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SERVICE EMPLOYEES
INTERNATIONAL UNION
AFL-CIO, CLC

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March 5, 2015

Statement by Paul Filson, Director of Service Employees International Union (SEIU) Connecticut State Council in **support of HB 6791** –AAC Workers' Wages at Large Corporations– before the Labor and Public Employees Committee.

Good Afternoon, Co-Chairs, Senator Gomes, 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 **HB 6791** a law that would insure that large for-profit corporation wages are not massively subsidized by public tax dollars. SEIU and its members, also enthusiastically support increasing workplace protections for immigrant workers in **SB 106**, increasing the minimum wage for tipped workers in **SB 858**, expanding paid sick leave to cover more workers in **HB 6784** and joining the rest of the civilized world by having a paid family medical leave law in **HB 6932.**

HB 6791 makes a clear policy decision. It is time for hugely profitable large corporations to pay their employees a decent wage. Wal-Mart 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 Wal-Mart 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 Wal-Mart, 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.*
- *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 6791** charges large low wage employers a fee to offset their parasitic business model. One study showed that each Wal-Mart ends up costing tax payers over $1 million in subsidies to insure decent health care and basic needs for all their under paid workers. At least a $1.00/hour fee for each employee paid less than a decent wage of $15 per hour would encourage higher wages or at least reimburse the State and tax payers for subsidizing poverty wages.

Here is something **HB 6791** does not do. It does not add any expenses to small businesses. The fee pertains only to employers with over 250 employees and it does NOT collect any fees from individual franchisees. Fees would be collected from the large corporate franchisors that have a total of 250 workers in their franchised workplaces.

SEIU also recommends several small clarifying changes to **HB 6791**. The bill should be slightly modified so that a system of graduated fees is incorporated. The fee would increase gradually from zero at 250 employees to $1 or $1.50 for much larger employers. This system would eliminate a drastic cliff that exists in the bill from 249 to 250 and would be more fair – charging larger corporations more than smaller ones. The bill should also make clear that the fee is calculated and collected on regular wages not on wages plus overtime. Also, tipped workers' wages should include tips in determining whether or not they earn more than or less than $15 per hour.

The argument that providing decent wages and benefits will cause Connecticut to lose jobs is a scare tactic – it's unproven. 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 an 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 large for profit companies like McDonald's and Walmart to continue building the kinds of infrastructure that will support more high wage jobs. Last year the Office of Fiscal Analysis estimated a similar bill would raise nearly $250 million dollars a year. Revenues are desperately needed to fund human services. SEIU believes that revenues from these fees must be used to raise wages and provide benefits for home care workers and child care providers. The money should be directed to improve and expand quality early childhood education programs. **HB 6791** is good policy that will grow Connecticut's economy and make Connecticut a better place to live.

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