



Connecticut Working Families Organization
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Testimony in favor of SB 391, An Act Concerning the Recoupment of State Costs Attributable to Low Wage Employers.

Submitted by Lindsay Farrell, State Director of the Working Families Organization.

Co-Chair Senator Moore, Co-Chair Representative Abercrombie, Ranking Member Senator Markley, Ranking Member Representative Wood, and all the other members of the Human Services Committee:

Working Families is a growing progressive political organization that fights for an economy that works for all of us, and a democracy in which every voice matters. We believe that our children's life chances must not be determined at birth, and that America must be a nation that allows all its people to thrive. We believe that our economy is out of whack when wages are stagnant and good jobs are harder and harder to come by, but the very wealthiest just get richer and richer.

Another year, another budget shortfall. This is what I wrote last year:

Every year, it seems, we come here and do a song and dance about which programs the neediest in our state will have to do without because we are unwilling to hold the most profitable corporations accountable. So let's be clear about who the real bad guys are when it comes to budget problems: it is not the hard-working, poor families who just want more hours and decent compensation – it is the large, profitable corporations who mistreat their workforce and depend on the rest of us to subsidize their profits.

And still, it feels as though nothing has changed. We are still debating which new cuts to the services that low-income families rely upon because of an unwillingness to make the most profitable corporations, who send their profits out of state, and strain our budgets, do their fair share.

Exploitative corporations like Walmart, McDonald's, and others have developed money-making models that rely on their employees receiving public subsidies such as HUSKY, Food Stamps, Earned Income Tax Credits, Housing, child care, and others. A lot of these offenders are large chains with enormous power and influence and executives that get paid exorbitantly. For example, McDonald's made 5.4 billion dollars in 2012 and paid its CEO \$13.7 million.¹

¹ "Super-sizing Public Costs: How Low Wages at Top Fast Food Chains Leave Taxpayers Footing the Bill" NELP, October 2013

Meanwhile, these employers keep wages for their workers extremely low to maximize their profits. This is not and unfortunate byproduct of the marketplace, it is a chosen business practice, adopted to outsource costs that are typically the responsibility of an employer onto public budgets.

In the United States, between 2007 to 2011, the public benefits programs that many of these low-wage workers were forced to rely on spent \$243 billion each year on working families living in poverty. Nationally it costs American taxpayers nearly \$7 billion dollars each year to provide public assistance to fast-food workers and their families. Walmart workers at one single Walmart Supercenter rely on public benefits ranging from 904,000 to 1.7 million per year,² and there are nearly 40 Walmart locations in Connecticut. According to an Office of Legislative Research 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.

Those who work hard for a living should not have to rely on public subsidies in this way. These costs are borne by taxpayers and are costing our state millions of dollars, while these corporations enjoy the benefits. It is middle class families who subsidize big corporations by paying for healthcare, childcare and other services when highly profitable corporations don't pay their employees enough to get by.

Working Families believes a healthy safety net should be protected and adequately funded for those who need it, but it should not be exploited to subsidize corporate profits.

This bill gives these large employers a choice: they can pay a fair wage, or they can reimburse the rest of us. We believe this is a reasonable approach to the issue — one that will both incentivize these corporations to pay their workers a decent hourly wage and hold them accountable to the workers and the public when they do not.

We need funds are directed towards childcare and healthcare services that help meet basic needs for working families. With this legislation we aim to right a wrong – the mistreatment of working moms and dads by greedy corporations with unfair wages – so let's do what we can to ensure that the revenue generated does, in fact, go towards programs that help those workers.

No working families should live in poverty. When these for-profit corporations refuse to pay a decent wage, we're stuck paying the difference. We need to work towards an economy that works for everyone. Please pass SB391

² The Low-Wage Drag on Our Economy: Wal-Mart's Low Wages and Their Effect on Taxpayers and Economic Growth, Democratic Staff of the U.S. House Committee on Education and the Workforce, May 2013