

***Testimony from Ann Pratt, Director of Organizing, Connecticut Citizen Action Group***

***In Support of an Act Concerning the Recoupment of State Costs Attributable to Low Wage Employers  
SB 391, "Low Wage Employer Fee"***

To Senator Moore and Representative Walker, and other members of the Human Services Committee, I want to thank you for the opportunity of testifying in support of this important legislation.

While an unacceptable number of Connecticut residents are being asked to make significant sacrifices in the face of Connecticut's budget deficit, and in the name of adjusting ourselves to the "new economic reality" put forth by Governor Malloy, large, profitable corporations are allowed to pay their employees close to poverty wages, with minimal and inadequate employee benefits. Within this low wage employer model, large, profitable corporations get a free ride, while the state of Connecticut takes care of their employees who are in need of assistance with food stamps, health care, and other public funded programs.

In a recently published article in the Federal Reserve Bank of Boston edition of "Banking and Communities" Ken Jacobs of UC Berkeley) reiterates the impact of low wage work on state governments (<http://www.bostonfed.org/commdev/c&b/2016/spring/The-Public-Cost-of-Low-Wage-Work.htm> ) stating that New England states spent \$1.8 billion on Medicaid and TANF expenditures to families that are working. The report makes also points out that child care workers and home health care workers -those who care for our young and elderly are most likely to be on public assistance programs because of their low wages. In Connecticut, 63% of individuals enrolled in Medicaid are working, which translates into \$489 million paid by the state to cover costs that should be paid for by these profitable corporations, as the basic cost of doing business. The current low wage business model makes no sense for this state, and for working families and it is why we strongly urge this committee to enact SB 391 so that the "recoupment of state costs" can be achieved.

Last year, it was estimated that if implemented this legislation could bring in up to \$350 million per year, and this revenue could be invested back into our workforce helping to raise the wages of those who care for our children and elderly, and hence re-invested back into the economy, rather than funneled into the salaries of corporate executives.

Those opposed to this legislation have argued that this will hurt Connecticut's economy. We would like to remind this committee that in 2015, UCONN released a study that illustrated there would be an actual growth in Connecticut's GDP if the recoupment of costs to the state was in fact implemented.

This legislation is common sense policy that will go a long way to substantially mitigate the hardship that so many Connecticut families are experiencing, and will hold large, profitable, multi-national corporations accountable.

We strongly urge the passage of this legislation.

Thank you for this opportunity to provide our testimony on SB 391.