



30 Arbor St. Suite 210  
Hartford, CT 06106  
(860) 523-1699

<http://connecticutworkingfamilies.org/>

February 28, 2012

**To the Co-Chairs and members of the Labor Committee  
Testimony in SUPPORT of HB 5291 to raise the minimum wage and SB 181 for good jobs**

*Submitted by Lindsay Farrell, Legislative Director*

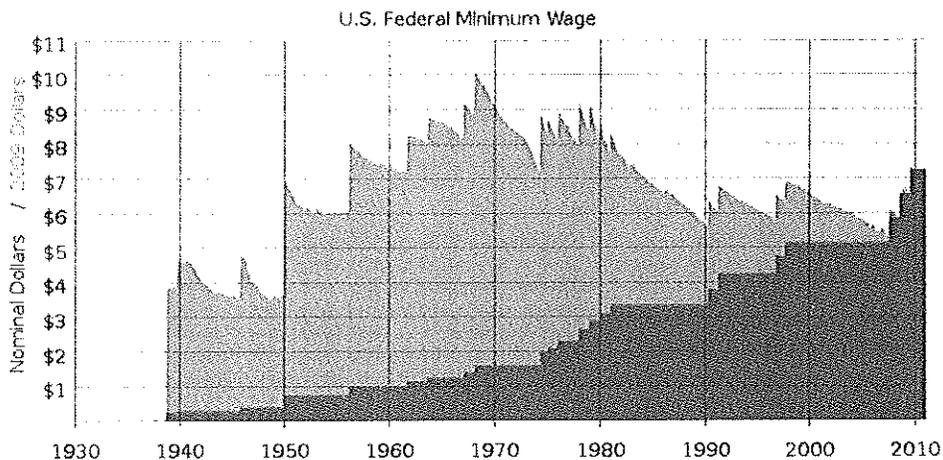
Senator Prague, Representative Zalaski, and all members of the Labor Committee, thank you for the opportunity to speak on these two important issues today.

Here in Connecticut, we need to do everything we can to protect middle-class jobs, and to lift families out of poverty. Our economy depends on it.

Too often the tax breaks and subsidies this state gives away go to out-of state firms, or produce only low-wage poverty jobs that do not help build this state's economy in the long run. This "no-strings-attached" policy towards subsidizing corporations needs to be changed so that corporations that receive aid from the state are held accountable to actually promoting economic growth in this state. Prevailing and Standard wage jobs are one way to ensure that the work is local and that it pays a family-sustaining wage. We support SB 181 to help rebuild the middle class here in Connecticut.

Working Families also has strong support for the minimum wage increase.

The minimum wage was first passed in the United States in 1938, as a method to help drag this country out of the clutches of the Great Depression. The inequality and instability that had grown in the previous decades in many ways mirrors the crisis we find ourselves in today. Wages have remained stagnant since the 1950s in terms of real purchasing power for working people, but the costs of everything from food to gas to housing have gone up. The resulting weak purchasing power of our workforce only hurts our businesses since consumers cannot afford their products and services.



Increasing the minimum wage to \$9.75 per hour would pump \$71 million into Connecticut's economy resulting in more consumer spending in our local economies and hundreds of new jobs here.

Most minimum wage employers are large corporations, representing the the block in our economy who has not only recovered from the Recession, but have rebounded with significant profits, and are today even more profitable than they were before the recession, and can readily afford to pay a higher minimum wage:

- 35 of the nation's 50 largest employers of low-wage workers report that their profits have fully recovered and now exceed pre-recession levels, even after adjusting for inflation.
- 35 of the 50 similarly report higher real dividend payments than before the recession, and 40 of the 50 have higher real cash holdings than before the recession.
- For the nation's five largest low-wage employers the figures are as follows:
  - Wal-Mart: Profits up 35% above pre-recession levels (even after adjusting for inflation)
  - McDonald's: Profits up 79%
  - Sodexo (operator of cafeterias): Profits up 70%
  - Yum Brands (operator of Pizza Hut, KFC & Taco Bell): Profits up 41%
  - Target: Profits up 17%

Today we are, no doubt, hearing a lot of opposition from the business community, so we wanted to look at data about the real needs of Connecticut's local, small businesses. Attached is the Connecticut Business and Industry Association's Quarterly Economic Survey from the last quarter of 2011. When asked which factors were most important in terms of their company's performance for the next quarter, only 4% said that wages were a concern. 72% said the production and sales were the biggest concern. It appears that the membership of the CBIA is crying out for more consumer spending and a higher minimum wage.

Raising the minimum wage is not only the right thing to do for all the families struggling out there on \$9 per hour, it's a necessary step towards helping to rebuilding Connecticut's economy and address the devastating economic inequality we see in this state.

Thank you for the opportunity to speak today.

any Performance	<u>4q10</u>	<u>1q11</u>	<u>2q11</u>	<u>3q2011</u>	<u>4q2011</u>
rent outlook for firm					
Improve significantly	6	9	5	3	9
Improve somewhat	33	36	23	26	37
Remain stable	50	44	49	43	40
Worsen somewhat	11	11	21	25	11
Worsen significantly	1	0	1	3	3

#### Performance Indicators

##### Size of firm's workforce

Increase significantly	1	1	0	0	0
Increase somewhat	20	25	19	16	23
Remain stable	67	62	62	62	63
Decrease somewhat	11	12	19	21	12
Decrease significantly	0	0	1	1	1

##### Wage costs

Increase significantly	3	2	1	2	3
Increase somewhat	44	42	33	35	43
Remain stable	49	50	57	52	48
Decrease somewhat	4	5	9	10	6
Decrease significantly	0	0	1	0	0

##### Compensation/Benefit costs

Increase significantly	9	9	3	8	4
Increase somewhat	46	40	36	29	41
Remain stable	41	45	53	52	43
Decrease somewhat	4	6	7	9	10
Decrease significantly	1	0	1	3	2

#### Performance Indicators continued

##### Production/Sales

	<u>4q10</u>	<u>1q11</u>	<u>2q11</u>	<u>3q2011</u>	<u>4q2011</u>
Increase significantly	4	6	3	3	2
Increase somewhat	40	43	32	32	45
Remain stable	41	40	43	37	38
Decrease somewhat	14	10	20	27	14
Decrease significantly	1	0	2	2	2

##### Productivity

Increase significantly	1	6	2	2	2
Increase somewhat	37	39	34	27	44
Remain stable	53	46	52	54	45
Decrease somewhat	8	9	11	15	6
Decrease significantly	0	0	1	2	2

Size of workforce	1	4	4	3	2
Wage costs	4	5	4	3	4
Benefit costs	10	6	4	9	7
Production/Sales	72	70	72	76	71
Productivity	14	15	16	9	15

## Trade

What percentage of your firm's sales are generated from exports?

0%	62	64	58	72	67
1-5%	19	16	22	15	16
6-15%	10	10	8	9	11
16-25%	4	0	4	2	4
over 25%	6	9	7	2	3

## Economic Expectations

What do you expect for the national economy?

	<u>4q10</u>	<u>1q11</u>	<u>2q11</u>	<u>3q2011</u>	<u>4q2011</u>
Improve significantly	1	0	1	0	1
Improve somewhat	44	37	11	10	36
Remain stable	40	39	41	43	44
Worsen somewhat	13	21	43	42	16
Worsen significantly	1	2	5	5	3

What do you expect for the state economy?

Improve significantly	0	0	0	0	0
Improve somewhat	17	21	6	10	23
Remain stable	46	33	21	38	43
Worsen somewhat	33	41	55	43	27
Worsen significantly	4	5	19	9	7

What do you expect for your own industry outlook?

Improve significantly	4	1	2	2	2
Improve somewhat	31	36	17	21	31
Remain stable	47	47	52	46	48
Worsen somewhat	17	16	30	27	15
Worsen significantly	1	1	1	4	3

What is the outlook for your business?

	<u>4q10</u>	<u>1q11</u>	<u>2q11</u>	<u>3q2011</u>	<u>4q2011</u>
Manufacturing	38	36	43	32	39
Construction	8	10	11	12	8
Retail	8	7	8	13	10
Wholesale trade	8	8	8	7	6
Information	2	2	2	0	1
Finance	7	8	5	6	3
Business and Professional Services	15	14	13	17	19
Education	1	1	0	1	2
Leisure and Hospitality	2	3	3	3	2
Government	0	0	0	0	0
Other	11	11	7	9	10

What is your county?

Fairfield	25	23	22	22	23
Hartford	37	35	33	37	34

Number of employees	2011	2012	2013	2014	2015
1 to 9	11	9	17	24	26
10 to 49	67	66	55	57	53
50 to 99	12	10	17	10	13
100 to 249	7	11	9	7	3
250 to 499	1	3	2	1	3
500 or more	2	2	1	1	2

Estimated Annual Sales	2011	2012	2013	2014	2015
Less than \$500,000	4	3	2	4	4
\$500,000 to \$999,999	10	7	9	13	13
\$1 million to \$2.9 million	27	31	22	27	35
\$3 million to \$4.9 million	19	16	21	21	16
\$5 million to \$9.9 million	13	15	23	17	11
\$10 million to \$24.9 million	14	14	11	10	12
Over \$25 million	13	14	13	8	8

