

FOUNDATION FOR FAIR CONTRACTING OF CONNECTICUT, INC.

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Labor and Public Employees Committee
Public Hearing

February 18, 2014

Re: HB 5071 *An Act Concerning Civil Actions Against An Employer For Failure To Pay Wages Or Compensation Or Make Payments To An Employee Welfare Fund*
SB 32 *An Act Concerning Working Families' Wages*

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and members of the Labor Committee,

The Foundation for Fair Contracting of Connecticut (FFC) is a non-profit organization created by labor and management in order to monitor all public works construction projects covered under the Connecticut General Statutes Section 31-53 and the Davis-Bacon Act. We accomplish this by reviewing public documents prepared and/or submitted by the owner and contractor(s). We focus on licensing, proper payment of prevailing wage rates, proper classification of workers and properly administered state apprenticeship standards.

The FFC supports HB 5071 "*An Act Concerning Civil Actions Against An Employer For Failure To Pay Wages Or Compensation Or Make Payments To An Employee Welfare Fund*".

In the past two years, the FFC has filed over 40 complaints with the CT Department of Labor's Wage & Workplace Standards Division for wage violations. And as unscrupulous employers continually discover new and creative ways to exploit our state's workforce, the FFC will surely be filing many more.

We interpret wage to mean something more than an hourly rate of pay. An employee's wage can also consist of their health insurance coverage, their paid vacations, holidays, paid sick days, their pension or 401k benefits. And though the FFC still uncovers overt falsifications of payroll records, we are now finding that most violations are committed on the fringe portion of a payroll – the benefits.

A worker's fringe benefits are their wages too. It is an egregious crime to divert that earned welfare from an employee's paycheck. Sadly, if a company can find a way to funnel a portion of a worker's pay into a phony 401k plan or if they can figure out how to evade payroll taxes then a penalty or fine is simply the cost of doing business.

What HB 5071 would accomplish is to incentivize employers to pay their employees the correct rate of pay, but to also ensure that their employees are receiving their fringe benefits. Employees, and labor organizations, should be able to recover twice the full amount of damages

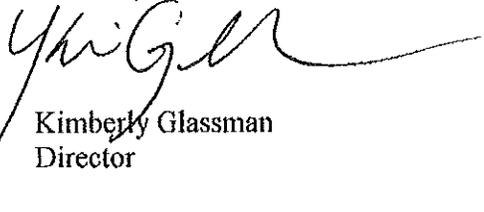
associated with an employer's failure to pay wages, unless the employer can demonstrate a good faith belief that they were complying with the law.

The FFC urges the Labor Committee to support and vote in favor of HB 5071.

The FFC also supports SB 32 "*An Act Concerning Working Families' Wages*". In the absence of wage standards, we see a rampant race to the bottom. Our state's minimum wage does not accurately represent the cost of living here at home. In fact, Connecticut's minimum wage would be \$10.74 if it had kept up with the rate of inflation over the past 40 years. At \$10.10 an hour working full time, a worker would make just \$20,200 a year. Yet, the Federal Poverty rate for a family of four is \$23,550. We do not consider this a heavy lift. Now is the time to raise the bar for all workers in all industries. This committee has an opportunity to set a higher standard of living in Connecticut. And we applaud this committee for raising this issue again and hope that you support and pass this bill.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kim Glassman', with a long horizontal flourish extending to the right.

Kimberly Glassman
Director