

913

**Testimony Regarding SB 913  
Labor & Public Employees Committee**

To: Co-Chairs, Senator Prague and Representative Zalaski and all members of the Labor & Public Employees Committee.

My name is Michael Nicaastro and I am the President & Chief Executive Officer of the Central Connecticut Chambers of Commerce headquartered in Bristol.

I offer the following testimony in opposition of Senate Bill 913, AN ACT MANDATING EMPLOYERS PROVIDE PAID SICK LEAVE TO EMPLOYEES.

The economic backbone of the communities that form the Central Connecticut Chambers of Commerce has historically been and hopefully will continue to be small to mid-sized manufacturers. We have numerous members that are family founded businesses and employee between 25 and 75 employees. So dense is this base of companies that the Chamber also serves as the organizational leadership for the New England Spring & Metal Stamping Association (NESMA).

Each and every one of the members of NESMA which are located in Connecticut along with all of our other small manufacturers and businesses have reached out to us to advocate for them by opposing this job killing and economy weakening bill.

I am attaching testimony from a CEO of one of our small manufacturers located in Southington, Mr. Mark DiVenere of GEMCO. As you will see, Mark has done his homework on this bill and understands the cost associated with the continual intervention by government in private enterprise.

From the Chamber's perspective we see the issue as more insidious and a continued evolution of de facto, government sponsored unionization. We have great respect for the role that organized labor plays in our state and nation. I personally grew up in a household where my mother's employment in a unionized factory was of great support to the family over the years. But that was a large organization and the employees chose to organize.

The only route to a full economic recovery for the nation and more importantly, Connecticut is the growth and diversification of our small business base. This will be the core from where any true economic recovery will be built and the place where it will need to be sustained. Bills such as SB 913 will continue to erode that potential for growth when many small businesses are just beginning to see signs of recovery.

Such a move in the face of the proposed and significant tax increases is unwise and will have negative consequences that will ripple across the state's economy and workforce. And while the legislation starts at 50 employees there is no question that advocates will push for the number to be lowered as soon as they have the opportunity to do so.

In reality most small employers have developed their own sick day policies and most know that taking care of their employees with good internal policies pays dividends over time. The last thing they need at a time when they should be focused on growing their businesses is a one size fits all policy that will drive up costs and continue to expand the invasive nature of government in small business.

It is our understanding that the original intent of such legislation some years back was to create an environment where people in food services would not come to work when sick and thus increase the risk of spreading food borne illnesses. If that is the goal then we would encourage the legislature to focus on just that issue.

SB 913 goes well beyond that fundamental concept and in many ways purveys the false assumption that without such a law the majority of small businesses will not do the right thing with regards to sick time. That assumption is as faulty and reprehensible as those who would argue that employees who have sick time will use it spuriously as vacation time.

For all of these reasons and more the Central Connecticut Chambers of Commerce opposes SB 913 and would encourage the Labor and Public Employees to reject the bill in its entirety.

Michael D. Nicastro  
President & Chief Executive Officer  
Central Connecticut Chambers of Commerce  
[m.nicastro@CentralCTChambers.org](mailto:m.nicastro@CentralCTChambers.org)



METAL STAMPINGS  
WIRE FORMS

628-9120

ASSEMBLIES

SPRINGS

555 West Queen Street Southington, CT 06489

Tel. (860) 628-5529 Fax (860)

www.gemcomfg.com

To: Members of the Labor Committee and the 2010 Connecticut Legislature:  
RE: SB-913

My name is Mark DiVenere and I am President and owner of Gemco Mfg. Co. Inc., a sixty-seven year old, third-generation manufacturing company located at 555 West Queen Street in Southington. I currently employ twenty seven highly skilled individuals. Gemco has survived the past two years despite an economic downturn, the likes of which this country has not witnessed in generations, by reducing costs and benefits, doing more with less and sharing the pain.

I am writing to voice my **STRONG OPPOSITION** to

**SB-913: AN ACT MANDATING EMPLOYERS PROVIDE PAID SICK LEAVE,**

a bill that will be the topic of a public hearing on March 1, 2011. I will not be available to participate at that hearing as I will be traveling on business. Therefore I am making my position know in this letter.

While I understand that there may be companies in Connecticut that do not share the same level of concern for their employees as I do, I am confident that they are the exceptions. Gemco Mfg.Co. Inc., like many other small to midsize manufacturers in this state and across the country, is struggling to compete in a global market. I don't have to tell you that my company is dealing with increases in taxes, raw materials, health insurance premiums, and energy costs just to name a few. My employees are dealing with reduced benefits, increased co-pays and weekly contributions and higher deductibles. Add to this the increase in taxes and fees that the governor has recently announced and it is understandable that the taxpayers and business owners of this state are growing restless.

Connecticut remains one of the most expensive states to do business in and the last thing we need from our Legislators are costly mandates and new benefits that will result in additional costs. You can only tax the 'producers' for so long...they will eventually give up and leave or become 'takers' leaving too few to make up the loss.

My position..it is not the role of government to dictate to me, or any business owner for that matter, the level of voluntary benefits that I choose to provide to my employees, especially with regards to paid time off. You see, I can't raise my prices to offset the cost of additional paid time off. To force this costly "benefit" upon any company, especially in

times like this, is irresponsible. Mandated benefits like these will simply result in reduced benefits in other areas, such as lost vacation time, the elimination of holiday pay or worse, continued job losses.

Let's do the math. A company with 50 employees would have to provide a maximum of 40 hrs worth of paid sick time based on the proposed bill before you.

$$50 \text{ employees} \times 40 \text{ hrs per year} = 2,000 \text{ hrs per year}$$

If those employees are averaging \$25/hr for an eight hour day that comes to \$ 50K.

$$\text{\$25/hr} \times 2,000 \text{ hrs} = \text{\$ 50,000.00}$$

## **So we don't forget: \$ 50,000.00 per year!**

To put this in the proper perspective, this bill would mandate that an employer with fifty employees may incur an annual expense equal to an additional employee's salary.

*(In the private sector, the average annual cost of benefits is around \$ 13,000.00 as opposed to the average state employee benefits of \$ 26,000. Why?)* This is equivalent to that company hiring an individual and then telling that same individual to stay home for the entire year.

While I do not presently employ fifty people, it is my hope that someday I will do so. My concern is that should this bill become law in 2011, it is likely that the Legislature will continuously work to expand mandated paid sick leave until it includes all businesses regardless of their number of employees. I believe the term for this is "incrementalism" and it is commonly and exclusively practiced throughout government.

In closing, I find it outrageous that the General Assembly feels it is their place to tell me how to run my business and to dictate to me what level of voluntary benefits I need to provide to my employees. You have already accomplished this by adding costly mandates to my medical plans.

## **What's Next?**

I strongly urge each of you to soundly **REJECT SB-913!** It's time to face reality. The party is over ladies and gentlemen! We, the taxpayers, can no longer afford "business as usual"! It is time that the Legislature began making the difficult decisions that those of us who own small businesses or work for them have been making for the past three years. Those decisions must include consolidation, spending cuts, privatization, spending cuts, layoffs, spending cuts, significant benefit reductions, spending cuts, targeted tax

increases, regionalization, elimination of defined pensions, the implementation of 401k's, more accountability and of course, spending cuts.

Sincerely,

Mark DiVenere  
President  
Gemco Mfg. Co. Inc.  
555 West Queen Street  
Southington, CT 06489

