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Statement by Paul Filson, Director of Service Employees International Union (SEIU) Connecticut State Council in support of HB 5069 –AAC Low Wage Employers and SB 32 – AAC Working Families’ Wages– before the Labor and Public Employees Committee.

CONNECTICUT
STATE COUNCIL

SERVICE EMPLOYEES
INTERNATIONAL UNION
AFL, CIO, CLC

Good Afternoon, Co-Chairs, Senator Osten, Representative Tercyak and distinguished members of the Labor and Public Employees Committee. I appreciate the opportunity to testify today. My name is Paul Filson and I am Director of SEIU’s Connecticut State Council. The State Council represents over 65,000 members in Connecticut. SEIU is Connecticut’s largest union. SEIU whole-heartedly supports policy that would insure that huge profitable corporations are not massively subsidized by public tax dollars as proposed in **HB 5069**. SEIU members, all of whom earn more than the minimum wage, also support raising the minimum wage floor to \$10.10/ hour as proposed in **SB 32**. In addition SEIU supports **HB 5066** which would allow certain workers the right to form unions.

HB 5069 makes a clear policy decision. It is time for hugely profitable corporations to pay their employees a decent wage. WalMart and the other corporations covered by this bill have developed a model for making money that relies on public subsidies. Workers employed for 30-40 hours a week at one of these low paying employers are eligible for multiple public subsidies including: HUSKY, Food Stamps, Earned Income Tax Credits, Housing, child care and others. Should the state and its tax payers encourage this model?

There are over 40 WalMart and Sam’s Club stores and over 150 McDonald’s restaurants in Connecticut. According to an OLR report from 2011 nearly 28,000 workers and their family members who were employed at WalMart, McDonald’s, Dunkin Donuts and 22 other huge companies were enrolled in HUSKY. As Medicaid expands under the Affordable Care Act there are likely thousands more. Those who work hard for a living should not have to rely on public subsidies to obtain health insurance.

Let us look as some indisputable facts:

- *Some of the largest and most profitable corporations in the world pay poverty wages equal to or just above the minimum wage to most of their employees.*

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- *Only 61% of employers provide insurance for their workers.*
- *Many of Connecticut's most profitable corporations do not provide affordable quality health insurance including Wal-Mart, Dunkin Donuts and McDonald's. Over 28,000 workers and their family members at these and other large profitable corporations are enrolled in HUSKY.*
- *Corporate business taxes add less than 5% to collected revenue for Connecticut's budget. This is down from over 11% 20 years ago. Many CT based small businesses pay more in Connecticut taxes than hugely profitable national corporations.*
- *Over 2/3rds of HUSKY recipients come from families that are working.*

The low wage model is not necessary nor should it be tolerated. Most other companies pay their workers decently including the vast majority of small businesses. **HB 5069** charges large low wage employers a fee to offset their sycophantic business model. There are reasonable exemptions made for summer work as well as for very part time employees and non-profits. Taking these facts into account what would be good public policy that would have the best overall effect. A \$1.00/hour fee for each employee paid less than the standard wage (currently \$11.31/hour) would encourage higher wages or at least reimburse the State and tax payers for subsidizing poverty wages.

The argument that providing decent wages and benefits will cause Connecticut to lose jobs is not a given. Nor is it a given that prices would rise more than a little. In fact, leveling the playing field should have the opposite effect - providing incentive for other decent companies to open and compete with bottom feeders like Wal-Mart. Decent wages will also inject massive amounts of money into the consumer market also creating jobs. The general fund of Connecticut will also receive needed revenues from the fees paid by McDonald's and Walmart to continue building the kinds of infrastructure that will support more high wage jobs.

SB 32 begins to correct an injustice that has been perpetuated for over 40 years. The minimum wage has not kept up with inflation. \$10.10/hour is a reasonable floor for wages in a high cost state like Connecticut. There is no credible evidence that raising the minimum wage has a deleterious effect on jobs. \$10.10 is not a living wage, far from it. This higher minimum wage coupled with **HB 5069** should help to encourage generally higher wages.

Income inequality has been correctly identified by economists and the President of the United States as one of the most important issues facing our country. Almost all the economic growth over the last few decades has gone to the top income brackets – leaving the vast majority of Americans unable to improve their economic situation. SEIU believes that the best antidote to income inequality is to allow more workers the right to form unions. The decline in unionization rates correlates almost exactly with the rise in inequality. The General Assembly should pass **HB 5066** which allows agricultural workers and others the right to form unions.