



Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
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Testifying in Opposition to SB 32 AAC WORKING FAMILIES' WAGES

Good afternoon Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA) which represents more than 10,000 large and small companies throughout the state of Connecticut.

SB 387 raises the minimum wage from \$8.70 to \$9.15 in January of 2015, then from \$9.15 to \$9.60 in January of 2016, and finally from \$9.60 to \$10.10 in January of 2017. If you include the increase that just went into effect in 2014, if this bill passes, businesses are facing an increase in labor costs of nearly \$2.00 per hour per employee in a matter of four short years.

Recently, a number of surveys that received national attention ranked Connecticut as a bad place to do business. For example, a survey published by CNBC ranked CT as the 45th out of 50 states for business – citing high costs to do business and costs of living as some of the contributing factors to the low rank. Whether these ranks are accurate or not – businesses across the country pay attention to them. Prior to casting any votes this year, you should ask yourselves, “will this help move Connecticut up in the rankings?”

A \$10.10 minimum wage would give Connecticut the highest minimum wage in the country – which does not help our state shed the perception of being a high cost, high cost of living state. Most of our neighboring states have a minimum wage of \$8.00 per hour or less – making them considerably more competitive than Connecticut.

Labor statistics and census data shows that the bulk of the individuals earning the minimum wage are teens that live at home with one or more guardians, single individuals with no dependents, or individuals that hold a part-time job for the purpose of supplementing another income. Increasing the cost to employ these individuals, particularly teens, has negative societal effects. Higher labor costs result in employers reducing hours, training opportunities, and other benefits. Jobs that once provided first time workers with valuable skills necessary for employment advancement are now being eliminated or automated.

It should also be noted that increasing the minimum wage has almost no impact on reducing poverty because the majority of working-age individuals living in poverty are not in the workforce earning

wages. In reality, minimum wage increases hurt the poor because they end up paying the increased prices for goods and services businesses have had to make to adjust for the rising minimum wage.

In conclusion, the best way to help individuals in entry-level and low skilled jobs is to stop adding costs to employers in order to encourage more hiring and more opportunities for employee advancement. This will help move Connecticut up in the rankings, and encourage more businesses to locate and grow here.

I strongly urge members of the committee to oppose this bill.