult choice when their budgets are limited: stop hiring new workers, cut hours or benefits for current employees, or start laying off existing employees all together.

This can have a devastating impact on the economy, and it hits those who are currently unemployed and looking for a job particularly hard. Congressman Jim Saxton reported in 1996 that raising the minimum wage just $0.90 cost the American economy hundreds of thousands of jobs.[2] The last minimum wage increase in July 2009 raised the inflation-adjusted minimum wage by 36 percent. A study by University of Chicago economist Casey Mulligan estimated that this cost the economy 800,000 jobs, mostly jobs for young and low-skilled workers.[3] Overall, studies find that with every 10 percent increase in the minimum wage, the affected area experiences a 1 to 3 percent decline in employment.[4]

Forced Wages Depress Freedom and Upward Mobility

In addition to the increasing unemployment, the minimum wage also affects other aspects of the labor market. A 2004 University of Wisconsin study confirmed that firms not only chose to stop hiring new employees and cut

QUICK FACTS

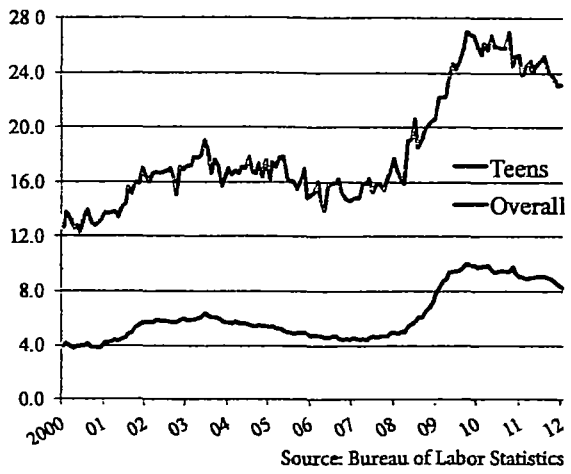
- Proponents of the minimum wage argue that it is needed to guarantee a "living wage" for workers. However, these laws tend to increase unemployment by inflating labor costs, resulting in fewer workers hired.
- Youth and entry-level job seekers are hurt the most by minimum wage increases, limiting opportunities for people to gain experience in the workforce.

NOTABLE & QUOTABLE

"[T]he consequences of minimum wage rates have been almost wholly bad–to increase unemployment and to increase poverty."
-Milton Friedman

"By destroying entry-level jobs, a higher minimum wage harms the lifetime earnings prospects of low-skilled workers."
-Fmr. Rep. Jim Saxton (R-NJ)

back existing jobs, but also cut employees' hours as a way to save money.[5] The study also found that low-income workers, those with wages closest to the minimum wage, were hit the hardest. This creates a catch-22: workers have a hard time finding entry-level positions because they lack access to critical job experience that boosts their appeal to employers, but the minimum wage makes it more expensive for employers to hire these workers into jobs that provide the kind of critical job experience they need.



Minimum wage laws have the unintended consequence of increasing unemployment and reducing opportunities for young and low-skilled job seekers.

One of the most striking statistics associated with hikes in the minimum wage is the youth unemployment rate. In the wake of higher minimum wages in the past few years, youth unemployment skyrocketed above the national average. As of January 2012, the Bureau of Labor Statistics reported an unemployment rate of 23.2 percent for 16-19 year-olds; nearly triple the rate of unemployment for the general population.[6] Young Americans looking to jumpstart their career lack opportunities when businesses cannot afford to pay mandated higher wages.[7]

Conclusion

The history of minimum wage laws in the United States tells the story of a failed government intervention into the economy. Minimum wage laws have the unintended consequence of increasing unemployment and reducing opportunities for young and low-skilled job seekers. Despite these discouraging outcomes, politicians have continued to press for a higher minimum wage. For too long, this has hindered Americans in their quest for prosperity. Instead of creating more labor market barriers, policymakers should let individuals and businesses freely decide what wage levels are appropriate.

Endnotes:

1. U.S. DEPARTMENT OF LABOR, *History of Federal Minimum Wage Rates Under the Fair Labor Standards Act*, 1938 – 2009 (online at http://www.dol.gov/whd/minwage/chart.htm) (accessed February 6, 2012).
2. JOINT ECONOMIC COMMITTEE, Written Testimony of Congressman Jim Saxton, *The Case Against a Higher Minimum Wage* (May 1996) (http://www.house.gov/jec/cost-gov/regs/minimum/against/against.htm).
3. Casey B. Mulligan, *How to Create Jobs and Cut the Deficit*, NEW YORK TIMES, Economix Blog (July 6, 2011) (online at http://economix.blogs.nytimes.com/2011/07/06/how-to-create-jobs-and-cut-the-deficit/).
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7. THE WALL STREET JOURNAL, *The Young and the Jobless* (Oct. 3, 2009) (http://online.wsj.com/article/SB10001424052970203440104574402820278669840.html).

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SB 387

Senator Osten, Representative Tercyak, members of the committee,

Thank you for allowing me the opportunity to speak in front of you today. My name is Keri Hoehne, and I am the organizing director and a union representative for the United Food and Commercial Workers Union Local 371. We represent Connecticut workers in a variety of retail, production, and service industries. I am here to speak in favor of Senate Bill 387, An Act Increasing the Minimum Fair Wage. Each day, I meet workers working hard in minimum wage jobs while falling further and further behind.

I am here to tell you about Cesar, a talented full time meat cutter who has worked in a New Haven Supermarket for over ten years. He makes minimum wage, and the only raises he has seen in ten years are when the minimum wage has gone up. He makes ends meet by living in a two bedroom apartment with three friends. He dreams of owning his own butcher shop.

I am here to tell you about Ana, a housekeeper at a Fairfield County Hotel who supports her daughter and herself making minimum wage. She supplements her income with food stamps, housing assistance, Husky, and Care4kids. She wants to better her life and teach her daughter to be self sufficient. She dreams of moving to a safer neighborhood and sending her child to college.

I am here to share the story of Vicenta, a full time employee at a food processing plant in West Haven who has made minimum wage for eight years and shares a small apartment with six family members. They work separate shifts so that everyone is not in the apartment at the same time.

None of these individuals are students living at home with their parents. These are grown adults, working to support their families and perhaps do better than their own parents did. They want to better themselves, they want to own homes, and they want to get off of public assistance. While the economy is improving, and companies are beginning to make money again, that wealth is not being shared. In fact, when adjusted for inflation, today's minimum wage workers are not even making what they were making 45 years ago.

Each of these workers has turned to our union for help. As a union representative, every day I fight in organizing campaigns and at the bargaining table to raise wages for the workers I represent. I will continue to do that. However, the workers in CT cannot afford to wait for victories at the bargaining table. Their transportation costs are increasing now. Their rents are being raised now. Their families are hungry now. Connecticut can and should do better for its workers.

Thank you.

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Testimony in Support of SB 387, *An Act Increasing The Minimum Fair Wage*
By Douglas Hall, Ph.D
Director of the Economic Analysis and Research Network
Economic Policy Institute

Chairwoman Osten and Chairman Tercyak, Members of the Labor and Public Employees Committee,

I am Douglas Hall, the Director of the Economic Analysis and Research Network at the Economic Policy Institute. EPI is an independent economic think-tank that strives to improve the well-being of working families. The network I direct, EARN, is comprised of 59 state partners in 44 states, and also encompasses several national partners with whom we work closely on public policies for working families.

I am testifying today in support of SB 387, *An Act Increasing the Minimum Fair Wage, a* bill that once again adjusts Connecticut's minimum wage upward. Historically Connecticut has been one of the nation's leaders on the minimum wage. Currently, three states – Washington ($9.19), Oregon ($8.95), and Vermont ($8.60), have minimum wages higher than Connecticut's. Several other states are pursuing minimum wage increases in this legislative session. All three states with current minimum wages higher than Connecticut's also index their minimum wages to inflation.

My testimony is intended in part to do some *myth-busting* around the minimum wage, in particular addressing myths around **who** comprises the minimum wage workforce, and **what** the employment impact of increasing the minimum wage is.

EPI's analysis of the Connecticut proposal shows that in the first year of the proposed increase, 99,000 workers will be directly helped by an increased minimum wage, with another 62,000 workers indirectly benefiting. In the second year, those numbers grow to 154,000 directly affected and 92,000 indirectly affected (for a total of 246,000 total workers benefiting). Of those workers, more than half (58.8%) are female, four in five (83.1%) are 20 years of age or older, and more than three quarters (77.4%) work more than part-time (39.8% work mid-time, between 20 and 34 hours a week, and 37.5% work full-time, 35+ hours a week).

Half (49.7%) of those benefiting from an increase in the minimum wage have some college, an associate's degree, a bachelor's degree, or higher (and another 30.5% have a high school diploma) – and two-thirds (64.6%) of workers affected are White Non-Hispanic (as seen in Figure 1)

GDP Impact and Job Creation

The EPI minimum wage model shows that those workers benefiting from increased wages (both direct and indirect), will see an additional $109 million in wages in year one, and $125 million in year two.

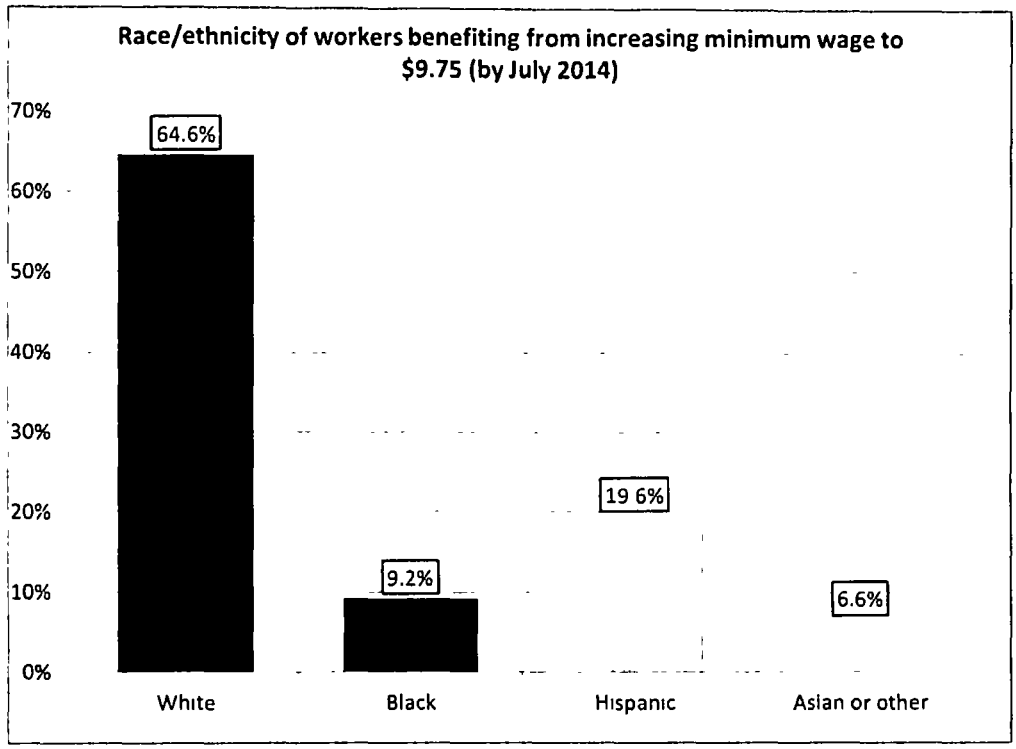

Figure 1: Source· EPI Analysis of Current Population Survey, ORG data.

Over the course of the first two years of minimum wage increase, we estimate a GDP impact of $148 million ($69 million in the first year, and $79 million in the second year). Economists widely recognize that GDP impacts translate into jobs through the *multiplier effect*. In estimating the employment impact of a minimum wage increase, we recognize that a minimum wage increase results in a modest re-allocation from corporate profits to wages. This reallocation results in increased employment, exactly because lower income workers spend a larger share of their wages in the economy than would have resulted from corporate profits. Our model shows that in the first year, 600 full-time equivalent (FTE) jobs would be created as a result of the GDP impact of Connecticut's minimum wage increase. The proposed minimum wage increase would create 690 in the second year, for 1,290 jobs over the first two years. This employment impact would be disproportionately concentrated in Connecticut's communities, since lower-income workers are more likely to spend their wages locally to meet the immediate needs of their families. The resulting positive employment effect demonstrated by the multiplier effect is consistent with the most recent case study research.

Increased Minimum Wage and State EITC Are Complementary

One unintended consequence of the EITC is that by drawing more people into the workforce, it can have a modestly negative impact on lower- wage rates. Ideally, the EITC (state or federal) and minimum wage

(state or federal) work in tandem to ensure that lower income workers are adequately paid. A 2010 study by UC Berkeley's Jesse Rothstein shows that a portion of EITC payments is effectively transferred to employers[1] – through a minimum wage increase, we can transfer those payments back to low wage workers, the intended recipients of the EITC.

Moreover, a study by Jeannette Wicks-Lim and Jeffrey Thompson, from the University of Massachusetts' Political economy Research Institute, shows that both the minimum wage and the EITC would need to be substantially expanded in order to provide a decent living standard to low-income working families.[2] Connecticut's state level EITC takes an important step in this direction – increasing and indexing the minimum wage is another step towards a decent living standard for Connecticut's low wage workforce.

The Minimum Wage and Income Inequality

Connecticut is a state of considerable wealth, but also a state in which the capital city's child poverty rate consistently falls in the top five large cities nationally (with Bridgeport and New Haven falling not far behind). In November, the Economic Policy Institute and the Center on Budget and Policy Priorities released a report, *Pulling Apart: A State-by-State Analysis of Income Trends*[3]. This report highlights two noteworthy things about Connecticut. Connecticut has seen the greatest increase in income inequality of all states since the late 1970s. Real incomes of those in the bottom 20 percent have declined by 4 percent since the late 70s. This trend has continued in more recent years, as seen in Figure 2 below. Low and very low wage earners in Connecticut have seen a steady erosion in real wages over the past decade, earning less in 2010/11 than at the beginning of the decade. Increasing the minimum wage modestly and the indexing it will help turn that trend around.

The Minimum Wage and Children

Decisions made in state houses across the nation impact children. Connecticut made headlines in 2004 by being the first state to commit to a targeted reduction of child poverty within ten years. It is now nine years later and the child poverty rate in Connecticut has gone from 10% in 2004 to 15% in 2011, according to the US Census Bureau's American Community Survey data. Instead of *reducing* child poverty by 50 percent, as Connecticut's Child Poverty Council committed to in 2004, Connecticut has instead *increased* child poverty rates by 50 percent in the intervening years.

Most children who live in poverty do so because their parents do not earn sufficient income to push them over the federal poverty level (which, is widely acknowledged to be a woefully inadequate measure of what it costs to make ends meet, particularly in a high-cost state like Connecticut). The

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[1] Jesse Rothstein. "Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence" *American Economic Journal Economic Policy* 2.1 (2010). 177-208.

[2] Jeanette Wicks-Lim, Jeffrey Thompson. *Combining Minimum Wage and Earned Income Tax Credit Policies to Guarantee a Decent Living Standard to All U.S Workers* (Political Economy Research Institute, 2010), http://www.peri.umass.edu/236/hash/9b8a787cfa16226190e4f96e582348cd/publication/428/

[3] Elizabeth McNichol, Doug Hall, David Cooper, Vincent Palacios, *Pulling Apart: A state-by-state analysis of income trends*, (CBPP and EPI, 2012). http://www.epi.org/files/2012/Pulling-Apart-Connecticut.pdf

changes that we are considering today to Connecticut's minimum wage would benefit Connecticut's children – nearly a quarter (23 percent) of workers directly or indirectly benefiting from an increase in the minimum wage are parents. Moreover, the affected parent accounts for half (50.6 percent) of the family income in families with a parent affected by increasing the minimum wage, and in 19.9 percent of affected families with children, the affected parent's income is the sole source of family income.

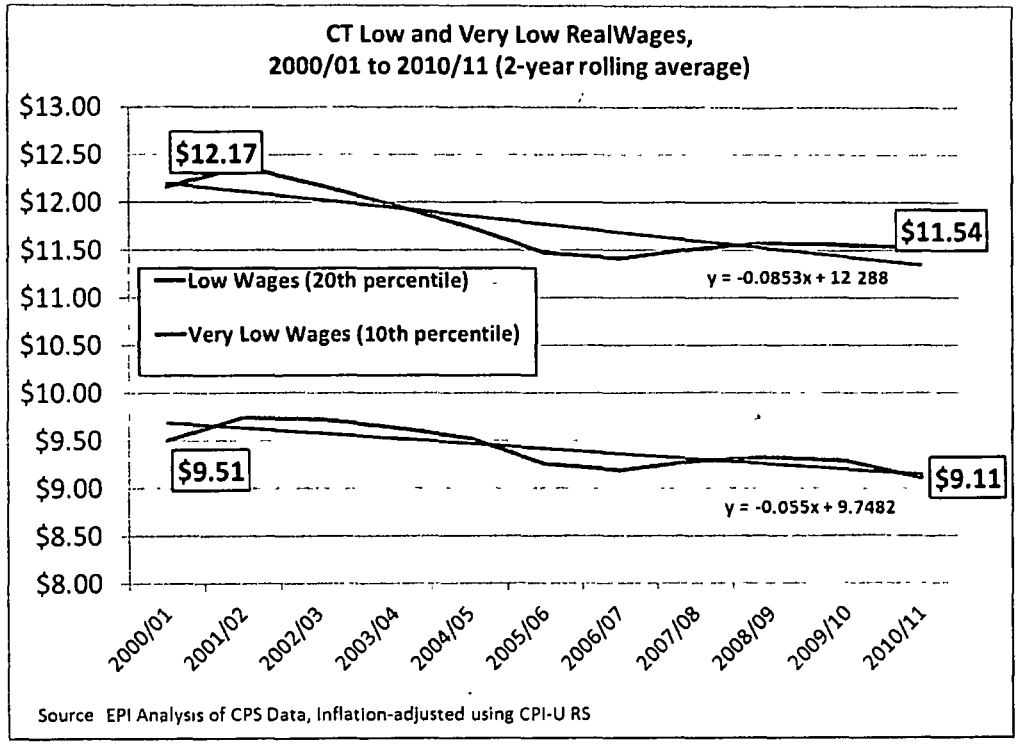

Figure 2

Conclusion

Increasing Connecticut's minimum wage is the right thing to do for several reasons. It is smart economics, it helps to close Connecticut's nation-leading levels of income inequality, and it improves the well-being of working families who have yet to recover from the Great Recession.

Contact Information:

Douglas Hall, Ph.D
dhall@epi.org
www.epi.org
202-331-5519

January 31, 2013

Testimony in favor of SB 387 for Raising and Indexing the Minimum Wage

Co-chairs and members of the committee,

My name is Asia Avery. I'm from Stafford Springs, CT, and I am submitting testimony in support of a raise in the minimum wage.

As a full time student at Asnuntuck Community College, to which I must commute, I am obligated to pay for car insurance, maintenance, and gas. To cover these expenditures, I work part-time as a kitchen assistant for which I earn the current minimum wage of $8.25. I've been working this job for over 6 months and I do not anticipate a pay raise any time soon.

I am very aware of the essential role a college education frequently plays in improving one's chances of finding well-paying jobs. To obtain a college education, though, I must pay for tuition, insurance, and upkeep on my 17-year-old car. Additionally, I will likely need to replace my car sometime in the near future. Within the last six months, the cost of repairs on my car totaled over a thousand dollars, a bill that a minimum wage salary did not foot with ease.

Investing in my education is crucial to having access to a middle class quality of life. But in order to attend college, I need to make enough money to get there. Raising the minimum wage will enable me to earn enough to fund my education, invest in my future, finish school and become a productive member of Connecticut's workforce, giving back to our state's economy.

I've heard opponents of the raise in minimum wage argue that it will mostly benefit young people who do not need to support a family and whose only use for the pay raise will be as extra spending money. But for me and many other young people, our earnings go toward our education, transportation, helping with family bills, and various other necessities We are working hard and trying to make the most of every opportunity presented to us. These responsibilities are part of our daily lives, and if we cannot meet them our futures and our families are impacted; we cannot progress if we cannot support our most basic needs. I ask you, therefore, to please support SB 387 to increase the minimum wage.

Thank You.

Testimony on Senate Bill 387: AN ACT INCREASING THE MINIMUM FAIR WAGE

Submitted by: Carissa Sfakios MSW
National Association of Social Workers- CT Chapter
January 31, 2013

Good afternoon members of the Labor Committee. My name is Carissa Sfakios. I am a resident of Newington and am employed as a social worker in an outpatient mental health setting. I am writing this testimony in strong support of SB 387 because frankly, people that are employed full-time should not be faced with extreme poverty. $8.25 per hour or $330.00 a week *before taxes*, is not nearly enough to make a viable living in Connecticut, even at a full time rate. In fact, it would take approximately 100 hours a week at $8.25 an hour to make a living that would barely sustain basic needs and bills for a small family.

It has been concerning to watch business owners fight this legislation in the past, claiming it would put them out of business if they had to pay their employees more then they already do. What about their employees that are unable to pay their bills while their debt continues to build? Or are forced to make difficult choices over buying food or having medications? Or wonder how they will make their student loan or mortgage payment this month? In many cases, people that make minimum wage are forced to seek community resources for food security and health care needs to help supplement their income.

As a social worker, I have had several internships and jobs with very small CT based non-profit organizations with bare minimum resources. These organizations made it a priority to provide their employees with fair wages ***and*** healthcare and doing so has not forced them out of business.

Thank you for taking the time to listen to my thoughts about the importance of increasing the minimum wage. Below is a quotation that really speaks to this issue in a manner that is succinct and reflective of what is really going on: "I grew up hearing over and over, to the point of tedium, that "hard work" was the secret of success: "Work hard and you'll get ahead" or "It's hard work that got us where we are." No one ever said that you could work hard - harder even than you ever thought possible - and still find yourself sinking ever deeper into poverty and debt." – Barbara Ehrenreich, Nickel and Dimed: On (Not) Getting By in America.

John E. Barrett
Partner
Barrett Outdoor Communications Inc.
381 Highland Street, West Haven, CT
(203) 932-4601

Thursday, January 31, 2012

Testimony IN SUPPORT of SB 387 AA Increasing the Fair Minimum Wage

To Senator Osten, Representative Tercyak, Senator Markley and Representative Smith, and the rest of the Labor Committee.

Thank you for the opportunity to submit testimony in favor of an increase in the minimum wage. This is long overdue.

Let me tell you a little about my family business. Barrett Outdoor Communications is a billboard company founded in 1962 by my father, John P Barrett. It is now owned and operated by me and my brother Bruce. We are a large part of the Connecticut billboard industry and are considered to be an industry leader. We take great pride in being an industry leader and take that responsibility seriously by running our company in such a way as to be a model for others. We are members of numerous trade groups and serve on various committees. We are a founding member of the Center for Family Business at the University of New Haven. We take on social causes, and support numerous charities and community groups in the municipalities that we have signs in and support environmental groups like the Connecticut Fund for the Environment and Save the Sound.

We believe that there is a social contract with our employees and their families, we respect and take care of them and in turn they take care of our company. This not just the right thing to do, it is also the smart thing to do.

We base our wage structure on the MIT Living Wage Calculator[1] and our starting wage is a living falls between the New Haven County living wage for a single adult (currently $10.57)[2] and a single adult with one child (currently $22.91)[3]. We do this because we don't believe or employees should not struggle to make ends meet. An over worked employee working multiple jobs with inadequate

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[1] Glasmeier, Amy K. "Poverty in America the Living Wage Calculator." *Living Wage Calculator-*. Massachusetts Institute of Technology, 2013. Web. 30 Jan. 2013.

[2] ibid

[3] ibid

food, shelter and rest, does not provide good customer service or reliable quality work product. We provide full health care benefits with subsidized deductibles because we refuse to pass those expenses on to taxpayers through HUSKY or Medicaid benefits when we are capable of providing this necessity, and because our employees deserve to have access to health care. And, most importantly, we know unhealthy employees and employees stressed out over the health of their families cannot provide our customers the quality of service they deserve and expect.

Our business has weathered seven recessions, the stock market crashes of 1973, 1989, 2001 and 2008, and innumerate business challenges. But we never met these challenges by undercutting the pay of our employees. Our employees understand that when the economy is tough, we need to compete at our best to deliver the best value to our customers.

When times have been tough, it's because the economy slowed and there has been less demand for our services. Wage standards have nothing to do with it. Major changes in the economy are not produced by those at the bottom of the economic ladder, but by those at the top. Recovery starts at the bottom. Unlike many high income individuals, low-wage workers spend their money in their locally economies, spurring growth, and demand for our services. The fact is that higher wage standards produce a stronger economy.

Keeping the minimum wage low probably is good for the CEOs of large conglomerates and those who live off financial investments, but it doesn't help businesses like mine at all. Our employees deserve better, and our economy does as well.

Please pass SB387 to increase Connecticut's minimum wage

LABOR AND PUBLIC EMPLOYEES COMMITTEE - THURSDAY, JANUARY 31, 2013

Joshua Esses – Testimony on S.B. No. 387 (RAISED) AN ACT INCREASING THE MINIMUM FAIR WAGE.

Contact information: 203-912-2064, Joshua.esses@gmail.com

Mr. (Madam) Chairman, and members of the committee, good afternoon, my name is Josh Esses, and I am a resident of Stamford, Connecticut, testifying today on Senate Bill 387.

To start with, I'd like to commend the Labor Committee for your focus on raising the living standards of those earning the minimum wage; public policy should be designed with the goal of increasing the welfare of the least-well off among us as a pre-eminent priority. However, I fear that raising Connecticut's minimum wage from $8.25 an hour to $9.75 would work to undermine the very noble intentions of the supporters of this bill.

Consider, that instead of $9.75, this bill raised the minimum wage to $30 an hour. I think we can all see the issues that would create. Many jobs simply can't exist at those wages, and countless individuals currently earning less than $30 an hour would either be laid off, or forced to work off the books in order to keep their job.

The same problem results from a minimum wage set at $9.75 an hour, or any amount really. Sure, some workers currently earning $8.25 will keep their job at the higher minimum wage, but only those who can provide labor equal to or greater than the new minimum wage. However, those workers who do not have the skills to justify being paid the higher wage will no longer be employed. The minimum wage punishes the least skilled among us, by denying them the right to earn a wage commensurate with their abilities. Furthermore, this prevents them from learning on-the-job skills, professionalism, and punctuality; which would allow them to earn higher wages in the future.

I'd now like to address what I believe to be the primary objection to my suggestion that a higher minimum wage will cause unemployment; the idea that firms paying employees the minimum wage are thereby exploiting them, and can afford to pay all of them a higher wage while still remaining profitable. I have no intention of disputing the notion that firms would *like* to pay their employees as little as possible, but I do question their *ability* to do so. It cannot be forgotten that the existence of an almost limitless number of firms who want to take advantage of you severely constrains the ability of *any* of them to do so. If a worker earning the minimum wage is receiving a raw deal, another firm, sensing an opportunity to profit, would step in and offer a better deal. This process would repeat itself indefinitely, until the worker receives a just wage that is equal to the value of their labor.

Unfortunately, some workers simply aren't worth more than $8.25 an hour, and an increase in the minimum wage would devastate their ability to earn any wages at all. Minimum wage laws punish the least advantaged among us, and I would strongly urge the committee not only to not increase the minimum wage, but to eliminate it altogether. Thank you for your time.

Dear Sirs,

SB387

We are a small farm practicing very high quality but labor intensive farming. We pay the best wage we can.

Such dramatic increases in mandatory wages would severely impact the thin margins we maintain now, would discourage us from new hires even though we are growing, and would require us to reconsider our current employees.

Those employees rely on us to help feed their families. Loss of a job would be catastrophic for them. We support 4 families.

So much of the work we do does not increase our animal or crop inventory. We are returning a farm that was abandoned for 70 years.

We have funded our farm out of our retirement savings. We know we will not be profitable for years. This law could make that hope of profitability a dream.

Thank you for your time and consideration in this matter.

Best regards,
Van Brown,
Firefly Farms LLC

Beckett & Associates Veterinary Services, LLC
1269 Main Street
Glastonbury, CT 06033
(860) 659-0848

Dr. Chip Beckett, DVM

OPPOSING SB-387

Dear Senators and Representatives of the Labor Committee,

I am writing today in opposition to the proposed increase in the minimum wage, because I think it is a particularly bad idea at this time. I own a veterinary practice and a farm, both of which employ people at minimum wage and considerably more depending on the job classification.

Connecticut's worst in the nation business environment has increased the income taxes paid by owners percentagewise, but not always in dollars because many of us have had dramatically falling business and personal incomes since 2008. Self-employment income is down not only for Wall St. bonuses, but also for Main St. businesses, due to a lack of customers coming through the door every day. Adjusting costs of the business to match the current client base requires less people working than 5 years ago, deferral of repairs, aging and obsolete production equipment, less supplies and resale items, and decreasing real estate footprints are all strategies virtually all businesses have used to stay in business rather than closing. We are partners with the state in that going businesses fund the unemployment system, workman's comp system, expanded sales taxes, state licenses and registrations, motor vehicle fees, fuel taxes, and Town property taxes. These costs that are revenue to the State of Connecticut, often more than the entire business profits of the organization, at least in pass through entities like mine. The worst in the nation business climate makes closing the doors a more viable option for us individually, which more and more of my compatriots are choosing to do. Then the state loses jobs and revenue in a very substantial way.

Let me address the minimum wage itself. IT IS A TRAINING WAGE ONLY. Our use of minimum wage is to start students who seriously want to work in veterinary medicine a chance to see how the industry works. When I was young, I volunteered. With the current litigious business environment, I pay the promising ones as employees so that they are covered by workman's comp in case they were to be hurt or injured in seeing what we do. Animals can be unpredictable, whether it is a cat or a cow. I want the security for them to know that they have appropriate medical care while they work with us during a school vacation learning about the world of work, animals and medicine.

Re: Public Hearing Alert - Labor Committee - This Thursday at 2pm - Min Wage Labor History Educational Mandate, etc. What do you think?

SB387

Feedback from a client as follows: On Jan 30, 2013, at 2:13 PM, Jack Muirhead <jjmuirjr@aol.com> wrote: I think you should speak.

This legislature needs to know they are crushing small business. They make no distinction between high labor-intensive business, like mine, (a Burger King Franchise Store) and business with one or two employees. This proposal, year after year, also crushes the spirit of entrepreneurs who provide jobs and most importantly, opportunity. My average hourly wage is over $10, but we start people at min. so we and they, can judge their willingness to learn and perform. By increasing the min. it diminishes the reward of harder working employees who earned a raise and now see the compression between min. and the higher rate they earned.

The augment about this stimulating the economy is bogus. If fewer people work, because this costs businesses and their products more, then this becomes a drag on the economy. This year is as bad as any previous year. Everyone I talk to is struggling and this would make survival problematic for lots of small businesses. The legislators need to know we cannot continue to bear the costs of sick leave and other regulatory pressures. I will not expand because of feeling the deck is totally stacked against our success.

Go tell them they are hindering the State recovery and employment and population growth of zero is in partly because of the anti-business attitude. These proposals sound good but actually end up hurting the people they purport to help. If they really think people need more money, then they should help to create more jobs and opportunity. If people really need more money maybe they should use general funds and let every tax payer help, instead of putting the burden on small business. Let market forces determine the rate and have social policy supplement if necessary. If ALL taxpayers paid the bill for low wage assistance then that would not impact job creation for small labor-intensive business. It would also make everyone invested not just burdening us.

Sorry for the rant.

Wednesday, January 30, 2013 5:32 PM
From: "Jack Muirhead" <jjmuirjr@aol.com>
To: rickwillard@sbcglobal.net

Quote me all you like. Hopefully most legislators will understand this economy is not getting better and adding to the burden will backfire. All the money spent on the "First Five" is unfortunately money not available to those of us who work hard, employ people with limited skills and who need jobs. Also the feeling that we can afford this is not true. All costs are going up. Property taxes, insurance, both P&C and health. Unlike some areas of the country there is no market growth. When the population does not increase all we do is try to steal share from our local competitors. Not a good formula for growth.

Respectfully submitted: Jack Muirhead
New King Inc.
874 Silas Deane Hwy.
Wethersfield, CT 06109

National Association of Social Workers / Connecticut

2139 Silas Deane Highway
President Suite 205
Rocky Hill, CT 06067
(860) 257-8066

Raymie H. Wayne, Ph D., JD, MSW,
Stephen A Karp, MSW, Executive Director
naswct@naswct net

Testimony Regarding SB 387
An Act Increasing the Minimum Fair Wage
Respectfully Submitted by: Ashley Williams, BSW; MSW Intern, NASW/CT

Good afternoon members of the committee. My name is Ashley Williams and I am currently a graduate student at the University of Connecticut, pursuing my Master's degree in Social Work. I am the MSW intern at the Connecticut Chapter of the National Association of Social Workers and I am here today to represent NASW/CT's stand on Senate Bill 387. As social workers, we see a strong need to raise the current minimum wage in order to help Connecticut's most vulnerable populations out of poverty, which is one of our primary missions as a profession.

Many of the 3,200 social workers that NASW/CT represents work with people who are struggling to keep their heads above water financially. According to the Connecticut Poverty Report put out by the CT Association for Community Action, people in poverty are not able to thrive and become self-sufficient because their minds are too consumed with how they are going to put food on the table tonight. As social workers, we see this stress firsthand on the faces of the people we work with. The social work profession embraces optimism and the idea that things can and will get better. However, we find that it is very hard for these poverty stricken people to look to a brighter tomorrow when they are struggling to make it through the rain today with no end to the storm in sight.

The stress that comes along with living in poverty manifests itself in many different ways depending on the person. Clients that social workers deal with who are living in poverty turn to many different avenues to try and get out of their current situation. They may turn to illegal activity such as drugs or larceny, they may also hit rock bottom and go into a downward spiral of depression and thoughts of suicide. What parent wants to look at their children and tell them that they can't afford food or new shoes to replace the ones they are currently wearing that are full of holes? These types of situations do happen on a daily basis and the stress that comes along with dealing with this puts people in a very disadvantaged place.

Also in the CT Poverty Report, it is said that as of 2010 there were 720,000 people in Connecticut who were living in poverty or in jeopardy of falling into it. This means that 21% of Connecticut residents are not strongly contributing to the livelihood of our state simply because they are not able to provide their families with the life they deserve.

The current minimum wage of $8.25 in the state of Connecticut is not helping people out of poverty- in fact it is keeping them there. Many people that social workers deal with on a daily basis are just as hardworking as anybody else but they cannot seem to make ends meet because of the fact that they are making such a low wage. Take for example a single mother with two children who works forty hours a week at a minimum wage job ($8.25/hr). This mother would get a check of $330.00 a week before taxes so she wouldn't even see

that total amount. At this wage, she would have an annual salary of $17,160.00 before taxes, which puts her family well below the federal poverty line for a family of three, which is approximately $19,000.00 a year. This is a woman who is working feverishly to provide for her family and yet she is still finding herself dependent upon assistance programs such as WIC and Food Stamps.

The number of families in this state who are just like the one described here is growing, and as a state we need to do something to help them. Although raising the minimum wage would not be the magic wand to erase poverty in Connecticut, it would be a starting point to help those families who are struggling daily with questions that no person in this nation should have to ask: what is more important for my family, food or shelter?

Pulling people out of poverty is a multifaceted process, but raising the minimum wage would be a huge step in the right direction. NASW/CT sees a strong need for raising the minimum wage as we represent social workers who work with struggling families on a daily basis. The working members of these families are dedicated and hard workers but they are still not able to thrive in one of the wealthiest states in the nation. The time to help these people climb out of poverty is now and this is why NASW/CT supports SB 387 and we strongly urge you to vote this bill favorably out of committee.

Thank you so much for your time.

Testimony
Robin Wilson
President & CEO
Quinnipiac Chamber of Commerce
Before the
Labor Committee
January 31, 2013

The Quinnipiac Chamber of Commerce ***opposes*** **SB-387 AN ACT INCREASING THE MINIMUM FAIR WAGE:**

Increasing the minimum wage from $8.25/hour to $9/hour beginning 7/1/13 and $9.75/hour beginning 7/1/14 and requiring the minimum wage to increase every year after that consistent with the Consumer Price Index will make it very difficult for many small businesses to remain open. Further more, the negative economic impact on already-struggling industries throughout the Wallingford/North Haven region will be felt at a time when all businesses and the state's fragile economy can least afford it. Many of the same industries that are still shouldering the cost of the recent paid sick leave mandate would find themselves facing significant increases in wage costs. The mandated increases will also greatly impact the tip credit and server wages that are applicable to restaurants and other establishments whose employees benefit from customer tips.

Given the state's continued economic challenges and high level of unemployment, this is the wrong time to mandate large wage increases. Some of our businesses are barely hanging on in this economy and this bill would make it difficult for them to remain open.

We urge you to reject this bill.

Thank you for your consideration of our comments.

The Quinnipiac Chamber of Commerce serves more than 650 member companies from the North Haven and Wallingford area. We are the largest non-metropolitan chamber in the state.

Quinnipiac Chamber of Commerce
100 South Turnpike Rd
Wallingford, CT 06492
(203)269-9891 Fax: (203)269-1358

CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
OPPOSING
SB-387, AA INCREASING THE MINIMUM FAIR WAGE
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
JANUARY 31, 2013

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

Overview

NFIB/Connecticut strongly opposes SB-387, which would hurt not only small businesses, but also their current and further potential employees. While this measure is no doubt backed by good intentions, it is bad policy, especially at present. After being forced to absorb the largest tax increase in state history two years ago, *retroactively*, many small businesses will once again be *forced to expend additional unanticipated monies in this year's and next year's operating budget* and beyond should this legislation pass. With the economy still teetering, and with a recent projection by economists from the UConn Center for Economic Analysis showing little growth in Connecticut over the next to years, unemployment still high (especially among young and entry-level workers) and small businesses in Connecticut closing their doors every day, now is the absolute worst time to impose a government mandated wage increase which further interferes with the free market economic principles that small business owners and their employees need to grow and thrive in their businesses. Furthermore, NFIB/Connecticut also objects to mandating automatic future wage increases based upon indexing. Such a proposal is bad public policy that only serves to increase unemployment among certain demographics of workers and fails to benefit the intended workforce. While there is a small minority of states (10) that do have indexed minimum wages, procedurally those policies all came about via ballot initiative, with the exception of one state (VT); the only state to have actually passed automatic indexing through the legislative process. In neighboring New York, a state with a lower minimum wage than Connecticut, a recent Econometric Scoring of proposed

legislation conducted by Michael J. Chow, M.Sc., Senior Data Analyst at the NFIB Research Foundation, showed that depending upon the rate of inflation in future years, enacting legislation that increased the minimum wage to $8.50 and provided for future automatic increases could result in nearly 22,000 lost jobs in New York over a ten-year period and a reduction in real output of $2.5 billion. More than 70 percent of the lost jobs would be jobs from the small business sector of the economy.

Objections to mandated wage increase

NFIB opposes any mandated increase in the minimum wage. *It is small business, not big corporations that have to absorb the cost of mandatory wage increases because most minimum-wage jobs are offered by small businesses.*

Mandatory wage increases have not been proven to reduce poverty or narrow the income gap. Most importantly, however, this legislation would put a stranglehold on Connecticut's top job creators: small businesses. The overwhelming majority of economists continue to affirm the job-killing nature of mandatory wage increases. Mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills. This is counter to efforts to reduce poverty and unemployment, which is a significant problem in Connecticut. In fact, a recent report (released January 2013) by the Connecticut Association For Community Action, titled *Meeting the Challenge*, which studied the dynamics of poverty in Connecticut concludes (page 39) that "particularly worrisome has been the contraction in lower wage jobs, which represent a low-income individual or family's best chance to escape poverty and become economically self-sufficient."

Furthermore, small-business owners oppose the wage hike because it would leave them with fewer choices in how they compensate their employees and when they decide to hire new ones. Wage hikes historically have had a negative impact on certain industries that offer the most entry-level jobs--including restaurants, grocery, and retail stores--many of which are run by small-business owners.

Additionally:

- Studies show that most employers already pay higher than the minimum wage. Those small businesses that pay the minimum wage can't afford to pay more. They're on the bubble, and a higher minimum wage will hurt those very small businesses that are struggling most.
- Studies also show that minimum wage hikes around the country have resulted in higher unemployment among workers with the lowest skills and the least experience. Raising the wage makes entry-level jobs more attractive to better qualified candidates. So the working poor and young workers, are the people who are hurt most by a higher minimum wage.
- Connecticut already has the highest minimum wage on the East Coast except for Vermont. The current proposal would make Connecticut the most expensive state

in the East to create entry level jobs.

- Only a few states on the East Coast require a higher wage than the federal standard. If SB-387 passes, Connecticut's minimum wage will be much higher than it is anywhere from Hartford to Tallahassee.
- Connecticut is already among the worst states in the country for business. The non-partisan Tax Foundation consistently ranks Connecticut among the bottom ten states in the country because of its high taxes. A higher minimum wage is another tax on small business that will discourage job growth.

Objections to automatic future wage increases based upon indexing

- Indexing increases rates of unemployment, particularly for younger workers. When you set minimum wage levels higher than many inexperienced young people are worth, they don't get hired. Workers under the age of 25 make up about half of the 4.4 million workers who earn at or below the minimum wage. Studies have found that few of the benefits from the minimum wage go to the poor. Minimum wage workers are often teenagers, not the single earners in a household portrayed by the legislation's proponents.
- There is a general consensus that forced wage hikes lead employers of entry-level workers to eliminate jobs or reduce hours. Even if jobs are not cut, companies respond to higher labor costs by shifting their hiring focus to skilled employees or more capital-intensive production, leaving the least skilled workers out of the labor market. One study has found that a 10 percent hike in the minimum wage increases unemployment by 6 percent among single mothers without a high school diploma.
- Oregon, often trumpeted as an indexing success story, now faces tough times. The state has seen consistent job losses with total unemployment rates surpassing most of the country. Since indexing has been in place, Oregon has experienced an average unemployment rate of 6.6 percent—well above the 5.3 percent average for non-indexed states.
- In Washington, teen unemployment (a typical marker for the health of the entry-level job market) skyrocketed by 58 percent after the state implemented indexing, which is 24 percent higher than the average for non-indexed states (During the same time period, the national teen unemployment rate went from 14 percent to 18.8 percent, meaning Washington's teen unemployment rate was over 1.5 times the national average).
- Studies have found that minimum wage legislation prolongs welfare mothers' time on government assistance.
- An increase in the minimum wage largely results in a redistribution of income among low-income families, with some gaining as a result of the higher minimum wage and others losing as a result of the diminished employment opportunities or reduced hours, and some likelihood that, on net, poor or low-income families are made worse off. There is no evidence showing that the families that gain are disproportionately those to which we might want to redistribute income (poor households with children).

- Indexing ignores the data demonstrating that it doesn't take long for minimum wage earners to enjoy substantial wage growth. The population of minimum wage workers is constantly in flux as entry-level employees gain experience and qualify for better jobs. The majority of this year's minimum wage earners will soon be promoted or move on to jobs with better pay, and a new set of unskilled workers will immediately replenish their ranks.
- An employer who has 20 employees making minimum wage will see a $10,000 annual increase in wage costs for every 25 cents the minimum pay is raised.
- The effects of the minimum wage on company bottom lines can cause a rise in consumer prices. If small businesses are faced with an increase in the minimum wage, they will need to find a way to absorb those extra costs and preserve their profit margins by raising prices to the customers.
- A rise in the minimum wage can force nonprofits to spend more for labor to maintain the current level of services.
- An increase in the U.S. minimum wage will force American small businesses to raise their prices on the international market. When foreign labor is less expensive than U.S. labor, it is difficult for small businesses to compete with international companies that import products into the United States.

Conclusion

As small businesses, we provide a direct benefit to the economy. As entrepreneurs, we risk our capital and other resources to launch and grow our business and provide jobs to Connecticut citizens. Unfortunately, measures such as SB-387 undermine these efforts by not only adding to the cost of doing business but also creating an economic "chilling effect" that makes it difficult for Connecticut's small businesses to succeed.

Thank you for the opportunity to comment, and NFIB urges lawmakers to *reject* SB-387.

127 Washington Ave., 4th Floor West | NORTH HAVEN, CT 06473 |
TEL: 203-848-6029 | FAX: 203-782-7755 | www.ctlodging.org

Testimony of Chuck Moran, Chair of the Legislative Affairs Committee of the Connecticut Lodging Association in Opposition to the Increase in Minimum Wage (SB 387) before the Labor and Public Employees Committee

Thursday, January 31, 2013

Dear Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee,

The Connecticut Lodging Association stands in staunch opposition to the Raised Senate Bill 387 AN ACT INCREASING THE MINIMUM FAIR WAGE currently under consideration by the labor and public employees committee.

During the 2009 legislative session, the hotel industry suffered two serious economic blows:

1. Increase of the hotel tax to 15% (previously 12%)
2. Implementation of the Paid Sick Leave Act

Now, in these still troubled economic times, the legislature is proposing an 18% increase in the minimum wage over two years? An increase of the wage from $8.25 to $9.75 is unfathomable. How many employed workers are receiving a 9% increase in wages in the next year? Or even half of that?

And frankly this outrageous increase request seems to be a not so subtle negotiation ploy. If you are asking for an obscene increase, maybe there will be less opposition to a slightly less inflated increase? The answer to that question is no.

The lodging industry is facing the same financial concerns as the State of Connecticut. Is this how the State addressed its financial issues when dealing with the state employee unions? No, they went with wage freezes and lay-offs. Well the simple truth is:

If the minimum wage is increased, the hotel industry and many others will have to resort to layoffs as well.

Tourism is an essential economic driver for the well being of Connecticut that is attempting to recover from an extended economic recession and two years of non-existent state marketing. With the new marketing campaign still establishing a base, the 2012 hotel occupancy in Connecticut is DOWN 0.4% over 2011.

With this economic reality, any additional burden placed on the lodging industry will result in layoffs and in full-time positions being reduced to part-time positions. The industry and its employees from top to bottom experienced this as the economy dictated restructuring in order to remain viable. Many have not. There is evidence that an increased minimum wage in the current economic climate in Connecticut will be detrimental to employment overall. Attached you will find a link to testimony submitted to the U.S. House Committee on Education and the Work Force from the Public Policy Institute of California that includes a study that demonstrates **a 10% increase in the minimum wage results in an approximately 2% increase in welfare caseloads.** http://www.ppic.org/content/pubs/op/OP_1099JSOP.pdf

Given the continued struggle our state is in and the continued contraction of the labor force a minimum wage increase is clearly the wrong signal to send to employers and employees. Connecticut is already the least business-friendly state in the U.S. Additional costly regulations continue to dissuade investors and employers from locating in our state, despite aggressive efforts to attract and grow new business.

Thank you for the opportunity to address the Committee. I would be happy to reply to any questions you may have.

Chuck Moran, Chair of the Legislative Affairs Committee, Connecticut Lodging Association, 203-848-6029 office, CMoran@whghotels.com, email.

Government Affairs
State Public Policy
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Partnerships
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Labor and Public Employees Committee Testimony
By Stan Sorkin, President
Connecticut Food Association
January 31, 2013

Testimony in Opposition to SB387: An Act Increasing the Minimum Wage.

Good afternoon, Chairman Tercyak, Chairman Osten and Members of the Labor and Public Employees Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am here today to testify on behalf of the members of the Connecticut Food Association in opposition to SB387.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. The majority of CFA members are family-owned supermarkets. Our work force is composed of union and non-union employees with 70% of our employees part-time. Many of these part-time employees are students 18 years of age and under. Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

This is not the time to increase the minimum wage in the state of Connecticut especially as it affects Connecticut's grocery industry. The industry is still in the process of digesting the high costs associated with the recent paid sick leave law, the increase in worker's compensation costs, and high energy costs. The paid sick leave law cost Highland Park Market, a small family owned four store chain, over $100,000 to implement.

Connecticut's economy is at best flat with few jobs being created and unemployment rate in the high- 8 percent. Due to these economic conditions, retail sales are not strong and are expected to stay weak based on the recent change in the social security tax rate. The proposed rate increases of 75 cents per hour each year equates to a 9% wage increase this year and an 8.3% increase the next. A compounded 18% increase is an unprecedented percentage increase especially in today's economic environment. They are more than double the most recent increases in Connecticut's minimum wage. The proposed law sends a message that Connecticut is not open for business and not competitive in attracting jobs. Rate increases of this magnitude would leave our industry no choice but to cut jobs, reduce other benefits, and raise grocery prices. Connecticut consumers should not be facing higher food prices in today's difficult economic climate. Multi-state retailers would allocate their investment resources to other states.

195 Farmington Avenue, Suite 200, Farmington, CT 06032
email ctfood@ctfoodassociation.org · www.ctfoodassociation.org · (860) 677-8097 · Fax (860) 677-8418

Government Affairs
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We are opposed to the minimum wage to be raised in future years based on the regional consumer price formula stated in the bill. It is bad policy to put wage increases on automatic pilot without the opportunity to review the broader economic conditions, wage rates in other states, unemployment factors and the like.

Moreover, starting the increases based on the state's fiscal calendar, July 1, 2013 vs. the historic calendar year effective date immediately adds to the cost of doing business in Connecticut. It negates the annual budgeting processes that private sector companies follow.

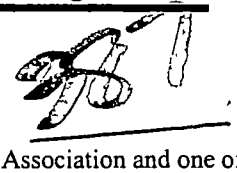
To the supermarket industry, an increase in the minimum wage, of this magnitude, in an industry so dependent on entry level first-time job seekers, would be, at this time, devastating in today's economic environment. The minimum wage sets the floor on every other wage paid. Recognize that a retailer, especially a family owned supermarket, has only so many resources available to cover labor and other costs. Consider the effects to Connecticut if the best case scenario is the highest food prices in the northeast or the worst case, closed stores which tell the story that Connecticut is not open for business.

The Connecticut Food Association urges that you vote NO on SB387.

195 Farmington Avenue, Suite 200, Farmington, CT 06032
email ctfood@ctfoodassociation.org · www.ctfoodassociation.org · (860) 677-8097 · Fax (860) 677-8418

HRG Hartford Restaurant Group

30R Bartholomew Ave., Hartford, CT 06106 • **Phone:** 860 206.6284 • **Fax:** 860 206 6251 • **Email:** HRG@wntus.com



January 31, 2013

Good Afternoon. My name is Philip Barnett and I am the Chairman for the CT Restaurant Association and one of the owners of The Hartford Restaurant Group which consists of the **7 Wood-n-Taps** (located in: Hartford, Farmington, Southington, Rocky Hill, Vernon, Orange & Wallingford), **Agave Grill** (Downtown Hartford) and **TD Homers Grill** (Southington).

I'm sure many of you have heard that the restaurant business is one of the hardest industries to be successful in. You are 100% correct, it is very difficult! The failure rate is amongst the highest of any other industry in our state. Many reasons contribute to this but the main reason is because of the investment it takes to open a restaurant and the minimal profit margins there are to work with.

This bill is so devastating to the restaurant industry that you will see many restaurants close if this legislation were to pass!

Our servers and bartenders are amongst the highest paid staff members in our industry. In many instances they make more than our managers. Please don't continue to move this pendulum in the wrong direction!

FACTS:

- The proposed increase in July 2013 to $9.00 for our hourly employees (servers, bartenders, bussers, hosts) would cost our group approximately **$258,591 from July 2013 – December 31, 2013**.
- The proposed increase in July 2014 to $9.75 for our hourly employees (servers, bartenders, bussers, hosts) would cost our group approximately, would cost our group approximately **$518,000 for each additional calendar year**.

I'm at a loss for words on how detrimental this would be to our group and industry!

For those of you that don't know, the costs of doing business in this state are among the highest in the nation. Compared to most other states, we have:

- Higher energy costs / utilities (the third highest in the nation)
- Higher insurance costs
- Higher workers' compensation costs
- The newly imposed Paid Sick leave bill
- The unemployment rate and additional surcharge
- Higher minimum wage and therefore wage base, a lower tip credit.
- I can go on and on but as a small state, we suffer unfair competition from restaurants in neighboring states where operating costs are lower.

There are many things we **can't** control in our industry.

- **Gas prices** going up. This will in turn increase the cost of goods, which we can't pass along to our guests because our market can't bear it.
- **The commodities market** going through the roof with many of our proteins (Poultry, Beef, etc…) and dairy products that we purchase.
- The state's billion dollar deficit which will be in part put on the backs of businesses.

agave Grill

Wood-n-Tap Bar & Grill

TD Homers Grill

HRG Hartford Restaurant Group
30R Bartholomew Ave., Hartford, CT 06106 • Phone: 860.206.6284 • Fax: 860 206.6251 • Email: HRG@wntus com

Although none of us here today can control any of the said costs above, there is one thing you can control.....That is **NOT** allowing **SB 387** to become another expense on businesses. Please don't do what our state has done to the manufacturing business in Connecticut!

As a company we would like to continue doing our part in creating additional jobs in the great state of CT. We ask that you do your part in allowing us to be able to grow and not continue to impose additional expenses on the small business and restaurant industry.

I ask that you take what I've stated today very seriously and not impose this additional increase on the backs of already struggling small business and please help us grow not hinder our growth!

Kindly submitted,

Philip Barnett
Partner (Harford Restaurant Group)
Cell: 860-306-3690
Email: phil@wntus.com

agave Grill

Wood-n-Tap Bar & Grill

TD Homer's Grill

Hartford Restaurant Group

Approximate Employess for 2011

8 Locations with approx 40-70 employees at each location Totaling Approximately 500 Employees

Staff Position	HRG Hours for 2012	Current Tip Credit 2012	Tip Credit Proposed Jan 2013	Tip Credit Proposed Jan 2014	Approx CPI Increase Jan 2015	Current Minimum Wage 2012	Current Pay Rate 2012	Proposed Min Wage Increase July 2013	Proposed Min Wage Increase July 2014	Proposed Min Wage Increase Jan 2015	Taxes & Unemploy	Total Increase In July 2013	Total Increase In July 2014	Total Increase for 2 Years
Min Wage Incr								$9.00	$9.75					
Bartenders	123,695	11%			2 00%	$8 25	$7 34	$8 01	$8 68	$8 85	20 00%	$99,079 69	$198,159 39	$297,239 09
Servers	183,913	31%			2 00%	$8 25	$5 69	$6 21	$6 73	$6 86	20 00%	$114,209 97	$228,419 95	$342,629 92
Bussers	6,507				2 00%	$8 25	$8 25	$9 00	$9 75	$9 95	20 00%	$5,855 99	$11,711 99	$17,567 98
Hosts (Represents approx 1/2 our host staff on Min wage)	43,828				2.00%	$8 25	$8 25	$9 00	$9 75	$9.95	20 00%	$39,445 63	$78,891 26	$118,336 90
												$258,591.29	$517,182 59	$775,773.88

000294

Thursday, January 31, 2013

Dear Chairman Catherine Osten, Chairman Peter Tercyack and distinguished members of the Labor & Public Employees Committee

My name is Brian Casey and I am an Operations Director for the Ninety-Nine Restaurants and have been with the company for over 20 years I am a 15 year Newington resident, moved to Connecticut as part of my company's growth opportunities and was part of the opening management team at our first restaurant in Newington on the Berlin Turnpike. I am writing today to strongly oppose raised Bill **SB 387** an Act Concerning the Minimum Fair Wage.

A brief synopsis and history of our business in Connecticut

- We currently have 11 restaurants in the State of Connecticut
- We employ over 550 hourly team-members with an additional 51 restaurant managers.
- A little over two years ago we had 16 locations in Connecticut.
- In 2010 we unfortunately had to make a very difficult decision to close 5 restaurants. We closed these primarily due to economic challenges & the cost of doing business in Connecticut, specifically server/bartender labor rates.
- This caused the loss of over 250 jobs in the *Waterbury, Newington, Manchester, Orange and Avon locations*. This was personally the hardest thing I have ever had to do in my professional career, and I am committed that we will never have to do this again.
- Since 2008, we have had to close 11 restaurants total (45% of them in Connecticut)

By increasing the minimum wage by $.75 on July 1, 2013 and an additional $.75 on July 1, 2014 And NOT RAISING the TIP Credit % this would have an immense negative economic effect on the existing eleven Ninety-Nine Restaurants in Connecticut.

- If Passed Bill **SB 387** will hurt the chances of our company and many others the opportunity to open more restaurants in the future in Connecticut under the proposed wage rates (which are proportionately HIGHER than surrounding states)
- For example in Massachusetts the Tip Credit % is much higher which enables the restaurants in our company to employ more servers/bartenders on the payroll earning a living and taking care of our guests.

Here are the average assumptions for the 11 Ninety-Nine Restaurants in Connecticut

- Approximately 30 servers will work 500 hrs/wk in each restaurant
  - Current server labor = $2,845/wk ($147,940/yr)
  - July 1, 2012 labor costs = $3,105/wk ($161,460/yr)
  - A difference of $148,720/yr in the first year for 11 Ninety-Nine Restaurants in CT
  - A difference of $294,580/yr beginning July 1, 2013 for 11 Ninety-Nine Restaurants in CT

- Approximately 7 bartenders will work 130 hrs/wk in each restaurant
  - Current Bartender labor = $954/wk [$49,618/yr]
  - July 1, 2012 labor costs = $1,041/wk [$54,148/yr]
  - A difference of $49,821/yr in the first year for 11 Ninety-Nine Restaurants in CT
  - A difference of $99,642/yr beginning July 1, 2013 for 11 Ninety-Nine Restaurants in CT

- Total increased costs to the 11 Ninety-Nine Restaurants in Connecticut for the first year = **$198,541**

- Total increased costs to the 11 Ninety-Nine Restaurants in Connecticut for the second year = **$394,222**

Our Team Members and specifically our servers & bartenders primarily make about 75% of their income from guest gratuities. By providing great guest service they earn on average about 18-20% of their sales as tips. (Bartenders are slightly higher at 20-25%)

Example's for a Fulltime Server & Bartender

A typical fulltime server working 30 hours a week generates sales of $2200

$440 ($2200 x .20%) + $171 ($5.69 per hour x 30 hours) Total of $611

$611/30 =**$20 an hour wage**

A typical fulltime bartender working 30 hours a week generates sales of $3000

$750 ($3000 x .25%) + $220 ($7.34 per hour x 30 hours) Total of $970

$970/30 = **$32 an hour wage**

Both very fair wages (and FAR ABOVE the Minimum Wage) working in a fair, friendly & flexible work environment. I encourage you to speak with any of our service/bar team members and ask them about their wages they are earning and their quality of life & contentment with their positions/careers with the Ninety-Nine Restaurants.

This proposed Bill **SB 387** WILL significantly hurt all restaurants in the State of Connecticut (large and small) and in the long run force business owners and companies to reduce current labor and staffing levels because the Box Economics WILL NOT work. This will be a LOSE/LOSE for the businesses and consumers in Connecticut with the results costing the loss of more jobs & forcing those in the Restaurant Business to change their labor model to reduce table service and eventually turn more full service restaurants into self-service counter operations like a Panera Bread/Chipotle. The great service that is currently received in restaurants today and a big part of the Hospitality Business and the guests dining experience will be a thing of the past.

- The last restaurant we opened in Connecticut was in Killingly/Dayville was in 2009, this turned into being our most successful opening ever at the Ninety-Nine Restaurants. We created 75 jobs in the State of Connecticut, and provided numerous career opportunities.

- Note-Worthy ...Year over year, to off-set inflation we need to slightly increase our menu prices (an average increase of 2.5 %)....every time this happens our service/bar team members receives a cost of living raise.

In Conclusion.... Companies are going out of business & moving out of Connecticut quickly as the State is just making it nearly impossible to survive economically.

We firmly oppose this Bill **SB 387** and further more recommend as an avenue to CREATE MORE JOBS in the Hospitality Sector in the State of Connecticut ... that we INCREASE the Minimum Wage Tip Credit.

Thank You for your Time and consideration,

Respectively Submitted on behalf of our Ninety-Nine Restaurant Connecticut Team

Brian Casey - Operations Director

Rich Williams – Operations Director Tom Leoni – Operations Director

Brant Fahle- Director of HR Jim Kiley- Regional Vice President

Vernon	Ninety-Nine Restaurant	General Manager	...David Mahaney
Glastonbury	Ninety-Nine Restaurant	General Manager	.....Bradley "Tag" White
Enfield	Ninety-Nine Restaurant	General Manager	....Dan Truesdale
Killingly	Ninety-Nine Restaurant	General Manager	.....Paul Panarelli
Bristol	Ninety-Nine Restaurant	General Manager	.....Matt Keal
Wallingford	Ninety-Nine Restaurant	General Manager	....Eddie Herskowitz
Torrington	Ninety-Nine Restaurant	General Manager	.....Gretchen Chiasson
Groton	Ninety-Nine Restaurant	General Manager	.....Jim Erickson
Norwich	Ninety-Nine Restaurant	General Manager	.....Carie Niles
Stratford	Ninety-Nine Restaurant	General Manager	.....John Calcaterra
Cromwell	Ninety-Nine Restaurant	General Manager	.....Jared Matoy

Thank You Brian

Brian Casey
Operations Director
brian.casey@ninetynine.com
160 Olympia Avenue | Woburn, MA 01801
phone 781-932-5187 | mobile 860-424-2475
www.99restaurants.com

A DIVISION OF AMERICAN BLUE RIBBON HOLDING

CONNECTICUT Restaurant ASSOCIATION

38 Hungerford Street – Hartford, CT 06106 – www ctrestaurant org
Phone: (860) 278-8008

Testimony Before the Labor and Public Employees Committee
January 31, 2013
SB 387 AA Increasing the Minimum Fair Wage

The Connecticut Restaurant Association represents over 500 restaurants and affiliated businesses across the state. Our members range from quick serve to casual to fine dining establishments. The Connecticut hospitality industry employs 145,000 people, making up 9% of the workforce. Restaurants are a driving force in the state's economy and generate tremendous tax revenue. The restaurant industry operates on extremely thin profit margins, earning roughly 4 cents in profit for every $1 in sales.

The CRA opposes SB 387, AA Increasing the Minimum Fair Wage. Connecticut's current minimum wage of $8 25 is already the 4th highest in the nation. Any mandated increase to costs, in addition to increases in the cost of commodities, will undoubtedly damage an already fragile industry.

While many states have a server wage that is completely separate from the minimum wage, Connecticut allows employers to pay employees who earn gratuities a lesser wage than minimum wage, as long as that wage plus the gratuities received equals or exceeds the minimum wage This is commonly referred to as the tip credit. Connecticut's current tip credit for servers is 31% of the minimum wage and 11% of the minimum wage for bartenders. This equates to a $5.69 per hour wage for servers and a $7.34 per hour wage for bartenders. The table below shows the current minimum, server and bartender wages, along with the corresponding increases according to SB 387.

	January 1, 2013	July 1, 2013	July 1, 2014
Minimum Wage	$8.25	$9.00	$9.75
Server Wage	$5.69 Tip Credit – 31%	$6.21 Tip Credit – 31 %	$6.73 Tip Credit – 31%
Bartender Wage	$7.34 Tip Credit – 11%	$8.01 Tip Credit—11%	$8.68 Tip Credit –11%

To put Connecticut's $5.69 server wage in perspective, there are 34 states with a server wage in the $2-$3 range. Connecticut's servers are already making as much as $3.54 more than their counterparts in these states. This proposal would mandate a raise is given to employees earning upwards of $15, $20, $25 per hour (with tips)

Wage mandates are an ineffective way to reduce poverty and cause restaurant operators to make very difficult decisions, including the elimination of jobs, cutting staff hours, or increasing prices. These decisions end up hurting the very employees that wage increases are meant to help. SB 387 will undoubtedly have a negative effect on hundreds of small businesses and employees in Connecticut. We urge you to reject this proposal.

"On the Water at Historic City Point"
100 South water St New Haven, Ct 06519 203-787-3466 www.sageamerican.com

Testimony in Opposition to SB 387 AA Increasing the Minimum Fair Wage

My name is David McCoart. I own and operate Sage American Grill & Oyster Bar in New Haven, Connecticut.

I am your small employer. My business is somewhat seasonal. I currently employ 30 people, 12 full-time and 18 part-time, 9 of whom use public transportation. I add about 15 employees in the summer, 8 of whom are high school or college students. In the past I have hired people from the half-way house and people from a homeless shelter in New Haven. This is what a small hands-on employer is able to do, consider some who have had troubled pasts.

My business is a small business with ever shrinking profits, earning approximately $0.04 pre income tax on every dollar or less before paying back any invested capital. This same business earned approximately $0.18 on a dollar in the late 80's and early 90's.

I am opposed SB 387 AA Increasing the Minimum Fair Wage for the following reasons:

I am still reeling from cost increases the past two years in a still anemic economy with every shrinking disposable family income and now facing the following costs increases:

- Unemployment rate increase of 25% on top of 13% last year, plus additional special assessments for states negative fund balance due to high unemployment, this increase will cost me an additional $3,500 on the same payroll.

- Workers Compensation rate increase approved by the state of 9% costing me .7% more on my payroll = $3,000 over and above last year's increase.

- Beef prices are up 20% - 30% over last year and forecasted to be even higher this summer.

LABOR & PUBLIC EMPLOYEES COMMITTEE

January 31, 2013

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

Raised Bill 387 ***"An Act Increasing the Minimum Wage Fair"***

This proposal would, among other things, raise Connecticut's minimum wage and base future raises on the consumer price index.

Absent a fiscal analysis for this proposal, **CCM urges the Committee to properly examine the impact** Raised Bill 387 would have on municipal budgets, particularly as local officials are already struggling with instituting layoffs, concessions, and service cutbacks in the midst of this recession.

★ ★ ★ ★ ★

If you have any questions, please contact Robert Labanara, State Relations Manager of CCM via email rlabanara@ccm-ct.org or via phone (203) 710-0491.

Labor and Public Employees Committee:

I am writing on behalf of Chili's Grill & Bar and the 19 Casual Dining Restaurants in our State. We have done business in CT since 1987 and employ more than 1,400 residents. I am submitting testimony vehemently opposing **SB 387 AA Increasing the Minimum Fair Wage.**

The costs of doing business in our state are among the highest in the Nation; with one of the highest minimum wages and cost of living expenses. CT restaurants already have the pile-on effect of the tax increases and paid sick leave that already present some financial struggles for us.

From a different perspective, our servers and bartenders average approximately $20/hr in gratuities alone; adding another $9.00 and $9.75 on top of that would make them one of highest hourly positions available. A full-time server working 30 hrs/wk would earn close to $50,000/yr – if they could find a job.

This bill is by far the most damaging proposal to the Hospitality Industry that we have seen to date. It is unsustainable! There are many corporate restaurants that do not make that much money in a year of operation; not including the additional costs mentioned above we're already incurring. It is not realistic to offset these costs with price increases. The end result would be multiple forced closures and a loss of hundreds of jobs. Approving this Bill would do more harm than good to the people it is aimed at helping. I urge you to reject this proposal.

Thank you for allowing me to the time to speak.

Irene A. Pia
Area Director, Chili's

Elizabeth Gara
Executive Director
Connecticut Council of Small Towns
Before the
Labor and Employees Committee
January 31, 2013

Re: SB-387, An Act Concerning Minimum Fair Wage

The Connecticut Council of Small Towns (COST) respectfully raises the following concerns relative to SB-387, which significantly increases the minimum wage from $8.25 per hour to $9.75 per hour over a two year period and ties the wage rate to the consumer price index.

Increasing the minimum wage increases costs to municipalities that employ workers for seasonal, after-school and recreational programs. For some small towns, this could result in a significant increase in costs. If costs become prohibitive, many small towns may simply curtail or reduce program offerings. Others may have to increase the fees associated with participating in such programs, which may make it difficult for families to take participate. In addition, municipalities may be reluctant to hire interns and other entry level workers due to increased wage costs.

Certainly, the impact to municipalities will vary depending on the number of minimum wage workers they employ and the number of hours they work. COST urges lawmakers to be mindful of the impact on municipal programs as they deliberate this proposal.

Thank you for the opportunity to comment.

CONNECTICUT
VOICES
FOR CHILDREN

Independent research and advocacy to improve the lives of Connecticut's children

Testimony in Support of Raised S.B. 387, *An Act Increasing the Minimum Fair Wage*
Labor and Public Employees Committee

Matthew M Santacroce
Policy Analyst
Connecticut Voices for Children
January 31, 2013

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith, and distinguished members of the Committee:

My name is Matt Santacroce. I am a Policy Analyst at Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families. **I am here to testify in favor of Raised Senate Bill 387, An Act Increasing the Minimum Fair Wage.** Connecticut Voices applauds the committee's continued leadership on this important issue, and we strongly support both components of the proposal before the Committee today: raising the minimum wage to $9.75 an hour, and indexing the minimum wage to the rate of inflation.

The proposed minimum wage increase would represent a significant boost to our state's lowest-income workers. **Today, over 100,000 Connecticut workers make so little at or near minimum wage that they could not pull a family of four out of poverty even if they worked full-time for the entire year.** Increasing the wage to what it was worth 40 years ago – about $9.75 an hour – and would boost the paychecks of those most likely to spend that money in their local economies, spurring demand for goods and services and helping local businesses hire. Indexing the minimum wage to inflation would give employers predictability over future wages, and would ensure decent pay for workers in the state's fastest growing job sectors, such as food service and retail – which are also those most likely to pay minimum wage.

After peaking in real dollars at $10.16 an hour in 1972, the minimum wage has lagged far behind the rate of inflation and economic growth in Connecticut. Between 1981 and 2000, the minimum wage averaged only $7.29 an hour in real dollars, bottoming out at $6.25 an hour in 1996. Thanks to repeated legislative action, the minimum wage regained some ground – but at an average of $8.45 an hour between 2001 and 2012. However, it has still not regained the value it held through the 1960s and 1970s. Put simply, the minimum wage buys less now than it did 50 years ago : The 1963 rate of, $1.15 an hour, would be worth $8.63 an hour in today's economy.

While the minimum wage has declined or stagnated for the past three decades, other wage earners have seen an increase in real incomes. Since 1979, median wage earners in Connecticut have seen their wages increase by 21 percent. Over the same time period, those in the top 10 percent of the wage scale have enjoyed a 46 percent increase in real dollars – meanwhile, the minimum wage has decreased in value by 9 percent. Relative to the middle and upper tiers of the wage scale, and to the cost of living in Connecticut, the minimum wage has eroded. Not only do minimum wage earners have farther to climb to reach the middle class, they are poorer in the meantime.

Raising and Indexing the Minimum Wage: A Common Sense Solution

We strongly support the Committee's proposal to both raise the minimum wage to $9 75/hour by 2015 and to index the minimum wage to inflation. Connecticut must ensure its minimum wage keeps up with the cost of living and an increasingly stratified labor market.

Raising the minimum wage to $9.75 an hour would impact some 225,000 workers in Connecticut – 150,000 would see an immediate pay bump, and an additional 75,000 would see their wages increase as employer pay scales shift upward to reflect the new minimum wage. While this increase would not catch up to 40 years of growth on the rest of the wage scale, it would still be a significant boost for our state's lowest-wage workers.

In addition, the state should ensure that the minimum wage reflects economic realities by indexing the wage to inflation. As previously stated, failing to index has led to a minimum wage that is shrinking in real terms. Indexing the minimum wage to inflation would ensure that as the economy regains momentum, minimum wage workers receive pay increases commensurate with upticks in the economy and corresponding increases in the cost of living.

Further, indexing, which at least ten states already have in place, would relieve business owners of the unpredictability of repeated legislative minimum wage increases – the wage was raised by legislative action nine times in the last 11 years. With indexing, Connecticut's employers would have a guarantee that the minimum wage would not be subject to spikes that outpace the rate of inflation. Indeed, since 1950 there have been ten statutory minimum wage hikes greater than 10 percent over the previous year, and four that were 15 percent or greater.

In sum, restoring the value of the minimum wage and indexing it to inflation would boost living standards and improve opportunity for hard-working minimum wage earners and their families. It would make minimum wage work pay again, and give truth to the notion that if you work hard, you should earn enough to be middle class, or at least enough to work your way into the middle class. Restoring the value of the minimum wage would allow it to once again act as a stepping stone, rather than quicksand, for hard-working families.

Thank you for the opportunity to testify today. For further information, Voices has released an issue brief on raising and indexing Connecticut's minimum wage that provides in-depth analysis of these points. The brief is attached to this testimony, and is also available on our website, www.ctvoices.org.

I look forward to your questions.

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TESTIMONY IN SUPPORT OF SB 387, AN ACT INCREASING THE MINIMUM WAGE BY JOHN P. MURPHY ON BEHALF OF THE CONNECTICUT CITIZEN ACTION GROUP AND INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1228

Good afternoon, Senators Osten and Markley; Representatives Tercyak and Smith; members of the committee. My name is John Murphy and I am here to testify in favor of SB 387, An Act Increasing the Minimum Fair Wage on behalf of over 20,000 member families of the Connecticut Citizen Action Group and International Brotherhood of Electrical Workers Local 1228.

Connecticut workers need an increase in the minimum wage because it makes economic sense. In 1967, the federal minimum wage was raised from $1.25 to $1.40, an increase of 12%. In 1968, it was raised to $1.60, a one year increase of 14% and a 28% increase over two years. Yet the unemployment rate went from 3.8% in 1967 to 3.6% in 1968 to 3.5% in 1969. The next time the unemployment rate came close to those levels was after the minimum wage raises of 1996 and 1997. *Business Week* observed in 2001, *"Many economists have backed away from the argument that minimum wage [laws] lead to fewer jobs."*

If the federal minimum wage had kept pace with the rising cost of living over the past 40 years, it would be $10.52 per hour today, far above Connecticut's $8.25. SB 387's proposed increases are good but fall short of wage parity.

Research by economists at the Federal Reserve Bank of Chicago in 2008 showed an increase in the minimum wage will not cost jobs, but will help families of minimum wage workers make ends meet and will strengthen the economy by providing a crucial stimulus precisely when the economy needs it the most.

Your constituents want an increase in the minimum wage. Last August, a Quinnipiac poll showed that 70% of Connecticut residents favor an increase.

Some business leaders are supportive of increasing the minimum wage. Last August, Bloomberg Business Week reported Margot Dorfman, chief executive of the 500,000 member U.S.

Women's Chamber of Commerce, supports an increase. *"Raising the minimum wage would increase the tax base and decrease the need for government relief,"* she said. When New York's General Assembly approved a bill to boost the minimum wage to $8.50 from $7.25 last month, the Wall Street Journal reported that Greater New York Chamber of Commerce President Mark Jaffe said most members surveyed don't consider the state's wage proposal a hindrance to job creation. *"It will spur the economy and challenge businesses to make sure they're not wasting money in other efforts,"* he said.

Increasing the minimum wage will benefit Connecticut's families and put more money back into our economy. Please vote for SB 387 and help Connecticut's low wage workers survive. Thank you.3

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State of Connecticut

HOUSE OF REPRESENTATIVES
STATE CAPITOL

REPRESENTATIVE ANTHONY J. D'AMELIO
SEVENTY-FIRST ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING ROOM 4200
300 CAPITOL AVENUE
HARTFORD, CT 06106-1591

TOLL FREE (800) 842-1423
FAX (860) 240-0207
Anthony DAmelio@housegop ct gov

HOUSE REPUBLICAN WHIP

MEMBER
COMMERCE COMMITTEE
GENERAL LAW COMMITTEE
PUBLIC SAFETY AND SECURITY COMMITTEE

January 31, 2013

Honored Chairs and Ranking Members of the Labor Committee,

I would like to offer this article as testimony today. It ran in the Hartford Courant last year regarding how one of Connecticut's family owned historic landmark, Quassy Amusement Park would be affected by a raise in the minimum wage.

Quassy Stands To Lose If Minimum Wage Rises Even 50-Cent Hike Could Cost Over $150K, Owner Says March 20, 2012|Rick Green

If it is our government policy to help teenagers and college kids earn more on summer vacation and at after-school jobs, then raising the minimum wage to $9.25 per hour might be a good idea

Half of all minimum wage earners, according to federal statistics, are 25 or under, so this would directly benefit young people.

Of course, that's if there are jobs available for them

Because while it might be fashionable to say raising the minimum wage helps the working folks, it also hammers the just-barely-making-it businesses that hire them. That's a strange message for Connecticut to be sending, just as the state is showing signs of emerging from a long economic nap and looking for small businesses to fuel a recovery.

"It would hurt us bad. I'm competing against New York and Massachusetts, where the minimum wage is a lot less," said George Frantzis, whose family has owned the 104-year-old Quassy Amusement Park in Middlebury for 80 years.

Quassy is to amusement parks what your neighborhood hardware store is to Wal-Mart or Home Depot: small, quirky and locally owned Located on Lake Quassapaug, its affordable and retro, the kind of place that's not really so different from when my mother went there as a kid in the 1930s. It's precisely the sort of Connecticut institution legislators should be worried about preserving — instead of driving closer to the brink with a new law that scores points for politicians but does little to help the state.

The General Assembly is considering a plan to raise the minimum wage 50 cents in 2013 and another 50 cents a year later, boosting the hourly mandate to $9.25 by 2014. Future growth after that would automatically be tied to increases in the consumer price index.

Connecticut already has the fourth-highest minimum wage in the country, at $8.25 per hour. Significantly, this is higher than all three of our neighboring states.

Frantzis said each 50-cent increase in the minimum wage, which he pays to many of his more than 300 seasonal employees, would cost Quassy at least $150,000. For him, higher wages also mean fewer employees.

"Those are egregious amounts," Frantzis said. "This is something that you can't keep on passing on to the consumer. We are all vying for the discretionary dollar."

What would they do in 2013, if this bill passed and Gov. Dannel P. Malloy signs it into law? At Quassy, Frantzis told me, they could cut back on recently approved plans to expand a water park. There would be fewer raises for returning employees.

According to federal statistics, Connecticut has among the lowest percentages of low-wage workers of any state. But boosting the minimum wage would once again let the world know that state leaders really aren't too concerned about its reputation as a costly state to run a business. Last year, we became the first state to mandate paid sick leave.

"There are only so many times you can say Connecticut is open for business," said Malloy strategist Roy Occhiogrosso, whose boss is faced with the challenge of convincing companies to move here. The governor "is not sure that raising the minimum wage is the right way to go. He is definitely concerned that increasing the minimum wage would send the wrong message."

Wrong message it is. We already have a higher minimum wage than nearly any other state, sending an important message that we're not Alabama, Mississippi, Louisiana, South Carolina or Tennessee — states that don't even bother with a minimum wage law. Significantly, we also have an earned income tax credit, a good idea that actually helps working families.

"Ninety percent of my kids aren't supporting a family. This is a summer job to earn a little more money before going back to school," Frantzis says. Government "doesn't really have a sense of what drives an economy and business. They are not thinking of the small businessman who truly drives the economy."

At Quassy this year, admission will be $23.50 per person. That's far less than what you'd pay at Six Flags New England or even Lake Compounce, but this is a small park, albeit with a big roller coaster.

"We have grown and lasted 104 years being the park that is affordable," Frantzis said."We understand the young family and their needs. We try to keep that mentality."

The General Assembly and Gov Malloy ought to do the same.

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State of Connecticut

HOUSE OF REPRESENTATIVES
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REPRESENTATIVE DAVE RUTIGLIANO
ONE HUNDRED TWENTY-THIRD ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING ROOM 4200
300 CAPITOL AVENUE
HARTFORD, CT 06106-1591

TOLL FREE (800) 842-1423
CAPITOL. (860) 240-8700
FAX. (860) 240-0207
Dave Rutigliano@housegop ct gov

MEMBER
GENERAL LAW COMMITTEE
HUMAN SERVICES COMMITTEE
INSURANCE COMMITTEE

SBC Restaurant Group, LLC

Testimony before the Labor Committee, January 31, 2013

SB 387 AA Increasing the Minimum Fair Wage

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and members of the Labor Committee, my name is David Rutigliano; I am a partner in the SBC restaurant group. I am also a recently elected member of the CT House of Representatives, representing the Town of Trumbull. SBC is a Connecticut company with locations in Branford, Milford, Stratford, Fairfield & Stamford. We have been in business for 17 years and employ about 250 full and part time people. We are also proud members of the CT Restaurant Association.

I am here today to testify in opposition to Senate Bill 387 An Act Increasing the Minimum Wage.
The past four years in the restaurant industry has been challenging to say the least, we have been operating in an environment of extreme uncertainty, intrusive government intervention, increasing costs, higher taxes, and shrinking customer counts.

In Connecticut we find ourselves in a perfect storm of bad news. Because of Hurricane Sandy, SBC has seen our insurance rates increase 25%, some of our fellow restaurant association members have had their rates double. Our unemployment assessments reached $20,000 last year this coupled with an increase in our rate, all due to our state government borrowing money from the federal government to extend unemployment benefits. We pay these even though we have not laid anyone off. Our customers have been subject to massive tax increases and four years of close to four dollar a gallon gasoline prices, which acts as a drag on disposable income. We have incurred double

digit health insurance rate increases as we lead up to the implementation of the affordable care act. I defy anyone here to explain to me how we, in the labor heavy and low margin industry such as ours, are going to pay for Obama care.

We can not afford an increase in the server wage; our servers receive tips and are well compensated far above the minimum wage. An increase for them only limits the amount of potential earnings of other employees.

A minimum wage increase will decrease employment amongst our young people and low skilled work force. The current unemployment rate amongst our teenage population is upwards of 25%.

I understand the want for a living wage; I submit to you the way to get there should be through a learning wage. By raising the minimum wage you will be robbing our young people the opportunity to gain valuable experience and job training.

The minimum wage will not stimulate the economy; it will have an inflationary effect, with prices rising to meet the increase in costs.

Connecticut is already one of the most expensive states in the country to do business in. This bill will only increase the cost of doing business and result in the loss of jobs and opportunities.

We are already #1 in the country for the loss of 18-34 year olds. We need to make this state more attractive to business and encourage our young people to stay, and create jobs here, instead of moving to a state that has less restrictions. We all have seen neighbors and friends move elsewhere in search of a better life, or more opportunity. We've have seen our neighbors and friends children go off to college and not come back, except to visit.

At SBC we are "Connecticut" as we were all born and raised here, got married and started families here, and this is where we decided to start our business. We want Connecticut to succeed and prosper. We just don't believe this is the way to go about it.

Thank you for your time. I am available for any questions you may have.

The Honorable David Rutigliano
State Representative, Trumbull, CT

P 4 L 4

Testimony on

S.B. NO. 387

AN ACT INCREASING CONNECTICUT'S MINIMUM FAIR WAGE

before the Labor and Public Employees Committee of the General Assembly

Jeannette Wicks-Lim, Ph.D.

Assistant Research Professor

Political Economy Research Institute,

University of Massachusetts, Amherst

January 31, 2013

Legislative Office Building

300 Capitol Avenue

Hartford, Connecticut

Thank you Chairwoman Osten, Chairman Tercyak, and Vice Chairs Gerranta and Santiago, of the Labor and Public Employees Committee for the opportunity to testify before you on the merits of the proposal to raise Connecticut's minimum wage to $9.75 by 2014, and then annually adjust it to reflect changes in the local area's cost-of-living.

My name is Jeannette Wicks-Lim. I am an assistant research professor at the Political Economy Research Institute of the University of Massachusetts-Amherst. My research primarily focuses on the low-wage labor market in the United States. I have specifically studied the impact of minimum and living wage proposals for over ten years, including state minimum wage laws in Arizona and Florida. Much of this research appears in a 2008 book titled A Measure of Fairness, published by Cornell University Press, and co-authored by Robert Pollin, Mark Brenner, Stephanie Luce, and I. I am pleased to say that this compilation of our work earned high praise from Richard Freeman of Harvard University, arguably the most distinguished labor economist alive in the U.S. today. In his words, "The volume defines the issues and provides a glow of empirical sunshine on an economic topic traditionally shrouded with ideology instead of evidence."

In my testimony I will address three concerns about raising Connecticut's minimum wage:

(1) That raising Connecticut's minimum wage will cause job losses,

(2) That indexing the minimum to a cost-of-living index will cause inflation to spike, and;

(3) That proposed minimum wage hike is needless since those who would benefit are mostly teenagers or young adults who hold minimum wage jobs primarily to get experience and/or to earn "spending" money.

1. Minimum wage hikes and the potential for job losses.

One of the primary concerns over any minimum wage increase is that they will cause job losses. This is a serious concern. After all, if low-wage workers lose their jobs instead of getting a raise, the minimum wage hike hurts the very workers it is intended to help. The basic logic behind this concern is straightforward: if businesses have to pay their workers more, their businesses costs will rise so much that they will have to offset their cost increases by laying off their workers or cutting back on their hours. Or, they would have to raise their prices so much that they would lose customers, and then, in response to their declining sales, they would have to lay off workers.

The good news is that Connecticut's business should be able to adjust to a roughly 20 percent minimum wage hike without shedding jobs. The reason for this is that minimum wage hikes such as the one being considered today actually amounts to a very modest cost increase for businesses. This is true even while including the higher payroll taxes employers must pay on their larger wage bill, as well as, ripple-effect raises. Employers may give some of their workers earning a little bit more than the minimum ripple-effect raises – also called "spillover" raises—in order to preserve the same wage hierarchy before and after a minimum wage increase.

What I mean by a *modest* cost increase is the following. Over the course of the more than 10 years that I have been researching minimum and living wage hikes, we have repeated this exercise: we directly estimate how much businesses costs would rise by using Labor Department data on the number of workers who we would expect to receive raises, the size of these raises given their current pay rates, and the number of hours they work. Based on

these figures, we can calculate how much these businesses' labors costs increase. This is a labor-intensive but fairly straightforward exercise. What my colleagues and I have repeatedly found is that a minimum wage hike of this size—20%--typically imposes, on an average business, a cost increase in the range of two-tenths of one percent of that business's sales revenue. What this means is this average business could cover the entire cost of the minimum wage hike by raising their prices by two-tenths of one percent.[1] This amounts to raising the price of a $20 item by four pennies, or $20.04. A cost increase of this size, I think can be reasonably described as extremely modest.

Now that is for the average business. But it turns out that the cost increase remains modest for restaurants as well -- a low-wage labor-intensive industry. What we have found is that the cost of a minimum wage hike of 20 percent amounts to 1 percent of the average restaurant's sales revenue. In other words, the average restaurant would need to raise the price of a $20 meal by just two dimes to $20.20 to cover the entire cost increase from a 20 percent minimum wage hike. It is hard to believe that a price increase this small would chase off any consumers even in the midst of today's slow recovery.

Businesses also tend to experience some labor cost *savings* when the minimum wage goes up. This is because when workers get a raise, they tend to stay at the job longer and this lowers a business's employee turnover rate – the rate at which a business needs to replace workers who have left. This saves businesses money in recruiting and training costs. This labor cost savings offsets, in part, the cost increase from a higher minimum wage. In other

[1] For example, see PERI minimum wage impact studies for Arizona in 2006 (http://www.peri.umass.edu/236/hash/d712f24f9c05c160a8535cad0b1a014f/publication/238/), and Florida in 2004 (http://www.peri.umass.edu/236/hash/f847fe31697e70fbafc69f137aea7061/publication/178/).

words, the price increases they would need to adopt to cover their actual cost increases would be even smaller than what I just described.

To sum up, the current proposed minimum wage hike will not likely cost jobs because the cost increases that it would impose on businesses, even restaurants, are very modest. Part of the costs will be offset by a more productive workforce, and the remaining costs can be covered by price increases so small that consumers will not likely notice. This explains why many businesses can and do adjust to minimum wage hikes by slightly raising their prices.[2] Of course, businesses have other ways to adjust as well. They can also accept lower profit margins and/or offer smaller raises to high-wage earners.

This helps explain why the most rigorous research on the question of whether minimum wage hikes costs jobs has found no discernible reduction in employment. Much of this work has been co-authored by Professor Arindrajit Dube who testified before this Committee nearly one year ago.

In a nut shell, Dube and his colleagues looked to see how a higher state minimum wage might affect jobs by comparing employment growth in restaurants and retail stores between pairs of neighboring counties along a state border so that the businesses in each county are potentially required to comply with different state minimum wage rates. For example, their study included restaurants and retail outlets operating in 2004 in counties along the New York-Connecticut border when Connecticut's $7.10 state minimum wage exceeded New York's $5.15 minimum by nearly two dollars. If job growth lagged in

[2] See, for example, Barry T. Hirsch, Bruce E. Kaufman, and Tetyana Zelenska. 2011. "Minimum Wage Channels of Adjustment," *Andrew Young School of Policy Studies Working Paper 2011-11-1*, and Daniel Aaronson, Eric French, and James MacDonald. 2005. "The Minimum-Wage, Restaurant Prices, and Labor Market Structure." *Federal Reserve of Chicago Working Paper No. 2004-21.*

Connecticut's stores and food establishments compared to New York's that would be evidence in support of the argument that higher state minimum wages cost jobs. They looked at exactly these types of comparisons over a 17-year period across all 50 states and the District of Columbia. In Dube's words, they found:

> ...no evidence of reduced employment in low-wage sectors when the minimum wage went up. In other words, the counties in the states with the higher minimum wages, overall, had the same job growth patterns as the neighboring counties in the lower minimum wage states.[3]

And in fact a judicious review of over 30 years of past minimum wage research, including 64 studies, documents how the most reliable estimates of the minimum wage's impact on employment center on an estimate of zero, i.e., no effect.[4]

It is also worth noting that raising Connecticut's minimum wage can help to protect businesses in Connecticut that are striving to pay their low-wage workers something that more approximates a living wage, which is typically substantially higher than the minimum, from businesses that choose to pay the minimum. It can do this by keeping the difference in labor costs between so-called "high-road" employers and "low-road" employers modest.

2. Cost-of-living indexing and inflation.

Now that we have the business cost increases produced by a 20 percent minimum wage hike in perspective, I think it is easy to set aside any fear of inflation from indexing the minimum wage to a cost-of-living measure. The fact is that the potential impact of minimum

[3] See written testimony on H.R. No. 5291 submitted to the Labor and Public Employees Committee of the Connecticut General Assembly by Prof. Arindrajit Dube, February 28, 2012.
[4] Hristos Doucouliagos and T.D Stanley. "Publication Selection Bias in Minimum-Wage Research? A meta-regression analysis," *British Journal of Industrial Relations*, 2009, June.

wage hikes on the overall price level is simply too small to have any appreciable impact on inflation.

Let's go back to the estimated impact of the 20 percent minimum wage hike. For the average business, they could cover the entire cost of this minimum wage increase by raising their prices by about two-tenths of one percent. Again, this amounts raising the price tag of a $20 item by four cents.

COLA increases however are much, much smaller than 20 percent. The annual rate of inflation, as measured by the Bureau of Labor Statistics' Consumer Price Index for urban wage earners and clerical workers in the Northeast urban area of New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, averaged 2.9 percent over 2002 to 2012. The average business therefore could easily cover the cost increase from a typical COLA by raising prices by three-hundredths of one-percent (0.03%).[5] This amounts a price tag of $20 going up by less than one penny. Price increases this small would have a negligible impact on a 2.9 percent average inflation rate.

This basic conclusion is supported by a 2008 study that reviewed the economic studies on the impact of minimum wage hikes on prices and inflation.[6] The estimates from these studies cover a relatively wide range, suggesting that a 10-percent increase in the minimum causes overall prices to rise somewhere between 0.2 percent and 2.16 percent, with most estimates falling below 0.4 percent These estimates are larger, but in the range of how much businesses' costs increase as discussed above. Even the higher estimate of a 0.4 percent rise

[5] (0 1%/10%) x 2.9% = 0.029%
[6] "A Survey of the Effects of Minimum Wages on Prices," by Sara Lemos, *Journal of Economic Surveys* 22(1): 187–212, 2008.

in price level with a 10-percent minimum wage hike suggests that a typical COLA adjustment of 2.9 percent to the minimum wage rate would only push up the price level by about one-tenth of one-percent (0.12%).[7] Recall that this amounts to adding just two cents to a $20 price tag.

To sum up, the potential contribution of the minimum wage COLAs to inflation would be to raise the rate of inflation by 0.1 percent or less. This would raise, for example, the average annual inflation rate of 2.9 percent to 3.0 percent—a change so small that the rate is effectively unchanged in any meaningful way. In fact, this potential impact on inflation is smaller than the margin of error for the Department of Labor's estimate of inflation.[8]

If Connecticut adopts S.B. 387, it would become one of nearly one dozen states to insure that the purchasing power of its minimum wage does not erode over time. I have not heard of any reports from the states that index their minimum wage rates are suffering from bouts of inflation.

3. Who would benefit from this minimum wage hike?

Based on my own analysis of Labor Department data[9] from 2011, I estimate that the large majority of workers who benefit are adults, not teenagers or young adults in school. 75 percent of the potentially affected workers – i.e., those earning between $8.00 and $11.00 – are older than 25 years old and not enrolled in school. Teenagers (16-19 yrs. old) and young

[7] (0.4%/10%) x 2.6% = 0.12%
[8] For 2011, the margin of error for the national estimate of inflation, as measured by the CPI-U was +/- 0.14%. The margin of error for any regional estimate would be larger.
[9] The data I use come from the Current Population Survey (CPS), a standard data set used by labor economists studying the U.S. labor market.

adults in school (20-24 yrs. old and enrolled at least part-time) make up the remaining 25 percent. In other words, the large majority of workers who would potentially benefit from raising Connecticut's minimum wage to $9.75 have begun their work careers in earnest.

More important, however, is the extent to which these workers' earnings support the households that they are part of, regardless of whether they are young, students, or adults out of school. Again, based on my own analysis of Labor Department data, I find that Connecticut's low-wage workers contribute crucial earnings to maintain a relatively modest standard of living in their households: the typical affected worker (workers earning $8 to $11/hr.) contributes over one-third (34%) of their families earnings.[10] Even if we take a broader measure of the family's resources—family income that includes income subsidies such as Social Security, child support, etc.—the typical affected worker contributes one-quarter (26%) of his/her family's income. [11]

In Conclusion

The economic situation among Connecticut's low wage workers has been deteriorating as part of a longer-term trend that precedes the Great Recession. A higher minimum wage would make a real difference.

Even before the onset of Great Recession, Connecticut's low-wage workers saw their wages, after adjusting for inflation, decline. From 2000 to 2007, the 25th wage percentile—the wage rate at which 25 percent of workers earn less and 75 percent earn more—declined from

[10] The average figure reported here is the median as of 2011. The mean figure, which is more sensitive to extreme cases, is 50%.
[11] Again, this average figure is the median as of 2011; mean figure is 40%.

$13.04 to $12.95, a one-percent drop. The same thing happened to the 10th wage percentile – that wage fell from $9.49 to $9.40. Clearly, a minimum wage set at $9.75 would help these workers. These declines in pay took place even while the state's economy produced 10 percent more goods and services per capita over the same time period.

This underscores the significance of the minimum wage in preventing a further decline in the living standards of Connecticut's low-wage workers. In today's economic climate where compensation for the average and low-wage worker is generally declining such labor standards have become more relevant.

And in fact, Connecticut's state minimum wage lags behind where it stood 45 years ago in 1968. If Connecticut's 1968 minimum wage had kept up with inflation it would be $10.00 today. Raising Connecticut's minimum wage to $9.75 by 2014 will help make up some of this lost ground. Adjusting the minimum to reflect rising living costs in the area will prevent it from further falling behind.

The current proposal to raise Connecticut's minimum wage from $8.25 to $9.75 would strengthen the backstop to the deteriorating position of its low-wage workers. This is of important economic consequence to the workers who would see their wages go up from the minimum wage hike since they typically contribute a significant share to the earnings and incomes of their households they help maintain. Moreover, once we consider the actual costs of raising the state minimum to Connecticut's businesses, it becomes clear that the proposal poses no real threat of inflation or employment losses.

Thank you for the opportunity to testify before you today. I would be happy to answer any of your questions.

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Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
January 31, 2013

Testifying in Opposition to SB 387 AA Increasing The Minimum Fair Wage

Good Afternoon Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA) which represents more than 10,000 large and small companies throughout the state of Connecticut.

SB 387 raises the minimum wage from $8.25 to $9.00 in July of 2013, then from $9.00 to $9.75 in July of 2014, and thereafter automatically increases the minimum wage to reflect changes in the consumer price index.

Proponents of this bill erroneously claim that raising the minimum wage will put more money in the pocket of the state's poorest residents. They also cite refuted studies contending that increasing the minimum wage has no impact on job creation. In reality, increasing the minimum wage, particularly during a period of prolonged high unemployment, will actually end up hurting the very people you are trying to help.

Earlier this month, academics at the University of California-Irvine published the results of a comprehensive review of all research conducted during the last twenty years on the effects increases to the minimum wage had on employment rates. They found that 85% of all credible studies came to the same conclusion: Increases in the minimum wage are almost always followed by a reduction in the number of jobs – particularly entry-level jobs. Simply put, increasing the cost of labor means employers are even less likely to hire – particularly in a down economy.

An increase in the minimum wage will have no effect on reducing poverty because the majority of working-age individuals living in poverty are not in the workforce earning wages. In other words, an extra $1.50 per hour over the next two years cannot help people who do not receive a paycheck in the first place. The vast majority of individuals earning the minimum wage fall into one of the two following groups: teens that live at home with one or more guardians, or individuals that hold a part-time, entry-level job for the purpose of supplementing another income. Neither of these groups live in poverty.

The societal effects of an increase in the minimum wage are even more devastating during poor economic times. When we increase the cost of labor, employers typically respond by reducing the number of entry-level, low-skilled workers they hire. Since a large proportion of these jobs are occupied

by young workers, a reduction in availability denies individuals first employment opportunities that provide skills critical for future advancement. Additionally, when we increase the cost of labor, employers are often forced to raise prices. This means the impoverished individuals who receive no benefit from a minimum wage increase will have to pay higher prices for the goods and services – making their economic hardship even worse.

While I applaud the committee's good intentions, I would suggest the best way to help individuals in entry-level and low skilled jobs is to stop adding costs to employers in order to encourage more hiring and more opportunities for employee advancement. I strongly urge members of the committee to oppose this bill.

Pg 6 line 8

Connecticut Farm Bureau Association
775 Bloomfield Ave., Windsor, CT 06095-2322
(860) 768-1100 • Fax (860) 768-1108 • www.cfba.org

January 31, 2013

Testimony in Opposition to:

Raised Bill No. 387 AN ACT ICREASING THE MINIMUM FAIR WAGE.

Submitted by: Henry N. Talmage, Executive Director, Connecticut Farm Bureau Association

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The following testimony is submitted on behalf of the Connecticut Farm Bureau, a statewide nonprofit membership organization of over 5,000 families dedicated to farming and the future of Connecticut agriculture.

Senator Osten, Representative Tercyak and members of the Committee

On behalf of over 5,000 members of The Connecticut Farm Bureau I come before you today to raise our opposition to Raised Bill 387 and specifically the provision to increase in the minimum wage.

Connecticut agriculture is a $3.5 billion industry comprising over 20,000 jobs to the states economy according to a 2010 University of Connecticut study. I am proud to serve as Co-chair of the Governor's Council for Agricultural Development. There has been significant interest in local foods and farm products and the Council is focusing on the potential for growth in agriculture as a legitimate economic development strategy. Over the past year the council has conducted over 650 hours of in-depth stakeholder interviews, 232 producer surveys and 4 regional listening sessions. During this process we asked participants to list the top 4 opportunities and the top 4 obstacles to the growth of CT agriculture. The number one obstacle was input costs and especially the cost of labor and energy. Farm Credit East (the primary farm lending institution in New England) published a report in 2011 titled *Northeast Agriculture and Farm Labor.* The report showed that CT currently has the third highest farm labor costs per $100 of farm sales in the nation and has the highest in all of New England and the Northeast. In fact Connecticut's farm labor cost of $27 per $100 of sales is three times the national average and more than double that of Vermont.

This legislation would increase the minimum wage by over 20% over two years. All farmers would be impacted and with the increase in specialization and value-added agriculture payroll is often the largest single expense for our growers. Many of our producers compete directly with growers from neighboring Northeast states and other low-cost areas from around the world. Raising the minimum wage would put our producers at an even greater competitive disadvantage. Our producers cannot simply raise prices and hope to be competitive.

In addition to production positions that provide young people and others a place to develop their career path agriculture also provides many other jobs in management, sales, distribution, trucking, equipment sales and service and other support services. The agricultural economy is especially important to our rural communities that often do not have opportunities for employment from other segments of the economy. Agriculture can play an important role in the recovery and creation of many new jobs in the future but we need to nurture that process. We believe that a minimum wage increase as proposed in R.B. No. 387 at this critical time would result in significant job loss from the agricultural segment and we urge defeat of this measure.

Page Small 387

My name is Jay Kamins, I own a small Website Design and Marketing firm in Andover, Connecticut. We've been in business since 1999 and our total revenues since then are approximately 2.1 million, with an employee base of anywhere from 2 to 8 depending on the economy. By most measures this places us firmly in the category of "Small Business".

It's been said that small business is America's "backbone" and contributes greatly to overall employment and GDP. It's also been widely said that a change in the minimum wage would be devastating to small businesses like mine. I'd like to tell you that is absolutely not the case.

Put simply, it would be financial suicide to pay my staff anything less than an actual living wage. Expecting any employee to give me a year of productive and dedicated labor, yet leaves them below the poverty level isn't just unrealistic – and isn't just unethical – it's financial suicide. When we take on staff, it is an investment of time and capital. Regardless of the business, a employee must be trained, taught the specifics of that firm's process, and taught unique soft skills required to be productive and successful.

Paying someone the current minimum wage would mean this:

- That individual would need to work a second job to get their income above the poverty level. That means they will eventually need to quit for a better wage and saner hours, and in so taking the time and money I invested, with them.
- OR, That person comes to work exhausted from working the other job and is unmotivated and unproductive.
- ALSO, No bond of loyalty or trust between myself and that person could be expected, as it's clear I have no interest in paying them a livable wage. In a small business that can be devastating.

Finally, as a business owner, it is important to me that our whole economy is doing well. When people earn a living wage, they can buy the things my clients offer, allowing my clients to in turn spend more on my services.

Economists across the political spectrum agree that weak consumer spending is one of the major factors holding back growth and hiring. It's not difficult to see how paying poverty level minimum wages would exacerbate that condition.

In summary, paying my employee minimum wage is about the worst investment I could make in my business, and in my state.

Thank you.

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Waterbury Regional Chamber

STATEMENT OF JOHN DICARLO, PUBLIC POLICY & ECONOMIC DEVELOPMENT DIRECTOR of the WATERBURY REGIONAL CHAMBER before the LABOR AND PUBLIC EMPLOYEES COMMITTEE on S.B. 387 (RAISED) AN ACT INCREASING THE MINIMUM FAIR WAGE.

January 31, 2013

Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee. Thank you for receiving my statement as part of public input for this proposed legislation The Waterbury Regional Chamber, which serves 13 towns in the Greater Waterbury region and represents the collective interests of nearly 1,000 members in matters of public policy and economic development, strongly opposes Senate Bill 387

Waterbury has the dubious distinction as the labor market with the state's highest unemployment rate for more than a decade Passage of this legislation would create yet another obstacle to our region's efforts to move itself out of this ranking

An ongoing economic downturn that is the worst since the Great Depression is clearly not the time to enact legislation that further hinders business growth Doing so would send the wrong message to both businesses and prospective hires. Enacting this legislation would convey to businesses that state policy will directly continue increasing the cost of doing business with every given year

In addition, it would negatively impact prospective hires, particularly seasonal positions for teenage workers These positions provide our youth important opportunities to develop a good work ethic and gain initial, positive experiences in the workforce. The number of these opportunities would be significantly curtailed as a result of this legislation Employers facing increased labor costs also traditionally hire workers with the most experience and highest skill levels Therefore, a decrease in entry level positions not only limits the ability of teenage workers to find current job openings, it also sets them up for increased difficulties later in their careers

Sincerely,

John DiCarlo

John DiCarlo
Public Policy & Economic Development Director, Waterbury Regional Chamber

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SB 387

COMMITTEE ON LABOR AND PUBLIC EMPLOYEES
January session 2013 January 31 2013
Testimony by Rev. Laurel E. Scott
Senior Pastor, North United Methodist Church, Manchester, CT

Good afternoon. My name is Laurel Scott. I am a Christian minister serving the congregation of North United Methodist Church in Manchester, Connecticut for the past four years. Before becoming an ordained minister, I worked as a policy analyst and special projects director for the City of New York Department of Social Services and for the Community College system as a job skills and college prep. Program Director. I worked with and on behalf of the poorest of citizens, people who either made minimum wage or received public assistance. Because I was in direct contact with this population, I developed a strong compassion for the people who make the minimum wage in our society. This is not a living wage, it is merely a minimum wage.

When a person makes $8.25 an hour in our state, which is among the top five states in the nation in terms of the cost of living, they are not able to meet basic living expenses. If the person is single and fortunate enough to share expenses with others, he or she might be able to make it on $330/week. But when that same $330/week is to be shared with a family of three – let's say a single parent with two children or a couple with one child, there is no way that that paycheck can stretch to cover all necessities. With a minimum of $750 reserved for rent, $350 for transportation and $300 for food, that's all there is. Nothing left for incidentals, nothing for medications, nothing for clothing, nothing for utilities, not to speak of books and tuition if there is a college student in the mix.

The people who make minimum wage are those who keep our bathrooms, offices, hospitals, airports, train stations clean, who bus tables and serve our meals in restaurants, who wash our vehicles, who work on the front line of security in our buildings, who bring our food to market and table. They are students working their way through college and sadly, they are men and women of prime working age who struggle on a daily basis to put food on their own families' tables while in some cases serving food to those whose tax cuts make $25,000 available for spending, while those serving make just over $17,000 per year.

This is basic math. As the CPI continues to rise, we need also to raise the minimum wage. If we do not, the working poor become poorer even as they continue to work. As the Dow Jones Industrial Average rises and the wealthy among us see increases in the value of their stocks, we need to raise the minimum wage for those at the bottom who help make it possible for those at the top to increase their wealth. At $8.25 an hour these hard-working citizens will never become wealthy. All we are doing is helping them to survive with a little bit of dignity.

I have not even spoken of our moral obligation to maintain a civil society by taking care of those least able to take care of themselves. I chair the board of one of our non-profits here in Connecticut. Over the past five years, our food pantry has been patronized by more and more

of the working poor as is our thrift shop where patrons find items of clothing for $5 or less. We need to reduce the number of our citizens using food pantries and thrift shops. If we do not increase the minimum wage to $9:00 as proposed in SB 387 then the non-profits that run programs like ours will find themselves being more overburdened with requests for food, clothing and help with shelter and utilities. We have an obligation to help others who share a community, a neighborhood, a state, a nation, with us. One of the ways in which we can do this is to increase the minimum wage as proposed, with periodic increases linked to the CPI.

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Testimony of
Natasha M. Pierre, JD, MSW
Policy & Legislative Director
The Permanent Commission on the Status of Women
Before the
Labor and Public Employees Committee
January 31, 2013

Re: S.B. 387, AA Increasing the Minimum Fair Wage

Senators Osten and Markley, Representatives Tercyak and Smith, and members of the committee, thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women (PCSW) regarding **S.B. 387, AA Increasing the Minimum Fair Wage**.

The PCSW supports an increase in the minimum wage, and the concept of basing future increases on the consumer price index. This proposal would allow workers a minimum amount of financial security by ensuring that their wages keep pace with the real cost of living in Connecticut without requiring legislative action every year.

Impact on CT Women: Increasing the minimum wage will assist all families in remaining self-sufficient since 33.5% of Connecticut women and 24.3% of Connecticut men, aged 16 or older earn minimum wage, which amounts to $17,499 a year or less. [1] These workers are very close to the federal poverty level, which is $11,170 for a family of one; $15,130 for a family of 2, and $19,090 for a family of three.[2]

Since the minimum wage rarely registers as a viable number to determine the cost of living in an expensive state such as Connecticut, PCSW has contracted with researchers to develop two reports that more accurately report what is needed to be self-sufficient in Connecticut. These reports are the *Family Economic Self Sufficiency Standard* (FESS),[3] which calculates a working family's needs to meet basic expenses; and the *Basic Economic Standards Table* (BEST),[4] which calculates a working family's basic expenses plus savings. Both of these reports measure the true cost of living by region and family size in the state of Connecticut.

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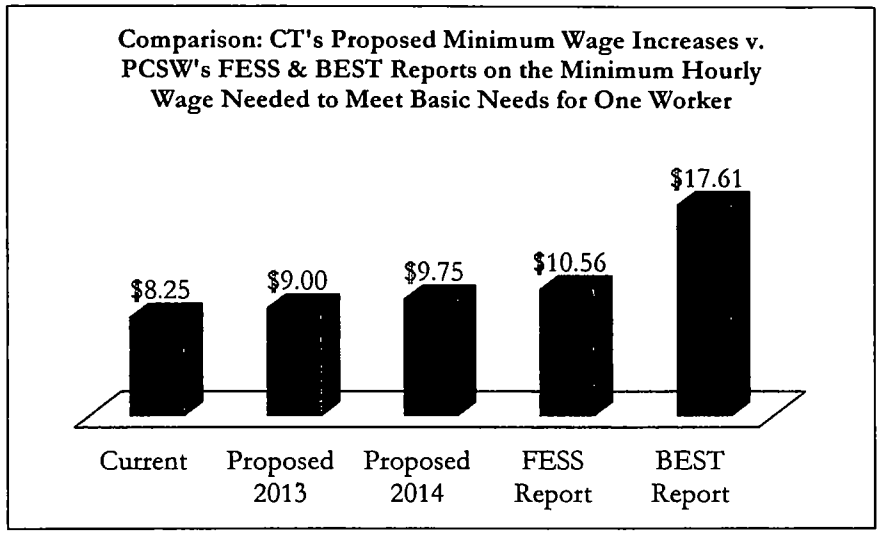
[1] Calculated by PCSW using the U S Census Bureau's American Fact Finder: Sex by Earning in the Past 12 Months (in 2010 inflation adjusted dollars) for the Population 16 Years and Over with Earnings in the Past 12 Months Data Source *2010 American Community Survey 1-Year Estimates* Full-time is defined as 40 hours a week for 52 weeks

[2] 2012 HHS Poverty Guidelines, *Federal Register Notice*, January 26, 2012.

[3] Diana Pearce The Real Cost of Living in 2005 The Self-Sufficiency Standard for Connecticut, Office of Workforce Competitiveness, State of Connecticut, 2005 Values inflated to 2008 using Department of Labor Consumer Price Index (CPI)

[4] PCSW Basic Economic Standards Table Report – Release Date March/April 2012

Full time workers earning minimum wage are well below the FESS and BEST standards. According to PCSW's research, a person living in Connecticut needs to make $10.56/hour to meet their basic needs and $17.61/hour to meet their basic needs and have a modest amount of emergency savings.



Increasing the minimum wage to keep pace with inflation is fair, and it would also have a significant impact on the economic security of women and all low- and moderate-wage workers. If we want workers to succeed, and to be able to support themselves and their families, then we have to create a realistic floor on wages-not one that leaves working adults and their children at or below poverty.

We look forward to working with you to address this important issue. Thank you for your consideration.

SEIU Local 2001

Stronger Together

Patrice Peterson
President

Paige Farnham
Secretary/Treasurer

Robert D Rinker
Executive Director

Connecticut General Assembly
Labor and Public Employees Committee
January 31, 2013

TESTIMONY FOR PUBLIC HEARING:
Senate Bill 387 and House Bill 5713

Senator Osten, Representative Tercyak, ranking members, and members of the Labor & Public Employees committee. My name is Patrice Peterson. I am a resident of West Hartford, and the President of CSEA SEIU Local 2001. I come before this committee to testify in support of Senate Bill 387, An Act Increasing the Minimum Fair Wage, and House Bill 5713, An Act Concerning the Inclusion of Labor History in the Public School Curriculum.

Senate Bill 387, An Act Increasing the Minimum Fair Wage.
As the president of a labor union, I know the importance of raising the minimum wage. It's simple economics. When you put more money into the pockets of working men and women, they will spend it in their communities, providing a needed boost for our struggling economy and creating beneficial ripple effects across Connecticut. Increased economic activity leads to greater tax revenue for the state, leading to smaller budget deficits, and hopefully budget surpluses down the road. In short, we all benefit. We support S.B. No. 387 and encourage you to do the same.

House Bill 5713, An Act Concerning the Inclusion of Labor History in the Public School Curriculum
For anyone who believes that teaching history is important, supporting H.B. No. 5713 should be obvious. We teach history for a reason; learning about the past is fundamental to understanding the present; and what could have a more direct impact on students than the world of work? Organized labor in America has been one of the most important forces shaping this country and the daily lives of working men and women. If you wanted to understand why we have a 40 hour work week, child labor laws, or even a middle class, you could never really understand any of it without discussing the history of organized labor. It is an empowering history of working men & women standing up for their rights and demanding better for themselves and their families. With this additional curriculum, students will be better prepared to enter the workforce. We encourage you to support this important addition to our student's knowledge base.

I respectfully urge you to support Senate Bill 387 and House Bill 5713.

Thank you.

Patrice Peterson
President, CSEA SEIU Local 2001

SERVICE EMPLOYEES INTERNATIONAL UNION CLC, CTW • CONNECTICUT STATE EMPLOYEES ASSOCIATION
760 Capitol Avenue • Hartford, CT 06106-1206 • www.csea-ct.com
860 951 6614 • Toll Free 1 800 894 9479 • FL Toll Free 1 800 437 5630 • Fax 860 951 3526

Page 15 line 2

CONNECTICUT AFL-CIO

56 Town Line Road, Rocky Hill, CT 06067
860-571-6191 fax 860-571-6190

Testimony of Lori Pelletier, Secretary-Treasurer

Connecticut AFL-CIO before the Labor and Public Employees Committee

January 31, 2013

Senator Osten and Representative Tercyak, and members of the committee, my name is Lori Pelletier and I am the Secretary-Treasurer of the Connecticut AFL-CIO. On behalf of our affiliates and members we thank the committee for holding this public hearing.

I am here to testify in favor of the following bills:

S.B. No. 387 (RAISED) AN ACT INCREASING THE MINIMUM FAIR WAGE. (LAB). When similar legislation has come up in previous years the argument against this is always the same, and that is that it's bad for business, that it will cause the sky to fall. We have also heard this is not the year because the economy is good we don't want to slow it down, or the economy is bad we don't want to make it worse. The reality is none of the above. By raising the minimum wage you are adding money into the economy. Minimum wage workers spend all their earnings, they don't hide it in the Cayman's or in some Swiss bank account, they spend it and they spend it here.

If we are willing to invest money in business through tax credits and incentives the least we should do for workers is to rise up the floor of their wages. It's good for their families and it's good for the economy.

H.B. No. 5756 (RAISED) AN ACT REQUIRING THE STANDARD WAGE BE PAID TO CERTAIN EMPLOYEES OF EMPLOYERS WHO RECEIVED FINANCIAL ASSISTANCE FROM STATE ECONOMIC DEVELOPMENT ENTITIES. (LAB)

This is an issue of personal responsibility. If a company is willingly accepting financial assistance from the state then they should be held to a higher standard, and paying workers a standard wage is just that. Is it too much to require that a company who is getting a leg up on their competitors extend that same advantage to the very workers producing or servicing the product? Again, these workers will reinvest these extra dollars right back into the local economy which brings economic growth. This bill is as simple as it comes and a very powerful statement to all families across our state.

Thank you for the opportunity to testify here today.

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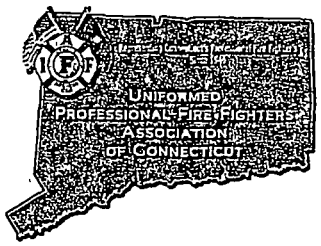

PAUL J. RAPANAULT
DIRECTOR
Legislative/Political Affairs

January 31, 2013

Labor and Public Employees Committee Public Hearing

Good afternoon Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee. My name is Paul Rapanault. I am the Director of Legislation/Political Affairs of the Uniformed Professional Fire Fighters of Connecticut. The UPFFA represents 4,000 career fire fighters, Emergency Medical Technicians and dispatchers in nearly 60 municipal and state local unions.

I am here today to speak on two bills before you.

The first is **S.B. No. 387** AN ACT INCREASING THE MINIMUM FAIR WAGE - WE **SUPPORT** THIS BILL. We believe that helping workers earn a more equitable wage can only help everyone in Connecticut.

The second is **H.B. No. 5713** AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM. WE **SUPPORT** THIS BILL. The labor movement has been driving force behind the creation of the middle class in the United States and around the world. Many of the accomplishments achieved by the labor movement are commonplace today, such as an 8-hour work day & 40-hour work week, a minimum wage, child labor laws, safer working conditions, unemployment insurance, protection against workplace discrimination, Workers' Compensation and collective bargaining to give workers a voice. These are important aspects of our society. Students deserve to know that these protections were achieved after hard fought battles over many years and with great sacrifice by the efforts of ordinary people to create the society we enjoy today.

We urge you to support these two important bills.

Thank you for your consideration.

Paul J Rapanault, Legislative/Political Affairs

Walter M O Connor, *President Emeritus*
Santo J Alleano, Jr, *Vice President Emeritus*
Raymond D Shea, *President Emeritus*
Patrick J Shevlin, *Treasurer Emeritus*

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January 31, 2013

The Testimony of Stacey Zimmerman on behalf of the Service Employees International Union Connecticut State Council.

1. S.B. No. 387 AN ACT INCREASING THE MINIMUM FAIR WAGE. **Support**

2. H.B. No. 5713 (RAISED) AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM. **Support**

3. H.B. No. 5756 AN ACT REQUIRING THE STANDARD WAGE BE PAID TO CERTAIN EMPLOYEES OF EMPLOYERS WHO RECEIVED FINANCIAL ASSISTANCE FROM STATE ECONOMIC DEVELOPMENT ENTITIES. **Support**

Good afternoon, Co-Chairs Senator Osten, Representative Tercyak and the members of the Labor and Public Employees Committee. Thank you for the opportunity to testify today. The Service Employees International Union Connecticut State Council represents over 65,000 active and retired members in Connecticut. SEIU is the state's largest union with both public and private sector members.

SEIU is in support of all three bills on the agenda today. The content of each will greatly improve the lives and understanding of working people. In an economy that has been all but decimated for those that punch a clock while corporate profits soar it is a pleasure to see the members of the Labor Committee put forth bills that will have a direct effect on constituents lives.

S.B. 387 AN ACT INCREASING THE MINIMUM FAIR WAGE – is a bill that's time has come and we are pleased that the Legislature is taking another look at it after the failed attempt to pass it last year. No one who wakes up and goes to work should be paid a poverty wage especially in a state such as Connecticut with a remarkably high cost of living. The opponents of a wage hike will say now is not the time, in my years of being in and out of this building I have never once heard them say; boy we should really raise wages. Not during the boom years or the bust years has the corporate community once said we should raise the minimum wage because people should not live in poverty.

Mitt Romney's Job Creator Class have fought the minimum wage since it was first established and every increase since then. The time is now to act on the fight against poverty and modern day robber barons. Many will testify on stats and research of why the raising of the minimum wage is beneficial to the state, such as these wages are spent locally and studies show that a raise in the wage is good for the economy and these facts and figures will all be true but in the

end it is about fairness and a belief that Government not only has the right to enact a wage hike but an obligation to defend the ability of a worker to earn a fair days pay for a fair days work.

2. H.B. 5713 AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM. - The history of the Labor Movement is an integral yet often ignored part of the history of the United States; this bill would be a step in addressing the forgotten history of working people and the rise of the middle class.

As we approach the weekend it is important to remember that the weekend itself exemplifies the need to highlight the plight of working people in this country's history. Monday is the day most of us return to work after the weekend, a small but need respite from the toils of labor, but few know that these 48 hours were fought for by the American Labor Movement.

For a Nation that was founded in a Carpenter's Union Hall, the history that binds all who have had to work for a day's wage is sadly ignored. We forget that the 8 hour day, the minimum wage, safe working conditions and many other protections we take for granted were gained by struggle not handed out by a gracious boss or benign government. Thousands of people from all walks of life paid for these gains by imprisonment, bodily injury and death.

The students of Connecticut deserve to be taught the history of working Americans. Our ancestors may not be the generals and captains of industry they read about in the history books, but that by coming together in the workplace and the community working people can change this Nation.

H.B. 5756 AN ACT REQUIRING THE STANDARD WAGE BE PAID TO CERTAIN EMPLOYEES OF EMPLOYERS WHO RECEIVED FINANCIAL ASSISTANCE FROM STATE ECONOMIC DEVELOPMENT ENTITIES.- It is understood that in this economic climate Connecticut must compete with other states and nations for jobs and that government has been put in position of a traveling salesman to recruit companies but we should not do so if we cannot guarantee that our values as a society will not fall by the wayside.

This bill is a work in progress and we look forward to working with the committee in the development of language that will insure that our hunt for jobs does not end up being a recruitment for low paying no benefit economic slavery positions. We have done this before in both case by case scenarios and through legislation but we have not created a system that ensures out tax money goes to employers that follow through on good job commitments. The race to the bottom is an easy race to win but not one that Connecticut should enter.

Speaker 8
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June 15

Thank you to the Co-Chairs, Rep. Tercyak and Sen. Osten. I'm Daniel Ravizza, an organizer with Connecticut Citizen Action Group. It's a pleasure and and a privilege to represent our over 20,000 members in the state on SB 387, An Act Concerning The Inclusion of Labor History In the Public School Curriculum and HB 5756, An Act Requiring the Standard Wage to Be Paid to Certain Employees of Employers Who Received Financial Assistance from State Economic Development Entities.

Regarding SB 387, I'm former education major at Western Connecticut State University and a graduate of the National Labor College with a degree in Labor Studies. It's our view that the concepts presented within the bill provide practical, cultural and educational benefits to Connecticut's students. Ensuring that our students are informed of their rights as workers through the teaching of existing labor law is long overdue. I graduated from high school only five short years ago, yet many of my peers are unaware of their right to the collective bargaining process, freedom from employer discrimination, and basic workplace safety standards. Moreover, our young people deserve to be educated and informed of the contributions of the labor movement that lead to those same rights and protections. Indeed, our students deserve a full and accurate account of American history, a history that cannot be separated from the realities of work, employment, service, and the strides made there within.

If we are to educate on fair labor standards, we must also practice it. HB 5756 sustains that fairness for entities that receive financial assistance from the state. Though job creation may be on the lips of every business owner, worker, citizen, and public official, we must give due diligence that the jobs we are creating are of caliber and quality necessary to receive taxpayer dollars, especially for those workers who are in the building or service industries. Giving that diligence will allow more money to flow into Connecticut's economy, spurring more job growth. Connecticut Citizen Action Group firmly supports this bill.

Thank you

Submitted by Daniel Ravizza to the Labor and Public Employees Committee on January 31st, 2013

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Foundation for Fair Contracting of Connecticut Testimony
Public HRG January 31, 2013 at 2pm in front of Labor Committee Rm. 1D

The Foundation for Fair Contracting of Connecticut (FFC) asks that the labor committee support S.B. 387, H.B. 5713 and H.B. 5756

The FFC is a non-profit organization created by labor and management in order to monitor all public works construction projects covered under the Connecticut General Statutes Section 31-53 and the Davis-Bacon Act. We accomplish this by reviewing public documents prepared and/or submitted by the owner and contractor(s). We focus on licensing, proper payment of prevailing wage rates, proper classification of workers and properly administered state apprenticeship standards.

The FFC's membership consists of a number of Building Trades unions and contractor associations, including the International Union of Painters and Allied Trades District Council 11, Sheet Metal Workers Local 38, Sheet Metal Workers Local 40, International Association of Heat and Frost Insulators & Asbestos Workers Local 33, United Union Of Roofers, Waterproofers And Allied Workers Local 9, International Union of Elevator Constructors Local 91, Bricklayers Local 1 Labor-Management Cooperation Trust and the Connecticut Ironworkers Contractors Association.

The Prevailing Wage is only applicable to public works projects, those projects that are funded by state bonding or municipal dollars. State grants, loan guarantees and tax credits do not apply. What this means is a public school renovation project is covered under our Prevailing Wage law. However, when Pfizer receives a multi-million dollar grant from the Department of Economic and Community Development (DECD) to build a new structure on their campus, that project is deemed a private project and the Prevailing Wage law does not apply.

The Standard Wage law applies only to state buildings. The cafeteria, janitorial and security staff working in our state capitol or courthouses are being paid a Standard Wage. However, when a bioscience firm receives a grant from the Connecticut Development Authority to build a laboratory, the service workers (ie the janitorial staff who keep the facility clean and the security staff who keep the facility safe) are not entitled to a Standard Wage.

What we find more often than not is, when these laws do not apply, the construction workers and service workers may only be paid the minimum wage, with no access to health insurance or secure retirement. The state and quasi-public agencies that are trying to lure companies here to create jobs are essentially perpetuating the cycle of poverty.

If there are taxpayer dollars in a project or tax payer dollars being spent to create jobs, then we believe those jobs should go to Connecticut workers, and that those workers should be paid a family sustaining wage, those workers should have access to health insurance and to a secure retirement. When business assistance dollars create a minimum wage job, we are paying twice. What we are doing is giving hedge funds like Bridgewater a $115 million tax subsidy while our state's Medicaid system is inundated and overwhelmed. We hear over and over from workers and management alike that they don't want to see their tax dollars used to subsidize companies if

the construction workers or janitors they contract with are paid so little that they end up on our state's burdened Medicaid system. There is a lot of debate nationwide over whether the act of state competing with one another through tax credits actually creates stronger local economies. It's a discussion we need to continue to have everywhere in this country, particularly here in Connecticut.

H.B. 5756 "An Act Requiring The Standard Wage Be Paid To Certain Employees Of Employers Who Received Financial Assistance From State Economic Development Entities," is about holding the companies that choose to take state assistance dollars accountable. This bill is about creating more transparency. This bill is about creating good jobs and fair wages and recreating our middle class in Connecticut. We only ask that this bill go further. We need to include more reporting mechanisms for the companies that the entities that receive business assistance contract with. We need to include claw backs so that when these companies don't contract with companies that create family sustaining jobs, the State can recoup those taxes, grant money and loans. And ultimately, we would like to see this bill go further to set wage standards on ALL jobs created from the help of economic development monies. For instance, let's look at CT Gen. Statute § 32-453, which was passed into law in 1994 and set guidelines for our Economic Development authorities so that they give money to High Performance Work Organizations (HPWO). We don't need to recreate the wheel. There are some good guidelines already in place. Those guidelines should be mandated, however, and should include wage standards and reporting mechanisms.

The reasons stated above are why we also urge you to support S.B. 387, "An Act Increasing The Minimum Fair Wage". Again, in the absence of wage standards, we see a rampant race to the bottom. We see substandard conditions that, according to our Department of Labor, mirror sweat shops. The cost of living in Connecticut is high. And our state's minimum wage does not accurately represent the cost of living here at home. At the current minimum wage of $8.25 per hour, a minimum wage worker earns just $17,160 if they work full time, 52 weeks a year – not nearly enough to support even a single person let alone any children in Connecticut, with one of the nation's highest costs of living. In fact, Connecticut's minimum wage would be $10.55 if it had been updated each year based on the Consumer Price Index since 1968. Now is the time to raise our minimum wage. We applaud this committee for taking on this critically important issue and hope that you pass this bill.

The FFC also asks that you support H.B. 5713, "An Act Concerning The Inclusion Of Labor History In The Public School Curriculum". We are proud to represent a number of the Building Trades unions and signatory contractors. However, Labor's role in history textbooks and labor's important accomplishments, which changed American life forever, are sadly misrepresented, downplayed and simply ignored. Undeniably, labor played a key role in the development of American democracy. Child labor laws, Social Security, Medicare, Medicaid, the Occupational Safety and Health Administration, Environmental Protection Agency, the 8-hour workday, weekends and sick leave... We are entitled to these. Labor has historically gone to battle, not only for their members, but for the greater good of their communities as well. This is a piece of our history that we should continually be proud of and should want to share with generations to come, with our future leaders. We must know where we came from in order to know where we're headed. The FFC urges this committee to vote in support of H.B. 5713.

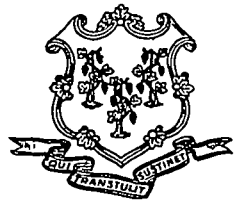
Thank you.

Sincerely,

Kimberly Glassman
Director

SENATOR MARTIN M. LOONEY
MAJORITY LEADER

Eleventh District
New Haven & Hamden



State of Connecticut
SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

January 31, 2013

Good afternoon Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee. I am here to testify in support of HB 5713, AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM as well as in support of an increase in the minimum wage. SB 387 SB 56

Do students know the story of the Triangle Shirtwaist Factory fire and its importance for The New Deal and the passage of the National Labor Relations Act? Do they know what the" Wobblies" stood for? Do they know who the "Molly McGuires" were? Do they appreciate the historical significance of Eugene V. Debs, Samuel Gompers, and John L. Lewis? Have they learned the history of the Pullman strike? Have they read about the murder trials of "Big Bill" Haywood and Joe Hill? Do they understand that without labor unions there would be no leisure on weekends? Do they realize the inhuman and degrading conditions that the workers of the United States endured before labor successfully organized? Have they learned of the revolutionary use of social science in the "Brandeis Brief"? I fear they have not. These are but a few of the important historical lessons our children should be taught about the labor movement and the enlightened progress it has championed and helped to realize not only for union members but for the general benefit of society. In the words of the Czech

writer Milan Kundera, "The struggle of man against power is the struggle of memory against forgetting". We must teach our children to remember.

The history of organized labor is so much more than job-site action and organizing. Unions pushed state and federal elected officials and judges to grant workers the right to collective bargaining. This struggle taught individual workers that they can achieve success with dignity if they assert their collective power. This right is now being challenged. Students should know what is at stake in this challenge.

Organized Labor was a crucial partner in the fight for mine safety laws, workers' compensation laws, and the passage of the Occupational Safety and Health Act of 1970. Labor fought for the Pregnancy Discrimination Act of 1978, the Americans with Disabilities Act of 1990, and the Family and Medical Leave Act of 1993 among many others. Currently, organized labor is a key supporter of marriage equity. Without the contribution of organized labor, the average worker, even the average non-union worker, would have many fewer rights and benefits in employment. We owe it to the Children of Connecticut to teach them of these extraordinary contributions.

The cost of living is high in Connecticut and workers who earn minimum wage should not be asked to bear a disproportionate share of the burden in our sluggish economy. I appreciate the need for a bill such as SB 387, AN ACT INCREASING THE MINIMUM FAIR WAGE. However, I would like to suggest a slightly different format for

raising the minimum wage such as the one I set out in SB 56, *AN ACT CONCERNING AN INCREASE IN THE STATE MINIMUM FAIR WAGE,* which would increase the minimum fair wage by seventy-five cents on January 1, 2014, and by an additional seventy-five cents on January 1, 2015. The minimum wage was last raised in 2010 as a result of legislation passed in 2008. Workers who earn minimum wage are the least able to survive without increases to assist them in offsetting the increases in the cost of living. Since final General Assembly passage may not occur until relatively late in the session, a July 1st effective date may not be workable or realistic. An October 1st or January 1st effective date would provide more time for adjustment and planning.

Thank you for considering these highly important issues.

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line 20

Council 4 AFSCME Testimony Labor Committee 1/31/13

My name is Brian Anderson. I am a legislative and political representative for Council 4 AFSCME, a union of 35,000 Connecticut public and private employee members.

Council 4 supports:

S.B. No. 387 (RAISED) AN ACT INCREASING THE MINIMUM FAIR WAGE.

The goal of the minimum wage was to lift people out of poverty and make work pay. Surely, given the cost of living in Connecticut $9 per hour is not too high, nor $9.75 for the next year. Historically, our economy has been the envy of the world because it has been a strong consumption based economy. When a large number of citizens earn enough money to buy the things that make up the American Dream, we all prosper through increased job creation and economic churn. With the latest federal census showing that 50% of all Americans are somewhere between working poor and out right indigent, this wage hike is badly needed.

H.B. No. 5756 (RAISED) AN ACT REQUIRING THE STANDARD WAGE BE PAID TO CERTAIN EMPLOYEES OF EMPLOYERS WHO RECEIVED FINANCIAL ASSISTANCE FROM STATE ECONOMIC DEVELOPMENT ENTITIES.

The practice of setting a prevailing wage for government financed work makes good sense, particularly in a recession. The government should not be in the business of encouraging the massive disparity in income that is now threatening our economy. It should be in the business of encouraging private industry to pay a fair wage that allows our country men and women the opportunity to access the American Dream.

H.B. No. 5713 (RAISED) AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM.

Teaching labor history strengthens democracy. It is important for students in a democracy to know about and understand labor history, and its

JULIE KUSHNER
DIRECTOR
REGION 9A UAW
111 SOUTH ROAD
FARMINGTON, CONNECTICUT 06032-2560
PHONE (860) 674-0143
FAX (860) 674-1164
PRINTED IN U.S.A.

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

BOB KING, President

DENNIS WILLIAMS, Secretary-Treasurer

January 31, 2013

To: Senator Osten, Representative Tercyak and Members of the Labor Committee

From: Julie Kushner, UAW Region 9A Director
Beverley Brakeman, UAW Region 9A

Re: HB 5713 AAC The Inclusion of Labor History in the Public School Curriculum and SB 387 AA Increasing the Minimum Fair Wage

United Auto Workers Region 9A represents over 50,000 members in New England, New York and Puerto Rico. Our members are legal service workers, higher education professionals, table games dealers, light manufacturing workers, technical office and professional workers and auto technicians.

We are testifying in support of both HB5713 and SB 387. We urge your support of these two important proposals.

Minimum Fair Wage

Raising the state's minimum wage is both responsible and responsive to the needs of our state's young and lower wage workers. The current minimum wage of $8.25 per hour amounts to $17,160 per year – assuming you work 40 hours per week for all 52 weeks. This is not a living wage but rather a minimum wage that if not raised and indexed for future growth further buries workers in poverty.

As a union, we fight every day at the bargaining table for better wages, benefits and working conditions for our members. We also fight here in state legislature for all workers to have some standards on which they can rely. Raising the state's minimum wage and indexing it to a measure of economic growth is an important step in supporting workers and Connecticut's economy.

Labor History

Our union has a proud history of fighting for workers to have the right of representation and collective bargaining. The right to organize and bargain collectively, as you know, began under President Franklin D. Roosevelt in a law we know as the National Labor Relations Act or the Wagner Act after its author, Senator Robert Wagner from New York. The bill also created the National Labor Relations Board which was charged with supervising union representation elections.

The UAW was founded after this law went into effect to address the poor wages, benefits and working conditions within the auto industry. Starting in 1936, auto workers fought back against

companies unwilling to recognize their work and their value. A series of sit down strikes began to storm the industry. From South Bend, IN, to Detroit, MI to Flint, MI, auto workers led by the UAW sat down and demanded representation and improved working conditions, pay and benefits. And they won.

UAW members gained power collectively and began to win fights in their workplace that some argue created a middle class where there was none. At the height of our growth, the UAW was 1.5 million members strong.

Academic standards and curriculum resources such as textbooks have historically ignored or been deficient in their treatment of workers and the labor movement. Teachers who want to cover this history have no written curriculum standards set by local and state educational institutions to help or encourage them.

HB 5713 would set standards to teach labor history in Connecticut's public schools so that students can learn the role labor unions have played in our nation's history and state's heritage. In fact, largely due to the impact of labor unions in our workforce, today's workers enjoy a broad array of protections including:

- An 8-hour work day & 40-hour work week
- A minimum wage
- Extensive child labor laws
- Safer working conditions
- Unemployment insurance
- Protection against workplace discrimination
- Workers' Compensation
- Collective bargaining to give workers a voice

Students deserve to know that these protections were not just inherited from previous generations, but rather were won by the efforts of ordinary people who made extraordinary sacrifices to create the society we enjoy today.

Thank you.

JK/BB;cg
opeiu494

SEIU Healthcare
United for Quality Care
1199NE
Connecticut
Rhode Island

New England Health Care Employees Union
77 Huyshope Avenue, Hartford, CT 06106
860 549 1199
Fax 860 251 6049
mailbox@seiu1199ne.org
www.seiu1199ne.org

Labor & Public Employees Committee Public Hearing
January 31, 2013

Jennifer Smith, Legislative Director, District 1199/SEIU Healthcare

- *In SUPPORT of HB 5713 – AAC Inclusion of Labor History in Public School Curriculum*
- *In SUPPORT of SB 387 – AAC Increasing the Minimum Fair Wage*

On behalf of the 26,000 members of the New England Health Care Employees Union, District 1199, we encourage you to support these two pieces of legislation – one honoring our state's labor history and the other advancing our state's economic future.

1.) In SUPPORT of HB 5713 – AAC Inclusion of Labor History in Public School Curriculum

The Labor movement is a rich part of American history, yet seems to be left out of the conversation despite its involvement in many of our country's seminal struggles that we already honor in our society and in our public schools — most notably the civil rights movement. Few students (and few adults) know Martin Luther King, Jr. was actually in Memphis to support the sanitation worker's labor strike just before his assassination.

Working men and women were a driving force behind the passage of national landmark legislation such as the Occupational Safety and Health Act, the Fair Labor Standards Act — which created the minimum wage, the 40-hour work week and prohibited oppressive child labor.

Those national changes sprang, in part, from our own Connecticut communities — from textile mills east of the river to manufacturing plants throughout the western half of the state. Our own families shaped U.S. history, yet our school children often have no idea.

We do a great disservice to students when we omit large portions of our history. The passage of HB 5713 will ensure Connecticut's children learn the full history of the United States, including the role labor unions have played in shaping our society. Similar legislation has already passed in California, Illinois, Texas, and Wisconsin.

This legislation is not an attempt to *re-write* the history books, but to include a vital part of our country's heritage in the education of our children.

We support to passage of HB 5713 and ask the committee to support its passage, as well.

Rhode Island Office: 294 W Exchange Street * Providence, RI 02903 * 401 457 5099 * Fax. 401 457 1150
Stamford Office: 777 Summer Street * Stamford, CT 06901 * 203 602 6615 * Fax: 203 964 0428

2.) In SUPPORT of SB 387 – AAC Increasing the Minimum Fair Wage

District 1199 was first organized by Connecticut women in the late 1960s working in nursing homes as nursing assistants. They cared for the elderly and only got paid minimum wage. Companies justified such low pay by labeling the jobs "just women's work" and "non-professional" and "merely supplemental" to the husband's income. It took years of struggle (and yes, in this case, forming their union) to demand this work be treated with respect and dignity with decent wages.

Today, the majority of jobs that pay such low wages are also "service" jobs — stocking our grocery stores, washing our dirty restaurant plates, ringing up our presents at the store, and even watching over our kids. All these jobs are vital to our economy and our way of life. Yet approximately 80% of low-wage workers are adults (not teenagers) with high-school diplomas (or more), and many are women. Even working a full 40-hours, a minimum-wage worker earns just $17,160 a year — more than $2,000 below the federal poverty limit for a family with two kids. The message this sends is that working hard at these jobs year-in and year-out is not only virtually worthless, they as individuals are meaningless in the eyes of society.

In addition, low-wage workers then have no choice but to rely on state taxpayer-funded programs like HUSKY to provide just the basic necessities. When 70-75% of low-wage workers are employed by large companies with workforces over 50, not small businesses, according to analyses by the University of Massachusetts, why are we subsidizing their cost (and their profit) of "doing business?"

It's time to start showing low-wage workers true respect and dignity – it's time to raise the minimum fair wage. We support to passage of SB 387 and ask the committee to support its passage.

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CONNECTICUT
GENERAL ASSEMBLY
SENATE

PROCEEDINGS
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SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, if the Clerk would call as the next item of business of Calendar Page 35, Calendar Number 108, Senate Bill 387, AN ACT INCREASING THE MINIMUM FAIR WAGE.

Thank you, Mr. President.

(President in the Chair.)

THE CHAIR:

Mr. Clerk.

THE CLERK:

On Page 35, Calendar 108, Substitute for Senate Bill Number 387, AN ACT INCREASING THE MINIMUM FAIR WAGE, Favorable Report of the Committee on Labor and Public Employees. There are amendments.

THE CHAIR:

Good evening, Senator Osten.

SENATOR OSTEN:

Good evening, Madam President.

Madam President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage.

Will you remark?

SENATOR OSTEN:

Madam President, the Clerk is in possession of LCO Amendment Number 7780. I move the amendment and seek leave to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 7780, Senate Amendment Schedule "A", offered by Senator Osten, et al.

THE CHAIR:

Senator Osten.

SENATOR OSTEN:

Madam President, this --

THE CHAIR:

Do you move the adoption, Ma'am?

SENATOR OSTEN:

I move adoption of the amendment.

THE CHAIR:

Motion is on adoption.

Will you remark, Ma'am?

SENATOR OSTEN:

Madam President, the -- the amendment is a very basic amendment. It changes the amount of the minimum wage recommended in the underlying bill from January 1, 2014 to 45 cents, January 1, 2015 to 30 cents. It keeps the tip credit, what most people refer to as the tip credit, as it is and it keeps a training wage incorporated into the underlying bill.

THE CHAIR:

Will you remark? Will you remark?

Seeing none, then I'll try your minds on Senate "A". All those in favor, aye.

SENATORS:

Aye.

THE CHAIR:

Those again? Amendment "A" passes.

SENATOR OSTEN:

Madam President, if I could talk on the underlying bill as amended?

THE CHAIR:

Please proceed, Ma'am.

SENATOR OSTEN:

As many of you know my parents owned and operated a restaurant in Norwich for many years. They were what most people would normally refer to as small business owners. I was looking at the old restaurant menu the other day. I actually have it sitting here on my desk. It's from the early 1960s. On it an English muffin sold for 15 cents and the minimum wage in Connecticut in 1963 was $1.25.

I used an inflation calculated to determine that the same English muffin should be selling for $1.14 today and the minimum wage in Connecticut, just to keep pace with inflation, should be $9.50 an hour but it's not, it's currently at 8.25 having last been raised in 2010.

That's okay because you can't find an English muffin on a restaurant menu for $1.14 either. I called two restaurants in Norwich to inquire about their English muffin prices. Old Tymes Restaurant, a really nice place to go in Norwich, it costs $2.01 for an English muffin today. The minimum wage equivalent at that

rate at that restaurant based on the price of their muffin inflation should be 12.44 an hour.

Then I called the Norwich Inn and Spa, also a very wonderful place to go in Norwich. Their toasted and buttered English muffin with a side of jelly is $7.50. That equates to an hourly minimum wage of $53.

Today we're not asking for $53 an hour or even 12.44 an hour or even anything close to covering the cost of inflation over the decades. What this bill asks for is 75 cents an hour over two years from 8.25 to $9 an hour by 2015.

I say if inflation is good enough for an English muffin isn't it good enough for a human being?

The current minimum wage averages out to $17,160 a year. The proposed minimum wage by 2015 will raise that up to $18,720 a year. A single parent with two children, the federal poverty level is $19,530. We all know Connecticut has the third highest cost of living in the United States.

There are 106,000 minimum wage workers in Connecticut, 10 percent of all workers, 63,600 are women. Eighty percent of the minimum wage workers in Connecticut are older than 20. An average business could cost to -- could cover the cost of increased minimum wage by raising prices .2 percent, equivalent to four cents on a $20 item.

Seventy to seventy-five percent of low wage workers are employed by large companies with workforces over 50 -- with workforces over 50 employees. They are not small businesses.

In Oregon the minimum wage is $8.95, in Vermont 8.60 and in Washington State $9.19. The New York minimum wage, our neighbor, will bring up the minimum wage there to $9 by 2015.

Madam President, I move adoption of the bill as amended.

THE CHAIR:

Ma'am, you already have moved adoption of the bill.

Will you remark further on the bill?

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

And I would invite my colleague to take her seat because I'm not going to be grilling her on this issue. And let me say how much I've enjoyed working with Senator Osten on the Labor Committee. I've now worked with three different Democratic Chairs as Ranking Members since I've been back here and I have to commend all three of them on the courtesy and the genuine openness they've had to input from me.

And in fact I -- I believe I've learned better how to chair a committee and I hope that I will have learned a lesson in courtesy that I can extent to my Democratic Ranking Members in 2015 when we come back with a new Legislature.

I will also say that an interesting thing about the Labor Committee is that there are ideological divisions that I think are ultimately not bridgeable. It's a matter of how you see the world and so at a certain point you're either going to go north or you're going to go south on things and -- and no amount of understanding and no amount of collegiality can necessarily bridge that division.

So I rise in opposition to this bill and let me say it's not -- I won't express myself this afternoon on ideological grounds. I think there's a philosophical argument to be made against the minimum wage which I don't feel I'm the person to make and I don't feel it's necessary to make in the circumstances in which we stand here in Connecticut today.

I would fall back instead on what I would consider to be a more practical argument which is is this the moment to consider an increase in the minimum wage. I hope we all realize what a desperate situation we stand in here in the State of Connecticut.

Certainly, in my opinion, the worst situation that I've seen here in my lifetime having lived in this state the -- then born here and raised here and lived here most of my 56 years, you know not simply because our unemployment rate is higher than it ought to be and not simply because our deficit is a concern for all of us and -- and something that's hanging over our head to this moment, but especially because it seems to me that in a fundamental way the economy here in Connecticut has changed.

I heard Representative Cafero say this at the cost meeting last week and I was glad to hear somebody else say it which is we might be at the point where we have to acknowledge that the economy we have is -- is the economy we have, not simply a temporary downturn that we can hope is going to correct itself, that things will come roaring back as they have at different points in the past but rather that we have entered a new kind of economy in Connecticut.

And I know this when I look at the Connecticut economy. I grew up in Southington when Pratt & Whitney Aircraft was the -- seemed almost like the sole driver of -- of business in the town of Southington, not only the thousands of people that it employed, but additional thousands that were employed by small machine shops and job shops and toolmakers and so forth that provided ancillary services to Pratt & Whitney, manufacturing jobs, and jobs that people could take out of high school and work hard and send their children to college and -- and live the American dream.

Those jobs are gone in Southington. The brass mills that still existed in the east end of Waterbury when I ran for this office in 1984 are gone. Almost all the traces of them now are only in the museum, the -- the -- those long lines of brick factory buildings are a memory now and I've -- I've seen this throughout Connecticut, down the Naugatuck Valley in Bridgeport where I used to call on Jenkins Valves with my father when I was a boy.

Through Connecticut we have a different economy and I think we're going to have to rebuild the economy of

Connecticut from where we stand, which is virtually the ground up. And I think we have a desperate challenge in doing that. Now, I think that job creation is a priority for everyone in this Chamber. I thinks it's a priority for the Governor who talks about it a great deal, who has acted on it in the way that he sees fit to act. I don't agree with the way he goes about it. I think that he's -- has a -- has a, kind of, top-down approach to it in terms of trying to draw new business to Connecticut by offering them incentives, monetary incentives.

The incentive I would like to offer is a better climate for business in Connecticut. And I think that's something that we all agree but we don't act like it when the moment comes to vote so often. When I go out to small businesses, what do they say to me. They don't say I need more assistance from the government. I need -- they don't say I need more borrowing. In fact, I was talking to a businessman not to many weeks ago who said the last thing I want to do is take on more debt. I don't need government programs to lend me money. I need government to leave me alone.

And I think that this is -- this is the cry that I hear, maybe because I'm listening out of a different ear than -- than -- than my democratic colleagues here in the Chamber. But the cry I hear from business people and from the general public is the government is getting to intrusive, that it's too close to us, that it's making too many decisions on our behalf, and that we need a moment of tranquility, a moment of -- without change.

Again, speaking maybe as a conservative, that we shouldn't constantly be tinkering with the system. That we need to let the dust settle and we need people to know what it is that they can expect in a business climate, even if the climate is difficult. Let it be steady for a while and inventive people will find a way to work with it.

But in the three sessions I've been here, we've constantly returned to making changes in the way that we treat business in Connecticut. And we've made changes that go far beyond anything that's been done

in any other state. It's been a point of pride in -- in this Chamber but -- to be the first state to pass a paid sick leave legislation, and in this case, to raise our minimum wage, to be among the top states in the -- in the Union as far as the amount of minimum wage we -- we pay.

You know, I'm sympathetic to all these things. I've worked for the minimum wage myself. I know it's a very difficult thing to live on. And it's not something that I would ever even venture to think about do -- supporting anybody on. For -- a single man can get by pretty -- pretty cheaply, but if you -- but to raise a family on it, to -- even to take on any responsibility, I wouldn't consider it.

Paid sick leave, I'm sympathetic to the people who see the need -- who see the -- who compassionately want to help people in that situation. And yet, business says to us please don't do this. They say put no more burdens on us. And they say, I think, implicitly, show a little modesty in the decisions that you make on behalf of the businesses in Connecticut. Don't sit up in Hartford and assume that somehow you know best how we should do our business.

I feel this way particularly when I hear the argument made that the minimum wage is actually a boon to the economy of Connecticut. And I'm not an economist and I'm don't know -- even know that I trust economists. So I can't -- I don't feel as an expert that I can judge that argument. But I know that the people who care the most about seeing the business climate improved do not buy that argument.

Many of the people in this Circle have been with me at Chamber of Commerce events in the manufacturer's caucus when these very people say please don't put any more burdens on us. And how we can do what I expect is going to happen today, in terms of passing an increase in the minimum wage, when every time we step outside from under this dome we get a completely different message, I simply don't know.

And it's not a matter of big business. It's not a matter of -- of -- of the great corporations and the -- and the big associations up there that we hear

from. It is the people in my district that say this to me. The people that are -- that are employing five or ten or 20 or 30 or 50 employees, who have always been the basis of the economy here in Connecticut, who are the most on the edge, and yet, who are also the ones that we all know we have to nurture in order to have an economic comeback.

The -- the one thing they would say is don't put any more burdens on us now. And there's no more burden that would be more direct than this minimum wage. I would ask the members of this Chamber to consider why do we think we know better than the people we're legislating for on decision like this than the people who are struggling to keep a business -- a business going.

Job creation has to be our top priority today. And I think that if I went around this Circle and asked the five of you that you would agree that job creation is our top priority. And a strong -- the only way we're going to create jobs is by having a strong economy. Good wages will follow if we can bring the economy back in Connecticut. And there's no way to legislate good wages. Until we have a strong economy, there's no way to pay people more. Once we have a strong economy, businesses will not be able to avoid paying people more. That is the one sole answer to this problem, not the minimum wage.

As well-intentioned as it is -- as it may be, as -- as -- as carefully as Senator Osten has labored to make it a bill that's acceptable to a majority of this Chamber, I do not believe it's the answer. And I would urge my colleagues to reject this bill.

Thank you.

THE CHAIR:

Thank you.

Will you remark?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

And I thank Senator Markley for what I think is -- was an eloquent rationale as to why we should reject the bill before us. I do appreciate Senator Osten and all she's done, I think, to strike a balance in a bill that would consider business communities' concerns about the minimum wage increase at this point in time, but unfortunately, I don't think the bill goes far enough.
And I think that one of -- one of the things we risk here, Madam President, is that we wind up hurting the very people that we're trying -- trying to help.

I appreciate Senator Osten's comment about English muffins and the English muffin and story and the inflation rate. I found that very interesting. But when I look at the price of a product from the standpoint of a producer, or a retailer of the product, I consider the components that go into the product to set the price. Materials, obviously, is one. Overhead is another. And labor, of course, is another one.

So whether or not it's the muffin driving the labor cost or the labor cost driving the muffin, I think it's a little bit of a chicken in the egg question. But in any event, back to the point where I think we might be hurting those that we're trying to help here, I think the very first minimum wage, Madam President, was in 1938.

And the United States government shortly thereafter did a study -- that's a Department of Labor study -- as to the impact of the 25 cents minimum wage, which is what it was at that time. And they found that it resulted in job losses of 30,000 to 50,000; or in other words, 13 percent of the workforce that was working -- previously working under that floor, which was 300,000.

I also -- now, I think you could say, well, hey, that was the first minimum wage. Obviously, we're going from -- from zero to 25. There might be job loss impact because of that. But I think what we had before us in the President's State of the Union

address recently, where he set forth his vision of a minimum wage, illustrative as to, one, that that point is still valid, and two, what it is we're doing here before us.

And I believe the President of the United States was seeking a federal minimum wage of $9 an hour by 2015, which, I think, that was the underlying -- the original underlying bill, and not to far off from where we are now with the amended version of the bill. And economists from Cornell and American University estimated that if that federal hike were to go into place, that it would eliminate at least 467,000 jobs. It would not reduce poverty.

And so, again, I think that is symbolic that the very people we might be trying to help with a bill like this, we actually might -- might be hurting. I also draw an analogy from across the pond. I actually work for an English company and I do spend some time in London as a result. Ironically, we're -- we -- we've -- my kids have a Scottish soccer coach right now teaching their Bristol travel teams, and he is staying with us. So my culture right now is -- is England.

And in looking over there, where they have a minimum wage as well, they have a commission called the Low Pay Commission. And one of the concerns that they had when they were examining the recent increase in the minimum wage is -- is exactly this, that we're going to hurt the people that we're trying to protect.

The minimum wage over there is -- is actually different depending on the age that you are. And if you're 18 to 20 years old, it's four pounds, ninety-eight pence which, I think, is probably around $7.90, $8 at an exchange rate of $1.60 pound per U.S. dollar.

Now, this is the Low Pay Commission, so we're talking about a government agency, not a potentially conservative or liberal think tank or an -- an academic with biases. But the concern that they express is that when you reach a -- when the -- when the minimum wage reaches 50 percent of the mean wage for that particular age group, well then it's going to have a negative effect. And by that, I mean, people

will lose jobs at the -- at that point in time.

And when you look at what the minimum or the mean wage here in the United States is -- it's about 16 -- $16. So with this bill, we will be hitting that 50 percent threshold, which again, at least in the U.K., it's a concern as to what -- what that's going to mean with respect to jobs.

Jobs, jobs, jobs, I mean, that's all we've been talking about. It's what we talked about in the 2008 elections, the 2010 elections, 2012. It's what we've been talking a lot about in the Circle. We've done a lot, I think, to try to improve the job climate here in Connecticut. And -- and I think the bill before us, with all due respect, is a step backwards, at least for those people that would fall within -- within this class, both from a -- from a job opportunity for them and then also, I think, going back to the initial example that we started with, what's it going to do to the cost of goods and services that many of those people purchase themselves.

I also find interesting, Madam President -- I think this is probably where I'll conclude -- is that over the years when you survey economists as to the impact of the minimum wage -- I know there are studies that say minimum wage doesn't have a deleterious effect on jobs. But when you survey the economists and -- and the entire body of academia with respect to economics, you find an overwhelming majority of them will -- or at least have the conclusion that -- that an increase in the minimum wage means a decrease in jobs. I think the most recent survey, in 1992, found that 79 percent of economists believe that a minimum wage increases unemployment and the low-skilled workforce.

So with that, and with all due respect to Senator Osten, I urge opposition to this bill for the very reasons that I think we might be hurting those that we're seeking to protect.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Kane.

SENATOR KANE:

Madam President, you anticipated I was going to get up.

THE CHAIR:

I could tell, sir.

SENATOR KANE:

Thank you, Madam President.

If I may, just a question, through you, to the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President.

At the risk of getting into a philosophical debate, in your opening remarks, Senator Osten, you mention that the cost of living in the State of Connecticut is the third highest in the nation. Why do you think that is?

Through you, Madam President.

THE CHAIR:

Senator Osten.

SENATOR OSTEN:

I would -- I would say that that would venture into a philosophical discussion, and I'd be happy to delve into that with you. I'm not certain that this is the moment to do so, but if you would like me to start I would.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Well, it -- it -- I think it is the moment to do so. And we won't go into it too deep. But, (a), you brought it up and, (b), I think it is relevant to the topic or the bill that we're debating because I'm -- I'm assuming we're going to have a different viewpoint. But certainly, I believe that things like this, as what Senator Markley talked about, was the mandate on business is what drives up costs because of the driving up of expenses to businesses.

So I was just -- and again, I'm not asking you to give a 30 minute soliloquy on it, just a -- just off the cuff why you may think that we have the third highest cost of the living in -- in the country.

Through you.

THE CHAIR:

Senator Osten.

SENATOR OSTEN:

Thank you, Madam President.

So I'll give you just a very short answer. I -- I think, in -- in part, it -- it is -- my personal opinion it is -- is not the labor costs that drive up our costs here in Connecticut. My opinion is that it stems from high electricity costs, in part. In part, it stems from the -- a -- a system of taxes that I would like to see us work on that, quite frankly, is overly dependent on property taxes.

I think that that's -- those are two things. Without going, sort of, into the more philosophical debate on

things, I think that those two things drive up our cost of living immensely.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Osten for her answer. I agree with you on the taxes. That's for sure. We are probably one of the most highest taxed states in the country. As a matter of fact, I believe, it was just the other day, maybe last week, last Friday, I believe, was our Tax Freedom Day, where residents of the State of Connecticut have to surpass that date on the calendar in order to pay all the taxed that they owe, both federally and state. And I think we have the latest Tax Freedom Day in the country. So I agree with you on that.

I also agree with you on the electricity costs. We have very high energy costs. We also have high health care costs as well. But in the -- in regards to labor, I would argue that that's where we're going to differ. Because if you look at, also, statistics of where the wages are throughout the country, you would find -- and I'm sorry. I don't have any more questions for you, but thank you, Senator Osten. You can get comfortable, I guess.

The --

THE CHAIR:

Is that a warning?

SENATOR KANE:

No, no, no. I -- I -- you know, she was standing and -- and I didn't want her to have to stand thinking -- anticipating I was going to have another question when I just want to talk about my view on this very issue.

But you can -- you can certainly tell that we have the

highest labor costs in the country. We have the highest -- one of the highest minimum wage mandates in the country. And we certainly -- labor costs are at least 80 percent of -- certainly of our budget, of local budgets, of businesses' budgets, so I would -- I would argue the opposite, that it really is something that drives up cost. But I do agree with you. We're overtaxed and we do have high energy costs.

I'm doing some research on this issue, Madam President. And -- and similar to what -- two things Senator Markley said about the free market and about mandates, but then also what Senator Welch said about actually hurting those that you actually think you're helping.

And, you know, I have a study here. I don't know if you referred to any studies in your opening remarks, but I'm sure there's studies on both sides of the issue. But certainly this one from the Miami University of Ohio in conjunction with Florida State University talk about this issue. And they mention how people who are minimum wage workers don't last at that minimum wage very long. And the exit rate for those workers is within 12 months.

So the argument here is that if you are a valued employee, if you are someone who is of worth to the organization that you work for, then very soon you will be able to earn a greater wage than what you came in at. As a matter of fact, you know, it says in here the proponents of a higher minimum wage often imply that entry level employees goes years without a wage increase. That's -- that's not true. The vast majority of those who start at the minimum wage do not remain there for long, based on this university.

Of the youngest, most inexperienced workers, 16 to 18 years old, 11 percent earn the minimum wage, however, a much lower percentage in ages higher. Then it talks about education, of course, is very important. And those who don't finish high school, 6.2 percent earn the minimum wage, whereas only one and a half percent of those who finish high school earn that same level of pay. So certainly education has a lot to do with it.
And then only .6 percent, so that's less than 1

percent of high school graduates, for instance, earn the minimum wage between the ages of 46 and 55. So I would argue that it is the younger workers, typically, that are in these -- wage earners -- within these wage earners.

This -- this study drew on two decades of observations from 1977 to 1997, and they talk about the first year exit rate of those worked at minimum was 65 percent. So for 20 years, 65 percent of those who earn minimum wage exited minimum wage within a year. So I thought that was pretty interesting.

But the point of that is to talk about what Senator Markley said, which was the free market will -- will do that. I, for example, have said this many times. I'm a -- I'm a small business owner and, of course, the minimum wage -- I have a -- a high school aged employee who works for me part time, you know, comes in in the afternoons after school. And I know the minimum wage, of course, is 8.25. I actually give him $9 an hour. I started him above the minimum wage because he -- I got to compete with the mall and the other places that he has opportunity to work. And if someone is worthwhile, we'll certainly pay him that.

The -- here's the thing about the exit rates that I mentioned in this -- in this argument and in this study is -- it says that higher mandated wages, which is what we're going to do here today -- we're going to mandate a higher wage -- that this study finds sharp reduction in exit rates in the years surrounding a mandated wage increase. More importantly, they measure substantial drops in wage growth in the second year following a mandated wage hike. An increase in the minimum wage causes a compression in wage growth. So this study says that typically a minimum wage earner, worker will exit the minimum wage value within 12 months, but when you mandate a higher one, they tend to stay within that period for a longer period of time and it actually compresses wage growth so I found that very interesting and something that we should take into consideration when we do these things.

This is just an example. It's amazing the kind of research we can find and this is just an example. An employer who has 20 employees making minimum wage will

see a $10,000 annual increase in wage costs for every 25 cents the minimum pay is raised. So I believe we're talking about a mandate in this bill of somewhere in that value so an employer with 20 employees will see a $10,000 annual increase just by 25 cents when the minimum wage is raised according to the Employment Policies Institute. According to the U.S. Chamber of Commerce, small businesses are least able to absorb the thousands of dollars in additional labor costs that a minimum wage creates and some solutions that small business can employ include reducing staff or costs in other areas. So what happens going back to Senator Welch's point is small business can't afford this increase to cost. They just can't do it. I mean, it's just hard enough. I mean, we agree we have high energy costs. We have high property taxes.

We have all these things that make it so difficult to keep your business afloat. And again, I've mentioned it, I've been a business owner for 19 years and probably the hardest years that I've been in business have been the last four, and you know, we try to stay afloat and try to keep it -- try to keep that ship running because we know how difficult it is and so many businesses in my industry at least have gone out. They're -- you know, they've gone away. They're no longer in business. And every time we add a cost to those businesses, we're making it more -- increasingly more difficult for these businesses to survive and the only way -- the only thing you control of is your fixed costs. Unlike the government, we can't go out and ask for more money. We can't -- you know, you can only raise your prices so much. You can only do so many things. You can't -- you know, it's difficult to cut back on advertising because you need people to come in. You need to promote your business and the only thing you have control over is labor costs.

The other thing that came out of is that the effects of the minimum wage on a company's bottom line can cause a rise in consumer prices according to the balance politics website. If small businesses are faced with an increase in the minimum wage, they need to find a way to absorb those costs and preserve their profit margins by raising the prices to the customers. So what are we doing? We raise the cost for the

business who pays the consumer, if the business can raise the cost because it's so difficult. It's so competitive out there. It's so very hard to keep afloat. If they can even do that, that's what happens. So they have to pass along to someone so now the consumer has to pay more and that means again, those very people that we think we're helping with this legislation.

Madam President, I also found an article from Forbes Magazine, which is pretty well-trusted and something I'm sure many of have seen. This is from April 17th, so it's only about a month ago. Today is the 23rd so it's only about a month ago. And it talks about job loss and just what I just mentioned about how what happens is this forces businesses to scale back on employee hours and jobs. So there is a 182-page summary which I had printed out which is research on the subject, Madam President, for two decades. Okay. And it talks about 85 percent of the best research points to job loss following a minimum wage increase, 85 percent. So that's pretty clear. That's not 40 percent, 50 percent. Eight-five percent talk about job loss after a minimum wage increase. This is right here. I didn't make this up. This is -- and I can pass it along to you Senator Osten or certainly we can make copies for every member of the circle, but 85 percent talk about job loss because of a mandated wage increase.

There have been studies, as you may talk about on the other side of the issue, in fact, there was one that Princeton University in New Jersey did associated with a higher minimum wage increase was actually refuted in the same academic journal that it was originally published and that was by the National Bureau of Economic Research. And here's the thing that is always mentioned when we talk about minimum wage, we talk about people in poverty. We talk about the poorest individuals, and actually, this same study talked about this and it said that roughly 60 percent of people living in poverty don't currently work and thus cannot benefit from a raise. It says of those who do work, Census Bureau data shows that the majority live in families far above the poverty line. And across all covered minimum wage earners, the average family income is $50,000. So when we talk

about we need to help the poorest of our population, 60 percent of them do not work and those who do earn minimum wage are in a household that has an average family income of $50,000. That's a pretty alarming statistic. And then -- this is -- the Journal of Human Resources found that a higher minimum wage can actually increase the proportion of families living at or near the poverty line as a resulting reduction in work hours or loss of employment all together, leads to less take-home pay rather than more.

So again, Madam President, we talk about, you know -- and I know we believe this to be the case that we're actually going to help these individuals, but truly we're not because those individuals on that poverty line are actually going to see reduced work hours or loss of employment and certainly less take-home pay. Senator Osten, you mentioned the English muffin and I thought it was a pretty good story and I appreciate your family being a small business and I appreciate anyone who gets into small business because certainly I did it and I know the trials and tribulations of owning my own business and what it means to lie awake at night wondering how you're going to pay your employees and keep everybody working and keep everything afloat. You know, everybody thinks small businesses are Bernie Madoff and MCI and Enron and it's just not the case. You know, we are the backbone of this state and the majority of businesses in the state of Connecticut are small businesses and those are the ones who help your little leagues and give back to the community in so many ways.

But it talks about -- you mentioned inflation and what we have to keep in mind is that inflation rates both rise and fall which a minimum wage that truly kept up with inflation since its inception in 1938 it would only be $4.12 today, not the current national average which is $7.25. Then the study actually talks about those who remain at the minimum wage for a long period of time. We -- of course, Congress has instituted the earned income tax credit and then here in Connecticut, we also have an earned income tax credit so for those individuals, we're actually boosting their income. A single parent with two children receives an additional $5,200 income from this credit bumping their effective hourly wage from $7.25 to 9.76 so we do have programs

in place, Madam President, whether it be on the federal level or the national level and so I would argue that this certainly is the wrong way to go.

Let me just take you to my district for a moment, Senator Osten, I have for example a large facility in Middlebury called Lake Quassapaug and maybe some of you have been there. They have a new a roller coaster and they have a water park and it's very fun. It's good for -- kids love it. And they typically hire, as you can imagine, it's a seasonal business, they typically hire high school and college age kids to work at the park. And he -- the owner of this organization -- this company has been in business like 100 years. It's a family-owned business, just wonderful people. He has told me that he just can't doing this. We can't just keep raising this wage because his employees are not the single moms that we're thinking about and all the other examples that we bantered around this circle. They are college and high school aged employees. They are young kids typically and they work for the summer, work during their off-season from school and provide great employment for the organization.

I'm just trying to pull up the bill again, Madam President, because I want to talk about an amendment I wish to offer and this I think would help businesses like the one I mentioned in my district. Of course, I've got to find it. But typically, the unemployment for younger adults is actually as high as 25 percent. And we know that the majority of these works, as already mentioned, are within their teenage years and right now based on the national labor statistics -- based on the national labor statistics, teenagers between the ages of 16 and 19 years old have a 25 percent unemployment rate and the reason for that is every time we raise the minimum wage what happens is they are given less hours or a reduction in hours or less work. Certainly, there is 8 percent unemployment in the state of Connecticut so we found that the older workers or underemployed typically will take up those jobs and the young people are losing out. And what used to be a good job for your summer months is getting more and more difficult to keep because the underemployed have been taking those jobs.

So what we've seen is only 1.2 percent of hourly workers over the age of 25 earn the minimum wage so that's a very small percentage. Only 2 percent of hourly workers over 16 earn the minimum wage and then by far the largest group of workers making minimum wage are kids between 16 and 19 years old. And this is from NFIB, the National Federation of Independent Businesses. They also go on to state that you're going to hurt these individuals because think of the family restaurants like you have, Senator Osten, in your town or supermarkets, landscapers, summer camps and shoreline businesses. So we -- we know based on these statistics that the majority of these workers are typically teenagers and the amendment that I would like to talk about to offer would actually, I think, help in the unemployment rate of these young workers.

And I would ask that the Clerk call LCO 7794 and I be allowed to summarize. Thank you, Madam President.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 7794, Senate Amendment "B" offered by Senator Kane.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I move adoption.

THE CHAIR:

The motion is on adoption. Will you remark, sir?

SENATOR KANE:

Thank you, Madam President, I will.

This -- let's -- I'm guessing that the underlying bill today will pass this chamber, and if so, then what I

would like to see is that individuals that work on a seasonal basis be exempt from this legislation. Typically, these workers, again, work for a short period of time, let's say the summer months. Memorial Day is coming up this weekend. I'm sure the park is going to be very busy. I'm sure Lake Compounds and I'm sure the beach clubs and I'm sure the state parks, for example -- this could actually have a fiscal impact on the state of Connecticut. All of these seasonal types of businesses rely on this summer help. We probably all had summer jobs when we were kids. Right? I'm sure we did. And what this would do, Madam President, is allow seasonal workers to be exempt from this legislation and this would help small businesses who rely on teenagers and college-aged kids when they are coming home from school and looking for employment opportunities.

And I would argue that this would actually boost employment for those very individuals because if they stay at the current rate, you will find that these employers will hire as many, if not, more because of the lower costs and they are able to keep these kids employed during the summer months until they go back to school in the fall. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark on Senate "B"?

Senator Osten.

SENATOR OSTEN:

Thank you, Madam President.

I would stand in opposition and move for rejection of the amendment and I would ask for a roll call vote.

THE CHAIR:

A roll call vote will be had.

Will you remark further?

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I stand for the purpose of a question to the proponent of the amendment, please.

THE CHAIR:

Please proceed, sir.

SENATOR McLACHLAN:

Thank you, Madam President.

Senator Kane, thank you bringing forward this idea. It seems that both your district and mine have a number of seasonal businesses. Yours, Quassy certainly a couple hundred employees I gather they have there during the summer season and I wonder if you've had any conversation with them during past minimum wage discussions, what the impact would be on their seasonal employment as a result of an increase in the minimum wage. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And I thank Senator McLachlan for that question. It's a very good one because when we add in the minimum wage to social security, worker's compensation and then unemployment insurance, all those costs, this 8.25 employee that we talk about, really costs about 10 dollars, maybe even a little more. So each time we increase that cost on these seasonal types of businesses we increase the cost for the entire organization so either they have to reduce the number of employees they hire or raise the prices on the family's that typically come to their park. In this case, they can't. It's very difficult. It's very

competitive. You have so many options. People can travel even outside of the state of Connecticut for family entertainment and not to mention, you know, getting people, getting kids outside and getting them playing and doing swimming and doing all the rides, let alone playing the video games at home and what have you. They're actually providing a pretty good service.

But what happens, yes, is you're actually going to hurt these seasonal businesses because in the end -- in the long term, you actually reduce the number of employees that will be hired so these college kids, these high school kids that I mentioned will see less work and that's why we have a 25 percent rate of unemployment among this age group. Through you.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Kane. You reiterated, I think, an important point that the minimum wage does touch first timers in the job market perhaps more than anybody else. I did hear a number by a proponent of the underlying bill that the minimum wage is perhaps 80 percent is adults, but the problem that we're facing I think in the state of Connecticut as a result -- as a part of the seasonal employment is those are all kids, first time jobs for the most part, and in the city of Danbury we have a terrific summer employment program that runs for seven weeks I believe. This is a federally-funded program. They're paid minimum wage. They work for about 18 hours a week I believe it is and these youngsters are given an opportunity to have a summer job and learn money management skills at the same time. But when the minimum wage goes up, it's reducing the number of children that are able to participate in the program for the same reason that you described.

So I think that your amendment makes perfect sense. If we know that we're primarily dealing with first

timers in the job market and the focus of the minimum wage seems to be more the focus of the majority party who is proposing this, that we have to worry about the adults earning the minimum wage then we should be more sensitive to the youngsters that are in their first-time job, let us provide more opportunities for youngsters by exempting those seasonal jobs from this minimum wage increase. I think it makes perfect sense. And, Senator Kane, I want to thank you again for bringing this idea forward. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further?

Senator Meyer.

SENATOR MEYER:

Thank you, Madam President.

I want to try to balance the debate here tonight a bit. I asked my good aid, Erica Manualson to look at some economics studies about the minimum wage and tell me what they showed.

THE CHAIR:

Senator, this is on the amendment.

SENATOR MEYER:

Oh, I'm sorry.

THE CHAIR:

Senate Amendment "B."

SENATOR MEYER:

I'll save it.

THE CHAIR:

Okay. Thank you. Sorry.

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

Madam President, I rise to support the amendment and very briefly I'll tell you why. Madam President, I am a seasonal employee and I do hire mostly kids, mostly from the East Haven area, Branford and North Haven, and they're high school kids and college kids that I hire and I will tell you as a seasonal employer, it is tough with economics and no matter what the circle does or thinks, unless you run a business and you're paying the wage, it's hard for you to comprehend the impact that minimum wage was given this climate. Many businesses, including mine, suffer because of the economy is bad. People don't have the money to spend so they're pulling back. When they pull back, you as an employer have to make cuts. It's not like the capitol when expenses get out of hand we turn and we tax a source of revenue. Employers don't have that luxury. They don't have that luxury or the tool that we use so frequently in this Senate and in the House, which is when we're out of money, we figure out where else can we derive revenue.

Businesses a product or they sell an item or entertainment. Now, there is a limit to that people will spend. If it's a product and they can go on the Internet and get it someplace else, they will. If it's a restaurant, if it's an entertainment facility or a club like mine, if they don't have the disposable income, they don't join. They don't join. I reduce employees. Unlike the state, you can't carry a negative and stay in business. It doesn't work. I supported the minimum wage when I was here my first couple of years when we had a booming economy, a surplus in the Senate -- I'm sorry -- a surplus in the state and businesses were thriving. To give you an idea, my own business, which is the club, our membership was about 450 families. My membership as of this morning -- and we're opening up this Saturday -- is 170. That's a huge difference. That's a huge difference.

That's what economies do. So when I look to figure out what I can do, I have to do look at my carrying charges. I have to look at the out-of-pocket expenditures. When you're going up on minimum wage, you're going up on worker's comp. That's factored in. You're match on social security. Your match on unemployment, all that gets factored in when you go up on minimum wage. I supported the minimum wage back then because it made sense. The economy was booming, people -- there was nothing to suggest it was going to into a slump. We had not been hit by any market crashes. Everyone is doing well. (Inaudible.) Fully supported at my committee level and fully supported here in the Senate. And I take the words that were said last year by many leaders on the other side of this aisle who said we should raise the minimum wage but not now, not now. And I agree with that.

Not now doesn't mean a year later when the economy is at the same level. So when you look at seasonal, you can protect some of those jobs this way because you have to make cuts in business. No one likes to do it. From pre-recession until now, I probably have 8 to 10 less employees. From last year to this year, I hired two less employees -- bless you -- hired two less employees. I had to figure out a scheme so I could hire two less employees. If the economy stays like this and minimum wage goes up next year, I will have to reduce. It's not that I want to and it's not that an employer wants to. My business is a service business. It's for me to make payroll for the other people to pay the taxes to the state, to the town, insurance. It can't come out of pocket. It doesn't make any sense.

So I appreciate -- and we'll get to the merits of the bill later -- but I appreciate the amendment because these are the kids who are looking for jobs. They're not paying mortgages. They're not paying necessarily all their taxes in terms of property taxes, et cetera. These are the kids who need the jobs. They have some money in their pockets when they go to school, go to college and go out and have fun. This is the introductory level into what it's like to be a business -- to be working in the working world. Hold it at that not because of what I do, but because of

other seasonal places because I know how many job applicants I have who want to work there and I wish I could accommodate each one of them, but I can't. I pick local kids first because I'm in the town and then I widen my circle. That's how I hire people. So this would give the break to those who need it the most in my view in terms of looking for employment. I support the amendment. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

We're often times in the circle talking about how valuable a job is to an individual in terms of creating a sense of self-fulfillment and self-empowerment, which I believe is absolutely 100 percent true. Why shouldn't we -- especially since we're talking -- in the amendment, we're talking about seasonal workers which implies that the vast majority of the pool of people who are getting these jobs or not getting these jobs are younger people and why shouldn't we be considering the same kind of advantages that a job provides for an adult to provide for a younger person. It is a -- it's a great educational experience for a younger person to get a job. Typically, it is their first job, their first legal job and they're going to work for an organization like the club that Senator Fasano was just talking about and they learn all about punching in and punching out. They learn all about the discipline of doing a good job, showing up on time and working their tails and making a decent wage, but when you're talking about imposing a wage that is simply unaffordable especially in down times in the economy, it's just not possible to make room for those jobs.

And as we just heard, I think it's important to take that into account. There seems to be a great deal of

leverage in economic performance both on the upside and on the downside and on the downside it really hurts. On the upside, like we saw, six and seven and eight years ago, we know that the economy expands exponentially as a result of the virtual -- virtuous cycle that we're on and we know that the opposite is true when we are in a downturn. So I do stand in favor of this amendment. It's a good one. It makes infinite sense and it's a great thing for our younger people. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark on the amendment?

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Madam President.

I wasn't going to chime in on this amendment, but I heard the arguments being made and it brought me back to my point of reference. How important it is nowadays to allow employers young people and I know the amendment doesn't go specifically to young people, it's seasonal employment, Quassy Amusement Park, Silver Sands, other seasonal employment, but I started employment not in 1960, but I started employment in the mid-70s. My first job was a summer job and it was when I was 14, but I believe when I heard Senator Osten talk about her family's restaurant business in 1960 and the English muffin, I think she indicated that the minimum wage at that time was like a 1.60. Well, when I started my first job at 14, our wage was 1.15. Why? Because it was farm labor and farm labor is treated differently or at least it was in the mid-1970s. So in the mid-1970s, I would get up at 5 o'clock in the morning to wait for a truck that would pick me up at 6 and go through different parts of town so I could sit at the end of a tobacco row at 7 in the morning and pick tobacco until about 2:30 when the straw bosses determined it was too hot under the netting and that was our day.

But let me tell you this, I look back upon when I was 14 and 15 picking tobacco in Windsor for Kendrick Tobacco as one of the more formative times of my life and I was so proud of that job, a dollar fifteen farm labor wage. And almost every job I've ever had in my life was based against that because that was a brutally difficult job and yet I loved it. Maybe I was young and naive, but there was something about at the end of the week, getting a paycheck and going to the local store to get an album and you don't have to ask mom or dad for five or ten bucks. Because even after taxes -- and hey dad, what's this FICA thing and all this other stuff, and you start figuring out that they take stuff out of your paycheck. Even at 1.15 if you worked real hard during that week, you could end up with 35, 45 or 50 bucks. And for a kid that's 14, that's a lot. You could buy the -- you could go to the movies. You could get the album. You could get that Izod shirt if you saved up for a couple of weeks.

And what's sad is how times have changed in north central Connecticut. Yes, when you land at Bradley, you will see the netting. In about a month, all the fields -- the tobaccos are -- many of them are still there, but many of them are not. Drive through Poquonock section of Windsor and what used to be Kendrick Tobacco is now Kendrick Place with 250,000, maybe $180,000 homes. I think the lots are a little smaller than I think would have been best, but beautiful homes, beautiful section of town. And I look out at that and I think of when we would get dropped off at 7 in the morning to start picking tobacco. You don't start off picking tobacco. You start with suckering the plants and you move from there and maybe someday if we have to kill a few hours, I can go over the entire process from start to finish at part of the season. But we need those kinds of entry level seasonal jobs that are accessible to young people and they are less and less obvious in our society.

For the tobacco fields that I do in north central Connecticut, they have adults. They don't have young kids anymore. I don't know if it's because of liability. I don't know if young kids just don't want to do that work anymore. It was a bounding experience for all the kids who grew up in Windsor with me and,

you know, went to Windsor High School. We remembered that. My next job at 16 and 17 I was a maintenance man during the summer, but that was where my work so it was like they needed someone for summer employment and my dad was the operations manager for a place called Anderson Laboratories in Bloomfield and so I went to work with my dad. He went off and ran the company and I went and did maintenance, but that was different than picking tobacco.

So I appreciate -- I very much appreciate, Senator Osten, where you're coming from as far as the roots, the restaurant business. I can't speak for what it was like back then, if they were going to try to raise the minimum wage on the restaurant back in 1960 how people's families would have reacted. I have no idea. I do know that my wife and my in-laws had a small florist shop not that long ago, florist shop and wedding consultants. But after a while, they were working 50, 60 hours a week just to pay the bills and so a few years back they had to close and it was heartbreaking to the family. My wife's family business did not survive. In part, the recession of 2008 sort of tipped it right over the edge, and in part, competition from Stop 'n' Shops and other places that all of a sudden had giant little corners where they would just hire someone and sell lots of flowers, very difficult competition.

But I look at my 17-year-old and I look at my 9-year-old, there is no tobacco jobs for them. I don't believe it would be real easy to get them maintenance jobs nowadays so to the extent that somebody goes through the permutations of Senator Fasano and they go from having employees of let's say X amount last year and now X minus two and maybe X minus four next year, those are kids that are never going to get that job experience that I think are absolutely essential. Like I said, not only do you learn a work ethic when you do something like start a tobacco job at 14, getting up at five. You better be there for the truck at six because if you're not, you've missed it and your parents are never going to want to drive you. Believe me. They have other places to go at six in the morning if they're even -- well, they're up because they got up, but they're not driving you anywhere.

But it was hard that when we had our break in the morning, you know, you went to the puddle where the water barrel was and the dripping that went into direct road and the only way to get the tobacco tar off your hands is if you picked up the mud and you rubbed them together. I mean, it's the only job I had where at the end of the summer my mother literally -- I don't know if we literally burnt the cloths, but the clothes were unusable because of all the tobacco tar. I mean, it really was a life experience that unless you live it, it's hard to imagine, but it wasn't bad. It wasn't bad getting that paycheck, learning that routine. And I remember -- and I'll leave you with this -- I remember I went to a carnival with my parents and they had one of these machines, sometimes if you put in a coin, it flattens the coin and puts an image on it. This was a different kind of machine, but if you put in the coin, it actually printed out what you write on the coin. I don't know if you remember that, but it's like one of these machines you would find at a carnival and you could sort of type in what you wanted to write and then you would have like different symbols you could put on there. And I actually wrote, John Kissel, tobacco picker, and I printed out the little coin. And my dad was behind me and goes, that's what you put on the coin and I go, yeah. And he goes, you must be proud of that job. I go, I am. Because I was doing it.

So I think there is so much merit to the amendment offered by Senator Kane. And like I said, I really wasn't planning on standing up and speaking, but I felt compelled in just saying that there are good things that we need to cherish here in our state. Entry-level jobs for young people are one of them and if raising the minimum wage, as laudable as the goals are -- and I understand all the positive arguments, but sometimes there is negative repercussions and I think that this amendment goes a long ways towards addressing some of those unintended consequences that may directly impact young people that really want to try to get into our workforce and get some life experience and some money in their pockets so that they can go to the movies and buy some of the things that they want in life without having to go to their parents.

For that reason, I'm happy to support the amendment, Madam President.

THE CHAIR:

Thank you. Will you remark further? Will you remark further?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open. This is on Senate "B."

THE CLERK:

Immediate roll call has been ordered in the Senate. Roll call has been ordered in the Senate. Senators, please return to the chamber.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

Senate Amendment Schedule "B."

Total Number Voting	35
Necessary for Adoption	18
Those Voting Yea	14
Those Voting Nay	21
Those absent and not Voting	1

THE CHAIR:

The amendment fails.

(Senator Coleman in the Chair.)

THE CHAIR:

Will you remark further?

Senator Meyer then Senator Kane.

SENATOR MEYER:

Thank you, Mr. President.

I've been listening to the debate and it could become a battle of the experts, but as I said before, I do want to try to balance some of the economic opinions that are being given because I asked my good aid, Erica Manuelson, to look at some of the economic studies with respect to the effect of the minimum wage and I want to share those with you. They tell a very different story than I'm hearing from some of the opponents. We looked for examples at a study by the Political Economy Research Institute of the University of Massachusetts at Amherst and a particular study by a Dr. Jeannette Wicks-Lim of that Political Economy Research Institute and what they found there was -- I'm quote -- "My colleagues and I researched minimum and living wage hikes for more than ten years. We have repeatedly found that a minimum wage hike of this size -- this size being the size that's being proposed here tonight -- typically imposes on an average business a cost increase of less than two-tenths of one percent of that business' sale revenue.

This means that the average business could cover the entire cost of the minimum wage hike by raising its prices by less than two-tenths of one percent. This amounts to raising the price of a $20 item by less than four pennies. We went on and we looked at another study, a study by a department at Trinity College and they found -- they were critical of actually this proposal as being too inadequate, not doing the job for Connecticut's economy like it should. But in this -- in this study, they -- they said it in the study as follows: "The Governor's proposal -- and that's the one we have tonight, the Governor's proposal. It's not the one initiated by the Labor Committee. "The Governor's proposal will only provide a minimum wage work supporting a family of three with an annual income of $18,720 in the year 2015." Barely above the 2013 federal poverty line of $18,840 -- $18,480. And so again, we're not taking an extreme step.

And lastly, we looked at the report of the Economic

Policy Institute, which did a major study of the minimum wage and just to share a little bit of it with you -- it's an extensive study -- but it found that the immediate benefits -- the immediate benefits of a minimum wage increase are in the boosted earnings of the lowest paid workers and the positive effects this would have in bringing extra income. They say that throughout the nation, minimum wage increases actually create jobs like unemployment insurance employments, builds jobs, tax breaks for low and middle income workers builds jobs, and so also does the minimum wage. They conclude -- I'm quoting -- "Economists generally recognize that low-wage workers are more likely than any other income group to spend any other extra earnings immediately on previously unaffordable basic needs and basic services." The study went on to say that raising the minimum wage means shifting -- and this is significant -- it means shifting profits from the employer who is much less likely to spend immediately to the one, the low-wage worker, who is much more likely to spend immediately, thus increasing the minimum wage stimulates demand for goods and services leading employers in the broader economy to bring on new staff, new jobs, to keep up with increased demand. And that's the conclusion of that institute.

I'll tell you what -- in conclusion what persuaded me to get excited about this and I was not last year when this came up. People brought to my attention what has happened in Australia. Australia has got among the most economies in the world right now. Some say it's the most booming economy in the world. What is Australia's minimum wage? And it has one. It is $18 dollars an hour. I don't think I need to say more. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

Mr. President, I rise to oppose this bill and this amendment and we all I think come to this issue with varying points of view with different backgrounds that inform our position and probably through many life experiences. Now, we've had some discussion on empirical data and research, which I have plenty of as well, and -- but I think we also had some very good discussions about personal experiences and the experiences of our constituents.

Given the district -- the state Senate district that I represent, the Towns of Westport, Weston, Redding, Bethel, Ridgefield, New Canaan, Wilton, one might expect that I come to this point of view on minimum wage based on employers, based on their cost structures and so forth, but my point of view comes from a vastly different place. It comes as -- and I'm sure that this might come out in a debate on driver license's for those residents in our state that might not be here legally, because it does surprise people when they come to find that, in fact, I was an immigrant. My family was immigrants from Europe, coming here at the age of five settling in Naugatuck, the industrial blue collar valley of Naugatuck, Connecticut. Family of farmers, every one of them.

All the other brothers, my uncles were farmers even here in Connecticut when they immigrated, one a dairy farm in Wallingford on North Farms, a very large dairy farm. The other had a farm in Woodbridge. And my father did some farming, but he had to work on the factory floor in the industrial town of Naugatuck where (inaudible) was located, a big factory town. One industry town that had a rubber factory, it produced Ked sneakers, and it had a chemical plant.

And in order to support a family with a fifth grade education and a wife with no education and two children who were quite young, he worked many different jobs. He worked on the factory floor -- this is all in one day -- he worked in his own landscaping business and was stone mason.

He built stone walls. He then cleaned up in a restaurant after his shift was over all in one day, the day started at six and seven in the morning and it ended at two or three in the morning with a nap in

between when we all had to be very quiet. And the one message that he had and the reason for my being in this circle or in the political arena, or as a public servant or a board of ed member, state of board of ed member, was because of the one compelling message that he sat down and told us every day and he said that education was everything.

It was the way out of poverty. It was the way to become empowered. He revered educated people. His circumstance in life regulated him to a minimum wage salary but he didn't complain or worry about that. He just did as much work as he could so he could afford to take those two kids and give them the very best education they could.

And he expected two things, to work as hard as he did at jobs, and to study and get a good education and never shirk your responsibility. That sense of duty that still haunts us sometimes to this day, but we thank him for that. And the fact that he understood the dynamics between a job and education and higher wage and making it in this world was so interconnected, he often came home from a day at the factory ringing his hands because he was worried because the union had said they were going to go strike because they demanded more. And then the next year they demanded more and then they demanded more and he said to us, he was so worried because some day they just would leave because it was over the top, it was just too much.

So listening to these stories formed our philosophy, our sense of duty, our right and wrong, our opinion of what the jobs should entail, but again, always underscoring -- and by the way, that company ultimately did leave. They left for the south where cost structure -- the cost of business, the cost of labor, which by the way is the highest cost driver in almost every municipality and city and town and state government and even most businesses these days particularly in the financial services industry where labor is the number one, your brain power, your ability to be informed and be able to drive a business sector, and ultimately, yes, that business did leave. But what stuck with me was that my dad never talked about how much money he was going to make per hour.

He just added another job on top of it so that he could bring home enough money and knew that the higher the education we get, the better we would do and his proudest moment was to be able to build a stonewall in front of that home that I was able to build in one of the most affluent towns in Connecticut, a place where he was always the contracted-out stone mason or the landscape artist or -- he was an artist even though he was uneducated, but he worked so hard making it beautiful.

And that's why I rarely ever have ever voted for a minimum wage increase in this chamber or in the House chamber those 12 years that I spent there, because I really believe strongly that the market will determine what a job is worth along with the educational level of an employee. And the more we invest and take those dollars and educate children and our adults, and in fact, even seniors, the better our society will be and the more income a person can earn. How often do you read and hear about the fact that income is based on a educational level? It is no secret that our most affluent communities, the ones with the highest performing school districts have the highest population of educated individuals. And the ones with even graduate work are the ones that tend to be at the higher income. As I said, our educational system excels.

So you can see that we come at it from a very different background and it's not because we want to keep people down. It's because we want to raise people up and give them the encouragement to get a better education so that they can climb that ladder of success in a business. And whether you start (inaudible) very successful entrepreneur, some of our top, will talk about their days just flipping a hamburger at a McDonald's or a Burger King and then working their way up and getting some additional education and getting a better and higher paying job.

Now, that being said, we also have the reality of where our state is right now and where it's been during this downturn, and we have read all sorts of bad news. Why our job market has stayed flat, not really increasing net -- new jobs in the private sector? Why our population has remained flat and why

costs have gone up? So many here in the circle have talked about Connecticut's employment rate being at the -- at the top of the nation, everywhere between 8 and 9 percent as our neighbors right around us are at 7 percent and the national is at 7 percent. We also are looking at a very slow recovery. We have had (inaudible) proclaim that we're the worst financially managed state in the country. We have had so many other indicators, whether it's Moody's, whether it's the tax foundation saying we're the worst place to retire in. It is too costly. We have the highest unfunded pension liabilities. We have the highest debt. We have the highest gas taxes. Again, all cost drivers. We have a brain drain. We're the least friendly to business and that is the part that is speaking to the testimony against this particular bill even from those that were very routinely individuals who vote in favor of a minimum wage increase, that kept talking about the fact that they were big proponents, big supporters, but this was the wrong time for it.

We just recently became the latest tax free day in the country on May 13th, just this last week. Eight days even later than the year before of May 3rd. Again, pointing to higher wages that drive up the cost of living in Connecticut and also things like worker's comps costs being so high. I have a list of all the states in the country and their minimum wage increases from -- between 1997 to 2009 and the net change. We compare unfavorably to almost every other state. In fact, I think we are the highest. And with today's proposal, certainly we will be the highest and we're talking about comparing ourselves to Massachusetts, New Jersey, New York, California, Maine, Rhode Island, Vermont, our neighboring states. Again, driving our uncompetitiveness, which is a real concern. But it's just not my talking about it and others in this circle, it's our individual organizations in Connecticut and our small restaurants and so on, the Connecticut Council of Municipalities, urging the committee to be careful about its impact on municipal budgets as officials are struggling with layoffs. The Connecticut Council of Small towns, who are really opposed because it creates real concerns about the -- even the program and the fees that they're going to have to charge for their town people. Joining the

YMCA and taking a family membership now is out of reach for many because they are going to be having to drive up the cost. It's passed on to them for keep an employee in place.

And our restaurants, well our restaurants, we only have to look at our own districts to see that so many of the ones that I used to represent are gone now. Those that have been through decades and some that even harken back to a colonial era. There are so many of them that are now no longer there. And they've been through rough times along with their customers. We've had some our representatives that represent some of our major cities like Waterbury that talk about the costs of the amusement park that is going to see $150,000 rise in their payroll cost inadvertently putting them out of business. Sage American Grill and Oyster Bar testified that it would cost them an additional $3500 in their payroll. The Convenience Store Association that operate at a very, very small profit margin and would cost retailers thousands of dollars in additional salaries to their employees. We have the Hartford Restaurant Group. Timothy's Tavern, that's been around for 33 years, who is -- who testified that the constant increase in minimum wage is really serving to destroy the businesses that provide opportunities for workers to prosper.

We had the Quinnipiac Chamber of Commerce, Gateway Limousine and individual after individual that talked about how this would really affect them very, very badly. And I can name so many more including Connecticut Child Care Association so some of our organizations that work so closely with our youngest population, as well as the Connecticut Farm Association that testified against the bill as the agricultural economy is important to rural communities and raising the minimum wage at this time would result, for them, in significant job losses.

Now, I can go on, but I am not going to do so. I know that we've had a lot of discussion about this already and I was actually going to propose an amendment that I'm only just going to talk about and that is we should -- instead of becoming the top minimum wage in the country, we should actually taking ourselves back to where many of the states in the country continue to

be at the federal minimum wage level. If we did that, we would make a significant dent in our cost of living and send a true message to the business sector that we are open for business. And I know our good Senator recently wanted to point about all of the various studies that are out there that show both sides of this particular argument, but I just wanted to focus a little bit on so many of the studies that conclusively prove that this sort of policy decision effects most severely our teenage population. In fact, it has been shown in some reports that the effects of raising the minimum wage on teenagers increased unemployment for those teenagers 41 percent between 2007 and 2009. This was reported just this February 2013 that talked about the fact that a higher minimum wage was the biggest impact on those with the least experience or the fewest skills and that means those looking for entry-level jobs, especially teenagers.

And it really wrecked havoc with teenager job seekers. In fact, between 2007 and 2009, in that category, joblessness rate went up 10 percent. This was particularly hard on teenagers where they had excess teen unemployment of 17.5 percent in October 2009, the highest on record going back to 1972. It was almost 5 percent higher than the peak teen jobless rate following the recession prior in 2003, which was at 12.7 percent. So there -- they conclude that the bottom line, raising wages for unskilled workers reduces the demand for those workers at the same time that it increases the number of unskilled workers looking for work, which results in an excess supply of unskilled workers, the simply -- simply principal of supply and demand at work here. And if they were very concerned -- because those are the very workers and I can talk to this by my personal experience and I'm sure everyone in the circle that that is where we -- our first job is where we look -- we really cement those habits that are critical to being successful later on, such as being on time, being courteous to customers, learning how to use technology, not to mention how to work with your fellow employee and employee when they are older that you are and go a long way to sometimes in a very difficult way teaching you what is appropriate in the work place.

So again, I could go on about -- I have several

different reports in here that all give us the same message. They tie the fact that by doing this, we're really impacting the youngest employees, teenage employees, that it adds to the cost of goods and services and it cuts into the labor jobs and labor costs are the major driver that is embedded in the cost of living, the costs of budgets of towns and the costs of state budgets as well. So on that point, I'm going to spare you the exercise of suggesting that maybe we should be going -- imagine that, in the opposite direction and sending a very strong message that by reducing our minimum wage, we actually are open for business, want to make our state more competitive and drive down the cost of living that is driving so many jobs, young people in particular and our residents out of state.

Thank you, Mr. President.

THE CHAIR:

Thank you, madam.

Will you remark further?

Senator Cassano.

SENATOR CASSANO:

Thank you, Mr. President.

I really had no intention on speaking on this bill and then I -- as I listened and I thought about it, I felt I had to speak on this bill. I'm looking at minimum wages and you know, we all have different sets of numbers apparently, when I look at Vermont with the minimum wage of $8.60, how can Vermont be paying more in a minimum wage than the state of Connecticut. Think about that. I have here from today's Hartford Courant, Courant.com, and these are rents, many of us sitting around in this circle, these are our towns, whether it's Manchester or Vernon or Waterford, Hamden Hills, this is from throughout the state. Show me one of these that's under $800 a month. Most of these are $1,100 and more. I want to remind you a little bit about state law. If I'm a mother with two children and my children are six years old and four years old,

they must have their own separate bedrooms and they can't sleep with me. That's law.

So I need a three-bedroom apartment. I live in Manchester. We have as many rental units as probably any place per capita in the state of Connecticut. There is no such thing as a $800 rent, particularly a three bedroom. A thousand dollars is an average and it's a low average, but if I pay $1,000 in rent, that's $12,000 a year right there. And if I'm going to have heat and electricity and water and sewer, I'm going to pay at least $700 a month. That's $8,400. So I will spend $20,400 for rent and utilities, but my total minimum wage with the new increase will bring you up to $19,000 -- a little less than that -- $18,700. I still have to buy food to feed my children, clothing, appliances, insurance. I have to provide medical care. I'd like to provide entertainment. I need child care if I have young children so I can work and make my minimum wage.

I've worked hard to try and create jobs since I been here and I feel good about that, but we can't do that at the expense of the people that are at the bottom of the economic ladder. We represent everyone, everyone. And without those people making that minimum wage, a lot of these factories and places that are making money would not make money and so they've got to pay a little more. And as a customer, you and I might have to pay a little more so at the entertainment place or the restaurant or whatever it might be might raise their cost another few cents, but I might make enough money on minimum wage that I can afford to live here. And so when I look at what it really means, an increase of 50 cents for a mother with two kids, it doesn't even cover their rent and their utilities. We've got to be serious about what we're trying to do if we're representing all of the people of Connecticut and we've seen a lot of them out in the hallways. Somebody mentioned child care. I want to pay somebody $7 an hour or 7.50 an hour to take care of your two-year-old child or your six month old child, those are the questions that we have address and I support the minimum wage increase. Thank you.

THE CHAIR:

Thank you, Senator.

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President.

I'll be short since we're now on the bill. Mr. President, I am going to vote against this bill. I have supported the minimum wage in the past. And as I said earlier, the reason why I supported minimum wage in the past is because the economy could afford a minimum wage increase. And I was thinking, you know, what is this push with this bad economy coming at a time when I think this economy can least afford it, at a time when I think businesses could least afford it, and it kind of dawned on me, well, someone has to pay for the largest tax increase in Connecticut's history that we passed a short time ago with the budget. We raised the sales tax. We raised taxes on items that were previously exempt like clothing under $50. We're going to raise the gas tax because there is not enough votes in this chamber to stop that gas tax -- excise increase tax on gasoline from going up.

So of course we raise taxes and we raise this type of hinderance on people, they're going to feel strapped. So our answer is let's keep raising the taxes, we'll keep raising the minimum wage. I've got a unique position. What if we cut taxes. What if we lessen the burden. Does it matter if I taxes X and raise minimum wage to pay the taxes or if I reduce the burden and keep the wage the same, don't we end up in the same spot, if, in fact, we're talking about the ability for people to live. Why do you look at in reverse. It seems to me if we're passing a largest tax increase in Connecticut's history and strapping the individuals in our state, tell them they have to pay the largest tax increase in Connecticut's history. They're going to have to pay on clothing under $50. They're going to pay 4 to 10 cents more per gallon come July 1st, then we're going to be respond with we've got to get them more money. They can't afford the increases in expenses they put on them. That's the reason why we never should have put that on them.

8.1 percent increase in gasoline, July 1st. You don't think that hurts the person driving to work getting paid the minimum wage today. You don't put that in. You help that person just as much as raising the minimum wage. I would suggest even more. That's the problem. It's the reverse logic that you're looking at this by saying we can raise the expense of people in Connecticut, we raise the minimum wage. My good friend, Senator Cassano said if people have to pay a little bit more, that's okay. The problem is the economy can't afford the little bit more. People are going out of business because we can't pay a little bit more.

Here in the state, we can't do it either. That's why we have a deficit. We can't afford it. But the answer is easy when you're the state, tax. It's even easier being a state than a municipality. In the state, we tax. Let's look at it, as I said, from the other perspective. Reducing costs, reducing taxes, reducing expenses. It's just as good as saying I have to raise the minimum wage, if not better.

Mr. President, the reason why I don't support this bill is not because I want to hurt anybody. I've supported this in the past and I know that I will support it in the future, but when I see that we're ranked low on businesses, when I see that we're one of the worst states to start a business, when I see businesses closing left and right, I am a business owner, three different ones. I do hire a lot of employees. I do know what it's like. When you say it's 50 cents, I get it. Bring it down small, but you've got to talk about the match. You've got to talk about the increase in worker's comp. You've got to talk about the social security match and the unemployment match. It's not just 50 cents. And it's for the week. And if you raise -- if you have an employee schedule and you raise the minimum wage, the person getting the dollar above minimum wage has got to go up and the person has got to -- so forth and so on. It's a domino effect. How do I know? Because I run a business. People may not realize that because they don't run a business. You can't the raise the bottom without raising it all. It raises the cost across the state.

And when the economy could absorb it, it makes sense like it did a few years ago. It makes sense. Mr. President, I support the notion. I just think we're going to lose more people, lose more jobs and I'm afraid that when this goes into effect come next year, you're going to see a lot of kids out of college, out of high school or in high school, that can't get jobs because there is just not enough. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Good evening, Mr. President.

Speaking in support of the bill, Mr. President, this is an important but modest effort on behalf of low-income workers in the state of Connecticut. Moving from a minimum wage of 8.25 an hour to 8.70 an hour in January of 2014 and then another 30 cents in January 2015 is at best a modest improvement, but it is a necessary one and it is certainly better than letting the minimum wage remain stagnant as it has for four years. Mr. President, we have had -- we had had a history of raising the minimum wage in Connecticut by modest increments almost every year for a decade. In January of 2000, it was 6.15. It went to 6.40 in '01, 6.70 in '02, 6.90 in '03, 7.10 in '04, 7.40 in '06, 7.65 in '07, to $8 in '09 and finally to 8.25, the current level, in 2010. But by the time this increase would go into effect, if we are able to pass it in this session, it will have been four years since there was any increase at all in the minimum wage going to -- from January 2010 to January 2014.

And we have a large number of struggling low-income people and it is not, as some people have said that minimum wage workers are middle class kids who just picking up some extra casual money on the side, in my

district and many other urban districts in the state and in other parts of the state as well, there are adults who are trying to raise families and support themselves on minimum wage jobs, often stringing together a couple of minimum wage jobs, perhaps working 20 or more hours a week in each one of them, but not getting more than minimum wage in any of them. And it is a struggle. Now, we took a significant step last year, two years ago rather, to help the same category of low wage workers by passing a state earned income tax credit for the working poor and that is also something of significant benefit. So in the aggregate, it is -- it is some assistance, but the reality, Mr. President, is that, as was said by earlier speakers, it is an extraordinarily painful struggle to try to live responsibly, to work at minimum wage and to think about it that for those of us who are in positions that -- where we love what we're doing -- they always say that if you really love what you're doing, in effect, you don't sense that you're -- that you're working, and -- but if you are in effect selling your labor because you haven't any other alternative other than to work at a minimum wage job which is not most cases an enriching career, there is a sense that time hangs heavy on your hands. The sands of the hour glass are running through as time passes toward the end of your life so that precious hours are being spent in jobs that are in many ways rewarding, that can be soul deadening, that can be devastating to the spirit, but people are selling their labor out of necessity because that's what they have to do.

And in an economy where you have the highest paid CEOs making a couple of million dollars a year, and in some cases we figured out that if some of them are working a 40-hour week, they are making 9 or 10,000 dollars hour and we are saying that other people whose lives as finite and whose time is -- whose lives are just as valuable are going to be asked to work for 8.25 dollars an hour or now hopefully to 8.70. I think that is the least that we can do. And again, just as was the case with the debate on the state earned income tax credit, minimum wage works spend just about everything that they earn because they are living at such a tight margin and in such difficult circumstances that they really don't have

discretionary income for savings. Everything that comes in, goes out. It is a struggle. They are scrambling. They are desperate. They are often in many cases making use of food pantries and other kinds of assistance programs because they are unable to both pay rent and feed their families in many cases and have to be creative about finding ways to do one or the other in addition to having all the expenses of being employed in terms of commuting costs, clothing, work cloths, trying to maintain an older car that's often in need of frequent repairs, all of these are the difficult expenses of people who are trying to be responsible in our economy by being employed.

So the very least that we can do is to pass this very modest increase to give them some additional assistance starting in January of 2014 with a slight increment again the following year. Thank you, Madam President.

(President in the Chair.)

THE CHAIR:

Thank you, sir.

Will you remark further?

Senator McKinney.

SENATOR McKINNEY:

Thank you, Madam President.

Madam President, this is not the first time we've had this debate and I dare say that there hasn't been a change in the argument over the years in the debate. This is my 15th year here and I think on two occasions I supported increasing the minimum wage and in the most recent two occasions, I did not. And the difference between the votes was always where our economy was in the state of Connecticut. When our economy is struggling, when our unemployment rate exceeds the national average, when our business owners and job creators who hire the people who earn minimum

wage and above are struggling, that is not the time to increase the burdens on them. Now, we've heard studies from both sides. I heard Senator Meyer say well one side had studies and the other side has studies. Quite frankly, I think in these debates people who tend to talk about studies aren't people who have made a payroll because it's not about the studies.

It's about what it actually means as a fact. And the fact is that there are in all of our districts small business owners who are barely making it by. Families, individuals who own a business who are putting debt on credit cards just to keep their life's dream afloat, to continue to have their business, and every additional burden we add on to them risks a loss, a loss of a job or a loss of a business. When we talk about minimum wage, I think some of the statistics and they are not unimportant, obviously, show that over 50 percent of the people who get minimum wage are between the ages of 15 and 25. That's why on our side we talk about having a different wage rate between people who are 21 and under or having a different wage rate for people who are seasonal workers. Why? Because those aren't the people, quite frankly, who are -- who are working to pay their mortgage or their rent or their bills or feed their kids or clothe their children. We've all had jobs. I remember my first one, at 15 washing dishes in a restaurant for minimum wage in 1979 at $3 and -- 1980 at $3.17 an hour, I believe it was.

And on weekends, there were two dishwashers and not one because it was so busy. And on weekends, the other gentleman who washed dishes with me was someone who was doing this for a living. He was working 40-plus hours a week. And there I was as a 15-year-old kid in high school who was trying to get money so that when I turned 16 I could put gas in my parent's car and I could go out with friends. There is a lot of people in that situation. I have a 17-year-old. It's harder for him to get a job as we increase the minimum wage so I'm disappointed. I'm very disappointed that the amendment to have a different wage rate for those under 21 or for seasonal workers wasn't accepted because that would said that this isn't just about politics. It's about focusing

on the people that we claim to be helping. Those people who need these minimum wage jobs to live, who we all want to see do better. But what I fear -- and I've heard this from many over the years and I think Senator Fasano did a good job, but it's worth repeating -- what I hear is always focusing on the side of we need to get wages higher because costs are going up for people. But why are their costs going up?

Why is it so difficult, as Senator Cassano said, for anyone to find an apartment in Manchester and pay their rent and pay their costs. With all due respect, you raised -- you raised the sales tax. The very people you purport to help, that single mom who struggling working two jobs, you increase the cost of her to clothe her children, 6.35 percent. Every purchase she makes, the sales tax was increased from 6 to 6.35 percent. If she wants to get to work and she takes public transportation, the cost of that went up. If she's lucky enough to have a car and she can afford to pay insurance, you're raising the cost of her gasoline by raising gas taxes. So excuse me if I sit here and say maybe you're not as pure in your means of saying we want to help these people who are struggling.

Guess what? One of the reasons why they're struggling is because you raised their sales tax. You raised their gas tax. You raised their property taxes with all the mandates we put on our towns and our cities. That's true. Look at the budget from last year. Everything went up. Now, you look at what -- even the cost of entertainment, Quassy, an entertainment facility in Connecticut, has said for a 50 cent increase in the minimum wage, it increases their cost $150,000. That's going to either one of two things. We know that. They're either going to have less people work, which people are going to lose their jobs or they're going to increase the cost of their tickets so that very struggling family who may say Hey, in the summer, we want to take our kids for a day of enjoyment is going to have to pay more for their gasoline because you raised the tax. They're going to have to pay more for their entertainment because you increased the cost for Quassy. There are two sides to this equation.

We always in this circle focus on one side, which is -- Senator Meyer said better than anyone, is to shift the money to the business to the employee. That's not the free market economy I grew up learning about. You know, it wasn't long ago where we debated the minimum wage in this circle -- I'm sorry -- in this Legislature in 2012. Even the Governor who has always been supportive of the minimum wage said I'm concerned about what it says about Connecticut. We had a focus on the earned income tax, which was seen as a better way to more directly target help towards people who need it. In fact, I think at one point, you know, his spokesperson said -- and quite frankly, when your spokesperson says something, that means you say it, but only so many times, you can say Connecticut is open for business. We were ranked 44th last year in 2012 by one ranking, Chief Executive Magazine, as a business friendly place. In 2013, we're ranked 45th. Last time I checked, that means we're going in the wrong direction. A lot of people who last year expressed some hesitation about an increase in the minimum wage because our economy was struggling in Connecticut, now support it. Did I miss something?

If people believe we're doing better now than we were a year ago, that's more dangerous to the people of Connecticut than a 50 cent increase in the minimum wage because we're not. It's terrible out there. Our unemployment exceeds the national average. Just a story in the Hartford Courant I think it was in May of -- May 22, 2013, that's pretty recent, Connecticut is going to have a terrible year for job growth in 2013 according to the New England Economic Partnership. And here's what's even scarier. New York and Massachusetts have recovered all of the jobs that were lost during the recession. Connecticut has only recovered 47. Is there a reason? Yes. We spend too much. We tax too much. We regulate too much. A lot more than the other states. It's not a coincidence that states that have large surpluses and who are trending up and their unemployment is going down didn't enact the largest tax increase in their state's history. That is not a coincidence.

I use this line the other night. I saw it online and

I liked it and I'm going to keep using it. Winston Churchill, a great leader of our world, once said if you think you can tax your way to prosperity, that's like a man standing in a bucket trying to pull himself up by the handle. It doesn't work. It doesn't work. And this is imposing another tax on that small business owner. In addition to the sales tax because we know, as our former lieutenant governor and senate president Kevin Sullivan once said, a lot of the sales tax is paid in business to business transaction and when you increase the sales tax, it was, as he said, quote, like a kick in the gut and it is. So you hurt the small businesses with the sales tax increase. You've hurt that -- the plumber or the construction worker or the tradesman who needs a truck to get to work with a higher gasoline tax. Let's not even talk about all the license fees we've imposed over the years.

You've hurt the small business at 50 employees with the mandated sick leave. And we turn around and we say people at the low end of our wage rate need more because costs are going up. You're right, costs are going up, a lot of it because of government. We say we're struggling in an economy. You're right because business aren't hiring because of what we've done to them. There was a time when I had to meet a payroll. Cash registers weren't getting minimum wage -- cashiers were being paid -- we actually weren't paying the cash registers, Madam President -- the cashiers were getting paid more than minimum wage. Why? Because the economy was good and strong and they wouldn't work for minimum wage because there were jobs out there and that's how it works. If we had more jobs out there, people wouldn't be getting paid minimum wage and it's worth repeating again. This isn't just 50 cents for that one minimum wage worker. Senator Kane demonstrated that most people who minimum wage move off of minimum wage into a higher salary. That's right. Because if you have someone who has worked for you for a year, six months, a year, 18 months and they're doing a good job, you try to give them more. Why? Because they've earned it. Because you want their loyalty and it's more expensive to have them move to another business and retrain someone else.

So if you go from 8.25 and eventually get up to 9 dollars, the person you have now at 9.25 is going to be up at 10.25 unless you want severe compression which makes you an unattractive business environment. So everybody gets bumped up. And if you're a small business owner selling goods, like a deli owner, guess what, the price of your products are going up, too, and it doesn't matter how much. It really doesn't, because you just can't look at this. You have to look at everything that increases their costs and you add that all up and everything costs more money. That's why people are struggling. And our solution is, let's take from the business owner and give to the individual and let's not deal with anything else. Let's ignore government's responsibility in increasing all the costs because we, as government, are going to ride in our white horse and save the day by increasing the minimum wage 50 cents. This will not save the day for people who are struggling. I don't think anybody up here -- and with all due respect to the study Senator Meyer read, I don't think anybody up here with a straight face is going to argue that this is going to help that small business owner, adding costs to their business. I just -- I can't even get my head around that argument.

And lastly, Madam President, let me just -- let me just respond to the idea, Senator Looney said we haven't had a minimum increase I think he said in four years. I remember standing at a press conference in our office in the corner in the spring of 2008 and the purpose of the press conference was to say friends in the Legislature, there are dark clouds coming. They are coming fast and they are going to be very dark and they are going to stay here for a long time. I don't need to read you all the quotes, quite frankly, from members of the majority like the former majority leader who is now our secretary of state saying, ugh, McKinney is way overexaggerating, way overexaggerating. The Republicans don't know what they're talking about. We don't need to cut our spending and change our budget. They are overhyping this recession. That was the spring of 2008 and our economy hasn't rebounding since. We've seen the worst recession in my 49 years in the state of Connecticut that's been over four years. That's why, Senator Looney, there hasn't been an increase in the minimum

wage because nobody has gotten an increase during this recession. People are lucky to keep the jobs they have.

So you know, there was talk years ago about doing an indexing and I think I once voted for that. My good friend, Bill Finch, said we don't like indexing. We like to debate every two years. It's good politics for us. We should probably get to a point where we would just do that because then it would save the people of the state of Connecticut the same argument we have. The names will change on the plates, but the arguments will be the same. Businesses could actually benefit by having the stability of knowing what it's going to be rather than knowing -- well, we don't know what the Legislature is going to do, you know, one dollar, 50 cents, 75 cents, there is no -- there is no logic behind the 50 cent increase. It's just a number we're picking out of thin air because we want to say we're one of the highest in the nation, if we're going to be honest.

So I know this is well-intentioned. I know that those who are supporting it in the majority want to help people who are struggling. I just wish that the next time we deal with budgets and finances, we remember when we talk about helping those who are struggling. On July 1, there is going to be a serious increase in the gasoline tax. If we want to help people who are struggling, we should stop that from happening. In the various budgets, there was talk about maybe phasing back the exemption on the sales tax. If we want to really help people who are struggling, let's get that sales tax exemption back completely right now. Those are some of things that we can also do to help those who are really struggling. Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to support this bill and also to thank our Labor Committee Chairwoman Cathy Osten for her outstanding work and leadership on this issue and all the other legislators who have joined in as well. You know, I'm going to agree with one thing that Senator McKinney, I think government policies have created the economic problems that we find ourselves in right now, but I think that -- I'm sure that Senator McKinney might disagree with how I believe these government policies have created the problem because I'd like to go back. Senator McKinney talked about his understanding of a free market economy. Well, there were folks prior to the Great Depression who felt that a free market economy was an economy without a safety net, without a wage floor, without fairness for workers. Those may recall the late 1800s and the early 1900s, and the era of the robber barons. They were called "robber barons" for a reason because they accumulated vast amounts of wealth compared to the workers in the United States of America.

We had something called the Labor Movement which began as a result in the early part of the last century to fight for basic fairness for men and women working at very tough jobs all across this country. You know, it's been said here around this circle that tough times are not the time to introduce something like a little bit of help in the form a modest increase in the minimum wage for working men and women. Well, Madam President, the minimum wage was established during the Great Depression by President Franklin Roosevelt in 1938 as part of the Fair Labor Standards Act that also -- also did away with child labor. Think of that. Establishing the minimum wage act in 1938 at a time when child labor was still permitted in the United States and that act also did away with that. Who opposed it? Lots of business community leaders saying the minimum wage would be terrible for our economy and also by the way, that ending child labor was a terrible thing, too, and that would hurt our economy. Why? Because we would be denying children the freedom to work for pennies compared to the adults. That would undermine the American economy. President Franklin Roosevelt knew better. The American people who stood behind President Roosevelt knew better and because of those reforms and

many other reforms passed by the Roosevelt administration. We had 50 years of prosperity in this country.

Now, getting back to my initial point, yes, I believe government policies have created the problems that we face economically today. What are those problems caused by government? I think in large part the systematic undoing of those Depression-era reforms and I could talk chapter and verse about a lot of them, but I'll only touch on some of them. Some of the folks who fought against the minimum wage in 1938 included the textile industry in this country and especially in New England, but even after the minimum wage and after eliminated child labor, because by the way, our textile mills were filled with children at one point in the 1800s and even in the early 1900s right here in this state and in other states, the textile industry went on to flourish in New England and the United States through the 1940s, 1950s, and the 1960s and 1970s. You know, even into the 1980s, close to 100 percent of the clothing that we would buy in this country was made by American workers in America, 100 percent, close to it.

What happened? We started to deregulate. We had certain quotas on imports. We didn't allow absolute free trade. We wanted fair trade prior to that point. But the idea of fair trade went out the window so as we eliminated those import quotes by the end of the 1990s, we still have the textile industry in this country and the clothing that you bought in this country about 50 percent, 50 percent of it was made by American workers in the United States. By 2005, those imports quotas had been eliminated entirely. Clothing made in the United States today that we purchase 100 percent, 50 percent, no, it is 2 percent, 2 percent. We've lost hundreds of thousands of jobs in that sector alone. Why? Government policy. A reversal of the respect for workers and the understanding of fair trade as opposed to unfair trade for American workers. Outsourcing jobs is another problem that government has helped create that has undermined the American economy.

We had some debates in this very chamber not that many years ago about legislation to discourage Connecticut

companies from outsourcing jobs, sending them overseas. What we were told at that time was not to worry, not to worry. Sending those jobs overseas would be okay, something magical would happen and jobs in another sector would appear in Connecticut and help our workers. Well, the outsourcing occurred because of changes in government policy, hundreds of thousands of jobs left this country and we're still struggling with that impact. Tax code changes encouraging corporations to move those jobs overseas. Wise government policy or part of the problem? This another government created problem that has undermined jobs in the United States, a dissembling of the protections that were created in large part back during the Great Depression under Franklin Roosevelt. Some folks thought they knew better. That kind of an economic downturn would never happen again. You know, up until 1938, we had constant boom and bust cycles that destroyed lives and economic futures. After those reforms, what did we see? A historic rise of the great middle class in America, something unprecedented and historic in the history of the world, the history of mankind. That's what those government policies created.

What have we seen by those thought they knew better? Getting rid of fair trade, eliminating the protections that were put in by the Roosevelt administration to protect working men and their families by people who thought they knew oh so better because times had changed. It was time to unleash the imagination of those folks at the very top, the modern day robber barons. What have we seen? An economic downturn almost as devastating as the Great Depression. So yes, government policies have been part of the problem.

Let's talk for a second about the workers in the state of Connecticut and in American in 2013. They work hard. Productivity is up in America. In Connecticut, we're fourth in the nation out of 50 states in productivity. Since the 1970s, our American workers are now working more 11 hours per week than they did in the 1970s. The workers have done their part. What else has happened? Wages have gone up, no. They have gone down. Thirteen percent in the same time meanwhile since 1990, the cost of living has gone up

67 percent. As we speak today in American, wages have fallen to a record low as a share of American gross domestic product. Congratulations to those who thought that these recent changes in government policy would help the middle class and the men and women who work hard and are more productive than ever in Connecticut and in America.

So, Madam President, what is before us today unfortunately is not a correction to all of the missteps in recent years in US governmental policy that has hurt our men and women and has enriched those at the very top. What we're really talking about is just a very modest step to help the men and the women who work two and three jobs to put food on the table for their children, to barely make ends meet each month. Madam President, that is not too much to ask. So I say that I will support this bill to support those workers and I think we should redouble our efforts to fix our economy by taking a hard look at what has gone wrong in the last 20 years. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Senators, please return to the chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

Senate Bill 387.

Total Number Voting	36
Necessary for Adoption	19
Those Voting Yea	21
Those Voting Nay	15
Those absent and not Voting	0

THE CHAIR:

The bill has passed.

Senator Looney, good evening, sir.

SENATOR LOONEY:

Good evening, Madam President. Madam President, if the Clerk would return to an item marked passed temporarily earlier. We were waiting for an additional amendment which has now arrived. And that is Calendar page 39, Calendar 251, Senate Bill 1012. Thank you, Madam President.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 29, Calendar 251, Substitute for Senate Bill Number 1012, AN ACT CONCERNING A BEST PRACTICES GUIDE FOR COASTAL STRUCTURES AND PERMITTING, favorable report of the Committee on Environment. There are amendments.

THE CHAIR:

Senator Meyer, good evening, sir.

SENATOR MEYER:

Good evening, Madam President. Let me also congratulate you, Madam President, on the way you ran the Wall of Honor Program today for veterans. It was done with great dignity and so many of us who were there really enjoyed it.