



Testimony of Eric W. Gjede
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Before the Committee on Labor and Public Employees
March 3, 2016

**Testifying in opposition to HB 5370
AN ACT INCREASING THE MINIMUM FAIR WAGE**

Good afternoon Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano 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.

CBIA is opposed to HB 5370.

HB 5370 raises the minimum wage from \$10.10 to \$11.00 in 2018, and then raises the minimum wage by an additional dollar in each of years 2019, 2020, 2021 and 2020. If this bill is enacted, the state's minimum wage will have nearly doubled in just 8 short years.

Recently, a number of surveys ranked Connecticut as one of the costliest places to do business in the country. This is having negative repercussions on business's ability to grow here, or even retain the number of employees they currently have. In fact, a recent survey of CBIA members showed that as a result of the cost to do business – 47% of businesses either have automated or have contemplated automating more of their workforce than they had initially planned. Many businesses have reached the point where it is easier and cheaper to automate than it is to hire low skilled workers.

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.

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.

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