



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



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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.

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