



CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)

BY

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OPPOSING

SB-352, AA CREATING A PROCESS FOR FAMILY CHILD CARE PROVIDERS TO
COLLECTIVELY BARGAIN WITH THE STATE

&

HB-5433, AA CREATING A PROCEDURE FOR PERSONAL CARE ATTENDANTS TO
COLLECTIVELY BARGAIN WITH THE STATE

BEFORE THE

LABOR & PUBLIC EMPLOYEES COMMITTEE

MARCH 13, 2012

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:

NFIB/Connecticut strongly opposes both SB-352 and HB-5433. The intent and the effect of these bills is an egregious affront to independent business owners across Connecticut and the entrepreneurial spirit which many home-based childcare providers and personal care attendants (PCAs) embrace so dearly. The legislation paves the way for home-based childcare workers and PCAs to not only unnecessarily form, but also actually be forced into unions, to negotiate salaries, benefits and payments with the state. These bills will not only harm existing small business in Connecticut, but also discourage entrepreneurship and relocation of similar new businesses to the state.

SB-352 provides for owners of home based child care businesses to be subject to labor agreements negotiated between a union and a government agency -- not the actual employer. These small business owners can in effect become union members without potentially ever even knowing it. Union dues will be collected from these small business owners, including by deducting from state reimbursement checks for subsidized children. This convoluted and alarming plan, while it may help bolster sagging union membership, can only result in fewer childcare options for economically disadvantaged children. More fundamentally, the government would for the first time be forcing private employers to join a union. Finally, and not surprisingly, it is small businesses, even businesses operating in

the sanctity of private homes, which are the target. Likewise, similar arguments are applicable to HB-5433 concerning PCAs.

NFIB believes that both pieces of legislation would adversely impact small businesses -- small businesses that provide the important services of childcare and personal care for our state's citizens. As previously stated, these small business owners are in reality self-employed entrepreneurs, who contract individually with parents to watch their children, or in the case of PCAs, with citizens who otherwise require such care. They currently retain the power to select and hire employees, to pay their wages, to dismiss employees, and to control their conduct. Their contact with the State of Connecticut typically includes licensure and the receipt of subsidy payments made on behalf of low-income parents or qualifying citizens. These bills would only make childcare and PCA services more expensive for all consumers and threaten the availability of the service for poor consumers. It accomplishes this by paving the way for a unique collective bargaining arrangement in which the employer-entrepreneur does not participate and the workers of private organizations essentially become public employees. This approach is justified solely by the state's subsidy of or contract to provide childcare or PCA services, although other industries that receive state subsidies or contract with the state are not afforded this unique arrangement. Why not?

The increased costs for the childcare and PCA sector of small businesses are obvious. These cost increases alone are likely to reduce the number of places for children in need of subsidized care and the number of PCAs available to provide home-based care. The automatic reduction in subsidy payment for union dues and a representation fee is simply a taking and reduction of income for the small business owner and will further reduce the number of places for subsidized care. Most importantly, and disturbing, is that these two pieces of legislation set a terrible precedent of allowing for the future unionization of workers with negotiations to determine wages and benefits, by-passing independent small business owners, based solely on their receipt of subsidies from the state government on behalf of those children or citizens that those businesses serve. Which industry will be next?

Small businesses are the job creators in the economy. Small businesses in normal times create two-thirds to three-fourths of all the new jobs in Connecticut in any calendar year. But small businesses cannot grow and prosper and create job opportunities when they face new regulations and costs at every turn. Today we are talking about two sectors -- childcare and personal care -- but whether it is home-based childcare, personal care attendants, automobile repair shops, temporary employment agencies, interior decorators, the fishing industry, cigar bars, costume jewelry makers, restaurants, metal fabricators, and all businesses affected by health insurance, unemployment insurance, and energy costs, we must all focus on the cost of doing business. We must ask ourselves, is any benefit to be derived from a particular regulation, statute or other order, truly worth the cost and disruption it is likely to cause to the particular business affected and in the marketplace generally? SB-352 and HB-5433 clearly fail that test.

Thank you for the opportunity to comment, and NFIB urges rejection of the bills.